



JOE MOROLONG
LOCAL MUNICIPALITY

ANNUAL REPORT
2021/2022 FINANCIAL YEAR

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

VISION

The municipality shall be a financially and administratively established and operating municipality with all its people having access to all basic services, education, employment, safety, healthy and living in an economically sustainable and developed environment.

KEY POLICY DEVELOPMENTS

Council has adopted the IDP, Budget and SDBIP for the year under review and these tools have propelled the Municipality to continue to improve the livelihoods of our residents and contribute to the economic growth.

There are numerous other policies that Council has adopted in order to improve the monitoring and evaluation as well as to improve the oversight role played by Councillors.

KEY SERVICE DELIVERY IMPROVEMENTS

The Service Delivery, Budget and Implementation Plan (SDBIP) was prepared in consultation with internal and external stakeholders. The Municipality has, over the years, assessed its performance on an annual basis. Performance results of such assessments are used to inform planning processes every year.

Through the SDBIP, Council monitors performance on service delivery on quarterly bases, mid-year and annually.

PUBLIC PARTICIPATION

The municipality held regular IDP Representative Forum to create a suitable platform where Sector Departments, Mining houses, Development Trusts and other stakeholders tabled their plans and incorporated them with those of the Municipality.

The Municipality also embarked on a process of consultation with local community through IDP and Budget Consultations in all the wards.

FUTURE ACTIONS

This Council will continue with legacy projects that we successfully flagged for this Municipality. Strengthening relations with Magosi/Dikgosi and various stakeholders is of paramount importance for the growth and prosperity of the Joe Morolong Local Municipality. It is our credence that service delivery in its entirety is a shared responsibility between municipalities and traditional leaders for a rural municipality like ours. The two arms cannot work in isolation, so they need each other to successfully deal with service delivery challenges.

AGREEMENTS / PARTNERSHIP

The Department of Cooperative Governance and Traditional Affairs developed a Draft Simplified IDP Framework for smaller (B4) municipalities in October 2011. This framework guides us to focus on fewer functions, with the support from various stakeholders, in our instance, MISA for technical support.

I would like to take this opportunity to thank all the mining houses within Joe Morolong and John Taolo District for their support in funding the municipality through Social Labour Plans

for delivery of services to our communities more particularly for delivery of infrastructure projects and enterprise development.

CONCLUSION

In conclusion, let me take this opportunity to thank the Council of Joe Morolong Local Municipality, the Municipal Manager and his administration, Dikgosi, Sector Departments, and all Mining Houses in our jurisdiction; for working in an integrated manner in the delivery of services to our communities.

President Cyril Ramaphosa in his State of the Nation Address in 2022 reminded us that through the elections held in November 2021, the people provided all of us with a clear mandate for growth and renewal.

The President ordered government to focus on seven priorities:

- Economic transformation and job creation
- Education, skills and health
- Consolidating the social wage through reliable and quality basic services is another important priority
- Spatial integration, human settlements and local government
- Social cohesion and safe communities is another key priority
- Building a capable, ethical and developmental State
- A better Africa and world.

All Joe Morolong Local Municipality programmes and policies will be directed in pursuit of these overarching tasks that we believe will be able to deliver a better life for all our residents.

I thank you. Re a leboga.

(Signed by :) _____
Mayor: Cllr DD Leutlwetse-Tshabalala

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

We have a great pleasure in introducing the 2021/2022 Annual Report of the Joe Morolong Local Municipality, which is both a legislative and accountability requirement. In terms of Section 46 of the Local: Municipal Systems Act No. 32 of 2000 as amended, and Sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No 56 of 2003, the Municipality must prepare an Annual Report for each financial year and the Mayor must table it within seven months after the end of each Financial Year.

In terms of implementation of new service delivery projects, in particular infrastructure, the municipality has done reasonably well. The challenge that the municipality still must overcome is on operation and maintenance of our infrastructure, with particular attention to aging water infrastructure. The other challenge that still needs to be addressed is poor road infrastructure in our municipality.

In its history, the municipality has experienced a number of challenges with respect to audit opinions received, clearly illustrating the necessity to implement a vigorous turnaround strategy. The turnaround strategy will be focused more on improving our audit opinion. The well-functioning of the Municipality is based on efficiency and effectiveness of resources which include among others the personnel, finances, and vehicles. During the 2021/22 financial year we managed to fill in several critical vacant positions and also managed to procure service delivery vehicles in order to improve service delivery to our communities.

Other challenges still remain lack of housing, poor road infrastructure, aging water infrastructure and high rates of unemployment, poverty and crime. In ensuring that we fulfil our constitutional mandate as per chapter 7 of the Constitution of the Republic of South Africa, 1996 and Chapter 4 of Local Government: Municipal Systems Act (Act 32 of 2000), we constantly engage the community through meetings and advocacy sessions. These are not just mere meetings but they allow the public to chart the way forward for planning purposes.

I would like to thank Council, colleagues, audit committee, mining houses and all our stakeholders for having contributed positively towards the rendering of services to our communities.

Kind Regards

(Signed by) _____
Acting Municipal Manager: Mr T. Tlhoale

1.2 Municipal Functions, Population and Environmental Overview

1.2.1 Powers and Functions of the Municipality

The mandates of the municipality as contained in section 152 of the Constitution are:

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

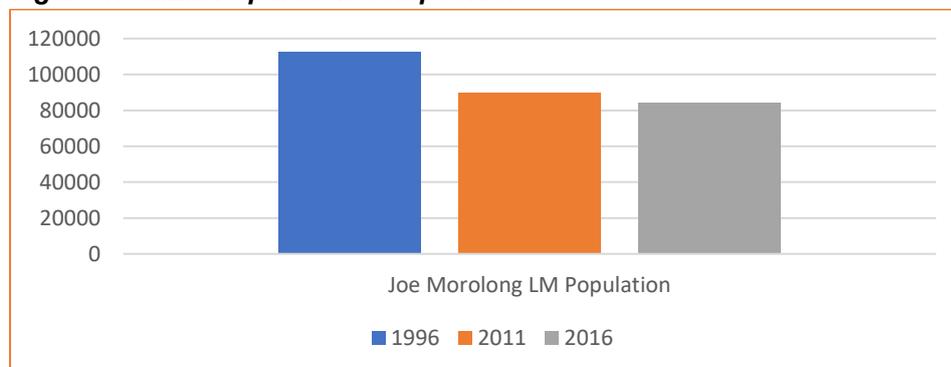
The functions that the Joe Morolong Local Municipality performs are:

- Cemeteries
- Municipal Planning
- Local Tourism and LED
- Sanitation
- Local Sports facilities
- Municipal roads
- Public spaces
- Street lighting
- Water reticulation
- Operation and maintenance of water
- Environmental awareness campaigns
- Veld Fire fighting

1.2.2 Population Details

The population figures drawn from the 2016 Community Survey indicate that an estimated total of 84 201 people reside in Joe Morolong Local Municipality's jurisdiction. This is indicative of a decrease from the 89 530 in the 2011 census figures, as shown on Figure 1. The population also decreased drastically in the 20-year period between the year 1996 and 2016; with a decline rate of about 25.11%. The continuous decrease in the municipal population is due to the migration of people to the Gamagara and Ga-Segonyana local municipalities, as a means to be closer to business and employment centres (JMLM SDF, 2017).

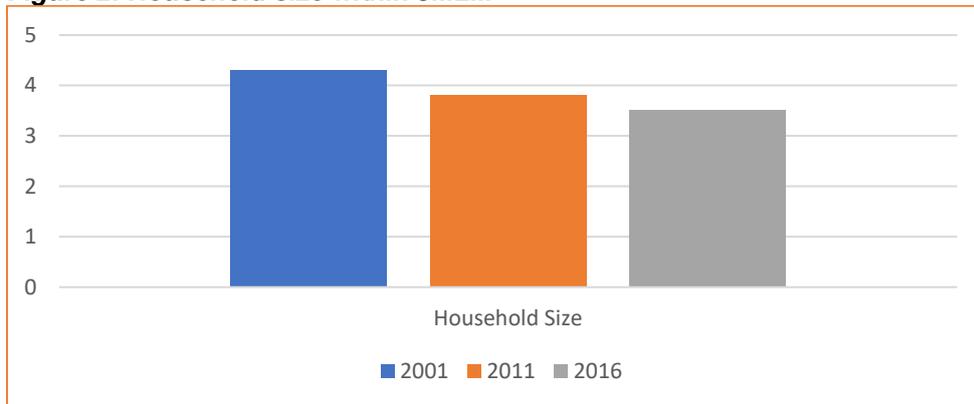
Figure 1: JMLM Population Composition



Source: StatsSA 1996, 2011 & 2016

There has also been a decrease in the average number of persons per household in the municipality (Figure 2); from 4.3 in 2001 to 3.8 in 2011, and ultimately to 3.5 in 2016.

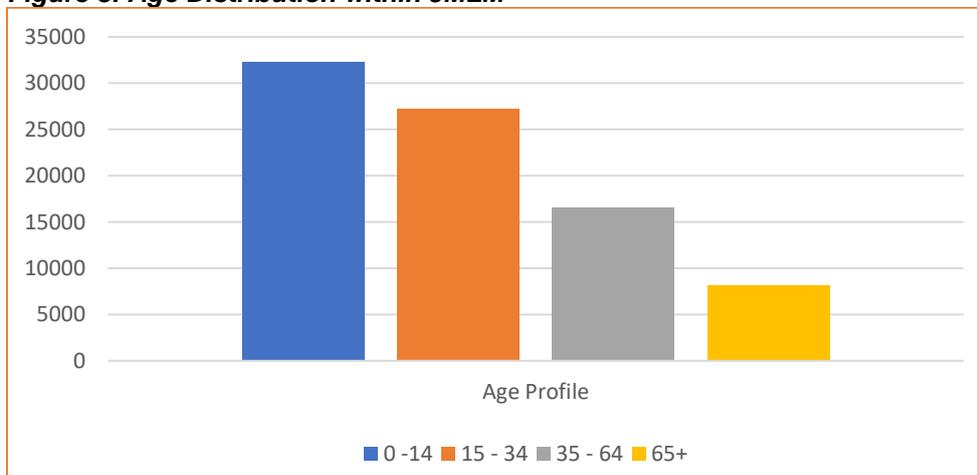
Figure 2: Household size within JMLM



Source: StatsSA 1996, 2011 & 2016

The age profile of the JMLM is shown on Figure 3 below; which shows that young children who are between the ages of 0 - 14 years make up the majority of the population in the municipality. Although the elderly is the minority, they make up 10% of the total population, which significantly increases the rate of the economically inactive population to 48%. This already shows that the age dependency ratio in the municipality is very high, even before the consideration of the economic factors such as the unemployment rate. This places a greater pressure on government as the economically inactive people are the bigger recipients of government spending in terms of social welfare grants, health care, education, etc.

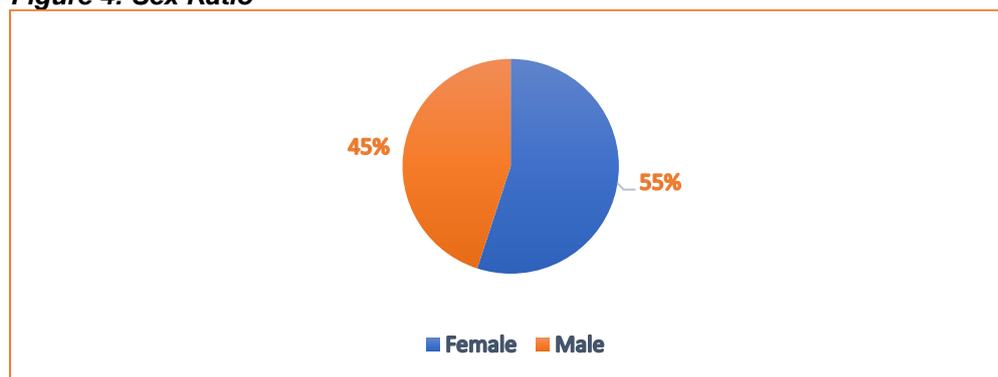
Figure 3: Age Distribution within JMLM



Source: StatsSA 2016

In terms of gender composition, the share of the female population is the highest in JMLM (Figure 4). This is generally due to the migration of the male working population who seek to earn for their families. According to StatsSA 2011 Census data, this trend is prevalent in all the JMLM wards except for ward 4, where there are more males than females in relation to the total population. This may be as a result of job opportunities found in Hotazel and Vanzylsrus. The two towns consist of a few houses, small shops, a hotel, fuel filling station and a Post Office, which may provide some employment opportunities for the population around Joe Morolong LM.

Figure 4: Sex Ratio



Source: StatsSA 2011

The survey further reveals a marginal increase in the poverty head count, from 6.4% (2011) to 6.6% (2016) as shown on Figure 5. This has serious implications for the provision of basic services, including a continuous increase (percentage) in service backlogs. It also implies that the demand for economic opportunities to respond to the challenges of poverty are on the increase.

Furthermore, the increase in the demand for service delivery and poverty status places a lot of pressure on limited resources including infrastructure, which should be assisting the attempts to meet the current levels on the provision of basic services and the growing demand for more services.

1.3 Service Delivery Overview

The 2021-22 financial year service delivery commitments for Joe Morolong Municipality were set within the context of basic service delivery agenda, arising from the dedicated approach of the new term of local government. The focus was on ensuring improved, dependable and impactful service delivery to communities. The underpinning strategy for this trajectory of service delivery included the acceleration of responsiveness to speedily resolve service delivery backlogs and coordinate onsite responses to observed service delays for immediate community relief.

The municipality's efforts of improving service delivery also focused on the strengthening of the established service delivery processes and practices. The provision of sustainable basic services to improve the living conditions of the most disadvantaged residents and pushing for growth and development through supporting initiatives for business development and job creation took centre stage.

In line with the commitment to improve the conditions of the poorest and disadvantaged residents, Joe Morolong Local Municipality made significant strides, as evidenced by the following service delivery highlights:

- We have been able to provide basic services to the people as per our mandate. Our indigents have been receiving their free basic water and electricity, but not without the usual challenges.
- Our communities also benefitted from 16 Water Supply projects, 4 Borehole Refurbishment projects, 6 Road/Bridge Construction projects and 4 Dry Pit Sanitation projects.

- The collection of refuse in Hotazel and Vanzylsrus has been improved and we are collecting waste twice on a weekly basis.
- Functionality of ward committees has assisted the municipality to foster a close relationship with the community and community organizations and in identifying service delivery challenges and attending to them speedily.

1.3.1 Achievements

KPA 1: Municipal Transformation and Organizational Development

- Development and approval of the Placement policy.
- The Individual Performance Management Policy was developed with the aim of cascading performance management to lower levels of the institution.
- Individual performance is intended to assist the municipality in establishing a climate conducive to motivate employees and to achieve high standard of performance.
- JMLM Organizational Structure was reviewed and approved by Council.
- Work Skills Plan was developed and submitted to LGSETA.
- Employment Equity plan was done and submitted to Department of Labour.

KPA2: Basic Service Delivery and Infrastructure Development

- JMLM received an additional funding of R22 000 000 (initial allocation = R63 401 000 and Top up allocation = R85 401 000) from MIG grant and as a result of outstanding performance on Sanitation projects. The additional funds were then utilized for the completion of Dithakong sanitation project.
- The municipality further received another additional funding of R12 000 000 (initial allocation = R47 200 000 and Top up allocation = R59 200 000) from WSIG grant and as a result of outstanding performance on Water projects. The additional funds were then utilized for the completion of Heiso Water Project (R2 849 993.35) and Gamokwane Water Source Development Project (R7 497 450).
- 4 villages were provided with access to water infrastructure namely; Tzaneen, Ncwelengwe, Tsinengkop and Gatshikedi
- 203 Households were served with safe basic sanitation at Gasehune Wyk 9, Maketlele and Motlhoeng
- 621,2km roads graded in the JMLM area as per maintenance programme
- Masankong village was provided with borehole refurbishment
- 877 households provided with refuse removal services in Hotazel and Vanzylsrus
- 4 cemeteries were fenced in Heuningvlei , Gahue, Makgaladi and Vanzylsrus
- 29 Environmental awareness campaigns on safe and clean environment were conducted in various JMLM Wards.
- JMLM still committed to render an effective, efficient and economical Fire services within the Joe Morolong Local Municipalities jurisdiction.

KPA 3: Local Economic Development (LED)

- 60 jobs opportunities were created through EPWP
- 24 economic development projects were coordinated and supported
- 1 Tourism Exhibition conducted

KPA 4: Municipal Financial Viability and Management

- Compilation and approval of a funded Credible Budget to ensure effective cash flow management that will support the implementation of the SDBIP and improve its performance.
- The department was capacitated through the appointment of the Senior Financial Control Manager and the Assets Management Manager to ensure financial stability within the department.

KPA 5: Good Governance and Public Participation

- JMLM continues to excel in implementing mechanisms to strengthen the public participation function.
- The appointment of the Communication and MPAC Officer's to enhance communication, stakeholder Management and make recommendations on the reports dealing with compliance issues to ensure good governance.

1.3.2 Challenges

Below are some of the key challenges JMLM had to mitigate during the financial year:

- Community stoppages due to disgruntle members were managed as and when it appeared
- Hard rock excavation on some project sites caused delays and also had some cost implications
- Loadshedding caused issues with borehole timers, which had to be reset on a frequently basis
- Infrastructure in our area were damaged due to heavy rains, especially borehole equipment, roads and culvert bridges
- Budget constraints also put a damper on our ability to provide the service to our community we strive for, yet still, we repaired and resolved 95% of all reported queries in the month they were reported.

1.4 Financial Health Overview

The financial year 2021/22 was a year of econ. The economy experienced high costs as result of rising inflation and interest rates. The year under review was still a difficult year for the Joe Morolong Local Municipality due low collection rates.

The following table display the Municipality's performance per National Key Performance Indicator as stipulated in the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the Local Government: Municipal Systems Act 32 of 2000 (MSA). These key performance indicators are linked to the National Key Performance Area (KPA), namely: Municipal Financial Viability and Management.

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 that will occur in the ordinary course of business.

The Municipality's capacity to continue as a going concern depends on a variety of circumstances. In determining whether the going concern assumption is appropriate in the current economic environment, management considered a variety of factors, such as the

Municipality's current and anticipated performance, the likelihood of continued government funding, and, if necessary, potential sources of replacement funding.

In addition, the Municipality has implemented cost-control initiatives to reduce excessive expenditure. The assumption is further supported by the fact that the Municipality has a constitutional authority to collect property rates and service charges, allowing the Municipality to be regarded a going concern despite operating in a liquidity-constrained environment during the short and medium term.

Operating Ratios	
Detail	%
Employee Cost	26%
Repairs & Maintenance	2%
Finance Charges & Impairment	3%
	T 1.4.3

Comment on Operating Ratios:

Employee costs: The expenditure amounts to 26% of the total budget. National treasury's circular 71 states this ratio to be a maximum of 25-40%. Repairs and maintenance accounts to 2% of total OPEX. This looks as a shortfall by 6% to circular 71 prescripts. This is due to the fact that JMLM is funded mostly through grants and those grants are budgeted for certain projects. Most of these assets are still work in progress and therefore not yet capitalised. Finance Charges & Impairment accounts for 3% of total operating expenditure which is within the 10% norm as per National Treasury MFMA Circular No. 71.

The Municipality has spent R420 million or 93.3% of the final adjustments budget of R450 million for the year under review which is a regression on the 98.5% of the 2020/2021 financial year and 102% of the 2019/2020 financial year.

1.5 Organisational Development Overview

The Joe Morolong Local Municipality acknowledges that the realisation of its growth and development objectives as well as acceptable service delivery levels depend on the existence of a capable workforce. Therefore, as part of its organisational development, the municipality prioritises capacity development, development and implementation of policies that support individual development while also creating an exciting work place for everyone to voluntarily improve competencies and efficiencies.

The ability to evolve and respond adequately to the changing labour market and individual employee needs is also a critical imperative, which the municipality strives to achieve. The municipality further acknowledges that to realise these noble intents, a holistic approach to human resources management and development is required.

In terms of the Employment Equity (EE) Plan, the municipality recorded commendable progress despite a series of challenges experienced. In its efforts to meet the overall EE targets, the municipality is doing reasonably well in the senior and middle management levels. The biggest challenge, as with all organisations, is the underrepresentation of people with

disabilities. Consideration of suitability to avoid discrimination of people with disabilities is one of the contributing factors.

The Corporate Services Department is responsible for the effective and efficient execution of all the supporting administrative functions that include support needed to attract, retain and develop talent in the municipality, the coordination of systems and processes, to enable the municipality to perform matters of service delivery. The department also administers the Municipality's human resource development and management, political offices, labour relations, information technology, facilities management and records management.

1.5.1 Staff Establishment

There are 184 employees in the Municipality. The total number of posts as per the approved structure is 272, and there are 88 vacant posts.

Staff establishment as at 30 June 2022

Department	Incumbents	Vacancies	Total
Corporate Services	34	8	42
Office of the Municipal Manager	16	8	24
Community Services	29	12	41
Technical Services	69	36	105
Financial Services	29	19	48
Development & Town Planning	07	05	12
TOTAL	184	88	272

The following positions were filled in the 2021/2022 financial year:

- 1.Senior Manager: Finance Control
- 2.Assets Manager
- 3.PMS Manager
- 4.Communication Officer
- 5.MPAC Coordinator
- 6.Administrator in the office of the Speaker
- 7.Finance Interns (7)

1.6 Auditor-General Report

The municipality received a disclaimer of opinion for the 2021/2022 financial year. The issues leading to the disclaimer are listed on the table below.

The basis of the qualification
Additional MFMA disclosures
Annual Financial Statements
AOPO
Budget
Cash and cash equivalents
Commitments
Compliance
Contingent liabilities
Contract Management
Employee Costs
Expenditure
General Expenses
General IT controls
Internal Control Deficiencies
Inventory
Irregular expenditure
Payables from Exchange Transactions
Property, Plant and Equipment
Public Contributions and Donation
Receivables
Related Parties
Retentions
Revenue
Statement in changes in net assets
Statutory Receivables
Supply Chain Management
Transfers and Subsidies
Unaccounted water losses
Unauthorised Expenditure
VAT Receivables

The accounts of the municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality. The full Audit Report is contained in Chapter 6.

1.7 Statutory Annual Report Process

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
		<i>T 1.7.1</i>

To comply with the statutory requirements dictated by all relevant legislation that guides the development of the Annual Report, it is critical that meeting the timelines set and ensuring that all the information provided in the report is credible, useful and reliable. The municipality has undertaken reasonable actions to ensure that information presented in this report is factual and can be supported although any identification of errors must not be seen as a deviation from this intent. The municipality always strives to ensure proper alignment between its plans as contained in the IDP, Service Delivery and Budget Implementation Plan (SDBIP), other plans and how reporting is handled to ensure proper accountability and transparency.

The annual report is intended to inform the community on how the municipality has performed financially and administratively in achieving its targets as clearly set out in our IDP and SDBIP.

This report also highlights the achievements, challenges and areas that need improvement. Our successes are real and measurable and the fact that we were able to complete most of our infrastructure projects is a pride to us, as it contributes not only to service delivery but as a stimulant for an increase in the economic activities.

The IDP remains a critical tool that we utilize to plan for our short, medium and long-term objectives. This annual report will highlight our improvement in performance and financial management.

CHAPTER 2 – GOVERNANCE

The Governance of the Joe Morolong Local Municipality is structured as follows:

STRUCTURE	RESPONSIBLE FOR	OVERSIGHT	ACCOUNTABLE TO
Council	Approve policies	Mayor, Portfolio committee and Audit committee	Community
	Adopt IDP		
	Adopt the Budget		
Mayor	Policies, and Budget outcomes	Municipal Manager	Council
	Oversight over the Municipal Manager		
Municipal Manager	Overall administration	The Municipal administration	To Council through the Mayor
CFO and other senior management	Administration of departments	Financial management and operational functions	Municipal Manager

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 Political Governance

The governance system of Joe Morolong Local Municipality is a mayoral system that has Section 80 committees (HR and Administration, Infrastructure, Development AND Town Planning, Finance and IDP, Community Services and MPAC).

The Mayor heads the municipality and fulfils this task by working together with the councillors. The Mayoral committee is functional and it ensures that there is integration of the work of Council between portfolio committee and respective departments.

The Speaker of Council presides over Council meetings. Furthermore, the Speaker fulfils the role of strengthening democracy and managing community participation in local government, particularly through the ward committees by ensuring that the ward committee system functions effectively. The Speaker promotes public consultation, involvement and participation in the affairs of the municipality.

The Speaker is supported by the Council Whip, who is responsible for maintaining cohesion within the governing party and to build relationships with other political parties represented in Council. Other tasks include:

1. Ensuring that each of the political parties are properly represented on the various committees;
2. Maintaining sound relations between the various political parties; and
3. Attending to disputes between political parties.

The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of the IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented. Council therefore plays an oversight role over the implementation of those policies.

The Municipality has signed a Memorandum of Agreement for the Audit Committee Shared Service with the John Taolo Gaetsewe District Municipality for the year under review. The

audit committee provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report. The Municipal Public Accounts Committee (MPAC) acts as an oversight committee for the annual report and it was established by Council on the 20th December 2021, in terms of Section 79 of the Municipal Structures Act, 117 of 1998. The aim of the committee is comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report.

2.1.1 Political Structure



Mayor:
Cllr. D. Leutlwetse-Tshabalala



Speaker:
Cllr. V. Jordan



Council Whip:
Cllr. G. Tagane

The Executive Committee

The Mayor, as the Political Head, is supported by the following Executive Committee Members that headed the respective portfolio committees:



Cllr. N. Kgosierileng
Community Services



Cllr. N. Gomolemo
Development &
Planning



Cllr. P. Kaotsane
Infrastructure



Cllr. B. Mbolekwa
Finance, HR & Admin

2.1.2 Councillors

Since the Local Government Elections held on 01 November 2021, 29 Councillors drawn from all political parties represented in Council make up the Council. These Councillors include 15 elected Ward Councillors and 14 appointed Proportional Representative Councillors.

The parties in Council are illustrated below.

POLITICAL PARTY	TOTAL SEATS	WARD SEATS	PR SEATS
ANC	18	13	5
EFF	8	2	6
DA	1	-	1
SARKO	1	-	1
F4SD	1	-	1
TOTAL	29	15	14

Each Ward Councillor chairs a Ward Committee as part of the Ward Participatory System that encourages participation at community level. Ward Councillors, as representatives of wards, have a responsibility to make sure that the voices of the communities in their respective wards are heard in Council and its structures. They are also responsible for creating a two-way link between these communities and Council and thus have direct access to the Speaker of Council.

Refer to **Appendix A** where a full list of Councillors can be found (including committee allocations and attendance at council meetings); and **Appendix B** which sets out committees and committee purposes.

2.1.3 Political Decision-Making

Council is the highest decision-making structure of the municipality. The Council of Joe Morolong Local Municipality is made up of four Portfolio Committees which report to the Executive Committee (EXCO) and the EXCO reports to Council, who, eventually, takes the final decision. The Council decides whether to approve or reject reports after altering where it deems necessary to do so.

Once a decision has been taken by Council, the administration wing has to implement that decision and report back to Council in the form of a Council Resolution Register. The register will indicate as to how the administration has implemented the Council decision and progress thereof.

2.2 Administrative Governance

The Municipal Manager heads the municipal administration, with the support of the five heads of departments. The purpose of this senior management team is to perform activities that lead to the accomplishment of the mission and vision of Council. It is important for the Municipal Manager to develop an effective and efficient administration environment that allows for the successful implementation of the Integrated Development Plan (IDP). The heads of the different directorates manage the execution of the IDP based on their respective targets; which are aimed at responding to the needs of the communities and thereby ensuring service delivery.

The administrative governance of the JMLM is structured as follows:

Tier 1	Tier 2	Tier 3
Municipal Manager: Mr. T. Tlhoale		Manager: Legal and Compliance Mr. B. Khokhong
	Director: Corporate Services Mr. TJ Gopetse	Manager: Human Resources Mr. M. Segami
		Manager: IT Mr. T. Molelekoa
	Director: Technical Services Mr. L. Moinwe	Manager: PMU Mr. G. Malola
		Acting Manager: IDP/PMS Ms. D. Mecwi
	Director: Planning and Development Mr. KV Phiri	Manager: LED Mr. Loeto
		Manager: Town Planning Mrs. L. Mulaudzi
		Manager: Expenditure Ms. M. Bele
Chief Financial Officer Mrs. B. Motlhaping	Manager: Finance Compliance Mrs K. Choche	
	Manager: Supply Chain Management Mr. T. Molaolwe	
Director: Community Services Mrs. M.C. Melokwe	-	

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 Intergovernmental Relations

Section 42 of the Constitution provides that all spheres of government must cooperate with one another in a mutual trust and good faith by establishing and providing for structures to promote intergovernmental relations.

The cooperation of all the spheres of government ensures the synergy and alignment of programmes and maximization of resources instead of working in silos which leads to the duplication of services and wasting of limited financial resources. Joe Morolong Local Municipality is participating in both the national and provincial intergovernmental structures.

2.3.1 National Intergovernmental Structures

The Municipality participates in various forums at national level. These forums include the CFOs Forum, MMs Forum and various Salga Forums.

2.3.2 Provincial Intergovernmental Structure

This structure is held on a quarterly basis. It is usually held after the District Intergovernmental Forum Meetings have been held. It is at the District Intergovernmental Forum Meeting where Sector Departments report their progress in terms of service delivery, together with other stakeholders. The District then consolidates a comprehensive report for the PIGR meeting that includes all the stakeholders in the province. This meeting is attended by the Premier as

chair, all Mayors for District and Local Municipalities, Municipal Managers, HODs, Senior Managers in Sector Departments and Parastatals. The municipality is also part of forums such as the Joint Internal Audit and Risk Forum and the Provincial SPLUMA Forum.

2.3.3 District Intergovernmental Structure

This structure is constituted by the District Executive Mayor as a Chairperson, all Mayors of Local Municipalities, Municipal Managers, Senior Managers in Municipalities, Sector Departments and Parastatals. All stakeholders are expected to report in terms of annual plans and quarterly reports on progress regarding planned activities. The IGR is held on a quarterly basis and it is usually held after the Local Municipal IDP Representative Forum has been held. Sector Departments and other stakeholders report progress in terms of service delivery to the IDP Representative Forum. Following this, the Joe Morolong Municipality would then consolidate a comprehensive report and present it to the IGR Forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation in the municipality is done through various platforms such as Community Consultation meetings (IDP Roadshows), Ward meetings, IDP Representative Forum meetings and social media. The success of public accountability and participation in the municipality is made possible by the activeness of the ward councillors and committees on the ground as well as the municipal communications team.

Ward councillors are expected to communicate the work of council through meetings with the established committees. In these meetings, Councillors report on the implementation of the IDP and budget. They also note the service delivery challenges that are experienced by communities, and forward all issues to the Executive Committee for intervention. Outside of Council, public participation is also enhanced through the Speaker's Forum which is held on a quarterly basis.

2.4 Public Meetings

The public participation programme of the Joe Morolong Local Municipality is intended to create opportunities for the political principals to be actively involved in the sharing of information about what government and in particular the Joe Morolong Local municipality is doing to improve and add to the betterment of the lives of the community.

Through public participation, greater access to the decision-making processes of the municipality to all its stakeholders is opened up.

It implies that members of the general public or representatives of the affected community or the role players are actively involved in the planning process of the municipality.

To accomplish the above the municipality has developed a public participation plan which is intended to be rolled-out in collaboration with other role players; stakeholders and sector departments in the area of jurisdiction of the municipality.

Through the public participation approach the municipality wishes to strengthen and enable good governance and sustained service delivery.

It is therefore crucial that the stakeholders of the municipality be involved in the affairs of the municipality.

The participation processes that will be improved by the plan are as follows:

- ✓ Ward meetings;
- ✓ Budget Consultation meetings;
- ✓ Integrated Development Planning (IDP)
- ✓ Joint Outreach Programmes with other sectors of government;
- ✓ Annual performance management feedback meeting; and
- ✓ Media briefings.

The JMLM is working on ensuring that the municipal website becomes active and reliable for publication of key municipal documents and events.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community participation for the IDP analysis phase	06 – 15 December 2021	29	13	1 382	Yes	25 April – 30 May 2022 Community meetings in all wards

2.5 IDP Participation and Alignment

IDP/Budget participation

The Municipal System Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP.

Annually, the Municipality must base their performance against performance measure as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as it is spelt out in the IDP document.

The IDP Representative Forum has been functional but there are certain sector government departments that have not been participating. Government entities and mining companies are also participating in the forum. They have been reporting progress on the programme and projects that they are implementing in our municipal area.

Ward Committees

The Local Government: Municipal Structures Act, 1998 says: The objective of a ward committee is to enhance participatory democracy in local government. Ward committees are a part of local governance and an important way of achieving the aims of local governance and democracy mentioned in the Constitution, 1996.

The Local Government: Municipal Structures Act, 1998 is the Act that makes provision for the establishment of ward committees as a possible way of encouraging community participation

in municipal matters. A general understanding has emerged that a ward committee is an area-based committee whose boundaries coincide with ward boundaries.

All the 15 ward committees are functional and they have been holding their monthly meetings consistently and quarterly reports have been submitted to Council.

Comment on the Effectiveness of the Public Meetings held:

Council has had two community consultations for the purpose of developing / reviewing the Integrated Development Plan and Budget. The first meeting was for identifying community needs and followed by the second one to provide feedback in terms of available budget for implementation of identified projects and programmes.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No, only the 5 year plan
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented.

2.6 Risk Management

Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The strategic risk register has been developed through workshops. The top five risks of the municipality are as follows:-

- a) Material misstatements on the Annual Financial Statements
- b) Inability to generate the projected revenue
- c) Inadequate functioning the Financial System
- d) Theft and abuse of assets
- e) Fraud and corruption

2.7 Anti-Corruption and Fraud

The risk management function has the following anti-fraud and corruption objectives:

- To implement the fraud prevention plan which includes a fraud prevention policy in the district municipality.
- To develop and implement an investigation policy.
- To monitor a case management system that will ensure effective and efficient management of cases.
- To provide assurance to the council and the municipal manager on the management of fraud risks.
- Promote professional ethics in the district municipality.

The municipality has approved a Fraud and Corruption policy, Fraud Response Plan, and a Whistle-Blowing policy. The municipality has functional Internal Audit and Risk Management units and the Risk and Audit committee is in place. The municipality's Audit Committee recommendations are set out in Chapter 6.

2.8 Supply Chain Management

All Supply Chain Management officials comply with the prescribed levels required for their positions in terms of the MFMA Competency Regulation Guidelines.

There were adverse remarks in the Auditor General's Report for the previous financial year regarding the quality of the Supply Chain Management of Joe Morolong Local Municipality.

The Joe Morolong Local Municipality have adopted and implemented the following policies and practices relating to Supply Chain Management:

- Supply Chain Management Policy
- Infrastructure Procurement and Delivery Management Policy

2.9 By-Laws

The JMLM currently has the following by-laws:

By-law	Department
By-law for Tariffs	Finance Services
By-law for SPLUMA	Planning and Development
Draft By-law for Water	Technical Services
Draft By-law for Environment	Community Services
Draft By-law for Cemeteries	
Draft By-law for Waste Management	

There were no new by-laws introduced or adopted in the 2021/2022 financial year.

2.10 Websites

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	08/04/2022
All current budget-related policies	Yes	16/07/2021
The previous annual report (Year -1)	No	
The annual report (Year 0) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	31/08/2022
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		<i>T 2.10.1</i>

The municipality will appoint a Web Administrator in the 2022/23 financial year; who will manage and administer the functionality of the municipal website. This will ensure that all required documents are timeously uploaded on the website; which will enhance public participation and guarantee compliance with various legislative requirements.

2.11 Public Satisfaction on Municipal Services

The Municipal Systems Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP.

Annually, the Municipality must base their performance against performance measure as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as it is spelt out in the IDP document.

The IDP Representative Forum has been functional with sector government departments participating, government entities and mines within our municipal jurisdiction. They have been reporting on the progress on the programme and projects that they are implementing in our municipal area.

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

The municipality is obliged to provide quality services to the communities within the municipal jurisdiction. The JMLM is committed to making the lives of its communities better. The municipality has been able to provide services to the people as per its mandate. The municipality's indigents have been receiving their free basic water and electricity without any hindrance. The collection of refuse in Hotazel and Vanzylsrus has improved and the municipality is collecting twice on a weekly basis.

There has been some improvement in the tracing of debtors and this has impacted positively on revenue collection by the municipality. The establishment of youth forums has assisted the municipality to interact with young people, both out of school, unemployed, employed and those in business as it is a structure that deals with challenges facing young people in our locality. Functionality of ward committees has assisted the municipality to foster a close relationship with the community and community organizations and in identifying service delivery challenges and attending to them speedily.

COMPONENT A: BASIC SERVICES

The Joe Morolong Local Municipality has a well-established Project Management Unit (PMU), whose aim is to assist the municipality to meet the pressing needs of basic service provisioning. The PMU harmonises and integrates the efforts of all the various Departments, not only within the Municipality but also in sector Departments, in order to achieve set standards and SDBIP objectives. Community, Corporate, Financial, and Technical Services are all important participants in the implementation of Water, Sanitation, Housing and Roads infrastructure projects.

The relationship between the Operations & Maintenance unit and the PMU was also drastically improved in order to address the needs of the community more effectively and efficiently.

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

3.1 Water Provision

Water provisioning in the Joe Morolong LM area is mainly by means of abstraction from boreholes. However, Hotazel, one of our two towns, receive water from the Vaal-Gamagara Water Pipeline. Water infrastructure demands are documented and prioritised in our IDP. After adoption of the IDP by Council and confirmation of the budget allocation as per DORA, the SDBIP is finalised. The PMU act on this by using the SDBIP as the basis (input) to the Three-year Implementation Plan.

During the 2021-22 Financial Year, 16 Water Infrastructure projects were embarked on, of which 15 were successfully completed. Refurbishment of boreholes, associate equipment and pump houses also took place in 4 villages. These villages are Bendell, Gamothibi, Cardington and Masankong.

The Joe Morolong Local Municipality is the Water Services Authority (WSA). This means that it must regulate water issues within its jurisdiction guided by the National Water Act 32 of 1998.

The institution also serves as a Water Services Provider (WSP), meaning that it is of the institutions best interest to ensure that water is provided to residents on acceptable standards including quality guided by SANS 241.

JMLM, as the WSA, is still experiencing challenges on certain identified water systems and sources. This is because our predominant water source is ground water, which is dropping rapidly. JMLM's water quality program is implemented on a smaller scale due to budgetary constraints. Full SANS water quality monitoring was not implemented due to compliance issues. Water sampling was also not done for 2021-22 FY. Laboratory contract needs to be revised.

Water Operations and Maintenance

There are villages (Bojelopotsane, Bothithong, Colston, Deurham, Dinokaneng, Ganap, Makgaladi, Masilabetsane, Samsokol and Segwaneng) in the JMLM that still have aging water infrastructure. The municipality is currently working on addressing this issue with the utilization of Grant and SLP funds. The above-mentioned villages are all prioritized to be attended to through the Refurbishment Program.

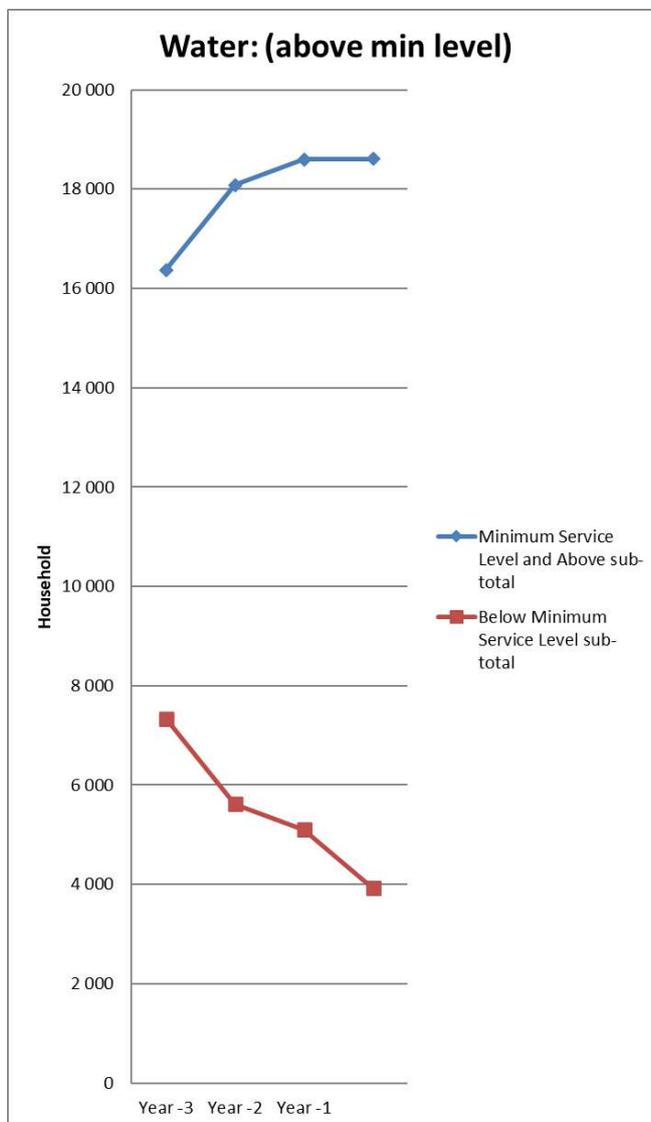
Service Levels

The Water Service Levels below were adjusted in the 2021-22 FY according to our WSDP:

Water Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	1 695	1 695	1 695	1 695
Piped water inside yard (but not in dwelling)	100	100	100	1 149
Using public tap (within 200m from dwelling)	14 575	16 297	16 807	15 763
Other water supply (within 200m)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	16 370	18 092	18 602	18 607
<i>Minimum Service Level and Above Percentage</i>	69%	76%	78%	78%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	7 337	5 615	5 105	3 925
Other water supply (more than 200m from dwelling)	0	0	0	0
No water supply				
<i>Below Minimum Service Level sub-total</i>	7 337	5 615	5 105	5 100
<i>Below Minimum Service Level Percentage</i>	31%	24%	22%	22%
Total number of households*	23 707	23 707	23 707	23 707
* - To include informal settlements			T 3.1.3	

Households - Water Service Delivery Levels below the minimum
Households

Description	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Formal Settlements				
Total households	23 707	23 707	23 707	23 707
Households below minimum service level	7 337	5 615	5 105	5 100
Proportion of households below minimum service level	31%	24%	22%	22%
Informal Settlements				
Total households	23 707	23 707	23 707	23 707
Households ts below minimum service level	0	0	0	0
Proportion of households ts below minimum service level	0%	0%	0%	0%
				T 3.1.4



Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To provide access to water to the community	Number of Villages prioritized for access to Water Infrastructure by June 2022	11 villages provided with access to water infrastructure	1 village was provided with access to water infrastructure	9 villages provided with access to water infrastructure by 30 June 2022	10 Villages were provided with access to water infrastructure	1 500 households served with quality basic water supply (Water Backlog) by 30 th June 2023
To provide access to water to the community	Number of Villages provided with borehole refurbishment by 30 June 2022	11 Villages provided with boreholes refurbishment	All Villages prioritized for boreholes refurbishment not done	4 Villages provided with boreholes refurbishment	11 Villages were provided with borehole refurbishment	8 Borehole Refurbished at Madibeng, Maketlele, Washington, Galotlhare by 30 th June 2023
To maintain existing water infrastructure in line with operation and maintenance plan	Percentage of queries on water received and attended to in JMLM area by 30 June 2022	N/A	N/A	95% of all water queries received are attended by 30 June 2022	95% of water queries attended	100% of queries on water received and attended to in JMLM by 30 th June 2023
To Implement Regulatory Information System (IRIS)	Number of quarterly reports on implementation of Integrated Regulatory Information System (IRIS) by June 2022	100% Implementation of IRIS submitted to council	100% Implementation of IRIS submitted to Council	4 quarterly reports on Implementation of IRIS submitted to Council by June 2022	4 quarterly reports on Implementation of IRIS submitted	N/A

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	2021/2022				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	131 064	143 526	143 381	9%	
Tzaneen Water Supply Portion 2	15 039	17 154	17 211	13%	21 733
Tsinengkop Water Supply	6 967	6 967	6 167	-13%	7 906
Heiso Water Supply	8 849	11 699	12 063	27%	11 699
Gatshekedi Water Supply	9 199	9 199	9 204	0%	9 199
Heuningvlei - Gamokwane Water Supply	8 631	8 631	8 631	0%	8 631
Heuningvlei - Gamokwane Source Dev	0	7 497	7 497	100%	7 497
Kome Water Supply	6 908	6 908	6 875	0%	7 317
Ntswelengwe/Magagwe Water Supply Portion 2	21 242	21 242	21 118	-1%	21 242
Penryn Water Supply Phase 1	6 000	6 000	5 999	0%	13 123
Shalaneng Water Supply Phase 1	3 118	3 118	3 184	2%	16 570
Borehole Refurbishment 2	45 111	45 111	45 432	1%	45 043

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.

T 3.4.9

The variances are mainly due to re-allocation of funds during the financial year. JMLM received the following additional grant funding:

- MIG – R 22 million (which was utilized on dry pit sanitation)
- WSIG R 12 million

Water in Joe Morolong is supplied by means of the Vaal-Gamagara pipeline to Hotazel. As for the rest of the 186 villages, potable water is supplied through groundwater schemes. In the Heuningvlei area, consisting of about 7 villages, water is provided by means of a bulk water infrastructure scheme.

3.2 Waste Water (Sanitation) Provision

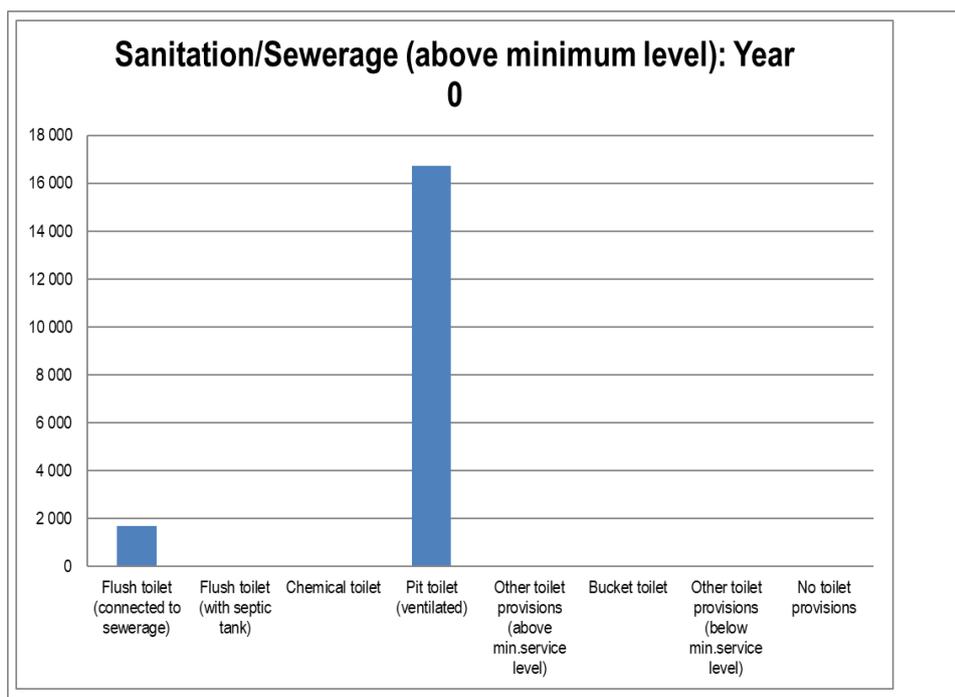
Sanitation provisioning in the Joe Morolong area is mainly by means of VIP or UDS Dry Pit latrines, depending on the water protocol in the particular area. However, our two towns, Hotazel and Vanzylsrus, are connected to waterborne sanitation systems.

Sanitation infrastructure demands are documented and prioritised in our IDP.

After adoption of the IDP by Council and confirmation of the MIG budget allocation as per DORA, the SDBIP is finalised. The PMU relies on the SDBIP to monitor the implementation of the three-year plans.

During the 2021-22 Financial Year, 203 new sanitation units were erected in various villages.

Sanitation Service Delivery Levels				
Description	*Households			
	Year -3	Year -2	Year -1	Year 0
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	865	865	865	1 695
Flush toilet (with septic tank)	0	0	0	0
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	16 549	17 002	17 427	16 724
Other toilet provisions (above min.service level)				
<i>Minimum Service Level and Above sub-total</i>	17 414	17 867	18 292	18 419
<i>Minimum Service Level and Above Percentage</i>	73,5%	75,4%	77,2%	77,7%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	0	0	0	0
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>	6 293	5 840	5 415	5 288
<i>Below Minimum Service Level Percentage</i>	27%	25%	23%	22%
Total households	23 707	23 707	23 707	23 707
*Total number of households including informal settlements				<i>T 3.2.3</i>



The graph above shows our access to sanitation per type.

Please note that the numbers were updated according to the 2021/2022 WSDP of the municipality.

Households - Sanitation Service Delivery Levels below the minimum						
Description	2018/19	2019/20	2020/21	2021/22		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	23 707	23 707	23 707	23 707	23 707	23 707
Households below minimum service level	6 293	5 840	5 415	5 838	5 288	5 288
Proportion of households below minimum service level	27%	25%	23%	25%	22%	22%
Informal Settlements						
Total households						
Households below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A
Proportion of households below minimum service level						

T 3.2.4

Waste Water Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To provide access to basic sanitation infrastructure	Number of households provided with dry sanitation unit by 30 June 2022	Dry pit sanitation provided in 2 prioritized villages, namely Masankong and Hertzog	4 reports on Dry Pit Sanitation Projects Practically Completed	203 Households provided with dry sanitation by 30 June 2022	203 Households provided with dry sanitation	290 Households provided with Sanitation (reduce Backlog) by 30 th June 2023

Below is the municipality's capital expenditure for the financial year:

Capital Expenditure 2021/22: Sanitation Services					
R' 000					
Capital Projects	2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	8 422	8 422	8 362	-1%	
Gasehunelo Wyk 9 Dry Pit Sanitation	3 622	3 622	3 562	-2%	4 166
Maketlele Dry Pit Sanitation	2 957	2 957	2 957	0%	3 401
Motlhoeng Dry Pit Sanitation	1 843	1 843	1 843	0%	1 843
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9

Comment on Sanitation Services Performance Overall:

A total of 203 new double pit dry sanitation units were erected during the reporting period, with a total allocation of R8 424 108,34.

The Municipality received an additional R 22 million from MIG to eradicate the sanitation backlog in the area. The whole amount was spent in Dithakong village.

The water protocol of a specific village is used to determine the type of unit to be installed.

3.3 Electricity

Joe Morolong Local Municipality acts as a project coordinator for electricity projects implemented by Eskom and DOE.

For the year 2017/18, JMLM had a total backlog of 4325 and we managed to eradicate 1234 on the particular year. 1050 new connections were done in the 2019/20 financial year and 950 new connections in the 2020/21 financial year. Although this has significantly reduced the backlog, more work still needs to be done to completely eradicate the backlog as no new connections could be done in the 2021/2022 due to budget constraints.

The Municipality's main objective is to engage Eskom and the Department of Energy to increase the electrification budget in order to expedite the eradication of backlogs. On the operational aspects, Joe Morolong Local Municipality will budget for highmast lights and Eskom connections. The electrification of diesel driven boreholes will also receive attention. There is also a need for more electrical Operations & Maintenance budget and Personnel.

Electricity Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To maintain existing electrical infrastructure	Percentage of queries on electricity received and attended to in JMLM area by 30 June 2022	% of queries on electricity received and attended to in JMLM	Only 2 reports were submitted to Council	95% of all electricity queries received are attended by 30 June 2022	96% queries on electricity received and attended to in JMLM area	100% of queries on electricity received and attended to in JMLM by 30 th June 2023

3.4 Waste Management

The service of refuse removal is rendered for a total of 877 households in Hotazel and Vanzylsrus. The refuse is collected twice a week for households and businesses as per the adopted collection schedule. There are currently two functional landfill sites that are used for waste disposal. The landfill sites are situated in Vanzylsrus and Hotazel and are licensed under the JMLM and South 32 respectively. There is also a landfill site in Glenred village but it is not yet functional.

Solid Waste Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	-	-	-	-
Using communal refuse dump	0	0	0	
Using own refuse dump	19 146	19146	19146	19146
Other rubbish disposal	502	952	938	720
No rubbish disposal	2707	2707	2707	2 707
Below Minimum Service Level sub-total	23 434	23434	23434	23434
Below Minimum Service Level percentage	49,1%	52,9%	48,5%	55,2%
Total number of households	23 434	699	5 523	4 991

Waste Management Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To promote safe and clean environment	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by June 2022	877 households provided with refuse removal services in Hotazel and Vanzylsrus	877 households provided with refuse removal services in Hotazel and Vanzylsrus	877 households provided with refuse removal services in Hotazel and Vanzylsrus by June 2022	877 households provided with refuse removal services in Hotazel and Vanzylsrus	818 households provided with refuse removal services in Hotazel and Vanzylsrus by 30 th June 2023

3.5 Housing

The delivery of human settlements is a core mandate of the Department of Human Settlements. The JMLM is faced with capacity challenges and financial constraints with regard to human settlements delivery. As such, the municipality relies on the support and guidance of the District, Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA), and the Department of Human Settlements.

JMLM mainly focuses on housing consumer education, to ensure that community members are fully capacitated on accessing various subsidy programmes offered by the Department of Human Settlements.

In trying to address the that are facing the municipality in so far as human settlements development is concerned, JMLM participates in the District Human Settlements Forum which takes place every quarter.

Housing Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To facilitate housing programme	Number of campaigns in housing consumer education by June 2022	30 campaigns in housing consumer education held	30 campaigns in housing consumer education not held	15 campaigns in housing consumer education held by June 2022	0 campaigns in housing consumer education held	15 campaigns in housing consumer education held by June 2023

3.6 Free Basic Services and Indigent Support

The provision of access to free basic services is to cater for the basic needs of indigent households is a constitutional imperative. In response to this requirement, Joe Morolong Local Municipality developed an Indigent Support Policy. In the main, the policy addresses all issues related to the sustainable provision of basic services to indigent households in communities falling under the jurisdiction of JMLM. It further sets out procedures and guidelines for the effective subsidisation of basic service charges to approved indigent households within budgetary and intergovernmental grant guidelines. The policy also provides clarity on issues related to eligibility for benefiting from the basket of services organised under this policy.

Free Basic Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To improve the lives of indigents and improve access to Free Basic services	Number of Updated indigent register by May 2022	Number of Updated indigent register by May 2021	Indigent register not updated	Updated indigent register by June 2022	0 Updated indigent register	1 indigent register developed and submitted to Council by 30 th June 2023

COMPONENT B: ROADS AND STORM WATER

3.7 Roads

Joe Morolong Local Municipality is a rural municipality with a total area of 20 172 km². It is estimated that 95% of our roads are gravel roads with a combination of access- and internal roads. We use graders to maintain the gravel roads in our 15 wards.

Demands for the upgrading of roads and storm water infrastructure are documented and prioritised in our IDP. After adoption of the IDP by Council and confirmation of the budget allocation as per DORA, the SDBIP is finalised. The PMU act on this by using the SDBIP as the basis (input) to the Three-year Implementation Plan.

During the 2021-22 Financial Year, three Grant-funded Road infrastructure projects were embarked on, of which 3.3 kilometres of internal- and access roads were completed. The following roads were constructed:

1. Makhubung Internal Road Phase 6 - 1 440m Tarred
2. Tsaengwe Internal Road - 930m Paved
3. Washington Internal Road - 930m Paved

As for SLP-funded projects, Kleinneira Phase 5 – 3km Paved, Makhubung Phase 3,4,5 – 2km Tarred and a culvert bridge at Gadiboe were completed.

Below is the state of gravel roads in the JMLM area:
(Please note that “Tar” also includes paving block roads)

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
Year -2	931	0	9	N/A
Year -1	926	0	5	N/A
Year 0	923	0	3	621
				T 3.7.2

Tarred Road Infrastructure					
	Total tarred roads (beginning of FY)	New tar roads (added end of FY)	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
Year -2	73,2	9,0	0,0	0,0	0,0
Year -1	82,2	4,8	0,0	0,0	0,0
Year 0	87,0	3,3	0,0	0,0	0,0
					T 3.7.3

Cost of Construction							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
Year -2	0	17 862	0	0	0	0	
Year -1	0	27 176	0	0	0	0	
Year 0	0	52 165	0	0	0	0	
						T 3.7.4	

Road Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To grade roads to maintain the existing road infrastructure	Kilometres roads graded in the JMLM municipal area by 30 June 2022	3 Roads Makhubung Internal Road Phase 6, Logobate access Road (Bridge) and Dikhing Access Road Upgraded	Only Dikhing Access road was completed	400 km roads graded in the JMLM area as per maintenance programme by 30 June 2022	621,2km graded in the JMLM municipal area	250Km's of Road Bladed by 30th June 2023

Capital Expenditure Year 0: Road Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	23 690	23 690	23 670			
Makhubung Access Road Phase 6	9 521	9 521	9 347	0	12 789	
Tsaelengwe Internal Road Phase 1	7 028	7 028	7 182	0	23 209	
Washington Internal Road Phase 1	7 141	7 141	7 141	0	15 342	
Project D						
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
T 3.7.9						

Comment on the Performance of Roads Overall:

The municipality successfully implemented projects relating to the upgrading of more than 3 km of internal and grant funded access road projects during the reporting period. Being a rural municipality, most of the road surfaces are poor quality gravel roads.

The Municipality maintained over 620km's of gravel road during the reporting period.

3.8 Waste Water (Stormwater Drainage)

The PMU provides Stormwater drainage by constructing culvert bridges where necessary and when funds are available. With the help of SLP funding, two stormwater bridges were upgraded during the reporting period, one at Logobate and the other at Gadiboe.

Comment on Conditional Grants and Grant Received From Other Sources:	
The municipality received Grants to the total value of R144 601 000,00. This can be categorized as follows:	
MIG - R85 401 000,00	
WSIG - R59 200 000.00	
The Expenditure at Financial Year end is displayed below:	
MIG – R 85 436 637,52	
WSIG – R59 579 632,73	
These grants were used to eradicate the backlog on water, roads, and sanitation infrastructure.	

Capital Spending on 5 Largest Projects

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Heuningvlei - Gamokwane Water Supply	R 8 631 962	R 8 631 962	R8 631 956,99	0%	0%
Ntswelengwe/Magagwe Water Supply Portion 2	R 12 087	R 12 087	R 12 372	0%	-23%
Heiso Water Supply	R 8 849	R 11 699	R 12 063	-32%	0%
Gatshekedi Water Supply	R 9 199	R 9 199	R 9 204	0%	0%
Makhubung Access Road Phase 6	R 9 521	R 9 521	R 9 346	0%	0%
<i>* Projects with the highest capital expenditure in Year 0</i>					
Heuningvlei - Gamokwane Water Supply					
Objective of Project	To provide potable water to the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	58 Households				
Ntswelengwe/Magagwe Water Supply Portion 2					
Objective of Project	To provide potable water to the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	604 Households				
Heiso Water Supply					
Objective of Project	To provide potable water to the community				
Delays	Slow contractor performance				
Future Challenges	None				

Anticipated citizen benefits	236 Households
Gatshekedi Water Supply	
Objective of Project	To provide potable water to the community
Delays	None
Future Challenges	None
Anticipated citizen benefits	171 Households
Makhubung Access Road Phase 6	
Objective of Project	To upgrade the gravel road to tar
Delays	None
Future Challenges	Nothing anticipated
Anticipated citizen benefits	287 Households
<i>T 5.7.1</i>	

Comment on Capital Projects:

In total, the Municipality implemented 16 Water Supply projects, 4 Borehole Refurbishment projects, 6 Road/Bridge Construction projects and 4 Dry Pit Sanitation projects in the 2021-22 Financial Year (One sanitation project was completed during July 2022).

Projects were funded with Grants and SLP-funding from the mines. During the 2021-22 Financial Year the Municipality received an additional R 22 million from MIG and R 12 million from DWS. This was also spent 100% before year end.

Challenges which were dealt with included community interruptions and hard rock at certain sites. On some road- and water projects, slow contractor performance was also experienced.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development. The primary aim of the Planning and Development Department is to ensure the development and economic growth of the municipality. This is done through strategic and spatial planning initiatives that lead to the effective development of the municipality.

The department is made up of three critical units; Integrated Development Planning & Performance Management System (IDP/PMS), Local Economic Development (LED), and Town Planning.

3.9 Planning

The IDP/PMS unit is responsible for the strategic planning and performance management of the entire municipality. The Municipal System Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP.

Annually the Municipality must base their performance against its target measures as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as

it is spelt out in the IDP document. Priorities identified in the year under review were water, sanitation and roads.

The town planning unit is a strategic division within the Municipality mandated to focus on the containment of an orderly built environment and proper land use management for various land uses. The unit oversees the following functions:

- a. Urban Planning services i.e. provision of zoning information and processing of various land use applications.
- b. Building Control – Plan submission, inspection and approval/disapproval thereof.

The Town Planning unit is central in developing and promoting an integrated municipality; committed to addressing spatial injustices and guides development towards vibrant, resilient and sustainable urban and rural areas. In response to spatial transformation, the Town Planning unit acknowledges that spatial restructuring is necessary to accelerate investment and create opportunities that will enhance the economy and achieve strategic goals of the municipality.

The Municipality establishes its own Municipal Planning Tribunal (MPT) in 2022; in terms of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013; after being a part of the District Municipal Planning Tribunal since 2016. The MPT is fully functional and sits on a quarterly basis.

The table below stipulates the land use development applications received by the municipality in the last two years.

Applications for Land Use Development						
Details	Formalization of Townships		Rezoning		Built Environment	
	Year -1 (2020/21)	Year 0 (2021/22)	Year -1 (2020/21)	Year 0 (2021/22)	Year -1 (2020/21)	Year 0 (2021/22)
Planning applications received	0	0	0	1	0	2
Determination made in year of receipt	0	0	0	1	0	1
Determination made in following year	0	0	0	0	0	1
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

The review of the Spatial Development Framework (SDF) of the municipality was concluded in 2017. The SDF is compliant with Chapter 4(21) of the SPLUMA (Act 16 of 2013). The SDF will be reviewed in the next financial year to accommodate any new circumstances and changes.

The vision of the JMLM SDF is as follows:

“A sustainable environment where all have equal access to land, opportunities and services within a rural context and within reachable distances”

The Land Use Management System of the municipality was adopted in 2019.

Planning Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To report on Implementation of SPLUMA and Functionality of Tribunal	Number of reports on implementation of SPLUMA and Functionality of the Tribunal by June 2022	100% Implementation of SPLUMA and Functionality of Tribunal by June 2021	4 Quarterly Reports on the Implementation of SPLUMA and Functionality of Tribunal were done	4 quarterly reports on the Implementation of SPLUMA and Functionality of Tribunal by June 2022	4 quarterly reports on the Implementation of SPLUMA and Functionality of Tribunal	4 SPLUMA Tribunal meetings held by 30 th June 2023
To receive and Process all Land Development application as and when there are new applications	Number of received and processed land applications as and when there are new applications	% of received and Processed land applications as and when there are new applications by June 2021	4 Quarterly Reports on New Received and Processes Applications were done	4 quarterly reports on new received and processed all land development applications as and when there are new applications by June 2022	4 quarterly reports on new received and processed all land development applications as and when there are new applications	100% of land development applications processed as per request by 30 th June 2023

3.10 Local Economic Development (Including Tourism and Market Places)

Local Economic Development (LED) is one of the Key Performance Areas in the JMLM. In JMLM, the issue of LED is treated as an integral part between the community, sector departments and business sector within the JMLM.

Local Economic Development (LED) uses the development planning and implementation capacities of local government to accrue economic benefit to the locality with the aim of addressing development problems such as unemployment, poverty and market failure at the local level. While promoting the economic welfare of citizens is a critical objective of local government, the absence of specific indicators for LED measurement hampers their ability to successfully determine whether their efforts are achieving the expected results.

The main aim of the Joe Morolong Local Municipality as a local government is to deliver the local economic development results that it promises to its people. Local Economic Development goals are often expressed as intangible, long-term outcomes of what JMLM wishes to achieve or change in society. LED goals are translated into actionable policies, programmes and projects with more tangible outputs, which constitute progress towards attainment of the outcome.

JMLM has an effective LED unit which includes tourism SMME support and EPWP divisions. The main focus of the LED unit is to achieve sustainable socio-economic development in the municipality. The municipality has an approved LED strategy that deals with and addresses the unique set of problems and opportunities of JMLM.

Economic Activity by Sector			
	Jobs		
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	1,5	1,5	1,5
Mining and quarrying	7	7	7
Manufacturing	63	63	63
Wholesale and retail trade	52	52	52
Finance, property, etc.	52	52	52
Govt, community and social services	25	25	25

Infrastructure services	41	41	41
Total	236,5	236,5	236,5

Economic Employment by Sector			
Sector	R '000		
	Year 1	Year -1	Year 0
	No.	No.	No.
Agric, forestry and fishing	30 000	30 000	30 000
Mining and quarrying	372 000	372 000	372 000
Manufacturing	270 000	270 000	270 000
Wholesale and retail trade	210 000	210 000	210 000
Finance, property, etc.	235 000	235 000	235 000
Govt, community and social services	320 000	320 000	320 000
Infrastructure services	450 000	450 000	450 000
Total	1 887 000	1 887 000	1 887 000

Total Jobs created / Top 3 initiatives	Jobs created through EPWP projects
	No.
Year -2	207
Year -1	240
Year 0	240

Local Economic Development Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To create job opportunities through EPWP programme	Number of Jobs created through Expanded Public Works Programme (EPWP) by June 2022	240 jobs created through EPWP	240 jobs were created through Expanded Public Works Programme	240 jobs created through EPWP by June 2022	240 jobs opportunities were created through EPWP	240 jobs created through Expanded Public Works Programme (EPWP) by 30 th June 2023
To support SMME development	Number of Local Economic Development Projects coordinated and supported by June 2022	24 Local Economic Development Projects coordinated and supported	24 Local Economic Development Projects coordinated and supported	24 Local Economic Development Projects coordinated and supported by June 2022	24 economic development projects were coordinated and supported	30 Local Economic Development Projects coordinated and supported by 30 th June 2023

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11 Libraries; Archives; Museums; Galleries; Community Facilities; Other (Theatres, Zoos, Etc)

JMLM entered into an MOA with the Department of Sport, Arts and Culture for the operation of community libraries situated at Vanzylsrus, Cassel and Logaganeng. The JMLM has been receiving funding from the Department for the Library Services Programme since the 2018/19 financial year to date. The funding from the Department is however insufficient as it only covers employee related costs. The municipality always has to augment the budget from its own funds.

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To provide library services	Number reports on library programmes by June 2022	100% coordination of library programmes	2 reports on coordination of library services programmes compiled	4 reports on library programmes by April 2022	4 reports on library programmes	4 reports on library programmes developed and submitted to Council and Department of Sport, Arts and Culture by 30 th June 2023
	Number of business plan developed for the requisition of funds for library by March 2022	Number of business plan developed for the requisition of funds for library by March 2021	1 business plan for the requisition of funds for library not done	1 business plan developed for the requisition of funds for library by June 2022	1 business plan developed for the requisition of funds for library	1 business plan developed for the requisition of funds for library by 31 st March 2023
	Number of MOU on library services adopted by Council and submitted to DSAC by June 2022	1 MOU on library services adopted by Council and submitted to DSAC	1 MOU on library services not adopted by Council and submitted to DSAC	1 MOU on library services adopted by Council and submitted	0 MOU on library services adopted by Council and submitted	1 Memorandum of Understanding (MOU) on library services adopted by Council and submitted by 30 th June 2023

3.12 Cemeteries and Crematoriums

JMLM constructs cemeteries through the EPWP incentive grant. Due to the high backlog of cemeteries in the area, the municipality has priorities to construct cemeteries in 15 villages per financial year. The majority of the areas are situated in communal land and the cemeteries are managed in a tribal procedures.

Cemeteries and Crematoriums Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
Fencing of cemeteries	Number of cemeteries fenced by June 2022	15 cemeteries upgraded	9 cemeteries were upgraded and achieved at the following villages: Gamadubu, Gasehunelo Wyk 10, Mosekeng, Klipom, Abbey, Bothetheletsa, Setshotshwaneng and Gamothibi	Cemeteries fenced in Heuningvlei, Gahue, Makgaladi and Vanzylsrus by June 2022	4 cemeteries fenced in Heuningvlei, Gahue, Makgaladi and Vanzylsrus	4 Cemeteries fenced in by 30 th June 2023

3.13 Child Care; Aged Care; Social Programmes

The Municipal Health Section (MHS) of the JTGDGM monitors Environmental Health risk factors at Child and Aged Care Facilities as part of the MHS function on behalf of the JMLM. The JMLM has a functional Special Programmes unit that deals with issues relating to and affecting vulnerable groups such as the youth, women, children, people living with disabilities, and the elderly.

Special Programmes Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
	Number of functionality of the Local AIDS Council (LAC) by June 2022	100% functionality of the LAC	2 Local AIDS Council (LAC) held	4 reports on functionality of the LAC by June 2022	4 reports on Local AIDS Council (LAC) compiled	4 reports on of Local AIDS Council (LAC) implemented and reported to Council by 30 th June 2023
To empower designated groups	Number of programs on youth development by June 2022	4 programs on youth development	4 Youth development programs not held	4 reports on programs on youth development by June 2022	2 youth empowerment programs held	1 report on programs s on youth development compiled and submitted to Council by 30 th June 2023
To empower designated groups	Number of Women & Children development programs by June 2022	4 Women & Children development programs	4 Women & Children development programs not held	4 Women & Children development programs by June 2022	1 program on Women & Children development held	1 report on Women development programs compiled and submitted to Council by 30 th September 2022
To empower designated groups	Number of programs for disabled and elderly people by June 2022	4 programs for disabled and elderly people	4 programs for disabled and elderly people not held	4 programs for disabled and elderly people by June 2022	1 program for disabled and elderly people held	1 report on disabled people programs compiled and submitted to Council by 31 st December 2022

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.14 Pollution control

Environmental Pollution Control is conducted by the JTGDGM in terms of the Municipal Health Services function within the scope of the National Health Act.

3.15 Bio-Diversity; Landscape (Incl. Open Spaces); and Other (Eg. Coastal Protection)

The JMLM area comprises four, separate ecological regions, which extend beyond the region's boundaries. These are the Kalahari Thornveld, Ghaap Plateau, Rocky Hills and Ridges and Kuruman Sourveld. These ecological regions are reportedly not as rich in species as many such similar regions located outside of the area. However, at a more detailed level, accepting that the species composition, vegetation form and individual landscape unit's change over small distances, some 60 vegetation-landscape units which are unique to the District can be identified.

The natural environment in JMLM is reportedly in a fair condition; although poor land management has resulted in degradation of the resource base. Of particular concern is the deterioration of the natural vegetation through overgrazing, poor fire regimes, wood harvesting, misuse of wetlands, and encroachment by invasive plants and weeds. These

factors are common to all veld types in Southern Africa, but the harsh climatic conditions and lack of surface water resources worsens the problems in the Northern Cape. They also contribute to a growing concern over the quality and quantity of the groundwater resources upon which much of the area depends.

The bulk of the transformation and degradation of the natural habitat has taken place in the eastern and northern parts of the JTGDM, with the western and southern regions experiencing a lower impact. Subsistence agricultural activities and sprawling, unplanned human settlement resulting in dense rural settlements are key contributors to these phenomena in the eastern part of the JMLM i.e. Ditshipeng and Bothithong areas. The desperate situation many of these communities find themselves in, leads to a greater frequency of survivalist-type coping strategies and farming activities, often involving livestock, which further worsens overgrazing and exploitation of the natural habitat in the area.

Land degradation is a major feature in the eastern and northern parts of the JMLM, whilst the western and southern sections are less impacted. The main cause of land degradation is poor land use management in the villages. Poor land use management is ascribed to a number of factors including overgrazing, alien and invasive species, overstocking, uncontrolled grazing, injudicious use of fire, limited awareness and urban development. It is argued that agriculture is most likely the greatest threat to the vegetation, in the form of overgrazing, which changes the plant community composition by eliminating certain species (generally palatable species) and encourages bush encroachment.

The mining activity in the municipality also has a direct impact on vegetation by way of the physical destruction of vegetation within the mining footprint. The effects of dust particulate emissions from the plants as well as along the transport routes will also have an impact on the vegetation.

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections. The 9 Municipal Health functions defined as Environmental Health was delegated to District and Metro Municipalities in South Africa. Environmental Health is the only preventative health service designed to identify and contain environmental risk factors that have a detrimental effect to the health of communities.

3.16 Clinics

Health Care Facilities and Hazardous Medical Waste are monitored by the Municipal Health Section of JTGDM from an Environmental Health perspective.

3.17 Ambulances

This service is not provided by the JMLM, but by the Provincial Department of Health.

3.18 Health Inspection; Food & Abattoir Licensing; Inspections; Etc.

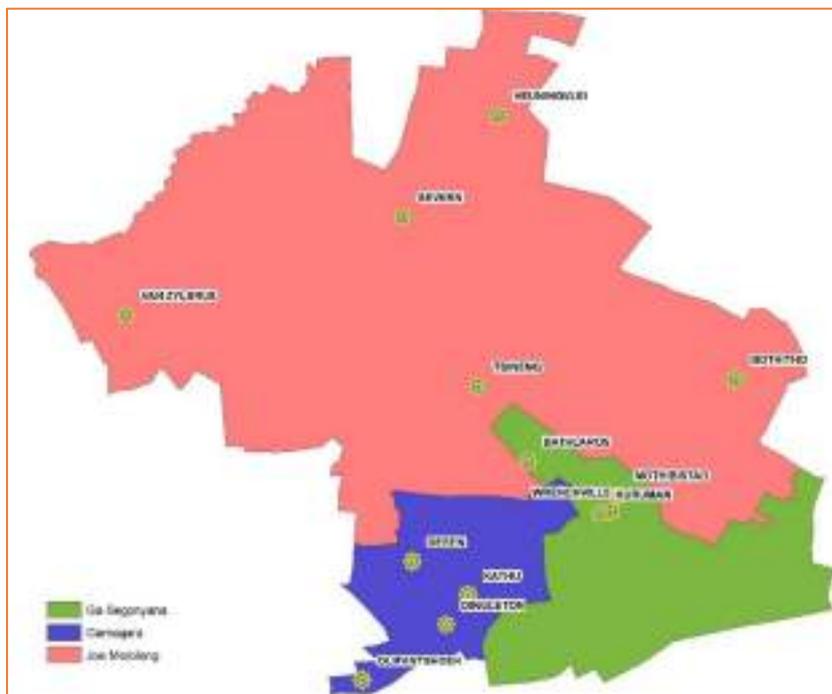
This function is carried out by the JTGDM Municipal Health Section. In the JMLM area, the District regularly do health inspections in schools and tuckshops in all the various villages.

COMPONENT G: SECURITY AND SAFETY

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

3.19 Police

This section falls under the function of the South African Police Service. The JMLM has the highest number of police stations as compared to the other two local municipalities. There are 13 police stations/precincts in the JTG District Municipality, five of which are located in Joe Morolong as shown on the figure below. It should however be noted that there are no magistrate courts linked to the police stations, except for the periodical court situated in Bothithong. This poses a challenge as there needs to be constant travelling to the courts situated in Ga-Segonyana LM.



Source: StatsSA 2016

3.20 Fire

Fire is an ecological disturbance which is required to maintain community structure and species diversity. Overgrazing eliminates the grassy sward and fires are carried less easily and frequently across the landscape. This encourages bush encroachment which further inhibits grass regrowth. Eventually, however, extreme wildfire conditions, i.e. drought and hot temperatures, lead to fires which are too intense for even trees to survive that can burn through encroached areas. The JMLM has signed an agreement with the Working on Fire (WOF) Organisation, who are appointed by the Department of Forestry, Fisheries and the Environment. Through the WOF, the municipality has a number of firefighters on site who specialise in the management of wildfires in JMLM and can even extend the function to the rest of JTGDM and the Northern Cape province where required.

Fire Services Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To promote safe and clean environment	Number of fire suppression attended to and emergency incidents by June 2022	100% of fire suppression and emergency incidents attended to	100% of fire suppression and emergency incidents attended to	4 quarterly reports on fire suppression and emergency incidents attended by June 2022	4 quarterly reports on fire suppression and emergency incidents attended	4 reports on Veld and Forest fire suppression and emergency incidents attended to by 30 th June 2023

COMPONENT H: SPORTS AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.21 Community Halls and Recreational Facilities

The municipality is responsible for 21 community halls and 3 sports facilities in their respective areas are maintained.

Community Halls and Recreational Facilities Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To provide recreational facilities	Number of community halls constructed by June 2022	Construction of 2 community halls at Cardington and Washington	Community halls not constructed at Cardington and Washington	Construction of 2 community halls at Cardington and Washington by June 2022	0 community halls at Cardington and Washington constructed	3 community halls constructed at Cardington and Washington by 30 th June 2023
	Number of community halls maintained by June 2022	100% maintenance of community halls (Maphiniki, Mecwetsaneng, Rusfontein Wyk 10 and Bothithong)	Community halls not maintained in (Maphiniki, Mecwetsaneng, Rusfontein Wyk 10 and Bothithong)	100% maintenance of community Rusfontein Wyk 10, Heuningvlei and Laxey) by June 2022	0% maintenance of community Rusfontein Wyk 10, Heuningvlei and Laxey)	4 community halls maintained at Kikahela, Penryn, Glenred and Vanzylsrus by 30 th June 2023

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate services policies, financial services, human resource services, ICT services, property services. All policies have been consulted with all stakeholders, thereafter the policies were submitted to Council for approval and implemented as required.

3.22 Executive and Council

The Mayor heads the municipality and fulfils this task by working together with the councillors. The Mayoral committee is functional and it ensures that there is integration of the work of Council between portfolio committee and respective departments. The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the

municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality through the development of the IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented. The accounting officer is responsible for the administration of the municipality.

The Joe Morolong Local Municipality as outlined in its Integrated Development Plan set out clearly defined strategic objectives and targets in line with its powers and functions as guided by the Constitution of the Republic of South Africa, Act No. 108 of 1996 and relevant legislative requirements. Its endeavours to deliver sustainable and quality services were supported through the implementation and monitoring of adopted Council policies in an effort to deliver on its mandate. During this period, JMLM made great strides in delivering services to its communities.

Executive and Council Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To develop Updated Council resolution register	Number of updated quarterly Council resolution register developed and submitted by June 2022	4 quarterly updated Council resolution registers developed and submitted to council	4 quarterly updated Council resolution registers developed and submitted to council	4 quarterly updated Council resolution registers developed and submitted to Council by June 2022	4 updated council resolution registers were developed	4 quarterly updated Council resolution registers developed and submitted to Council by 30 th June 2023
To develop Council and committee itinerary and hold 4 committee and council meetings	Number of regulated Council committee meetings and Council meetings by June 2022	4 Council Committee meetings and 4 Council meetings to be held	1 Council Committee meetings and 1 Council meetings held	4 Council committee meetings and 4 Council meetings held by June 2022	4 Council committee meetings and 4 Council meetings held	4 Council committee meetings held by 30 th June 2023

3.23 Financial Services

The Chief Financial Officer heads the Financial Services Department, with six divisions in the department. The divisions are as follows:

- a. Revenue Management
- b. Expenditure Management
- c. Supply Chain Management
- d. Assets Management
- e. Budget and Reporting
- f. Financial Control

The financial services department is responsible for the implementation and compliance with Municipal Finance Management Act, Act No. 56 of 2003, the Municipal Property Rates Act, Act No. 6 of 2004, as amended, the Municipal Systems Act, Act No. 32 of 2000, as amended, Fiscal Powers and Functions Act, Act No. 12 of 2007, the Division of Revenue Act, to mention but a few.

The department is also responsible for ensuring general compliance with supply chain management policy of the municipality, whilst the expenditure section identifies any irregular expenditure that may have been incurred as a result of non-compliance.

Financial Services Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To maintain a strong, sustainable municipal financial position	Number of monthly cashbook and bank reconciliation reports by June 2022	12 monthly cashbook and bank reconciliation reports	12 monthly cashbook and bank reconciliation reports done	12 monthly cashbook and bank reconciliation reports compiled and submitted to Council by June 2022	12 monthly cashbook and bank reconciliation reports compiled and submitted Council by June 2022	12 monthly cashbook and bank reconciliation reports compiled and submitted to Council by 30 th June 2023
	Number of audit action plan implemented by June 2022	12 monthly reports on implementation of audit action plan	12 monthly report on implementation of Audit Action plan in place	4 quarterly reports on implementation of audit action plan and submitted to Council and Treasury by June 2022	4 quarterly reports on implementation of audit action plan and submitted to Council and	4 quarterly reports on implementation of audit action plan developed and submitted to Council and Treasury by 30 th June 2023
To increase revenue collection to 100%	Number of monthly reports on timeous and accurate billing by June 2022	12 monthly reports on timeous billing and mailing of accounts to customers	12 monthly reports on timeous billing and submission of accounts	12 monthly reports on timeous billing and mailing of accounts to customers and submission to Council by June 2022	12 monthly reports on timeous billing and mailing of accounts to customers and submission to Council by June 2022	12 monthly reports on timeous billing and mailing of accounts to customers and submission to Council by 30 th June 2023
To ensure revenue collection	Number of reports on collection rate by June 2022	50% average actual collection rate	25% average actual collection for fourth quarter	50% average actual collection rate by June 2022	50% average actual collection rate by June 2022	N/A
Data cleansing	Number of reports on bad debts written off by June 2022	100% bad debts written off	12 reports on bad debts written off compiled	4 reports on Bad debts written off and traceable debtors by June 2022	3 reports on Bad debts written off and traceable debtors were developed but still awaits the council approval.	4 reports on Bad debts written off developed and submitted to Council by 30 th June 2023

3.24 Human Resource Services

Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal Council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. The Human Resource unit deals with the following issues: Labour relations, Health and Safety, Skills Development, Leave days, Employees Files, Medical aids and deduction from Employees' salaries.

Human Resource Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To conduct policy workshops	Number of workshops on Policies by June 2022	2 workshops on a code of conduct for employees	No workshop held	2 workshops on policies held by June 2022	4 workshops on policies held	2 workshops on policies held by 30 th June 2023
To review Employment Equity Plan (EEP)	Number of reports on reviewed Employment Equity Plan (EEP) by June 2022	1 reviewed Employment Equity Plan	1 Reviewed Employment Equity plan	4 reports on reviewed Employment Equity Plan (EEP) by June 2022	4 reports on reviewed Employment Equity plan were done and submitted to Department of Labour	4 reports on Employment Equity Plan (EEP) reviewed and submitted to Council by 30 th June 2023

To develop job description for new positions	Number of job descriptions developed by June 2022	2 job descriptions developed	Job descriptions for new positions not developed	1 report on job descriptions developed by June 2022	0 report on job descriptions developed	4 reports on job descriptions developed/reviewed and submitted to Council by 30 th June 2023
To fill all vacant budgeted posts	Number of vacant budgeted positions filled by June 2022	All vacant budgeted positions filled	Vacant budgeted positions not filled	All vacant budgeted positions filled by June 2022	6 vacant budgeted positions filled	86 vacant budgeted positions filled by 30 th June 2023

3.25 Information and Communication Technology (ICT) Services

The mandate of the Information Communication Technology (ICT) unit is to provide ICT services and support to the District Municipality and to provide secure, reliable and consistent platform for information accessibility. Information Technology in all its forms, is essential to manage the transactions, information and knowledge necessary to ensure that citizens' demand for service delivery, administration and operational efficiencies are met. Due to its pervasive nature, it is essential for Joe Morolong Local Municipality to ensure that the unit delivers its functions in an efficient manner.

It is noted that there are serious ICT network and infrastructure challenges in rural areas. This causes poor internet connection, which means that local communities cannot easily access the municipal info posted on the municipal website.

ICT Services Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2020/21		2021/22		2022/23
		Target	Actual	Target	Actual	Target
To report on publicized all municipal activities/events on	Number of publicized activities/events on municipal website by June 2022	100% publicized activities/events on municipal website	100% Publicized municipal activities/events on municipal website	4 quarterly publicized activities/events on municipal website by June 2022	4 Municipal activities/ events were publicized on municipal website	4 reports on publicized municipal activities/events on the municipal website by 30 th June 2023

3.26 Property; Legal; Risk Management and Procurement Services

This function is performed to provide sound legal advice to the institution and also manage administration. In its quest to ensure that the Council is properly advised on issues relating to rule of law, management of information, safeguarding of municipal assets and the creation of environment that enables Council to perform its oversight function. Measurable objectives for the period under review were as follows:

- To ensure effective administration support and legal services
- To ensure effective Management of Municipal Offices
- To Ensure Proper Document Management

Key performance highlights:

Construction and maintenance of buildings

JMLM has various assets ranging from immovable property such as land and buildings to movable property such as motor vehicles and furniture. Land and buildings are generally considered to be investments. The Municipality has a duty to ensure that they not only safeguarded but also maintained to enable them to appreciate in value. The lack of office space poses a serious risk to the municipality's ability to deliver in its core mandate, which is

to provide basic service delivery. A workforce that is not properly accommodated and secure often have low morale.

Key performance highlights

The Municipality's property management system is implemented by Corporate Services directorate which deals only with daily maintenance of municipal offices. Joe Morolong Local Municipality intends to refurbish; construct and maintain municipal building offices as part of value driven process which seeks to contribute to developing its buildings in a lifelong perspective. The intention is also to apply sustainable technology when upgrading all existing municipal buildings, which is environmentally friendly to water and waste, energy efficiency and smart technology that give low operating costs and efficient building operations.

Provision of security management services to assets

The Joe Morolong Local Municipality values its human resources. Strides are continuously being taken to ensure that its employees and councillors are safeguarded. Although there are security breaches in the water treatment works, the municipality continue to use the services of security companies to ensure that assets and lives of officials are safeguarded.

Legal Services

Legal support is provided to senior management, directorates and Council on the exercise of powers, functions and decision making. The objective that relates to this function is to ensure effective administration support and legal services. Generally, the state of the Municipality's legal matters has been stable, with all the potential legal threats having been dealt with as and when they come to the attention of the institution.

Automation of Records and Improved Record Management Processes and Procedures

The municipality's Records Section is entrusted with the responsibility of ensuring that the institutional information and heritage is properly managed. Its objective is to ensure proper document management system in line with the National Archives and Record Service Act. Although the management of records in the municipality is still decentralized, great strides have been made to ensure that the Records management unit is capacitated with training and support from COGHSTA.

Though there has been no litigation relating to lack of access to information, the poor record keeping is likely to be mostly felt when the Auditor General expresses its opinion about limitation of scope within the Directorate: Finance.

COMPONENT J: MISCELLANEOUS

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

The Municipality does not provide any of the above services.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

STRATEGIC FOCUS AREA 1

GOOD GOVERNANCE, COMMUNICATION AND TRANSFORMATION

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 2021/22 FY	POE
KPI 1	Good Governance and Community Participation	To develop and adopt audit action plan	Financial Services	Number of Audit Action Plan developed and adopted by January 2022	1 adopted Audit Action Plan by January 2022	Achieved 1 monthly report on implementation of Audit Action plan in place	N/A	Copies monthly report on implementation of audit action plan
KPI 2	Good Governance and Community Participation	To review system of delegation	Corporate Services	Number of reviewed systems of delegation by September 2021	1 report on reviewed system of delegation by September 2021	Achieved 1 report on reviewed system of delegation compiled	N/A	Copy of reviewed system of delegation
KPI 3	Good Governance and Community Participation	To develop IDP Process Plan	Planning and Development	Number of IDP process plan by 31 August 2021	1 IDP process plan developed and adopted by Council by 31 August 2021	Achieved IDP process plan developed and adopted by Council	N/A	Copy of IDP process plan Quarterly reports on implementation of the process plan
KPI 4	Good Governance and Community Participation	To report on the implementation of activities in the IDP process plan	Planning and Development	Number of reports on IDP process plan by June 2022	4 reports on the implementation of activities in the IDP process plan by June 2022	Achieved 4 reports on the implementation of activities in the IDP process plan	N/A	4 Quarterly reports on implementation of the process plan
KPI 5	Good Governance and Community Participation	To convene 2 community consultation meetings on IDP/ Budget	Planning and Development	Number of IDP/ Budget community consultation meetings by June 2022	2 meetings on IDP/ Budget community consultation were held in all wards June 2022	Achieved 2 meetings on IDP/ Budget community consultation were held in all wards	N/A	Copy of the schedule Copy of presentation to communities Copy of advert Attendance registers
KPI 6	Good Governance and Community Participation	To compile IDP & Budget and submit to council for approval	Planning and Development	Number of IDP & Budget compiled by May 2022	1 IDP & Budget for 2021/22 FY submitted and adopted by Council	Achieved	N/A	Copy of draft and final IDP and Budget

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 2021/22 FY	POE
						1 IDP & Budget for 2021/22 Financial Year submitted and adopted by Council		Council resolutions
KPI 7	Good governance and Public Participation	To compile annual and quarterly performance assessment reports	Corporate Services	Number of annual and quarterly performance assessment reports compiled by June 2022	1 Annual performance assessment report for 2020/21 FY submitted and adopted by Council by September 2022 3 quarterly reports on assessment of the municipal manager and managers reporting directly to the municipal manager	Not Achieved 0 quarterly reports on assessment of the municipal manager and managers reporting directly to the municipal manager	Reason for Deviation: Assessment committee not been appointed yet Remedial Action: Assessment committee will be appointed in the next quarter	Copy of performance assessment report and council resolution numbers
KPI 8	Good Governance and Public Participation	To submit information for compilation of internal and external newsletters	Municipal Manager's Office	Number of documents submitted for compilation of external newsletters by June 2022	2 documents submitted for compilation external newsletters	Not Achieved 0 documents submitted for compilation external newsletters	Reasons for Deviation: Communications Officer post vacant. Remedial Action: Target to be performed during Q1 of 2022/23 after filling of vacant position.	Copy of external newsletter
KPI 9	Municipal Transformation and Institutional Development	To hold 4 IDP Representative Forum meetings	Planning and Development	Number of IDP Representative Forum meetings held by June 2022	4 IDP Representative Forum meetings held by June 2022	Achieved 4 IDP Representative Forum meetings held	N/A	Attendance registers
KPI 10	Good Governance and Public Participation	To develop Top Layer SDBIP for 2022/23	Planning and Development	Number of Top Layer SDBIP developed	1 Top Layer SDBIP for 2022/23 developed by June 2022	Achieved 1 Top Layer SDBIP for 2022/23 developed	N/A	Top Layer SDBIP for 2022/23
KPI 11	Good Governance and Public Participation	To develop Technical SDBIP and performance agreements for senior	Planning and Development	Number of technical SDBIP and performance agreements for senior	1 technical SDBIP developed and performance agreements	Achieved Technical SDBIP developed and performance agreements	N/A	Copy of SDBIP and signed Performance Contracts

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 2021/22 FY	POE
		managers and accounting officer		managers and accounting officer developed and signed by June 2022	for senior managers and accounting officer signed by June 2022	for senior managers and Accounting signed		
KPI 12	Good Governance and Public Participation	To compile performance reports on Top Layer SDBIP	Planning and Development	Number of performance reports on Top Layer SDBIP submitted by June 2022	4 performance reports on Top Layer SDBIP submitted and adopted by Council by June 2022	Achieved 4 Performance reports on Top Layer SDBIP done and adopted by Council	N/A	Copy of quarterly performance reports
KPI 13	Good Governance and Public Participation	To compile section 72 report	Planning and Development	Number of section 72 report submitted and adopted by council by 25 th January 2022	1 section 72 report submitted and adopted by Council by 25 th January 2022	Achieved 1 Section 72 report was submitted and adopted by Council	N/A	Copy of section 72 report and council resolution
KPI 14	Good Governance and Public Participation	To compile Draft Annual Report	Planning and Development	Number of Draft Annual Report submitted to Council and treasury by January 2022	1 Draft Annual Report submitted to Council for noting by August 2022 and submitted to COGHSTA, Provincial Legislature, Provincial and National Treasury January 2022	Not Achieved 1 Draft Annual Report submitted to Council for noting by August 2022 and submitted to COGHSTA, Provincial Legislature, Provincial and	Reason for Deviations: Information requested to senior managers was not submitted to compile the draft annual report Remedial Action: Annual report will be submitted in January 2022	Copy of Draft Annual Report and council resolution Proof of submissions to identified stakeholders
KPI 15	Good Governance and Public Participation	To compile Annual Performance Report	Planning and Development	Number of Annual Performance Report submitted to council for approval by 31 st August 2022	1 Annual Performance Report adopted by council and submitted to COGHSTA, Treasury, and Auditor General by 31 st August 2022	Achieved 1 Annual Performance Report adopted by council and submitted to COGHSTA, Provincial Legislature, Provincial and National Treasury	N/A	Copy of annual performance report and council resolution Proof of submissions to identified stakeholders

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 2021/22 FY	POE
KPI 16	Good Governance and Public Participation	To report on publicized all municipal activities/events on municipal website	Municipal Manager's office	Number of publicized activities/events on municipal website by June 2022	4 quarterly publicized activities/events on municipal website by June 2022	Achieved 4 Municipal activities/ events were publicized on municipal website	N/A	Proof of publications
KPI 17	Municipal Transformation and Institutional Development	To conduct a workshop on code of conduct	Corporate Services	Number of workshops conducted on code of conduct for employees by June 2022	2 workshops on a code of conduct for employees held by June 2022	Not achieved 0 workshops on a code of conduct for employees held by June 2022	Reason for Deviation: Target was achieved in the previous financial year Remedial Action: Will be reviewed in the 2022-2023 SDBIP	Attendance registers of the workshops
KPI 18	Municipal Transformation and Institutional Development	To conduct policy workshops	Corporate Services	Number of workshops on Policies by June 2022	2 workshops on policies held by June 2022	Achieved 4 workshops on policies held	N/A	Attendance registers of the workshops
KPI 19	Good Governance and Public Participation	To develop Updated Council resolution register	Corporate Services	Number of updated quarterly Council resolution register developed and submitted by June 2022	4 quarterly updated Council resolution registers developed and submitted to Council by June 2022	Achieved 4 updated council resolution registers were developed	N/A	Copy of updated council resolution register and council resolution number
KPI 20	Good Governance and Public Participation	To develop Council and committee itinerary and hold 4 committee and council meetings	Corporate Services	Number of regulated Council committee meetings and Council meetings by June 2022	4 Council committee meetings and 4 Council meetings held by June 2022	Achieved 4 Council committee meetings and 4 Council meetings held	N/A	Minutes of council committee meetings and attendance registers
KPI 21	Municipal Transformation and Organizational Development	To review Employment Equity Plan (EEP)	Corporate Services	Number of reports on reviewed Employment Equity Plan (EEP) by June 2022	4 reports on reviewed Employment Equity Plan (EEP) by June 2022	Achieved 4 reports on reviewed Employment Equity plan were done and submitted to Department of Labour	N/A	Copy of employment equity plan

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 2021/22 FY	POE
KPI 22	Municipal Transformation and Organizational Development	To develop reports and submit to council on functionality of IT	Corporate Services	Number of reports on functionality of IT by June 2022	4 quarterly reports on functionality of IT by June 2022	Achieved 4 quarterly reports on functionality of IT	N/A	Reports on functionality of IT Council resolutions
KPI 23	Municipal Transformation and Organizational Development	To develop job description for new positions	Corporate Services	Number of job descriptions developed by June 2022	1 report on job descriptions developed by June 2022	Not Achieved 0 report on job descriptions developed	Reason for not achieved: Positions were advertised late. Remedial Action: Job descriptions will be developed for all budgeted vacant positions	Copy of training reports and council resolution number
KPI 24	Municipal Transformation and Organizational Development	To fill all vacant budgeted posts	Corporate Services	Number of vacant budgeted positions filled by June 2022	All vacant budgeted positions filled by June 2022	Not Achieved 6 vacant budgeted positions filled	Reason for not achieved: Positions were advertised late due to disputes with the Unions. Remedial Action: All the outstanding budgeted vacant positions will be filled in the 2022-2023 financial year.	Report on vacant positions filled Advertisement of posts Shortlisting Appointments
KPI 25	Municipal Transformation and Organizational Development	To submit training reports to Council	Corporate Services	Number of training reports submitted to Council by June 2022	4 training reports submitted to Council by June 2022	Achieved 4 training reports submitted to Council	N/A	Copy of training reports and council resolution number
KPI 26	Municipal Transformation and Organizational Development	To develop and submit Work Skills Plan (WSP) to council, and to LGSETA	Corporate Services	Number of developed and submitted Work Skills Plan (WSP) to council, and LGSETA by June 2022	3 reports on Work Skills Plan (WSP) develop & submitted to council, and LGSETA by June 2022	Achieved 3 training reports on Work Skills Plan (WSP) develop & submitted to council, and LGSETA	N/A	Reports on WSP developed and proof of submission to LGSETA and Council Resolution

**CHAPTER 7B
STRATEGIC FOCUS AREA 2
INFRASTRUCTURE AND SERVICE DELIVERY**

Corporate Objectives, Key Performance Indicators and Targets

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	PORTFOLIO OF EVIDENCE
KPI 27	Basic Service Delivery and Infrastructure Development	To maintain existing electrical infrastructure	Technical Services	Percentage of queries on electricity received and attended to in JMLM area by 30 June 2022	95% of all electricity queries received are attended by 30 June 2022	Achieved 96% queries on electricity received and attended to in JMLM area	None	Reports on queries received and attended to (Nr. resolved / Nr. received)
KPI 28	Basic Service Delivery and Infrastructure Development	To grade roads to maintain the existing road infrastructure	Technical Services	Kilometers roads graded in the JMLM municipal area by 30 June 2022	400 km roads graded in the JMLM area as per maintenance programme by 30 June 2022	Overachieved 621,2km graded in the JMLM municipal area	JMLM overachieved on this target because four non-functional graders were repaired during the financial year	<ul style="list-style-type: none"> 4 Consolidated quarterly reports on kilometres graded Internal Memo to repair graders
KPI 29	Basic Service Delivery and Infrastructure Development	To improve accessibility and mobility and control and direct the flow of storm-water and prevent road erosion	Technical Services	Km of roads upgraded (Paved or Tarred) in JMLM (Wards 1, 14 & 15) by 30 June 2022	3.85 km of roads upgraded by 30 June 2022 Ward 1 - Makhubung Internal Road Phase 6, (1.8km)	Target not Achieved 3.3km of roads upgraded (Paved or Tarred) in JMLM <ul style="list-style-type: none"> Makhubung Internal Road 	Reason for deviation The deviation of 550m was due to Contract Price Adjustment (CPA) increased (fuel	<ul style="list-style-type: none"> Practical completion certificates for identified villages CPA Figures

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	PORTFOLIO OF EVIDENCE
		around JMLM (Wards 1, 14, and 15)			Ward 15 -Tsaelengwe Internal Road (950m) and Ward 14 - Washington Internal Road (1.1km) to paved/tar road	Phase 6 Tared - 05 April 2022 Completed - 1 440m Tarred <ul style="list-style-type: none"> Tsaelengwe Internal Road - 12 May 2022 Completed – Paved 930m Washington Internal Road - 04 February 2022 Completed - 930m Paved 	price, material, etc. increases) Remedial action New business plans will be developed in a shorter term prior to the implementation of the project to illuminate the effects of Contract Price Adjustment (CPA).	
KPI 30	Basic Service Delivery and Infrastructure Development	To provide access to water to the community	Technical Services	Number of Villages prioritized for access to Water Infrastructure by June 2022	9 villages provided with access to water infrastructure by 30 June 2022 Kome, Ncwelengwe/ Magwagwe, Penryn, Shalaneng, Tzaneen, Heiso, Tsinengkop, Gatshikedi and Heuningvlei-Gammokwane completed	Target exceeded 10 Villages were provided with access to water infrastructure <ul style="list-style-type: none"> Tzaneen – 12 Jan 2022 Ntcwelengwe – 07 Feb 2022 Tsinengkop – 16 March 2022 Gatshikedi – 13 May 2022 Loopeng - Apr-18 Molatswaneng - Mar-22 Wingate - Aug-21 Mammebe - Aug 21 Kilokilo – Oct 21 Sesipi Nov 21 Ntsweleng - Feb 21 	Reason for deviation <ul style="list-style-type: none"> The following 8 projects were not part of the planned targets for SDBIP 2021-2022 however they were completed during 2021-2022fy and as a result management will include then in the APR 2021-2022. (Loopeng - Apr-18 Molatswaneng - Mar-22 Wingate - Aug-21 Mammebe - Aug 21 	Practical completion certificates

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	PORTFOLIO OF EVIDENCE
						<ul style="list-style-type: none"> Gatshekedi -May 22 	<ul style="list-style-type: none"> Kilokilo – Oct 21 Sesipi Nov 21 Ntsweleng -Feb 21 Gatshekedi -May 22) Remedial Action <ul style="list-style-type: none"> Management will include precious year completed projects in the next Annual Performance Report. 	
KPI 31	Basic Service Delivery and Infrastructure Development	To provide access to water to the community	Technical Services	Number of Villages provided with borehole refurbishment by 30 June 2022	4 Villages provided with boreholes refurbishment (Bendell, Gamothibi, Cardington and Masankong) prioritized for boreholes refurbishment completed by June 2022	Over Achieved The following 11 Villages were provided with borehole refurbishment: <ul style="list-style-type: none"> Masankong, Ncwaneng -Jun 22, Gasehunelo Wyk 8 -Aug 21, Logaganeng -Jul 21, Gasehunelo Wyk 9 – Jul 21, Gamothibi -Aug 21, Klein Eiffel -Mar 22, Kilokilo (BH) -Mar 22, Gahuwe -Mar 22, Gamothibi Phase 2 -Mar 22, 	Reason for deviation The following 10 projects were not part of the planned targets for SDBIP 2021-2022 however they were completed during 2021-2022fy and as a result management will include then in the APR 2021-2022. <ul style="list-style-type: none"> Ncwaneng -Jun 22, Gasehunelo Wyk 8 -Aug 21, Logaganeng -Jul 21, Gasehunelo Wyk 9 – Jul 21, Gamothibi -Aug 21, 	Practical completion certificates

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	PORTFOLIO OF EVIDENCE
						<ul style="list-style-type: none"> Mentsimantsi - Aug 22 	<ul style="list-style-type: none"> Klein Eiffel - Mar 22, Kilokilo (BH) - Mar 22, Gahuwe -Mar 22, Gamothibi Phase 2 -Mar 22, Mentsimantsi - Aug 22 <p>Remedial Action Management will include precious year completed projects in the next Annual Performance Report.</p>	
KPI 32	Basic Service Delivery and Infrastructure Development	To maintain existing water infrastructure in line with operation and maintenance plan	Technical Services	Percentage of queries on water received and attended to in JMLM area by 30 June 2022	95% of all water queries received are attended by 30 June 2022	Achieved 95% of water queries attended <ul style="list-style-type: none"> Queries received 963 Queries attended 859 	None	Report on queries received and attended to (Nr. resolved / Nr. received)
KPI 33	Basic Service Delivery and Infrastructure Development	To Implement Regulatory Information System (IRIS)	Technical Services	Number of quarterly reports on implementation of Integrated Regulatory Information System (IRIS) by June 2022	4 quarterly reports on Implementation of IRIS submitted to Council by June 2022	Achieved 4 quarterly reports on Implementation of IRIS submitted	None	Quarterly Reports on activities implemented in IRIS
KPI 34	Basic Service Delivery and Infrastructure Development	To provide access to basic sanitation infrastructure	Technical Services	Number of households provided with dry sanitation unit by 30 June 2022	203 Households provided with dry sanitation by 30 June 2022 Gasehune Wyk 9 (98 units),	Achieved 203 Households provided with dry sanitation <ul style="list-style-type: none"> Gasehunelo Wyk 9 – 	None	Practical completion certificates for; Gasehunelo Wyk 9 Maketlele and Motlhoeng

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	PORTFOLIO OF EVIDENCE
					Maketele (65 units), and Motlhoeng (40) by June 2022	11 Nov 2021 Completed - 98 Units <ul style="list-style-type: none"> Maketele – 19 Nov 2022 Completed - 66 Units Motlhoeng – 19 Nov 2022 Completed - 39 Units 		

Strategic Focus Area 3
LAND, HOUSING AND ENVIRONMENT
Corporate Objectives, Key Performance Indicators and Targets

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 35	Basic Service Delivery and Infrastructure Development	To report on Implementation of SPLUMA and Functionality of Tribunal	Planning and Development	Number of reports on implementation of SPLUMA and Functionality of the Tribunal by June 2022	4 quarterly reports on the Implementation of SPLUMA and Functionality of Tribunal by June 2022	Achieved 4 quarterly reports on the Implementation of SPLUMA and Functionality of Tribunal	N/A	List of activities implemented in SPLUMA and minutes of the DMPT
KPI 36	Basic Service Delivery and Infrastructure Development	To receive and Process all Land Development application as and when there are new applications	Planning and Development	Number of received and processed land applications as and when there are new applications by June 2022	4 quarterly reports on new received and processed all land development applications as and when there are new applications by June 2022	Achieved 4 quarterly reports on new received and processed all land development applications as and when there are new applications	N/A	List of received applications and list of processed applications

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 37	Basic Service Delivery and Infrastructure Development	To facilitate housing programme	Community Services	Number of campaigns in housing consumer education by June 2022	15 campaigns in housing consumer education held by June 2022	Target not achieved 0 campaigns in housing consumer education held	Reason for deviation Unavailability of the Department of Human Settlements officials Remedial action Will be done in the next financial year	Memo
KPI 38	Basic Service Delivery and infrastructure Development	To promote safe and clean environment	Community Services	Number of environmental awareness campaigns conducted by June 2022	30 environmental awareness campaigns on safe and clean environment in all wards held by June 2022	Target not achieved 29 environmental awareness campaigns on safe and clean environment in all wards held	Reason for deviation Only Dithakong wasn't done due to the bad weather Remedial action Will be done in the next financial year	Attendance registers
KPI 39	Basic Service Delivery and Infrastructure Development	To provide recreational facilities	Community Services	Number of Recreational Usage Facilities Policy developed by June 2022	1 Recreational Facilities Usage Policy developed by June 2022	Target achieved 1 Recreational Facilities Usage Policy developed	N/A	Publication notice/email to the office of the MM and IT
KPI 40	Basic Service Delivery and Infrastructure Development	To promote safe and clean environment	Community Services	Number of guard house constructed for Vanzylsrus landfill site by June 2022	1 guard house constructed for Vanzylsrus landfill site by June 2022	Target not achieved 0 guard house constructed for Vanzylsrus landfill site	Reason for Deviation: Specifications and assessments were concluded late.	Memo

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
							Remedial Action: Target to be completed next Financial Year	
KPI 41	Basic Service Delivery and infrastructure Development	To provide recreational facilities	Community Services	Number of solar panels for weight bright and guard house at Vanzylsrus landfill site by June 2022	1 Solar panel for weight bridge at Vanzylsrus landfill site	Target not achieved 0 Solar panel for weight bridge at Vanzylsrus landfill site	Reason for Deviation: Specifications and assessments were concluded late. Remedial Action: Target to be completed next Financial Year	Memo
KPI 42	Basic Service Delivery and infrastructure Development	To promote safe and clean environment	Community Services	Number of repair and maintenance of solar panels at Glenred landfill site by June 2022	Repaired Solar panels for weight bridge at Glenred landfill site	Target not achieved 0 Solar panels for weight bridge at Glenred landfill site repaired	Reason for Deviation: The landfill site was affected by strong winds, therefore required to be renovated. Remedial Action: Target to be completed next Financial Year	Memo
KPI 43	Basic Service Delivery and infrastructure Development	To promote safe and clean environment	Community Services	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by June 2022	877 households provided with refuse removal services in Hotazel and	Target achieved 877 households provided with refuse removal services in	N/A	Signed copies of collection schedule

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
					Vanzylsrus by June 2022	Hotazel and Vanzylsrus		
KPI 44	Basic Service Delivery and Infrastructure Development	To promote safe and clean environment	Community Services	Number of refuse collection plan developed by December 2021	Developed refuse collection plan by December 2021	Target achieved 1 Refuse collection plan developed	N/A	Approved collection plan
KPI 45	Basic Service Delivery and Infrastructure Development	To promote safe and clean environment	Community Services	Number of PPE purchased for employees by December 2021	Purchase of PPE for Refuse removal, Sewer removal, Sportsfields and Community Halls employees by December 2021	Target Not Achieved 0 PPE for Refuse removal, Sewer removal, Sportsfields and Community Halls employees purchased	Reason for Deviation: Delay in the appointment of community hall labourers Remedial Action: Will be implemented in the next year	Memo
KPI 46	Basic Service Delivery and Infrastructure Development	To promote safe and clean environment	Community Services	Number of Septic Tank Trailer by June 2022	Purchase of Septic Tank Trailer for Heuningvlei by June 2022	Target Not Achieved 0 Septic Tank Trailer for Heuningvlei	Reason for Deviation: Delay in SCM processes Remedial Action: Will be implemented in the next year	Delivery notes and Purchase order
KPI 47	Basic Service Delivery and infrastructure Development	To promote safe and clean environment	Community Services	Number of fire suppression attended to and emergency incidents by June 2022	4 quarterly reports on fire suppression and emergency incidents attended by June 2022	Target achieved 4 quarterly reports on fire suppression and emergency incidents attended	N/A	Fire suppression and emergency incidents reports
KPI 48	Basic Service Delivery and infrastructure Development	To promote safe and clean environment	Community Services	Number of established Hotazel landfill site by June 2022	1 established Hotazel landfill site by June 2022	Target Not Achieved	Reason for Deviation: Delay in SCM processes	Memo

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
						0 Hotazel landfill site established	Remedial Action: Will be implemented in the next Financial Year	
KPI 49	Basic Service Delivery and infrastructure Development	To provide clean recreational facilities	Community Services	Number of recreational facilities cleaned on quarterly bases by June 2022	Cleaning of 25 recreational facilities on quarterly bases	Target Achieved Cleaning of 25 recreational facilities on quarterly bases	N/A	Signed schedule of cleaned facilities
KPI 50	Basic Service Delivery and infrastructure Development	To provide recreational facilities	Community Services	Number of sports fields maintained by March 2022	2 Sports fields maintained (Dithakong and Ncwelengwe) by March 2022	Target Not Achieved 0 Sports fields maintained (Dithakong and Ncwelengwe)	Reason for Deviation: Specifications and assessments were concluded late. Remedial Action: Target to be completed next Financial Year	Memo
KPI 51	Basic Service Delivery and infrastructure Development	To provide recreational facilities	Community Services	Number of community halls constructed by June 2022	Construction of 2 community halls at Cardington and Washington by June 2022	Target Not Achieved 0 community halls at Cardington and Washington constructed	Reason for Deviation: Slow performance by the contractor Remedial Action: Target to be completed next Financial Year	Progress report

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 52	Basic Service Delivery and Infrastructure Development	To provide recreational facilities	Community Services	Number of community halls maintained by June 2022	100% maintenance of community Rusfontein Wyk 10, Heuningvlei and Laxey) by June 2022	Target Not Achieved 0% maintenance of community Rusfontein Wyk 10, Heuningvlei and Laxey)	Reason for Deviation: Specifications and assessments were concluded late. Remedial Action: Target to be completed next Financial Year	Memo
KPI 53	Basic Service Delivery and Infrastructure Development	To promote safe and clean environment	Community Services	Number of environmental management promotional material developed by December 2021	50 Promotional materials developed by December 2021	Target Not Achieved 0 Promotional material developed	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	Memo
KPI 54	Basic Service Delivery and Infrastructure Development	To provide traffic services	Community Services	Number of the DTLC assessment by June 2022	1 DTLC assessed by June 2022	Target Not achieved 0 DTLC assessed	Reason for deviation The Municipality hasn't installed telephone lines and the Internet Remedial Action Will be implemented in the next financial year	Memo

**STRATEGIC FOCUS AREA 4
SOCIAL CLUSTER
Corporate Objectives, Key Performance Indicators and Targets**

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 55	Good Governance and Public Participation	To empower designated groups	Municipal Manager's office	Number of functionality of the Local AIDS Council (LAC) by June 2022	4 reports on functionality of the LAC by June 2022	Achieved 4 reports on Local AIDS Council (LAC) compiled	N/A	List of activities on LAC
KPI 56	Good Governance and Public Participation	To empower designated groups	Municipal Manager's office	Number of programs on youth development by June 2022	4 reports on programs on youth development by June 2022	Not Achieved 2 youth empowerment programs held	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	List of youth programme held
KPI 57	Good Governance and Public Participation	To empower designated groups	Municipal Manager's office	Number of Women & Children development programs by June 2022	4 Women & Children development programs by June 2022	Not Achieved 1 program on Women & Children development held	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	List of woman programmes held
KPI 58	Good Governance and Public Participation	To empower designated groups	Municipal Manager's office	Number of programs for disabled and elderly people by June 2022	4 programs for disabled and elderly people by June 2022	Not Achieved 1 program for disabled and elderly people held	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	List (4) of disabled and elderly programmes held
KPI 59	Basic Service Delivery and Infrastructure Development	To provide library services	Community Services	Number reports on library programmes by June 2022	4 reports on library programmes by April 2022	Target achieved 4 reports on library programmes	N/A	Library report

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 60	Basic Service Delivery and Infrastructure Development	To provide library services	Community Services	Number of business plan developed for the requisition of funds for library by March 2022	1 business plan developed for the requisition of funds for library by June 2022	Target achieved 1 business plan developed for the requisition of funds for library	N/A	Copy of the signed Business Plan
KPI 61	Basic Service Delivery and Infrastructure Development	To provide library services	Community Services	Number of MOU on library services adopted by Council and submitted to DSAC by June 2022	1 MOU on library services adopted by Council and submitted	Target not achieved 0 MOU on library services adopted by Council and submitted	Reason for deviation Supporting documentations to conclude the MOU are outstanding. Remedial Action To be submitted in the first quarter of the 2022/23 Financial year	Memo
KPI 62	Basic Service Delivery and infrastructure Development	Fencing of cemeteries	Planning and Development	Number of cemeteries fenced by June 2022	Cemeteries fenced in Heuningvlei, Gahue, Makgaladi and Vanzylsrus by June 2022	Achieved 4 cemeteries fenced in Heuningvlei, Gahue, Makgaladi and Vanzylsrus	N/A	Appointment letter of services provider, List of appointed local labourers Closed out report

CHAPTER 7E
Strategic Focus Area 5
community participation

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 63	Good Governance and Public Participation	To pay stipend forward committees	Municipal Manager's office	Number of stipends paid to ward committees by June 2022	15 ward committee stipends paid by June 2022	Target achieved 15 ward committee	N/A	Proof of stipend paid to ward committees

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
						stipends paid by June 2022		
KPI 64	Good Governance and Community Participation	To provide accredited training for Councilors	Municipal Manager's office	Number of accredited training provided for Councilors by December 2021	1 Training provided for Councilors by December 2021	Not Achieved 0 Training provided for Councilors	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	Memo
KPI 65	Good Governance and Public Participation	To provide accredited training for ward committees	Municipal Manager's office	Number of accredited trainings provided for ward committees by June 2022	1 accredited training provided for 15 ward committees by March 2022	Not Achieved 0 accredited training provided for 15 ward committees	Reason for Deviation: Ward committee's re-establishment. Remedial Action: Target to be performed during Q1 of 2022-2023	Memo
KPI 66	Good Governance and Public Participation	To conduct Speaker's Forum meeting	Municipal Manager's office	Number speaker's forum meetings held by June 2022	4 speakers forum meetings held by June 2022	Not Achieved 2 speakers forum meetings held	Reason for Deviation: Councilors not available most of the time due due to trainings by SALGA and Treasury. Remedial Action: Target to be performed during Q1 of 2022/23	Minutes of the meetings and attendance registers

**CHAPTER 7F
STRATEGIC FOCUS AREA 6
FINANCIAL VIABILITY**

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 67	Municipal Financial Management and Viability	To maintain a strong, sustainable municipal financial position	Budget and Treasury Office	Number of monthly cashbook and bank reconciliation reports by June 2022	12 monthly cashbook and bank reconciliation reports compiled and submitted to Council by June 2022	Achieved 12 monthly cashbook and bank reconciliation reports compiled and submitted Council by June 2022	N/A	Copies of 12 monthly cashbook and bank reconciliation reports
KPI 68	Municipal Financial Management and Viability	To maintain a strong, sustainable municipal financial position	Budget and Treasury Office	Number of audit action plan implemented by June 2022	4 quarterly reports on implementation of audit action plan and submitted to Council and Treasury by June 2022	Achieved 4 quarterly reports on implementation of audit action plan and submitted to Council and	N/A	4 copies of quarterly reports on implementation
KPI 69	Municipal Financial Management and Viability	To increase revenue collection to 100%	Budget and Treasury Office	Number of monthly reports on timeous and accurate billing by June 2022	12 monthly reports on timeous billing and mailing of accounts to customers and submission to Council by June 2022	Achieved 12 monthly reports on timeous billing and mailing of accounts to customers and submission to Council by June 2022	N/A	12 copies of monthly reports on timeous billing and submission of accounts
KPI 70	Municipal Financial Management and Viability	To ensure revenue collection	Budget and Treasury Office	Number of reports on collection rate by June 2022	50% average actual collection rate by June 2022	Achieved	N/A	Proof of 50% collection rate

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
						50% average actual collection rate by June 2022		
KPI 71	Municipal Financial Management and Viability	Data cleansing	Budget and Treasury Office	Number of reports on bad debts written off by June 2022	4 reports on Bad debts written off and traceable debtors by June 2022	Not Achieved 3 reports on Bad debts written off and traceable debtors were developed but still awaits the council approval.	Reason for deviation: Final report for bad debts is still in process and yet still need to be submitted to council for approval. Remedial Action: To be submitted to next council	Report on Bad debts written off
KPI 72	Municipal Financial Management and Viability	To maintain a strong, sustainable municipal financial position	Budget and Treasury Office	Number of reports on debtors' reconciliation performed by June 2022	12 debtors reconciliation reports performed by June 2022	Achieved 12 debtors reconciliation reports performed by June 2022	N/A	12 copies of debtors reconciliation reports performed
KPI 73	Municipal Financial Management and Viability	To maintain a strong, sustainable municipal financial position	Budget and Treasury Office	Number of interim property rates reports on supplementary valuation rolls completed and submitted by June 2022	2 consolidated property rates report on the supplementary valuation roll completed submitted by June 2022	Achieved 1 report on consolidated property rates run by June 2021	N/A	3 copies of interim and 1 consolidated property rates report on the supplementary valuation roll

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 74	Municipal Financial Management and Viability	To improve the lives of indigents and improve access to Free Basic services	Budget and Treasury Office	Number of Updated indigent register by May 2022	Updated indigent register by June 2022	Not Achieved 0 Updated indigent register	Reason for deviation: Indigent register is still in process and yet still need to be submitted to council for approval. Remedial Action: To be submitted to council	Copy of updated indigent register
KPI 75	Municipal Financial Management and Viability	To compile credible and funded budget	Budget and Treasury Office	Number of Budget documents (Adjustment, Draft and Final) compiled and submitted to the Mayor, Council and National and Provincial Treasury by May 2022	3 Budget documents (Adjustment, Draft and Final) compiled and submitted to the Mayor, Council and National and Provincial Treasury by June 2022	Achieved 3 Budget documents (Adjustment, Draft and Final) compiled and submitted to the Mayor, Council and National and Provincial Treasury by June 2022	N/A	Copies of 3 Budget documents adjustment draft and final
KPI 76	Municipal Financial Management and Viability	To compile number of section 71, Monthly budget statement and salaries reports	Budget and Treasury Office	Number of section 71, Monthly budget statement and salaries reports submitted by June 2022	12 reports of section 71 submitted to the Mayor, Council and National and Provincial Treasury by June 2022	Achieved 12 reports of section 71 submitted to the Mayor, Council and National and Provincial Treasury by June 2022	N/A	Copies of 12 reports of section 71 and council resolution number

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 77	Municipal Financial Management and Viability	To compile MFMA quarterly reports	Budget and Treasury Office	Number of MFMA quarterly reports compiled and submitted to Council and National and Provincial Treasury (ME, BM, LTC, MFM implementation plan) by June 2022	4 reports each (ME, BM, LTC, MFM implementation plan) submitted to Council and National and Provincial Treasury by June 2022	Achieved 4 reports each (ME, BM, LTC, MFM implementation plan) submitted to Council and National and Provincial Treasury by June 2022	N/A	Copies of 4 reports each (BM, LTC, MFM Implementation plan)
KPI 78	Municipal Financial Management and Viability	To compile MFMA quarterly reports	Budget and Treasury Office	Number of sec 52 reports on the implementation of the budget and financial affairs of the municipality submitted to council by June 2022	4 quarterly reports on sec 52 reports on the implementation of the budget and financial affairs of the municipality submitted to Council by June 2022	Achieved 4 quarterly reports on sec 52 reports on the implementation of the budget and financial affairs of the municipality submitted to Council	N/A	Copies of 4 quarterly reports on sec 52 reports on the implementation of the budget and financial affairs of the municipality council resolution
KPI 79	Municipal Financial Management and Viability	To ensure that all creditors are paid within 30 days	Budget and Treasury Office	Number of creditors owed and paid within 30 days by June 2022	All creditors paid within 30 days by June 2022	Not Achieved Creditors owed and not paid within 30 days	Reason for deviation: Late submission of invoices to expenditure. Remedial Action: Only if the departments can start submitting their invoices on time.	List of all creditors paid within 30 days
KPI 80	Municipal Financial Management and Viability	To compile MFMA quarterly reports	Budget and Treasury Office	Number of reports on withdrawals submitted to	4 reports on withdrawals submitted to	Achieved	N/A	4 Copies of reports on withdrawals

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
				Council, NT, PT and AG by June 2022	Council, National and Provincial Treasury by June 2022	4 report on withdrawals submitted to Council, National and Provincial Treasury		Council resolution numbers Proof of submission to national and provincial treasury
KPI 81	Municipal Finances and Financial Viability	To compile MFMA quarterly reports	Budget and Treasury Office	Number of conditional grants expenditure reports submitted to Council, PT, NT (FMG, MIG, EPWP, WSOG, O & M, MSIG RBIG and MWIG) by June 2022	12 reports each on conditional grants expenditure reports submitted to Council, PT, NT (FMG, MIG, EPWP, WSOG, O & M, MSIG, RBIG and MWIG) by June 2022	Achieved 12 reports each on conditional grants expenditure reports submitted to Council, PT, NT (FMG, MIG, EPWP, WSOG, O & M, MSIG, RBIG and MWIG) by June 2022	N/A	Copies 12 reports each on conditional grants expenditure reports submitted to Council, PT, NT (FMG, MIG, EPWP, WSOG, O & M, MSIG, RBIG and MWIG) by June 2022
KPI 82	Municipal Financial Management and Viability	To compile MFMA quarterly reports on investments	Budget and Treasury Office	Number of reports on investment made and submitted to Council by June 2022	4 quarterly reports on investments made and submitted to Council by June 2022	Achieved 4 quarterly reports on investments made and submitted to Council by June 2022	N/A	Copies of 4 quarterly reports on investments Council resolution
KPI 83	Municipal Financial Management and Viability	To report on all contracts awarded	Budget and Treasury Office	Number of contracts awarded reported to Council by June 2022	Report to Council on all contracts awarded by June 2022	Achieved Report on all contracts awarded submitted to council	N/A	Copies of Reports on all contracts awarded submitted to council

KPI No	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
						List of all contracts awarded submitted to council		Council resolution
KPI 84	Municipal Financial Management and Viability	To appoint and train Bid committee members	Budget and Treasury Office	Number of appointed and trained Bid committee members by June 2022	Appointment and training of Bid committee members by June 2022	Achieved Bid committee members were appointed and trained	N/A	N/A
KPI 85	Municipal Financial Management and Viability	To publicize all contracts awarded on the municipal website	Budget and Treasury Office	Number of published contracts awarded on the municipal website by June 2022	4 publications contracts awarded on the municipal website by June 2022	Achieved Publication of contracts awarded on the municipal website	N/A	Proof of publication of contracts awarded
KPI 86	Municipal Financial Management and Viability	To compile a GRAP compliant Asset register for Council	Budget and Treasury Office	Number of updated GRAP compliant asset register by June 2022	1 updated GRAP compliant asset register completed and submitted to Office of the Auditor General by June 2022	Achieved 1 compiled and updated GRAP asset register submitted to Council	N/A	Copy of updated GRAP compliant asset register
KPI 87	Municipal Financial Management and Viability	To perform monthly inventory stock counts.	Budget and Treasury Office	Number of inventory stock counts by June 2022	12 monthly reports on inventory stock counts performed by June 2022	Achieved 12 monthly reports on inventory stock counts performed	N/A	N/A

**CHAPTER 7G
STRATEGIC FOCUS AREA 7
ECONOMIC DEVELOPMENT AND TOURISM**

	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 88	Local Economic Development	To create job opportunities through EPWP programme	Planning and Development	Number of Jobs created through Expanded Public Works Programme (EPWP) by June 2022	240 jobs created through EPWP by June 2022	Achieved 240 jobs opportunities were created through EPWP	N/A	list of appointed people
KPI 89	Local Economic Development	To support SMMEs development	Planning and Development	Number of SMMEs supported by June 2022	30 SMMEs supported by June 2022	Not Achieved 20 SMMEs supported	Reason for Deviation: Insufficient budget Remedial Action: Target to be completed next Financial Year	List of 20 SMMEs (sub-contractors) supported
KPI 90	Local Economic Development	To support SMME development	Planning and Development	Number of Local Economic Development Projects coordinated and supported by June 2022	24 Local Economic Development Projects coordinated and supported by June 2022	Achieved 24 economic development projects were coordinated and supported	N/A	List of 24 Economic Development Projects coordinated and supported
KPI 91	Local Economic Development	Promote Economic Development and Tourism	Planning and Development	Number of LED summit held by December 2022	LED summit held by December 2022	Not Achieved 0 LED summit held	Reasons for Deviation: Due to Covid 19 restrictions. Remedial Actions: Will be conducted in the next financial year.	Memo

	KEY PERFORMANCE AREAS (KPA)	STRATEGIC OBJECTIVE	DEPARTMENT	KEY PERFORMANCE INDICATORS (KPI)	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/22 FY	REASON FOR DEVIATION AND REMEDIAL ACTIONS 21/22 FY	POE
KPI 92	Local Economic Development	To Promote Tourism	Planning and Development	Number of Tourism exhibitions conducted by September 2022	1 Tourism Exhibitions conducted by September 2022	Achieved 1 Tourism Exhibitions conducted	N/A	List of Exhibitors
KPI 93	Local Economic Development	To Promote Tourism	Planning and Development	Number of tourism boards to be erected by June 2022	6 tourism boards by June 2022	Not Achieved 0 tourism boards erected	<p>Reasons for Deviation:</p> <p>The initial beneficiary identified had been changed and the process to identify the one started and that delayed</p> <p>Remedial Action:</p> <p>The tourism boards will be erected next quarter</p>	Memo

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Chapter 7 Section 51 of the Municipal Systems Act (MSA) 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, Section 67(1) of the MSA compels the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

The strategic objective of the directorate is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies.

The Corporate Services administers the Municipality's human resource development and management, political offices, labour relations, information technology and facilities management.

4.1 Employee Totals, Turnover and Vacancies

Description	Approved posts No.	Employees No.	Vacancies No.
Office of the Municipal Manger	24	16	8
Financial Services	48	29	19
Corporate Services	42	34	8
Technical Services	105	69	36
Community Services	41	29	12
Planning and Development	12	7	5

2.3.2. Vacancy Rate

Department	Incumbents	Vacancies	Total
Corporate Services	34	8	42
Office of the Municipal Manager	16	8	24
Community Services	29	12	41
Technical Services	69	36	105
Financial Services	29	19	48
Development & Town Planning	07	05	12
TOTAL	184	88	272

2.3.3. Turnover

Turn-over rate			
Details	Total appointments as of beginning of financial year. (No.)	Terminations during the financial year. (No.)	Turnover rate*
2021/22	13	1	
*Divide the number of employees who have left the organization within year, by total number of employees who occupied posts at the beginning of the year			

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Municipal Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. Tabulated below are the policies that are in place

4.2 Policies

HR policies and plan				
	Name of policy	Completed	Reviewed	Date adopted by Council or comment on failure to adopt
1.	HR Management policy		√	
2.	HR Abscondment policy		√	
3.	Danger & Risk Allowance policy		√	
4.	Contract Management policy		√	
5.	Cell phone policy		√	
6.	Budget policy		√	
7.	Credit control and debt collection policy		√	
8.	Placement policy		√	
9.	Assets Management policy		√	
10.	Risk Management policy		√	
11.	Cash Shortage policy		√	
12.	Cash Management policy		√	
13.	Supply Chain Management policy		√	
14.	Leave Management policy		√	
15.	HR Recruitment Policy		√	
16.	Indigent Policy		√	
17.	Internal Audit Policy		√	
18.	Infrastructure Procurement and Delivery Management Policy		√	

4.3 Injuries, Sickness and Suspensions

Type of injury	Injury leave taken	Employees using injury leave (no.)	Proportion employees using sick leave %	Average injury leave per employee
Required basic medical attention only	56	4	Yes	14
Temporary total disablement	None	None	None	None
Fatal	None	None	None	None
Total				

There were four injuries on duty in the year under review and no suspensions.

Salary band	Total sick leave days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post*
Lower skilled (levels 1 – 2)	80	1%	8	61
Skilled (levels 3 – 5)	80	30%	3	5
High skilled production (levels 6 – 8)	80	9%	26	110
Senior management	80	4%	15	15
MM and section 57	30	0%	4	1
Total				

4.4 Performance Rewards

The municipality has, as a response to the call by municipal council, set in place a process of cascading performance management to levels below section 57 management. During the year under review, a draft policy to deal with performance management was developed and submitted to council. It is anticipated that early in the next financial year, the policy will be implemented accordingly. Therefore, no performance bonuses were awarded for the year under review for lower level employees. With respect to section 57 managers (including the municipal manager), once the final annual report has been approved by council, a formal process of assessing the performance of these managers will ensue after which panel recommendations on the awards will be submitted to council for consideration.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 Skills Development and Training

Work Place Skills Development Plan was adopted by Council for the current financial year and has been implemented.

The Municipality also implemented a number of skills development-related programmes, which include:

- Implementation of the Workplace Skills Plan 2021/2022;
- Learnership Programme
- National Treasury Minimum Competency Requirement

Course name	Service provider	Total trained (officials)	Total trained (Councillors)
Municipal Finance Management Programme	Wits school of Governance	0	2
Finance and Payroll	Sebata	6	0
Councillors Induction	SALGA	0	29
Supply Chain Management	Commerce Edge Competence	3	0
Achieve and ICT Training	LGSETA	6	0
Payroll and IRP5 training	Sebata	3	0
Performance Management Practitioners Training	SALGA	4	0
Total		22	31
Overall total		53	

CHAPTER 5 - FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Statements of Financial Performance

Reconciliation of Table A1 Budget Summary

Description	20						Year 1								
	£ thousands						Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of NFMA	Balances to be recovered	Revised Audited Outcome
	Original Budget	Budget Adjustments (L.L. 329 and 331 of the NFMA)	Final adjustments budget	Shifting of funds L.L. 331 of the NFMA	Virement L.L. Council approved 2015	Final Budget									
Financial Performance															
Property rates	36 359	24 595	69 054			60 054	31 010		29 144	52%					
Service charges	47 493	(3 197)	44 295			44 295	24 418		19 877	55%					
Investment revenue	1 299	4 399	5 698			5 556	4 102		1 368	75%					
Transfers received - operational	166 033	(2 014)	163 119			163 119	162 481		638	100%					
Other own revenue	27 624	6 039	33 663			33 663			33 663	0%					
Total Revenue (including capital transfers and contributions)	276 758	26 822	307 582			307 582	222 371		84 740						
Employee costs	90 883	(9 941)	80 942			80 942	(71 279)								
Remuneration of councillors	8 577	5 113	13 690			13 690	(11 955)								
Debt impairment															
Depreciation & asset impairment	127 581	(24 200)	103 381			103 291		(24 290)							
Finance charges	175		175			175									
Materials and bulk purchases	20 215	(612)	19 603	(612)		19 603		(412)							
Transfers and grants															
Other expenditure	120 513		120 513			120 513									
Total Expenditure	276 484	(24 702)	251 782	(612)		251 370			(24 702)						
Surplus/Deficit															
Transfers received - capital															
Contributions received - capital & contributed assets															
Surplus/Deficit after capital transfers & contributions															
Share of surplus/deficit of associate															
Surplus/Deficit for the year															
Capital expenditure & funds sources															
Capital expenditure															
Transfers received - capital															
Public contributions & donations															
Borrowing															
Internally generated funds															
Total sources of capital funds															
Cash flows															
Net cash from (used) operating															
Net cash from (used) investing															
Net cash from (used) financing															
Cash/cash equivalents at the year end															
T 5.11															

5.2 Grants

Grant Performance						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	166 992	163 336	160 319	160 166		
Equitable share	159 596	155 940	152 923	155 940		
Levy replacement						
Finance Management Grant	3 100	3 100	3 100	3 100		
Expanded Public Works Programme	1 126	1 126	1 126	1 126		
Municipal Infrastructure	3 170	3 170	3 170			
Provincial Government:	1 200	1 200	1 200	1 200		
Northern Cape Arts and Cultural Council	1 200	1 200	1 200	1 200		
Housing						
Ambulance subsidy						
Sports and Recreation						
Municipal Infrastructure						
District Municipality:	-	-	-	-		
<i>[insert description]</i>						
Other grant providers:	-	-	-	-		
<i>[insert description]</i>						
Total Operating Transfers and Grants	168 192	164 536	161 519	161 366		

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

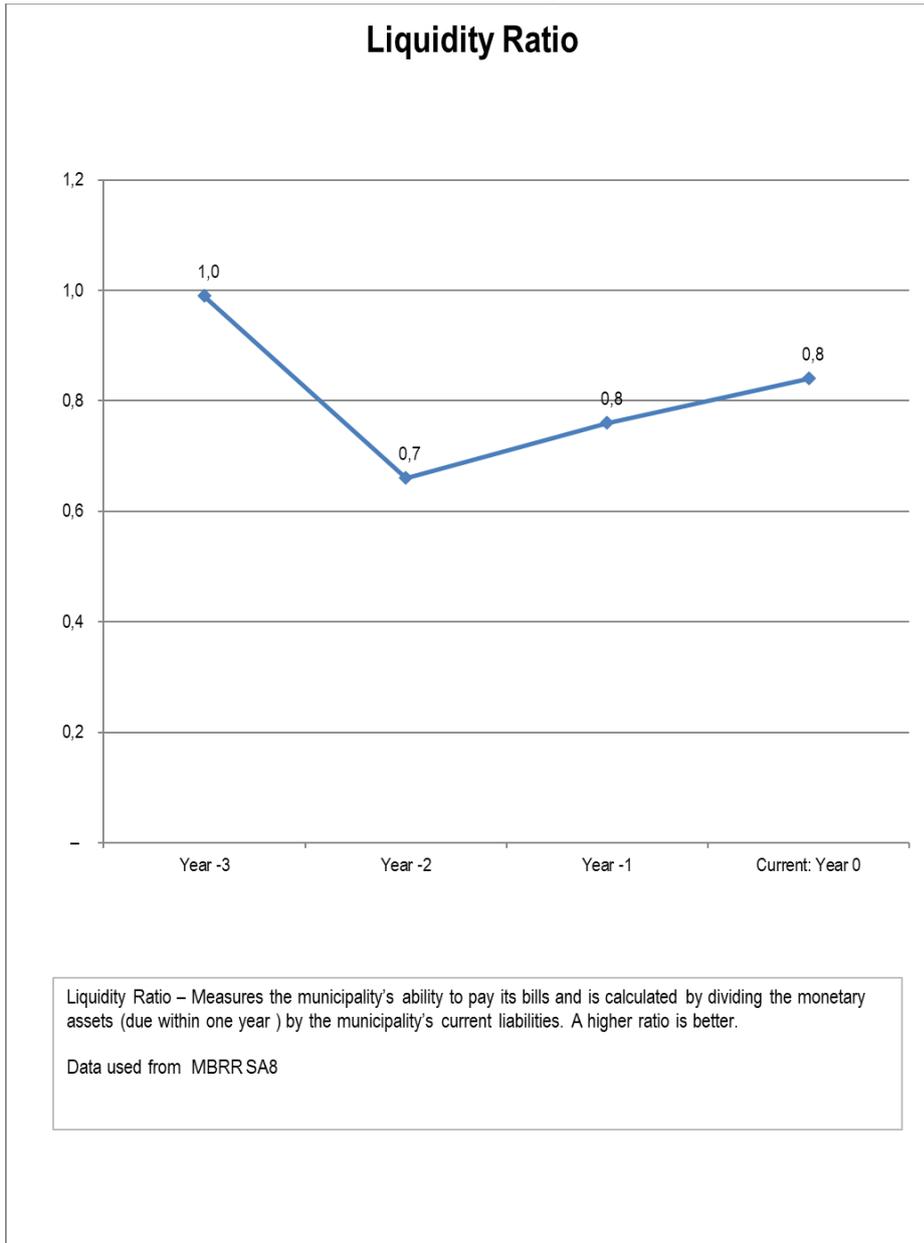
5.3 Asset Management

The Asset Management Unit is responsible for the development and implementation of the Asset Management Policy of the Joe Morolong Local Municipality. It also manages the development, updating and maintenance of the asset register for the entire JMLM. Financial reporting of assets in terms of the applicable accounting standards resides within this division. It also facilitates the development and implementation of the Asset Management and Maintenance Plans for the different categories of assets.

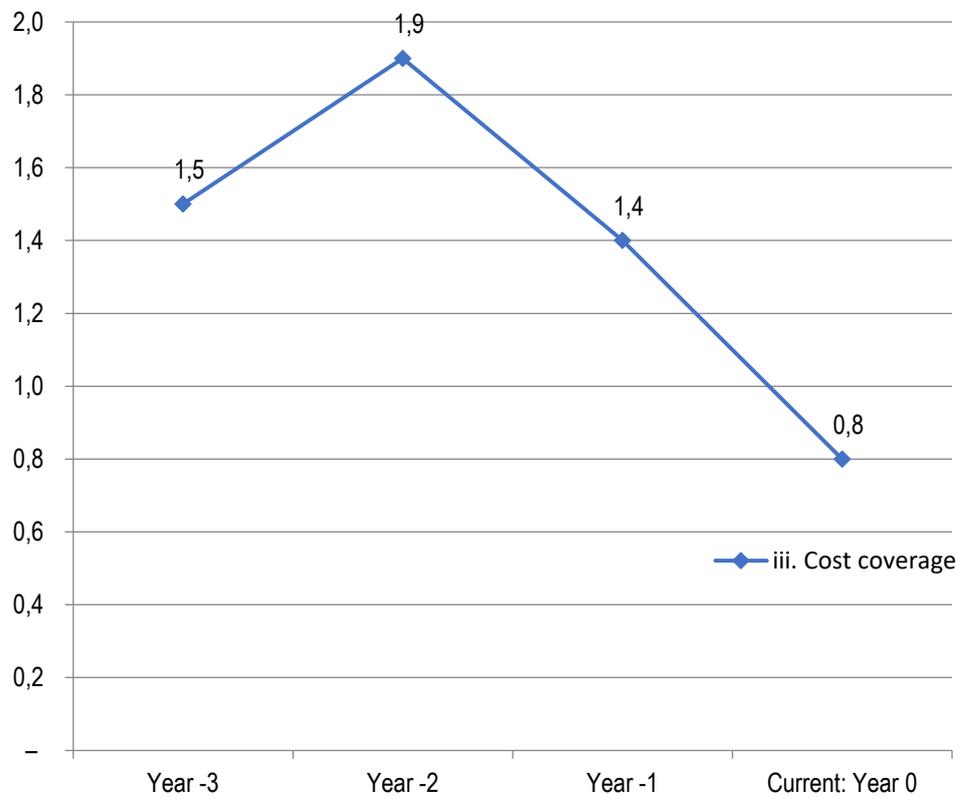
The asset management functions of the Accounting Officer in terms of Chapter 8 of the MFMA as well as those of the Chief Financial Officer in terms of Chapter 9 of the MFMA are implemented by this division. This division also monitors the insurance profile of the municipality and loss of assets.

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	10 137	13 764	8 057	21%
				T 5.3.4

5.4 Financial Ratios based on Key Performance Indicators



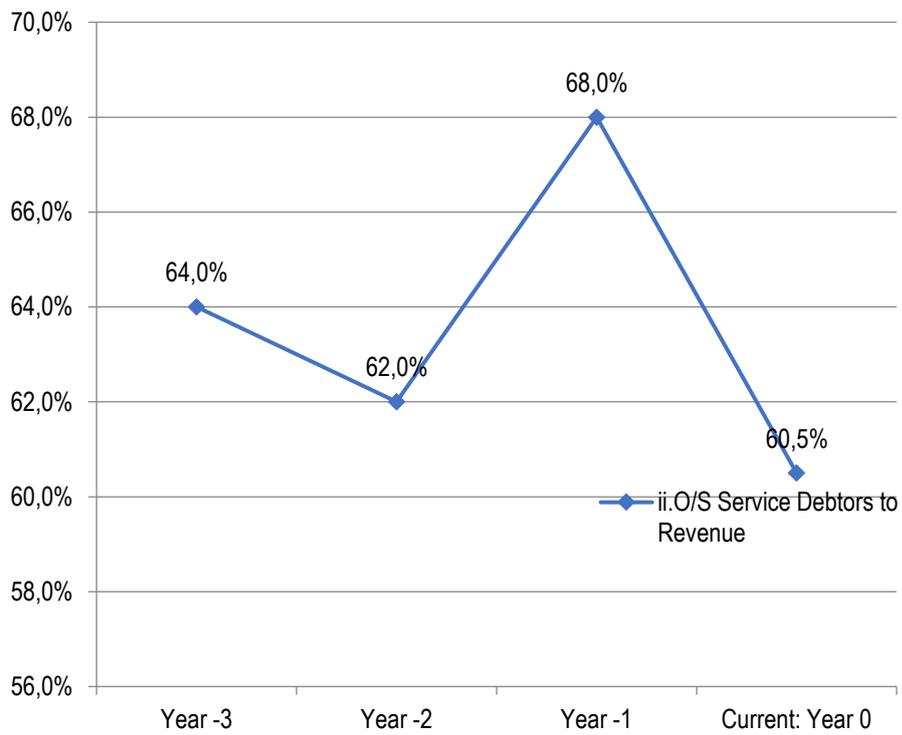
Cost Coverage



Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

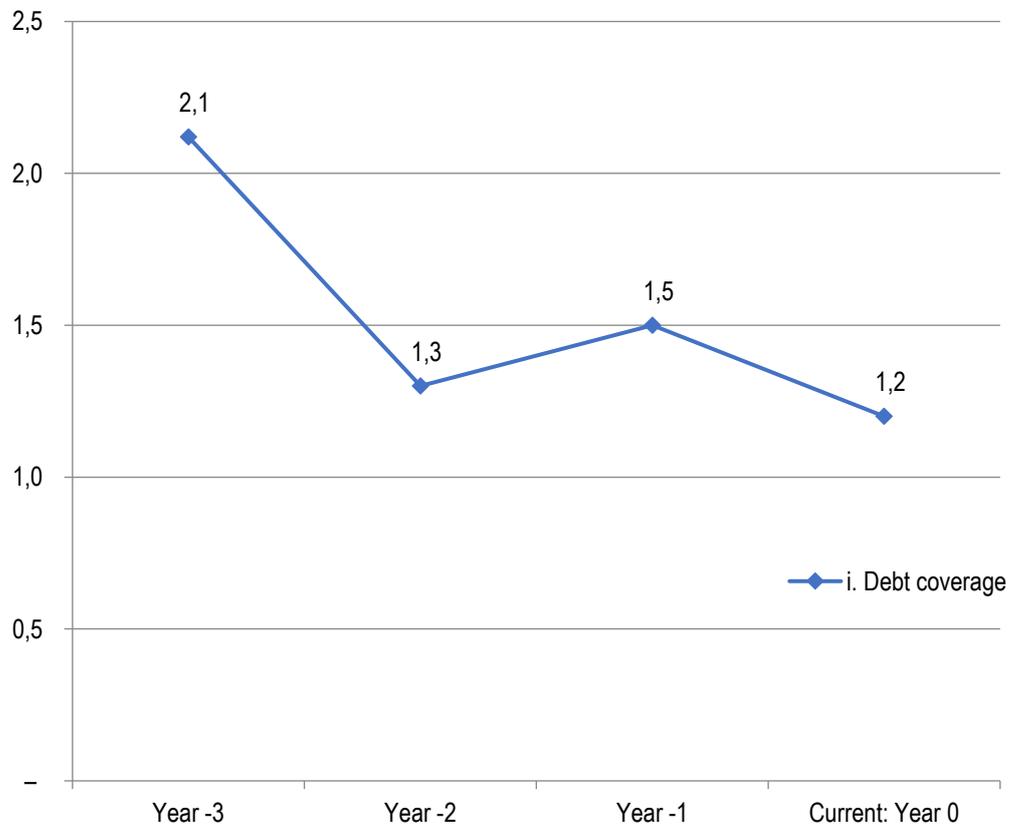
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

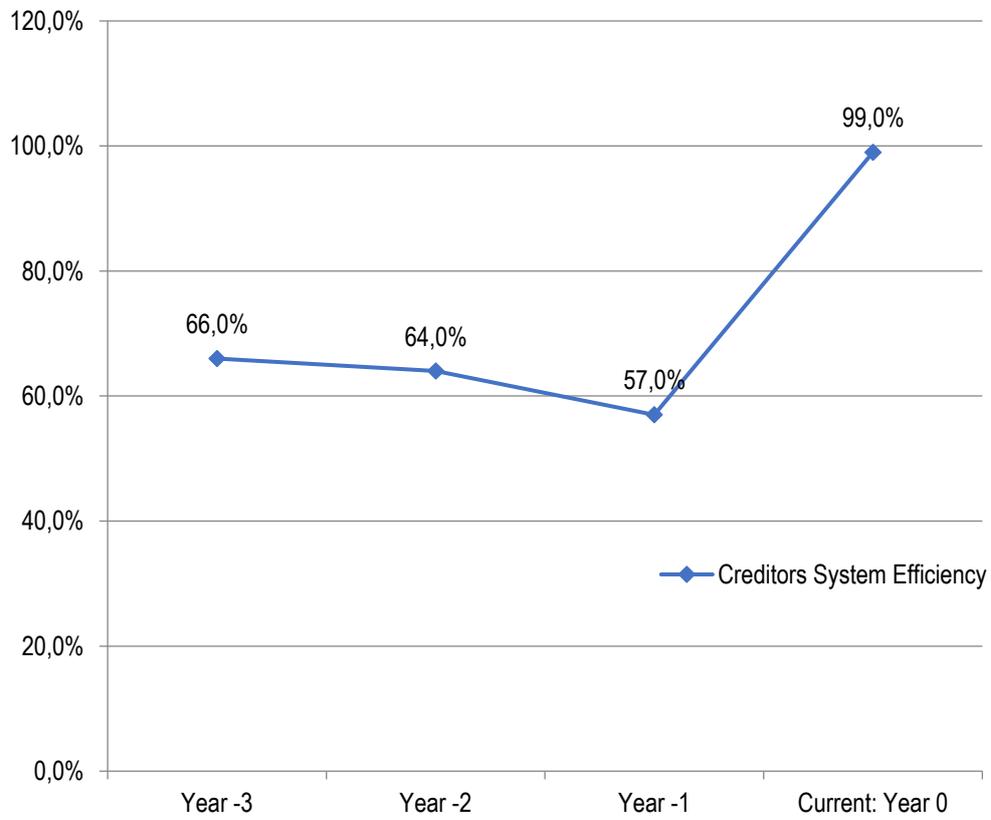
Debt Coverage



Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

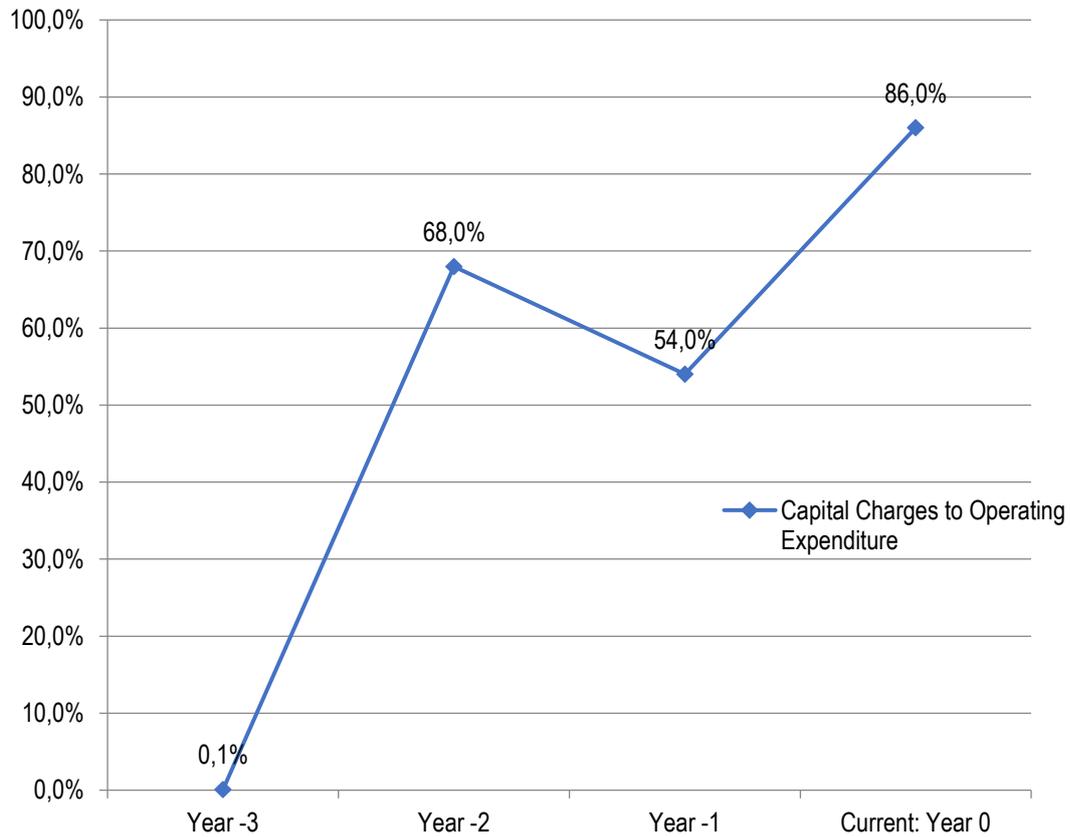
Creditors System Efficiency



Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

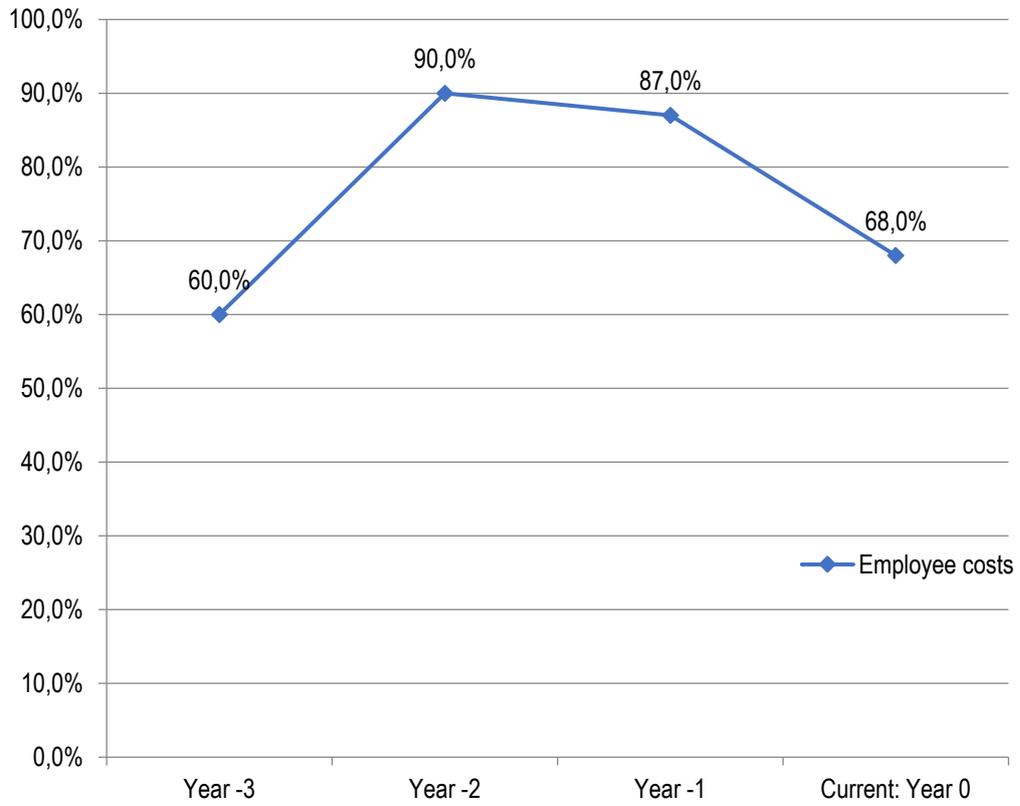
Capital Charges to Operating Expenditure



Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

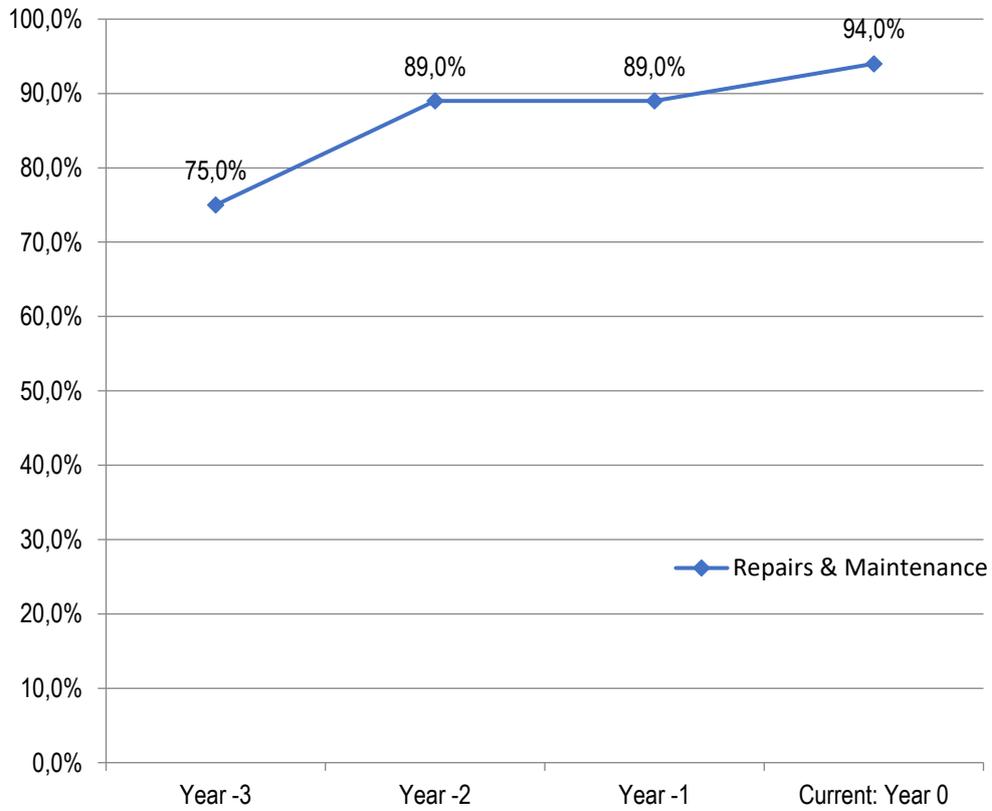
Employee Costs



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.

Data used from MBRR SA8

Repairs & Maintenance



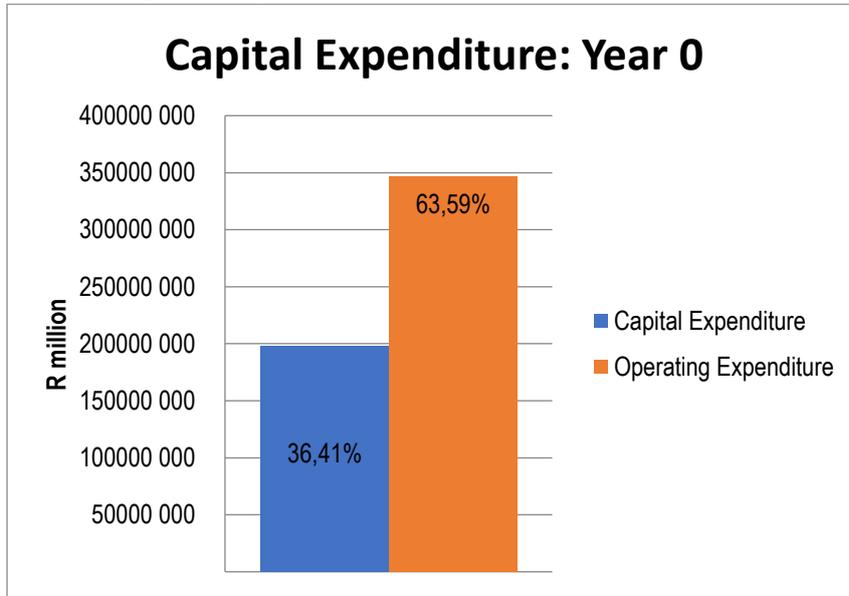
Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Component B deals with capital spending indicating where the funding comes from and whether Joe Morolong Local Municipality was able to spend the funding as planned. Capital expenditure is funded from grants, borrowing, operating expenditure and surpluses.

5.5 Capital Expenditure



5.6 N/A

5.7 Capital Expenditure of 5 largest projects

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
Heuningvlei - Gamokwane Water Supply	R 8 631 962	R 8 631 962	R8 631 956,99	0%	0%
Ntswelengwe/Magagwe Water Supply Portion 2	R 12 087	R 12 087	R 12 372	0%	-23%
Heiso Water Supply	R 8 849	R 11 699	R 12 063	-32%	0%
Gatshekedi Water Supply	R 9 199	R 9 199	R 9 204	0%	0%
Makhubung Access Road Phase 6	R 9 521	R 9 521	R 9 346	0%	0%
* Projects with the highest capital expenditure in Year 0					
Heuningvlei - Gamokwane Water Supply					
Objective of Project	To provide potable water to the community				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	58 Households				
Ntswelengwe/Magagwe Water Supply Portion 2					
Objective of Project	To provide potable water to the community				
Delays	None				

Future Challenges	None
Anticipated citizen benefits	604 Households
Heiso Water Supply	
Objective of Project	To provide potable water to the community
Delays	Slow contractor performance
Future Challenges	None
Anticipated citizen benefits	236 Households
Gatshekedi Water Supply	
Objective of Project	To provide potable water to the community
Delays	None
Future Challenges	None
Anticipated citizen benefits	171 Households
Makhubung Access Road Phase 6	
Objective of Project	To upgrade the gravel road to tar
Delays	None
Future Challenges	Nothing anticipated
Anticipated citizen benefits	287 Households
<i>T 5.7.1</i>	

5.8 Basic Service and Infrastructure Backlogs – Overview

There are about 186 rural villages in the Joe Morolong Local Municipality area that need access to basic services like water, electricity, sanitation, housing and roads. Although STATS SA showed a decrease in total population for the area, there is a trend towards disaggregation of families into more than one housing unit. It was also noted that people, sometimes families, tend to move back into some villages. This is mainly due to the electrification of houses. This situation caused a yearly increase of the number of households, which makes it very difficult to estimate the actual backlog of services and infrastructure. For the purpose of the ratios, the total number of households were taken as 23 707 (as published).

Distances between the various villages makes it very difficult to provide basic services as bulk infrastructure to be shared between villages are practical impossible. This has a huge effect on the unit- and maintenance cost. The table below indicates the estimated backlogs. Please note that due to migration into some villages, especially after electrification, these numbers might be higher.

Service Levels

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	17 987,00	76%	5 720,00	24%
Sanitation	18 419,00	78%	5 288,00	22%
Electricity				
Waste management				
Housing				
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				
<i>T 5.8.2</i>				

During the financial year, heavy rains were experienced in our area which caused serious damages to road and water infrastructure. It is anticipated that this had a negative impact on our service backlogs. Business Plans were developed and submitted to possible funders to do emergency repairs.

A portion of the MIG grant was use to upgrade roads in the area, to improve access to decent sanitation facilities and to provide more people with access to basic water.

The WSIG grant was also utilized to eradicate the water backlog but also to refurbish boreholes and associated equipment.

SLP-funding was spent mainly on the upgrading of roads and water infrastructure.

During the financial year, our backlog was adjusted to be in-line with our WDSP and DWS figures.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 Cash Flow Outcomes

Cash Flow Outcomes					R'000
0	Year -1	Current: Year 0			
	0	0	0	Actual	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Ratepayers and other		73 315	73 315	37 901	
Government - operating		166 033	166 033	162 435	
Government - capital		107 431	107 431	145 633	
Interest		11 949	11 949	16 915	
Dividends		-	-	-	
Payments					
Suppliers and employees		(151 240)	(149 755)	(135 931)	
Finance charges		(300)	(300)	(171)	
Transfers and Grants		-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	207 188	208 674	226 783	
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE		-	-	-	
Decrease (Increase) in non-current debtors		-	-	-	
Decrease (increase) other non-current receivables		-	-	-	
Decrease (increase) in non-current investments		-	-	-	
Payments					
Capital assets		(113 981)	(113 981)	(305 403)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	(113 981)	(113 981)	(305 403)	

CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		-	-	-
Borrowing long term/refinancing		-	-	-
Increase (decrease) in consumer deposits		-	-	-
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	-	93 207	94 693	(78 620)
Cash/cash equivalents at the year begin:				-
Cash/cash equivalents at the year end:		93 207	94 693	(78 620)
Source: MBRR A7				T 5.9.1

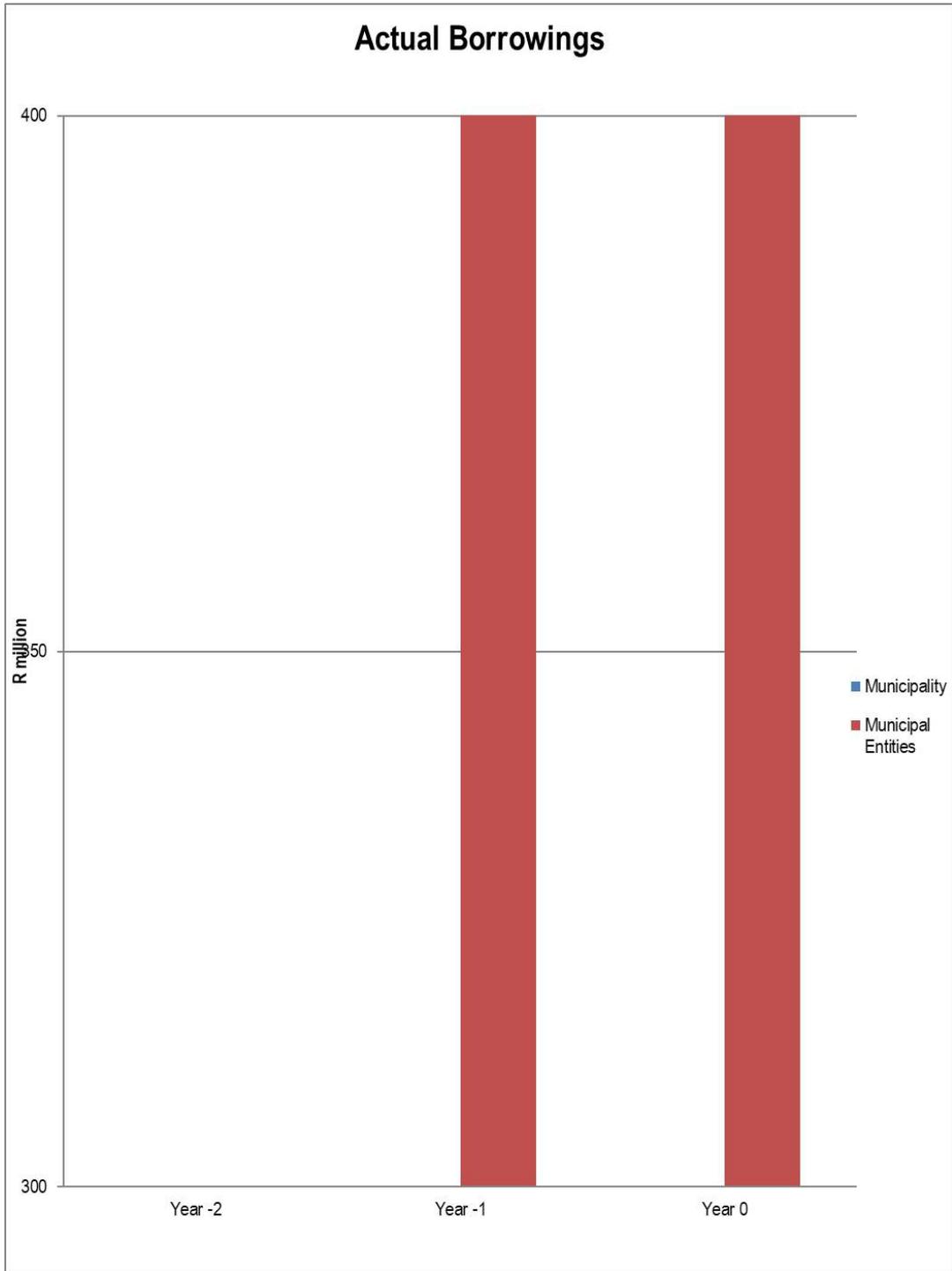
5.10 Borrowing and Investments

Managing the cash resources as Municipality remains a key requirement to ensure liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored to enable the municipality to meet its obligations as they become due. Both major revenue (grants, equitable share etc.) and expenditure (purchases and loan repayments) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

T 5.10.1			
Actual Borrowings: Year -2 to Year 0			
R' 000			
Instrument	Year -2	Year -1	Year 0
Municipality			
Long-Term Loans (annuity/reducing balance)		892	774
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total		892	774
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			

Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			<i>T 5.10.2</i>



Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	8 154	46 108	56 670
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	8 154	46 108	56 670
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	8154035	46108250	56670430
			<i>T 5.10.4</i>

5.11 Public Private Partnerships

The Municipality does not have any public private partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 Supply Chain Management

All Supply Chain Management officials comply with the prescribed levels required for their positions in terms of the MFMA Competency Regulation Guidelines.

There were adverse remarks in the Auditor General's Report for the previous financial year regarding the quality of the Supply Chain Management of Joe Morolong Local Municipality.

The Joe Morolong Local Municipality have adopted and implemented the following policies and practices relating to Supply Chain Management:

- Supply Chain Management Policy
- Infrastructure Procurement and Delivery Management Policy

5.12 GRAP Compliance

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Municipality is GRAP compliant. As part of addressing capacity challenges experienced in Budget and Treasury Office, for the year under review, officials in the Budget and Treasury Office were assigned to work with the team appointed to assist in compiling the Annual Financial Statements. This was done as part of the Consultants Reduction Plan and is to continue in the foreseeable future.

CHAPTER 6 - AUDITOR GENERAL AUDIT FINDINGS

The Auditor General audited the financial and performance information for the 2021/22 Financial Year after the audit was concluded the Auditor General's office presented Joe Morolong Local Municipality with an audit's opinion which will be enclosed in Volume III.

Subsequent to that, Joe Morolong Local Municipality developed an action plan that will address the Auditor General's findings. The action plan will also be enclosed in Volume III.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2020/2021

6.1 Auditor-General Opinion on Financial Statements 2020/2021 (Previous Year)

Auditor-General Report on Financial Performance Year 2020- 2021	
Status of audit report:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Bid adjudication minutes not submitted	1) The Municipality has decided to enhance document management system by scanning all the documents such as payment vouchers and service level agreements. No payments 2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents. 3) All documentation must go through Internal control to ease the transfer of information. 4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file. 5) Internal Control to double check the information before it gets sent to the Auditors. 6) AG to acknowledge the receipt of all information
AOPO: Performance management system of the municipality not adequate	1) Develop and adopt a performance management system or framework that will describe how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting
UIFW incurred not reported to council and no investigations performed	1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it

<p>No controls in place for the prevention of UIFW</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
<p>AOPO: Measurability could not be confirmed</p>	<ol style="list-style-type: none"> 1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles 2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information
<p>AOPO: Indicators with ambiguous definitions</p>	<ol style="list-style-type: none"> 1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles 2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information
<p>Bulk purchases: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments

<p>General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
<p>Deviation reasons for not following the SCM process were not valid</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>Deviation reasons for not following the SCM process were not valid</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>No evidence in the bidding documents that the winning bidder's tax matters were in order</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.

<p>No evidence in the bidding documents that the winning bidder's was registered on the CIDB database.</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>The municipality did not comply with legislation applicable on contracts entered into and monitoring of the contracts</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>The municipality did not comply with the PPPFA relating to local content and production</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>The municipality did not comply with relevant legislation and regulation applicable to the use of consultants</p>	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
<p>The procurement through a panel of contractors was not according to SCM related legislation</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.

<p>Contract awarded to more than one bidder. Bidders that did not score the highest points were appointed.</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>SCM: Declaration of interest not submitted by suppliers who were appointed by the municipality</p>	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
<p>The municipality does not have delegations of authority in place, however expenditure transactions were approved</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements. 5) Ensure that a delegation of authority is developed and approved
<p>Competitive Bidding: No approved deviation for a bid above R10Million advertised for less than 30 days</p>	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>Compliance relating to contract management could not be confirmed, and information requested was not submitted.</p>	<ol style="list-style-type: none"> 1) The Municipality has decided to enhance document management system by scanning all the documents such as payment vouchers and service level agreements. No payments 2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents. 3) All documentation must go through Internal control to ease the transfer of information. 4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file. 5) Internal Control to double check the information before it gets sent to the Auditors. 6) AG to acknowledge the receipt of all information

Municipality underspent significantly on repairs and maintenance of assets.	1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
Budgeted amount for maintenance of water infrastructure assets is not adequate	1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
CCG invoices have insufficient information to determine if cost containment measures were considered	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
SCM: The winning quotation is similar (format/wording/pricing) with any other losing quotation	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM: The reasons for deviation provided do not make it impossible/ impractical to obtain 3 written quotations.	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM: Deviations were not reported to council	<ol style="list-style-type: none"> 1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it

Compliance with contract management related requirements could not be confirmed.	<p>1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer</p> <p>2) The accounting officer should submit the internal audit report to council as soon as he receives it</p>
SCM: The winning provider's tax matters has not been declared by SARS to be in order	<p>1) Implement SCM compliance checklists to supplement policies and procedures</p> <p>2) Strengthen the SCM control environment by conducting regular training to improve skills</p> <p>3) Submit regular reports to management and governance structures on compliance with key legislation</p> <p>4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.</p>
Annual Financial Statements (AFS) and Annual Performance Report (APR) were not submitted with 2 months after year end, which is the legislated deadline for submission of AFS and APR	<p>1) Management should use the National Treasury GRAP disclosure checklist on their website to facilitate all GRAP disclosure requirements.</p> <p>2) Management should enhance their annual financial statements review processes in order to ensure that their prepared financial statements comply with GRAP framework.</p>
The Annual Report was only approved on 16 September 2021, which is after 2 months from the financial year end, and not within 2 months as required by DoRA 12(5). Furthermore it could not be confirmed that the business plan or implementation plan was submitted within 2 months after year-end to the transferring officer.	<p>1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation</p>
<p><i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i></p>	
T 6.2.1	

Auditor-General Report on Service Delivery Performance: Year 2020-2021	
Status of audit report**:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
<p><i>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</i></p> <p><i>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</i></p>	
T 6.2.2	

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2021/2022

6.2 Auditor-General Opinion 2021/2022

Auditor-General Report on Financial Performance: Year – 2021-2022	
Audit Report Status*:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Employee Cost (Non-pensionable allowance) - Non-compliance with salary and wage collective agreement	Management have performed inspection of the site and identified all the challenges and issues. We have allocated a budget to repair some of the damage
Compliance - UIFW incurred however no investigations performed	<ol style="list-style-type: none"> 1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it
No controls in place for the prevention of UIFW	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Interest not declared and declaration of interest not submitted	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Non- Compliance with NEMWA [National Environmental Management: Waste act 59 of 2008	Management have performed inspection of the site and identified all the challenges and issues. We have allocated a budget to repair some of the damage
Compliance Expenditure not paid within 30 days	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Stament, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments

Delegation of authority to approve payments not properly done	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
General expenses - Three quotations not obtained	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Declaration of interests not submitted or no declarations made	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Local Content - Incomplete declarations by winning bidders on local production and content	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Competitive Bidding - No approved deviation for a bid above R10Million advertised for less than 30 days	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM Quotation testing - Three quotations not obtained	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.

Deviations -Deviation from inviting competitive bids process not followed properly	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Competitive Bidding: No evidence provided that the accounting officer ratified the different recommendations of which supplier to appoint	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM-Quotation and Bids not evaluated in accordance with PPPF	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM Quotation testing - The required three quotations were not obtained	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<i>Note*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
T 6.1.1	

6.2.2 Auditor-General Report on Service Delivery Performance: Year 2021-2022

Auditor-General Report on Service Delivery Performance: Year – 2021-2022	
Audit Report Status:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Delay in completion of project	Adequate monitoring measures being put in place by PMU such monthly progress meetings with the contractors. Site inspections prior to payment being processed.
Non- Compliance with NEMWA [National Environmental Management: Waste act 59 of 2008	Management have performed inspection of the site and identified all the challenges and issues. We have allocated a budget to repair some of the damage

Blue drop - Internal Deficiency relation to Blue Drop Report	Action plan will be deduced from audit outcomes which were conducted from December 2022.
	<i>T 6.1.2</i>

APPENDICES

APPENDIX A: Full list of Councillors, committee allocation, and attendance to meetings

NO.	NAME	WARD/PR	EXCO
1	Cllr D. Leutlwetse-Tshabalala	PR Councillor	Mayor
2	Cllr V Jordan	PR Councillor	Speaker
3	Cllr D Kgosierileng	PR Councillor	Yes
4	Cllr O Gomolemo	PR Councillor	Yes
5	Cllr G Kaotsane	Ward Councillor	Yes
6	Cllr M Mbolekwa	Ward Councillor	Yes
7	Cllr N Tswere	PR Councillor	No
8	Cllr G Tagane	Ward Councillor	No
9	Cllr K Maamogwa	Ward Councillor	No
10	Cllr K Lebatlang	Ward Councillor	No
11	Cllr G Kgositau	Ward Councillor	No
12	Cllr T Gaobuse	Ward Councillor	No
13	Cllr L Machogo	Ward Councillor	No
14	Cllr A Manzana	Ward Councillor	No
15	Cllr M Filipino	Ward Councillor	No
16	Cllr T Mosegedi	Ward Councillor	No
17	Cllr L Manankong	Ward Councillor	No
18	Cllr K Majoro	Ward Councillor	No
19	Cllr S Choche	Ward Councillor	No
20	Cllr J Kolberg	Ward Councillor	No
21	Cllr I Matebese	PR Councillor	No
22	Cllr D Kopeledi	PR Councillor	No
23	Cllr D Gaoorwe	PR Councillor	No
24	Cllr E Kehologile	PR Councillor	No
25	Cllr T Magano	PR Councillor	No
26	Cllr O Etshetshang	PR Councillor	No
27	Cllr T Tikane	PR Councillor	No
28	Cllr V Mosimanyana	PR Councillor	No
29	Cllr M Gaetsewe	PR Councillor	No

The Portfolio Committee members were elected in terms of Section 80 of the Local Government Municipal Structures Act (Act no 117 of 1998) as follows:

NAME OF COMMITTEE	MEMBERS
Finance, Human Resource and Administration	Cllr. B. Mbolekwa (Chairperson) Cllr. G. Kgositau Cllr. M. Filipino Cllr. K. Majoro Cllr. G. Tagane Cllr. D. Kopeledi Cllr. T. Magano
Development and Town Planning	Cllr. N. Gomolemo (Chairperson) Cllr. L. Manankong Cllr. T. Gaobuse

	Cllr. J. Kolberg Cllr. L. Machogo Cllr E. Kehologile
Infrastructure	Cllr G. Kaotsane (Chairperson) Cllr. K. Maamogwa Cllr. A. Manzana Cllr. T. Mosegedi Cllr. O. Etshetshang Cllr. K. Lebatlang Cllr. T. Tikane
Community Services	Cllr. N. Kgosierileng (Chairperson) Cllr. I. Matebese Cllr. K. Tswere Cllr. S. Choche Cllr. G. Mosimanyana Cllr. M. Gaetsewe Cllr. D. Gaorwe

ATTENDANCE TO MEETINGS

EXCO

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	4	4
2	Cllr G. Kaotsane	4	4
3	Cllr M Mbolekwa	4	4
4	Cllr N Gomolemo	4	4
5	Cllr N Kgosierileng	4	4

ATTENDANCE TO SPECIAL COUNCIL MEETINGS

NO.	NAME	NO. OF MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	3	2
2	Cllr V Jordan	3	2
3	Cllr O Gomolemo	3	3
4	Cllr G Kaotsane	3	3
5	Cllr M Mbolekwa	3	3
6	Cllr N Kgosierileng	3	3
7	Cllr N. Tswere	3	3
8	Cllr G Tagane	3	2
9	Cllr K Maamogwa	3	3
10	Cllr K Lebatlang	3	3
11	Cllr G Kgositau	3	3
12	Cllr T Gaobuse	3	3
13	Cllr L Machogo	3	3
14	Cllr A Manzana	3	3
15	Cllr M Filipino	3	3
16	Cllr T Mosegedi	3	3

17	Cllr T Manankong	3	3
18	Cllr K Majoro	3	3
19	Cllr S Choche	3	3
20	Cllr J Kolberg	3	3
21	Cllr I Matebese	3	2
22	Cllr D Kopeledi	3	3
23	Cllr D Gaoorwe	3	3
24	Cllr E Kehologile	3	3
25	Cllr T Magano	3	3
26	Cllr O Etshetshang	3	3
27	Cllr T Tikane	3	3
28	Cllr V Mosimanyana	3	-
29	Cllr M Gaetsewe	3	1

ATTENDANCE TO ORDINARY COUNCIL MEETINGS

NO.	NAME	NO. OF SCHEDULED MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	3	2
2	Cllr V Jordan	3	3
3	Cllr N Gomolemo	3	2
4	Cll G Kaotsane	3	2
5	Cllr B Mbolekwa	3	3
6	Cllr N Kgosierileng	3	1
7	Cllr G Tagane	3	3
8	Cllr N. Tswere	3	3
9	Cllr K Maamogwa	3	-
10	Cllr K Lebatlang	3	3
11	Cllr G Kgositau	3	3
12	Cllr T Gaobuse	3	3
13	Cllr L Machogo	3	1
14	Cllr A Manzana	3	3
15	Cllr M Filipino	3	2
16	Cllr T Mosegedi	3	3
17	Cllr L Manankong	3	3
18	Cllr K Majoro	3	3
19	Cllr S Choche	3	3
20	Cllr J Kolberg	3	3
21	Cllr I Matebese	3	1
22	Cllr D Kopeledi	3	2
23	Cllr D Gaoorwe	3	1
24	Cllr E Kehologile	3	2
25	Cllr T Magano	3	2
26	Cllr O Etshetshang	3	2
27	Cllr T Tikane	3	3
28	Cllr V Mosimanyana	3	3
29	Cllr M Gaetsewe	3	3

ATTENDACE TO PORTFOLIO COMMITTEE MEETINGS**FINANCE, HUMAN RESOURCES AND ADMINISTRATION**

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr M Mbolekwa	3	3
2	Cllr D Tagane	3	3
3	Cllr G Kgositau	3	3
4	Cllr M Filipino	3	2
5	Cllr K Majoro	3	3
6	Cllr D Kopeledi	3	2
7	Cllr T Magano	3	3

INFRASTRUCTURE

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr G Kaotsane	3	2
2	Cllr E Maamogwa	3	-
3	Cllr A Manzana	3	3
4	Cllr T Mosegedi	3	3
5	Cllr K Lebatlang	3	3
6	Cllr T Tikane	3	3
7	Cllr O Etshetshang	3	3

APPENDIX B: Committees and Committee Purposes

AUDIT COMMITTEE

The Municipality has signed a Memorandum of Agreement for the Audit Committee Shared Service with the John Taolo Gaetsewe District Municipality for the year under review.

Primary functions of the audit committee include:

- Monitoring the integrity of Council;
- Review of financial statements;
- Reviewing the effectiveness of Council's internal control and risk management;
- Overseeing the relationship between management and the municipality's external auditors;
- The Committee will make recommendation to management via Council, resulting from activities carried out by the Committee in terms of the reference;
- The compilation of reports to Council, at least twice during a financial year;
- To review the quarterly reports submitted to it by the Internal Audit;
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation;
- Review audit results and actions plans implemented by management; and
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC was established by Council on the 20th December 2021, resolution RESCNL2022-00203. In terms of Section 79 of the Municipal Structures Act, 117 of 1998.

The committee is composed as follows:

- i. Cllr. Keikantsemang Novility Tswere (Chairperson)
- ii. Cllr. Dineo Lovedalia Kopeledi
- iii. Cllr. Dipitso Emmanuel Gaoorwe
- iv. Cllr. Gopolang George Kgositau
- v. Cllr. Thapelo George Mosegedi
- vi. Cllr. Lesedi Precious Manankong
- vii. Cllr. Oduetse John Leboko
- viii. Cllr. Tuelo Joshua Tikane
- ix. Cllr. Moneedi Joshua Gaetsewe

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

This is discussed in Chapter 2 under Governance and no additional information is provided here.

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

This is discussed in Chapter 1 under Executive summary and no additional information is provided here.

APPENDIX E – WARD REPORTING

This is discussed in Chapter 2 under Intergovernmental Relations and no additional information is provided here

APPENDIX F – WARD INFORMATION

This is discussed in Chapter 2 under Intergovernmental Relations and no additional information is provided here

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

1. Purpose

- 1.1. The Committee is honoured to present its oversight report to the Council for noting and implementation by management.

2. Legislative requirements

- 2.1. The Audit, Risk and Performance Committee is required to report to the Council on the work it is doing focusing on its primary responsibilities outlined in terms of Section 166 of the Municipal Finance Management Act (MFMA) for the purpose of advising the municipal council, political office bearers, accounting officer and management.
- 2.2. The committee has in terms of circular 65 of MFMA adopted an appropriate formal term of reference clearly setting out the establishment, purpose, authority, composition and the relationship with council, management, internal and external auditors as per its charter.

3. Matters relating to the structure of the committee and its responsibilities:

3.1. The structure of the Committee

- 3.1.1. Established committee currently consists of 3 independent external members listed below:
 - R. Tshimomola: Chairperson
 - M. Mashati: Member
 - F. Buys: Member

4. Internal Audit

- 4.1. The Audit, Risk and Performance Committee is required to continuously evaluate the activities and performance of Internal Audit to ensure that it remains capacitated, independent and objective in discharging its responsibilities.
- 4.2. The internal audit is currently operating below the required capacity and Internal Audit Manager had also resigned. There is currently one internal auditor and one intern.
- 4.3. Unit needs to be properly capacitated in order to enable it to carry out its tasks properly so that objectives are achieved. The structural reviews of internal audit should be done.
- 4.4. Internal audit reports to Audit, Risk and Performance Committee in order to ensure its independence and objective in performance of its tasks.
- 4.5. The committee advised management to implement internal audit findings and recommendations properly and on time to ensure improvement of audit outcomes.
- 4.6. The committee reviewed and approved 2022/2023 internal audit charter, methodology and internal audit plans for implementation by Internal Audit in 2022/2023 financial year.
- 4.7. The assignments carried out in quarter 2 and 3 are quarterly performance validations, revenue management and assigned adhoc tasks.

5. Internal Controls

- 5.1. Based on the reviews of audit reports and engagements with management held during the committee's meetings, the committee is of the opinion that the system of internal control is not effective. Management were to review and implement internal controls as recommended by the auditors in order to improve the control environment.
- 5.2. Management should design, implement and monitor the compilations and processing monthly reconciliations of all transactions and to ensure effective performance management.
- 5.3. There is a high level commitment from management to improve control environment and the committee is satisfied with working relations and co-operations from management.
- 5.4. Management committed to improve capacity to assist in implementing controls in the environment.
- 5.5. Management must ensure that the key performance areas talk to the goals towards improving audit outcomes through the development and reviews of the performance management systems, individual performance agreements, policies and proper implementations.
- 5.6. Management must also ensure that more weight is allocated into good or clean governance in enforcing and directing culture of compliance and proper implementations of audit findings and recommendations.

6. Development and implementations of Audit Action Plan to resolve previous AGSA Findings

- 6.1. The committee reviewed Post Audit Action Plan which was developed by management in order to resolve previous AGSA audit findings and directed management to urgently implement the reviews as well as to urgently correct controls deficiencies in the environment in order to improve future audit outcomes.
- 6.2. The committee advised management to hold monthly Audit Steering Committee meetings to discuss and resolve audit findings in line with Section 131(1) of MFMA

as well as to develop the brief summary Terms of Reference which guides operations, authority and functioning of Audit Steering Committee.

- 6.3. The committee directed management to provide feedback in terms of discussions and resolutions of audit steering committee meetings on the regular basis for ongoing reviews and implementations monitoring.

7. Risk Management Matters

- 7.1. The risk management implementation is the responsibility of the management in terms of MFMA. The role of Audit, Risk and Performance committee is to advise management on the implementation of effective risk management in the municipality.
- 7.2. The committee reviewed risk management Policy, Risk Management Strategy, 2021/2022 Risk Management Implementation Plan, 2021/2022 Strategic Risk Register and Operational Risk Registers, Fraud and Corruptions Prevention Policy and Whistle-Blowing Policy for implementation by management in order to adequately respond, mitigate, control and address the risks profiles of the municipality.
- 7.3. Provincial Treasury offered assistance to the municipality to conduct proper risks workshop to identify risks and develop credible Risk Registers.
- 7.4. The committee emphasised to management that Risk Management Implementations Plan should be aligned to the planning, budgeting, implementations and reporting cycles of the municipality in order to ensure fill integrations of risk management into these activities that revolve in the municipality and to form integral part of these activities.
- 7.5. The committee emphasised that the risk management efforts and activities must be structured and focused on supporting achievements of strategic and operational objectives and key performance indicators and targets through an integrated planning, budgeting, implementations and reporting approaches.
- 7.6. The committee also emphasised that individual and organisational performance planning and measurements instruments, systems and processes need to form part of the risk management practices and culture in the municipality.
- 7.7. More weight should be allocated into risk management functions in order to continually promote and enforce risk management compliance culture in the municipality.

8. Performance Management Information

- 8.1. The committee reviewed second to third quarterly performance information and directed management to implement all reviews and recommendations of the committee to ensure credible and accurate views of performance information, improved performance management information reporting and performance improvements.
- 8.2. The committee directed management to respond and address root cause of all internal audit findings on quarterly performance information validations reports in order to improve performance information planning, monitoring and reporting.
- 8.3. The committee directed management to ensure that sufficient Portfolios of Evidence are kept and provided to auditors in order to avoid the findings on insufficient evidence or no evidence provided at all to support or validate the reported performance information.
- 8.4. The committee directed management to continuously review key performance indicators to ensure that they are aligned to targeted performance and core delivery

expectations of the municipality as well as to ensure that targets complies to SMART criteria principles for them to be reliably and correctly measured.

- 8.5. The committee directed management to implement action plans to resolve audit findings and correct control deficiencies in the whole environment or population. There is commitment from management to address root cause of audit findings on performance information planning and reporting.
- 8.6. The committee is continuously reviewing performance planning measures and actual quarterly performance reports to ensure consistencies in terms of reporting, ongoing deviations corrections and performance improvements by management developing recovery or improvements plans.
- 8.7. Management are cooperating and are making all efforts to address audit findings on performance planning and reporting information as well as to improve capacity on Development and Planning Unit in order to improve future audit outcomes which is being monitored and evaluated quarterly in terms of implementations.

9. Financial Information

- 9.1. The committee reviewed second to third quarterly financial information reports and directed management to implement all reviews and recommendations of the committee.
- 9.2. The committee noted that there was a lack of record keeping for most of historical and current transactions not supported by necessary documentations which makes it difficult for auditors to confirm credibility, accuracy, completeness, existence of audit trails and ultimately not able to confirm that financial information present credible views of financial position, financial performance and cash flow information.
- 9.3. Management started to compile quarterly financial statements from quarter 3 of the current financial year. The committee insisted that quarterly financial statements should be prepared in order to urgently resolve compliance findings from AGSA that municipality was not able to submit Annual Financial Statements and Annual Performance Report within two month from the end of financial year.
- 9.4. The committee is worried about low revenue collections resulting in debts impairments which are also not being calculated correctly in terms of GRAP Standard 104. The committee directed management to implement stringent measures to ensure that collections are maximised from debtors. The committee started with the reviews of payment factor reports on the quarterly basis in order to discuss and resolve problems of revenue collections.
- 9.5. Management committed to review and implement debts impairment policy to be in line with GRAP 104 and to ensure that individual assessment of each debtor is done before decision to impair is taken. Management is in process of reversing impairments which were not done in line with GRAP 104.
- 9.6. The committee advised management to ensure that interests are charged on long overdue or outstanding debts payments for services consumed. This was subsequently corrected in the current financial year and system is now automatically charging interest on outstanding debts.
- 9.7. Management is in process of rectifying incorrect classifications of tariffs and rates and they have already uploaded reviewed supplementary valuations rolls into the system. The committee will monitor the progress and report accordingly.
- 9.8. Management already identified duplicate service accounts and in process of reversing them.

- 9.9. The committee noted that leave administration is being done manually in excel spreadsheet which may result into many errors, incomplete, inaccuracy and unreliability of information. The committee directed management to implement leave management module in the system in order to automate leave administration and do reconciliations. Management is committed to automate leave administration from the new financial year.
- 9.10. The committee directed management to continuously review leave policy, processes, systems descriptions, control effectiveness monitoring in order to monitor compliance implementations with leave policy and to ensure proper leave accounting, completeness, accuracy and that the leave liability to officials is minimised.
- 9.11. The committee directed management to continuously review overtime policy, processes, system descriptions and to monitor controls effectiveness and compliance implementations with overtime policy and to minimise payments of overtime.
- 9.12. The costs of assets in the Fixed Asset Register are not supported by proper supporting documents and even journals passed are not supported by necessary supporting documents. The committee advised management to do assets counts on a monthly basis in order to correct control deficiencies in the Fixed Asset Register on time instead of doing this exercise once late at the end of financial year.
- 9.13. Asset verifications is now being conducted, verifications & unbundling of infrastructure assets is taking place to ensure that those assets certified to be completed are transferred into completed property, plant & equipment and those not completed are reconciled into work in progress.
- 9.14. This will also entails eliminations or write-offs of assets which could not be located and those assets which are broken or in bad conditions.
- 9.15. Disclosure of unauthorised, irregular, fruitless and wasteful expenditure were not complete and management were not able to keep registers of UIFW expenditure opening balances and provided them to auditors within agreed timeframes when required for audit purposes.
- 9.16. Management constructed the registers of UIFW and are assembling supporting documents for reviews and further processing by MPAC to investigate and reduce balances in line with Section 32 of the MFMA.
- 9.17. The committee directed management to develop and implement preventative strategy of UIFW expenditure and present this to the committee for reviews and implementations monitoring.
- 9.18. The committee is also monitoring compliance improvements with supply chain management policies and regulations to ensure that control deficiencies identified by AGSA are corrected to reduce UIFW expenditure and improve audit outcomes.
- 9.19. Management are reviewing all payables reported in the previous financial year to confirm validity of the transactions reported. Creditors' confirmations are currently being done with all creditors appearing on the list to confirm validity.
- 9.20. The committee advised management to develop credible and comprehensive check list of the year-end procedures for implementations. This includes amongst other things, proper reconciliations to ensure that bank statements and cash book balances reconcile, cash, stock & assets counts with involvement of auditors to participate. Management committed to review and implement year-end procedures to ensure readiness of transactions for preparations of annual financial statements.

- 9.21. Management committed to conduct adequate reviews of journals which are passed to ensure that sufficient supporting documents are attached in reversing or correcting transactions.
- 9.22. The Committee advised management to perform proper reconciliations of grants as at year-end to ensure that they are cash-backed and accounted accordingly in line with treasury guidelines.
- 9.23. Management committed to provide progress report together with updated set of annual financial statements to the committee by the 22 July 2022 for reviews.
- 9.24. The main focus of the committee is to drive the municipality into achieving improved audits outcomes going forward.

10. Implementations of material irregularity raised by AGSA in 2020/2021 Financial Year

- 10.1. AGSA raised two material irregularities in 2020/2021 financial year audit report which are consisting of the failure by municipality to charge interest on outstanding accounts and insufficient record keeping.
- 10.2. The committee reviewed the control deficiencies which resulted into these material irregularities and advised management to implement suggested or recommended controls in order correct deficiencies in the control environment.
- 10.3. Record keeping is main factor which contributed to disclaimer audit opinions because AGSA indicated that information requested were not submitted within the agreed timeframes even in cases where extensions were given to management to submit information.
- 10.4. The committee advised management to improve on record keeping and will be following-up on this matter regularly including the cases of interest which were not charged on outstanding debts to ensure that management implements recommended actions plans.

11. ICT Business Continuity and Disaster Recovery Policies

- 11.1. ICT Business Continuity Plan is in the process of being developed for reviews by the committee and implementation by management once finalised.
- 11.2. The committee advised management to ensure that ICT Business Continuity Plan should enable the municipality to with-stand the shocks of any kind of disaster which may strike so that services continued to be delivered uninterrupted
- 11.3. The committee is in the process of review of ICT Disaster Recovery Policy for implementation by management.
- 11.4. The ICT Strategic Plan is in process of being developed which will include critical activities such as promoting better access to information, infrastructure upgrades, software upgrades, online computing management, improved systems security management against attacks and improved connectivity.
- 11.5. The Committee advised management to ensure that Disaster recovery Policy should enable municipality to sufficiently protect its information and recovery of data lost as a result of any unwanted incident or accidents and also to ensure regular data recovery testing.
- 11.6. The committee noted that only financial information is being backed-up on the iCloud and the rest of information is being backed-up on memory sticks and hard drives.

- 11.7. The committee noted that Municipality does not have Electronic Record Management System and Servers are outdated which present the risks of the effectiveness and retrieval of backed-up information.
- 11.8. The committee directed management to pay special attention to these issues mentioned above to ensure that all systems and information are properly backed-up.
- 11.9. The committee directed management to submit all ICT policies for reviews.
- 11.10. The committee directed management to ensure that ICT Steering Governance Committee should meet on the quarterly basis and should provide regular feedback reports in terms of work which is being done for regular reviews, monitoring and evaluations.

12. Conclusion

- 12.1. The Audit, Risk and Performance Committee would like to thank the Internal Audit Unit, Management and Council for the ongoing support provided.
- 12.2. The committee will direct more efforts on improving audit opinion of the municipality from disclaimer, qualified, unqualified and to clean audit opinions going forward.

13. Recommendation to Council

- 13.1. The committee recommends this report to the Council for noting and implementation by management.

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

No long-term contracts were entered into during 2021/22. There are no public private partnerships.

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

The Municipality has no municipal entities

ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2021/2022 FINANCIAL YEAR								
Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
BID NO: B194/2019 – PROVISION OF PROFESSIONAL SERVICES – RURAL WATER PROGRAMME FOR A PERIOD OF THREE YEARS	BVi Consulting Engineers Central	MIG, WSIG and SLP-Funds	01 May 2020	30 April 2023	In-progress until Completion Date	None	4	Always on time and submit good quality documents
	KMSD Engineering Consultants				In-progress until Completion Date	Initially understaffed-more staff was made available by the Company after various discussions	2	Frequently missed reporting and other deadlines in the 21-22FY, but improving. Site supervision was not on standard, but is also improving. Close-out reports were substandard, but quality is improving.
	Kgosihadi Consulting Engineers				In-progress until Completion Date	None	4	Always on time and submit good quality documents
	Tsela Tsweu Consulting Engineers				In-progress until Completion Date	None	3	Mostly on time with submissions of good quality docs
B203/2020 – PANEL OF	Drop Dot		20 April 2021	19 April 2024	In-progress until Completion Date	None	2	Time frames were not met but quality is good

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
CONTRACTORS FOR THE PROVISION OF BOREHOLE REFURBISHMENT SERVICES	Gabora Kemonona JV				In-progress until Completion Date	None	2	Time lines were missed, had some quality issue but it is improving
	Leano Lentle JV Sozamhlongo Electrical				In-progress until Completion Date	None	2	Quality is good, deadlines were missed. Financial capacity seems poor
	MohauMolutsi Civil Works				In-progress until Completion Date	None	2	Deadlines were missed because they failed to start on time, quality is of good standard
	One Line Phepheng JV				In-progress until Completion Date	None	3	Had time issue but resolved
	Supavolt JV				In-progress until Completion Date	None	4	Finish projects on time and within budget. Very good quality work
	Tsaathebe Construction / Around the Moon Logistics and Projects 49 JV				In-progress until Completion Date	None	4	Finish projects on time and within budget. Very good quality work
B193/2019 – PROVISION OF	BVi Consulting Engineers Central	MIG and SLP-Funds	01 May 2020	30 April 2023	In-progress until Completion Date	None	3	Mostly on time with submissions of good quality documents

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
PROFESSIONAL SERVICES-RURAL ROAD PROGRAMME FOR A PERIOD OF THREE YEARS	KMSD Engineering Consultants				In-progress until Completion Date	Initially understaffed-more staff was allocated by the Company.	3	Frequently missed reporting and other deadlines in the 21-22FY, but they are improving. Close-out report quality is improving.
B196/2019 – RURAL ROADS PROGRAMME	Tlotlo-Tlhago Plant Hire and Transport		04 September 2020	30 September 2022	In-progress until Completion Date	None	4	Finish projects on time and within budget. Very good quality work
	Nkomaba Trading and Projects				In-progress until Completion Date	Lack of project commitment (withdrew from 2 projects) – <ul style="list-style-type: none"> • another contractor was appointed on projects • no new allocations 	2	Good start to projects but failed to complete them. Withdrew from two projects without completing them

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
						will be made		
	MacP Construction				In-progress until Completion Date	None	4	Finish projects on time and within budget. Very good quality work
B167/2018 – PROJECT MANAGEMENT, SUPERVISION OF RURAL HOUSEHOLD DRY SANITATION PROGRAMME	KMSD Engineering Consultants	MIG	01 August 2018	31 August 2022	In-progress until Completion Date	Initially understaffed- more staff was appointed by the Company	3	Missed submission deadlines in the 21-22FY, but improving. Site supervision is good.
B177/2018 – SUPPLY, INSTALLATION AND DELIVERY OF DRY SANITATION TOILETS (VIP & UDS)	Tsaathebe Construction		01 March 2019	31 December 2022	In-progress until Completion Date	None	4	Finish projects on time and within budget. Very good quality work. Responds actively to site instructions

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Assessment Comments
B200/2020 – PANEL OF CONTRACTORS FOR BOREHOLE DRILLING (THREE YEAR PERIOD)	DTE Water Solutions	MIG, WSIG and SLP-Funds	20 April 2021	19 April 2024	In-progress until Completion Date	None	3	Quality good work, have plant but must increase the number of rigs needed for the programme
	Gabora Kemonona JV				In-progress until Completion Date	None	4	Quality good and always on time with drilling work
	Leano Lentle JV Sozamhlongo Electrical				In-progress until Completion Date	None	2	Financial capacity seems to be an issue, plant and equipment must be outsourced
Council Committees management	Bitsware	Equitable share	01 March 2019	31 April 2022	Happy with the service providers performance	No challenges	4	Happy with the services provided with the service provider

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
B192/2019 – PROVISION OF PROFESSIONAL SERVICES FOR RURAL BUILDING AND COMMUNITY FACILITIES PROGRAMME FOR A PERIOD OF THREE YEARS	Bvi Consulting Engineers Central	Equitable Share	01 May 2020	30 April 2023	In-progress until completion date	Site supervision was not on standard – meeting was held to resolved the outstanding work	3	Reporting was on time and good quality documents submitted
	KMSD Engineering Consultants					Site supervision was an issue due to lack of staff – meeting was held to resolved the outstanding work	3	Quality assurance was a challenge due to lack of supervision but was addressed
B199/2020:- PANEL OF CONTRACTORS FOR THE PROVISION OF	Drop Dot	Equitable Share	20 April 2021	19 April 2024	In-progress until completion date	Missed deadlines, slow on material delivery – emergency meeting held (Cardington Building)	2	It was suggested to impose penalties on the Cardington project

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
CONSTRUCTION SERVICES FOR BUILDING PROJECTS	Uyapa Engineering Projects				In-progress until completion date	Missed important deadlines and failed to submit contractual documents – letter to terminate was submitted to Client by Engineer (Cardington Building)	2	Contractor failed to provide a valid construction guarantee and works programme. Also as failed to achieve practical completion within initial contract period
	Nkomaba Trading and Projects				In-progress until completion date	No project allocated	N/A	N/A
	Mercycon JV NJ Multi Spillage				In-progress until completion date	Good quality work and timelines were met (JMLM Building Refurb)	3	Contractor is performing well considering that most work can only happen during non-office times and many scope changes were imposed by client
AFS Preparation	CCG Systems	Equitable Share	6 May 2019	30 April 2022	Expired	Held number of meetings and	3	Service provider demonstrated great improvement and has shown commitment

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS
2021/2022 FINANCIAL YEAR**

Project name	Name of Service provider	Source of funding	Start date	Completion date	Progress to date	Challenges and interventions	Assessment of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 – Excellent	Assessment Comments
and Audit Readiness			1 May 2022	10 December 2022	Active (extended)	emailed the concerns		
System providers	Sebata Inzalo EMS	Equitable share	01 July 2021	30 December 2022	Active	None	4	Pleased with services providers performance
General Valuation Roll	TT Properties Consultants	Equitable share	01 July 2021	30 June 2026	Active	Held a meeting to discuss support	3	Service provider demonstrated great improvement and has shown commitment
Vat submissions	Maximum Profit Recovery (MaxProf)	Equitable share		30 June 2022	Active	None	4	Pleased with services providers performance

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Grant information details are disclosed in the Audited Annual Financial Statements and no further information is provided.

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

Capital expenditure details are disclosed in the Audited Annual Financial Statements and no further information is provided.

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital expenditure details are disclosed in the Audited Annual Financial Statements and no further information is provided.

VOLUME I: ANNUAL FINANCIAL STATEMENTS

The Audited Annual Financial Statements for the 2021/22 Financial Year is enclosed hereto.

VOLUME II: ACTION PLAN 2021-2022

The Action Plan for the 2021/22 Financial Year is enclosed hereto.

VOLUME III: AUDITOR-GENERAL'S REPORT

The Auditor General's Report 2021/2022 is enclosed hereto.

LIST OF ABBREVIATIONS

AOPO – Association of Organ Procurement

CFO – Chief Financial Officer

CLLR - Councillor

COGHSTA – Cooperative Governance, Human Settlements and Traditional Affairs

DOE – Department of Energy

DORA – Division of Revenue Act

EPWP – Expanded Public Works Programme

EXCO – Executive Committee

FY – Financial Year

HOD – Head of Department

HR – Human Resources

ICT – Information and Communication Technology

IDP – Integrated Development Plan

IGR – Inter-governmental Relations

IT – Information Technology

JMLM – Joe Morolong Local Municipality

JTGDM – John Taolo Gaetsewe District Municipality

KPA – Key Performance Area

KPI – Key Performance Indicator

LED – Local Economic Development

LGSETA – Local Government Sector Education and Training Authority

LM – Local Municipality

MFMA – Municipal Financial Management Act

MHS – Municipal Health Section

MIG – Municipal Infrastructure Grant

MM – Municipal Manager

MPAC – Municipal Public Accounts Committee

MSA – Municipal Systems Act

PIGR – Provincial Inter-governmental Relations

PMS – Performance Management System

PMU – Project Management Unit

SALGA – South African Local Government Association

SANS – South African National Standard

SDBIP – Service Delivery and Budget Implementation Plan

SDF – Spatial Development Plan

SLP – Social Labour Plan

SPLUMA – Spatial Planning and Land Use Management Act

STATSSA – Statistics South Africa

VAT – Value Added Tax

WSA – Water Services Authority

WSDP – Water Services Development Plan

WSIG – Water Services Infrastructure Grant

WSP – Water Services Provider

VOLUME I: ANNUAL FINANCIAL STATEMENTS



Joe Morolong Local Municipality
Annual Financial Statements

For the year ended 30 June 2022

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services to the community in a sustainable manner
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act No. 108 of 1996) Municipal Finance Management Act (Act 56 of 2003) Division of Revenue Act The Income Tax Act (Act No. 58 of 1962) Value Added Tax Act (Act No. 117 of 1998) Municipal Structures Act (Act No. 32 of 2000) Water Service Act (Act No. 108 of 1997) Housing Act (Act No. 107 of 1997) Municipal Property Rates Act (Act No. 6 of 2004) Electricity Act (Act No. 41 of 1987) Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 30 of 1998) Unemployment Insurance Act (Act No. 30 of 1966) Basic Conditions of Employment Act (Act No. 75 of 1997) Municipal Planning and Performance Management Regulations Municipality Supply Chain Management Regulations Municipal Collective Agreements Municipal Budget and Reporting Regulations MFMA Circulars and Regulations
Mayoral Committee	
Mayor	Councillor Leutlwetse D.D.
Speaker	Councillor Jordan V.
Councillors	Councillor Block J. (Up to 3 November 2021) Councillor Dioka G.M.S. (Up to 3 November 2021) Councillor Earabang O.J. (Up to 3 November 2021) Councillor Gwai L.B. (Up to 3 November 2021) Councillor Josop D.S. (Up to 3 November 2021) Councillor Kaebis L.L. (Up to 3 November 2021) Councillor Katong K.J. (Up to 3 November 2021) Councillor Kgopodithata O.H. (Up to 3 November 2021) Councillor Lechuti K.P. (Up to 3 November 2021) Councillor Lentsela M.S. (Up to 3 November 2021) Councillor Makoku M. (Up to 3 November 2021) Councillor Matsioloko O.A. (Up to 3 November 2021) Councillor Modise K.J. (Up to 3 November 2021) Councillor Mokgautsi O.E. (Up to 3 November 2021) Councillor Nhlapo M.M. (Up to 3 November 2021) Councillor Sebogodi L.W. (Up to 3 November 2021) Councillor Segano S.J. (Up to 3 November 2021) Councillor Seikaneng L.F. (Up to 3 November 2021) Councillor Sekamoeng K.P. (Up to 3 November 2021) Councillor Sephekolo M.G. (Up to 3 November 2021) Councillor Sesing T.I. (Up to 3 November 2021)

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Councillor Tagane G.C.
Councillor Tswere K.N.
Councillor Witbooi P.J.J. (Up to 3 November 2021)
Councillor Leboko O.J. (Up to 3 November 2021)
Councillor Matebese I.
Councillor Gomolemo O.N.
Councillor Kaotsane G.G.
Councillor Manankong L.P. (From 4 November 2021)
Councillor Choche S.P. (From 4 November 2021)
Councillor Gaobuse T.I. (From 4 November 2021)
Councillor Manzana A.S. (From 4 November 2021)
Councillor Kolberg O.J. (From 4 November 2021)
Councillor Lebatlang K.D. (From 4 November 2021)
Councillor Gaoorwe D.E. (From 4 November 2021)
Councillor Filipino M.P. (From 4 November 2021)
Councillor Majoro K.L. (From 4 November 2021)
Councillor Kgositau G.G. (From 4 November 2021)
Councillor Etshetshang O.A. (From 4 November 2021)
Councillor Magano T. (From 4 November 2021)
Councillor Kehologile E.K. (From 4 November 2021)
Councillor Tikane J.T. (From 4 November 2021)
Councillor Maamogwa K.E. (From 4 November 2021)
Councillor Machogo L. (From 4 November 2021)
Councillor Kgosierileng N.D. (From 4 November 2021)
Councillor Kopeledi D.L. (From 4 November 2021)
Councillor Mosegedi T.G. (From 4 November 2021)
Councillor Gaetsewe M.J. (From 4 November 2021)
Councillor Mbolekwa B.M. (From 4 November 2021)
Councillor Mosimanyana G.V. (From 4 November 2021)

Grading of local authority

3

Chief Finance Officer (CFO)

Mrs B.D. Motlhaping

Accounting Officer

Mr T.M. Tlhoale

Registered Office

D320 Cardington Road
Churchill Village
Mothibistad
Kuruman
8474

Business Address

D320 Cardington Road
Churchill Village
Mothibistad
Kuruman
8474

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Postal Address

Private Bag X117
Mothibistad
Kuruman
8474

Bankers

Standard Bank
ABSA Bank

Auditors

Auditor General of South Africa

Attorneys

Peyper Attorneys
Morwagae Attorneys
Kgomo Attorneys

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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The reports and statements set out below comprise the annual financial statements presented to Joe Morolong Local Municipality:

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ABSA	Amalgamated Banks of Southern Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
PAYE	Pay As You Earn
SALGBC	South African Local Governing Bargaining Council
SARS	South African Revenue Services
SCM	Supply Chain Management
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibility and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the Annual Financial Statements fairly present the state of affairs of the Municipality as at the end of the financial period and the results of its operations and cash flows for the period then ended.

The Annual Financial Statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) as well as relevant 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 controls established by the Municipality and places considerable importance on maintaining a strong control environment. To enable him to meet these responsibilities, he has set standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Municipality and all employees are required to maintain the highest ethical standards in ensuring the Municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Municipality is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

In the Accounting Officer's opinion, based on the information and explanations given by management, 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 period to 30 June 2023 and, in light of this review and the current financial position, he is satisfied that the Municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The Municipality is partially dependent on the government for continued funding of operations. The Annual Financial Statements are prepared on the basis that the Municipality is a going concern and that it has neither the intention nor the need to liquidate or curtail materially the scale of the Municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the Municipality, the Annual Financial Statements are supported by the Municipality's external auditors.

The Annual Financial Statements set out on page 6-81, which have been prepared on the going concern basis, were approved by the Accounting Officer on 24 September 2022 and were signed on its behalf by:

Accounting Officer
Mr T.M. Tlhoale

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2022.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 7 number of meetings were held.

Name of member	Number of meetings attended
Mr R Tshimomola (Chairperson)	7
Mr F Buys	5
Mr M Mashati	3

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166 (2)(a) of the MFMA and Treasury Regulation 3.1.

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

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the annual report, with the Auditor-General ;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

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

Auditor-General of South Africa

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

Chairperson of the Audit Committee

Date: _____

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting officer's Report

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

1. Review of activities

Main business and operations

Net surplus of the entity was R 90,241,498 (2021: deficit R 231,857,691).

2. Going concern

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

The ability of the entity to continue as a going concern is dependent government grants and subsidies.

3. Subsequent events

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

4. Accounting Officer

The accounting officer of the entity during the year and to the date of this report is as follows:

Mr T.M. Tlhoaele South African

5. Bankers

Standard Bank

ABSA

Nedbank

6. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
ASSETS			
Current Assets			
Cash and cash equivalents	3	56,670,430	46,108,323
Inventories	4	3,099,006	1,941,763
Prepayments	5	1,262,124	899,792
Receivables from Exchange Transactions	6	20,105,693	22,053,208
Receivables from non-exchange transactions	7	44,234,561	25,563,281
VAT receivable	8	42,810,371	32,926,902
		168,182,185	129,493,269
Non-Current Assets			
Property, plant and equipment	9	1,368,166,450	1,334,707,464
Intangible assets	10	1,089,523	948,972
		1,369,255,973	1,335,656,436
TOTAL ASSETS		1,537,438,158	1,465,149,705
LIABILITIES			
Current Liabilities			
Other financial liabilities	11	129,193	118,543
Payables from exchange transactions	12	61,693,278	55,417,864
Consumer Deposits	13	25,378	23,878
Employee benefit obligation	15	322,000	227,074
Unspent conditional grants and receipts	14	2,072,002	2,025,574
		64,241,851	57,812,933
Non-Current Liabilities			
Other financial liabilities	11	644,720	773,914
Employee benefit obligation	15	3,023,000	2,265,377
Provisions	16	2,593,468	2,397,233
		6,261,188	5,436,524
TOTAL LIABILITIES		70,503,039	63,249,457
NET ASSETS		1,466,935,119	1,401,900,248
Accumulated surplus		1,466,935,119	1,401,900,248

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
REVENUE			
Revenue From Exchange Transactions			
Service Charges	18	24,418,253	22,259,004
Rental of Facilities and Equipment	19	109,325	49,752
Interest - Exchange Transactions	20	6,947,548	5,780,324
Other Income	21	743,148	1,183,177
Interest Received	22	4,161,674	2,091,810
Total Revenue From Exchange Transactions		36,379,948	31,364,067
Revenue From Non-Exchange Transactions			
Taxation revenue			
Property Rates	23	31,810,125	47,550,834
Interest - Non Exchange Transactions	20	3,422,918	-
Transfer revenue			
Government Grants and Subsidies	24	308,114,690	277,415,852
Public Contributions and Donations	25	35,848,785	11,396,892
Fines, Penalties and Forfeits	50	95	-
Total Revenue From Non-Exchange Transactions		379,196,613	336,363,578
Total Revenue	17	415,576,561	367,727,645
EXPENDITURE			
Employee Related Costs	26	(71,279,007)	(72,438,707)
Remuneration of Councillors	27	(11,955,260)	(11,650,491)
Depreciation and Amortisation	28	(121,797,481)	(118,833,055)
Impairment loss/ Reversal of impairments	46	(8,694,380)	(4,186,259)
Interest Costs	29	(507,559)	(439,444)
Debt Impairment	30	4,272,004	(286,549,957)
Bulk Purchases	31	(16,095,370)	(12,021,942)
Transfers and Subsidies	32	(16,790,349)	(19,667,086)
Loss on disposal of assets and liabilities	9&10	(10,060,076)	(7,476,072)
Actuarial losses	15	(405,110)	(11,605)
General Expenses	33	(72,022,475)	(66,310,718)
TOTAL EXPENDITURE		(325,335,063)	(599,585,336)
(Deficit) /Surplus for the year		90,241,498	(231,857,691)

The accounting policies on pages 18 to 47 and the notes on pages 48 to 78 form an integral part of the annual financial statements.

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	(1,458,675,773)	(1,458,675,773)
Adjustments		
Correction of errors	2,571,077,200	2,571,077,200
Balance at 01 July 2020 as restated*	1,112,401,427	1,112,401,427
Changes in Net Assets		
Surplus for the year	(231,857,691)	(231,857,691)
Total Changes	(231,857,691)	(231,857,691)
Opening balance as previously reported	911,105,127	911,105,127
Adjustments		
Correction of errors	490,795,121	490,795,121
Restated* Balance at 01 July 2021 as restated*	1,401,900,248	1,401,900,248
Changes in Net Assets		
Surplus for the year	90,241,498	90,241,498
Correction of errors	(25,206,627)	(25,206,627)
Total Changes for the year	65,034,871	65,034,871
Balance at 30 June 2022	1,466,935,119	1,466,935,119
Note(s)		

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		37,901,415	34,627,158
Grants	24&14	308,068,262	277,415,852
Other receipts		-	819,941
		<u>345,969,677</u>	<u>312,862,951</u>
Payments			
Employee Costs		(89,023,705)	(76,146,324)
Suppliers		(46,907,220)	(111,492,691)
		<u>(135,930,925)</u>	<u>(187,639,015)</u>
Net cash flows from operating activities		<u>210,038,752</u>	<u>125,223,936</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(304,517,382)	(119,438,456)
Purchase of other intangible assets	10	(938,264)	(177,825)
Proceeds from sale of other intangible assets	10	52,662	-
Net cash flows from investing activities		<u>(305,402,984)</u>	<u>(119,616,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities	11	(118,544)	(108,712)
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(118,544)</u>	<u>(108,712)</u>
Net increase/(decrease) in cash and cash equivalents		43,272,759	(1,068,313)
Cash and cash equivalents at the beginning of the year		46,108,323	2,870,450
Cash and Cash Equivalents at the End of the Year	3	<u>89,381,082</u>	<u>1,802,137</u>

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from Exchange Transactions						
Service Charges	47,492,777	(3,197,481)	44,295,296	24,418,253	(19,877,043)	[1]
Rental of facilities and equipment	10,200	59,800	70,000	109,325	39,325	[2]
Interest - Exchange Transactions	10,699,080	4,366,747	15,065,827	6,947,548	(8,118,279)	[3]
Other income	16,915,150	1,612,250	18,527,400	743,148	(17,784,252)	[4]
Interest Received	1,250,000	4,300,000	5,550,000	4,161,674	(1,388,326)	[5]
Total revenue from exchange transactions	76,367,207	7,141,316	83,508,523	36,379,948	(47,128,575)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	36,359,185	24,594,949	60,954,134	31,810,125	(29,144,009)	[6]
Interest, Dividends and Rent on Land	-	-	-	3,422,918	3,422,918	[7]
Transfer revenue						
Government grants & subsidies	166,033,050	(2,914,093)	163,118,957	308,114,690	144,995,733	[8]
Public contributions and donations	-	-	-	35,848,785	35,848,785	[9]
Fines, Penalties and Forfeits	-	-	-	95	95	
Other own revenue	-	-	-	-	-	
Total revenue from non-exchange transactions	202,392,235	21,680,856	224,073,091	379,196,613	155,123,522	
Total revenue	278,759,442	28,822,172	307,581,614	415,576,561	107,994,947	
Expenditure						
Employee Related Costs	(90,832,511)	9,890,740	(80,941,771)	(71,279,007)	9,662,764	[10]
Remuneration of councillors	(8,626,556)	(5,063,274)	(13,689,830)	(11,955,260)	1,734,570	[11]
Depreciation and amortisation	103,290,515	-	103,290,515	(121,797,481)	(225,087,996)	[12]
Impairment loss/ Reversal of impairments	-	-	-	(8,694,380)	(8,694,380)	[13]
Finance costs	(174,783)	(162,000)	(336,783)	(507,559)	(170,776)	[14]
Debt Impairment	(27,451,926)	-	(27,451,926)	4,272,004	31,723,930	[15]
Bulk purchases and inventory consumed	(28,615,596)	812,000	(27,803,596)	(16,095,370)	11,708,226	[16]
Contracted Services	(40,191,498)	(3,329,365)	(43,520,863)	-	43,520,863	[17]
Transfers and Subsidies	(500,000)	-	(500,000)	(16,790,349)	(16,290,349)	[18]
General Expenses	(54,291,417)	5,229,128	(49,062,289)	(72,022,475)	(22,960,186)	[19]
Total expenditure	(147,393,772)	7,377,229	(140,016,543)	(314,869,877)	(174,853,334)	
Operating surplus	131,365,670	36,199,401	167,565,071	100,706,684	(66,858,387)	
Loss on disposal of assets and liabilities	-	-	-	(10,060,076)	(10,060,076)	[20]
Transfers and Subsidies - Capital	107,430,950	38,881,839	146,312,789	-	(146,312,789)	[21]
Actuarial gains/losses	-	-	-	(405,110)	(405,110)	[22]

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	107,430,950	38,881,839	146,312,789	(10,465,186)	(156,777,975)	
Surplus before taxation	238,796,620	75,081,240	313,877,860	90,241,498	(223,636,362)	
Surplus for the year	238,796,620	75,081,240	313,877,860	90,241,498	(223,636,362)	

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	7,166,911	-	7,166,911	3,099,006	(4,067,905)	[23]
Receivables from non-exchange transactions	27,101,931	(457,548)	26,644,383	44,234,561	17,590,178	[24]
VAT receivable	-	-	-	42,810,371	42,810,371	[25]
Prepayments	-	-	-	1,262,124	1,262,124	[26]
Receivables from Exchange Transactions	311,914,059	1	311,914,060	20,105,693	(291,808,367)	[27]
Cash and cash equivalents	2,870,450	2,592,362	5,462,812	56,670,430	51,207,618	[28]
	349,053,351	2,134,815	351,188,166	168,182,185	(183,005,981)	
Non-Current Assets						
Property, plant and equipment	1,798,404,111	60,390,771	1,858,794,882	1,368,166,450	(490,628,432)	[29]
Intangible assets	2,080,368	2	2,080,370	1,089,523	(990,847)	[30]
Other non - current assets	25,838,913	-	25,838,913	-	(25,838,913)	
	1,826,323,392	60,390,773	1,886,714,165	1,369,255,973	(517,458,192)	
Total Assets	2,175,376,743	62,525,588	2,237,902,331	1,537,438,158	(700,464,173)	
Liabilities						
Current Liabilities						
Other financial liabilities	75,733	1	75,734	129,193	53,459	[31]
Payables from exchange transactions	55,914,523	2	55,914,525	61,693,278	5,778,753	[32]
Consumer deposits	32,918	-	32,918	25,378	(7,540)	[33]
Employee benefit obligation	-	-	-	322,000	322,000	[34]
Unspent conditional grants and receipts	-	-	-	2,072,002	2,072,002	[35]
Provisions	172,802	-	172,802	-	(172,802)	[36]
	56,195,976	3	56,195,979	64,241,851	8,045,872	
Non-Current Liabilities						
Other financial liabilities	306,864	(455,318)	(148,454)	644,720	793,174	[31]
Employee benefit obligation	-	-	-	3,023,000	3,023,000	[34]
Provisions	3,839,879	-	3,839,879	2,593,468	(1,246,411)	[36]
	4,146,743	(455,318)	3,691,425	6,261,188	2,569,763	
Total Liabilities	60,342,719	(455,315)	59,887,404	70,503,039	10,615,635	
Net Assets	2,115,034,024	62,980,903	2,178,014,927	1,466,935,119	(711,079,808)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	2,115,034,024	62,980,903	2,178,014,927	1,466,935,119	(711,079,808)	

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	56,400,083	-	56,400,083	15,066,317	(41,333,766)	[37]
Grants	273,464,001	(1)	273,464,000	308,414,918	34,950,918	[38]
Interest income	11,949,080	-	11,949,080	-	(11,949,080)	[39]
Other receipts	16,915,171	-	16,915,171	-	(16,915,171)	[40]
	358,728,335	(1)	358,728,334	323,481,235	(35,247,099)	
Payments						
Employee costs	(189,967,018)	(307,900)	(190,274,918)	-	190,274,918	[41]
Interest Costs	(300,000)	-	(300,000)	-	300,000	[42]
	(190,267,018)	(307,900)	(190,574,918)	-	190,574,918	
Net cash flows from operating activities	168,461,317	(307,901)	168,153,416	323,481,235	155,327,819	
Cash flows from investing activities						
Purchase of property, plant and equipment	(113,980,950)	-	(113,980,950)	-	113,980,950	[43]
Net increase/(decrease) in cash and cash equivalents	54,480,367	(307,901)	54,172,466	323,481,235	269,308,769	[44]
Cash and cash equivalents at the beginning of the year	2,870,450	2	2,870,452	-	(2,870,452)	[45]
Cash and cash equivalents at the end of the year	57,350,817	(307,899)	57,042,918	323,481,235	266,438,317	

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

- 1] Budgeted service charges is more than the actual due to duplicate billing that was done and was subsequently reversed.
- 2] Budgeted rental of facilities is lower than the actual due to escalation rates.
- 3] The budgeted interest includes both exchange and non - exchange.
- 4] Other income is lower than what was budgeted, due to the truck that was normally used for sewerage did not function in the financial year.
- 5] Due to poor collection, the municipality could not invest as planned, hence the interest received is less than what was budgeted.
- 6] Budgeted property rates is more than the actual due to duplicate billing that was done and subsequently reversed.
- 7] The budgeted interest includes both exchange and non - exchange.
- 8] The budgeted grants is more than the actual since the capital grants is not included.
- 9]The municipality did not budget for donations.
- 10] The budgeted employee related cost is higher than the actual due to the organogram dispute between the unions and the municipality. Not all new appointments could take place as planned.
- 11] The municipality budgeted according to the upper limits. Increase was not implemented yet, hence the budgeted remuneration of councillors is more than the actual.
- 12] Actual depreciation is more than the budgeted due to more projects that was unbundled in the current financial year.
- 13] The municipality did not budget for impairment loss for property plant and equipment.
- 14] The budgeted interest costs is less than the actual since the employee benefit interest cost was not taken into consideration when the budget was prepared.
- 15] Debt impairment budgeted is more than the actual due to impairment reversal in the current year.
- 16] Budgeted bulk purchases and inventory consumed are mapped together hence the budgeted are more than the actual.
- 17] The budgeted contracted services is higher than the actual contracted services since the actual contracted services are mapped with the general expenses.
- 18] The transfers and subsidies exist as a result of Dry Sanitation toilets that were handed over to the community in the current year.
- 19] Budgeted General Expenses is lower than the actual since the budgeted figure excludes the contracted services.
- 20]The municipality did not budget for loss on disposal of assets and liabilities.
- 21] The municipality mapped both capital and operational grants together while the budget separate the two.
- 22] The Municipality did not budget for actuarial gains/losses.
- 23] Budgeted inventory is more than the actual due to cost containment measures. The actual spending on inventory is less than budgeted.
- 24] Receivables from non- exchange transactions budgeted is higher than the actual due to duplicate billing that was done.
- 25] The municipality did not budget for vat receivable.
- 26] The municipality did not budget for prepayments.
- 27] Receivables from Exchange Transactions is lower than the budgeted due to duplicate billing that was done. Reversals was done subsequently.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

28] Call investment deposits - Municipality had more funds available to invest.

29] The budgeted Property Plant and Equipment are more than the actual as the plan was to acquire more assets, however after an assessment was performed it was noted that only major repairs and maintenance was needed.

30] The budgeted intangibles assets are higher than the actual because the software for document management was not acquired as planned.

31] In the budgeting process, the municipality did not take into account the amortisation schedule of the loan from DBSA to construct the budget.

32] Budgeted payables is less than the actual payables due to an increase in retention fees. There were additional tenders that were issued in the current financial year.

33] The budgeted consumer deposits is more than the actual as there were no new water connections.

34] The municipality did not budget separately for the line item apart from the Employee related costs.

35] No budget is done for the unspent grants and subsidies by the municipality as they are meant to be spent at a 100%.

36] The estimates done for the provisions were not in consultation with the relevant consultants.

37] Budgeted sale of goods and services are more than the actual due to duplicate billing that was done and subsequently reversed.

38] Budgeted grants are less than the actual grants due to grants that were not received in the previous year Integrated National Electrification Programme Grant and Library Grant.

39] Actual interest income is included under sales of goods and services amount.

40] Actual other income is included under sale of goods and services amount.

41] The budgeted employee cost is higher than the actual due to the organogram dispute between the unions and the municipality. Not all new appointments could take place as planned.

42] The actual finance costs that amounted to R507559 was included in the calculation for payments to suppliers.

43] The budgeted purchase of property plant and equipment is less than the actual due to projects that was donated by the mines.

44] The budgeted net cash and cash equivalents was based on the opening balance for the prior year, however additional grants were received Integrated National Electrification Programme Grant and Library Grant which caused the actual net cash and cash equivalents be more than the budgeted.

45] The budgeted cash and cash equivalents was based on the opening balance for the prior year, however additional grants was received Integrated National Electrification Programme Grant and Library Grant, which caused the actual to be more than the budgeted.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity 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:

Receivables

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

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values

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

Effective interest rate

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

Allowance for doubtful debts

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

Long Service Awards

The long service awards liability arises from the municipality being part of a Collective Agreement and Conditions of Service Northern Cape Division of SALGBC. The long service award plan is a defined benefit plan accounted for in terms of GRAP.

Value added taxation

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with section 15(1) of the VAT Act No.89 of 1991.

1.4 Inventories

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the items are expected to flow to the Municipality, and the cost of the inventories can be measured reliably.

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are issued, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments

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

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

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

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

A financial asset is:

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

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

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

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

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

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

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

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

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

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

Classification

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

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non - Exchange Transactions (excluding Property rates)	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from Exchange Transactions	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at amortised cost
Financial Liabilities	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent measurement of financial assets and financial liabilities

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

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, 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.

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

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

Impairment and uncollectibility of financial assets

The entity 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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise 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.

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

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

Financial liabilities

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

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

Presentation

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

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

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

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

1.6 Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand (including petty cash), short-term investments and cash in the bank account. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with a registered banking institutions, with maturity of three months or less, subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised costs.

Bank overdrafts are recorded based on the facility utilised. Finance costs on bank overdrafts are expenses as when they are incurred. Amounts owing in respect of bank overdrafts are recognised as financial liabilities carried at amortised cost.

1.7 Prepayments

Prepayments are the payments for goods or services to be received in the future and is recognised as a current asset. Prepayments are transferred to the Statement of Financial Performance upon the receipt of the goods or services paid for. Prepayments are accounted for at cost.

1.8 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Property, plant and equipment (continued)

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.

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite years
Buildings	Straight line	10-50 years
Plant and Machinery	Straight line	2-15 years
Computer Equipment	Straight line	5-7 years
Office Equipment	Straight line	3 years
Furniture and Fittings	Straight line	2-7 years
Infrastructure Assets	Straight line	10-80 years
Motor Vehicles	Straight line	7 years
Leased Assets	Straight line	3-5 years
Other machinery & equipment	Straight line	7 years

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

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

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

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

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

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Property, plant and equipment (continued)

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.9 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.10 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 entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

Joe Morolong Local Municipality

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Accounting Policies

1.10 Intangible assets (continued)

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	5 years

1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

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1.11 Statutory receivables (continued)

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.

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

Joe Morolong Local Municipality

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1.11 Statutory receivables (continued)

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

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

Derecognition

The 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.

1.12 Tax

Value Added Tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance with section 15(1) of the VAT Act No.89 of 1991. The annual financial statements have been prepared on an accrual basis of accounting. The municipality declares output and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

1.13 Construction contracts and receivables

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

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

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

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

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

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

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

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Accounting Policies

1.13 Construction contracts and receivables (continued)

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

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

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

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

Value in use

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

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

Joe Morolong Local Municipality

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the entity:

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

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Joe Morolong Local Municipality

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Reversal of impairment loss

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

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

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

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

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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

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

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

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

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.16 Other Financial Liabilities

1.17 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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1.17 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related 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 recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

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

Post-employment benefits

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

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

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

Joe Morolong Local Municipality

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1.17 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.17 Employee benefits (continued)

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.

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).

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.17 Employee benefits (continued)

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.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits 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.

The entity shall recognise the net total of the following amounts as expense or revenue, 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 right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.17 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.19 Unspent Conditional Grant

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

A liability for unspent conditional grants is recognised only to the extent that the conditions attached to the grant have not been satisfied and are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be asset-backed. The following provisions are set for the creation and utilisation of this creditor: Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.

The cash which backs up the creditor is invested as an individual investment or part of the operating account of the municipality until it is utilised.

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

1.20 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.20 Revenue from exchange transactions (continued)

Service Charges

Service Charges relating to electricity and water are based on consumption. Meters are read monthly and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Rental of facilities and Equipment

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. It is earned from the renting of municipal facilities such as halls, sports, grounds, and lease of tenants, and is charged using the relevant approved tariffs.

Interest - Exchange Transactions

Interest is recognised in surplus or deficit, using the effective interest rate method. Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
The amount of the revenue can be measured reliably.
Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Other Income

Other income shall be accounted for when the cash, asset or service is received by the municipality. Other income included amongst others the following:
Sale of bid documents
Administration and Parking fees
Skills development refunds

1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, 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 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.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, 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.

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

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

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

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

Recognition

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

As the entity 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 entity.

When, as a result of a non-exchange transaction, the entity 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 entity 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 entity 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.

Donations and Contributions

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 entity and the fair value of the assets can be measured reliably.

Government grants and Subsidies

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

Transfer revenue include government grants, subsidies, public contributions, donations, fines, penalties and forfeits. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. 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.

1.22 Investment Income

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

1.23 Borrowing Costs

Other Financial Liabilities (Borrowings) are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.24 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.

1.25 Unauthorised Expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.27 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28 Budget information

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

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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

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

1.29 Related parties

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

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

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

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 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:

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.30 Events after reporting date (continued)

- 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 entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.31 Comparative figures

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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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:

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 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and Cash Equivalents consist of:

Bank balances	16,479,732	19,314,122
Short-Term Deposits	40,190,698	26,794,201
	56,670,430	46,108,323

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

3. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Standard Bank - Primary Account: 302854185	16,313,348	18,950,624	6,275,512	16,313,348	18,950,624	991,927
ABSA - Primary Account: 4054385292	32,926	44,054	228,154	32,926	44,054	228,154
ABSA - Fixed Deposit: 2078093801	-	372,326	360,323	-	372,326	360,323
ABSA - Fixed Deposit: 2078344125	-	164,120	158,829	-	164,120	158,829
ABSA - Depositor Plus: 9297200038	-	2,495	2,495	-	2,495	2,495
ABSA - Fixed Deposit: 20-7973-4210	-	24,995,600	-	-	24,995,600	-
Nedbank - Call Deposit: 7881112840/000005	410,605	1,797	1,739	410,605	1,797	1,739
Standard Bank - Call Account: 548529973002	-	5,850	5,817	-	5,850	5,817
Standard Bank - Money Market Call Account: 548529973003	-	291	291	-	291	291
Standard Bank - Fixed Deposit: 5088662043-018	449,968	309,332	305,309	449,968	309,332	305,309
Standard Bank - Fixed Deposit: 5088662043-019	-	127,179	122,913	-	127,179	122,913
ABSA-Fixed Deposits:93-5308-1205	1,752,516	380,730	692,653	1,752,516	380,730	692,653
ABSA - Invest Tracker : 93-5904-5392	1,717,544	753,852	-	1,717,544	753,852	-
Nedbank - Fixed Deposit: 7881112840-000018	20,249,319	-	-	20,249,319	-	-
Standard Bank - 48 Hours Notice Deposit: 048473162-002	5,613,762	-	-	5,613,762	-	-
ABSA - Fixed Deposit: 20-8032-3717	10,130,442	-	-	10,130,442	-	-
Total	56,670,430	46,108,250	8,154,035	56,670,430	46,108,250	2,870,450

4. Inventories

Consumable Stores	3,099,006	1,912,549
Water Inventory	-	29,214
	3,099,006	1,941,763

The Municipality's inventory is measured on FIFO (First In First Out) basis .

Inventory pledged as security

There was no inventory pledged as security.

5. Prepayments

Prepayments	1,262,124	899,792
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Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
6. Receivables from exchange transactions		
Gross balances		
Electricity	12,763,811	9,893,992
Water	68,783,950	76,791,846
Sewerage	15,366,022	15,334,540
Refuse	12,562,455	9,945,652
Housing rental	196,767	117,604
Sundry debtors	62,386,137	62,398,324
	172,059,142	174,481,958
Less: Allowance for impairment		
Electricity	(10,057,513)	(10,187,585)
Water	(70,970,151)	(70,478,196)
Sewerage	(6,190,412)	(6,190,412)
Refuse	(13,800,534)	(13,978,984)
Sundry debtors	(50,934,839)	(51,593,573)
	(151,953,449)	(152,428,750)
Net balance		
Electricity	2,706,298	(293,593)
Water	(2,186,201)	6,313,650
Sewerage	9,175,610	9,144,128
Refuse	(1,238,079)	(4,033,332)
Housing rental	196,767	117,604
Sundry debtors	11,451,298	10,804,751
	20,105,693	22,053,208
Electricity		
Current (0 -30 days)	536,962	323,011
31 - 60 days	159,110	133,466
61 - 90 days	183,452	473,128
91 - 120 days	255,221	71,563
121 - 365 days	11,629,067	8,892,823
	12,763,812	9,893,991
Water		
Current (0 -30 days)	1,748,995	6,549,372
31 - 60 days	1,806,531	2,169,625
61 - 90 days	1,745,886	2,230,339
91 - 120 days	1,965,369	962,458
121 - 365 days	61,517,169	64,831,939
	68,783,950	76,743,733
Sewerage		
Current (0 -30 days)	129,970	353,124
31 - 60 days	126,680	349,942
61 - 90 days	263,113	348,303
91 - 120 days	119,506	347,753
121 - 365 days	14,726,753	13,935,418
	15,366,022	15,334,540

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
6. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	375,787	216,811
31 - 60 days	347,234	215,484
61 - 90 days	493,722	214,386
91 - 120 days	334,538	213,965
121 - 365 days	11,011,173	9,085,005
	12,562,454	9,945,651
Housing rental		
Current (0 -30 days)	52,303	3,340
31 - 60 days	3,455	3,340
61 - 90 days	3,455	3,340
91 - 120 days	3,455	3,274
121 - 365 days	134,099	104,310
	196,767	117,604
Sundry Debtors		
Current (0 -30 days)	387	29
91 - 120 days	-	152,894
121 - 365 days	62,379,628	62,238,491
	62,380,015	62,391,414
Reconciliation of allowance for impairment		
Balance at beginning of the year	(152,428,750)	(142,420)
Contributions to allowance	134,021,582	(138,965,536)
Reversal of allowance	(133,546,281)	(13,320,794)
	(151,953,449)	(152,428,750)
Receivables from exchange transactions pledged as security		
There were no Receivables from exchange transactions pledged as security.		
Receivables from exchange transactions past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	2,443,010	3,494,317
2 months past due	2,689,626	3,802,535
3 months past due	3,084,633	1,752,088
7. Receivables from non-exchange transactions		
Property rates	218,991,814	202,700,607
Allowance for Impairment	(174,757,253)	(177,137,326)
	44,234,561	25,563,281
Receivables from non-exchange transactions pledged as security		
There were no Receivables from non-exchange transactions pledged as security.		

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
7. Receivables from non-exchange transactions (continued)		
Receivables from non-exchange transactions past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	3,896,932	8,719,671
2 months past due	4,361,381	8,488,072
3 months past due	3,084,633	8,485,919
Receivables from Non - Exchange Ageing		
The ageing is as follows:		
Current (0-30 days)	79,283,325	5,058,187
31 - 60 days	3,896,933	4,520,474
61 - 90 days	4,361,381	3,460,635
91 - 120 days	3,084,634	3,474,544
121 - 365 days	128,342,699	186,190,718
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(273,442,055)	(42,871,323)
Allowance for impairment	(33,054,728)	(230,570,732)
	(306,496,783)	(273,442,055)
8. VAT receivable		
VAT	42,810,371	32,926,902

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	5,101,702	-	5,101,702	5,101,702	-	5,101,702
Buildings	53,626,915	(31,499,083)	22,127,832	53,628,873	(30,279,565)	23,349,308
Furniture and Office equipment	949,504	(147,958)	801,546	5,026,363	(3,940,834)	1,085,529
Transport Assets	43,302,825	(22,876,502)	20,426,323	33,006,357	(21,304,101)	11,702,256
Computer Equipment	2,158,586	(41,847)	2,116,739	1,375,785	(829,006)	546,779
Infrastructure	3,060,248,210	(1,784,907,291)	1,275,340,919	2,935,058,123	(1,681,608,744)	1,253,449,379
Community	90,149,426	(48,174,794)	41,974,632	85,707,927	(46,333,810)	39,374,117
Machinery and Equipment	278,465	(1,708)	276,757	1,849,183	(1,750,789)	98,394
Total	3,255,815,633	(1,887,649,183)	1,368,166,450	3,120,754,313	(1,786,046,849)	1,334,707,464

Reconciliation of property, plant and equipment - June 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	5,101,702	-	-	-	-	-	5,101,702
Buildings	23,349,308	-	-	-	(1,207,559)	(13,917)	22,127,832
Furniture and Office equipment	1,085,529	656,279	(656,550)	-	(283,712)	-	801,546
Transport Assets	11,702,256	15,078,596	(1,301,529)	-	(5,053,001)	-	20,426,323
Computer Equipment	546,779	782,801	978,682	-	(191,524)	-	2,116,739
Infrastructure	1,253,449,379	164,169,821	(7,552,923)	(13,883,345)	(112,244,547)	(8,597,466)	1,275,340,919
Community	39,374,117	-	(77,935)	4,798,303	(2,036,856)	(82,997)	41,974,632
Machinery and Equipment	98,394	278,465	(64,872)	-	(35,230)	-	276,757
	1,334,707,464	180,965,962	(8,675,127)	(9,085,042)	(121,052,429)	(8,694,380)	1,368,166,450

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	5,101,701	-	-	-	-	-	5,101,702
Buildings	24,839,318	-	(319)	-	(1,207,721)	(281,970)	23,349,308
Furniture and office equipment	2,624,656	193,950	(228,750)	-	(1,504,154)	(173)	1,085,529
Transport Assets	16,094,693	184,000	-	-	(4,576,435)	-	11,702,256
Computer Equipment	1,173,967	60,400	(292,203)	-	(394,917)	(467)	546,779
Infrastructure	1,260,730,078	97,935,105	(7,516,291)	14,137,566	(107,126,036)	(4,711,043)	1,253,449,379
Community	40,857,297	-	(4,859)	559,405	(2,037,725)	-	39,374,117
Machinery and equipment	1,154,529	-	(29,273)	-	(1,026,862)	-	98,394
	1,352,576,239	98,373,455	(8,071,695)	14,696,971	(117,873,850)	(4,993,653)	1,334,707,464

Pledged as security

None of the above Property, plant and equipment has been pledged as security:

Reconciliation of Work-in-Progress June 2022

	Included within Infrastructure and community assets.	Total
Opening balance	102,704,696	102,704,696
Additions/capital expenditure	167,105,471	167,105,471
Transferred to completed items	(176,190,513)	(176,190,513)
	93,619,654	93,619,654

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress June 2021

	Included within Infrastructure	Total
Opening balance	88,007,725	88,007,725
Additions/capital expenditure	121,706,703	121,706,703
Transferred to completed items	(107,009,732)	(107,009,732)
	102,704,696	102,704,696

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

10. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,191,828	(102,305)	1,089,523	3,536,977	(2,588,005)	948,972

Reconciliation of intangible assets - June 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer Software	948,972	938,264	(52,662)	(745,051)	1,089,523

Reconciliation of intangible assets - June 2021

	Opening balance	Additions	Amortisation	Total
Computer Software	1,730,368	177,825	(959,221)	948,972

Pledged as security

There were no intangible assets that were pledged as security

11. Other financial liabilities

At amortised cost

Development Bank of South Africa - Short Term Portion	129,193	118,543
Development Bank of South Africa - Long Term Portion	644,720	773,914
	773,913	892,457
Total other financial liabilities	773,913	892,457
Non-current liabilities		
At amortised cost	644,720	773,914

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
11. Other financial liabilities (continued)		
Current liabilities		
At amortised cost	129,193	118,543
Defaults and breaches		
The loan accrues interest at a fixed rate of 8.848%. Any amounts in arrears accrue interest at a fixed rate of 10.848%. The capital is payable in bi-annual installments of R48 374.01 over 20 years. The interest portion is repayable in bi-annual instalments of R49 114.75.		
12. Payables from exchange transactions		
Trade Payables	30,597,949	34,743,519
Debtors with credit balances	8,688,534	6,290,040
Payables to National Treasury	335,040	335,040
Leave Accrued	6,589,758	6,223,853
Other creditors	286,521	(1,245,425)
Retention Fees	11,862,304	6,072,865
13th Cheque	3,012,735	2,928,277
Unallocated Deposits	320,437	69,695
	61,693,278	55,417,864
13. Consumer Deposits		
New Water Connections	24,878	23,878
Housing rental	500	-
	25,378	23,878
14. Unspent conditional grants and receipts		
Unspent Conditional Grants and Receipts comprises of:		
Unspent conditional grants and receipts		
Financial Management Grant (FMG)	18,696	-
Municipal Infrastructure Grant (MIG)	969,395	2,001,750
Library Grant	803,051	23,824
Extended Public Works Programme	169,742	-
LGSETA	111,118	-
	2,072,002	2,025,574
Movement during the year		
Balance at the beginning of the year	2,025,574	365,426
Additions during the year	152,224,118	119,480,000
Income recognition during the year	(152,177,690)	(117,819,852)
	2,072,002	2,025,574

The nature and extent of government grants recognised in the annual financial statements are an indication of other forms of government assistance from which the entity has directly benefited.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand 2022 2021

15. Employee benefit obligations

Defined benefit plan

The employee benefit obligations relate to long service bonus awards.

Long service bonus awards

The municipality has an obligation to provide long service bonus awards to all its permanent employees. In terms of the municipality's policies and practice, long service bonus awards are offered for every 5 years of completed service from 10 years to 45 years.

The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out as at 30 June 2022 by Mr C Weiss. Fellow of the Actuarial Society of South Africa.

The present value of the obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(3,345,000)	(2,492,451)
Non-current liabilities	(3,023,000)	(2,265,377)
Current liabilities	(322,000)	(227,074)
	(3,345,000)	(2,492,451)

Net expense recognised in the statement of financial performance

Current service cost	253,082	229,220
Interest cost	194,357	157,040
Actuarial (gains)/losses	632,184	184,407
Settlement	(227,074)	(172,802)
	852,549	397,865

Long service bonus awards carrying value

Opening balance	2,492,451	2,094,586
Current service costs	253,082	229,220
Actuarial (gains)/losses	632,184	184,407
Interest costs	194,357	157,040
Expected benefits vesting	(227,074)	(172,802)
	3,345,000	2,492,451

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.03 %	8.17 %
General earnings inflation rate (long-term)	7.33 %	5.64 %
Net discount rate	3.45 %	2.39 %
Actual return on reimbursement rights	- %	4.64 %

A discount rate of 11.03% per annum has been used. The corresponding liability-weighted index-linked yield is 3.95%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2022. These yields were obtained by calculating the duration of the total liability and then taking the fixed-interest and index-linked yields from the respective yield curves at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The duration of the total liability was estimated to be 9 years.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The expected CPI inflation assumption of 6.33% was obtained from the differential between market yields on index-linked bonds (3.95%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.03%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+11.03\%-0.50\%)/(1+3.95\%))-1$.

Thus, a general earnings inflation rate of 7.33% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 3.45%. It was assumed that the next general earnings increase will take place on 1 July 2023

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

15. Employee benefit obligations (continued)

Other assumptions

The liability at the Valuation Date was recalculated to show the effect of:

- (i) a one percentage point increase and decrease in the assumed general earnings inflation rate;
- (ii) a one percentage point increase and decrease in the discount rate;
- (iii) a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- (iv) a two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability	% Change
Central assumptions		3345000	
General earnings inflation rate	+1	3546000	6
	-1	3162000	-5
Discount rate	+1	3158000	-6
	-1	3554000	6
Average retirement age	+2 yrs	3518000	5
	-2 yrs	3129000	-6
Withdrawal rates	x2	2639000	-21
	x0.5	3821000	14

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022:

	Change	Current-Svc. Cost	Interest Cost	Total	% Change
Central assumptions		253,082	194,357	447,439	0
General earnings inflation rate	+1%	270,303	207,452	477,755	7%
	-1%	237,451	182,432	419,883	-6%
Mortality rates	-2 yrs	254,575	195,556	450,131	1%

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumptions	Change	Current-Svc. Cost	Interest Cost	Total	% Change
Central assumptions		384,000	352,000	736,000	
General earnings inflation rate	+1%	411,000	374,000	785,000	7%
	-1%	360,000	331,000	691,000	-6%
Discount rate	+1%	362,000	361,000	723,000	-2%
	-1%	409,000	341,000	750,000	2%
Average retirement age	+2yrs	403,000	371,000	774,000	5%
	-2yrs	359,000	328,000	687,000	-7%
Withdrawal rates	x2	287,000	274,000	561,000	-24%
	x0.5	453,000	404,000	857,000	16%
		3,428,000	3,136,000	6,564,000	

Impact of COVID 19

It is difficult to estimate what impact the pandemic is likely to have on the Municipality's liability at this stage. There is still much uncertainty as to how it will affect mortality in the medium to long term, and what effect treatments and/or vaccines will have. The sensitivities in Table 7.1 (and 7.3) above may be used to understand the potential impacts on the liability (and expenses) of, for example, an increase in the expected general earnings inflation rate, or an increase in the discount rate, or an increase in the withdrawal rates.

Once any long-term impacts of COVID-19 on the various valuation parameters becomes more evident, appropriate adjustments to the parameters will be feasible. In the meanwhile, any short-term impacts of actual experience being different to the current long-term assumptions will contribute to actuarial gain/loss items.

Joe Morolong Local Municipality

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16. Provisions

Reconciliation of provisions - June 2022

	Opening Balance	Passage of time interest	Change in estimate	Total
Environmental rehabilitation	2,397,233	241,266	(45,031)	2,593,468

Reconciliation of provisions - June 2021

	Opening Balance	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1,918,095	163,325	315,813	2,397,233

Environmental rehabilitation provision

The municipality has an obligation to rehabilitate the landfill sites of Joe Morolong.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

The valuation of the landfill site provision was done by EMS Advisory (Pty) Ltd, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the professional valuator on the project was Aiden Bowers PrEng, with extensive experience and expertise relevant for this type of work.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value.

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

Because of the time value of money, provisions relating to cash outflows that arise soon after the reporting date are more onerous than those where cash outflows of the same amount arise later. Provisions are therefore discounted, where the effect is material settle the obligation.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted

Key Assumptions

Salient details pertaining to the Glenred Landfill Site

Total site area m2	41641
Area of waste body to be rehabilitated in future (Cell footprint) (m2)	1470
Estimated site closure date	2027
Assumed site start date	2022
Remaining site/cell life (as at 01 July 2022) (years)	5
Estimated annual airspace consumption (2019 Base) (m3)	457
Estimated total airspace (m3)	2675
Estimated airspace remaining (m3)	2675

Salient details pertaining to the Van Zylsrus Landfill Site

Total site area m2	8949
Area of waste body to be rehabilitated in future (Cell footprint) (m2)	4431
Estimated site closure date	2032
Assumed site start date	2006
Estimated total site life	26
Remaining site/cell life (as at 01 July 2022) (years)	10
Airspace consumed to date	61.5%

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
16. Provisions (continued)		
17. Revenue		
Service Charges	24,418,253	22,259,004
Rental of Facilities and Equipment	109,325	49,752
Interest on Arrear Accounts	6,947,548	5,780,324
Other income	743,148	1,183,177
Interest Received on Investment	4,161,674	2,091,810
Property Rates	31,810,125	47,550,834
Interest, Dividends and Rent on Land	3,422,918	-
Government Grants and Subsidies	308,114,690	277,415,852
Public contributions and donations	35,848,785	11,396,892
Fines, Penalties and Forfeits	95	-
	415,576,561	367,727,645
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service Charges	24,418,253	22,259,004
Rental of Facilities and Equipment	109,325	49,752
Interest on Arrear Accounts	6,947,548	5,780,324
Sundry Income	743,148	1,183,177
Interest Received on Investment	4,161,674	2,091,810
	36,379,948	31,364,067
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property Rates	31,810,125	47,550,834
Interest, Dividends and Rent on Land	3,422,918	-
Transfer revenue		
Government Grants and Subsidies	308,114,690	277,415,852
Public contributions and donations	35,848,785	11,396,892
Fines, Penalties and Forfeits	95	-
	379,196,613	336,363,578
18. Service Charges		
Sale of Electricity - Conventional	7,000,314	3,851,666
Sale of Electricity - Prepaid	3,512,406	3,035,202
Sale of Water - Conventional	9,605,134	9,882,878
Sale of Water - Prepaid	-	1,694,698
Sewerage and Sanitation Charges	1,261,239	3,794,560
Refuse removal	3,039,160	-
	24,418,253	22,259,004
19. Rental of facilities and equipment		
Facilities and equipment		
Rental of Facilities	-	-
Rental of equipment	109,325	49,752
	109,325	49,752

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
20. Interest on arrear accounts		
Interest - Exchange Transactions	6,947,548	5,780,324
Interest - Non - Exchange Transactions	3,422,918	-
	10,370,466	5,780,324
21. Other Income		
Photocopies	2,531	2,694
Admin Fees	10,503	50,696
Tender documents	185,670	458,828
Building Plans	21,704	72,726
Cemetery Fees	244	252
Insurance Claims Fees	13,554	-
Parking Fees	29,280	31,800
Skills Development Levy Refund	476,280	544,325
Collection Charges	-	21,856
Application fees for land usage	3,382	-
	743,148	1,183,177
22. Interest Received		
Interest revenue		
Investments	3,836,230	1,947,051
Bank	325,444	144,759
	4,161,674	2,091,810
23. Property Rates		
Rates levied		
Residential	932,327	3,634,917
Business	1,136,305	22,466,168
State	2,241,316	9,120,504
Mining	8,407,954	455,182
Farm Properties	19,092,223	2,344,413
Agricultural	-	8,570,381
Public Benefit Organisation	-	959,269
	31,810,125	47,550,834

Valuations

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2020.

Rates are levied on a monthly basis with the final date for payment being 14th of the next month. Interest is levied on overdue accounts at prime plus 1% per annum.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
24. Government Grants and Subsidies		
Operating grants		
Equitable Share	155,939,947	159,596,000
Financial Management Grant	3,081,304	3,341,602
Library Grant	1,003,826	-
Integrated National Electrification Programme Grant	1,500,000	-
Expanded public works programme	956,258	1,583,000
	162,481,335	164,520,602
Capital grants		
Municipal Infrastructure Grant	86,433,355	56,894,250
Water Service Infrastructure	59,200,000	56,001,000
	145,633,355	112,895,250
	308,114,690	277,415,852
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Financial Management Grant		
Balance unspent at beginning of year	-	341,602
Current-year receipts	3,100,000	2,682,222
Conditions met - transferred to revenue	(3,081,304)	(3,023,824)
	18,696	-
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	2,001,750	-
Current-year receipts	85,404,312	58,896,000
Conditions met - transferred to revenue	(86,436,667)	(56,894,250)
	969,395	2,001,750
Conditions still to be met - remain liabilities (see note 14).		
Provide explanations of conditions still to be met and other relevant information.		
Library Grant		
Balance unspent at beginning of year	23,824	23,824
Current-year receipts	1,759,229	-
Conditions met - transferred to revenue	(980,002)	-
	803,051	23,824
Water Services Infrastructure Grant		
Current-year receipts	59,200,000	56,001,000
Conditions met - transferred to revenue	(59,200,000)	(56,001,000)
	-	-
Expanded Public Works Programme		
Current-year receipts	1,126,000	1,583,000
Conditions met - transferred to revenue	(956,258)	(1,583,000)

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
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24. Government Grants and Subsidies (continued)

	169,742	-
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Conditions still to be met - remain liabilities (see note 14).

Provide explanations of conditions still to be met and other relevant information.

25. Public contributions and donations

Kumba Graduate Internship	-	300,899
Construction of roads	35,848,785	9,199,756
Donations of tanks	-	1,896,237
	35,848,785	11,396,892

The municipality received funds from Sishen Iron Ore - Kumba for the eradication of poverty and improving the unemployment rate in South Africa. Based on the agreement the municipality receives a donation to pay stipends for interns.

26. Employee related costs

Basic	38,925,734	36,489,672
Bonus	3,003,926	3,721,358
Medical Aid	4,437,813	5,019,006
UIF	358,359	611,590
SDL	574,160	876,559
Other payroll levies	11,541	116,851
Leave Pay	669,161	1,438,624
Scarcity Allowance	594,848	1,222,206
Standby Allowance	711,339	551,703
Pension Fund	6,486,438	6,202,549
Travel Allowances	1,418,895	805,948
Overtime	3,619,424	2,918,992
Long Service Costs	90,460	113,747
Acting allowances	2,186,634	3,093,826
Transport Allowances	3,884,155	3,801,254
Housing Benefit Allowances	2,397,070	3,048,760
Cellphone Allowance	570,350	1,255,434
Industrial Council	21,599	370,014
Non - pensionable allowance	1,064,019	551,394
Current Service Cost	253,082	229,220
	71,279,007	72,438,707

Remuneration of Municipal Manager

Annual Remuneration	752,637	752,637
Rural Allowance	83,526	83,626
Backpay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	408,000	408,000
Subsistence Allowance	42,000	42,000
Transport Claimed	42,335	-
Housing Allowance	104,856	104,856
Public Office Allowance	44,653	44,653
	1,483,695	1,449,116

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
26. Employee related costs (continued)		
Remuneration of Chief Finance Officer		
Annual Remuneration	584,327	584,327
Rural Allowance	104,033	104,033
Back Pay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	228,000	228,000
Transport Claimed	75,296	17,318
Cellphone Allowance	14,400	14,400
Housing Allowance	180,000	180,000
Public Office Allowance	48,000	48,000
	1,239,744	1,189,422
Remuneration of Corporate Service Director		
Annual Remuneration	520,023	520,023
Rural Allowance	104,033	104,033
Backpay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	200,000	200,000
Transport Claimed	31,642	10,279
Cellphone Allowance	14,400	14,400
Housing Allowance	202,772	202,771
Public Office Allowance	117,532	117,532
	1,196,090	1,182,382
Remuneration of Community Service Director		
Annual Remuneration	586,226	586,226
Rural Allowance	95,091	95,091
Backpay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	198,002	198,002
Transport Claim Received	96,289	56,690
Cellphone Allowance	14,400	14,400
Housing Allowance	84,000	84,000
Public Office Allowance	82,680	82,680
	1,162,376	1,130,433
Remuneration for Technical Services Director		
Annual Remuneration	686,130	686,130
Rural Allowance	104,033	104,033
Backpay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	151,799	151,799
Transport Claimed	3,140	-
Cellphone Allowance	14,400	14,400
Housing Allowance	202,398	202,398
	1,167,588	1,172,104

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
26. Employee related costs (continued)		
Remuneration for Local Economic Development Manager		
Annual Remuneration	598,936	598,936
Rural Allowance	104,033	104,033
Backpay	-	10,500
Covid19 Risk Allowance	5,688	2,844
Transport Allowance	236,000	236,000
Transport Claimed	24,382	14,800
Cellphone Allowance	14,400	14,400
Housing Allowance	166,800	166,800
Public Office Allowance	38,591	38,591
	1,188,830	1,186,904
27. Remuneration of Councillors		
Executive Mayor	827,007	827,077
Speaker	709,882	3,315,920
Section 79 committee chairperson	2,680,259	2,654,141
Executive Committee Members	25,429	98,108
Ordinary Councillors	7,712,683	4,755,245
	11,955,260	11,650,491
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
Accounting Officer certification of Councillors remuneration		
The Accounting Officer certifies that the salaries, allowances and benefits of Councillors as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution read with the Remuneration of Public Office Bearer's Act.		
28. Depreciation and Amortisation		
Depreciation and Amortisation	121,797,481	118,833,055
29. Interest Costs		
Employee benefit Interest Cost	194,357	157,040
Borrowings	76,434	86,469
Other interest paid	236,768	195,935
	507,559	439,444
30. Debt impairment		
Debt Impairment	(4,272,004)	286,549,957

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
31. Bulk purchases		
Electricity	9,299,158	5,769,151
Water	6,796,212	6,252,791
	16,095,370	12,021,942
32. Transfers and subsidies		
Other subsidies		
Dry Sanitation VIP	11,992,916	17,188,374
Indigent subsidies	4,797,433	2,478,712
	16,790,349	19,667,086
33. General Expenses		
Accommodation and travel	2,043,390	1,299,633
Advertisement	538,877	151,404
Auditors Remuneration	7,639,118	5,424,392
Bank Charges	226,604	242,879
Cleaning	58,145	117,208
Commission paid	(722,617)	959,553
Computer Expenses	1,202,522	1,660,739
Conferences and Seminars	894,545	960,554
Consulting and professional fees	24,659,693	23,467,000
Entertainment	797,660	217,514
Learnerships and Internships	470,280	849,676
Satellite Signals	8,776	-
Bursaries	99,111	-
Fuel and Oil	6,566,739	4,704,261
Hire	77,970	-
Insurance	2,424,417	1,654,244
Motor Vehicle Expenses	1,575,514	699,547
Car Rental	1,549	-
Office Service Charges	4,224,267	5,856,212
Postage and Courier	7,230	2,370
Printing and Stationery	332,713	195,590
Protective Clothing	30,413	35,000
Repairs and Maintenance	8,057,422	3,623,940
Security Charges	3,000,000	3,376,313
Staff welfare	20,613	322,602
Stores and Materials	3,956,974	6,869,165
Subscriptions	1,091,984	40,204
Telephone and Fax	1,130,243	1,011,380
Environmental Rehabilitation	196,235	479,138
Ward Committee Expenses	1,412,088	2,090,200
	72,022,475	66,310,718
34. Auditors' Remuneration		
Audit Fees	7,639,118	5,424,392
35. Financial Instruments Disclosure		
Categories of financial instruments		
June 2022		
Financial Assets		

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

35. Financial Instruments Disclosure (continued)

	At amortised cost	At cost	Total
Receivables from Exchange Transactions	20,105,693	-	20,105,693
Cash and cash equivalents	-	56,670,430	56,670,430
	20,105,693	56,670,430	76,776,123

Financial Liabilities

	At amortised cost	Total
Other financial liabilities	773,913	773,913
Trade and other payables from exchange transactions	61,693,278	61,693,278
Consumer Deposits	25,378	25,378
	62,492,569	62,492,569

June 2021

Financial Assets

	At amortised cost	At cost	Total
Receivables from exchange transactions	172,569,338	-	172,569,338
Cash and cash equivalents	-	45,264,992	45,264,992
	172,569,338	45,264,992	217,834,330

Financial Liabilities

	At amortised cost	Total
Other financial liabilities	892,429	892,429
Trade and other payables from exchange transactions	55,595,656	55,595,656
Consumer Deposits	23,878	23,878
	56,511,963	56,511,963

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
36. Contingencies		
Contingent Liabilities	2022	2021
1) Obakeng Donald Gabotsileli obo T. G. Thipe / Joe morolong municipality :The Municipality and Eskom is suit for damages arising from injuries sustained the electrical poles and electrical wire which was utilized for the purpose of distributing and transmitting electrical current in our area of jurisdiction belonging to Eskom.	100,000	100,000
2) Ho tla ba thata general trading contract (B121/2015) The Full Maintenance Lease Agreement (FMLA) which came to an end August 2018 however there are outstanding disputes relating to payments.	2,615,599	4,000,000
3) Joe morolong local municipality / Ditiro tsa ka trading 6 Poor performance breach by the contractor which led to termination of contract by the Municipality.	9,671,466	306,763
4) Ramzo Mining and Construction vs Joe Morolong Local Municipality A claim of R326 235.00 under Bid Number: B168/2018 which is known as the tender for " Bulk diesel supply, delivery and fuel management system". The supplier failed to perform in terms of the concerned Purchase Order issued by the Municipality.	326,235	326,235
5) Sealampes Business Enterprise CC vs Joe Morolong Municipality Poor performance breach by the contractor which led to termination of contract by the Municipality. The municipality received a notice of intended legal action for unfair dismissal, which demanded that an amount of R3 436 674.42 plus CPI escalation be paid to Sealampes Business Enterprise CC. This matter is still ongoing;	3,436,674	3,436,674
6) Peyper Attorneys v Joe Morolong Local Municipality: Applicant filed an application for review bid for appointment of panel of attorneys to include them on the panel.	150,000	-
8) O C Ntlhaile vs Joe Morolong Local Municipality Employee lodged a case at the local Government Bargaining Council relating to his salary placement. The case is finalised, the employee lodged his case outside prescribed time and did not apply for condonation. The estimated financial impact is R130 000.	-	130,000
9) SAMWU OBO T Mokgara & M Masite vs Joe Morolong Local Municipality Municipality SAMWU lodged a case with SALGBC on behalf of concerned employees regarding Housing Allowance benefit. The case is still pending. The estimated financial implication is R40 000.	-	40,000
	16,299,974	8,339,672

37. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following indicators have a negative outlook on the going concern of the municipality:

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account:

Joe Morolong Local Municipality is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The below are the amounts that the government has committed to allocate to Joe Morolong Local Municipality in line with the DORA to ensure that the municipality continues with its operations.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

37. Going concern (continued)

Heading	2022/23	2023/24	2024/25
Finance Management Grant (FMG)	3,100,000	3,100,000	3,100,000
Municipal Infrastructure Grants (MIG)	68,496,000	71,536,000	74,771,000
Integrated National Electrification Grant	37,456,000	26,312,000	109,250,000
Equitable Share	170,407,000	180,000,000	190,277,000
	279,459,000	280,948,000	377,398,000

38. Events after the reporting date

There are no major events that occurred after the reporting date.

39. Unauthorised expenditure

Opening balance as previously reported	588,133,979	587,884,572
Add: Unauthorised expenditure - current	4,312,606	249,407
	592,446,585	588,133,979

The unauthorised expenditure for the 2019-2020 financial year has been submitted to MPAC for investigation. The unauthorised expenditure for the 2020-2021 financial year will be investigated in the next 12 months.

40. Fruitless and wasteful expenditure

Opening balance as previously reported	4,678,008	4,571,426
Add: Fruitless and wasteful expenditure -current	258,159	106,582
	4,936,167	4,678,008

The fruitless and wasteful expenditure relates to interest charged by service providers i.e Eskom, Telkom, AGSA and DBSA on account arrears. The municipality was unable to pay these service providers' accounts on time due to late and non-payment of services and rates account by municipal consumers.

41. Irregular expenditure

Opening balance as previously reported	210,010,299	132,140,724
Correction of prior period error	79,914,039	73,804,516
Opening balance as restated	289,924,338	205,945,240
Add: Irregular Expenditure - current	13,369,792	4,065,059
	303,294,130	210,010,299

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2,264,393	107,171
Amount paid - current year	(2,264,393)	(107,171)
	-	-

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Bulk Electricity and water Losses in terms of section 125 (2)(d)(i) of the MFMA

30 June 2022

	Lost units	Tariff	Value
Unaccounted electricity losses	2,853,195.10	2.1080	6014535.27
Unaccounted water losses	384 299 852	0.0108	4158124.40

30 June 2021

	Lost units	Tariff	Value
Unaccounted electricity losses	1,314,669	0.4200	550,390
Unaccounted water losses	303,675	10.8200	3,285,764
	1,618,344	11	3,836,154

Audit fees

Current year subscription / fee	6,686,838	5,424,392
Amount paid - current year	(6,686,838)	(5,424,392)
	-	-

PAYE and UIF

Current year subscription / fee	354,982	598,574
Amount paid - current year	(354,982)	(598,574)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	11,001,848	11,221,555
Amount paid - current year	(11,001,848)	(11,221,555)
	-	-

VAT

VAT Input	42,810,371	32,926,902
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VAT output payables and VAT input receivables are shown in note 8.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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43. 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 a competitive bidding process.

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 and includes a note to the annual financial statements.

The following is the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

2021/22	Amount	Single Supplier	Emergency	Impractical
August 2021	2,018	1	-	-
December 2021	16,054	1	-	-
March 2022	10,742	-	1	-
	28,814	2	1	-

The municipality has assessed the whole population for prior year deviations as per the AGSA recommendation and all the cases for deviations were transferred to irregular expenditure as they met the definition of irregular expenditure.

44. Prior period errors

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

44. Prior period errors (continued)

Statement of Financial Position

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Re
Assets						
Current Assets						
Inventories	4	1,941,763	-	-	1,941,763	
Receivables from non-exchange transactions	7	30,740,646	(5,177,365)	-	25,563,281	[1]
VAT receivable	8	33,365,400	(438,498)	-	32,926,902	[2]
Prepayments	5	1,038,424	(138,632)	-	899,792	[3]
Receivables from exchange transactions	6	25,640,738	(3,587,530)	-	22,053,208	[4]
Cash and cash equivalents	3	46,143,209	(34,886)	-	46,108,323	[5]
		138,870,180	(9,376,911)	-	129,493,269	
Non-Current Assets						
Property, plant and equipment	9	1,358,927,155	(24,219,691)	-	1,334,707,464	[6]
Intangible assets	10	948,989	(17)	-	948,972	
		1,359,876,144	(24,219,708)	-	1,335,656,436	
Total Assets		1,498,746,324	(33,596,619)	-	1,465,149,705	
Liabilities						
Current Liabilities						
Other financial liabilities	11	194,978	(76,435)	-	118,543	[7]
Payables from exchange transactions	12	58,539,735	(3,121,871)	-	55,417,864	[8]
Consumer deposits	13	23,878	-	-	23,878	[9]
Employee benefit obligation	15	184,407	42,667	-	227,074	[10]
Unspent conditional grants and receipts	14	4,885,150	(2,859,576)	-	2,025,574	[11]
		63,828,148	(6,015,215)	-	57,812,933	
Non-Current Liabilities						
Other financial liabilities	11	697,451	76,463	-	773,914	[12]
Employee benefit obligation	15	2,308,044	(42,667)	-	2,265,377	[13]
Provisions	16	2,397,233	-	-	2,397,233	
		5,402,728	33,796	-	5,436,524	
Total Liabilities		69,230,876	(5,981,419)	-	63,249,457	
Net Assets		1,429,515,448	(27,615,200)	-	1,401,900,248	
Accumulated surplus		1,429,515,448	(548,971,712)	-	880,543,736	[14]

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

44. Prior period errors (continued)

Statement of Financial Performance

Figures in Rand	Note(s)	Previously reported	Adjustment	Re-classification	Restated	Re
Revenue						
Revenue from exchange transactions						
Service charges	18	21,996,892	262,112	-	22,259,004	[14]
Rental of facilities and equipment	19	49,752	-	-	49,752	
Interest from arrear accounts		5,676,260	104,064	-	5,780,324	[15]
Sundry income	21	1,183,177	-	-	1,183,177	
Interest received - investment and Bank account	22	1,974,922	116,888	-	2,091,810	[16]
Total revenue from exchange transactions		30,881,003	483,064	-	31,364,067	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	23	77,529,730	(29,978,896)	-	47,550,834	[17]
Transfer revenue						
Government grants & subsidies	24	274,217,986	3,197,866	-	277,415,852	[18]
Public contributions and donations	25	19,396,891	(7,999,999)	-	11,396,892	[19]
Total revenue from non-exchange transactions		374,338,985	(37,975,407)	-	336,363,578	
Total revenue	17	405,219,988	(37,492,343)	-	367,727,645	
Expenditure						
Employee related costs	26	(70,891,684)	(1,547,023)	-	(72,438,707)	[20]
Remuneration of councillors	27	(11,632,600)	(17,891)	-	(11,650,491)	[21]
Depreciation and amortisation	28	(113,497,748)	(5,335,307)	-	(118,833,055)	[22]
Impairment loss/ Reversal of impairments	46	(317,344,180)	313,157,921	-	(4,186,259)	[23]
Finance costs	29	(265,264)	(174,180)	-	(439,444)	[24]
Debt Impairment	30	-	(286,549,957)	-	(286,549,957)	[25]
Bulk purchases	31	(12,325,176)	303,234	-	(12,021,942)	[26]
Transfers and Subsidies	32	(19,667,086)	-	-	(19,667,086)	
Loss on disposal of assets and liabilities		(7,446,390)	(29,682)	-	(7,476,072)	[27]
Fair value adjustments		-	-	-	-	
Actuarial losses		(11,605)	-	-	(11,605)	[28]
General Expenses	33	(67,946,651)	1,635,933	-	(66,310,718)	[29]
Total expenditure		(621,028,384)	21,443,048	-	(599,585,336)	
Deficit for the year		(621,211,337)	21,626,001	-	(231,857,691)	
Disclosures						
Commitments		-	62,501,599	-	62,501,599	[30]
Irregular Expenditure		136,205,783	73,804,516	-	210,010,299	
Unauthorised Expenditure		549,941,957	38,192,022	-	588,133,979	
Fruitless and Wasteful Expenditure		4,345,920	-	-	-	
		698,087,357	166,904,440	-	860,645,877	

[3] Other Debtors have been adjusted by (138,632) due to misallocation of expenditure and writing off of fuel.

[1] Receivables from non-exchange transactions was overstated by R5,177,365. This is due to the annual billing that was incorrectly double counted that needed to be reversed.

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
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44. Prior period errors (continued)

[4] Receivables from exchange transactions was overstated by R(3,587,530). This is due to the annual billing that was incorrectly double counted that needed to be reversed.

[2] VAT was overstated by R438,498 and the error was adjusted after reviewing prior year VAT returns and SARS statements and adjustments done accordingly.

[5] Cash and cash equivalents was adjusted by (34,886) due to the correction of a posting error that resulted in cash and bank being under stated.

[6] Property, plant and equipment was adjusted by R642,924,957 due to projects that were completed but were disclosed as work in progress. There were also projects that was sitting as one liners and was thus unbundled.

[7] The split between current and non current portion for other financial liabilities was incorrect. The current portion of other financial liabilities was overstated and have thus been adjusted by (76,435).

[8] Payables from exchange transactions were adjusted by the amount of R(3,121,871). This was due to adjustments made to the following line items under payables from exchange

Leave accrued as the movement in 2021 was not taken into consideration in the 2021 financial year.

Payables to National Treasury was adjusted due to reclassification from Payables to National Treasury to Unpent Grants.

Retention fees was understated as the balances was not adequately supported.

13th cheque was understated as a result of the provision of bonuses that was incorrect.

Unallocated deposits was understated due to incorrect mapping of accounts.

Debtors with credit balances was understated due to incorrect mapping of accounts.

[9] The current portion of employee benefit obligation was understated and thus adjusted by R42 667

[10] Unspent conditional grants and receipts was adjusted down by (2,859,576). This was due to the grants in the prior year being overstated.

[11] The split between the current and non current portion for other financial liabilities was incorrect. The non current portion of other financial liabilities was thus under stated by 76,435

[12] The split between the current and non current portion for employee benefit obligation was incorrect. The non current portion of employee benefit obligation was thus over stated and have been adjusted by (42,667).

[13] Accumulated surplus was adjusted by R118,178,199 due to other adjustments from various components of the financial statements, predominantly property, plant and equipment.

[14] Service charges were adjusted by R262,112. This is due to reclassification from monthly billing to interest account.

[15] Interest from exchange transactions were adjusted by R 104,062 . This is due to reclassification from monthly billing to interest account.

[16] Interest received - investment and bank accounts were adjusted by 116,888 due to interest that were not recognised in the prior year.

[17] Property rates were readjusted by R(29,978,896). This is due to the annual billing that was incorrectly double counted that needed to be reversed.

[18] Government grants & subsidies was adjusted by 3,197,866 . This is the revised realisation based on the adjustment of the unspent grants and subsidies.

[19] Public contributions and donations was adjusted by (7,999,999) the project funded by Anglo American was practically completed on 20 March 2020 as per the practical completion certificate, therefore the project was supposed to have been capitalized to completed infrastructure in the asset register on the prior financial year and not the current year under review as per the practical completion certificates dates. This resulted in the overstatement of revenue

[20] Employee related costs was adjusted by 4,475,300 due to bonus and leave paid that was understated.

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
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44. Prior period errors (continued)

[21] Remuneration of councillors were adjusted by (17,891)

[22] Depreciation was adjusted by (9,945,354). This is as a result of recognition of depreciation that was not disclosed in the prior year

[23] Impairment loss/ Reversal of impairment was adjusted by 314,167,145 due to debt impairment being mapped seperately from impairment of property plant and equipment.

[24] Interest cost was understated by (174,180) due to interest charge that was not previously recognised.

[25] Impairment of debtors was adjusted after recalculations to the value of R(286,549,957). Debt impairment was previously mapped together under impairment loss/ reversal of impairments.

[26] Bulk purchases was understated by 303,234 .

[27] Loss on disposal of assets and liabilities were adjusted by (29,682) recalculation on depreciation subsequently impacted the loss on disposal of assets and liabilities due to the change in carrying amounts.

[28] General expenses were adjusted by R1,635,933 due to items that was incorrectly mapped under Consulting and professional fees as well as bank charges that was overstated.

The accounting policies on pages 18 to 47 and the notes on pages 48 to 78 form an integral part of the annual financial statements.

45. 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

Statement of financial performance

June 2021

46. Impairment of assets

Impairments

Property, plant and equipment	8,694,380	4,186,259
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47. Commitments

Authorised Capital Expenditure

Already contracted for but not provided for

• Property, plant and equipment	27,937,067	23,348,360
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Authorised Operational Expenditure

Already contracted for but not provided for

• Operational commitments	20,099,566	39,153,239
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The total commitments in the prior year amounting to R62,501,599 had been previously omitted.

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

48. Risk management

Financial risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	129,193	644,720	-	-
Employee benefit obligation	322,000	3,023,000	-	-
Trade and other payables	61,693,278	-	-	-
Consumer deposit	25,378	-	-	-
Unspent conditional grants and receipts	2,072,002	-	-	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	118,543	773,914	-	-
Employee benefit obligation	227,074	2,265,377	-	-
Trade and other payables	55,417,864	-	-	-
Consumer deposit	23,878	-	-	-
Unspent conditional grants	2,025,574	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	June 2022	June 2021
Receivables from exchange transactions	42,392,560	30,770,205
Cash and cash equivalents	126,534,710	46,335,553

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk..

49. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- GRAP 108 - Statutory receivables

* See Note 49 & 45 & 44

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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49. Changes in accounting policy (continued)

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2021 is as follows:

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively.

[If retrospective application is impracticable for a particular prior period, or for periods before those presented, disclose the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.]

The entity has not applied the new [name the standard or interpretation] issued, and effective for periods commencing . [Describe the new required treatment and the current treatment.] The estimated impact of the implementation of the new standard on the 2022 annual financial statements is as follows:

50. Fines, Penalties and Forfeits

Overdue Books Fines	95	-
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51. Related parties

There were no senior managers and Councillors who received any services from the municipality in the year under review. Refer to note 26 and 27(excluding the transport claims and subsistence allowance received) for the remuneration of councillors and senior managers.

There was one transaction with a close family member of a person in-service of the municipality. Okgethile Frans, the Director of Community Service's spouse is a director of the following supplier:
Aleta Melokwe Trading Enterprise R559000 (2022) R130,000 (2021)

Compensation to accounting officer and other key management

Short-term employee benefits	6,600,637	3,101,024
Defined contribution plans	2,712,816	2,639,195
	9,313,453	5,740,219

52. Statutory Receivables

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. The receivables within the scope of GRAP 108, effective for all periods started on or after 1 April 2019.

The following are regarded as statutory receivables:

Statutory Receivable

Property rates	31,810,125	47,550,834
VAT	42,810,371	32,926,902
	74,620,496	80,477,736

* See Note 49 & 45 & 44

VOLUME II: ACTION PLAN 2021-2022



Joe Morolong Local Municipality – Audit Action Plan



Not resolved
In progress
Resolved

COMAF Nr.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department Within the Municipality
1	ISS.1	Policies of the Municipality not reviewed and approved	Internal Controls	Other important matters	Medium	We could not confirm through inspection of the following policies and the Municipality's Council resolution register whether these policies were approved or reviewed by Council.	Management should ensure that - The Municipality's policies are reviewed regularly - Record of when the policies are reviewed and approved by Council is kept including resolution numbers. This will ensure that the Municipality can easily track when their policies were reviewed and ensure that the information contained in the policies is updated on a regular basis.	There are no controls in place to ensure that the Municipality's policies are regularly reviewed and approved. There are no controls in place to ensure that the Municipality keeps record of all policies that the Municipality has and also record of when the policies were approved and reviewed by Council including resolution numbers for the approval and review performed. Impact of the finding	30-May-23	In Progress	T Gopetse	Corporate Services
2	ISS.100	Property rates: Limitation of scope RFI 29 Prior Period Error	Revenue	Matters Affecting the Audit Report	High	During the course of the audit, the following information was requested as per RFI's stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 21 September 2022. The information below was not received, within the additional 2 days. RFI No Detail of outstanding information Date issued Date due 29 Supporting documents to prior period error. 13 September 2022 16 September 2022.	It is recommended that management should ensure that financial statements are thoroughly reviewed to promote accuracy and completeness	This finding will result in an internal control deficiency as there are no controls over the review and approval of policies. Management did not do a thorough review of the AFS to promote accuracy of the AFS	30-May-23	In Progress	O Ramukhuvhathi	BTO
3	ISS.101	Employee Cost- Completeness of payments to third parties	Employee Costs	Other important matters	High	During the audit of Joe Morolong Local Municipality for the year of assessment of 2021/22 during the testing of employee cost the payments made to third parties could not be traced to the General ledger on a monthly basis furthermore the following creditors could not be traced to the creditors listing. For the following institutions, third party payments could not be identified in the general ledger for the following months. 1. SAMWUMED for the month of June 2022. 2. BONITAS for the month of June 2022. 3. LA HEALTH for the month of June 2022. 4. KEY HEALTH for the month of June 2022 5. SANLAM SKY for the month of June 2022 6. Pension Fund for the month of June 2022 7. UIF for the month of June 2022 8. Industrial Council for the month of June 2022 Cause Management did not implement effective internal controls to ensure appropriate and accurate record keeping system for financial reporting purposes. Impact This results in an understatement of employee cost and other creditors with a judgemental error amounting to R2 359 468 calculated as follows: Medical Aid :R 624 383.02 (189 644+44 993+260 866+62 202+66 676) •Pension fund :R 793 211 •UIF/PAY/ESDL :R 936 841 •Industrial Council :R 5 033	Management should ensure that they implement effective internal controls to ensure appropriate and accurate record keeping system for financial reporting purposes.	Management did not implement effective internal controls to ensure appropriate and accurate record keeping system for financial reporting purposes	30-Apr-23	In Progress	M Beke	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department Within the Municipality
4	ISS.102	PPE - Asset written off not derecognized in terms of GRAP 17	Property, Plant and Equipment	Other important matters	Medium	<p>During the completeness testing of infrastructure assets, the auditor selected assets physically from the field for testing and identified that a water plastic tank that was written off in period under review was not adequately derecognized in terms of GRAP 17. The following asset was written off in the fixed asset register but still had a carrying value at year end:</p> <p>The asset was disclosed as disposed in the fixed asset register however the full amount of the asset was not disclosed as disposed which resulted in the asset incorrectly having a carrying amount of R2 285,58</p>	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.</p>	<p>Management did not ensure that assets that are disposed are derecognized in terms of GRAP 17.</p>	Not Started	OP Kgajane	BTO	
5	ISS.103	PPE - Infrastructure assets with a nil carrying amount identified during completeness testing	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During the completeness testing of infrastructure assets, the auditor randomly selected asset from field to trace to the fixed asset register. Whilst performing the completeness procedure the auditor identified that some of the assets selected were carried at nil and the condition in the fixed asset register was assessed to be fair. This is an indication that the useful life and residual values of infrastructure assets was not appropriately reviewed and will result in an accounting error. The following were selected and were carried at nil. REFER TO CMF 43 FOR MORE INFORMATION</p> <p>1. During the audit of Retentions, differences were identified between amounts recorded in the Retentions Schedule and the Payment Certificates as at 30 June 2022. The following differences were identified (REFER TO CMF 61 FOR MORE INFORMATION)</p>	<p>Management therefore needs to make sure to avoid this situation in future by regularly reviewing the useful life all depreciable assets.</p>	<p>Management did not implement yearly reviews of the useful lives and residual values of depreciable assets in terms of GRAP 17.</p>	31-Mar-23	P Kgajane	BTO	
6	ISS.104	Retention Fees: Recalculated the retention fees and identified differences	Other Matters	Other important Matters	Medium	<p>1. During the audit of Retentions, differences were identified between amounts recorded in the Retentions Schedule and the Payment Certificates as at 30 June 2022. The following differences were identified (REFER TO CMF 61 FOR MORE INFORMATION)</p>	<p>Management should ensure that adequate internal controls are put in place for the compilation of the Retentions Listings to ensure that amounts are captured as per the balance on the Payment Certificates as at year-end.</p>	<p>Management did not ensure that adequate internal controls are in place for preparation of the Retentions Listing.</p>	31-Mar-23	O Ramukhuvhathi	BTO	
7	ISS.105	Prepaid electricity - GL amount cannot be agreed to the source documents	Revenue	Matters Affecting the Audit Report	High	<p>During the audit of revenue for prepaid electricity, it was noted that the municipality does not do a reconciliation between the GL Bank statement and the contour reports/supermarket invoices/ south 32 reports.</p> <p>In addition the amount as per the GL could not be traced to the source document provided by the municipality.</p> <p>Therefore I could not be able to agree the amounts below as per the GL to the source document</p>	<p>Management should ensure that an adequate prepaid electricity reconciliation should be performed which should compare prepaid electricity sold as per Contour reports, prepaid electricity recorded as per the GL, prepaid electricity amounts received from service providers as per the bank statements. The reconciliation should also confirm the amount of prepaid electricity disclosed in the AFS and should agree to the AFS.</p> <p>All the relevant supporting documentation that will enable auditors to recalculate prepaid electricity disclosed should be submitted.</p>	<p>Through discussion held with management it was noted that the management does not do a reconciliation and the bank statement is used to prepare the GL.</p>	In Progress	O Ramukhuvhathi	BTO	
8	ISS.106	Employee Cost - Difference identified in prior period error disclosure	Employee Costs	Other important matters	Critical	<p>During the audit of prior period error for employee cost, the following difference was identified between the disclosure note and the narration. Furthermore, we could not confirm the accuracy and validity of the adjustments disclosed as period error supporting documentation for employee cost was not submitted.</p> <p>The prior period error supporting documentation was requested under RFI 29 issued on 13/09/2022 and due on 16/09/2022. Subsequently cut off letter 2 was issued on 19/10/2022 and due on 21 September and management indicated that the information will be submitted with the adjusted financials on 24 September. We further inspected the prior period error supporting documentation folder submitted on 24 Sept 2022 and confirmed that information relating to employee cost was not submitted. Therefore a limitation of scope was experienced on the amount disclosed on a prior period error on employee related cost at R1 547 023</p> <p>Furthermore it was noted that there is a differences between the amount disclosed in the prior period error note and the narration included in the prior period error note as indicated in the table below.</p> <p>Prior period error note:44 Note 1 547 023 Narration [20] 4 475 300 - 2 928 277</p> <p>The information was requested and included in a cut letter, however the information was still not submitted therefore it will no longer be accepted by auditors.</p>	<p>It is recommended that management should do a proper review of the AFS and ensure they are supported by reliable, accurate and complete information.</p>	<p>The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.</p>	In Progress	M Bele	BTO	

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
9	ISS.107	Prior year issue not solved - Iss 145 - Revenue from exchange sale of water (Differences between meter readings billed and Auditors recalculation/approved tariffs)	Revenue	Other important Matters	Medium	During the testing of Revenue from Exchange Sale of Water it was noted that there were differences to the amounts billed to the approved tariffs. The following Differences was noted, and it was further noted that in the current year management did not address the prior year finding. REFER TO CMF 41 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	Lack of oversight by management	31-Mar-23	Not Started	M Moagi	BTO
10	ISS.109	Prior year issue not solved - Iss 179 - Revenue from exchange sewerage and sanitation charges Accuracy	Revenue	Other important Matters	Medium	As per prior year During the testing of revenue from exchange sewerage and sanitation there was differences noted between the auditors recalculation based on the approved tariffs and the billing report (Some of the billings did not have meter square please refer to the below table. REFER TO CMF 42 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	31-Mar-23	Not Started	M Moagi	BTO
11	ISS.111	Property, Plant and Equipment: The fixed asset register figures does not agree with the AFS figures	Property, Plant and Equipment	Affecting the Auditor's report	High	During inventory and capital assets business process walk through, the auditor identified differences between the fixed asset register submitted in and the annual financial statements for the financial line-item property, plant and equipment. Total amount as Fixed asset register: R 1 316 938 626.49 Total amount as per Annual financial statements: R1 978 271 700 Total difference: (R661 333 073.5). REFER TO CMF 4 FOR MORE INFORMATION.	Management should ensure that the balances presented in the annual financial statements are corresponding with those of the fixed asset register.	This finding is as a result of lack of oversight by management Impact of the finding	31-Mar-23	Not Started	P Kgajane	BTO
12	ISS.110	Prior year issue not solved - Iss 201 - Revenue from exchange Electricity Meter readings could not be determined (Limitation)	Revenue	Other important Matters	Medium	During the testing of revenue from exchange Electricity meter readings could not be determined for the following customers as the readings was negative, therefore the following occurrence could not be confirmed: It was further identified that in the current year, management did not address the prior year findings. REFER TO CMF 44 FOR MORE INFORMATION.	Management should ensure information is provided for the prior year limitation findings raised	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	31-Mar-23	Not Started	M Moagi	BTO
13	ISS.111	Revenue from exchange transactions - Journal for prior period error and support not provided	Revenue	Other important Matters	Medium	During the course of the audit, the following information was requested as per RFI's stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 16 September 2022. The information below was not received, within the additional 2 days. The prior period correction amount to the value of R483 064 as per note 44 prior period errors. REFER TO CMF 47 FOR MORE INFORMATION.	Management should consider implementing controls that will ensure proper record keeping of documentation to enable timely submission of information requested by the auditors.	Lack of proper record keeping of documents.	31-Mar-23	Not Started	M Moagi	BTO
14	ISS.112	Service charges - Incorrect classification	Revenue	Other important Matters	Medium	During the audit of the revenue from exchange transactions, it was noted that the prior year amount of refuse removal (as per the prior year AFS) is reflected on the comparative amount for sale of water - prepaid (as per the current year AFS). REFER TO CMF 52 FOR MORE INFORMATION.	The management should ensure that the financial statements are reviewed before they are submitted to the auditors, in addition a reconciliation should be done to compare the prior year amount to the comparative amounts on the current year AFS.	Lack of proper reconciliations done between the general ledger and the AFS before submission for audit.	31-Mar-23	Not Started	M Moagi	BTO
15	ISS.113	Prior year issue not solved - Iss 227 - Sale of electricity - An estimate of unused prepaid electricity at year end not calculated	Revenue	Matters Affecting the Audit Report	High	As per prior year finding The Municipality did not calculate an estimate of unused prepaid electricity units that should not be recorded as revenue at reporting date. There was also no evidence provided by the Municipality to demonstrate that it was impractical to calculate the estimate. Therefore the electricity amount disclosed in the annual financial statements may be overstated as it takes into account the unused electricity units at year end. Current year Through discussion held with management it was confirmed that the municipality does not do estimates, however the reason was not provided. The finding is not resolved	Management should ensure that they calculate an estimate of unused or an estimate of electricity not consumed by the municipality's customers. The estimated amount should them be excluded from the total electricity amount to be disclosed by passing a journal. This will ensure that revenue amount recognised is reliable. If management does not do estimate, reason for not calculating the estimate should be provided.	Lack of oversight by management	30-May-23	In Progress	O Ramukhuvathi	BTO
16	ISS.114	Prior year issue not solved - Iss 254 - Revenue from exchange - Differences identified between the billing reports and financial statements	Revenue	Other important Matters	Medium	As per prior year finding The following differences were noted when reconciling the billing report to the annual financial statements. REFER TO CMF 46 FOR MORE INFORMATION.	Management should ensure that all uncorrected prior misstatements are corrected and necessary adjustments are done on the annual financial statements.	Lack of oversight by management Impact	31-Mar-23	Not Started	M Moagi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
17	ISS. 115	Prior year issue not solved - Iss 148 - Prepaid electricity: issues identified	Revenue	Other important Matters	Medium	<p>As per prior year finding</p> <p>1. The following differences were noted between the General Ledger, Financial Statements and Contour Reports. Therefore we could not confirm the accuracy and completeness of the prepaid electricity disclosed: Amount 220.43 Prepaid electricity as per Contour reports excluding VAT 3 007 659.64 - 304 439.21</p> <p>b)Prepaid electricity as per AFS 3 600 583.00 Prepaid electricity as per Contour reports excluding VAT 3 007 659.64 592 923.36</p> <p>c)Prepaid electricity as per AFS 3 600 583.00 Prepaid electricity as per General ledger excluding VAT 2 703 220.43 897 362.57</p> <p>2. Through inspection of the Municipality's reconciliation of prepaid electricity, it was noted that a commission of 5% and 4% was taken into account when recalculating prepaid electricity disclosed. However, evidence to confirm the commission agreed upon could not be obtained. As per the prepaid electricity reconciliation performed by the Municipality the commission amounts to R141 354.04</p> <p>3. The Municipality's reconciliation performed is not complete or is not adequate. The reconciliation only has prepaid electricity amounts as per the Contour reports. It does not have the prepaid electricity amounts recorded on the General Ledger and the amount of prepaid electricity disclosed as per the annual financial statements.</p> <p>4.Through further assessment, it was noted that the invoice confirming the amount claimed for prepaid electricity from the service provider for the month of November, which in the same selection for audit as the December, was not provided for audit purposes when the information was requested.</p> <p>Current year</p> <p>Through inspection of the support provided it was confirmed that there was no recon between the general ledger and prepaid electricity reports done. The finding is not solved</p>	<p>Management should ensure that all uncorrected prior misstatements are corrected and necessary adjustments are done on the annual financial statements.</p>	Lack of controls in place to ensure that prepaid electricity is recorded and disclosed at appropriate amounts	31-Mar-23	Not Started	M Moagi	BTO
18	ISS. 116	Prior year issue not solved - Iss 284 - Revenue from exchange transaction :(Sewerage and Sanitation Charges) building plans not provided	Revenue	Other important Matters	Medium	<p>As per prior year finding</p> <p>During the audit of revenue from exchange transactions relating to sewerage and sanitation, building plans was requested in RFI 105 to determine whether services was charged this information was not received and a cut-off letter 24 was subsequently issued however the information was still not received from the municipality. REFER TO CMF 48 FOR MORE INFORMATION.</p> <p>Current year</p> <p>Through inspection of the support provided it was confirmed that there was no recon between the general ledger and prepaid electricity reports done. The finding is not solved</p>	<p>Management should ensure that all uncorrected prior misstatements are corrected and necessary adjustments are done on the annual financial statements</p>	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information	31-Mar-23	Not Started	M Moagi	BTO
19	ISS. 118	Prior year issue not solved - Iss 153 - Interest charged as revenue measured inclusive of VAT and interest bearing balances not provided	Revenue	Other important Matters	Medium	<p>As per prior year issue</p> <p>1. Through recalculation of the following interest charged it was noted that the Municipality charged interest inclusive of VAT.REFER TO CMF 45 FOR MORE INFORMATION.</p>	<p>Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.</p>	Lack of oversight by management There are no controls in place to ensure that interest charged is accurate.	31-Mar-23	Not Started	M Moagi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
20	ISS.119	Prior year issue not solved - Iss 203 - Revenue from exchange transactions- interest received journals (Limitation)	Revenue	Other important Matters	Medium	As per prior year finding During the testing of revenue from exchange transactions interest received, information was requested in request of information 109 and Cut off letter 16, however the following requested information was not subsequently provided by the municipality. REFER TO CMF 47 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	The cause of the finding is due to the municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	31-Mar-23	Not Started	M Moagi	BTO
21	ISS.120	Prior year issue not solved - Iss 214 - Revenue from exchange transactions - Completeness of Other income not confirmed	Revenue	Other important Matters	Medium	As per prior year finding. We could not trace the following transactions to the Municipality's General Ledger and there for completeness of other income could not be confirmed. REFER TO CMF 44 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	Lack of oversight by management Impact	31-Mar-23	Not Started	M Moagi	BTO
22	ISS.121	Employee cost - Prior year issue 105 no resolved- Employee cost: Completeness of payments to third parties	Employee Costs	Matters Affecting the Auditor's report	High	During the audit, it was identified that management did have appropriate action to address the prior year finding. During the audit of Joe Morolong Local for the year of assessment of 2020/21, during the testing of employee cost the payments made to third parties could not be traced to the General Ledger on a monthly basis (12 months) furthermore the following creditors could not be traced to the creditors listing. For the following institutions, third party payments could not be identified in the general ledger for the following months. 1. SAMMUMED for the month of July, August, (2020). 2. BONITAS for the month of July, August, (2020). 3. LA HEALTH for the month of July, August, (2020). 4. KEY HEALTH for the month of July, August, (2020). 5. SANLAM SKY for the month of July, August, (2020). 6. Pension Fund for the month of July, August, (2020). 7. UIFPAYE/SDL for all the months of July, August, September, (2020). 8. Industrial Council for July, August, September, (2020).	Management should ensure that they implement effective internal controls to ensure appropriate and accurate record keeping system for financial reporting purposes.	Management did not implement effective internal controls to ensure appropriate and accurate record keeping system for financial reporting purposes.	31-Mar-23	Not Started	M Segami	Corporate services
23	ISS.122	Bulk Purchases: Limitation on prior year error adjustment	General Expenses	Other important matters	Medium	The municipality did not submit all of the requested information to the auditors. The information was requested under Prior period error support as per RFI 29 issued on the 13/09/2022. The RFI was part of Cut-off letter 2 issued on 19/09/2022 due on 21/09/2022. The Prior period error support for Bulk purchases, auditors are unable to link the supporting documents amount to the restated amount.	Management should ensure that the information that relates to prior year correcting errors is submitted for audit.	The municipality does not have appropriate controls in place to ensure that expenditures batches and journals are stored safely in such a manner that they are easily retrieved for audit purposes.	30-Apr-23	In Progress	M Bale	BTO
24	ISS.123	Prior period error note : Trade payables restatement amount supporting documentation not provided.	Payables from Exchanges	Other important Matters	Medium	During the audit of Payables from exchange transactions prior year adjustment, information was requested as evidence of the payables from exchange transactions prior year error on the annual financial statements under note 44, the request was sent under RFI 29 on the 13th of September 2022 it was due on the 16th of September 2022. furthermore there was a cut off letter number 2, which was issued on the 19th of September 2022 and due on the 21 September 2022. The schedule was provided without the supporting information therefore the auditors were unable to audit payables from exchange transaction prior year adjustment under the disclosure note 44 prior period errors. REFER TO CMF 50 FOR MORE INFORMATION.	Management should ensure that they submit all requested information including the relevant supporting documentation.	This finding is as a result of lack of oversight by management in ensuring that prior period error are disclosed and adjusted when there is appropriate support.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
25	ISS.124	Statement of Comparison of Budget and Actual Amounts - Incorrectly presented	Budget	Matters Affecting the Auditor's report	High	Management did not disclose reasons for material variances in the statement of budget and actual.	It is recommended that management should ensure that financial statements are adequately reviewed before they are submitted to promote accuracy and completeness	Financial Statements are not adequately reviewed to promote accuracy and completeness.	31-Mar-23	Not Started	K Thupae	BTO
26	ISS.126	Prior year issue not resolved (Iss 272)- Related parties (Limitation of scope)	Related Parties	Matters Affecting the Audit Report	High	The following issue relates to prior year. The issue was followed up in the current year and no supporting documentation was provided for the limitation. The issue therefore remains unresolved. The related party transaction is not supported by a separate schedule that consolidates all the related party transactions. As per note 46 there was no listing or schedule provided by management with the AR-S to support the R 5 740 219, the auditor could further not be able determine the accuracy and validity of amount disclosed	Management should put in place controls to ensure that supporting schedules to the financial statements are properly reviewed.	Lack controls to ensure that schedules are properly reviewed in the preparation of the financial statements	30-Mar-23	In Progress	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
27	ISS.127	Information not provided to confirm accuracy of inventory	Inventory	Other important matters	Medium	Contrary to the above during the audit RFI no.70 was issued to request for information for support to confirm the value of inventory was made: a document that had a description of the inventory item, however it is just a page with no supporting documents to confirm the value on the inventory schedule. Discussion was held with management during the reconciliation of information received and management indicated that they could not provide the auditors with additional support for the below inventory items. During the course of the audit, the following information was requested as per RFI's stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 21 September 2022. The information below was not received, within the additional 2 days.	Management should ensure that a transparent record keeping for transaction and amount used to prepare Annual Financial Statements is in place.	Management did not submit appropriate sufficient audit evidence	30-Jun-23	Not Started	OP Kgajane	BTO
28	ISS.128	Limitation of scope - Public contributions and donation - Prior period error supporting documentation not provided	Public Contributions	Matters Affecting the Audit Report	High	RFI No Detail of outstanding information Date issued Date due 29 Supporting documents to prior period error. 13 September 2022 16 September 2022 During the audit of MFMA disclosure, the following issues were noted: (a) The total cost of units purchased was incorrect since the municipality did not use the cost of energy instead the municipality used electricity unit plus electrification and rural cost (b) The unit of electricity sold that was used by management (3 866 690 units) is incorrect since it does not agree the unit as per the cumulative billing used by management (1 933 345 units) (c) There is a difference noted between the auditors recalculated amount and the amount disclosed in the financial statements. REFER TO CME 70 FOR MORE INFORMATION	Management should consider implementing controls that will ensure proper record keeping of documentation to enable timely submission of information requested by the auditors.	Lack of proper record keeping of documents	28-Feb-23	Resolved	O Ramukhuvhathi	BTO
29	ISS.129	Unaccounted electricity losses - Difference between management calculation and supporting document	Revenue	Matters Affecting the Auditor's report	High	During the audit of MFMA disclosure, the following issues were noted: (a) The total cost of units purchased was incorrect since the municipality did not use the cost of energy instead the municipality used electricity unit plus electrification and rural cost (b) The unit of electricity sold that was used by management (3 866 690 units) is incorrect since it does not agree the unit as per the cumulative billing used by management (1 933 345 units) (c) There is a difference noted between the auditors recalculated amount and the amount disclosed in the financial statements. REFER TO CME 70 FOR MORE INFORMATION	Management should ensure that: - They put controls in place to ensure that information captured on the unaccounted losses schedule is accurate. They should also ensure that these controls are properly implemented to ascertain the accuracy of information disclosed in the annual financial statements. - The schedule for unaccounted losses is reviewed by management.	The cause of the finding is due to lack of review by management before the financial statements are issued for audit. The schedule for unaccounted losses is not reviewed by management	31-Mar-23	Not Started	M Moagi	BTO
30	ISS.13	Issues identified on the understanding of entity wide controls	Internal Control Deficiencies	Other important matters	Medium	During planning of the audit for the understanding the entity's internal control relevant to the audit the following deficiencies in internal control were identified: 1. Job descriptions are included in the adverts for vacant positions however, there are no job descriptions in place in the contracts of employees, this was confirmed through inspection of the employee files. 2. No job evaluations are done by the municipality management for employees, this was confirmed through inspection of the employee files and enquiry with management. 3. There is no assessment of deficiencies in internal controls done by management 4. There are no promotions done, which means there is no way to develop and retain talent in the municipality. No succession planning. 5. Through inspection of the Risk management plan/register it could be confirmed that actions are not implemented, there are no timeframes indicated and the progress is not included. 6. Through inspection of the external audit action plan, it could be confirmed that management actions are not included in all the findings. 7. The IT policy refers to outdated framework and the new framework is not approved. 8. There is no evidence that a needs analysis was performed before the appointment of consultants or the renewal of the contract thereof to ensure that the municipalities resources are used economically and efficiently. 9. There is no evidence that the CFO reviewed the contingencies schedule. 10. There are no performance evaluations and appraisals that were done in the current year. 11. Internal audit function recommendations are not implemented by management.	Management should ensure that controls are implemented and those that are already in place at the municipality are operating effectively. This will ensure that errors are detected at each stage of transaction approval.	This finding is as a result of lack of oversight by management	30-May-23	In Progress	T Gopetse	Corporate Services

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
31	ISS.130	Receivable from exchange transactions - No support provided for prior period error	Receivables	Matters Affecting the Auditor's Report	High	During the course of the audit, the following information was requested as per RFIs stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 16 September 2022. The information below was not received, within the additional 2 days. The prior period correction amount to the value of R3 587 530 as per note 44 prior period errors, hence could not be tested.	Management should consider implementing controls that will ensure proper record keeping of documentation to enable timely submission of information requested by the auditors	Lack of proper record keeping of documents	30-May-23	In Progress	O Ramukhuvhathi	BTO
32	ISS.131	PPE - Project completed prior to year-end included in the WIP register	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	RFI No Detail of outstanding information Date issued Date due 29 Supporting documents to prior period error. 13 September 2022 16 September 2022 During the audit of work-in-progress, the auditor identified that a project was included in the work in progress register even though it was practically completed prior to year-end. The practical completion certificate was obtained and signed by management of the municipality on 2022/06/03. The following completed asset was included in WIP. REFER TO CMF 54 FOR MORE INFORMATION	It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.	Management did not ensure that projects that are completed are transferred out of work-in-progress and are included as part of additions in the fixed asset register	31-Mar-23	Not Started	P Kgajane	BTO
33	ISS.132	PPE - Differences identified between WIP additions and payment certificates	Property, Plant and Equipment	Other important matters	Medium	During the audit of work-in-progress, the auditor identified differences between the capital expenditure disclosed in the register and the payment certificates. The auditor recalculated the capital expenditure using all the fee accounts, payment vouchers and payment certificates and the following differences were identified following was identified: When projects are moved from the WIP register, they are moved with a unique projects reference code to the completed assets register (FAR), where they are unbundled. For one to agree the actual cost movement from WIP to FAR only a project reference code can be used to fill the FAR for unbundled asset total actual cost on the FAR. The payment batches for respective unbundled components was requested from management and it was confirmed that the project reference cannot be linked to the actual payment batches/payment certificates provided (Due to the fact that the project reference is not written on the actual payment batches/certificate and projects name is not consistent throughout the payment certificates for respective projects). Furthermore, the asset register also consists of assets/projects that were completed before 30 June 2018 (which is the valuation date of the asset register) and some of the assets have been disposed of during each year, making it impractical for the auditor to agree the project total cost as per the FAR to the payment batches/certificates. REFER TO CMF 85 FOR MORE INFORMATION	It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.	Management did not ensure that all the transactions relating to work-in-progress are recorded accurately	30-Jun-23	In Progress	OP Kgajane	BTO
34	ISS.133	Prior year Iss.65 not resolved - PPE: Limitation on actual cost	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	During detail testing of the fixed asset register in the prior year, the following was identified: When projects are moved from the WIP register, they are moved with a unique projects reference code to the completed assets register (FAR), where they are unbundled. For one to agree the actual cost movement from WIP to FAR only a project reference code can be used to fill the FAR for unbundled asset total actual cost on the FAR. The payment batches for respective unbundled components was requested from management and it was confirmed that the project reference cannot be linked to the actual payment batches/payment certificates provided (Due to the fact that the project reference is not written on the actual payment batches/certificate and projects name is not consistent throughout the payment certificates for respective assets/projects that were completed before 30 June 2018 (which is the valuation date of the asset register) and some of the assets have been disposed of during each year, making it impractical for the auditor to agree the project total cost as per the FAR to the payment batches/certificates. REFER TO CMF 85 FOR MORE INFORMATION	It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.	Management did not put in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.	31-Mar-23	Not Started	P Kgajane	BTO
35	ISS.134	PPE - Fruitless and Wasteful expenditure identified in work-in-progress projects	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	by BMH Africa Engineers (Pty) - Consulting engineers stated Tlofo - Tlofo Plant Hire & Transport, as the contractor that completed the Makhubung Phase 3, 4 and 5 (EMS 0049). Furthermore through physical verification of the site it was noted that the name board at the project site stipulates that the contractor that constructed and completed Makhubung Phase 3, 4 and 5 is Tlofo - Tlofo Plant Hire & Transport. However, the supporting documents submitted by the municipality stipulate that payments were made to Kirima_Mashego JV contractors for Makhubung Phase 3, 4 and 5. As the project was completed by a different supplier other than the one initially appointed to perform the contract this results in a fruitless and wasteful expenditure as the amounts paid to the initial supplier, Tlofo - Tlofo Plant Hire & Transport, are not being paid to Kirima_Mashego JV. REFER TO CMF 85 FOR MORE INFORMATION.	It is recommended that management should consider putting in place and implement effective internal controls to ensure that capital projects are completed and no unauthorised, irregular and fruitless and wasteful expenditure is incurred.	The municipality does not have appropriate controls in place to ensure that SCM regulations are followed.	31-Mar-23	Not Started	P Kgajane	BTO

COMAF Nr.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
36	ISS, 135	Property, plant and equipment - Disposal of assets approved after year-end	Property, Plant and	Matters Affecting the Auditor's report	High	Inspected the minutes of the council meeting held on 30 Aug 2022 for the disposal of assets and confirmed that the council approved the disposal of assets after they were disposed as at 30 June 2022. Furthermore through inspection of the minutes of council held 30 Aug 2022 it was confirmed that the minutes were not signed/authorised as evidence of approval.	Management should ensure that councils approval is obtained before assets are disposed of	This is due to managements lack of implementing controls to ensure councils approval of assets to be disposed of before it is actually disposed.	31-Mar-23	Not Started	P Kgajane	BTO
37	ISS, 136	Property, plant and equipment - Difference between council minutes and fixed asset register	Property, Plant and	Other important matters	Medium	Inspected the councils minutes of the meeting held on 30 August 2022 and confirmed that community assets to be approved for disposal had a carrying value of R0, however through further inspection of the asset register confirmed that the assets to be disposed of had a carrying value amounting to R77 934.72	Management should ensure the accurate records are presented to council when requesting disposals of assets	This is due to managements lack of implementing adequate controls to ensure accurate records of the municipality is maintained	30-Jun-23	In Progress	OP Kgajane	BTO
38	ISS, 137	Prior year issue not solved - issue 37 - Receivables from exchanged transaction; Incorrect Classification	Receivables	Matters Affecting the Audit Report	High	As per prior year finding The following receivable relates to prior year water services grants for the department of water affairs. The receivable was incorrectly classified as receivables from exchanged transactions. As it is a grant, it should have been classified as receivables from non-exchanged transactions No Debtor Account Number Revenue Type Balance per Age Analysis 1 DWA 12 Other receivables 13 809 465.61 Current year Through inquiry with management it was indicated that the finding has not yet been resolved.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	30-May-23	In Progress	O Ramukhuhathi	BTO
39	ISS, 138	Prior year issue not solved - issue 36 - Receivables from exchanged transactions; Variances between Age analysis and supporting documents	Receivables	Matters Affecting the Audit Report	High	As per prior year finding The following differences were noted between the age analysis, the department of water affairs reconciliation and supporting documents No Debtor Acc Nr Debtor Type Balance per Age Analysis Balance per supporting documents Variance 1 DWA 12 Other receivables 13 809 465.61 18 682 417.81 -4 872 952.20	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	30-May-23	In Progress	O Ramukhuhathi	BTO
40	ISS, 139	Prior year Iss.265 not resolved - PPE: Presentation and disclosure incomplete	Property, Plant and Equipment	Other important matters	Medium	During testing of property plant and equipment in the prior year and current year, presentation and disclosure note as per note 9, the following inconsistencies were identified: • Work in progress reconciliation only showed WIP relating to infrastructure assets however through inspection of the WIP register there were projects under construction relating to community assets. • Disclosure required by GRAP 17, 87 (b) for projects taking significant time to complete is not made on the note.	Management should adjust the financial statements to include the disclosure required by GRAP 17	Management did not ensure that property plant and equipment presentation and disclosure is in accordance with GRAP 17 disclosure requirements	30-Jun-23	In Progress	OP Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
41	ISS.140	Additional MFMA disclosures. Disclosed amounts do not agree with other notes	Additional MFMA disclosures	Other important matters	Medium	<p>The following differences were identified between the current year AFS comparative amount and the prior year AFS audited financial statements.</p> <p>42. Additional disclosure in terms of Municipal Finance Management Act 2022 Comparative figures 2021 Audited financials Difference Bulk Electricity and water Losses in terms of section 125 (2)(d)(i) of the MFMA Unaccounted electricity losses 550 390 808 461 -258 071 Unaccounted water losses 3 285 764 668 525 2 617 239 Audit fees 5424382 Current year subscription / fee 3829201 1585191 PAYE and UJF Current year subscription/fee 598 574 10 106 216 -9 507 642 Pension and Medical aid deductions Current year subscriptions/fee 11 221 555 6 407 809 4 813 746</p> <p>During the course of the audit, the following information was requested as per RFI's stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 16 September 2022. The information below was not received, within the additional 2 days. The prior period correction amount to the value of R438 488 as per note 44 prior period errors.</p>	<p>Management should ensure that the financial statements are properly reviewed before they are submitted for audit.</p>	<p>The financial statement were not adequately reviewed by management</p>	30-Mar-23	In Progress	O Ramukhuvhathi	BTO
42	ISS.141	VAT receivable - No support provided for prior period error	VAT Receivables	Other important Matters	Medium	<p>As per prior year finding [A. 1] Recalculated Retention fees and identified differences</p> <p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Based on the above it could be concluded that supporting documents were not submitted to the auditors as requested. Therefore, the prior year issue remains unresolved. REFER TO CMF 57 FOR MORE INFORMATION.</p>	<p>Management should consider implementing controls that will ensure proper record keeping of documentation to enable timely submission of information requested by the auditors.</p>	<p>Lack of proper record keeping of documents.</p>	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
43	ISS.142	Retention Fees: Recalculated the retention fees and identified differences (prior year iss 146)		Other important Matters	Medium	<p>As per prior year finding [A. 1] Recalculated Retention fees and identified differences</p> <p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Based on the above it could be concluded that supporting documents were not submitted to the auditors as requested. Therefore, the prior year issue remains unresolved. REFER TO CMF 57 FOR MORE INFORMATION.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that documents are stored safely in such a manner that they are easily retrieved for audit purposes. The store room should be access controlled.</p>	<p>The municipality does not have appropriate controls in place to ensure that statements from Treasury are stored safely in such a manner that they are easily retrieved for audit purposes</p>	31-Mar-23	Not Started	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
44	ISS, 143	Debtors with Credit Balances: Recalculated the payable and identified differences (Prior year Iss 211)		Other important Matters		<p>As per prior year finding [A.1] Debtors with credit balances: Recalculated the payable and identified differences (Prior year Iss 211)</p> <p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Based on the above it could be concluded that journals and journals supporting documents were not submitted to the auditors as requested.</p> <p>a) During the audit of debtors with credit balances, significant internal control deficiencies were identified. Due to these deficiencies, differences between the debtor's statements and the debtors with credit balances listing were identified. The following differences were noted when the payable was recalculated, REFER TO CMF 58 FOR MORE INFORMATION.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	<p>The municipality does not have appropriate controls in place for proper safekeeping.</p>	31-Mar-23	Not Started	O Ramukhvhathi	BTO
45	ISS, 144	Leave Provision: Recalculated the leave accrued and identified differences (Prior year ISS 106)	Employee Costs	Other important Matters	Medium	<p>As per prior year finding [A.1] Leave provision: Recalculated the leave accrued and identified differences (Iss 106)</p> <p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Differences in the closing balance of leave days (opening balance + annual leave accrued - leave days taken) and the daily pay rate were noted. The following differences were noted when the leave provision was recalculated: REFER TO CMF 58 FOR MORE INFORMATION.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	<p>The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	31-Mar-23	Not Started	M Segami	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
46	ISS.145	Employee cost: Completeness of payments to third parties(les 105)	Employee Costs	Matters Affecting the Audit Report	High	<p>As per prior year finding - Prior year ISS.105 The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>During the audit of Joe Morolong, Local Municipality for the year of assessment of 2020/21 during the testing of employee cost the payments made to third parties could not be traced to the General ledger on a monthly basis furthermore the following creditors could not be traced to the creditors listing. For the following institutions, third party payments could not be identified in the general ledger for the following months.</p> <ol style="list-style-type: none"> 1.SAMWUMED for the month of November, October, December (2020). 2. BONITAS for the month of August, September, October and November. (2020). 3. LA HEALTH for the month of August, November and December. (2020). 4. KEY HEALTH for the month of August, September, October and November (2020) 5. SANLAM SKY for the month of August, September, November and December. (2020) 6. Pension Fund for the month of August, September, November and December. (2020) 7. UJF for all the months of the year of assessment. (2020 - 2021) 8. Industrial Council for all the months of the year of assessment (2020-2021) <p>Current year assessment: Based on the above it could be concluded that the following the prior year issue remains unresolved. Cause of the finding</p> <p>The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes. Impact of finding The following payments could not be traced to the General Ledger, however no payables were raised. Medical Aid :R2,087,385 (948346+2178236+782619+212772+274180) +Pension fund :R3,313,413,16 +UJF :R698,574 +Industrial Council :R923,224</p> <p>Therefore the Other creditors is understated by an estimated amount of R6,932,582 (Accumulated surplus is overstated) for the comparative amount of the AFS.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	<p>The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes</p>	30-Apr-23	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
47	ISS, 146	Annual Financial Statements: AFS- High level checklist: MFMA (Prior year Iss 20)	Annual Financial Statements	Matters Affecting the Audit Report	High	<p>As per prior year finding [A.1] Summary of finding: High level review</p> <p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Payables from exchange transactions</p> <p>a) The following differences were noted between the AFS and the Payables Listings: AFS Creditor's Listing Difference 29 812 149,42 6 112 Trade Payables 35 924 710,00 560,58</p> <p>AFS Debtors with credit balances Schedule Difference 5 378 760,00 6 290 Debtors with credit balances 5 378 760,00 6 290 535,19 - 911 775,19</p> <p>AFS Leave Accrual Schedule Difference 6 186 139,22 - 1 321 Leave Accrued 4 864 731,00 408,22</p> <p>b) Schedules for the following the payable items were not submitted: AFS amount Retention Fees - 212 056,00 Unallocated Deposits - 745 719,00</p> <p>c) Furthermore, the following items had negative balances and reduced the total balance for Payables From Exchange Transactions: AFS amount 1 228 221,00 Other creditors - 1 228 221,00 Retention Fees - 212 056,00 Unallocated Deposits - 745 719,00</p> <p>Current year assessment of the finding: Based on the above it could be concluded that the following prior year issue remains unresolved.</p> <p>During the audit of MFMA disclosure, the following issues were noted (a) The total units purchased was incorrectly calculated. (b) The unit of water sold that was used by management is incorrect since the management used the current year reading instead of consumption. (c) Management and auditors have a difference which is calculated as follows: REFER TO CMF 69 FOR MORE INFORMATION)</p> <p>Contrary to the above information RFI 119 was issued requesting the supporting documents to the irregular expenditure and was due on 28 Oct 2022, and subsequently a cut letter 8 was issued and due on 4 Nov 2022. Therefore we could not obtain sufficient adequate supporting documentation to confirm the following irregular expenditure incurred. REFER TO CMF 67 FOR MORE INFORMATION)</p>	<p>Management should ensure that the financial statements are properly reviewed before they are submitted for audit.</p>	The financial statement were not adequately reviewed by management.	30-Mar-23	In Progress	O Ramukhuvhathi	BTO
48	ISS, 147	Unaccounted water losses - Number of unit loss incorrectly calculated	Unaccounted water losses	Matters Affecting Auditor's report	High	<p>(a) The total units purchased was incorrectly calculated. (b) The unit of water sold that was used by management is incorrect since the management used the current year reading instead of consumption. (c) Management and auditors have a difference which is calculated as follows: REFER TO CMF 69 FOR MORE INFORMATION)</p> <p>Contrary to the above information RFI 119 was issued requesting the supporting documents to the irregular expenditure and was due on 28 Oct 2022, and subsequently a cut letter 8 was issued and due on 4 Nov 2022. Therefore we could not obtain sufficient adequate supporting documentation to confirm the following irregular expenditure incurred. REFER TO CMF 67 FOR MORE INFORMATION)</p>	<p>Management should ensure that: - They put controls in place to ensure that information captured on the unaccounted losses schedule is accurate. They should also ensure that these controls are properly implemented to ascertain the accuracy of information disclosed in the annual financial statements. - The schedule for unaccounted losses is reviewed by management.</p>	The cause of the finding is due to lack of review by management before the financial statements are issued for audit. The schedule for unaccounted losses is not reviewed by management	31-Mar-23	Not Started	L Moimwe	Technical Service
49	ISS, 148	Irregular expenditure - Could not obtain adequate supporting documentation	Irregular expenditure	Matters Affecting the Auditor's report	High	<p>Contrary to the above information RFI 119 was issued requesting the supporting documents to the irregular expenditure and was due on 28 Oct 2022, and subsequently a cut letter 8 was issued and due on 4 Nov 2022. Therefore we could not obtain sufficient adequate supporting documentation to confirm the following irregular expenditure incurred. REFER TO CMF 67 FOR MORE INFORMATION)</p>	<p>Management should implement adequate controls to ensure accounting records are maintained</p>	This due to managements lack of implementing adequate controls to ensure that accurate records of the municipality is maintained	31-Mar-23	Not Started	T Molalwe	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
50	ISS.149	Irregular expenditure - Irregular expenditure recorded at exclusive of VAT	Irregular Expenditure	Other important matters	Medium	<p>The following irregular expenditure incurred were recorded at exclusive of VAT:</p> <p>Information as per Irregular Expenditure Register Information as per support</p> <p># Date of Payment Supplier Name Amount Reference Amount VAT ind Difference</p> <p>1 11/04/2022 Autogeeek Diagonosis and Programming 68,079.77 10443 78,291.74 - 10,211.97</p> <p>2 11/04/2022 Autogeeek Diagonosis and Programming 56,242.19 10442 64,678.52 - 8,436.33</p> <p>3 12/04/2022 Autogeeek Diagonosis and Programming 71,402.72 10447 82,113.13 - 10,710.41</p> <p>4 12/04/2022 Autogeeek Diagonosis and Programming 36,144.59 10441 41,566.28 - 5,421.69</p> <p>5 12/04/2022 Autogeeek Diagonosis and Programming 79,248.50 10445 91,135.84 - 11,887.34</p> <p>Totals 311,117,357,785.51 - 46,667.74</p> <p>During the audit of the review of the expenditure note, note 33, it was noted that the amount of the commission paid was a credit amount of R722 617.</p> <p>This results in an understatement of expenditure, as a credit entry has the effect of reducing general expenditure and thus implying that the line-item commission paid is an income and not by nature an expense.</p>	<p>Management should implement adequate controls to ensure accurate accounting records are recorded</p>	<p>This is due to managements lack of implementing adequate controls to ensure that accurate records of the municipality is recorded</p>	30-Mar-23	In Progress	T Molaolwe	BTO
51	ISS.15	Expenditure incorrectly disclosed in the AFS	General Expenses	Other important matters	Medium	<p>During the audit of the Statement of Changes in net assets the following difference were identified:</p> <p>Information as per Statement of Changes in Net Assets Re-calculation Total Amount Difference</p> <p>Opening balance as previously reported (1,458,675,773)</p> <p>(1,458,675,773)</p> <p>Correction of errors 2,571,077,200</p> <p>Balance at 01 July 2020 as restated* 1,112,401,427 1,112,401,427</p> <p>Surplus for the year (231,857,691) (231,857,691)</p> <p>Total changes (231,857,691) (231,857,691)</p> <p>Opening balance as previously reported 911,105,127 880,543,736</p> <p>30,561,391,00</p> <p>Total 30,561,391,00</p> <p>Information as per Statement of Changes in Net Assets As per prior year AFS</p> <p>Description Total net assets Total net assets Difference</p> <p>Opening balance as previously reported (1,458,675,773)</p> <p>1,650,802,998 (3,109,478,771)</p> <p>Correction of errors 2,571,077,200 (2,284,776) 2,573,361,976</p> <p>Balance at 01 July 2020 as restated* 1,112,401,427 1,648,518,222 (536,116,795)</p> <p>Surplus for the year (231,857,691) (219,002,774) (12,854,917)</p> <p>Total changes (231,857,691) (219,002,774) (12,854,917)</p> <p>Opening balance as previously reported 911,105,127 1,429,515,448 (518,410,321)</p> <p>Total (1,616,363,745)</p> <p>Information as per Statement of Changes in Net Assets Information as per prior period error note</p> <p>Description Total net assets Description Amount Difference</p> <p>Correction of errors 2021 490,795,121 Prior period error note as per 2021 AFS (124,664,000) 615,459,121</p> <p>Correction of errors 2022 (25,206,627) Prior period error note as per 2022 AFS (27,615,200) 2,408,573</p> <p>Total 617,867,694</p>	<p>Management should implement proper review of the financial statements and the supporting general ledger before issuing to the annual financial statements to the auditors.</p>	<p>This is as a result of a lack of oversight from management</p>	30-Apr-23	In Progress	M Bele	BTO
52	ISS.150	Statement in changes in net assets - Differences identified	Statement in changes in net assets	Matters Affecting the Audit Report	High	<p>Information as per Statement of Changes in Net Assets As per prior year AFS</p> <p>Description Total net assets Total net assets Difference</p> <p>Opening balance as previously reported (1,458,675,773)</p> <p>1,650,802,998 (3,109,478,771)</p> <p>Correction of errors 2,571,077,200 (2,284,776) 2,573,361,976</p> <p>Balance at 01 July 2020 as restated* 1,112,401,427 1,648,518,222 (536,116,795)</p> <p>Surplus for the year (231,857,691) (219,002,774) (12,854,917)</p> <p>Total changes (231,857,691) (219,002,774) (12,854,917)</p> <p>Opening balance as previously reported 911,105,127 1,429,515,448 (518,410,321)</p> <p>Total (1,616,363,745)</p> <p>Information as per Statement of Changes in Net Assets Information as per prior period error note</p> <p>Description Total net assets Description Amount Difference</p> <p>Correction of errors 2021 490,795,121 Prior period error note as per 2021 AFS (124,664,000) 615,459,121</p> <p>Correction of errors 2022 (25,206,627) Prior period error note as per 2022 AFS (27,615,200) 2,408,573</p> <p>Total 617,867,694</p>	<p>Management should implement adequate controls to ensure accurate accounting records are maintained</p>	<p>This is due to managements lack of implementing adequate controls to ensure accurate accounting records are maintained</p>	30-Jun-22	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
53	ISS.151	Prior year issue not solved - issue 34- Receivables: Supporting document for account balances not submitted for audit	Receivables	Matters Affecting the Audit Report	High	<p>During the audit, it was identified that the following misstatements relating to the prior year was not resolved</p> <p>As per the prior year finding</p> <p>Supporting documents for large and unusual transactions relating to receivables from exchange transactions were requested via RFI 22 and subsequently out of 10 was issued on 15 November 2021 and due on 17 November 2021 however the following supporting documents to the debtors accounts was not submitted for audit purposes:</p> <p>NO Debtor Account Number Revenue Type Balance</p> <p>1 Dept Of Housing Loggov 503 Sundry receivables 13 336 764,60</p> <p>2 Hsh Construction Nc Is 2217 Services Charges 8 805 587,75</p> <p>3 Dept Of Coghsta 13 Sundry receivables 7 638 507,96</p> <p>4 Dept Of Housing Loggov 503 Sundry receivables 6 617 440,48</p> <p>5 Hotazel Manganesse Mines Pty Ltd 2063 Services Charges 4 539 487,61</p> <p>6 Life Occupational Health 1822 Services Charges 4 317 641,05</p> <p>7 Dept Of Rural Dev land Reform 514 Sundry receivables 4 274 394,34</p> <p>8 Hotazel Manganesse Mines Pty Ltd 1731 Services Charges 4 234 355,00</p> <p>9 Dept Of Coghsta 13 Sundry receivables 3 639 757,07</p> <p>10 Hotazel Recreation Club 1991 Services Charges 3 436 401,46</p> <p>11 Hotazel Manganesse Mines Pty Ltd 2 Sundry receivables 3 276 006,33</p> <p>64 116 353,65</p> <p>Current year</p> <p>RFI 118 was issued on the 25 October 2022 and it was due on the 28 October 2022. In addition Cut - off letter was sent and due on the 04 November 2022. The information was not received.</p>	<p>Management should implement controls that ensure proper record keeping to ensure timeous submission of information requested for audit purposes.</p>	<p>The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information</p> <p>Impact</p>	30-May-23	In Progress	O Ramukhuvhathi	BTO
54	ISS.153	Limitation of scope - expenditure payment batches not provided.	General Expenses	Other important matters	Medium	<p>During the audit of general expenditure, information was requested by the auditors under RFI 123 on the 02 October 2022, and there was transactions for which no support was submitted as detailed below:</p> <p>VOTE NUMBER VOTE DESCRIPTION TYPE OF TRANSACTION DESCRIPTION DEBIT AMOUNT PID TRANSACTION DATE</p> <p>IE03001006000000000000000000000000</p> <p>Expenditure Contracted Services: Cuisourced Services: Catering Services Catering Services Invoice 187700001859/2021-2022 9.450 27/06/2022</p> <p>IE01003002000000000000000000000000</p> <p>Expenditure Operational Cost: Licences: Motor Vehicle Licence and Registrations Licence and registration Sundry Invoice - SPI7/12/0007022/2021-2022 25 600 07/12/2021</p>	<p>The municipality should design and implement appropriate controls in place to ensure that expenditure batches are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	<p>The municipality does not have appropriate controls in place to ensure that expenditure batches and journals are stored safely in such a manner that they are easily retrieved for audit purposes</p>	30-Apr-23	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
55	ISS.154	Commitments - Completeness could not be confirmed	Commitments	Matters Affecting the Auditor's report	High	<p>Consisted in commitment notes are items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash, these are broken down into 2 commitments under Note 47 of the annual financial statements:</p> <ul style="list-style-type: none"> • Authorized Capital Expenditure, which is already contracted for but not provided for under property, plant and equipment • Authorized Operational Expenditure, which is already contracted for but not provided for under Operational commitments <p>Therefore the population for commitments consists of items under the tender register, VIP register and contract register.</p> <ol style="list-style-type: none"> 1. The contract register was reviewed and it was noted that the contract register was not complete, ISS-4, was communicated to management 2. There was an issue identified under the VIP register, where by the auditor identified that a project was included in the work in progress register even though it was practically completed prior to year-end, ISS:131 was communicated to management. 3. There was a material difference between the trail balance and the financial statements for infrastructure assets as communicated in issue 39 communication of audit finding 16. 4. The tender register was reviewed in conjunction with the contract register, and it was noted that there were contracts included in the contract register however not in the tender register. 5. Also, the tender register includes the appointment of panels which cannot be traced to the commitment register as it does not have the details of the specific projects/contracts for the appointed panel. 6. The tender register is an issuance of the tender by the municipality, which does not specify the period of the tender as well as the overall rand value of the tender/contract, after the tender is awarded to the supplier, it is then recorded to the contract register, and due to the below issues on the contract register, the auditor was unable to determine the full extent of the commitments and the completeness thereof. 	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate register management and record keeping system for financial reporting purposes.</p>	Management did not ensure the contract register and work in progress register are complete in order to ascertain the completeness of commitments as a disbursement item.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
56	ISS.155	Unauthorized expenditure - Difference	Unauthorised Expenditure	Matters Affecting the Auditor's report	High	<p>During the audit of unauthorised expenditure, the auditor reconciled the differences between the budget per vote and per expenditure as per the general ledger and the following differences were identified, REFER CIMF 60 FOR MORE INFORMATION)</p>	<p>Management must adequately review the financial statements to ensure adequate schedules are submitted.</p>	Management did not adequately review the financial statements to ensure that it is clear as to how unauthorised expenditure was calculated and recorded.	31-Mar-23	Not Started	K Thupae	BTO
57	ISS.156	Cashflow statement - Amounts in the cashflow statement not accurate	Budget	Matters Affecting the Auditor's report	High	<p>During the audit of Cash Flow Statement, the following differences were identified (REFER TO OMF 74 FOR MORE DETAILS)</p>	<p>Management should ensure that the financial statements are adequately reviewed.</p>	Inadequate review of the annual financial statements by management.	31-Mar-23	Not Started	K Thupae	BTO
58	ISS.157	Commitments, Contracts not submitted for audit purposes	Commitments	Matters Affecting the Auditor's report	High	<p>During the testing of commitments, the auditor identified that contracts received under RFI 60, which was sent on the 27th of September 2022 and due on the 30th of September 2022, the contracts submitted; however the following contracts could not be verified in terms of the submission (REFER TO CIMF 82 FOR MORE INFORMATION)</p>	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure information requested for the audit purpose is submitted timely.</p>	Management did not ensure the information requested for audit purposes, is submitted timely.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
59	ISS.158	Limitation of scope, Prior period error adjustment support not submitted- General expenses	General Expenses	Other important matters	Medium	<p>During the course of the audit of general expenditure, the following information was requested as per RFI's stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 21 September 2022. The information below was still not received, within the additional 2 days allowed.</p> <p>RFI No Detail of outstanding information Date issued Date due 29 Supporting documents to prior period error. 13 September 2022 16 September 2022</p>	<p>Management should ensure that they put controls in place that will ensure that all the supporting documents for transactions processed are kept in a central place and are readily available to be submitted to auditors upon request.</p>	The Municipality does not have adequate controls in place with regards to records management.	30-Apr-23	In Progress	M Bebe	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
60	ISS.159	Sale of prepaid electricity - Difference between GL & AFS amount	Revenue	Other important Matters	High	Contrary to the requirement, the following differences were identified for revenue from sale of prepaid electricity between the general ledger and the AFS:REFER TO CMF 78 FOR MORE INFORMATION.	Management should revisit the annual financial statements submitted for audit and perform reconciliations between the general ledger and the AFS before submission for audit.	Lack of proper reconciliations done between the general ledger and the AFS before submission for audit.	31-Mar-23	Not Started	M Moagi	BTO
61	ISS.160	General Expenses - Completeness testing - Amounts recorded in incorrect year	Expenditure	Other important Matters	Medium	While performing audit procedures to confirm the completeness of the expenditure for the year ended 30 June 2022, the transactions below were incurred in the current financial year but were not recorded in the general ledger for the year ended. REFER TO CMF 84 FOR MORE INFORMATION)	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made	Management did not adequately review the financial statements to ensure that they are correct.	31-Mar-23	Not Started	M Beke	BTO
62	ISS.161	Prior period error supporting documents not provided-Receiveables from non-exchanged transactions	Receivables	Matters Affecting the Audit Report	High	During the audit of receivables from non-exchanged transactions prior year adjustment, information was requested as evidence of the prior year adjustment on the annual financial statements under note 44, the request was sent under RFI 29 on the 13th of September 2022. It was due on the 16th of September 2022, furthermore there was a cut off letter number 2, which was issued on the 19th of September 2022 and due on the 21 September 2022. The schedule was provided without the actual supporting information and therefore the auditors were unable to audit receivables from non-exchanged for the prior year adjustment under the disclosure note 44 prior period errors. Cause of the finding.	Management should ensure that the information that relates to prior year correcting errors is submitted for audit.	This finding is as a result of lack of oversight by management.	30-May-23	In Progress	O Ramukhuhahle	BTO
63	ISS.162	Property, plant and equipment - Could not obtain supporting documentation for prior period error	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	Contrary to the above-mentioned requirement the following differences were identified between the supporting schedule for the prior period adjustment and the final adjustment performed. REFER TO CMF 77 FOR MORE INFORMATION	Management should implement adequate controls to ensure prior period error adjustments are supported by sufficient supporting documentation	This is due to managements lack of implementing adequate controls to ensure prior period adjustments are supported by appropriate supporting documentation	31-Mar-23	Not Started	P Kgajane	BTO
64	ISS.163	Property, plant and equipment: Difference identified between comparative of note 9 and note 46 (Prior year: ISS.191)	Property, Plant and Equipment	Other important matters	Medium	Contrary to the above-mentioned requirement the following difference was identified between the comparative figures of note 9: Property, plant and equipment and note 46: Impairment loss Difference 4,993,653.00 807,394.00 4,186,259.00	Management should implement adequate controls to ensure consistency in the annual financial statements	This due to managements lack of implementing adequate controls to ensure consistency in the annual financial statements	30-Jun-23	In Progress	OP Kgajane	BTO
65	ISS.164	Property, plant and equipment: Prior year completeness issue not corrected (Prior period: ISS.59)	Property, Plant and Equipment	Other important matters	Medium	Contrary to the above-mentioned requirement the following assets selected in the prior year could not be traced to the asset register. Through further inspection of the asset register confirmed the following: Barcode Description Issue 23292 Shelf Asset described as plastic chair 36681 Electric grain motor Asset not included in asset register	Management should implement adequate controls to ensure the asset register is complete and accurate	This is due to managements lack of implementing adequate controls to ensure the fixed asset register is complete	30-Jun-23	In Progress	OP Kgajane	BTO
66	ISS.165	Property, plant and equipment - Assets with zero balance included in asset register	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	Contrary to the above requirement the following assets were selected from the floor were recorded with a zero balance in the asset register. REFER TO CMF 75 FOR MORE INFORMATION	Management should implement adequate controls to ensure the asset register is complete and accurate	This due to managements lack of implementing adequate controls to ensure the asset register is complete and accurate	31-Mar-23	Not Started	P Kgajane	BTO

COMAF Nr.	EX No.	Item	FSLI	Impact on the Audit Report	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
67	159,166	VAT Receivable - Reasonability of VAT receivable	VAT Receivables	Matters Affecting the Audit Report	High	<p>During the audit of vat confirmed that a vat receivable was disclosed. Recalculated the VAT and confirmed that the VAT receivable disclosed is not reasonable, please refer to the calculation below:</p> <p>RECONCILIATION Opening balance VAT as per AFS 32 926 902,00 Plus Input VAT as per 201's 29 790 221,43 Less Output VAT as per 201's (5 851 403,34) Plus Closing balance VAT in trade payables 9 253 991,70 Less Opening balance VAT in trade payables (8 312 679,60) Less Closing balance VAT in receivables from exchange transactions (3 015 853,95) Plus Opening balance VAT in receivables from exchange transactions 3 307 860,45 VAT paid/(received) from SARS (19 905 347,62) Journal adjustments (4 076 293,75) Closing balance VAT as re-calculated 34 117 517,32 Closing balance VAT as per AFS 42 810 371,00 Difference (8 692 853,68)</p> <p>The difference identified above was based on the reasonability test that was done by the auditors. The reason for the differences is resulting from the misstatement that were raised by the auditors last year and still not resolved in the prior year which affected the opening balance of the VAT receivable in the current year.</p> <p>In the prior year there were issues raised for the following that affected the opening balance of the VAT receivable (a) Receivable from exchange transaction had misstatement in the prior year that were not resolved, (b) Revenue from exchange transactions had misstatement and limitation in the prior year that was not raised, there were also misstatements identified in the current, (c) Payable from exchange transaction had misstatement in the prior year that were not solved as well as in the current year (d) Expenditure had misstatement in the prior year that were not resolved</p> <p>In addition, the current year there was no supporting document for the prior period errors for the account balances and transactions listed above. Resulting to cut off letter due to information not being received.</p>	<p>Management should also perform a reasonability test during the AFS review levels, especially when there is material misstatement on the opening balance of VAT receivable that were not resolved in the prior year.</p>	Lack of proper review of the AFS by management before submission for audit	28-Feb-23	In Progress	O Ramukhvhathi	BTO
68	159,167	VAT Receivable - GL VAT amounts do not agree to the amounts per VAT 201	VAT Receivables	Other important Matters	Medium	<p>During the VAT receivable testing we identified differences in VAT input between the GL amounts and payments per VAT 201, REFER TO CMF 80 FOR MORE INFORMATION.</p>	<p>Management should ensure that the VAT amount paid to or claimed from SARS is supported by a valid and reliable information</p>	Management did not ensure that the VAT paid and claimed agree with the amount per general ledger.	31-Mar-23	Not Started	O Ramukhvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department Within the Municipality
69	ISS.168	Prior year issue not solved - Iss 78 - Impairment of receivables. Assumptions used not reasonable	Receivables	Matters Affecting the Audit Report	High	<p>While performing audit procedures to assess the reasonability of the allowance for the impairment of receivables based on the municipality policy and methodology against the requirements of GRAP 1, GRAP 104 and GRAP 108, we concluded that the allowance for credit losses was not reasonable and not consistent with the requirements of GRAP for the following reasons:</p> <ol style="list-style-type: none"> The municipality did not perform an objective assessment on the recoverability of receivables for the year under review. Debtors risk categories used in the impairment calculations and methodology was assessed and determine to be not reliable because of inconsistencies noted as well lack of evidence or justification to support how the Auditee arrived at these ratings. There is no objective evidence, justification or historic payment-patterns data presented in the methodology document to support the risk ratings, for example: <ul style="list-style-type: none"> - Schools and hospitals are both departmental debtors, yet schools are classified as high risk while hospitals are classified as low risk debtors - All residential properties are classified as High-risk debtors. Upon analysing the debtors age analysis, it was noted that a large portion of residential debtors are residential properties owned by the Local mines. The 2020/2021 payment history report indicate significant residential property rates and services, payments from the surrounding mines, yet they are categorised as high payments and impaired 100%. A house belonging to company, who makes regular payments cannot be in the same risk category as an individual. Similarly, an indigent debtor can also not be in the same category as a non-indigent debtors <p>Risk rating is one of the most critical variables in determining possible impairment, as Grap 104.62 states that debtors with similar risk characteristics must be grouped together and assessed collectively for impairment</p> <p>Current year</p> <p>Management submitted the debt impairment schedule. Through inspection of debt impairment schedule and it was confirmed that debtors risk categories used in the impairment calculations cannot be reliable because of inconsistencies noted as well lack of evidence or justification to support how the Auditee arrived at these ratings. There is no objective evidence, justification or historic payment-patterns data presented in the methodology document to support the risk ratings, for example: The policy state if the account is inactive the risk should be assessed as high. However, through inspection of the management schedule it was noted that some are assessed as low. In addition the policy state that the schools are assessed as medium risk. In management calculation schools were assessed as high risk Receivables from non-exchanged transactions</p>	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	Lack of oversight by management Impact	30-May-23	In Progress	O Ramkhuvhathi	BTO
70	ISS.169	Prior year issue not solved - Iss 90 - Receivables: Allowance for impairment calculation errors	Receivables	Matters Affecting the Audit Report	High	<p>During the execution of the walkthrough of the Related Parties business process the auditor identified that the municipal council, the accounting officer and senior managers did not declare any financial or personal interest for the period under review</p>	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	Lack of oversight by management	30-May-23	In Progress	O Ramkhuvhathi	BTO
71	ISS.17	Related Parties: No declarations by accounting officer, senior managers and councillors	Related Parties	Other important Matters	Medium	<p>Management did not ensure that related parties declare any personal and financial interest for the period under review.</p>	Management must ensure that the accounting officer, senior managers and council members declare personal and financial interest on an annual basis.	Management did not ensure that related parties declare any personal and financial interest for the period under review.	31-Mar-23	Not Started	O Ramkhuvhathi	BTO

COMAF N°.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
72	ISS.170	Irregular expenditure - multi-year unconditioned contract not recorded as irregular expenditure	Irregular Expenditure	Matters Affecting the Auditor's report	High	Contrary to above requirement the following total payments was identified in the general ledger which was made to a supplier for a contract that was not conditioned and not included in the irregular expenditure register however the tender process awarded to the supplier was identified as irregular expenditure in the prior year. REFER TO CMF 77 FOR MORE INFORMATION	Management should implement adequate controls to ensure irregular expenditure is recognised and recorded	This is due to managements lack of implementing adequate controls to ensure that irregular expenditure is identified and is recorded in the irregular expenditure register	31-Mar-23	Not Started	T Molaolwe	BTO
73	ISS.171	Irregular expenditure - No invoices included in payment batch (Prior period ISS.155)	Irregular Expenditure	Other important matters	Medium	Contrary to the above information RFI 130 was issued requesting the supporting documents to the irregular expenditure and was due on 09 Nov 2022. Therefore, we could not obtain sufficient adequate supporting documentation to confirm the following irregular expenditure incurred	Management should implement adequate controls to ensure accounting records are maintained	This due to managements lack of implementing adequate controls to ensure that accurate records of the municipality is maintained	30-Mar-23	In Progress	T Molaolwe	BTO
74	ISS.172	Limitation on Indigent register	Transfers and Subsidies	Matters Affecting the Audit Report	High	During the testing of Transfer and subsidies we noted the following findings within the indigent register 1. 33 individuals with no ID numbers were identified, refer to Annexure A 2. 2588 individuals listed as a deceased person on the NPR database were identified, refer to Annexure B 3. 501 individuals where the ID numbers could not be found on the NPR database were identified, refer to Annexure C 4. 192 individuals in the employment of or another government department or organisation, refer to Annexure D 5. 3 individuals that has an interest in suppliers of government and Municipalities, refer to Annexure E 6. 202 individuals with an ID number duplicated on the individual register, refer to Annexure F 7. 29 individuals with spouses in the employment of one or another government department or organisation, refer to Annexure G 8. 3 individuals with spouses that has an interest in suppliers of government and municipalities, refer to Annexure H	Management should ensure adequate controls are implemented to ensure that indigent register is accurate and only includes applicant who qualify to be included as indigents	This finding is as a result of lack of oversight by management.	30-Jun-23	In Progress	N Nqude	BTO
75	ISS.173	SCM Quotation testing - Three quotations not obtained	Supply Chain Management	Matters Affecting the Audit Report	High	Contrary to the above the following payments below of payments of amount above R10 000 three quotations have not been received and further there was no record for reasons why three quotations were not obtained: Number Supplier (Payment reference) Award (and payment) Amount (R) PID No. Three quotations not obtained as per SCM reg 17(c) & 36(2) 1 Leisure Time Inn R36 000.00 6590 X 2 AUTOGEEK DIAGNOSIS AND PROGRAMMING R82 030.55 7003 X 3 AUTOGEEK DIAGNOSIS AND PROGRAMMING R62 499.76 8014 X 4 BUVHEZI TRADING 1059 R10 850.00 6381 X Total: R191 380.31	Management should ensure that they comply with Municipal Supply Chain management regulations 17(c) & 36(2)	The municipality did not follow the quotation process during the procurement of goods and services	30-Mar-23	In Progress	T Molaolwe	BTO
76	ISS.174	Unauthorised expenditure - Limitation of scope	Unauthorised Expenditure	Matters Affecting the Auditor's report	High	During the audit of unauthorised expenditure information was requested under RFI 119, which was sent on 26 October 2022 and due on 31 October 2022, subsequently Cut-off letter number 8 was sent as the information requested was not received for unauthorised expenditure	It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate information is readily available and record keeping system for financial reporting purposes.	Management did not ensure the information relating to unauthorised expenditure is readily available for audit purposes.	31-Mar-23	Not Started	K Thupae	BTO
77	ISS.175	Scope Limitation General expenses journal support stores and materials	Expenditure	Matters Affecting the Auditor's report	High	Stores and materials The auditor requested journal supporting documentation was requested as per RFI 139 which was due on 14/11/2022, and the supporting information was not received. REFER TO CMF 87 FOR MORE INFORMATION.	Management should start implementing controls that enable proper record keeping so that information is readily available for audit purposes.	Management does not have adequate controls in place to ensure supporting documentation is readily available for audit purposes.	31-Mar-23	Not Started	M Beke	BTO

COMAF No.	EX No.	Item	FSLI	Impact on the Audit Report	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
78	ISS.177	General expenses - payments not submitted for completeness testing	General Expenses	Matters Affecting the Audit Report	Critical	<p>The payments were batches were requested for audit purposes in RFI 1127 which was due on 09 November 2022 but the following batches were not submitted:</p> <p>Statement Reference Account Name Amount Transaction Date 2022245003/1 TSAA THEBE CONSTRUCTION 564 509,26 2022/09/02 202225001/1 LA PROVENCE ACCOMODATION 4 080,00 2022/09/12 STB50 SAFEWAY TRADE AND INVEST 816,99 2022/09/15 2022265002 ESKOM HOLDINGS(9387428449) 1 860 244,30 2022/09/22 2022600051 ESKOM 6774236054 35 484,54 2022/09/16 Cause</p> <p>Management does not have adequate internal controls to ensure that information is readily available for audit purposes. Impact:</p> <p>This will result in a limitation of scope to the project amount of R15 985 614,71 for the general expenses.</p>	<p>Management should enforce controls that enable proper record keeping so that information is readily available when requested for audit.</p>	<p>Management does not have adequate internal controls to ensure that information is readily available for audit purposes</p>	30-Apr-23	In Progress	M Bele	BTO
79	ISS.178	SCM-Quotation and Bids not evaluated in accordance with PPPF	Supply Chain Management	Matters Affecting the Audit Report	High	<p>The municipality did not comply with the requirements of the PPR in the evaluation and scoring of bids and quotations. The following was noted:</p> <ul style="list-style-type: none"> - Bids/ quotes were not evaluated in accordance with the preference point system as prescribed by the PPPF Act by applying the relevant preference point system; - Points were not awarded for attaining the B-BBEE status level contributor in accordance with PPR to all eligible bidders/prospective suppliers who submitted bids/quotations; - Invitation for quotation not submitted to determine criteria -the evaluation criteria for measuring functionality <p>The journal were requested (RFI 72) also the cut off letter 13 was issued. The information was received however the underlying support is inadequate.</p> <p>There were documents submitted which appeared to be journals however this could not be confirmed for the following reasons:</p> <ol style="list-style-type: none"> The document number on the submitted information did not match the document number of the transaction as stipulated in the general ledger, therefore the accounts and amounts on the document submitted could not be agreed to accounts and amounts in the general ledger. The document submitted did not have any underlying supporting documents which stipulate the description or classification for the accounts debited and credited. The document submitted did not have any underlying support which stipulate the amount of the transactions. The document submitted did not stipulate the journal narrations indicating the reasons for posting the journal.REFER TO CMF 85 FOR MORE INFORMATION. 	<p>Management should exercise more adequate monitoring of controls over the implementation of the SCM policy to ensure compliance with the SCM regulations, PPPFA and PPR</p>	<p>Lack of adequate monitoring over the implementation of the SCM Policy and ensuring compliance with the SCM regulations and PPR.</p>	30-Mar-23	In Progress	T Molaolwe	BTO
80	ISS.179	Prior year issue iss. 110 not resolved: PPE - Journals supporting documentation inadequate	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>The journal were requested (RFI 72) also the cut off letter 13 was issued. The information was received however the underlying support is inadequate.</p> <p>There were documents submitted which appeared to be journals however this could not be confirmed for the following reasons:</p> <ol style="list-style-type: none"> The document number on the submitted information did not match the document number of the transaction as stipulated in the general ledger, therefore the accounts and amounts on the document submitted could not be agreed to accounts and amounts in the general ledger. The document submitted did not have any underlying supporting documents which stipulate the description or classification for the accounts debited and credited. The document submitted did not have any underlying support which stipulate the amount of the transactions. The document submitted did not stipulate the journal narrations indicating the reasons for posting the journal.REFER TO CMF 85 FOR MORE INFORMATION. 	<p>Management should ensure that the information kept is relevant, accurate and complete, is accessible and available to support financial reporting</p>	<p>Management submitted journals not supported by adequate supporting documentation.</p>	31-Mar-23	Not Started	P Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
81	ISS.18	HR: Internal Control. No job descriptions, performance assessment and minimum requirements	Employee Costs	Other important matters	Low	<p>No HR plan</p> <p>During the understanding on internal control of the municipality it was noted that the municipality does not have an approved official HR plan in place covering the year 2021/22 under review.</p> <p>Job evaluation:</p> <p>During the understanding on internal control of the municipality it was noted that the municipality did not perform job evaluations(also referred to as skills audit/analysis) for all employees during the 2021/22 financial year.</p> <p>Performance assessments:</p> <p>When obtain the understanding of the entity, the municipality could not provide the performance agreements for the periods under review for the following persons:</p> <ul style="list-style-type: none"> The CFO The Municipal manager The community services director The corporate services director The Director: Technical services <p>There are no performance reviews or appraisals done in the current year.</p> <p>Termination of employment</p> <p>Through an inspection of the employee file of Mr Mdululi T., it was noted that his resignation notice was dated 09 May 2022, which is less than 30 days per the policy of the municipality for resignations, it was further noted that the letter on the employment file did not have the stamp of approval by the relevant people per the policy.</p> <p>Minimum competencies</p> <p>Mr Teboop (SCM Manger) was employed by the municipality on 2013/07/01 and has not completed the minimum requirements as required of having the required highest educational qualification.</p> <p>Mrs Mofhaping as the CFO has not completed the minimum requirements as required in terms of not having completed the required unit standards.</p> <p>Leave schedule</p> <p>There is no evidence of review on the leave excell document submitted for audit.</p> <p>Cause of the finding</p> <p>This is caused by lack of implementation of internal controls by the municipality.</p> <p>Impact of the finding</p> <p>Non-Compliance with applicable laws and regulations and weaknesses in internal control</p>	<p>Management should establish and communicate the policy and procedures for job evaluations to all employees and have controls in place to ensure that the procedures are implemented and monitored.</p>	<p>This is caused by lack of implementation of internal controls by the municipality.</p>	30-Apr-23	Not Started	M Segam	Corporate Services
82	ISS.180	Property, plant and equipment - Journals supporting documents not adequate	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>Contrary to the above requirement could not obtain adequate supporting documentation to confirm the validity of the the following journals.REFER TO GMF 85 FOR MORE INFORMATION.</p>	<p>Management should implement adequate controls to ensure accurate and complete supporting documentation is maintained in respect of journals processed</p>	<p>This is due to managements lack of implementing adequate controls to ensure supporting documentation for journals processed is maintained</p>	31-Mar-23	Not Started	P Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
83	ISS.181	Receivables from exchanged transactions: Classification, Rights and Accuracy Prior year issue 38	Receivables	Matters Affecting the Audit Report	High	<p>We could not confirm whether the following account balances were correctly classified as per the age analysis nor the supporting statements contained correct transaction descriptions. In addition there is not enough information to show that the municipality have the rights to receive the money as the balance been stagnant for a few year.</p> <p>1. However upon inspection of the supporting documents (account statement) it could not be confirmed whether whether the goods/services rendered relate to sundry revenue as the statement does not indicate the description of goods/services rendered, the account statement only indicates the opening balance therefore classification of sundry debtors in the financial statements could not be confirmed.</p> <p>Contrary to the above mentioned requirement the supporting documents to the sample below were requested however the payment batches did not contain the invoices for the amounts disclosed below. REFER TO CMF 86 FOR MORE INFORMATION.</p>	<p>Management should ensure that they correct classification for the transactions relating to sundry debtor. An assessmen should also be made to determine whether the management will be able to receive the outstanding balances from the departments, companies, schools, etc mentioned above.</p>	Lack of oversight by management	30-May-23	In Progress	O Ramukhvhathi	BTO
84	ISS.182	Movable assets - Could not trace the selected sample to the supporting documents	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During the audit of statutory receivables we noted the following Management incorrectly used the amount of revenue instead of receivables for property rates</p> <p>Note 52 AFS Difference Property rates 31 810 125 44 234 561 -12 424 436 VAT 42 510 371 428 0371 74 620 496 87 044 932 -12 424 436</p> <p>During testing of property plant and equipment in the prior year and current year, presentation and disclosure note as per note. 9, the following inconsistencies were identified: • The expenditure incurred on the repairs and maintenance on property, plant and equipment is not separately disclosed.</p>	<p>Management should implement adequate controls to ensure supporting documentation confirming the valuation of moveable assets is maintained</p>	This due to managements lack of implementing adequate controls to ensure the supporting documentation to confirm the valuation of assets is maintained	31-Mar-23	Not Started	P Kgajane	BTO
85	ISS.183	Statutory receivables do not agree	Statutory Receivables	Matters Affecting the Audit Report	High	<p>During the audit of statutory receivables we noted the following Management incorrectly used the amount of revenue instead of receivables for property rates</p> <p>Note 52 AFS Difference Property rates 31 810 125 44 234 561 -12 424 436 VAT 42 510 371 428 0371 74 620 496 87 044 932 -12 424 436</p> <p>During testing of property plant and equipment in the prior year and current year, presentation and disclosure note as per note. 9, the following inconsistencies were identified: • The expenditure incurred on the repairs and maintenance on property, plant and equipment is not separately disclosed.</p>	<p>It is recommended that management should ensure that financial Statements are thoroughly reviewed to promote accuracy and completeness</p>	Financial statements are not reviewed thoroughly to promote accuracy and completeness	30-May-23	In Progress	O Ramukhvhathi	BTO
86	ISS.184	PPE: Repairs and maintenance of assets not separately disclosed	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During testing of property plant and equipment in the prior year and current year, presentation and disclosure note as per note. 9, the following inconsistencies were identified: • The expenditure incurred on the repairs and maintenance on property, plant and equipment is not separately disclosed.</p>	<p>Management should adjust the financial statements to include the disclosure required by GRAP 17.</p>	Management did not ensure that property plant and equipment presentation and disclosure is in accordance with GRAP 17 disclosure requirements.	31-Mar-23	Not Started	P Kgajane	BTO
87	ISS.185	General expenses - Prior year issue not resolved - Expenditure limitation (ISS.52)	General Expenses	Matters Affecting the Audit Report	Critical	<p>In the current financial period: During the audit of the follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues. As per prior year issue, please refer to the below issues on how they were raised in the prior year. [A.1] Limitation of scope: Bulk Purchases The municipality did not submit all of the requested batches to the auditors. The information was requested under RFI 29 and was part of Cut Off letter 6 which was due in 14 October 2021 and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Document Number: TID Transaction Details Amount Vendor Name Vendor Number 208_3707 37813 ESKOM ADMIN 9387428449 - FEB 21 R 385 381154 ESKOM BULK 9387428449 SCM4790 - ESKOM BULK 9387428449 208_4889 66235 Sundry Invoice - SP1127/0004890/2020-2021 R 489 951,24 Sedibeng Water SCM4796 - Sedibeng Water</p>	<p>Management should implement adequate controls to ensure supporting documentation is maintained</p>	This is due to managements lack of implementing adequate controls to ensure supporting documentation is maintained	30-Apr-23	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
						<p>208_329 9628 BULK ELECTRICITY R 505 050,20 ESKOM BULK 9387428449 SCMI/4790 - ESKOM BULK 9387428449</p> <p>208_1369 22385 3000KV HOTAZEL MINE OCTOBER CHARGES R 368 225 50 ESKOM BULK 9387428449 SCMI/4790 - ESKOM BULK 9387428449</p> <p>208_4898 66238 Sundry Invoice - SPI12/7/0004889/2020-2021 R 490 287,48 Sedibeng Water SCMI/4796 - Sedibeng Water</p> <p>208_4887 66241 Sundry Invoice - SPI12/7/0004888/2020-2021 R 862 462,30 ESKOM BULK 9387428449 SCMI/4790 - ESKOM BULK 9387428449</p> <p>208_4891 66229 Sundry Invoice - SPI13/7/0004892/2020-2021 R 452 578,96 Sedibeng Water SCMI/4796 - Sedibeng Water</p> <p>208_2537 23207 Bulk Purchases R 724 208,78 Eskom</p> <p>8752272469 SCMI/4914 - Eskom 8752272469</p> <p>208_4890 66232 Sundry Invoice - SPI13/7/0004891/2020-2021 R 667 042,18 Sedibeng Water SCMI/4796 - Sedibeng Water</p> <p>[A.2] Limitation of Scope: Contracted Services (Consulting and Professional Fees) The municipality did not submit the information that was requested under RFI 33 and was part of Cut Off letter 7 which was due in 15 October 2021 and additionally RFI 102 which was part of Cut Off 22 which was due on 28 January 2022, and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Information as per the General Ledger, No VendorName Transaction Date TID TransactionDetails Debit 1 CCG SYSTEMS 26/01/2021 20737 Accommodation R46 567,39 2 BOKONE BOPHIRIMA PROPERTY VALUERS 12/04/2021 3,7829 BOKONE BOPHIRIMA - SUPPLEMENTERIM - JAN 21 R26 012,50 3 SOUTH AFRICAN GOVERNMENT ASSOCIATION (SALGA) 16/03/2021 33154 SALGA -TASK JOB EVALUATION SYSTEM COSTS FOR 2020/2 R8 250,00 4 MODISE MOSIMANEOTSILE SYLVESTER 02/06/2021 44691 Sundry Invoice - SPI2/6/0004335/2020-2021 R1 200,00 5 SEKHUTLO THAPELO VINCENT 14/12/2020 20227 Hall Stipend: SEKHUTLO THAPELO VINCENT R765 00 6 SEBATA MUNICIPAL SOLUTIONS 27/11/2020 20344 FMS Support 2019/2020 - August 2020 R96 598,02 7 SECOHWABENG MACOLITLWA WILFRED 02/06/2021 44625 Sundry Invoice - SPI2/6/0004304/2020-2021 R1 200,00 8 MACTO OGPOLENG JONNY 23/12/2020 21041 PUMP OPERATOR MACTO OGPOLENG JONNY R1 050,00 9 CCG SYSTEMS 31/05/2021 44586 Sundry Invoice - SPI/6/0004399/20-2021 R389 460,00 10 CCG SYSTEMS 01/10/2020 713 Accommodation/ASSET VERBUSINESS PRISM R285 122,6 11 KGANTLAPANE EVA BABUANG 03/03/2021 29175 KGANTLAPANE - PUMP OPERATOR STIPEND FEB 2021 R1 060,00</p> <p>[A.3] Limitation of Scope: Fuel and Oil(Fuel and Oil, Repairs and Maintenance) The municipality did not submit the information that was requested under RFI 33 and was part of Cut Off letter 7 which was due in 15 October 2021 and additionally RFI 102 which was part of Cut Off 22 which was due on 28 January 2022, and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Information as per the General Ledger</p> <p>8 Number PostingLevelParent Transaction Date Document\Number1 TID TransactionDetails Debit Credit VendorName 1 Contractors 14/12/2020 123_23 13037 Order Received - G14/12/0000024/2020-2021 72000 0 TS BUSINESS SOLUTIONS 17 Operating Leases 26/05/2021 208_4539 47560 Sundry Invoice - SPI14/6/0004540/2020-2021 35252,76 0 GOPETSE TATOLO JOB</p>						

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
						<p>27 Contractors 21/04/2021 208_3779 9689 Sundry Invoice - SPI214/0003780/2020-2021 10698.63 0 HO TLA BA THATA GENERAL TRADING</p> <p>24 Contractors 18/12/2020 123_32 14120 Order Received - G181/2/00000033/2020-2021 286038.34 0 AUTOGEEK DIAGNOSIS AND PROGRAMMING</p> <p>29 Contractors 01/01/2021 123_40 26961 Order Received - G102/00000041/2020-2021 10940 0 FERUS TRADING AND PROJECTS</p> <p>[A.4] Limitation of Scope: Remaining Population (SCM) The municipality did not submit the information that was requested under RFI 33 and was part of Cut Off letter 7 which was due in 15 October 2021 and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Information as per the General Ledger PostingLevelParent Transaction Date DocumentNumber1 TID TransactionDetails Debit Credit VendorName External Computer Service 27/01/2021 208_1352 20715 FMS Support 20192020 - October R: 193 727.83 R - SEBATA MUNICIPAL SOLUTIONS Domestic 19/04/2021 208_3772 39129 TOTO - METER READING OWN ACCOMMODATION R 800,00 R - TOTO B.I Advertising, Publicity and Marketing 08/12/2020 123.16 11431 Order Received - G8/12/00000017/2020-2021 R 25.152,00 R MEDIA24</p> <p>[A.5] Limitation of Scope: Remaining Population(Non-SCM) The municipality did not submit the information that was requested under RFI 43 and was part of Cut Off letter 9 which was due in 12 November 2021 and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Information as per General Ledger PostingLevelParent Transaction Date DocumentNumber1 TID TransactionDetails Debit Credit VendorName Communication 31/10/2020 19_62 16844 Exp - Other (1 allocations) R 6.024,21 R - Operational Cost 13/10/2020 208_4372 20902 LETI HAKAJANENG BOREHOLE NR 13-87527: ELECTRICITY R 1 578,55 R - Eskom 8391949256 Communication 07/07/2021 208_4822 65973 SUBSCRIPTION SERVICE - TELKOM - AUG 2020 R 54.075.93 TELKOM SA Communication 30/08/2021 19_165 65664 Exp - Other (1 allocations) R 027,15 R - Bank Charges, Facility and Card Fees 29/10/2020 13_11 16557 Bank Charges (1 allocations) R 227,05 R -</p> <p>[A.6] Limitation of Scope: Stores and Materials The municipality did not submit the information that was requested under RFI 33 and was part of Cut Off letter 7 which was due in 15 October 2021 and additionally RFI 102 which was part of Cut Off 22 which was due on 28 January 2022 and information was not received and will no longer be accepted by auditors. The details of the batches are as follows: Information as per the General Ledger Number Transaction Date DocumentNumber1 TID TransactionDetails Debit VendorName 1 01/10/2020 208_332 9689 Elbows galvanised 20mm 1500 P HAAI CONSTRUCTION 2 26/02/2021 208_3442 33568 leather glove long sleeves 71874 P HAAI CONSTRUCTION 3 01/10/2020 208_332 9687 Mono gib key top shat 372 P HAAI CONSTRUCTION 4 02/12/2020 124_8 11047 Invoice 12/12/00000009/2020-2021 973.92 CHEKKAT AGENCIES 5 01/10/2020 208_335 9644 Mono top drive shaft pump 16mm (mono top 16mm) 14660 P HAAI CONSTRUCTION</p>						

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
88	ISS.186	General expenses - Prior year issue not resolved - Limitation on cut-off (ISS.91)	General Expenses	Matters Affecting the Audit Report	Critical	<p>During the audit of this follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues.</p> <p>As per prior year issue, please refer to the below issues on how they were raised in the prior year:</p> <p>[A.1] Limitation of scope: General Expenditure - Cut off</p> <p>The municipality did not submit all of the requested batches to the auditors. The Information was requested under RFI 59 and was part of Cut Off letter 10 which was due in 17 November 2021 and information was not received and will no longer be accepted by auditors. The details of the batches are as follows:</p> <p>Outsourced Services 30/06/2021 66792 R1 050,00 GABANNELWE THABISHO Outsourced Services 30/06/2021 66897 R1 050,00 THUBISI THUPAYAME EDWARD Business and Advisory 30/06/2021 65766 R56 180,00 BITTSWARE Outsourced Services 30/06/2021 66520 R1 050,00 LESHOP LEBOGANG GENERAL Outsourced Services 30/06/2021 66810 R1 050,00 SEKWE KGOSITSI WILIAM Outsourced Services 30/06/2021 66978 R1 050,00 TUMELOLELO G M Outsourced Services 30/06/2021 66942 R1 050,00 MOLOKWE KEBONNETSE Outsourced Services 30/06/2021 66804 R1 050,00 GAOORWE TUMISANG NICHOLAS Outsourced Services 30/06/2021 66341 R765,00 NTSEBE KAGISO NELSON Operational Cost 30/06/2021 51614 R1 000,00 DITUKU C. SEGAMETSI Operational Cost 01/10/2021 100452 R8 608,77 Eskom 5020759462 Business and Advisory 31/07/2021 96556 R60 051,70 SEBATA MUNICIPAL SOLUTIONS Operational Cost 01/10/2021 100416 R4 261,05 Eskom 8140740170 Operational Cost 01/10/2021 100401 R1 912,65 Eskom 8335789458 Operational Cost 01/10/2021 100325 R188 216,57 Eskom 9822151679 Operational Cost 19/07/2021 100595 R18 038,76 Eskom 7382463285 Operational Cost 04/10/2021 100426 R2 519,65 Eskom 9674098597 Operational Cost 12/09/2021 97638 R8 065,45 Eskom 7060322660 Operational Cost 30/09/2021 100572 R5 547,72 Eskom 6957226308 Operational Cost 01/10/2021 100436 R2 493,64 ESKOM 7513418656 Operational Cost 30/07/2021 79259 R8 577,23 SEHUDJ MOTHUSI Operational Cost 12/09/2021 97567 R2 905,64 ESKOM - 5647922979</p> <p>Conclusion on the current year: Based on the fact that both RFI136 and RFI137 was not provided in the current financial period hence the findings will remain valid and will be reported accordingly in terms of their effect in the comparative amount</p>	<p>The municipality should design and implement appropriate controls in place to ensure that expenditure batches are stored safely in such a manner that they are easily retrieved for audit purposes. The store room should be access controlled. Batches and journals requested should be signed out and back in as to ensure accountability.</p>	<p>The municipality does not have appropriate controls in place to ensure that expenditure batches and journals are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	30-Apr-23	In Progress	M Bale	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
89	ISS.187	Prior year issue not resolved -General Expenditure Limitation of Journals (ISS:93)	General Expenses	Matters Affecting the Audit Report	Critical	<p>In the current financial period:</p> <p>During the audit of the follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues.</p> <p>As per prior year issue, please refer to the below issues on how they were raised in the prior year.</p> <p>The municipality did not submit all of the requested information to the auditors. The information was requested under RFI 59 and was part of Cut Off letter 10 which was due on 17 November 2021 and information was not received and will no longer be accepted by auditors. There were documents submitted which appeared to be journals however this could not be confirmed for the following reasons:</p> <p>a) The document number on the submitted information did not match the document number of the transactions as stipulated in the general ledger, therefore the accounts and amounts on the document submitted could not be agreed to accounts and amounts in the general ledger.</p> <p>b) The document submitted did not have any underlying supporting documents which stipulate the description or classification for the accounts debited and credited.</p> <p>c) The document submitted did not have any underlying support which stipulate the amount of the transactions.</p> <p>d) The document submitted was dated post 15 September 2021 (Submission of the financials date).</p> <p>e) The document submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Based on the above it could be concluded that the following journals were not submitted to the auditors as requested.</p> <p>PostingLevelParent Reference DocumentNumber1 TID Debit Credit Bank Charges, Facility and Card Fees 13003287 93_30 70162 R16 166.84 R-</p> <p>Business and Advisory 20200929 93_61 91043 R602 942.61 R- 264.21 R-</p> <p>Business and Advisory FMG Revenue 93_75 93595 R- -R305</p> <p>Business and Advisory INV631 93_43 75687 R602 127.91 R-</p> <p>Business and Advisory FMG Revenue 93_75 93600 R627 261.00 R-</p> <p>Business and Advisory FMG Revenue 93_75 93601 R661 162.25 R-</p> <p>Business and Advisory FMG Revenue 93_75 93602 R305 264.21 R-</p> <p>Commission Reallocation prepaid electricity to commission 93_62 92041 R12 295.01 R-</p> <p>Commission Reallocation prepaid electricity to commission 93_62 92042 R11 461.21 R-</p> <p>Communication 01447p 93_61 91074 R27 377.48 R-</p> <p>Consumables EPWP MONTHLY STIPEND 93_29 66722 R556 382.00 R-</p> <p>Insurance Underwriting 19005461 93_43 75685 R124 047.54 R-</p> <p>Insurance Underwriting 19006609 93_43 75686 R10 552.03 R-</p> <p>Insurance Underwriting 19005665 93_44 76466 R124 047.54 R-</p> <p>Inventory Consumed Reallocation inventory consumed 93_88 93998 R3 861 298.76 R-</p> <p>Operational Cost Reclassification 93_123 95923 R- -R1 636 948.38</p> <p>Operational Cost Reallocation Electricity costs from Bulk Water 93_62 92043 R51 800.51 R-</p> <p>Operational Cost 39 93_59 90215 R518 400.00 R-</p> <p>Operational Cost INV002 93_43 75650 R112 000.00 R-</p>	<p>The municipality should design and implement appropriate controls in place to ensure that expenditure journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes. The store room should be access controlled. Batches and journals requested should be signed out and back in as to ensure accountability.</p>	<p>The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	30-Apr-23	In Progress	M Belle	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality	
90	ISS.188	PPE: WIP opening balance vs payment batches difference	Property, Plant and Equipment	Other important matters	Medium	Operational Cost PA040107 93_19 48137 R43 335 22 R- Operational Cost 0 93_61 91091 R96 490 00 R- Operational Cost WKW294 93_61 91120 R277 000 00 R- Outsourced Services EPWP MONTHLY STIPEND 93_29 66720 R763 630 00 R- Outsourced Services JMLM- 15 93_61 91068 R235 437 84 R- Seminars, Conferences, Workshops and Events IIN15140 93_43 75703 R876 697 92 R- Bank Charges, Facility and Card Fees 13003299 93_30 70 162 R31 633 82 R- Consumables EPWP MONTHLY STIPEND 93_29 66716 R- -R556 382 00 Operational Cost WKW350 93_43 75707 R97 650 00 R- Operational Cost WKW377 93_44 76526 R100 800 00 R- Operational Cost 19006614 93_44 76481 R22 442 92 R-	During the testing of property, plant and equipment the following differences between opening balance of WIP and payment batches were identified: Information as per the WIP Register Project Reference Project Description Major Class Total 2021 Auditors Recalculation - Batches Difference--Batches EMS_0046 DITHAKONG Roads R3 711 088.18 R3 446 265.97 - R264 832.21 EMS_0047 GAWAKGATLE ROAD Water supply R2 358 552.10 R6 358 329.97 R3 999 777.87 EMS_0049 MAKHUBUNG PHASE 3 4 5 Roads R7 552 045.73 R5 616 946.59-R1 935 099.14 NC451_015 Bendell Borehole Refurbishment Water supply R1 755 765.32 R- -R1 755 765.32 NC451_018 Kome water augmentation Water supply R355 600.59 R257 555.64 -R98 004.95 NC451_019 Tsilbane water Augmentation Water supply R6 255 657 03 R6 268 167 98 R12 510 95 NC451_032 Community Facilities - Washington Community R559 404 51 R559 004 51 R- NC451_038 Community Facilities - Cardington Community R434 500 09 R- R434 500 09 R22 362 623.54 R22 506 710.65--R475 912.89	Management should ensure reconciliation between WIP opening balance (capex expenditure) and supporting documents (payment batches).	Management did not have properly designed internal controls to ensure that a reconciliation of WIP opening balance to supporting documents (payment batches)	30-Jun-23	In Progress	OP Kgajane	BTO
91	ISS.189	General expenses - Difference between the invoice amount and general ledger amount	Expenditure	Other important Matters	Medium	During the testing of general expenditure by inspection of batch supporting documents we identified differences between the invoice and the general ledger amount. These were the batches as follows. REFER TO CMF 92 FOR MORE INFORMATION	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	31-Mar-23	Not Started	M Bele	BTO	
92	ISS.190	General expenses - Prior year issue not resolved - Expenditure incurred not recorded in GL (ISS.236)	Expenditure	Matters Affecting the Auditor's report	High	In the current financial period: During the audit of the follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues. As per prior year issue, please refer to the below issues on how they were raised in the prior year. A.11 Misstatement: Transactions not recorded During the audit of Joe Morolong Local Municipality, audit procedures were performed to confirm the completeness of General Expenditure. These procedures included selecting payments from the bank statement and following them to the payment voucher and confirming whether these transactions have been recorded in the General Ledger. The following transactions occurred and payments were made before year, however they were not recorded in the current year's general ledger:REFER TO CMF 90 FOR MORE INFORMATION.	Management should ensure that it implements controls to ensure that it verifies all transactions are adequately recorded in the appropriate accounting records.	Management did not ensure that it implements controls to ensure that all transactions that have occurred have been recorded.	31-Mar-23	Not Started	M Bele	BTO	

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
93	155, 191	Prior year issue not resolved - General expenditure recorded in incorrect accounting period (ISS:240)	Expenditure	Other important Matters	Medium	<p>In the current financial period: During the audit of the follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues.</p> <p>As per prior year issue, please refer to the below issues on how they were raised in the prior year:</p> <p>A-1] Misstatement: Transactions not recorded in the correct accounting period During the audit of Joe Morolong Local Municipality, audit procedures were performed to confirm whether expenditure transactions that have been recorded in the correct accounting period. These procedures included inspecting the invoice date for services that have been rendered relating the to the period under the review. The following services were received in the prior accounting period but were incorrectly in the current year recorded in the current year under review. REFER TO CMF 91 FOR MORE INFORMATION.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that expenditure journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes. The store room should be access controlled. Batches and journals requested should be signed out and back in as to ensure accountability.</p>	<p>[A. 1] Misstatement: Transactions not recorded in the correct accounting period Management did not ensure that it implements controls to ensure that all transactions that have occurred are recorded in the correct accounting period.</p>	31-Mar-23	Not Started	M Bele	BTO
94	155, 192	Prior year issue not resolved - General Expenditure: No proof of receipt of goods (ISS:92)	General Expenses	Matters Affecting the Audit Report	High	<p>In the current financial period: During the audit of the follow up on prior year issues that were raised and uncorrected, the auditor requested information on the follow up of the prior year issues in terms RFI 136 and RFI 137 which were both due on the 11 November 2022, both these RFI's information requested was not provided by the municipality to be able to resolve prior year issues.</p> <p>As per prior year issue, please refer to the below issues on how they were raised in the prior year:</p> <p>Nature</p> <p>[A. 1] Misstatement: No proof of receipt of goods/services (Occurrence) -Jul and Oct During the audit of Joe Morolong Local Municipality, audit procedures to confirm whether expenditure transactions that have been recorded have actually occurred were performed by the auditors. These procedures included confirming that goods/services have actually been received by the municipality by inspection of the batch for either a signature or stamp confirming receipt or goods received note. The batch was also inspected for delivery notes confirming receipt of the goods by the municipality. There was no evidence confirming that the following goods were actually received by the municipality.</p> <p>Information as per the General Ledger No. PostingLevelParent Transaction Date DocumentNumber1 TID TransactionDetails Debit VendorName 1 Contractors 22/09/2020 208_211 1494 VEHICLE REPAIR CLK 2 Licences 26/05/2021 208_4181 43701 Sundry Invoice - SPI26/5/0004182/2020-2021 R36 924,00 NCPG-TRANSPORT SAFETY & LIASON 3 Contractors 01/10/2020 208_2850 26645 Labour on Joe Morolong Vehicles R11 916.08 KURHILL SOLUTIONS MINING 4 Consumables 13/05/2021 208_4127 42358 Sundry Invoice - SPI13/5/0004128/2020-2021 R1 799.40 MOTLHAPING BOIPELO DORCAS</p>	<p>Management should ensure that it implements controls to ensure that it verifies all goods and services received against the physical good and the services rendered.</p>	<p>Management did not ensure that it implements controls to ensure that it verifies all goods received against the physical good.</p>	30-Apr-23	Not Started	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
						<p>5 Operational Cost 17/02/2021 124_41 27685 Invoice 6 Contractors 11/02/2021 R199 578.50 KAAP AIGRI BEDRYF 6 Contractors 11/02/2021 208_2872 27058 EXCESS PAYMENT: CNV440NC R2 289 99 ANDIA GLAS 7 Contractors 30/04/2021 208_3959 39634 Sundry Invoice - SPI30/4/0003960/2020-2021 R354.00 Sebekei Golitseone Precious</p> <p>[A.2] Misstatement: No proof of receipt of goods/services (Occurrence) - SCM During the audit of Joe Morolong Local Municipality, audit procedures to confirm whether expenditure transactions that have been recorded have actually occurred were performed by the auditors. These procedures included confirming that goods/services have actually been received by the municipality by inspection of the batch for either a signature or stamp confirming receipt. The batch was also inspected for delivery notes confirming receipt of the goods by the municipality. There was no evidence confirming that the following goods/services were actually received by the municipality.</p> <p>Information as per the General Ledger No PostingLevelParent Transaction Date DocumentNumber1 TID TransactionDetails Debit VendorName 1 External Computer Service 27/01/2021 208_1352 20714 Implement recons of Supplements R47 025,00 SEBATA MUNICIPAL SOLUTIONS 2 Outsourced Services 11/03/2021 123_94 31549 Order Received - G11/3/00000095/2020-2021 R8 100,00 TSHOGHATSO-KAONE TRADING 3 Domestic 17/11/2020 208_753 20984 Accommodation-SETLHABI N 17/NOV/2020 R800,00 SETLHABI N A 4 External Computer Service 27/01/2021 208_1352 20712 ICT Cloudware R11 380 05 SEBATA MUNICIPAL SOLUTIONS 5 External Computer Service 27/01/2021 208_1352 20713 EMS Hosted R54 592 45 SEBATA MUNICIPAL SOLUTIONS 6 Outsourced Services 16/04/2021 123_132 38623 Order Received - G16/4/00000133/2020-2021 R19 980,00 GAO'S CATERING AND CONFECTONERY 7 Outsourced Services 11/03/2021 123_95 31560 Order Received - G11/3/00000096/2020-2021 R4 350,00 REMOTLOTLO CATERING AND EVENTS 8 Compensation 28/05/2021 208_4390 45156 Sundry Invoice - SPI6/000439/12020-2021 R2 370 00 VIRTUAL ECOST OFFICE 9 Business and Advisory 17/09/2020 208_214 1486 DHS006 - STORES R6 125,00 NAMEKHOTHA TRADING</p> <p>[A.3] Misstatement: No proof of receipt of goods/services (Occurrence) - Consulting and Professional Fees During the audit of Joe Morolong Local Municipality, audit procedures to confirm whether expenditure transactions that have been recorded have actually occurred were performed by the auditors. These procedures included confirming that goods/services have actually been received by the municipality by inspection of the batch for either a signature or stamp confirming receipt. The batch was also inspected for delivery notes confirming receipt of the goods by the municipality. There was no evidence confirming that the following goods/services were actually received by the municipality.</p> <p>Information as per the General Ledger No. PostingLevelParent Transaction Date TID Transaction Details Debit VendorName 1 Business and Advisory 27/11/2020 20338 TRAVELLING PER HOUR R7 150 00 BOKONE BOPHIRIMA PROPERTY VALUERS 2 Outsourced Services 15/03/2021 41962 Order Invoicing - 113/5/00000159/2020-2021 R9 000,00 KA GOMOLEMO</p>						

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
						<p>[A.4] Misstatement: No proof of receipt of goods/services (Occurrence) - Non-SCM</p> <p>During the audit of Jobe Morolong Local Municipality, audit procedures to confirm whether expenditure transactions that have been recorded have actually occurred were performed by the auditors. These procedures included confirming that goods/services have actually been received by the municipality by inspection of the batch for either a signature or stamp confirming receipt. The batch was also inspected for delivery notes confirming receipt of the goods by the municipality. There was no evidence confirming that the following goods/services were actually received by the municipality.</p> <p>Information as per the General Ledger</p> <p>VendorName Transaction Date DocumentNumber1 TID TransactionDetails Debit</p> <p>Eskom 512865262 01/04/2021 208_3611 36202 GALOTLHARE BOREHOLE 2-NOV 20 R1 936.64</p> <p>Eskom 6155713679 25/09/2020 208_325 8825 Loopeng R1 812.60</p> <p>ESKOM - 5978446025 14/06/2021 208_4537 47057 Sundry Invoice - SPI14/6/0004538/2020-2021 R59 226.52</p> <p>TSHENOLO CONSTANCE P 11/03/2021 208_3311 31789 TSHENOLO-WARD COMM JAN/FEB 21 R2 000.00</p> <p>TELKOM SA 07/07/2021 208_4823 65514 Sundry Invoice - SPI77/0004824/2020-2021 R34 075.93</p> <p>CIGFARO 07/10/2020 208_262 1602 CONFERENCE 2020-FULL DAY R1 194.78</p> <p>CIGFARO 16/04/2021 208_3741 38928 KAEBIS- AUDIT RISK INDABA R3 999.13</p> <p>PICO KEIKANTSE THANDI 11/03/2021 208_3316 32148 PICO - WARD COMM ALLOWANCE - JAN & FEB 2021 R2 000.00</p> <p>BOKHUTSO HELMA OKAENG 12/03/2021 208_3372 31943 OKAENG - WARD COMM ALLOWANCE - JAN & FEB 2021 R2 000.00</p> <p>CIGFARO 07/10/2020 208_262 1603 CONFERENCE 2020-SESSIONS R478.26</p> <p>TELKOM SA 05/05/2021 208_3878 40957 Sundry Invoice - SPIT5/013/2020-2021 R26 060.06</p> <p>CIGFARO 16/04/2021 208_3741 38930 JARVIS - AUDIT RISK INDABA R3 999.13</p> <p>CIGFARO 12/03/2021 208_3370 33022 CIGFARO-WEBINARS CIRCULAR 10 & 11 R304.35</p> <p>MAXIMUM PROFIT RECOVERY 01/04/2021 208_4184 43725 Sundry Invoice - SPI26/9/0004185/2020-2021 68549.44</p>						

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
95	159	Prior year issue not solved - iss 177 - Differences between VAT opening balance & Amount in bank statement vs SARS SOA	VAT Receivables	Other important Matters	Medium	<p>As per the prior year During the audit of Value Added Tax, the following differences were noted:</p> <p>1. The opening balance of the reconciliation from which the VAT receivable amount was determined did not agree to the prior year closing balance.</p> <p>VAT receivables per prior year Statement Of Financial Position: R 28 548 303 Opening balance per VAT Reconciliation: R 1448239,83 Difference R 1448239,83</p> <p>2. The VAT refund payment received from SARS per the VAT reconciliation does not agree to the SARS Statement of Account.</p> <p>VAT refund payment per VAT reconciliation: R 12 888 727,48 VAT refund payment per SARS Statement Of Accounts: R 13 669 634,92 Difference R 770 907,74 Current year</p> <p>Information was submitted however it was noted that the management provided the last year COMAF 86, this information was requested in RFI 124. Through inspection of the COMAF it was noted that the finding was not resolved in the prior year. Therefore in the current year, is still not resolved.</p>	<p>Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.</p> <p>1. The opening balance of the reconciliation from which the VAT receivable amount was determined did not agree to the prior year closing balance.</p> <p>VAT receivables per prior year Statement Of Financial Position: R 28 548 303 Opening balance per VAT Reconciliation: R 1448239,83 Difference R 1448239,83</p> <p>2. The VAT refund payment received from SARS per the VAT reconciliation does not agree to the SARS Statement of Account.</p> <p>VAT refund payment per VAT reconciliation: R 12 888 727,48 VAT refund payment per SARS Statement Of Accounts: R 13 669 634,92 Difference R 770 907,74 Current year</p>	Lack of oversight during the preparation of the annual financial statements and the supporting schedules	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
96	194	Prior year issue not solved - iss 20 - Annual Financial Statements: AFS High level checklist MFMA	Annual Financial Statements	Matters Affecting the Audit Report	High	<p>During the high-level review of the financial statements the following misstatements were identified: Summary of Findings: High Level Review</p> <p>5. VAT Receivable a) The following differences were noted between AFS and the VAT schedules: AFS VAT Schedule Difference 14 097 076,88 VAT 33 365 400,00 19 268 323,12</p> <p>Current year Information was submitted however it was noted that the management provided the last year COMAF 86, the information was requested in RFI 124. Through inspection of the COMAF it was noted that the finding was not resolved in the prior year. Therefore in the current year, is still not resolved</p>	<p>Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.</p>	Lack of oversight during the preparation of the annual financial statements and the supporting schedules	30-Mar-23	In Progress	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
97	155,195	Deviations-Deviation from inviting competitive bids process not followed properly	Supply Chain Management	Matters Affecting the Audit Report	High	<p>During the audit of deviations from inviting competitive bids, we identified deviations made by the municipality which did not following the requirements of SCM regulation 36(2), which requires a number of things be performed based on the things highlighted below:</p> <p>(i) Deviation from inviting competitive bids (from Panel of Contractors) was not recorded and approved by the accounting officer or delegated official.</p> <p>(ii) Was not reported to the next council.</p> <p>(iii) Was not disclosed in the notes to the annual financial statements</p> <p>No. Project Contractor Consulting engineer Amount as per the award Expenditure on the project</p> <p>1 Heiso Water Supply DTE Water supply KMSD consulting engineers R 11 689 129 R 3 340 865</p> <p>2 Heuningwei - Gamokwane Water Supply Tsaathebe BVI Consulting Engineer R 6 272 023 R 2 838 270</p> <p>3 Heuningwei - Gamokwane Source Development Tsaathebe BVI Consulting Engineer R 8 631 962 R 2 838 270</p> <p>4 Niswelengwe/Magagwe Supply Portion 2 Supavotti/Selemane BVI consulting engineers R 9 270 849 R 8 438 448</p> <p>5 Kome Water Supply Molau/Molutsi Civil Works BVI consulting engineers R 4 503 045 R -</p> <p>6 Pennyn Water Supply Phase 2 One Phepheng JV Tsela Tsweu consulting engineers R 1 424 957 R 5 619 279</p> <p>7 Tzaneen Water Supply Portion 2 Tsaathebe Kgosiadi consulting engineers R 5 196 771 R 5 127 302</p> <p>8 Masankong Refurbishment Tsaathebe KMSD consulting engineers R 1 445 124 R 3 656 053</p> <p>9 Tsinenkop Water Supply One Line Phepheng JV KMSD consulting engineers R 5 058 488 R 1 861 274</p> <p>10 Makhubung Access Road Phase Tollo-Thaago Plant Hire and Transport BVI consulting engineers R 10 216 750 R 3 722 594</p> <p>11 Tsaletengwe Internal Road Phase 2 Supervolt JV KMSD consulting engineers R 5 980 992 R 513 004</p> <p>12 Washington Internal Road Phase 2 Tollo-Thaago plant Hire KMSD consulting engineers R 6 072 229 R 3 314 376</p> <p>13 Shalaneng Water Supply Phase 2 Gobora Kemona JV BVI consulting engineers R 9 886 227 R 5 127 302</p> <p>14 Security Services Bapthalane Security services N/A R 3 000 000 R 3 000 000</p> <p>R 88 658 546 R 49 397 137</p>	<p>Management should ensure that they adhere to SCM regulations dor deviations from inviting competitive bids.</p>	<p>Management did not adhere to the requirements of SCM 36(2) for all deviations from inviting competitive bidding</p>	30-Mar-23	In Progress	T Molaolwe	BTO
98	155,196	SCM Quotation testing - The required three quotations were not obtained	Supply Chain Management	Matters Affecting the Audit Report	High	<p>During the audit of quotations, identified that the required three quotations were not obtained from the suppliers listed in the table :</p> <p>PID Item description Total rand-value of award Expenditure (Payments) - current year</p> <p>6590 Leisure Time Inn 36 000,00 36 000,00</p> <p>8014 BUVHEZI TRADING 1059 10 850,00</p> <p>10 850,00</p> <p>7003 AUTOGEEK DIAGOSIS AND PROGRAMMING 71 330,91</p> <p>8825 LOTLEHANG TRADING AND PROJECTS 22 000,00</p> <p>140 180,91</p>	<p>Management should ensure they adhere to all the SCM regulations</p>	<p>Management did not adhere to the SCM regulations</p>	30-Mar-23	In Progress	T Molaolwe	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
99	ISS.197	Competitive Bidding - No approved deviation for a bid above R10Million advertised for less than 30 days	Supply Chain	Matters Affecting the Audit Report	High	During the testing of the competitive bids the auditor inspected the Bid advertisement (placed in City Press Tender, on 2021/02/21) for Tender B209-2021, and confirmed that the tender was advertised on 2021/02/21 with closing date 2021/03/08 at 12:00 AM. The actual number of days the tender advertised for was therefore 16 days. Furthermore, through advertisement of the adjudication report for tender B209-2021, and the bidding documents for tender B209-2021, it was confirmed that the proposed tender price was above R10Million and therefore should be advertised for days not less than 30days in terms of section 22 of municipal supply chain management regulations regulation 51	Management should have controls in place to ensure that compliance with SCM regulations is monitored and investigated.	The municipality therefore did not meet the SCM Regulations requirements since the tender was advertised for 16 days, which is less than the required minimum of 30 days, without an approved deviation.	30-Mar-23	In Progress	T Molaolwe	BTO
100	ISS.198	Employee Related Costs - Incorrect classification of transport claims	Employee Costs	Other important matters	Medium	During the audit of employee related cost, we identified that transport claims were incorrectly classified as employee cost. INFORMATION AS PER THE PAYROLL REPORT Employee Number Name Description Month Amount 0223 GOMOLEMO ON TRANSPORT CL Jun-22 22 938.62 0111 MALOLA MG TRANSPORT CL Nov-21 42 562.18 0073 SEPHEKOLONG TRANSPORT CL Jul-21 24 864.78	Management should ensure that there are proper controls in place over the recording of employee related costs to ensure that only items relating to employee related cost are recorded under employee cost.	Management did not ensure that only employee related costs items are included under employee cost.	30-Apr-23	In Progress	M Beke	BTO
101	ISS.199	Retentions - Limitations of scope	Retentions	Matters Affecting the Audit Report	High	During the testing of Retentions audit procedures were performed to confirm completeness of Retentions, these procedures included selecting Projects details from the WIP register and tracing them to Retentions register. However, during testing, we were unable to agree details from the WIP register to the Retentions register, as the following details were not included in the retentions register: Contract name, Project names, Project reference number and details of the contract or services or goods to be delivered. Furthermore, material issues were identified on the fixed asset register which does not agree to the general ledger. Furthermore, it was noted that contracts that were completed are still disclosed as work in progress.	Management must implement review controls to ensure that Retentions register transactions can be traced to the WIP register	Management did not ensure that it implements controls to ensure that the Retentions register details can be traced to the WIP register	30-Apr-23	In Progress	OP Kyajane	BTO
102	ISS.2	Dysfunctional MPAC Committee throughout the 2021/2022 Financial Year	Internal Control	Other important matters	Medium	During the audit, we identified that the municipality has an established Municipal Public Accounts Committee (MPAC), however the committee was not functioning throughout the 2021/2022 financial year, through inspection of the council meeting minutes dated 05 August 2021, it was confirmed that council and the municipality are aware that the committee was not fully functional in the year 2021/22, therefore the municipality is in contravention with the above stated requirement. Cause - The municipality does not have adequate and appropriate controls to ensure that the MPAC Committee is functional and effective	Management must ensure that they comply with the Local Government Structures Act and ensure that the established MPAC is functional. To ensure that there is sufficient oversight and consequence management	Lack of oversight and consequence management	30-May-23	In Progress	Tebogo Thoaole (MN)	MMS Office
103	ISS.20	Payables from exchange transactions: Trade payables Misstatement - (prior year ISS.75)	Payables from Exchanges	Other important Matters		As per prior year finding The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal. Based on the above it could be concluded that the following journals submitted did not have the required support. Therefore, the prior year issue remains unresolved. REFER TO CMF 57 FOR MORE INFORMATION.	The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.	The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.	31-Mar-23	Not Started	O Ramkhuyathi	BTO
104	ISS.200	Competitive bidding - Tender document not submitted	Supply Chain	Matters Affecting the Audit Report	High	Contrary to the above during the audit RFI no.110 was issued to request for information for support to confirm the compliance with SCM regulations. Furthermore, cut off 10 was issued which is due 24 November 2022, how the tender document of Supenvolt JV has not been submitted to auditors.	Management should ensure that a transparent record keeping for tenders within the Municipality.	Management did not submit appropriate sufficient audit evidence	30-Mar-23	In Progress	Molaolwe T	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
						<p>Pension Control 22/10/2020 PA04MainPayrollOctober2020 93_19 48021 Journal R1 000 357.86 Pension Control 16/12/2020 PA06MainPayrollDecember2020 93_21 48763 Journal R987 725.62 Pension Control 23/02/2021 PA08MainPayrollFebruary2021 93_25 50764 Journal R978 819.15 Pension Control 23/03/2021 PA09MainPayrollMarch2021 93_24 50373 Journal R976 257.28 Pension Control 23/04/2021 PA10MainPayrollApril2021 93_22 49417 Journal R976 257.28 Pension Control 24/05/2021 PA11MainPayrollMay2021 93_23 49812 Journal R970 021.18 Pension Control 24/12/2020 PA12MainPayrollJune2021 93_27 51667 Journal R958 997.46 Retentions 02/09/2021 PR4/2020 93_61 91350 Journal R184 883.34 Retentions 02/09/2021 CP4/2020 93_61 91351 Journal R139 279.39 Retentions 02/09/2021 MAHU01 93_61 91352 Journal R327 010.47 Retentions 02/09/2021 LETLH01 93_61 91353 Journal R410 976.35 Retentions 02/09/2021 005TAKEN 93_61 91354 Journal R259 280.05 Retentions 02/09/2021 003MAJEM 93_61 91355 Journal R40 395.75 Retentions 02/09/2021 002KLPJ 93_61 91356 Journal R46 022.39 Retentions 02/09/2021 005MAMM 93_61 91357 Journal R434 473.21 Retentions 28/07/2021 004ZA 93_44 76838 Journal R94 556.10 Retentions 28/07/2021 003VANZ 93_44 76839 Journal R97 242.41 Retentions 28/07/2021 004LEGO 93_44 76840 Journal R94 220.27</p> <p>PART A.2 Information as per the General Ledger PostingLevelParent TransactionDate Reference DocumentNumber1 TID ModuleReferences TransactionDetails Amount Advance Payments 23/09/2021 Reclassification 93_123 95920 Journal Multiple Journal R185 202 00 Payables and Accruals 30/06/2021 Adjusting Journals 93_126 96656 Journal Multiple Journal R1 405 844.07 Payables and Accruals 15/09/2021 Reallocating bulk purchases electricity 93_100 94527 Journal Multiple Journal R795 523.07 Payables and Accruals 20/09/2021 Payables Adjustment 93_117 95303 Journal Multiple Journal R610 321.00 Payables and Accruals 20/09/2021 Payables Adjustment 93_121 95687 Journal Multiple Journal R610 321.00 Leave Accruals 17/09/2021 Reclassification bonus 93_113 95172 Journal Multiple Journal R2 523 100.00 Leave Accruals 30/06/2021 Adjusting Journals 93_126 96660 Journal Multiple Journal R5 030 320.00 Pension Control 27/11/2020 PA05MainPayrollNovember2020 93_20 48419 Journal Multiple Journal R392 447.61 Pension Control 22/01/2021 PA07MainPayrollJanuary2021 93_26 51154 Journal Multiple Journal R962 277.15 Medical Aid Control 15/09/2021 Employee Related Costs 93_103 94805 Journal Multiple Journal R758 350.34 Medical Aid Control 23/09/2021 Reclassification 93_123 95919 Journal Multiple Journal R756 350.34</p> <p>Current year</p> <p>Through inspection of the journals submitted without the supporting documentation and without the journal narrations confirmed that the prior year finding is not resolved.</p>						

COMAF No.	EX No.	Item	FSLI	Impact on the Audit report	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
114	ISS.210	Depreciation and amortization - Difference in useful life between AFS and asset register	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	The following differences was identified in the useful life between the asset register and the accounting policy used in the depreciation calculation. REFER TO CMF-103 FOR MORE INFORMATION	Management should implement adequate controls to ensure the useful life used in the depreciation calculation is consistent with the accounting policy	This is due to managements lack of implementing adequate controls to ensure consistency in the calculation of depreciation between the accounting policy and the AFS	31-Mar-23	Not Started	P Kgajane	BTO
115	ISS.211	Blue drop - Deficiency relation to Blue Drop	Internal Control	Other important matters	Medium	During the audit of the blue drop the action plan and tracking of the action plan was requested in RFI 144(142) and cut of letter 9 however the following was not submitted: (1) No action plan for the Blue Drop submitted (2) No tracking of the action plan submitted	Management should implement action plan for the Blue Drop Report. The plan should be approved by the accounting officer of the municipality and should be tracked and there should be timeline set for significant milestones.	This is as result of insufficient review of the Blue Drop Reporting within the municipality and planning and maintenance thereof	30-Jun-23	In Progress	G Malola	Technical Services
116	ISS.212	Local Content - Incomplete declarations by winning bidders on local production and content	Supply Chain Management	Matters Affecting the Audit Report	High	During the testing of local content, the auditor identified incomplete local production and content declarations submitted by the winning bidders. Bidders who are awarded projects emanating from Bid No. 203-2020 Panel for Borehole Refurbishment, did not declare the on MSD 6.2 forms whether they had any local production and content. However, through inspection of the summary of designated sectors it was confirmed that some of the items that are utilized in the erection and refurbishment of boreholes are designated for local production and content. Tsatitshaba and Around the Moon JV, Gaboria Kemona and OneLine Phepieng had incomplete declaration forms.	Management should ensure that bidders complete declarations for local production and content forms to avoid non-compliances.	The municipality, therefore did not meet the PPR Regulation 8(5) requirements since the winning bidders did not complete declarations for local production and content.	30-Mar-23	In Progress	T Molatwe	BTO
117	ISS.213	Payables from exchange transactions - Journals not supported adequately	Payables from Exchange	Other important Matters	Medium	Contrary to the above-mentioned requirement the following journals were requested as per RFI 101 however the supporting documents to the journal was not adequate to confirm validity of the accounts debited and credited as well as the amounts debited and credited. REFER TO CMF-103 FOR MORE INFORMATION.	The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.	Lack of oversight by management	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
118	ISS.214	Inventory - Prior year issue not resolved	Inventory	Other important matters	Medium	As prior year ISS.278 No assessment/consideration in terms of GRAP 12.17 or 18 is included in the inventory schedule supporting the annual financial statement, to confirm that inventory at year end is measured at the lower of cost and net realisable value. As per current year Through inspection of the annual financial statements note 44 we noted that prior year inventory amount was not adjusted. We further did a follow up on prior year issues through RFI 128 issued on 06 November 2022 and no information was received. Per inspection of PAAP submitted for 2021/22 audit progress, indicates that "Difference has been identified and the adjust journal will be processed to adjust for the difference", however no journals were passed on the GL provided for audit. The above indicate that management did not correct misstatement issues that were raised in the prior year.	It recommended that management should ensure that all prior year issues raised by auditors are fully addressed through Post Audit Action Plan (PAAP) to promote accuracy and completeness of the Financial Statements	Management did not have internal controls to ensure that the Financial Statements are adequately reviewed, and all prior year issued raised are addressed to promote accuracy and completeness of the Financial Statements	30-Jun-23	In Progress	OP Kgajane	BTO
119	ISS.215	Inventory - NRV consideration/assessment not included in inventory schedule supporting the AFS	Property, Plant and Equipment	Other important matters	Medium	During the audit of inventory, we noted that no assessment/consideration in terms of GRAP 12.17 or 18 is included in the inventory schedule supporting the annual financial statement, to confirm that inventory at year end is measured at the lower of cost and net realisable value.	Management should ensure that AFS supporting inventory schedule is in accordance with GRAP 12.	Inadequate review of the AFS supporting schedule to ensure compliance with GRAP	30-Jun-23	In Progress	OP Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
120	ISS.216	Contingent Liabilities - Limitation of scope (Information not submitted for audit)	Contingent Liabilities	Matters Affecting the Auditor's report	High	During the audit of contingent liabilities, attorney confirmations for the following attorneys were not submitted for audit. The information was requested as per RFI 134 and cut of letter 9. Attorney 1 Basour 2730 2 Morwaagae Attorneys	The municipality should design and implement appropriate controls in place to ensure that attorney confirmations are easily accessible for audit purposes.	The municipality does not have appropriate controls in place to ensure that supporting documents for contingent liabilities are easily accessible for audit purposes.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
121	ISS.217	Contingent liabilities - Differences between amount per AFS and attorney confirmation	Contingent Liabilities	Matters Affecting the Auditor's report	High	During the audit of contingent liabilities, differences were identified between the estimated contingent liability amount as per the AFS and attorney confirmations. REFER TO CMF 105 FOR MORE INFORMATION	Management should ensure that the annual financial statements are prepared and reviewed timely for accuracy and completeness	Management did not have internal controls to ensure that annual financial statements are adequately reviewed before they are submitted to the auditors.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
122	ISS.218	Contingent liabilities - Completeness could not be confirmed	Contingent liabilities	Matters Affecting the Auditor's report	High	PART A - Completeness of contingent liabilities During the testing of Contingent Liabilities, for the audit of Joe Morolong Local Municipality, it was noted that the following litigation cases, which were included in the legal confirmation, were not disclosed in the litigations schedule and Annual Financial Statements (Note 36, Contingencies) (REFER TO CMF 106 FOR MORE INFORMATION). PART B - Difference between the prior year amounts and corresponding figures It was identified that the amounts of the corresponding figures per the financial statements does not agree to the prior year working paper, and it was further noted that the difference is not disclosed in note 44 of the prior period error note This means that contingent liabilities opening balance is understated by R4 936 563	Management should ensure that annual financial statements submitted for audit purposes are appropriately reviewed and fairly presented.	Management and those charged with governance did not properly review the annual financial statements submitted for audited purposes.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
123	ISS.219	Deviation not Disclosed	Supply Chain Management	Other important Matters	Medium	During the audit of Quotations, the below payments were inspected and it was identified that there is deviation approved by the municipal manager however the deviation were not disclosed in the financial statements. REFER TO CMF 106 FOR MORE INFORMATION.	Adequate review processes and controls should be implemented by senior personnel for ensuring that all the deviation approved are disclosed in the Financial Statements.	Lack of proper record keeping or monitoring on the deviation made.	31-Mar-23	Not Started	T Moleaowe	BTO
124	ISS.22	Payables: Limitation of scope (payables to National Treasury)- prior year iss 223	Payables from Exchange Transactions	Other important Matters	Medium	As per prior year finding [A. 1] Limitation of scope: Payables to National Treasury The following finding was raised in the prior year, and it was identified that management did not correct the finding. The auditor requested the journal and journal supporting documentation was requested as per RFI 117 issued on 25/10/2022, the RFI was due on 28/10/2022. On 01/11/22, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal. Based on the above it could be concluded that the following journals were not submitted to the auditors as requested. Therefore, the prior year issue remains unresolved. REFER TO CMF 49 FOR MORE INFORMATION.	The municipality should design and implement appropriate controls in place to ensure that statements are stored safely in such a manner that they are easily retrieved for audit purposes. The store room should be access controlled.	The municipality does not have appropriate controls in place to ensure that statements from Treasury are stored safely in such a manner that they are easily retrieved for audit purposes	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
125	ISS.220	Property plant and equipment: supporting documents to journals not adequate	Property Plant and Equipment	Matters Affecting the Auditor's report	High	During the testing of the property plant and equipment the following journals were selected in RFI 113 and cut of letter 8, however the supporting documents submitted were not adequate. Please refer to the table below (REFER TO CMF 105 FOR MORE INFORMATION)	Management should ensure that journals are supported by adequate and appropriate supporting documents	Management did not ensure that they implement controls in place to pass journals that are adequately supported by appropriate supporting documents	31-Mar-23	Not Started	P Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
126	ISS.221	Local Content: Internal control deficiencies identified	Supply Chain Management	Other important Matters	Medium	During the testing of local content, the auditor identified that municipality did not notify DTI of the successful bidders for Bid No. 203-2020 and value of the contract and no copies of the contracts and MBID 6.2 forms submitted for the following suppliers <ul style="list-style-type: none"> • Isaathebe and Around the Moon JV • Gabora Kemonona • Onel-ine Phapheng JV 	Management should ensure that they adhere to supply chain management regulations.	Management did not ensure they adhere to the supply chain management regulations.	31-Mar-23	Not Started	T Molaolwe	BTO
127	ISS.222	General expenses: Auditors remuneration not provided for support	Expenditure	Other important Matters	Medium	During the audit of general expenses: auditors' remuneration, requested a journal with the reference number 93_373 in the request for information number 103 of 2022 dated 19 October 2022, however the journal was never submitted for audit.	Management should ensure they adhere to proper record keeping.	This is due to a lack of proper record keeping.	31-Mar-23	Not Started	M Bele	BTO
128	ISS.223	General expenses: payment vouchers not provided	Expenditure	Other important Matters	Medium	Requested information as per request for information number 136 and 137 dated for the 8 November 2022 and due on the 11 November 2022 and the information was not provided. Further issued cut off letter number 9 dated 18 November 2022 and due on the 21 November 2022 however the information was still not submitted. REFER TO CMF 108 FOR MORE INFORMATION. The following differences were identified between the disclosure note no. 26 and MFMA disclosure note no 42: Note 26 of the AFS Note 26 of the AFS 42 Pension fund 6 486 438,00 Pension and Medical Aid Deductions 11 001 848,00 Medical Aid 4 437 813,00 10 924 251,00 11 001 848,00 The difference is R77 587 Note 26 of the AFS Note 26 of the AFS 42 PAYE and UIF 358 359,00 PAYE and UIF 354 982,00 The difference is - R3 377	Management should ensure the requested information is provided.	There is no proper record keeping.	31-Mar-23	Not Started	M Bele	BTO
129	ISS.225	Difference between note 26 of the AFS and MFMA disclosure note no 42	Additional MFMA disclosures	Other important matters	Medium	Contrary to the above-mentioned requirement the following journal was requested as per RFI 129 however the information submitted is not adequate. Please refer to the journal below (REFER TO CMF 107 FOR MORE INFORMATION)	Management should ensure that journals are accompanied by adequate and sufficient supporting documents	Lack of management oversight	30-Mar-23	In Progress	O Ramukhuvathi	BTO
130	ISS.226	Inventory: Supporting documents to the journal not adequate	Inventory	Matters Affecting the Auditor's report	High	During the audit of Contract management, the following issues were identified: - The extension was not tabled to the council - The extension was approved by a delegated official Project: Penryn Water Supply Phase2Cause Contract management process not followed Impact - Understatement of irregular expenditure R6 000 000 - Non-compliance with MFMA 116	Management should ensure that MFMA regulation are in place and followed by the municipality.	This is due to lack of controls to ensure journals are supported by appropriate supporting documents.	31-Mar-23	Not Started	P Kgajane	BTO
131	ISS.227	Reasons for extension was not tabled to the council	Inventory	Matters Affecting the Audit Report	High	During the audit of Contract management, the following issues were identified: - The extension was not tabled to the council - The extension was approved by a delegated official Project: Penryn Water Supply Phase2Cause Contract management process not followed Impact - Understatement of irregular expenditure R6 000 000 - Non-compliance with MFMA 116	Management should ensure that MFMA regulation are in place and followed by the municipality.	Contract management process not followed	30-Mar-23	In Progress	T Molaolwe	BTO
132	ISS.228	Competitive Bidding: Uneconomical procurement of goods and services	Supply Chain Management	Other important Matters		During the testing of competitive bidding the auditor evaluated the award B205-2021 and identified uneconomical procurement of goods and services. The auditor performed a reasonable assessment using market values and reasonable mark-ups came to a conclusion that the items procured in B205-2021 are not economical. The auditor surfed the internet and visited numerous dealership websites for the prices of vehicles taking into consideration changes in inflation. The following websites were surfed: <ul style="list-style-type: none"> • McCarthy.co.za visited on 2022/11/25 • Toyota.co.za visited on 2022/11/24 • Everstarindustries.com visited on 2022/11/25 • Autotrader.co.za visited on 2022/11/25 • Isuzu.co.za visited on 2022/11/25 The following responsibility test was performed and the following differences were identified between quotations and the market prices. REFER TO CMF 109 FOR MORE INFORMATION.	Management should ensure that procurement of goods and services is economical.	Management did not ensure that the procurement of goods and services is economical.	31-Mar-23	Not Started	T Molaolwe	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
133	ISS.229	Contributions to organised local government	Additional MFMA disclosures	Other important matters	Medium	<p>Through inspection of 42 it was confirmed that the Current year subscription / fees is 2 264 393 (Amount paid - current year is 2 264 393). However, when the support was requested, the following invoices were received</p> <p>The total for the invoice is R1 149 575,03</p> <p>However the dates for some invoices in for prior year with a total of R1 124 075 (1 071 128,03 +8250+7205+ 7705+ 29787) which should not have been included since the note is for current year subscription fees</p> <p>During the audit, it was identified that management did not take appropriate steps to address the prior year findings. The following finding was raised in the prior year relating to the payroll on employee cost.</p> <p>Contrary to the above-mentioned requirement the 2020/21 complete payroll report was requested as per RFI 93 issued on 11/10/2022, the RFI was due on 14/10/2022. On 17/10/22, the payroll report submitted (PC02) only included the month of August, other months were not included.</p> <p>Therefore the prior year issue remains unresolved</p> <p>Contrary to the above-mentioned requirement, the annual report was tabled 27 May 2022</p>	<p>Management should ensure that they review the AFS before it is submitted to the auditors using the supporting documents in order to identify errors and make corrections.</p>	Lack of management oversights	30-Mar-23	In Progress	O Ramukhvhath	BTO
134	ISS.23	Employee Cost: The payroll report is incomplete - Limitation of scope (Prior year Iss 43)	Employee Costs	Matters Affecting the Auditor's report	High	<p>Therefore the prior year issue remains unresolved</p> <p>Contrary to the above-mentioned requirement, the annual report was tabled 27 May 2022</p>	<p>Management should put in place controls to ensure that supporting schedules to the financial statements are properly reviewed before submission of the financial statements for audit purposes.</p>	Lack controls to ensure that schedules are properly reviewed in the preparation of the financial statements.	31-Mar-23	Not Started	M Segami	Corporate services
135	ISS.230	Annual report not tabled with in the legislated timeline	Compliance	Matters Affecting the Auditor's report	High	<p>Therefore the prior year issue remains unresolved</p> <p>Contrary to the above-mentioned requirement, the annual report was tabled 27 May 2022</p>	<p>Management should ensure that they submit financial statements as per the legislated dates to the auditors</p>	This is due to the financial statements being submitted late for audit purposes.	31-Mar-23	Not Started		
136	ISS.231	PPE - Performance: Finding 1: Prior Findings not addressed	Property, Plant and Equipment	Other important matters	Medium	<p>On the prior year Performance auditors assessed the municipality's asset register for completeness and the following issues were identified and communicated on communication of findings No 17 of 2020 communicated with the municipality.</p> <p>[A.1] Sewer pipes componentized as water pipes in Van Zylus- pipe asset with FAR ID FAR_WIP_4051 was verified to be sewer pipe during site verification on 12 April 2021, the asset component on submitted FAR for 2021-2022 was not revised to reflect the actual physical asset type.</p> <p>[A.2] Misstatement of asset conditions- Auditors observed that the physical condition of the gravel roads selected for testing were in worse condition than the one stated on asset register on a site visit done in 12-15 April 2021. On 02 November 2022 auditors conducted follow up site visit on two gravel roads FAR_2019_5775 and FAR_2019_5645 it was observed that the condition of the roads has not improved their were in very poor condition however on submitted FAR for 2021-2022 they were stated as fair.</p> <p>Buildings</p> <p>The auditors were limited in assessing the reasonability of the rates used by the service provider (CK Du Toit) to calculate the value of buildings. The service provider's information is not sufficient to test reasonability due to the following:</p> <ul style="list-style-type: none"> The rate used to calculate CRC for buildings is a combination of brickwork and Roof however there is no methodology of how the rate was built up. There is no reference of where the service provider sourced his rates for example other service providers have provided support such as quotations from material suppliers and tender BOQs of similar work. <p>Community Assets</p> <p>The auditors were limited in assessing the reasonability of the rates used by the service provider (CK Du Toit) to calculate the value of community assets. The service provider's information is not sufficient to test reasonability due to the following:</p>	<p>Management should put measures in place to ensure matters found are addressed.</p>	Management failed to address matters that were found during prior year audit, the prior year matters still persist	30-Jun-23	In Progress	OP Kgajane	BTO
137	ISS.232	Limitation on the unit cost calculation	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>Buildings</p> <p>The auditors were limited in assessing the reasonability of the rates used by the service provider (CK Du Toit) to calculate the value of buildings. The service provider's information is not sufficient to test reasonability due to the following:</p> <ul style="list-style-type: none"> The rate used to calculate CRC for buildings is a combination of brickwork and Roof however there is no methodology of how the rate was built up. There is no reference of where the service provider sourced his rates for example other service providers have provided support such as quotations from material suppliers and tender BOQs of similar work. <p>Community Assets</p> <p>The auditors were limited in assessing the reasonability of the rates used by the service provider (CK Du Toit) to calculate the value of community assets. The service provider's information is not sufficient to test reasonability due to the following:</p>	<p>Management will have to ensure that all the supporting documentation that was used for valuation of assets is provided to the auditors.</p> <p>Management should revisit the whole population to assess the impact on similar assets where the service provider has combined brickwork and roof as one component.</p>	Management failed to ensure that all the relevant support submitted for audit purposes.	31-Mar-23	Not Started	P Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
138	ISS.233	Finding 1: Not all project components were capitalized	Property, Plant and Equipment	Other important matters	Medium	<p>The rate used to calculate CRC for community assets is a combination of brickwork and Roof however there is no methodology of how the rate was built up.</p> <ul style="list-style-type: none"> There is no reference of where the service provider sourced his rates for example other service providers have provided support such as quotations from material suppliers and tender BOQs of similar work. <p>Infrastructure The auditor were limited in assessing the reasonability of rates used to calculate the value of infrastructure assets due to the following:</p> <ul style="list-style-type: none"> There was significant differences between the rates utilized and the rates stipulated in the supporting documents provided by the municipality. <p>Through assessment of the asset register submitted for the 2021-2022 financial year it found that some components were not capitalised though they were paid for on the project and verified onsite. Auditors assessed the capitalised components of the Niswengwe/Magwagwe Phase 2 project (NC 451_0051) and conducted site verification on 02 November 2022. Auditors identified that the following components were not capitalised though they were delivered and installed onsite:</p> <ul style="list-style-type: none"> Chlorination Dosing Plant Equipment amounting to R 68 000 (1) 110mm Dia. Class 9 pipes amounting to R 231 675 (3089m), pipe not physical verified as it was underground however the works were paid on certificate no.4. The only component capitalised under the project were water pipes of 63mm Diameter which amount to R 289 940. The amounts specified above for each specific component are exclusive of expenditure relating to excavations, P&Gs and professional fees. <p>Through inspection of project information such as the WIP register, project close-out report and the grant reconciliations it was identified that the project was overstated on the WIP register by R 371 346,89. The project expenditure on WIP was R 9 976 328,43 however the total project expenditure recorded on the MFS-WISIS Technical recon was R 9 607 181,61 (BVI Consulting fees 1-5 of R 1 916 153,41 plus Supervisor JV contractor invoices 1-5 of R 7 691 028,20). The expenditure was further verified by assessing project invoices for both consulting engineer and contractor.</p>	Management should ensure that newly acquired assets are appropriately capitalized, documented and accounted for.	The registry of newly acquired assets was not prepared and utilized to capitalize the project components.	30-Jun-23	In Progress	OP Kgajane	BTO
139	ISS.234	Finding 2: Project on WIP register overstated	Property, Plant and Equipment	Other important matters	Medium	<p>Through inspection of project information such as the WIP register, project close-out report and the grant reconciliations it was identified that the project was overstated on the WIP register by R 371 346,89. The project expenditure on WIP was R 9 976 328,43 however the total project expenditure recorded on the MFS-WISIS Technical recon was R 9 607 181,61 (BVI Consulting fees 1-5 of R 1 916 153,41 plus Supervisor JV contractor invoices 1-5 of R 7 691 028,20). The expenditure was further verified by assessing project invoices for both consulting engineer and contractor.</p>	Management should rectify the WIP register and ensure that project values are properly stated.	The expenditure on project was not appropriately calculated using actual expenditure invoices	30-Jun-23	In Progress	OP Kgajane	BTO
140	ISS.235	Finding 1: Delay in completion of project	Property, Plant and Equipment	Other important matters	Medium	<p>Through inspection of project information such as the project progress reports and site visit conducted on 02 November 2022 it was identified that the project was delayed by three months from the contractual completion date of 28 July 2022. There were no extension of times approved for the three months nor disciplinary actions taken by the municipality such as putting the contractor on terms or applying penalties for the contractor's failure to bring the works to completion.</p>	Management should ensure that projects are properly managed and where delay are envisaged extension of time requests, approvals or disciplinary actions should be actioned in accordance with the conditions of contract agreed between the municipality and the contractor.	Inadequate project management by the professional team and the municipality which should have ensured that extension to the practical completion was appropriately approved and the contractual agreement between the Municipality and the contractor is extended accordingly. And where the reason for delays were of the contractors fault disciplinary measures should have been taken against the contractor such as applying penalties	30-Jun-23	In Progress	G Malole	Technical Services
141	ISS.236	Finding 1: Contract value increased without approvals	Contract Management	Other important matters	Medium	<p>Through the inspection of the latest payment certificate number 03 dated 23 June 2022 and allocation letter dated 14 January 2022 it was identified that the project cost increased from R 5 940 232,44 to R 8 647 336,09 without approved variation orders by the municipality. The contract value was increased by an amount of R 2 677 966,30 (44%) which was in excess of the 20% maximum National Treasury contract variation allowable threshold.</p>	The municipality should put effective controls measures in place to ensure that there relevant approvals/authorizations are obtained prior to adjusting the contract sum as per the requirements. The municipality should update the irregular expenditure register and disclosure in the financial statements	Lack of effective internal controls to ensure that the increase in contract sum is approved by the municipality	30-Apr-23	In Progress	T Mchabwe	BTO
142	ISS.24	Employee Cost: Limitation of scope (Journals) - (Prior year Iss 95)	Employee Costs	Matters Affecting the Auditor's report	High	<p>The following finding was raised in the prior year, and it was identified that management did not correct the finding. Contrary to the above-mentioned requirement the journal and journal supporting documentation was requested as per RFI 93 issued on 11/10/2022, the RFI was due on 14/10/2022. On 17/10/2022, journals were submitted without supporting documentation, furthermore, journals submitted did not stipulate the journal narrations indicating the reasons for posting the journal.</p> <p>Based on the above it could be concluded that the following journals were not submitted to the auditors as requested. Therefore, the prior year issue remains unresolved. REFER TO CMF 34 FOR MORE INFORMATION</p>	The municipality should design and implement appropriate controls in place to ensure that employee cost journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes. The journals should also be adequately supported so that they can be acceptable to the auditors so that we can audit them effectively.	The municipality does not have appropriate controls in place to ensure that journals together their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.	31-Mar-23	Not Started	M Segami	Corporate services

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
143	ISS.25	Commitments, Accuracy, valuation and allocation could not be confirmed	Commitments	Matters Affecting the Auditor's report	High	During the audit of commitments, the auditors agreed the commitment register amount as per contract amount minus expenditure and there were differences were identified. The auditor followed the municipality's estimates of the commitments as follows: The expenditure for the year consisted of all the payments made as per the general ledger. The last invoice used to estimate the commitment was based on the last payment made on the general ledger. During the audit of property rates, we could not agree the valuation roll provided by management for audit purposes to system valuation roll that management used for billing purposes. The below difference were identified. System valuation General Valuation roll Difference Number of properties 2763 2131 632 The below list of meter reading numbers could not be traced to the valuation roll and the billing report. Details per physical verification No. Metre no. Description 1 CVHA3302 Vanzylus Hotel 2 M3-C-DHA8917 Kalahan Guest House 3 931102664 RDP house 4 C-DHB2936 RDP house The below meter reading were traced to the billing report but not the valuation roll. Details per physical inspections Account per Billing report No. Metre no. Description 28 6310272 RDP house "000000000352 - 100164/000341" 100164/000341 29 ERL8107 RDP house "000000000352 - 100164/000341" 100164/000341	It is recommended that management should consider putting in place and implement effective internal controls to ensure information presented is reasonable and accurate.	31-Mar-23	Not Started	O Ramukhuvathi	BTO	
144	ISS.26	Revenue non-exchange transactions: Completeness of valuation roll	Revenue	Matters Affecting the Auditor's Report	High	During the course of the audit of Government Grants and Subsidies, the following information was requested as per RPT's stated in the table below. Furthermore another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 21 September 2022. The information below was still not received, within the additional 2 days allowed. The following issue was raised in the prior year, through inspection of the AFS we noted that the issue was still not resolved in the current year. GRAP 3 paragraph 44 requires management to correct material prior period error on retrospectively in the first set of financial statements authorised for issue after their discovery. As a result the issue will be raised again in the current year. Through inspection of the annual financial statements it was confirmed that the Municipality did not charge interest on arrear accounts on revenue from non-exchange transactions (property rates). As per the Municipality's adopted tariff structure for the year under review, interest on outstanding debtors shall be charged at an interest rate of prime plus 1. No other evidence was provided to confirm why the Municipality did not charge interest on outstanding debt for property rates. As a result, the financial statements are not fairly presented and interest on arrear accounts is understated	Management should ensure that the Municipality's information is properly filed so that information can be easily retrieved when requested.	30-May-23	In Progress	O Ramukhuvathi	BTO	
145	ISS.27	Government grants & subsidies : Prior period error supporting documentation not provided.	Revenue	Other important Matters	Medium	During the completion of the business process for consequence management, it was confirmed that the municipality did not perform investigations into unauthorized, irregular and fruitless and wasteful expenditure incurred by the municipality in the previous financial year.	Management should ensure that they put controls in place that will ensure that the all the supporting documents for transactions processed are kept in a central place and are readily available to be submitted to auditors upon request.	The Municipality does not have adequate controls in place with regards to records management.	31-Mar-23	Not Started	M Moagi	BTO
146	ISS.28	Prior year issue not resolved - ISS.54: Interest on arrear accounts not charged on property rates	Revenue	Matters Affecting the Auditor's Report	High	Through the completion of the business process for consequence management, it was confirmed that the municipality did not perform investigations into unauthorized, irregular and fruitless and wasteful expenditure incurred by the municipality in the previous financial year.	Management should ensure that the financial statements are properly reviewed and approved. Management should put controls in place to ensure that the financial statements are accurate and in accordance with GRAP	There are no controls in place to ensure that financial statements submitted for audit are accurate and in accordance with GRAP. The Municipality's financial statements review and approval processes are not adequate	30-May-23	In Progress	O Ramukhuvathi	BTO
147	ISS.29	Compliance - UJFW incurred however no investigations performed	Compliance	Matters Affecting the Auditor's report	High	Through the completion of the business process for consequence management, it was confirmed that the municipality did not perform investigations into unauthorized, irregular and fruitless and wasteful expenditure incurred by the municipality in the previous financial year.	Management should ensure that controls are put in place that will ensure that unauthorized, irregular and fruitless and wasteful expenditure reported is investigated.	There are no controls in place to ensure that identified unauthorized, irregular and fruitless and wasteful expenditure that is reported to council is investigated	31-Mar-23	Not Started	Sylvester	MM/Office

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
148	ISS.30	Segment Report: No segment reporting disclosed in the a/s	Annual Financial Statements	Matters Affecting the Auditor's report	High	During the review of the annual financial statements, we identified that the municipality did not disclose segment reporting in terms of the requirements of GRAP 18. A request for information number 87 was sent out on the 10 October 2022, requesting a response as to why there was no disclosure for segment reporting, however no response has been received to date explaining why the disclosure note is not included in annual financial statements.	Management should ensure that the annual financial statements include all the required disclosures in terms of the requirements of the GRAP standards	No proper reviews of the annual financial statements by management before submitting annual financial statements for audit.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
149	ISS.34	Revenue from non-exchange transactions - Billing report does not agree to the GL/AFS	Revenue	Other important Matters	Medium	The following differences were noted when reconciling the billing report to the annual financial statements. REFER TO CMIF 14 FOR MORE INFORMATION. Description Amount Per GL Amounts Per Payroll Difference (C-D) Basic 38 925 733,80 38 910 331,08 15 402,72 Bonus 3 003 925,51 2 921 618,35 82 307,16 Medical Aid 4 437 812,70 6 287 116,80 - 1 849 304,10 UIF 358 358,74 716 717,48 - 358 358,74 SDL 574 160,12 574 040,12 120,00 Other payroll levies 11 541,35 11 541,35 - Scarcity Allowance 594 847,56 594 847,56 - Standby Allowance 711 338,65 709 873,69 1 464,96 Pension Fund 6 486 437,60 9 081 833,26 - 2 595 395,66 Travel allowances 1 418 895,42 2 147 477,58 - 728 582,16 Overtime 3 619 423,95 3 594 730,48 24 683,47 Long Service costs 90 459,78 90 459,78 - Acting allowances 2 186 634,23 1 195 423,77 991 210,46 Transport allowances 3 884 155,35 3 792 719,57 91 435,78 Housing Benefit allowances 2 397 069,63 2 397 069,63 Cellphone Allowance 570 350,00 528 350,00 42 000,00 Industrial Council 21 599,10 43 198,20 - 21 599,10 Non-pensionable allowance 1 064 018,87 730 449,10 333 569,77 70 356 762,36 74 327 797,80 - 3 971 035,44	Management should ensure that they put controls in place to ascertain that the Municipality's billing report, general ledger and annual financial statements agree. Such controls may include performing monthly reconciliations between the billing report and the general ledger which are reviewed on a monthly basis by the Chief financial officer. This will ensure that all reconciling items are cleared as and when they are identified and journals passed. These controls will ensure efficiency in the process of disclosing revenue in the financial statements at year end.	There are no controls in place to ensure that the Municipality's billing report, general ledger and annual financial statements agree. Monthly reconciliations between the Municipality's billing system and the general ledger are not performed timely.	31-Mar-23	Not Started	M Moagi	BTO
150	ISS.35	Employee Cost: Differences between the GL and payroll	Employee Costs	Other important matters	High	During the audit of employee cost, the following differences were identified between the payroll report and the GL. Description Amount Per GL Amounts Per Payroll Difference (C-D) Basic 38 925 733,80 38 910 331,08 15 402,72 Bonus 3 003 925,51 2 921 618,35 82 307,16 Medical Aid 4 437 812,70 6 287 116,80 - 1 849 304,10 UIF 358 358,74 716 717,48 - 358 358,74 SDL 574 160,12 574 040,12 120,00 Other payroll levies 11 541,35 11 541,35 - Scarcity Allowance 594 847,56 594 847,56 - Standby Allowance 711 338,65 709 873,69 1 464,96 Pension Fund 6 486 437,60 9 081 833,26 - 2 595 395,66 Travel allowances 1 418 895,42 2 147 477,58 - 728 582,16 Overtime 3 619 423,95 3 594 730,48 24 683,47 Long Service costs 90 459,78 90 459,78 - Acting allowances 2 186 634,23 1 195 423,77 991 210,46 Transport allowances 3 884 155,35 3 792 719,57 91 435,78 Housing Benefit allowances 2 397 069,63 2 397 069,63 Cellphone Allowance 570 350,00 528 350,00 42 000,00 Industrial Council 21 599,10 43 198,20 - 21 599,10 Non-pensionable allowance 1 064 018,87 730 449,10 333 569,77 70 356 762,36 74 327 797,80 - 3 971 035,44	Management should ensure that the annual financial statements include all the required disclosures in terms of the requirements of the GRAP standards	Management did not have internal controls to ensure that the payroll reports are adequately reviewed before they are submitted to the auditors.	30-Apr-23	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
151	ISS.36	Declaration of interests not submitted or no declarations made	Supply Chain Management	Matters Affecting the Audit Report	High	<p>Based on request number 42 of 2022, payments were required for SCM testing, however the payments received did not include a declaration of interest confirming the relationship of either the supplier being an employee of the state or having any other interest.</p> <p>No. SUPPL_NAME Payment ID. Amount 1 TSAATHEBE CONSTRUCTION 6091 237 685.81 2 SKHUMBIZO CATERING 8397 20 000.00 3 SEBATA MUNICIPAL SOLUTIONS 8497 1 175 503.89 4 PEEROMT GLOBAL (LIMPOPO) 4588 36 300.00 5 OGGONE ENTERPRISES 7107 2 093 000.00 6 TSAATHEBE CONSTRUCTION 5287 1 156 105.22 7 MAVIN DYNASTY 8482 24 000.00</p> <p>Based on request number 42 of 2022, payments were required for SCM testing, the payments received included a declaration of interest however the declaration did not confirm the relationship of either the supplier being an employee of the state or having any other interest.</p> <p>No. SUPPL_NAME Payment ID. Amount 1 Stutu Construction and Enterprise 8496 24 000.00 2 Duff Records Event Management and Media Entertainment 6591 7 800.00 3 Mmereki and Son Trading Enterprise 5590 190 700.00 4 Mmereki and Son Trading Enterprise 5590 190 700.00 5 SIAMISA TRADING AND PROJECTS 8895 13 000.00 6 MOSEKEMANG TRADING 9165 14 000.00</p> <p>The following payment batch has not been submitted.</p> <p>No. SUPPL_NAME Payment ID. Amount 1 Leisure Time Inn 6590 36 000.00</p>	Management should ensure they adhere to the SCM regulations when compiling payment batches	Management did not submit information requested as per request for information number 42 of 2022.	30-Mar-23	In Progress	T Molaolwe	BTO
152	ISS.37	Receivables (exchange and non-exchange) - Allowance for impairment	Receivables	Matters Affecting the Audit Report	High	<p>During the audit of receivables from exchange and receivables from non-exchange, it was noted that the schedule for allowance for impairment was not prepared per debtor's type, this made it impossible to select a sample of individual debtors for allowance for impairment recalculation.</p> <p>Furthermore when investigating the schedule for allowance for impairment we identified that the individual debtors type/ classification relating to electricity, water, sewerage, refuse, sundry debtors and property rate could not be traced from the schedule provided to the amount disclosed on the annual financial statement. This results the auditors not being able to make a sample of individual debtors for impairment recalculation.</p>	The municipality should provide auditors with the allowance for impairment schedule prepared as per individual debtor to enable auditors to select sample per debtor and the age analysis that has the full descriptions of the following columns: - Services - Total category - Debtors type	The municipality did not provide us with detailed schedule for allowance for impairment of debtors that is showing the impairment for each individual debtor account.	30-May-23	In Progress	O Ramukhuvhathi	BTO
153	ISS.38	Payables From Exchange Transactions: Difference between Trade payables schedule and AFS	Payables from Exchange Transactions	Matters Affecting the Audit Report	High	<p>The following differences were noted when reconciling the Trade Payables schedules to the annual financial statements: Amount as per AFS Amount as per Trade payables schedules Difference R 30 597 949 R 33 978 792.80 R 3 380 843.80</p>	Management should ensure that they put controls in place to ascertain that the Trade payables schedule, general ledger and annual financial statements agree.	There are no controls in place to ensure that the Trade payables schedules, general ledger and annual financial statements agree.	30-Apr-23	In Progress	M Bele	BTO

COMAF No.	EX No.	Item	FSLI	Impact on Auditor's report	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
154	ISS.39	AFS High Level review: Adjusted AFS findings		Matters Affecting the Auditor's report	High	Contrary to the above-mentioned requirement the following findings were identified: 1a). Schedule submitted does not have breakdown of below the amount per financial statement impairment (REFER TO CMF-16 FOR MORE INFORMATION)	It is recommended that management should ensure that financial statements are thoroughly reviewed to promote accuracy and completeness.	Management did not ensure that financial statements are thoroughly reviewed before they are submitted for audit purposes	31-Mar-23	Not Started	O Ramukhuvathi	BTO
155	ISS.4	No controls in place for the prevention of UJFW	Internal Control	Matters Affecting the Auditor's report	High	During the completing of the business process for the unauthorised, irregular and fruitless and wasteful expenditure the auditor confirmed that the municipality incurred more UJFW in the current financial period. This supports that contrary to the above, the municipality does have controls in place that will facilitate the prevention of unauthorised, irregular and fruitless & wasteful expenditure as required by section 62 (1) (d) of the MFMA. The municipality does not have mechanisms in place to help reduce or prevent the UJFW which makes the municipality to be in contravention with the requirements section 62 (1) (d) of the MFMA.	Proper and adequate implementation of internal controls over UJFW expenditure were not in place leading to instances where unauthorised, irregular and fruitless and wasteful expenditure are incurred.		31-Mar-23	Not Started	O Ramukhuvathi	BTO
156	ISS.40	High level review of AFS: Differences between TB and adjusted AFS	Annual Financials	Matters Affecting the Auditor's report	High	Contrary to the above-mentioned requirement the following differences were identified between the trail balance and the adjusted financial statements (REFER TO CMF-16 FOR MORE INFORMATION)	Management should ensure that the financial statements are properly reviewed before they are submitted for audit.	The financial statement were not adequately reviewed by management.	31-Mar-23	Not Started	O Ramukhuvathi	BTO
157	ISS.41	Compliance Expenditure not paid within 30 days	Expenditure	Matters Affecting the Auditor's report	High	[A.1] Non-compliance: Bulk purchases During the audit of Joe Morolong Local Municipality, the invoice date was compared to the date of payment as per the remittance advice as to determine whether payments were made within 30 days after receiving the invoice. It was confirmed that the following expenditure transactions were not paid within the required 30 days. REFER TO CMF 32 FOR MORE INFORMATION	The municipality should keep track of invoiced received on a monthly basis and ensure that these invoices are paid within 30 days of receipt. Where the municipality does not timely obtain the invoice from the supplier for goods received/ services rendered, the municipality should ensure that it follows up with the supplier.	The municipality does not have controls in place to ensure that valid invoices received from suppliers are paid within 30 days as required by MFMA 65(2)(e).	31-Mar-23	Not Started	M Bele	BTO
158	ISS.42	Bulk Purchases: Server Hosting and diesel classified as Bulk Purchases	General Expenses	Other important matters	Medium	Remote Server Hosting and diesel inappropriately classified as Bulk Purchases. During the audit of Joe Morolong Local Municipality, audit procedures were performed to confirm that Bulk Purchases transactions have been appropriately classified, identified invoices that should have been recognized in general expenses and not classified as bulk purchases. The details of the transaction are as follows: No. Information as per GI Transaction Date Document Number TID POSTING LEVEL PARENT VENDOR NAME Debit 1 20/10/2021 124_1349 103877 Inventory Consumed KAAP AGRI BEDRYF 199 920.00 2 04/11/2021 124_1375 105763 Inventory Consumed KAAP AGRI BEDRYF 199 600.00 3 21/10/2021 206_6251 103804 Electricity CONTOUR TECHNOLOGY 14 579.63	The municipality should ensure that it has sufficient review procedures in place over the transactions recorded in the general ledger and the financial statements as a whole to confirm that all transactions that meet the definition and recognition criteria of bulk purchases are recognized as such.	The municipality does not have sufficient review procedures in place to confirm that transactions that meet the definition and recognition criteria as bulk purchases.	30-Apr-23	In Progress	M Bele	BTO
159	ISS.44	PPE: Infrastructure asset not unbundled in terms of GRAP 17	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	During the testing of Property, Plant and Equipment, the following was identified: The fixed asset register for the period under review was reviewed and it was confirmed that register consisted of infrastructure assets. The auditor further noted that infrastructure assets were unbundled in terms of GRAP-17 and the MFMA Local Government Capital Asset Management Guideline except for the following infrastructure asset: • Makhubung Water Supply Phase 2 The asset was not unbundled and the municipality depreciated the asset as one unit instead of depreciating the components of the assets separately in line with the requirements set in GRAP 17.	It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.	Management did not ensure that infrastructure assets are unbundled and depreciated separately in line with the applicable accounting framework.	31-Mar-23	Not Started	P Kgajane	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
160	ISS.46	Infrastructure Assets - Incorrect classification of Transfers and difference identified	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During the audit of property, plant and equipment, the auditor identified that the municipality disclosed transfers in the reconciliation note in note 9. Through inquiry, management indicated that the transfers disclosed in the annual financial statements were the VIP Toilets that were transferred out from Work-in-Progress to the community. The toilets are in essence disposed of, as from Work-in-Progress they are not transferred to the Fixed Asset Register but however they are derecognized and the cost is expensed. Therefore, transfers in the annual financial statement are incorrectly classified in terms of paragraph 85 of GRAP 17 and disposals are misstated. Furthermore, the auditor identified the following difference:</p> <p>Transfers as per the AFS -R13 883 345.00 Transfers and Subsidies - VIP Toilets transferred to the communities -R11 992 915.93 Difference -R1 890 429.07</p> <p>As prior year finding:</p> <p>The following meter could not be traced to the electricity meter master database Physical meter details No Description Town Meter Number 1 Holazel Combined school Holazel 002878 2 Holazel Golf Club Holazel 11101891046 3 Holazel Police Station Holazel 11103720642</p> <p>Current year</p> <p>Through inspection of support included in the MF folder submitted with REF 5, it was noted that the support does not include the details on how the issue was addressed</p>	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.</p>	Management did not ensure that the property, plant and equipment reconciliation note is accurate and complete.	31-Mar-23	Not Started	P Kgajane	BTO
161	ISS.49	Prior year issue not resolved - iss.135 - Revenue from exchanged transaction - Electricity meters not appearing on the meter listing	Revenue	Other important Matters	High	<p>Through inspection of support included in the MF folder submitted with REF 5, it was noted that the support does not include the details on how the issue was addressed</p>	<p>Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.</p>	The support provided by management does not support the finding raised	31-Mar-23	Not Started	M Moagi	BTO
162	ISS.5	Inadequate and incomplete contract register	Contract	Other important matters	Medium	<p>During the review of the contract register the auditor identified several control deficiencies with regard to the schedule submitted:</p> <ol style="list-style-type: none"> 1. Some of the contracts do not have a start or end date. 2. Some of the contracts do not have a contract value. 3. Some of the contracts included in the contract register have expired. 4. Some of the contracts do not have a commitment value included as the value of the contracts have not yet spent on or fully spent on. 5. Some of the contracts do not have the expenditure spent to date. <p>Through inspection of the Joe Morolong website identified that the approved budget was not made public within ten working days after the municipal council has approved the annual budget of the municipality, in terms of Municipal budget and reporting reg 18(1) and (2).</p>			30-Apr-23	In Progress	T Molalwe	BTO
163	ISS.60	Budget not advertised within 10 days after the approval	Internal Controls	Other important matters	Medium	<p>Through inspection of the SDBIP have confirmed the following have not been included:</p> <ul style="list-style-type: none"> - projections for each month of: (i) revenue to be collected, by source, (ii) operational and capital expenditure, by vote. 	<p>Management and those in charge with governance should ensure that the annual budget approved is advertised within 10 days after the approval date.</p>	Management do not have processes in place to review and monitor compliance with applicable laws and regulations.	28-Feb-23	In Progress	K Thupae	BTO
164	ISS.61	SDBIP Non-compliance with MFMA 1 (Definitions)	Compliance	Matters Affecting the Auditor's report	High	<p>Through inspection of the SDBIP have confirmed the following have not been included:</p> <ul style="list-style-type: none"> - projections for each month of: (i) revenue to be collected, by source, (ii) operational and capital expenditure, by vote. 	<p>Management should include projection for each month of revenue to be collected, operational and capital expenditure by vote.</p>	Management did not follow process followed by the municipalities for the drafting and approval of the SDBIP	31-Mar-23	Not Started		

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
165	ISS.52	Prior year Iss.50 not resolved; PPE; immovable assets - Land not recognized	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During testing of property plant and equipment in the prior year and the current year, the following was identified: The asset register for the current year under review was reviewed and it was confirmed that land reflected on Note 9 (property plant and equipment), only consists of 2 farms.</p> <p>It came to the auditor's attention that land is not separately recognised and linked to a specific immovable asset on the fixed asset register as per GRAP 17 and MFMA — Local Government Capital Asset Management Guideline.</p> <p>It was further noted that land relating to the reflected categories of immovable assets (As per Note 9: property plant and equipment) is not separately recognised on the asset register nor on note: 9 (property plant and equipment), as per GRAP 17 requirement.</p> <p>Therefore, the land (relating to municipality's immovable assets) is not unbundled for the above assets and recognized in its appropriate asset category.</p> <p>During the testing of Property, plant and equipment in the current year the auditor identified that the municipality constructs immovable assets on land and land is not separately recognized in the fixed asset register. The municipality has full control of the infrastructure and building constructed on these assets and they derive a benefit from the assets. The municipality has the ability to appoint service providers to construct these infrastructure assets and they have the practical ability to refurbish and appoint operators to these assets. In summation, the municipality are the sole custodians of the infrastructure and buildings and they control assets built or constructed on this land. In summation, the land is not unbundled as in the prior year for immovable assets.</p>	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.</p>	<p>Management did not ensure that land relating to municipality's immovable assets is reflected on both the fixed asset register and Note 9 property plant and equipment (AFS).</p>	31-Mar-23	Not Started	P Kgafane	BTO
166	ISS.54	AOPQ: Differences between the supporting schedules and the APR	AOPQ	Matters Affecting the Audit Report	Critical	<p>Contrary to the above-mentioned requirement there was differences identified between the supporting schedules and the annual performance report as indicated in the table below.</p> <p>Indicator name Amount per Listing Amount per APR Differences Kilometres roads graded in the JMLM municipal area as per the maintenance programme by 30 June 2022: 62 15 621.2 0.3 Km of roads upgraded (paved or tarred) in the JMLM (wards 1,14 and 15) by 30 June 2022: 1,86 3.3 -1.44 Number of Households provided with dry sanitation by 30 June 2022: 200 203 -3</p>	<p>Management should ensure that the annual performance report is reviewed to ensure that the reported targets agrees to the registers before the report is submitted for audit.</p>	<p>This is due to lack of reviews of the annual performance report before it is submitted to the auditors</p>	30-Jun-23	Not Started	B Dikhabl	Planning and Development
167	ISS.56	AOPQ: Measurability and verifiability issues identified	AOPQ	Matters Affecting the Audit Report	Critical	<p>Contrary to the above-mentioned requirement the following indicators were not verifiable and measurable as indicated in the table.</p> <p>Indicator Comment Percentage of queries on electricity received and attended to in JMLM area by 30 June 2022 The performance indicator is not verifiable and measurable due to the following reasons: 1. Through inspection of the Job card, it could be confirmed that it does not have a unique identifier to trace back to the query book. 2. Through inspection of the query book, it was noted that queries for water and electricity are not easily identifiable as management uses their discretion in determining whether a query relates to electricity or water. 3. Requested the query book for water and electricity for the 2021/22 financial year in RFR34 and cut of letter 3 however the information was not received. 4. Not all the job cards were submitted</p> <p>Kilometres roads graded in the JMLM municipal area as per the maintenance programme by 30 June 2022. Through inspection of the grade register and portfolio of evidence file it could not be confirmed that the reported performance took place as there is no supporting documents/information/pictures to the reported work following (grading of roads). The evidence is quarterly reports with the following information:</p>	<p>Management should ensure that the supporting documentation to reported achievements in the annual report are measurable and verifiable.</p>	<p>Management did not have controls in place to ensure that indicators are verifiable and measurable before being included in the SOBP</p>	30-Jun-23	Not Started	B Dikhabl	Planning and Development

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
168	ISS.59	AOPO: Km of roads upgraded (Paved or Tared) in JMLM (Wards 1, 14 & 15) by 30 June 2022 completeness issues identified.	AOP	Matters Affecting the Audit Report	Critical	<p>Ward 5 Kilometres worked: Hired services: Kilometres worked Current location: Churchill Diesel delivered: 300 litres. Signed by: Director Technical</p> <p>Percentage of queries on water received and attended to in JMLM area by 30 June 2022. The performance indicator is not verifiable and measurable due to the following reasons: 1. Through inspection of the Job card, it could be confirmed that it does not have a unique identifier to trace back to the query book. 2. Through inspection of the query book, it was noted that queries for water and electricity are not easily identifiable as management uses their discretion in determining whether a query relates to electricity or water. 3. Requested the query book for water and electricity for the 2021/22 financial year in RFB4 and cut of letter 3 however the information was not received. 4. Not all the job cards were submitted</p> <p>Contrary to the above-mentioned requirement the following roads projects were identified in the asset register as completed in the 2021/22 financial year end however were not included in the annual performance report.</p> <p>Project Description Logobate Culvert Bridge and Road Kleinneira Road-Phase 5.</p> <p>Contrary to the requirement, the following differences were identified for revenue exchange transactions between the general ledger and the AFS: REFER TO CMR 8 FOR MORE INFORMATION.</p>	<p>Management should design and implement controls to ensure that the annual performance report is properly reviewed before it is submitted for audit purposes.</p>	<p>This is due to lack of adequate review of the of the annual performance review before it is submitted for audit purposes</p>	30-Jun-23	Not Started	B Dichabi	Planning and Development
169	ISS.6	Revenue from exchange transactions –Difference between GL and AFS	Revenue	Other Important Matters	Medium	<p>Contrary to the requirement, the following differences were identified for revenue exchange transactions between the general ledger and the AFS: REFER TO CMR 8 FOR MORE INFORMATION.</p>	<p>Management should revisit the annual financial statements submitted for audit and perform reconciliations between the general ledger and the AFS before submission for audit.</p>	<p>Lack of proper reconciliations done between the general ledger and the AFS before submission for audit.</p>	31-Mar-23	Not Started	M Moagi	BTO
170	ISS.60	AOPO: Completeness issues on indicators related to water supply	AOP	Matters Affecting the Audit Report	Critical	<p>Contrary to the above-mentioned requirement the following projects related to water supply to villages were identified in the asset register however they were not reported in the annual performance report.</p> <p>Project Description Indicator Loopeng Phase 2 Number of Villages provided with borehole refurbishment by 30 June 2022 and Number of villages prioritized for access to water infrastructure by June 2022. Molatswaneng Water Supply Phase 2 Wingate water supply Mammebe Water Supply Phase 3 Kilo-Kilo water supply Mentsimantsi: Wvk 1 Borehole Nwaneng Borehole Refurbishment Gasehuno Wvk 9 Borehole Refurbishment Logaganeng Borehole Refurbishment Gasehuno Wvk 8 Borehole Gamothibi Borehole Sesipi Water Augmentation Nisweleng/Magwaqwe Klein Eiffel Refurbishment Kilo Kilo Source Development Gatshekedi Water Supply Gahuwe Water Infrastructure Refurbishment Gamothibi Borehole Refurbishment Phase 2</p>	<p>Management should design and implement controls to ensure that the annual performance report is properly reviewed before it is submitted for audit purposes.</p>	<p>This is due to lack of adequate review of the of the annual performance review before it is submitted for audit purposes</p>	30-Jun-23	Not Started	B Dichabi	Planning and Development

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
171	ISS.61	Financial instruments - not appropriately disclosed (Liquidity risk)	Additional MFMA	Other important matters	Medium	During the audit of financial instruments, it was confirmed that the municipality did not disclose the financial instruments as per GRAP 104 para 131. The assessment requires for the municipality to show that they manage liquidity through an ongoing review of future commitments and credit facility, the assessment needs to show an assessment for less than 1 year, between 1 and 2 years, between 2 and 5 years and over 5 year. Cause of the finding The municipality does not have appropriate controls in place to ensure that they comply with the GRAP requirements in the preparation of the financial statements	The municipality should design and implement appropriate controls in place to ensure that all GRAP requirements have been met when preparing the financial statements for audit purposes.	The municipality does not have appropriate controls in place to ensure that they comply with the GRAP requirements in the preparation of the financial statements	30-Mar-23	In Progress	O Ramukhuvhathi	BTO
172	ISS.62	Interest not declared and declaration of interest not submitted	Supply Chain	Matters Affecting the Auditor's report	High	During the Audit of Quotations, the following suppliers were identified to be in service of state in terms of CAATS however in the declarations submitted they did not declare that they are in service of the state (REFER CMF 51 FOR MORE INFORMATION)	Management should ensure they comply with Municipal Supply Chain Management regulations 44 (SCM reg 44) and regulations 13 (SCM reg 13(C)	The management did not follow Municipal Supply Chain Management regulations for quotations	31-Mar-23	Not Started	T Molaolwe	BTO
173	ISS.63	Interest on anear accounts not charged on property rates	Revenue	Matters Affecting the Auditor Report	High	Through inspection of the annual financial statements, it was confirmed that the Municipality did not charge interest on anear accounts on revenue from non-exchange transactions (property rates) for 9 months of 2021/22 financial year. As per the Municipality's adopted tariff structure for the year under review interest on outstanding debtors shall be charged at an interest rate of prime rate plus 1. As a result, the financial statements are understated by interest on anear accounts that were charged for 9 months. Management was enquired regarding the issue of the interest not billed and they are aware of the issue regarding the interest not charged. The auditor subsequently recalculated the estimated interest not charged for 9 months using the average of the 3 months that has already been billed by the municipality which are the months of April, May and June only.	Management should ensure they charge interest in terms of their approved tariff policy.	There is no control to ensure that all municipality policies are thoroughly implemented	30-May-23	In Progress	O Ramukhuvhathi	BTO
174	ISS.64	Prior year issue not resolved - 136 - Revenue from exchanged transactions: Water meters not on the meter reading listing	Revenue	Other important Matters	High	As per prior year: While tracing a sample of water meters from their physical location to the water meter data base, the following was noted [A] The following water meters did not appear on the water meter database. REFER TO CMF 38 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	The support provided by management does not support the finding raised.	31-Mar-23	Not Started	M Moagi	BTO
175	ISS.65	Service charge (electricity) -Differences between the amount billed and the recalculated amount	Revenue	Matters Affecting the Auditor Report	High	During testing of revenue from exchange sale of electricity the amount billed was compared to the recalculated amount per the approved Nersa Tariffs and there was a difference noted for the following customers	Management should ensure that they use the correct tariffs and in addition they should revisit the meter reading booking to ensure that the correct readings are captured.	The cause of the finding is due to the fact Management incorrectly allocated the tariffs in terms of the types of debtors and due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	30-May-23	In Progress	O Ramukhuvhathi	BTO
176	ISS.66	Service charges (Water) :Meter reading consumption does no agree with the billing reports	Revenue	Matters Affecting the Auditor Report	High	During the testing of revenue from exchange water meter readings could not be determined for the following customers as the readings were negative, some meter reading could not be found on the meter book and some reading resulted to zero consumption. Therefore, the following occurrence could not be confirmed.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	30-May-23	In Progress	O Ramukhuvhathi	BTO
177	ISS.67	Service charge (water) - Differences between the amount billed and the recalculated amount	Revenue	Matters Affecting the Auditor Report	High	During testing of revenue from exchange sale of water the amount billed was compared to the auditors recalculation and there was a difference noted for the following customers in terms of the incorrect tariff used and differences identified in the consumption:	Management should ensure that they use the correct intervals when calculating the water balance for each debtor.	The cause of the finding is due to the fact that the calculation was done using incorrect water intervals and due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information	30-May-23	In Progress	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
178	ISS.68	Prior year issue not solved - Issue 137 - Revenue from exchanged transactions: Double billing of sewerage charges	Revenue	Other important Matters	High	As per prior year the following accounts were billed doubled for 9 months of the year, resulting in 21 sewerage billings instead of 12. Through discussion with management, the erroneous billings was caused by a changed in the financial system for the last 9 months of the financial year. REFER TO CMF 39 FOR MORE INFORMATION.	Management should ensure that for all uncorrected misstatements identified for every audit, the population is re-visited and appropriate adjustments made.	The cause of the finding is due to the fact that no supporting documents were provided for the finding that was raised in the prior year.	31-Mar-23	Not Started	M Moagi	BTO
179	ISS.69	Supporting for documentation for prior period error not provided - Commitments	Commitments	Matters Affecting the Auditor's report	High	During the audit of commitment prior year adjustment, information was requested as evidence of the commitments on the annual financial statements under note 44, the request was sent under RFI 29 on the 13th of September 2022 it was due on the 16th of September 2022, furthermore there was a cut off letter number 2, which was issued on the 19th of September 2022 and due on the 21 September 2022. The schedule was provided without the actual supporting information was provided and therefore the auditors were unable to audit commitments for the prior year adjustment under the disclosure note 44 prior period errors.	Management should ensure that the information that relates to prior year correcting errors is submitted for audit.	This finding is as a result of lack of oversight by management.	31-Mar-23	Not Started	O Ramukhuvathi	BTO
180	ISS.7	Incorrect rate used to calculate interest on debtors outstanding balance	Revenue	Other important Matters	High	After inspecting the invoice of Lamprecht Supermarket Co, it was confirmed that an interest of 8.75% was used to calculate the interest on late payments for water, basic and sanitation basic. However it was noted that the Reserve bank website the prime rate on the 01 July 2021 is 7%. The prime that should have been used is 8% (1%+prime of 7%).	Management should ensure that the interest levied on overdue accounts is accurate.	This matter is because of the interest rate on the system being incorrect. The system calculated the interest at a rate of 8.75% instead of 8%.	31-Mar-23	Not Started	M Moagi	BTO
181	ISS.70	Delegation of authority to approve payments not properly done	Expenditure	Matters Affecting the Auditor's report	High	During the audit of general expenses, it was noted that the payments were approved by the expenditure manager or by the Corporate services director which is not compliant with MFMA as they are not the properly delegated officials. Based on discussion with management the municipal manager and the CFO make manual approvals of payments through the signing of the requisitions and the invoice as proof of approval of payment. Based on the enquiry the auditor is not satisfied with the process explained by management as this creates a disagreement of whether there was an actual receipt of goods or an approval of the payment. The process should be more clear as to show how the payment has been approved.	Management should ensure that approval of payments are clearly shown in all payments made by the municipality.	This due to managements lack of implementing adequate controls to ensure that accurate records of the municipality is maintained	31-Mar-23	Not Started	M Bale	BTO
182	ISS.71	Supporting for documentation for prior period error not sufficient - Unauthorised Expenditure	Unauthorised Expenditure	Matters Affecting the Auditor's report	High	Payments below show all the payments where proof of payment authorisation cannot be confirmed whether it was done by the municipal manager, CFO or any other delegated official. REFER TO CMF 67 FOR MORE INFORMATION. During the audit of unauthorised expenditure prior year adjustment, information was requested as evidence of the unauthorised expenditure on the annual financial statements under note 44, the request was sent under RFI 29 on the 13th of September 2022 it was due on the 16th of September 2022, furthermore there was a cut off letter number 2, which was issued on the 19th of September 2022 and due on the 21 September 2022. The schedule was provided with only one line of the unauthorised expenditure disclosed for the comparative amount and not sufficient detail and therefore the auditors were unable to audit unauthorised expenditure for the prior year adjustment under the disclosure note 44 prior period errors.	Management should ensure that the prior year error correction is reconciled as per the audited AFS and the current year AFS	This finding is as a result of lack of oversight by management.	31-Mar-23	Not Started	K Thupae	BTO
183	ISS.73	Deviation not reported to council	Supply Chain Management	Matters Affecting the Audit Report	High	During the audit of questions, no information received to confirm that the following deviations were reported to council: 1 Mediaz4 IG 054.00 2 Empire Travel and Tours 10 742.30	Management should comply with Municipal Supply Chain Management regulation 36(2) (SCM reg 36(2)) during quotation process.	The deviation was not reported to council	30-Mar-23	In Progress	T Mololwe	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department Municipality
187	ISS.79	Employee Cost (Stand-by Allowance) - Differences between the recalculated amount and the payroll report	Employee Costs	Other important matters	Medium	<p>During the audit of stand-by allowance, the following differences were identified between the payroll report and the recalculated amount as per the policy/conditions of service collective agreement.:</p> <p>Information as per payroll report</p> <p>Employee ID Initials Surname Description Amount Month Recalculated standby amount Difference (Recalculated vs Payroll/payslip)</p> <p>0387 TW KGOTI-HANG STANDBY ALLO 1 794,15 Aug-21 1 263,35 530,80</p> <p>287 M MASITE STANDBY ALLO 1 484,18 Sep-21 1 032,27 451,91</p> <p>0169 KS NTSEBE STANDBY ALLO 2 298,75 Nov-21 1 544,75 754,00</p> <p>During planning stage of the audit the following deficiencies in internal control were identified:</p> <ol style="list-style-type: none"> 1.No IT Steering Committee 2.IT Governance Framework policy not approved. 3.The municipality did not provide IT strategic plan. 4. There is no IT Risk/Controls assessments being done. 5. There is no approved IT Security Policy in place. 6. There is no backup and retention strategy in place 7. There is no approved disaster recovery plan in place. <p>During the audit of non-pensionable allowance, the below employee received a non-pensionable allowance of R 3000 from Dec 21 to June 2022 (6 months) which results in non-compliance with the SALBGC.</p> <p>Employee Initials Name EID Code TaxCode Description Amount Month</p> <p>0139 KV KGOLOLO 01 1034 3713 NON PENSIONA 3 000,00 01/06/2022</p>	Management should ensure standby allowances are calculated as per the policy.	Lack of management oversight to ensure that stand-by allowance is calculated as per the policy	In Progress	M Bale	BTO	
188	ISS.8	IT control deficiencies	General IT controls	Other important matters	Medium	<p>During the audit of non-pensionable allowance, the following differences were identified between the payroll report and the recalculated amount as per the policy/conditions of service collective agreement.:</p> <p>Information as per payroll report</p> <p>Employee ID Initials Surname Description Amount Month Recalculated standby amount Difference (Recalculated vs Payroll/payslip)</p> <p>0387 TW KGOTI-HANG STANDBY ALLO 1 794,15 Aug-21 1 263,35 530,80</p> <p>287 M MASITE STANDBY ALLO 1 484,18 Sep-21 1 032,27 451,91</p> <p>0169 KS NTSEBE STANDBY ALLO 2 298,75 Nov-21 1 544,75 754,00</p> <p>During planning stage of the audit the following deficiencies in internal control were identified:</p> <ol style="list-style-type: none"> 1.No IT Steering Committee 2.IT Governance Framework policy not approved. 3.The municipality did not provide IT strategic plan. 4. There is no IT Risk/Controls assessments being done. 5. There is no approved IT Security Policy in place. 6. There is no backup and retention strategy in place 7. There is no approved disaster recovery plan in place. <p>During the audit of non-pensionable allowance, the below employee received a non-pensionable allowance of R 3000 from Dec 21 to June 2022 (6 months) which results in non-compliance with the SALBGC.</p> <p>Employee Initials Name EID Code TaxCode Description Amount Month</p> <p>0139 KV KGOLOLO 01 1034 3713 NON PENSIONA 3 000,00 01/06/2022</p>	Management should have controls in place to ensure that policies in place are reviewed regularly and approved, furthermore management should ensure that there is an IT steering committee established.	This finding is as a result of lack of oversight by management	In Progress	T Molekwa	BTO	
189	ISS.80	Employee Cost (Non-pensionable allowance) - Non-compliance with salary and wage collective agreement	Employee Costs	Other important matters	High	<p>During the audit of non-pensionable allowance, the below employee received a non-pensionable allowance of R 3000 from Dec 21 to June 2022 (6 months) which results in non-compliance with the SALBGC.</p> <p>Employee Initials Name EID Code TaxCode Description Amount Month</p> <p>0139 KV KGOLOLO 01 1034 3713 NON PENSIONA 3 000,00 01/06/2022</p>	Management should ensure that non-pensionable allowance is paid as per the salary and wage collective agreement for compliance.	Lack of management oversight to ensure non-pensionable allowance is paid as per the salary and wage collective agreement	Not Started	M Segami	Corporate Services	
190	ISS.81	Remuneration of Councilors - Differences between the GL and payroll report	Employee Costs	Other important matters	Medium	<p>During the audit of Remuneration of Councilors, the following differences were identified between the payroll report and the G.L.</p> <p>Description Amount Per GL Payroll report Differences</p> <p>Executive Mayor 827 007,33 754 788,23 72 219,10</p> <p>speaker 709 881,39 609 378,87 100 502,52</p> <p>Section 79 committee chairperson 2 680 268,66 117 834,36 2 562 424,30</p> <p>Executive committee members 25 429,42 1 848 741,54 - 1 823 312,12</p> <p>Ordinary Councilors 7 712 683,32 6 717 715,37 994 987,95</p> <p>11 955 260,12 10 048 456,37 1 906 803,75</p> <p>During our visit of the Van Zylsus landfill site, the following observations were made that indicate that the landfill was not appropriately managed in terms of the waste management licence as required by section 16(1) of NEMWA:</p> <p>a) Waste landfill sites are not operated or manned by a responsible person (municipality or service provider) - ie (There is no one that is guarding the landfill site and ensuring appropriate controls are in place)</p> <p>b) Inadequate access control at site entrances - not manned (and / or other areas to and from the site), Fences or palisades removed for easy and uncontrolled access.</p> <p>c) No or inadequate fencing (required 1.8 m) around the site resulting in free animal movement, unauthorised access (informal recyclers) and windblown litter outside site perimeter. ie (There is no fence around the area)</p> <p>During the audit of general expenses, through inspection of the invoices, it was noted that some of the invoices were not signed as acknowledgement of goods received by the municipality and for that reason there is no evidence of receipts which give a clear overview of the occurrence of the expenditure. REFER TO Clmp 87 FOR MORE INFORMATION</p>	Management should ensure that the payroll reports are prepared and reviewed timely for accuracy and completeness.	Management did not have internal controls to ensure that the payroll reports are adequately reviewed before they are submitted to the auditors.	In Progress	M Bale	BTO	
191	ISS.82	Non- Compliance with NEMWA (National Environmental Management: Waste act 59 of 2008	Compliance	Other important matters	Medium	<p>During our visit of the Van Zylsus landfill site, the following observations were made that indicate that the landfill was not appropriately managed in terms of the waste management licence as required by section 16(1) of NEMWA:</p> <p>a) Waste landfill sites are not operated or manned by a responsible person (municipality or service provider) - ie (There is no one that is guarding the landfill site and ensuring appropriate controls are in place)</p> <p>b) Inadequate access control at site entrances - not manned (and / or other areas to and from the site), Fences or palisades removed for easy and uncontrolled access.</p> <p>c) No or inadequate fencing (required 1.8 m) around the site resulting in free animal movement, unauthorised access (informal recyclers) and windblown litter outside site perimeter. ie (There is no fence around the area)</p> <p>During the audit of general expenses, through inspection of the invoices, it was noted that some of the invoices were not signed as acknowledgement of goods received by the municipality and for that reason there is no evidence of receipts which give a clear overview of the occurrence of the expenditure. REFER TO Clmp 87 FOR MORE INFORMATION</p>	Management should ensure that the requirements under the national environmental management: waste act 59 of 2008 are met	This finding is as a result of lack of oversight by management	In Progress	M Melekwa	Community Services	
192	ISS.83	General Expenses - No stamped acknowledgement of receipt of goods	Expenditure	Matters Affecting the Auditor's report	High	<p>During the audit of general expenses, through inspection of the invoices, it was noted that some of the invoices were not signed as acknowledgement of goods received by the municipality and for that reason there is no evidence of receipts which give a clear overview of the occurrence of the expenditure. REFER TO Clmp 87 FOR MORE INFORMATION</p>	Management should ensure that it implements controls to ensure that it verifies all goods and services received against the physical good and the service rendered.	There is no adequate controls that are aimed at ensuring that for all the invoices received, goods and services receipt has been confirmed and that the municipality pays only for items that were actually received.	31-Mar-23	Not Started	M Bale	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
193	ISS.84	Interest - exchange transactions (difference in amount)	Revenue	Matters Affecting the Audit Report	High	During the testing of interest for revenue for exchange transaction it was noted that the municipality used the incorrect interest rate resulting to the following differences	Management should ensure that the interest levied on overdue accounts is accurate in addition the tariff policy should be updated to clearly indicate which interest is the municipality using.	This was due to the fact that the interest used by the system is 8.75% which was updated in the current year for month of April 2022	30-May-23	In Progress	O Ramukhuvhathi	BTO
194	ISS.85	Prior year issue not resolved - Iss 144 - Limitation no meter readings performed (Revenue from exchange water)	Revenue	Matters Affecting the Audit Report	High	As per prior year finding Part A1 During the testing of revenue from exchange transactions on sale of water the meter readings for the following customers could not be determined Part A2 During the testing of revenue from exchange sale of water the meter readings for the following customers could not be determined Part B During the testing of revenue from exchange sale of water it was noted on the approved tariff that customers are charged for basic charge per square meter and the square meters could not be determine for the customers on the statement for the period October, 2020 to June 2021 During the testing of revenue from exchange sale of water it was noted on the approved tariff that customers are charged for basic charge per square meter and the square meters could not be determine for the customers on the statements, for the period July 2020 to September 2020 Part D During the testing of revenue from exchange the following statement was not received. While testing the completeness for refuse removal it was noted that the following accounts were not included on the billing report:	Management should ensure that they provide supporting documents for limitation finding identified in the prior year audit	This is due to the fact that the management did not resolve the finding and so supporting documents were provided. Impact of the finding	30-May-23	In Progress	O Ramukhuvhathi	BTO
195	ISS.86	Service charge - Accounts not charged for refuse removal	Revenue	Other important Matters	High	No Account number 1."000000001876 - 500252/002009" 2."000000000149 - 100023/000062" During the audit of employee cost, the following journals as per RFI 84, Annexure B were submitted without supporting documentation to confirm that the journals are passed on the appropriate accounts and at the correct amount. REFER TO CMF-36 FOR MORE INFORMATION	Management must ensure that the refuse removal charges is made against the accounts of customers who receive the service	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	31-Mar-23	Not Started	M Moagi	BTO
196	ISS.87	Employee Cost (Journals) - Limitation of scope (No supporting documentation submitted)	Employee Costs	Matters Affecting the Auditor's report	High	While testing the completeness for sewerage and sanitation it was noted that the following accounts were not included on the billing report: No Account number 1."000000001876 - 500252/002009" 2."000000000395 - 100195/000403" 3."000000000352 - 100164/000341" 4."000000000441 - 100244/000490" 5."000000000322 - 100140/000291" 6."000000000363 - 100172/000357" 7."000000000294 - 100123/000250"	The municipality should design and implement appropriate controls in place to ensure that employee cost journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes. The journals should also be adequately supported so that they can be acceptable to the auditors so that we can audit them effectively.	The municipality does not have appropriate controls in place to ensure that journals together their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.	31-Mar-23	Not Started	M Segami	Corporate services
197	ISS.88	Service charges (sewerage and sanitation charges) - Debtor account could not be traced to the sewerage and sanitation billing report	Revenue	Other important Matters	High	While testing the completeness for sewerage and sanitation it was noted that the following accounts were not included on the billing report: No Account number 1."000000001876 - 500252/002009" 2."000000000395 - 100195/000403" 3."000000000352 - 100164/000341" 4."000000000441 - 100244/000490" 5."000000000322 - 100140/000291" 6."000000000363 - 100172/000357" 7."000000000294 - 100123/000250"	Management must ensure that the sewerage and sanitation charges is made against the accounts of customers who is receiving the service from the municipality.	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information	31-Mar-23	Not Started	M Moagi	BTO
198	ISS.89	PPE: Assets could not be physically verified	Property, Plant and Equipment	Other important matters	Medium	Could not physically verify the following assets Information as per asset register # Barcode Main Description Current Condition 2022 Carrying Value - As At 30 June 2022 1 39520 Machinery And Equipment Skid Unit Very Good 33,000.00 Total 39,373.04	Management should ensure that the physical verifications are performed regularly and the assets register is updated to reflect the latest information	The physical verification were not regularly performed and assets register updated thereof	30-Jun-23	In Progress	OP Kgaene	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
199	159.9	Annual financial statements supporting schedules not submitted	Annual Financial Statements	Matters Affecting Auditor's report	High	<p>Contrary to the above-mentioned requirement the annual financial statements were not provided with all the supporting schedules for the statement of the statement of financial performance, statement of financial position and the disclosures for the following line items:</p> <p>a) The Inventory listing for the 2021/22 financial year end. b) Receivables schedules for receivables from exchange transactions and non-exchange transactions for the 2021/22 financial year end. c) Revenue Billing reconciliations for revenue from exchange and non-exchange transactions for the 2021/22 financial year end. Only the Recon on property rates submitted. d) The Development Bank of South Africa schedule for the 2021/22 financial year end. e) Trade Payables schedules for the 2021/22 and 2020/21 financial years. f) Debtors with credit balances schedules for the 2021/22 and 2020/21 financial years. g) Leave Accrued schedules for the 2021/22 and 2020/21 financial years. h) Other creditors schedules for the 2021/22 and 2020/21 financial years. i) Retention Fees schedules for the 2021/22 and 2020/21 financial years. j) 13th Cheque schedules for the 2021/22 and 2020/21 financial years. k) Indigent register which includes ID numbers and amounts subsidised for the 2021/22 financial year. Not subsequently received however the register was submitted although it did not have all the ID numbers and amounts, GL transactions of payments to eskom submitted. l) Contributions to local government schedule for the 2021/22 financial year end. Not submitted. m) Bulk Electricity and water losses schedule for the 2021/22 financial year. Not Submitted.</p>	<p>Management should ensure that all underlying records supporting the financial statements are prepared timely and submitted with the financial statements</p>	<p>Management did not have internal controls to ensure that the financial statements together with the supporting schedules are adequately reviewed before they are submitted to the auditors.</p>	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
200	ISS.90	PPE: Transport assets could not be verified	Property, Plant and Equipment	Other important matters	Medium	<p>Contrary to the above mentioned requirement the following asset could not be physically verified as has been written off due to an accident. Please refer to the table below for further details</p> <p>Information as per asset register. Information as per accident report # Barcode Main Description: Make Model Condition Grade Carrying Value - As At: 30 June 2022. Report date Accident date Outcome of Accident 1 C1W486NC Transport Assets Truck UD Trucks UD 85 Fair 642.475.81 20 Dec 2020 18 Dec 2020 Write Off</p> <p>Also the following asset could not be verified during the asset verification.</p>	<p>Management should ensure that the physical verifications are performed regularly and the assets register is updated to reflect the latest information.</p>	<p>The physical verification were not regularly performed and assets register updated thereof</p>	30-Jun-23	In Progress	OP Kgaiane	BTO
201	ISS.91	Related parties - Defined Contribution Plan incorrectly classified as related party	Related Parties	Other important Matters	Medium	<p>During the audit of Related parties, we identified that the Defined Contributions Plan which constitute of employee benefit for long service awards provision was incorrectly classified as related parties as per note 51 of the AFS.REFER TO GMF 37 FOR MORE INFORMATION.</p>	<p>The municipality should ensure that it has sufficient review procedures in place over the transactions recorded to ensure that they are correctly classified and meets the recognition criteria</p>	<p>The municipality does not have sufficient review procedures in place to confirm that transactions are correctly classified and meets the relevant recognition criteria.</p>	31-Mar-23	Not Started	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible official	Department within the Municipality
202	ISS.93	ISS.93 Understatement of prior year adjustment for cash and cash equivalents	Cash and cash equivalents	Other important matters	Medium	<p>During the audit of Note 44 prior year errors in cash and cash equivalents, it was discovered that the cash and cash equivalent correction of prior period error was understated as it did not include all the adjustments made to the comparative figures.</p> <p>The finding was initially raised last year as ISS.20 is as follows: 1. Cash and Cash Equivalents a) The following differences were identified between the AFS and cashbook/investment register: Management agreed with the error however the changes were not made in the prior year. Subsequently the auditor compared the prior year audited financial statements with the current year financial statement comparative figures and the following differences were identified There is a difference between the prior period error note(44) and the recalculated prior period error as indicated in the table below. During the physical verifications of infrastructure assets, the auditor identified that a motor of a sewer pump in Vanzylrus that was incorrectly recorded in the fixed asset register. The asset formed part of assets disposed in the period under review was not derecognized in terms of GRAP 17. Furthermore, the auditor during verifications assessed the asset to be in a fair condition. The following asset was incorrectly recorded.</p>	<p>Management should ensure that the prior year error correction is reconciled as per the audited AFS and the current year AFS</p>	<p>This finding is as a result of lack of oversight by management.</p>	30-Apr-23	Not Started	M Beke	BTO
203	ISS.94	PPE-Disposed of asset incorrectly recorded in the Fixed Asset Register.	Property, Plant and	Other important matters	Medium	<p>During the review of the fixed asset register, the auditor identified the register had numerous infrastructure assets valued at a zero rand carrying value. The assets were physically verified and assessed to be in a working condition. Furthermore, in the fixed asset register the municipality assessed the assets to be in a fair condition. However, there is a large number of assets carried at nil in the fixed asset register and it could be an indication that the useful life of these assets was not appropriately reviewed and will result in an accounting error. Furthermore, through inspection of the prior period financials it was confirmed that there was no change in accounting estimate relating to assets which indicates that the principals of GRAP 17 were not applied. [A.1] The following water supply infrastructure asset were verified and assessed to be in a fair condition and were carried at nil. REFER TO CMF 62 FOR MORE INFORMATION.</p>	<p>It is recommended that management should consider putting in place and implement effective internal controls to ensure appropriate assets management and record keeping system for financial reporting purposes.</p>	<p>Management did not ensure that assets that are disposed are derecognized in terms of GRAP 17.</p>	30-Jun-23	Not Started	OP Kgajane	BTO
204	ISS.96	PPE-Assets with a zero carrying value and fair condition identified	Property, Plant and Equipment	Matters Affecting the Auditor's report	High	<p>During the review of the fixed asset register, the auditor identified the register had numerous infrastructure assets valued at a zero rand carrying value. The assets were physically verified and assessed to be in a working condition. Furthermore, in the fixed asset register the municipality assessed the assets to be in a fair condition. However, there is a large number of assets carried at nil in the fixed asset register and it could be an indication that the useful life of these assets was not appropriately reviewed and will result in an accounting error. Furthermore, through inspection of the prior period financials it was confirmed that there was no change in accounting estimate relating to assets which indicates that the principals of GRAP 17 were not applied. [A.1] The following water supply infrastructure asset were verified and assessed to be in a fair condition and were carried at nil. REFER TO CMF 62 FOR MORE INFORMATION.</p>	<p>Management therefore needs to make sure to avoid this situation in future by regularly reviewing the useful life all depreciable assets.</p>	<p>Management did not implement yearly reviews of the useful lives and residual values of depreciable assets in terms of GRAP 17.</p>	31-Mar-23	Not Started	P Kgajane	BTO
205	ISS.97	Payables from exchange transactions-Limitation of scope on journals	Payables from Exchange Transactions	Other important Matters	Medium	<p>[A.1] The municipality did not submit all of the requested information to the auditors. There were documents submitted which appeared to be journals however this could not be confirmed for the following reasons: a) The document number on the submitted information did not match the document number of the transaction as stipulated in the general ledger, therefore the accounts and amounts on the document submitted could not be agreed to accounts and amounts in the general ledger. b) The document submitted did not have any underlying supporting documents which stipulate the description or classification for the accounts debited and credited. c) The document submitted did not have any underlying support which stipulate the amount of the transactions. d) The document submitted did not stipulate the journal narrations indicating the reasons for posting the journal. Based on the above it could be concluded that the following journals were not submitted to the auditors as requested. REFER TO CMF 62 FOR MORE INFORMATION.</p>	<p>The municipality should design and implement appropriate controls in place to ensure that payables journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	<p>The municipality does not have appropriate controls in place to ensure that journals together with their appropriate supporting documents are stored safely in such a manner that they are easily retrieved for audit purposes.</p>	31-Mar-23	Not Started	O Ramukhuvhathi	BTO

COMAF No.	EX No.	Item	FSLI	Impact on	Rating	Description of finding	Auditors Recommendations	Root Cause	Target Date	Progress	Responsible Official	Department within the Municipality
206	ISS.98	Bulk Purchases- Misstatement	General Expenses	Other important matters	Medium	A.1] Misstatement During the audit of Joe Morolong Local Municipality, audit procedures were performed to confirm the completeness of Bulk Purchases. These procedures included inspecting the invoices for 12 months received from Eskom and Sedibeng Water and tracing them to the General Ledger. However, during the audit it was identified that Bulk Purchases is Factual Misstated Total amount as per 12 months invoices from Eskom and Sedibeng Amount as per GL/AFS Differences R 15 263 516,10 R 16 095 369,62 R 831 853, 52	Management should ensure that it implements controls to ensure that only expenditures relating to bulk purchases are disclosed as such	The municipality does not have controls in place to ensure that only invoices relating to Bulk purchases are accounted for in its financial records.	30-Apr-23	In Progress	M Bale	BTO
207	ISS.99	Limitation of scope - Unspent conditional grants and receipts - Prior period error		Other important Matters	Medium	During the course of the audit, the following information was requested as per RFIs stated in the table below. Furthermore, another opportunity to provide the information was given to the municipality whereby a cut off letter was issued on 19 September 2022 and the information was due on 16 September 2022. The information below was not received, within the additional 2 days.	Management should consider implementing controls that will ensure proper record keeping of documentation to enable timely submission of information requested by the auditors.	Lack of proper record keeping of documents.	31-Mar-23	Not Started	O Ramukhuvhathi	BTO
208	ISS.176	understatement of impairment - Receivables from exchange transactions	Receivables	Matters Affecting the Audit Report	High	During the comparison of the general ledger and the annual financial statement, the auditors noted that the net balance for receivables from non-exchange was overly impaired. The two services below have an allowance on impairment and the net balance shows that the services were impaired further: Amount as per Note 6 of AFS Allowances for impairment Water - 70 970 150,97 Refuse - 13 800 533,95 Net balance Water - 2 186 201,00 Refuse - 1 238 073,00 = 3 424 260,00	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management did not adequately review the financial statements to ensure that it is clear as to how receivables from exchange transactions are calculated and presented in the annual financial statement.	30-May-23	In Progress	O Ramukhuvhathi	BTO
209	ISS.53	Service charges (Electricity): Meter reading consumption does not agree with the billing reports	Revenue	Matters Affecting the Audit Report	High	During the testing of revenue from exchange Electricity meter readings could not be determined for the following customers as the meter book and some reading resulted to zero consumption. Therefore, the following occurrence could not be confirmed.	Management should ensure that proper record keeping is maintained to ensure that all the information required is available for audit purposes	The cause of the finding is due to lack of review of AFS by management to ensure the AFS were supported by reliable, accurate and complete information.	30-May-23	In Progress	O Ramukhuvhathi	BTO
210	ISS.72	Cut Off Assertion: Transactions captured in the incorrect financial year.	General Expenses	Other important matters	Medium	During the audit of Joe Morolong Local Municipality, it was confirmed during the performance of audit procedures over professional and consulting fees that the transaction was recorded in an incorrect financial year being the current financial year instead of the last financial year. CREDIT NUMBER VOTE DESCRIPTION TYPE OF TRANSACTION DESCRIPTION DEBIT AMOUNT TRANSACTION DATE SUPPLIER / BENEFICIARY REFERENCE TAX AMOUNT (VAT) 26 IE0303020010050000000000000000000000000000 Expenditure Contracted Services: Consultants and Professional Services: Business and Advisory: Business and Financial Management Business and Advisory Sundry Invoice - SPI2977/005062/2021-2022 480 520 25/06/2021 GL - Business and Financial Management 72-078 00	The municipality should design and implement controls in place to ensure that only invoices relating to goods and services actually received are acknowledged and accounted for in its financial records. The municipality may either stamp and sign the invoice as a sign of receipt of goods and services or retain a copy of a goods received note and attach it to the expenditure batch.	The municipality does not have adequate review controls in place to ensure that only invoices relating to goods and services received in the current year are accounted in the correct financial year for in its financial statements	30-Apr-23	In Progress	M Bale	BTO

VOLUME III: AUDITOR-GENERAL'S REPORT

Report of the auditor-general to Provincial Legislature and the council on Joe Morolong Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Joe Morolong Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

Basis for disclaimer of opinion

Property plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment, as a result of poor accounting records. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to infrastructure assets including work in progress, community assets and buildings stated at R1 339 443 383 (2021: R1 316 172 804) in note 9 in the financial statements were necessary.
4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property plant and equipment. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. In addition, in the prior year I was unable to obtain sufficient appropriate audit evidence for infrastructure assets, buildings, furniture and office equipment, transport assets, computer equipment, machinery and equipment included in property, plant and equipment, as a result of poor accounting records and assets that could not be verified for existence. Consequently, I was unable to determine whether any adjustment was necessary to the property, plant and equipment corresponding figure stated at R1 334 707 464 in note 9 to the financial statements
5. The municipality did not present repairs and maintenance in accordance with GRAP 17, Property plant and equipment. The repairs and maintenance as presented in statement of financial performance were not presented as an additional note under property plant and

equipment. Consequently note 9 to the financial statements is not fully complying with the requirements of GRAP 17. I could not determine the full extent of the misstatements as it was impractical to do so.

6. The municipality did not review the useful lives of transport assets at each reporting date in accordance with GRAP 17, *Property, plant and equipment*. As a result, the municipality had transport assets which had a zero net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of transport assets as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for transport assets as a result of poor records keeping. I was unable to determine whether any adjustments were necessary for transport assets stated at R20 426 323 in note 9 to the financial statements
7. The municipality did not recognise the land it controls and has direct right to use or deny access in accordance with the requirements of iGRAP 18, *Recognition or derecognition of land*. The municipality has right to direct access to the land, or to restrict or deny access to others to the land, and the municipality has a right to the land for unlimited period. Consequently, land as disclosed in note 9 to the financial statements is understated. I could not determine the correct fair value and the extent of land held as it was impracticable to do so.
8. During 2021, the municipality did not have adequate systems in place to account for infrastructure assets included in property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as there were differences between additions in work in progress and infrastructure assets transferred. Consequently, infrastructure additions included in property plant and equipment being overstated with R39 437 640 and infrastructure assets transfers being understated with R39 437 640.
9. During 2021, the municipality did not have adequate systems in place to account for work in progress in accordance with GRAP 17, *Property, Plant and Equipment*, which resulted in work in progress being overstated by R6 112 859 and infrastructure assets understated by R6 112 859.

Receivables from exchange transactions

10. I was unable to obtain sufficient appropriate audit evidence for the receivables from exchange transactions as allowance for impairment were not adequate due to the municipality not having adequate accounting systems. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to receivables from exchange transactions stated at R20 105 693 (2021: R22 053 208) in note 8 to the financial statements. Since the receivables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.
11. I was unable to obtain sufficient appropriate audit evidence for the sundry receivables from exchange transactions due to the municipality not having adequate accounting systems. I was unable to confirm the sundry receivables from exchange transactions by

alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to sundry receivables from exchange transactions stated at R62 386 137 (2021: R62 398 324) in note 6 to the financial statements. Since the receivables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.

12. I was unable to obtain sufficient appropriate audit evidence for the receivables from exchange transactions on water due to the municipality not having adequate accounting systems. I was unable to confirm the receivables from exchange transactions on water by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to receivables from exchange transactions water receivables stated at R66 783 950 in note 6 to the financial statements. Since the receivables from exchange transactions balance is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.
13. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for receivables from exchange transactions. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary receivables from exchange transactions corresponding figure stated at R22 053 208 in the financial statements
14. During 2021, the municipality did not have adequate systems in place to account for receivables from exchange transactions in accordance with GRAP 104, *financial instruments*, as the municipality did not calculate the allowance in accordance to the bad debt write-off policy. Consequently receivables from exchange transactions is overstated by R7 267 688 and impairment losses are understated by R7 267 888.
15. During 2021, the municipality did not have adequate systems in place to account for receivables from exchange transactions in accordance with GRAP 104, *financial instruments*, as the municipality incorrectly classified receivables on grants as receivables from exchange transactions. Consequently receivables from exchange transactions was overstated by R13 809 466 and receivables from non-exchange transactions was understated by R13 809 466.

Receivables from non-exchange transactions

16. I was unable to obtain sufficient appropriate audit evidence for the receivables from non-exchange transactions as allowance for impairment were not adequate due to the municipality not having adequate accounting systems I was unable to confirm the receivables from non - exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to receivables from non - exchange transactions stated at R44 234 561 (2021: R25 563 281) in note 7 to the financial statements. Since the receivables from non - exchange transactions balance is included in the determination of net cash flows from operating activities reported in the

statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.

17. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for receivables exchange transactions. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary receivables from exchange transactions corresponding figure stated at R25 563 281 in the financial statements
18. During 2021, the municipality did not have adequate systems in place to account for receivables from non-exchange transactions in accordance with GRAP 104, *financial instruments*, as the municipality did not calculate the allowance in accordance to the bad debt write-off policy. Consequently receivables from non-exchange transactions was understated by R17 747 692 and impairment losses provision was overstated by R17 747 692.

VAT Receivables

19. I was unable to obtain sufficient appropriate audit evidence regarding VAT receivable, as there was no adequate system of internal control in the record keeping. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to VAT receivable stated at R 42 810 371 (2021: R32 926 902) in note 8 to the financial statements was necessary.

Depreciation and amortisation

20. I was unable to obtain sufficient appropriate audit evidence for depreciation and amortisation, due to insufficient evidence that infrastructure project expenditure was unbundled per component and cost of the projects could not be determined. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to depreciation and amortisation stated at R121 797 481 (2021: R118 833 055) in note 28 to the financial statements was necessary.
21. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for depreciation and amortisation. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary for depreciation and amortisation corresponding figure stated at R118 833 055 in note 28 to the financial statements.

Interest – revenue non exchange transactions

22. The municipality did not have adequate systems in place to account for Interest – Non Exchange Transactions included in revenue from non-exchange transactions in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality did not charge interest on property rates account in arrears on a monthly basis.

Consequently, Interest from revenue non-exchange transactions as disclosed in note 20 to the financial statements is understated by R10 268 754 and receivables from non-exchange transactions as disclosed in note 7 to the financial statements is understated by R10 268 754.

23. During 2021, the municipality did not have adequate systems in place to account for Interest – Non Exchange Transactions included in revenue from non-exchange transactions in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality did not charge interest on all property rates. Consequently, Interest – Non Exchange Transactions and receivables from non-exchange transactions were understated. I was unable to determine the full extent of the misstatement as it was impracticable to do so.

Property rates

24. The municipality did not have adequate systems to maintain records of property rates included in revenue from non-exchange transactions in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality did not recognise all properties per the valuation in the revenue billing systems. Consequently property rates and receivables from non-exchange transactions misstated, I was not able to determine the full extent of the misstatements as it was impractical to do so. Additionally, there was an impact on the surplus and accumulated surplus
25. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property rates. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary for property rates corresponding figure stated at R47 550 834 in the note 23 to the financial statements
26. During 2021, the municipality did not have adequate systems to maintain records of property rates included in revenue from non-exchange transactions in accordance with GRAP 23, *Revenue from non-exchange transactions*, as the municipality used incorrect market values and rebates in calculating monthly rates and taxes. Consequently property rates and receivables from non-exchange transactions were understated by R28 164 510.

Services charges

27. The municipality did not have adequate systems to maintain records of sale of water - conventional included in service charges in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality used incorrect tariffs in calculating sale of water – Conventional which resulted in service charges (sale of water) and receivables from exchange transactions being overstated by R11 089 081. In addition, I was unable to obtain sufficient appropriate audit evidence for sale of water included in revenue from exchange transactions as the municipality readings for consumption are not accurate and the municipality did not maintain adequate records. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments

to service charges sale of water - conventional stated at R9 605 134 (2021: R9 882 878) in note 18 to the financial statements were necessary.

28. The municipality did not have adequate systems to maintain records of sale of electricity- Conventional included in service charges in accordance with GRAP 9, *Revenue from exchange transactions*, as the municipality used incorrect tariffs in calculating sale of electricity which resulted in service charges (sale of electricity) and receivables from exchange transactions being overstated by R13 939 221. In addition, I was unable to obtain sufficient appropriate audit evidence for sale of electricity – conventional included in revenue from exchange transactions as the municipality readings for consumption are not accurate and the municipality did not maintain adequate records. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments to service charges (sale of electricity) stated at R7 000 314 in note 18 to the financial statements were necessary.
29. I was unable to obtain sufficient appropriate audit evidence for sale of prepaid electricity - prepaid included in revenue from exchange transactions as the municipality did not maintain adequate records. I was unable to confirm the amounts of prepaid electricity by alternative means. Consequently, I was unable to determine whether any adjustments to sale of pre-paid electricity as disclosed under service charges stated at R3 512 406 (2021: R3 035 202) in note 18 to the financial statements were necessary.

Interest - exchange transactions

30. The municipality did not have adequate systems in place to account for Interest Exchange Transactions included in revenue from exchange transactions in accordance with GRAP 9, *Revenue from exchange transactions*, as differences were identified in the interest rate charged on accounts in arrears. Consequently, Interest – exchange transactions as disclosed in note 20 to the financial statements is understated by R4 038 467 and receivables from exchange transactions as disclosed in note 6 to the financial statements is understated by R4 038 467.
31. During 2021 I was unable to obtain sufficient appropriate audit evidence for interest – exchange transactions included in interest on arrear accounts as the municipality did not maintain adequate records. I was unable to confirm the amounts of interest – exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments to interest on revenue exchange transactions stated at R5 780 324 note 20 to the financial statements were necessary.

Payables from exchange transactions

32. The municipality did not have adequate systems in place to account for other creditors in accordance with GRAP 1, *Presentation of financial statements*, as the municipality deducted payroll third party payments from the balances of other creditors. Consequently other creditors as disclosed in note 12 to the financial statements is understated by R13 154 726 and employee related cost is understated by R15 514 193 There was an impact on the surplus for the period and on the accumulated surplus

33. The municipality did not have adequate systems to maintain records of accounts payable for goods and services received but not yet paid for. This resulted in trade payables and general expenditure and working in progress additions being understated by R4 108 066 (2021: R6 479 981). In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the balance of trade payables from exchange transactions due to the municipality's financial statements not reconciling to the underlying records and the filing system not functioning effectively. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to payables from exchange transactions stated at R30 597 949 (2021: R34 743 519) in note 12 to the financial statements was necessary. Since the payables from exchange transactions is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.
34. I was unable to obtain sufficient appropriate audit evidence to confirm the balance of retentions due to the status of the accounting records. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustments relating to retentions stated at R11 862 304 in note 12 to the financial statements was necessary. Since the payables from exchange transactions is included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.
35. During 2021, the municipality did not have adequate systems in place to account for other creditors in accordance with GRAP 1, *Presentation of financial statements*, as creditors could not be traced to the creditors listings. Consequently other creditors and accumulated surplus was understated I was unable to determine the full extent of the misstatement as it was impracticable to do so.
36. During 2021, I was unable to obtain sufficient appropriate audit evidence to confirm the balance of payables from exchange transactions due to the status of accounting records. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment relating to payables from exchange transactions stated at R55 417 864 in note 12 to the financial statements was necessary.

General expenditure

37. I was unable to obtain sufficient appropriate audit evidence for general expenditure, due to the filing system not functioning effectively. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to general expenditure stated at R72 022 475 (2021: R66 310 718) in note 33 to the financial statements was necessary. Since the general expenditure are included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether cash flows from operating activities are accurate and complete.

Employee related costs

38. I was unable to obtain sufficient appropriate audit evidence for employee cost, due to the status of the accounting records. I could not confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to employee cost stated at R71 279 007 in note 28 to the financial statements was necessary.
39. During 2021, the municipality did not have adequate systems in place to account for employee related costs in accordance with GRAP 1, *Presentation of financial statements*, as the municipality did not perform proper reconciliations. Consequently employee related costs was understated by R6 522 379 and payables from exchange transactions is understated by R6 522 379 respectively.

Debt impairment

40. I was unable to obtain sufficient appropriate audit evidence regarding debt impairments as there was no adequate accounting systems to maintain records for the allowance of debt impairment. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment relating to debt impairment stated at (R4 272 004) (2021: R286 549 957) in note 30 to the financial statements was necessary.
41. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for debt impairment. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary for debt impairment corresponding figure stated at R286 549 957 in note 30 to the financial statements.

Impairment of assets

42. I was unable to obtain sufficient appropriate audit evidence regarding impairment loss or reversal of impairment loss, as there was no adequate accounting systems to maintain records for the allowance for impairment. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment relating to impairment loss and reversal of impairments stated at R8 694 390 (2021: R4 186 259) in note 48 to the financial statements was necessary.
43. During 2021, the municipality did not account for impairment loss in accordance with the requirements of GRAP 17, *Property, plant and equipment*, which resulted in understatement of impairment on assets and overstatement of property plant and equipment with R3 254 832.

Bulk purchases

44. During 2021, I was unable to obtain sufficient appropriate audit evidence for bulk purchases, due to the filing system not functioning effectively. I could not confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to bulk purchases stated at R12 021 942 in note 31 to the financial statements was necessary.

Transfers and subsidies

45. I was unable to obtain sufficient appropriate audit evidence for indigent subsidies, due to the status of accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to indigent subsidies stated at R4 797 433 in note 32 to the financial statements was necessary.
46. During 2021, I was unable to obtain sufficient appropriate audit evidence for transfers and subsidies, due to the filing system not functioning effectively. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to transfers and subsidies stated at R19 667 086 in note 32 to the financial statements was necessary.

Irregular expenditure

47. I was unable to obtain sufficient appropriate audit evidence regarding irregular expenditure, due to the status of the accounting records. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of irregular expenditure, as the supporting information was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R303 294 130 (2020: R210 010 299) in note 41 to the financial statements was necessary.
48. The municipality did not disclose all the irregular expenditure in the notes to the financial statements, as required by section 125(2) (d) (i) of the MFMA. The municipality incurred expenditure in contravention of the supply chain management (SCM) requirements resulting in irregular expenditure being understated in the current and previous year. I was unable to determine the full extent of the understatement as it was impracticable to do so.

Unauthorised expenditure

49. I was unable to obtain sufficient appropriate audit evidence for the unauthorised expenditure incurred during the year and the opening balance of unauthorised expenditure, due to the status of the accounting records. In addition, I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of unauthorised expenditure, as the supporting information was not provided. I could not confirm these balances by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to unauthorised expenditure stated as R 592 446 585 (2021: R 538 133 979) in note 38 to the financial statements.
50. The municipality did not disclose all the unauthorised expenditure in the notes to the financial statements, as required by section 125(2) (d) (i) of the MFMA. The municipality incurred expenditure in contravention of budget management reporting regulations requirements resulting in unauthorised expenditure being understated.

Commitments

51. The municipality did not have adequate systems in place to record commitments in accordance with GRAP 17, *Property, plant and equipment*, as the municipality does not maintain an adequate contract register. In addition, capital and operational contracts were

disclosed and contract values were not monitored for accurate disclosure of commitments balance. Consequently, commitments was misstated I was unable to determine the full extent of the misstatement in commitments as it was impracticable to do so.

52. I was unable to obtain sufficient appropriate audit evidence for commitments, as the municipality did not maintain accurate and complete records of the contractual information used to determine commitment amounts. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to commitments were necessary stated as R48 036 833 (2021: R62 501 599) in note 47 to the financial statements.

Fruitless and wasteful expenditure

53. The municipality did not disclose all the fruitless and wasteful expenditure in the notes to the financial statements, as required by section 125(2) (d) (i) of the MFMA. The municipality incurred expenditure in contravention of MFMA regulations requirements resulting in fruitless and wasteful expenditure being understated.
54. During 2021, I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure, as the municipality did not maintain accurate and complete records to disclose fruitless and wasteful expenditure. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to fruitless and wasteful expenditure were necessary stated as R4 678 008 in note 40 to the financial statements.

Statement of comparison of budget and actual amounts

55. The municipality did not have adequate systems in place to properly account for budgeted amounts disclosed in the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information* in financial statements, as the amounts in the statement of comparison of budget and actual amounts varied from the approved budget. I was unable to determine the full extent of the misstatement as it was impracticable to do so.

Contingent liabilities

56. The municipality did not record recognise contingent liabilities as required by GRAP 19, *Provision, Contingent Liabilities and Contingent assets* as the amounts disclosed as contingent liabilities did not agree to the support provided, which resulted in contingent liabilities R16 299 974 disclosed in note 36 to the financial statements being overstated by R11 897 075. In addition, I was unable to obtain sufficient appropriate audit evidence that all contingent liabilities had been recorded, as the municipality did not have adequate systems and I could not confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to accruals stated at R16 299 974 (2021: R8 339 672) in financial statements.

Distribution losses

57. I was unable to obtain sufficient appropriate audit evidence for distribution losses as it could not be substantiated by supporting evidence. I was unable to confirm the distribution losses

by alternative means. Consequently, I was unable to determine whether any adjustments was necessary to the distribution losses stated at R10 172 669. (2021: R3 838 154) in note 42 to the financial statements

Segments reporting

58. The municipality did not recognise all the activities of an entity that generates economic benefits or service potential in accordance with the requirements of GRAP 18, *Segment reporting*. As the municipality has activities that generates economic benefits, and the financial performance of the activities are regularly reviewed by management, Reportable segments is not appropriately disclosed in terms of the reporting framework. I was unable to determine the full value of the misstatements as it was impractical to do so.

Related parties

59. During 2021, I was unable to obtain sufficient appropriate audit evidence for related parties, as the municipality did not maintain accurate and complete records of the amount disclosed in the financial statements. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to related parties were necessary stated as R5 740 219 in note 51 to the financial statements.

Statement of cash flows from operating activities

60. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R210 038 752 in the financial statements were necessary.

61. During 2021, the municipality did not correctly prepare and disclose the net cash flows from operating activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities in the current and previous year. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so.

Statement of cash flows from investing activities

62. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from investing activities as stated at R305 402 884 in the financial statements were necessary.

Cash flow statement

63. The municipality did not correctly prepare and disclose the movement on cash and cash equivalent in the cash flow statement as required Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining the movement in cash and cash equivalent. The cash and cash equivalent at the beginning of the year is understated by R10 562 107 (2021: R43 237 873).

Statutory receivables

64. The municipality did not calculate the balance of statutory receivables in accordance with the Standards of GRAP 108, *Statutory receivables*. The municipality disclosed the amounts as statutory receivables which did not agree to the amount presented in financial statements. Consequently, the statutory receivables included in note 52 to the financial statements is understated by R12 424 436.
65. The municipality did not have adequate systems to maintain records of statutory receivables in accordance with GRAP 108, *Statutory receivables*, as the municipality incorrectly classified statutory receivables. Consequently, statutory receivables was understated by R64 106 046, property rates included receivables from non-exchange transactions is overstated with an amount of R30 740 646 and val receivables is overstated with an amount of R33 365 400.

Prior period error note

66. The municipality did not disclose previous period errors in note 44 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for the previous period errors disclosed, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the previous period errors disclosed in the financial statements.

Statement of changes in net assets

67. The municipality did not have adequate systems in place to properly account for amounts disclosed in the statement of changes in net assets in accordance with GRAP 1, *Presentation of financial statements*. The impact on the financial statements is that the opening and closing balance will not be correct.

Additional disclosure in terms of Municipal Finance Management Act

68. During 2021, the municipality did not have adequate systems in place to properly account for the additional disclosure in terms of municipal finance management act note in accordance with GRAP 1, *Presentation of financial statements*, as pension and medical aid deductions, audit fees, contribution to organised local government, unaccounted electricity losses and unaccounted water losses disclosed in the MFMA additional note is overstated

by R4 106 224 pension and medical aid deductions. The impact on the financial statements is that the opening and closing balance will not be correct.

Revenue from exchange transactions

69. During 2021, total revenue was materially misstated by R6 577 525 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
- Interest received stated at R2 091 810 was overstated by R1 070 925.
 - Other income stated at R1 183 177 was overstated by R457 588
 - Services charges – sewerage and sanitation charges stated at R3 794 560 was overstated by R1 227 647
 - Sale of electricity - Conventional stated at R3 041 843 is overstated by R3 041 843

Other matter

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

Unaudited disclosure notes (MFMA 125)

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

Responsibilities of the accounting officer for the financial statements

72. The accounting officer is responsible for the preparation and fair presentation of the financial statements 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 Division of Revenue Act 9 of 2021 (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.
73. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

74. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

75. 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 the other ethical requirements that relevant to my audit of the in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

76. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
77. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the municipality's annual performance report for the year ended 30 June 2022:

Development priorities	Pages in the annual performance report
Strategic focus area 2: Infrastructure and service delivery	xx – xx

78. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
79. The material findings on the usefulness and reliability of the performance information of the selected development priorities are as follows:

Strategic focus area 2: Infrastructure and service delivery

Various indicators

80. The source information / evidence / method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions for the indicators listed below. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement.

Indicator description	Planned target	Reported achievement
Percentage of queries on electricity received that have been received and attended to in the JMLM area by 30 June 2022.	95% of all electricity queries received are attended by 30 June 2022	96% queries on electricity received and attended to in Hotazel and Vanzyrus
Kilometers roads graded in the JMLM municipal area as per the maintenance programme by 30 June 2022.	400 km roads graded in the JMLM area as per maintenance programme by 30 June 2022	621,2km graded in the JMLM area
Percentage of queries on water received and attended to in JMLM area by 30 June 2022.	95% of all water queries received are attended by 30 June 2022	96% Attended to Queries received 1 963. Queries attended to 1 858

Various indicators

81. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

Indicator description	Reported achievement
Km of roads upgraded (paved or tarred) in the JMLM (wards 1, 14 and 15) by 30 June 2022	3.3km of roads upgraded (Paved or Tarred) in JMLM <ul style="list-style-type: none"> • Makhubung Internal Road Phase 6 - 05 April 2022 Completed - 1440m Tarred • Tsaelengwe Internal Road - 12 May 2022 Completed - 930m Tarred • Washington Internal Road - 04 February 2022 Completed - 930m Tarred
Number of villages prioritized for access to water infrastructure by June 2022.	4 Villages were provided with access to water infrastructure <ul style="list-style-type: none"> • Tzaneen – 12 Jan 2022 • Nicwelengwe – 07 Feb 2022 • Tsinengkop – 16 March 2022 Gatshekedi – 13 May 2022
Number of villages provided with borehole refurbishment by 30 June 2022.	1 Villages provided with borehole refurbishment at Masankong

Other matter

82. I draw attention to the matter below.

Achievement of planned targets

83. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 80 to 81 of this report.

Adjustment of material misstatements

84. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Strategic focus area 2: Infrastructure and service delivery. As management subsequently corrected

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

Report on the audit of compliance with legislation

Introduction and scope

85. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements, performance reports and annual reports

87. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

88. The 2020/21 annual report was not tabled in the municipal council after the end of the financial year, as required by section 127(2) of the MFMA.

Expenditure management

89. Money owed by the municipality was not always paid within 30 days as required by section 65(2) (e) of the MFMA.

90. I was unable to obtain sufficient appropriate audit evidence that payments from the municipality's bank accounts were approved by the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.

91. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the payment of funds, as required by section 65(2) (a) of the MFMA.

92. Reasonable steps were not taken to prevent irregular expenditure, unauthorised expenditure and fruitless and wasteful expenditure as required by section 62(1) (d) of the MFMA. The full extent of the irregular expenditure, unauthorised expenditure and fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph.

93. Reasonable steps were not taken to unauthorised expenditure and fruitless and wasteful expenditure as required by section 62(1) (d) of the MFMA.

Revenue management

- 94. An adequate management, accounting and information system which accounts for revenue, debtors and receipt of revenue was not in place, as required by section 64(2)(e) of the MFMA.
- 95. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.
- 96. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2) (b) of the MFMA.
- 97. Interest was not charged on all accounts in arrears, as required by section 64(2) (g) of the MFMA.

Asset management

- 98. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2) (a) of the MFMA.
- 99. An effective system of internal control for assets was not in place, as required by section 63(2) (c) of the MFMA.
- 100. Capital assets were permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.
- 101. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2) (a) and 14(2) (b) of the MFMA.

Strategic planning and performance management

- 102. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.
- 103. The municipality does not have processes that describe all the relevant functions for planning, monitoring and reporting on performance, as well as roles and responsibilities as required in terms of MSA 38(a) and Municipal Planning and Performance Management Regulation 8.

Procurement and contract management

- 104. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the municipality's filing system is functioning effectively. Similar limitation was also reported in the prior year.

105. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1) (a) and (c).
106. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
107. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 10(a). Similar non-compliance was also reported in the prior year.
108. The preference point system was not applied some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
109. The invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).

Consequence management

110. 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.
111. Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

112. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.
113. I was unable to obtain sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure and evaluate performance of staff were developed and adopted, as required by section 67(1)(d) of the MSA.

Other information

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

115. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
116. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
117. 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

118. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation, however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
119. The accounting officers and senior management did not take timely and adequate action to address weaknesses in the finance and supply chain management directorate, which resulted in non-compliance with applicable legislation and gave rise to unauthorised, fruitless and wasteful and irregular expenditure. Furthermore, they failed to implement adequate controls to ensure compliance with laws, regulations and internally designed policies and procedures.
120. The accounting officers and senior management of the municipality did not ensure that internal control procedures were developed, implemented and monitored to ensure that daily disciplines were performed and reviewed.
121. The lack of decisive action to mitigate emerging risks, implement timely corrective measures and address non-performance was evident by the failure of management to adequately address the external audit findings in a timely manner. The municipality failed to properly analyse the control weaknesses and implement appropriate follow-up actions that adequately addressed the root cause. This resulted in the audit findings in the prior year report being recurring in the current year.
122. The municipality did not have the capacity to address backlog issues and financial system problems, resulting in the need to appoint consultants. Consultants assisted with the preparation of an asset register and annual financial statements.

123. The accounting officer did not prepare regular, accurate and complete financial statements that are supported and evidenced by reliable information, review and monitor compliance with laws and regulations. This contributed to the numerous misstatements in the financial statements of the municipality and further resulted in the audit outcome being stagnant.
124. Finance staff had an insufficient understanding of the accounting framework and too much reliance is placed on consultants. This contributed to the numerous misstatements in the financial statements of the municipality.
125. Effective and appropriate disciplinary steps were not taken against officials who made and permitted unauthorised, irregular and fruitless and wasteful expenditure.
126. The underlying systems and controls were inadequate to provide reliable and accurate evidence to support the reporting on predetermined objectives. Senior management did not perform an adequate review on the actual performance against predetermined objectives reported.
127. Management did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.

Material Irregularities

128. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Material Irregularities identified during the audit

Consultants for AFS preparation not effectively, efficiently and economically used by the municipality

129. The municipality appointed consultants to assist in improving the audit outcome for a fixed term of three years, which started on the 6 May 2019 to 30 April 2022. The municipality has been receiving disclaimed audit opinions since 2016, due to the municipality not having proper records and not providing the required information for audit. The accounting officer appointed consultants with the aim of improving the audit outcome, however he did not exercise his responsibilities in terms of section 62(1)(a) of the MFMA in ensuring that there is adequate and appropriate supporting information to enable the consultants to do their work..
130. The impact of appointing consultants without providing them with the required supporting information is likely to result in a material financial loss as the resources of the municipality were not used effectively, efficiently and economically.
131. The accounting officer was notified of the material irregularity on 7 October 2022 and invited to make a written submission on the actions taken and that will be taken to address

the matter. The following actions have been taken by the accounting officer to address the material irregularity:

- A draft consultancy reduction plan has been developed that is intended to inform the municipality's appointment of consultant's policy as well as its aim to reduce the number of consultants it appoints. Once the plan is approved it will be implemented.
- A draft MTREF financial plan has been developed to supplement the municipal 2022/23 MTREF budget. This is done to ensure that the current under collection of revenue is improved to enable the municipality to have a cash funded budget through efficient revenue enhancement and cost containment measures.
- Council adopted and approved a cost containment policy on 21 May 2021 which will be used to reduce non-core expenditure.
- Key positions that were needed in the organisational structure relating to annual financial statements preparation and compilation of the asset register were identified and filled, during May 2022, and the municipality is still continuing to fill vacancies for the 2022/23 financial year.
- No new procurement processes for the appointment of consultants has been undertaken and will only be done once a GAP Analysis has been undertaken in accordance with section 5(5) of the municipal cost containment regulations.
- The performance and progress of consultants is being monitored on a quarterly basis by the municipality to ensure effective use of resources.
- A material irregularities investigation committee was appointed by the Municipal Manager to investigate the Material Irregularity relating to poor records management on the use of consultants.

132. I will follow up on the progress of the material irregularity during my next audit.

Interest on arrear accounts not charged

133. The municipality did not charge interest on exchange and non-exchange transactions on a monthly basis as required by section 64(2)(g), subsection 1 of the MFMA. The 2019/20 audit report included limitations affecting the interest from arrear accounts and interest from arrear accounts on property rates. I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as the municipality did not charge interest on a monthly basis. The municipality was unable to address breakdown in internal controls as highlighted in the prior year, 2019 limitation on interest on outstanding debtors balance for services rendered was still not resolved. Council approval for not charging interest on outstanding debtors balance on services rendered was received for only four months, starting from 01 March 2020 until 30 June 2020. Furthermore the municipality did not charge interest on arrear property rates accounts for the financial year ended 30 June 2021.

134. The non-compliance resulted in a financial loss of R4 321 584 by June 2020 and R9 828 821 by June 2021. The financial loss is in the form of interest not being charged on accounts that are in arrears.

135. The accounting officer was notified of the material irregularity on 18 March 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken by the accounting officer to address the material irregularity:

- The Municipal Manager requested the audit committee to launch an investigation in line with s166(2)(d) of the MFMA.
- The investigation on the material irregularity relating to interest not charged on arrear accounts was concluded on 10 May 2022.
- The service type configuration was updated on the system to charge prime plus one from April 2022.
- Interest schedules for calculation were performed and reviewed internally. Interest journals have not yet effected on the customers' accounts due to data cleaning process of the customer accounts that was not yet completed as at 30 August 2022.
- Financial loss will thus be recovered once accounts have been billed.

136. I will follow up on the progress of the material irregularity during my next audit.

Status of previously reported material irregularities

Full and proper records not kept

137. The accounting officer was notified of the material irregularity on 22 October 2021 the accounting officer has not taken appropriate action committed to in his written submission in response to the notification. I recommended that the accounting officer should take the following action to address the material irregularity by 30 June and 30 September 2022 respectively.

- The non-compliance with section 62(1)(b) of the MFMA should be investigated to determine the reasons and circumstances that led to the noncompliance for the purpose of taking appropriate corrective actions and to address control weaknesses.
- Appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by Section 62(1)(b) of the MFMA. The plan should include anticipated timeframes and address the following key areas as a minimum:
 - a) Complete asset register of all of the municipality's infrastructure assets, including work-in-progress, as well as information for assets that have been fully depreciated but still in use;
 - b) Billing information and reconciliations to support revenue from service charges, and
 - c) Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and

services paid for were received, including payments made from conditional grant funding.

- I further recommend that the AO should take appropriate action to develop and commence with the implementation of the action plan to address the financial problems of the municipality, as required by section 135(1) and 135(3)(a) of the MFMA, by 30 September 2022. The plan should describe the anticipated timeframe and milestones to be achieved and include as a minimum strategies to:
 - (a) Increase the collection of revenue;
 - (b) Efficiently manage the available resources of the municipality
 - (c) Repair and maintain infrastructure assets

138. A response was received on 30 June 2022 and 30 September 2022 respectively on the implementation of the recommendations. To implement the recommendations, the accounting officer has developed an action plan on 30 June 2022 with timelines to address poor recordkeeping as it relates to.

- The AO appointed an MI Committee to investigate the root causes that led to the non-compliance and ensure that there are mitigating factors to avoid recurrence of material irregularities.
- A thorough needs analysis will be carried out prior to commencement of the procurement process to ensure that only those goods and services that have been identified and are budgeted for are procured.
- The meter team is currently conducting meter readings. The readings should be ready for billing by 15 July 2022.
- COGTA is currently rolling out a records management project in selected municipalities including Joe Morolong Municipality, to assist the municipalities to improve their records management.
- The Municipality has decided to enhance document management system by scanning all the documents such as payment vouchers and service level agreements.
- Officials who request documents are issued with photocopies to minimise the risk of losing original documents
- A process was undertaken to locate payment vouchers and progress is updated on a payment tracking document.
- Creditors recons being performed for major creditors

139. The accounting officer has also developed an action plan on 30 September 2022 to address the financial problems of the municipality by taking the following actions.

- Customer care and communication which involves direct communication with key stakeholders.
- Analysing municipality accounts and identifying accounts with long outstanding balances

- Implementation of credit control policies which includes issuing of notices and follow ups on long outstanding debt and charging of interest on amounts owing.
- Reviewing and updating municipality policies on revenue, debt collection and credit controls.
- However, the municipality has appointed attorney in order to collect the long outstanding debt from state owned properties. The municipality will be filling in the vacant positions and this will enable effective implementation of the Credit control processes
- The municipality has conducted thorough review on the new General Valuation Roll prior to implementation in order to ensure that all legislative compliance were met.
- Supplementary valuations have been conducted and this has further assisted to resolving errors on the General Valuation Roll
- The municipality needs to review, update and draft a comprehensive repairs and maintenance policy that will underpin the budgeting process and maintenance best practices.
- The asset manager will compile a physical verification report on the condition of assets and submit to the technical and corporate services director on a quarterly basis.

140. Delays were experienced with the implementation of the action plans due to the instability in the municipality due to high vacancy rate. I am determining the most suitable action to take

Auditor General

Kimberley

30 November 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence