

**JOE MOROLONG**  
LOCAL MUNICIPALITY

# ANNUAL REPORT 2023-2024

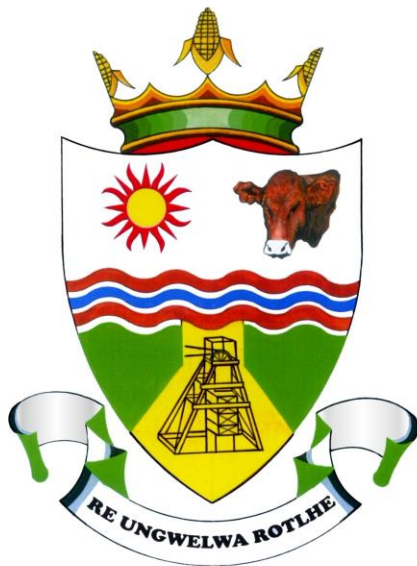
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**JOE MOROLONG**  
LOCAL MUNICIPALITY

# CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

# 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 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 her administration, as we proudly announce a significant improvement in the 2023/24 Audit Outcome, from moving from eight successive disclaimers to a Qualified Audit Opinion. This milestone not only reflects enhanced governance but also translates into better service delivery for our community.

This progress underscores the collective efforts of leadership, staff, and all our stakeholders in building a foundation for sustained improvement. The municipality remains committed to achieving an unqualified audit opinion in a near future, reflecting its dedication and excellence and good governance.

I thank you. Ke a leboga.

---

**Mayor: Cllr DD Leutlwetse-Tshabalala**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 Municipal Manager's Overview

It is an honour and privilege for me to present the 2023/24 Annual Report for consideration by Council, the broader community of Joe Morolong Local Municipality, oversight bodies, as well as the stakeholders at large.

2023/24 has been faced with many challenges following the national elections in May 2024 which led to the formation of the Government of National Unity. The beginning of the financial year left the municipality having an acting Municipal Manager after the end of term of the former. The change in management brought in many doubts on whether the municipality will improve on its service delivery objectives and financial management in the new year.

It has been evident that the dedication and enthusiasm of the entire Council and staff led to the municipality receiving an improved audit opinion from the office of the Auditor General. Following years of disclaimers, the municipality improved to a qualified audit opinion. This was achieved through what can be described as a collaborated shift within management and everyone responsible. The mood and determination were felt by everyone including the lowest level officials in the institution. They all presented a new culture of taking responsibility towards their duties.

An introduction of the performance management system for the middle managers also played a role in ensuring that everyone performs to the best of their abilities. We intend to encourage a culture of outstanding performance so that municipal staff are encouraged and aspire to perform and excel in their field of work. We encourage them to use the opportunity available for them to further their education and acquire more skills. We increased the budget for the bursary to be able to financial assist them. Councillors were also encouraged to apply for further education and training with different institutions of higher learning.

In addition to an improved opinion, the municipality demonstrated good financial management in terms of ensuring that it maintains a positive cashflow. We have continued to make sure that we pay our creditors including paying all its creditors and third parties.

Joe Morolong has a high rate of unemployment. This prevented the municipality to generate own income. It is largely dependent on the national and provincial grants. Municipality is forced by these circumstances to Make sure that the little revenue received is spent effectively and efficiently. The municipality adopted cost containment policy developed in terms of MFMA Circular 82. The policy has been implemented where measures were put in place to contain costs.

We also take pride in ensuring that the conditional grants are spent and value for money achieved in the process. Provision of services to the communities are our biggest concern. That has been attested to by community members who appreciated the service they received during the IDP consultations.

---

**Municipal Manager: Ms B. Motlhaping**

## 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

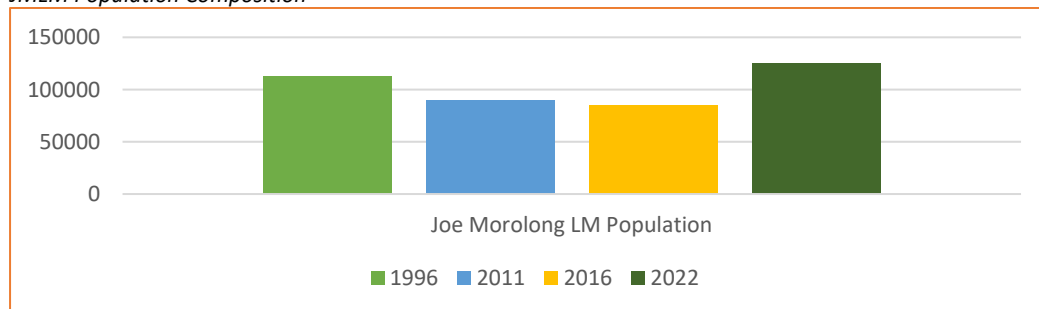
The functions that the Joe Morolong Local Municipality performs are:

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

### 1.2.2 Population Details

The population figures drawn from the 2022 Census indicate that an estimated total of 125 420 people reside in Joe Morolong Local Municipality's jurisdiction. This is indicative of an increase of about 41 219 people from the 84 201 in the 2016 community survey figures, as shown on the figure below. This is the first time there has been an increase in the JMLM population within the 26 years period between the year 1996 and 2022.

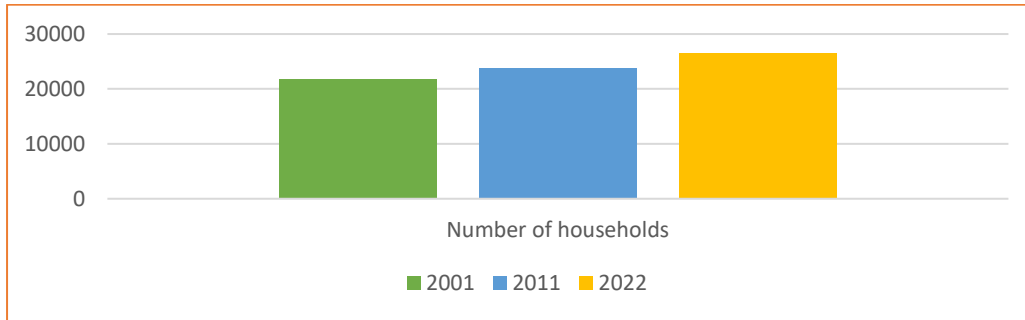
*JMLM Population Composition*



Source: StatsSA 1996, 2011, 2016 & 2022

The number of households in JMLM has increased by 1958 households in the period between 2001 and 2011; and by 2830 households between 2011 and 2022.

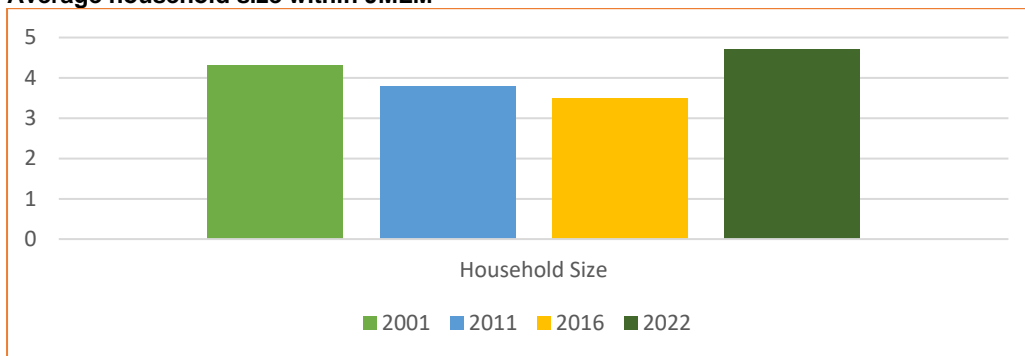
### Number of households



Source: StatsSA 1996, 2011, 2016 & 2022

There has also been an increase in the average number of persons per household for the first time in the municipality; from 3.5 in 2016 to 4.7 in 2022.

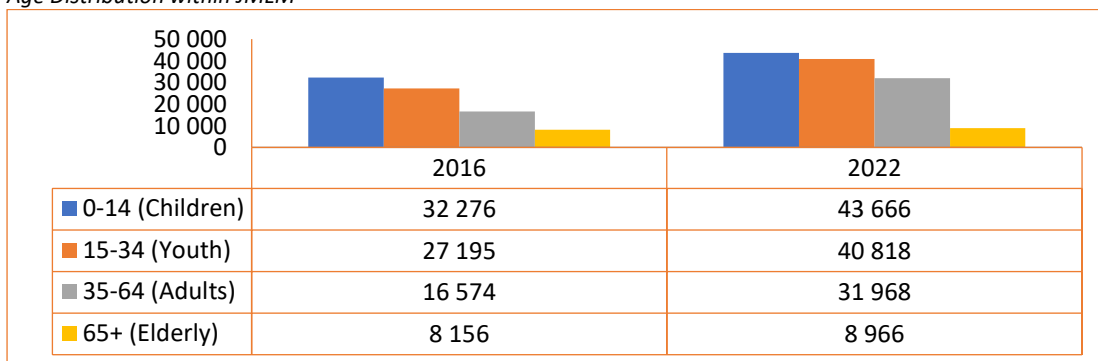
### Average household size within JMLM



Source: StatsSA 1996, 2011, 2016 & 2022

The age profile of the JMLM is shown on the figure 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. This, combined with the 7% ratio of the elderly, make up the economically inactive population. Although the economically inactive population has decreased from 48% in 2016 to 42% in 2022, the ratio is still significantly high. This indicates 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.

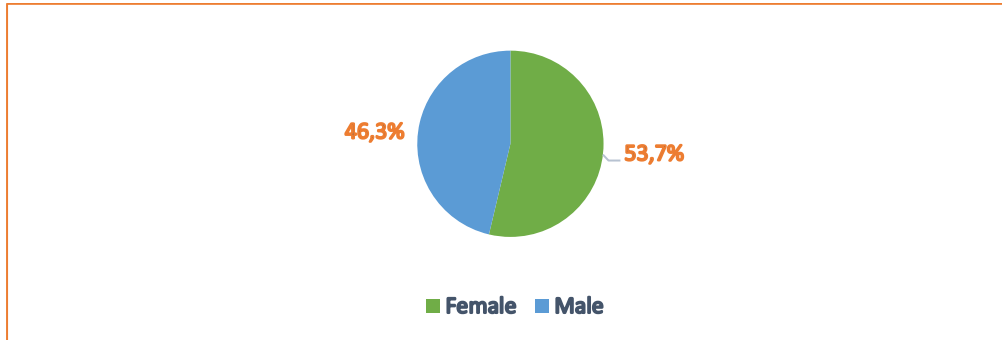
### Age Distribution within JMLM



Source: StatsSA 2016

In terms of gender composition, the share of the female population is the highest in JMLM. This is generally due to the migration of the male working population who seek to earn for their families. According to StatsSA, 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.

Sex Ratio



Source: StatsSA 2022

The survey further reveals a marginal increase in the poverty head count, from 6.4% (2011) to 6.6% (2016). 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 2023-24 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 12 Water Supply projects, 6 Borehole Refurbishment projects, 4 Road- and 4 Dry Pit Sanitation projects.
- 93% of all Water related queries received and 96% of the Electrical queries received were resolved during the Financial Year.
- A total of 1 681,5 km of gravel roads were graded.
- 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**

- JMLM received a total of R 77 007 000,00 from MIG. This was utilised to construct new water infrastructure, double pit sanitation units, refurbish the Dithakong sport field and also to upgrade gravel to paving block roads.
- The municipality also received R 53 700 000,00 from DWS (WSIG-grant) which was used to implement Water Supply- and Borehole Refurbishment projects.
- Both grants were 100% spent at the end of the Financial Year.
- 271 Households were served with safe basic sanitation.
- 621,2km roads graded in the JMLM area as per maintenance programme

#### **1.3.2 Challenges**

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

- Community stoppages due to dissatisfied members were managed as and when it appeared. Stoppages in Doxon 1&2 villages caused the project to be paused for the year and funds were allocated to another project – issues are resolved now
- The contractor on the Padstow Water Supply project was replaced due to non-performance
- Hard rock excavation on some project sites caused delays
- Infrastructure in our area were damaged due to heavy rains in the previous financial year, 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 (water and electricity) reported queries in the month they were reported.

## 1.4 Financial Health Overview

The fiscal year 2023/2024 was a time of increased economic activity. The economy experienced considerable expenses as a result of rising inflation and interest rates. The year under review was an improved year for the Joe Morolong Local Municipality due to improving collection rates.

The table below illustrates the Municipality's performance per National Key Performance Indicator as stipulated in the Local Government: Municipal Planning and Performance Management Regulations of 2001 and Section 43 of the Local Government: Municipal Systems Act 32 of 2000 (MSA). These key performance indicators are tied to the National Key Performance Area (KPA), which is 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.

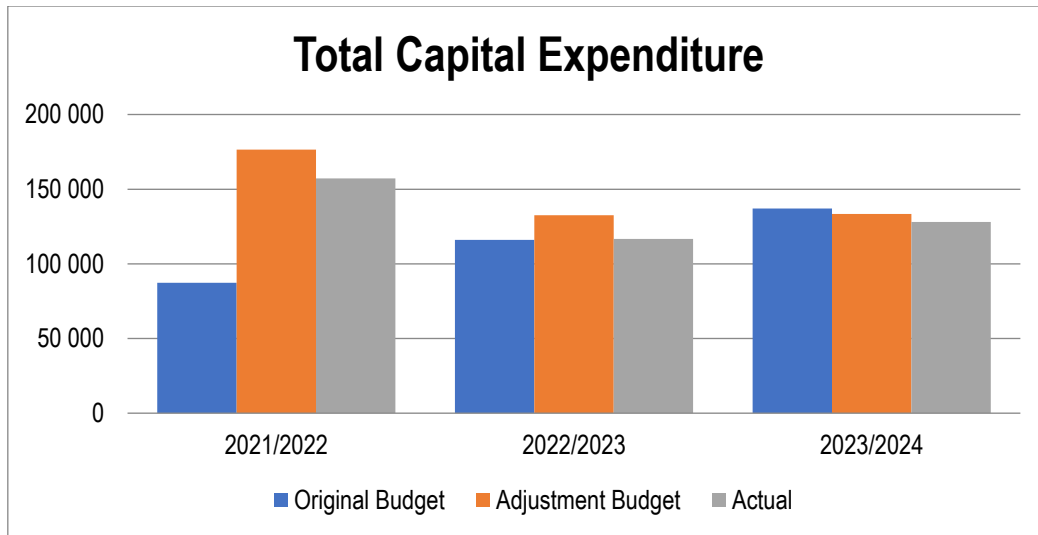
A number of factors affect the Municipality's ability to remain in business as usual. Management took into account the Municipality's present and future performance, the possibility of continued government funding, and, if needed, possible sources of replacement funding, among other things, when deciding whether the going concern assumption is suitable in the current economic climate.

The Municipality has also instituted programmes to rein in wasteful spending. This means that even though the Municipality is facing liquidity constraints in the short and medium term, it may still be considered a going concern.

Financial Overview: 2023/2024			
Details	Original budget	Adjustment Budget	R' 000
<b>Income:</b>			<b>Actual</b>
Grants	325 105	320 185	338 536
Taxes, Levies and tariffs	71 242	85 402	62 756
Other	1 725	5 854	40 220
<b>Sub Total</b>	<b>398 072</b>	<b>411 441</b>	<b>441 512</b>
<b>Less: Expenditure</b>	<b>440 474</b>	<b>540 682</b>	<b>473 655</b>
<b>Net Total*</b>	<b>-42 402</b>	<b>-129 241</b>	<b>-32 143</b>
<i>* Note: surplus/(deficit)</i>			<i>T 1.4.2</i>

Operating Ratios	
Detail	%
Employee Cost	30%
Repairs & Maintenance	14%
Finance Charges & Impairment	7%
	<i>T 1.4.3</i>

Total Capital Expenditure: 2021/2022 to 2023/2024			
Detail	R'000		
	2021/2022	2022/2023	2023/2024
Original Budget	87 283	116 115	137 121
Adjustment Budget	176 422	132 578	133 378
Actual	157 150	116 784	127 969
			T 1.4.4



## 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 208 employees of which 20 were appointed on contract, 5 finance interns and 29 Councillors in the Municipality. The total number of posts as per the approved structure is 321, and there are 113 vacant posts.

Staff establishment as at 30 June 2024

Department	Incumbents	Vacancies	Total
Corporate Services	41	6	47
Office of the Municipal Manager	21	9	30
Community Services	29	31	60
Technical Services	72	59	131
Financial Services	37	5	42
Economic Development Planning and Tourism	08	3	11
<b>TOTAL</b>	<b>208</b>	<b>113</b>	<b>321</b>

The following positions were filled in the 2023/2024 financial year.

1. SCM Officer
2. Budget Officer
3. Superintendent: Testing & Licencing
4. Disaster Coordinator
5. Labour Relations Officer
6. PMU Technician
7. Director LED

The following positions were filled on contract basis.

1. General Worker (16)
2. Cleaner (3)
3. Sewer Truck Operator

### 1.6 Auditor-General Report

The municipality received a Qualified of opinion for the 2023/2024 financial year. The issues leading to the qualification are listed on the table below.

The basis of the qualification
Property, Plant and Equipment
Consumer Debtors Disclosures
VAT Receivables
Service Charges
Total Revenue
Unauthorised Expenditure
Irregular Expenditure
Fruitless and Wasteful Expenditure
Commitments
Cash flow Statement
Statement of Comparison of Budget and Actual Amounts

This represented a significant improvement in its financial governance, moving from **eight successive disclaimers** to a **Qualified Audit Opinion**. This achievement highlights the significant progress made in strengthening accountability and fostering trust with the community.

The full Audit Report is contained in Chapter 6.

## 1.7 Statutory Annual Report Process

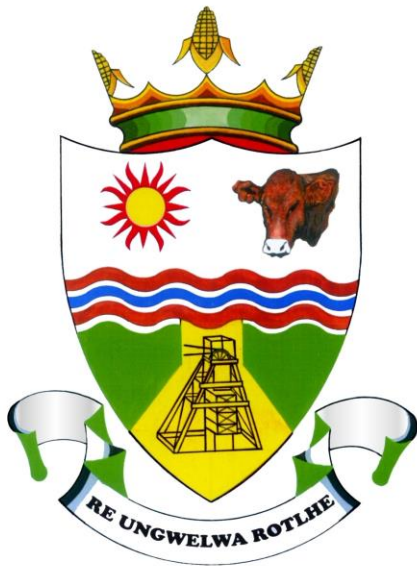
No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP 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 2023/2024 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
<b>T 1.7.1</b>		

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.



**JOE MOROLONG**  
LOCAL MUNICIPALITY

# CHAPTER 2

GOVERNANCE

## CHAPTER 2 – GOVERNANCE

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

#### 2.1 Political Governance

The governance system of Joe Morolong Local Municipality is a mayoral system that has Section 80 committees:

- Finance, Human Resources and Administration
- Infrastructure
- Economic Development, Planning and Tourism
- Community Services

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:

- i. Ensuring that each of the political parties are properly represented on the various committees;
- ii. Maintaining sound relations between the various political parties; and
- iii. 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 is using the Audit, Risk, and Performance Committee shared services with the District Municipality. The committee provides opinions and recommendations on financial management, Risk and performance information.

The Municipal Public Accounts Committee (MPAC) acts as an oversight committee for the annual report 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 Municipal Reports and any item that has been referred to the committee by the Council.

### 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 who head the respective portfolio committees:



**Cllr. N. Kgosierileng**  
Community Services



**Cllr. N. Mokweni**  
Economic Development,  
Planning & Tourism



**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
<b>TOTAL</b>	<b>29</b>	<b>15</b>	<b>14</b>

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.

A full list of Councillors (including committee allocations and attendance at council meetings) can be found in **Appendix A**; and committees and committee purposes are set out in **Appendix B**.

### 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 said register indicates 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
<b>Municipal Manager: Ms. B. Motlhaping</b>	<b>Municipal Manager's Office</b> Ms. B. Motlhaping	Manager: Legal and Compliance (Vacant)
		Manager: Internal Audit
		Manager: Communications
		Chief Risk Officer
		Manager in the Office of the Mayor
	<b>Director: Corporate Services</b> Mr. T. Gopetse	Manager: Human Resources
		Manager: Information Technology
		Manager: Performance Management Development System
		Manager: Records Management
		Manager: Administration
		Manager: Council Committees
		Manager: Vanzylsrus Satellite Office
	<b>Director: Technical Services</b> Mr. L. Moinwe	Manager: Project Management Unit
		Manager: Roads and Stormwater
		Manager: Water and Sanitation
		Manager: Fleet Management
		Manager: Water Quality
		Manager: Electricity (Vacant)
	<b>Director: Economic Development Planning and Tourism</b> Mr. P. Moseki	Manager: IDP/PMS
		Manager: LED
		Manager: Town Planning
	<b>Chief Financial Officer</b> Vacant	Senior Manager: Financial Control
		Manager: Financial Control
Manager: Expenditure		
Manager: Supply Chain Management		
Manager: Budget & Reporting		
Manager: Assets Management		
<b>Director: Community Services</b> Vacant	Manager: Revenue	
	Manager: Housing	
	Manager: Disaster Management & Facilities	
	Manager: Environmental Services	
		Superintendent: Testing & Licensing

## 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;
- ✓ IDP and Budget Consultation meetings;
- ✓ Joint Outreach Programmes with other sectors of government; and
- ✓ Media briefings.

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 – 21 November 2023	29	19	1394	Yes	08 – 22 April 2024  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.

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, 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?	Yes
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 Fraud and Corruption policy, Fraud Response Plan, and a Whistle-Blowing policy. The municipality has functional Internal Audit and Risk Management units and the Audit, Risk and Performance Committee is in place. The municipality has also established a Disciplinary Board and the members thereof have been appointed.

## 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. This necessitated a need for skills review and wherein gaps were identified, training has been planned and adherence to the training plan is currently being monitored.

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

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

## 2.9 By-Laws

The JMLM currently has the following by-laws:

By-law	Department
Draft By-law for Tariffs	Finance Services
By-law for SPLUMA	Economic Development Planning and Tourism
Draft By-law for Water	Technical Services
Draft By-law for Environment	Community Services

By-law	Department
Draft By-law for Cemeteries	
Draft By-law for Waste Management	
Draft By-law for Spaza Shops	Economic Development Planning and Tourism
Draft By-law for Property Rates	Finance Services
Draft By-law for Use of Facilities	Community Services
Draft By-law for Use of Electricity	Technical Services

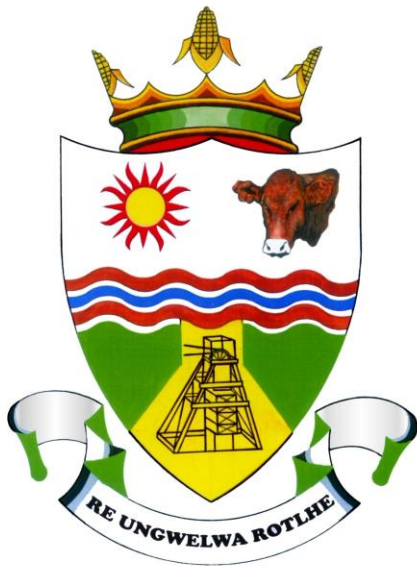
## 2.10 Websites

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	22 Mar 2024
All current budget-related policies	Yes	11 Sep 2023
The previous annual report (2022/2023)	Yes	05 Feb 2024
The annual report (2023/2024) published/to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/2024) and resulting scorecards	Yes	06 Sep 2023
All service delivery agreements (2023/2024)	No	
All long-term borrowing contracts (2023/2024)	No	
All supply chain management contracts above a prescribed value (give value) for 2023/2024	No	
An information statement containing a list of assets over a prescribed if value that have been disposed of in terms of section 14 (2) or (4) during 2024/2025	No	
Contracts agreed in 2023/2024 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 2023/2024	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/2024	No	
		<i>T 2.10.1</i>

The Municipality 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.



**JOE MOROLONG**  
LOCAL MUNICIPALITY

# CHAPTER 3

SERVICE DELIVERY PERFORMANCE

## 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 an established Project Management Unit (PMU), whose aim is to assist the municipality to meet the pressing needs of basic service provisioning. The PMU integrates the efforts of all the various Departments within the Municipality, in order to achieve set standards and SDBIP objectives. Community Services, Corporate Services, Finance, Economic Development, Planning and Tourism and Technical Services are all important participants in the implementation of Water-, Sanitation-, Housing/Building- and Roads and Stormwater infrastructure projects.

#### 3.1 Water Provision

Joe Morolong LM is providing water to 186 villages and Vanzylsrus Town by means of abstraction from boreholes. Only Hotazel town receives water from the Vaal-Gamagara Water Pipeline. Water infrastructure demands are documented and prioritised in our IDP, WSDP and 5-Year Water and Sanitation Services Plan. During the 2023-24 financial year, the following 12 water infrastructure projects were embarked on:

1. Padstow Water Supply
2. Skerma Water Supply
3. Gammakgatle Water Supply Phase 2
4. Dikhing Water Supply
5. Bush Buck Water Supply Phase 2
6. Esperanza/Churchill Water Supply Phase 2
7. Madula Ranch Water Supply Phase 2
8. Doxon 1&2
9. Heuningvlei Water Reticulation
10. Laxey Water Supply

11. Gamadubu/Lebokeng Water Supply
12. Glenred Water Supply

The following 3 water supply projects were successfully completed:

1. Gammakgatle Water Supply Phase 2
2. Bush Buck Water Supply Phase 2
3. Esperanza/Churchill Water Supply Phase 2

The remaining projects overlapped into the 2024-25 financial year due to various reasons.

Borehole Refurbishment projects were implemented in 6 villages. These villages were Heuningvlei (Lurie), Dithakong, Abbey, Dinokaneng, Metsimantsi Wyk 3 & 4 and Rustfontein Wyk 10.

Dinokaneng-, Heuningvlei (Lurie), and Rustfontein Refurbishment were completed.

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

As the WSA, the municipality is still experiencing challenges on certain identified water systems and sources. This is because the 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. A tender for Laboratory services was advertised twice without getting any successful bidders.

### **Water Operations and Maintenance**

JMLM has a fully functional and capable Operations and Maintenance (O&M) unit. The unit has sufficient resources to successfully undertake the O&M function. Due to vast distances between some villages and the JMLM office, the following satellite O&M offices are operational:

- Churchill office (main office)
- Heuningvlei office
- Vanzylsrus office

There are also six appointed Refurbishment Contractors to assist JMLM with the refurbishment of boreholes and associated equipment.

Some of the villages in JMLM have aging water infrastructure and, in some cases, boreholes levels are dropping. This causes water shortages and results in community complaints. For this reason, the municipality focuses its resources towards eradicating the water backlog in three main areas, namely: No Formal Infrastructure, Extension Needed and No Source.

### **No Formal Infrastructure**

When considering RDP Standards, the following villages are without access to water and either receive water by means of truck delivery or through a windmill:

- Damros (1,2,3)
- Ga-Moheete
- Manaring
- Wesselsvlei
- Wilstead

### Extension Needed

According to our IDP, there are 50 villages falling within this category. These are mostly areas that have been serviced with basic water infrastructure in the past, but there are some new extensions or scattered households falling outside the 200-meters to the nearest water point or stand tap.

### No Source

Also included in our IDP are the areas where the water supply does not meet the demand. These areas do have water infrastructure, such as reticulation and water points, but are in need of a new borehole and/or water storage. In some cases, the water level has dropped in such a way that it warrants an all-new water source. There are 45 villages listed under this category

### Service Levels

The table below display the number of households still below minimum service levels:

Water Service Delivery Levels				
Description	Households			
	2020/2021	2021/2022	2022/2023	2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.
<i>Water: (above min level)</i>				
Piped water inside dwelling	2 157	2 157	2 157	2 157
Piped water inside yard (but not in dwelling)	100	1 149	1 951	1 951
Using public tap (within 200m from dwelling)	16 807	18 209	17 679	20 446
Other water supply (within 200m)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	19 064	21 515	24 401	24 555
<i>Minimum Service Level and Above Percentage</i>	80%	81%	92%	93%
<i>Water: (below min level)</i>				
Using public tap (more than 200m from dwelling)	6 900	5 498	597	443
Other water supply (more than 200m from dwelling)	0	0	1 539	1 539
No water supply				
<i>Below Minimum Service Level sub-total</i>	4 643	2 192	2 136	1 982
<i>Below Minimum Service Level Percentage</i>	20%	9%	8%	7%
Total number of households*	<b>23 707</b>	<b>23 707</b>	<b>26 537</b>	<b>26 537</b>
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum				
Description	Households			
	2020/2021	2021/2022	2022/2023	2023/2024
	Actual No.	Actual No.	Actual No.	Actual No.

<b>Formal Settlements</b>				
Total households	23 707	23 707	26 537	26 537
Households below minimum service level	4 643	2 192	2 136	1 982
Proportion of households below minimum service level	20%	9%	8%	7%
<b>Informal Settlements</b>				
Total households	23 707	23 707	26 537	26 537
Households below minimum service level	0	0	0	3
Proportion of households below minimum service level	0%	0%	0%	300%
				<i>T 3.1.4</i>

### Capital Expenditure 2023/2024: Water Services

Capital Expenditure 2023/2024: Water Services						R' 000
Capital Projects	2023/2024				Total Project Value	
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget		
<b>Total All</b>	<b>125 202</b>	<b>124 903</b>	<b>118 847</b>	<b>-5%</b>		
Padstow Water Supply	5 030	5 030	5 042	0%	5 030	
Skerma Water Supply	11 389	11 389	11 386	0%	11 389	
Gammakgatle Water Supply Phase 2	4 912	4 912	4 912	0%	4 912	
Dikhing Water Supply	10 849	10 849	10 914	1%	10 849	
Bush Buck Water Supply Phase 2	2 382	2 382	2 438	2%	2 382	
Esperanza/Churchill Water Supply Phase 2	8 235	10 046	11 671	29%	10 046	
Madularanch Water Supply Phase 2	12 429	18 125	18 125	31%	18 125	
Doxon 1&2 Water Supply	10 151	2 345	2 345	-333%	2 345	
Heuningvlei Water Reticulation	11 130	11 130	11 114	0%	11 130	
Laxey Water Supply	8 525	8 525	7 525	-13%	8 525	
Gamadubu/Lebokeng Water Supply	35 600	35 600	35 397	-1%	35 600	
Glenred Water Supply	9 600	9 600	3 020	-218%	9 600	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.1.9</i>	

The +20% variances are due to the following reasons:

- The allocation of Doxon 1&2 was reduced with R 7 805 878,26 due to community stoppages
- Of this, R 1 810 617,93 was allocated to Esperanza/Churchill Water Supply Phase 2 and R 5 695 775,38 to Madularanch Water Supply Phase 2
- Glenred Water Supply is still in-progress

Employees: Water Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	63	44	19	30%
7 - 9	23	16	7	30%
10 - 12	8	5	3	38%
13 - 15	1	1	0	0%

16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
<b>Total</b>	96	67	29	30%

Water Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide bulk water and sanitation services	Number of water supply projects completed by 30 June	8	7	9	4	10
	Number of Boreholes Refurbished by 30 June 2024	7	7	10	6	9
	% of queries on water quarterly attended to and resolved in JMLM	100%	98%	90%	93%	N/A

### 3.2 Waste Water (Sanitation) Provision

Sanitation provisioning in the Joe Morolong Rural area is mainly by means of VIP or UDS Dry Pit latrines, depending on the water protocol in the particular area. Hotazel and Vanzylsrus, are connected to waterborne sanitation systems however the residential area of Vanzylsrus still uses VIP and septic tank for sanitation which needs funding to be connected to waterborne sanitation systems. Sanitation infrastructure demands are documented and prioritised in our IDP.

During the 2023-24 Financial Year, 271 new double pit sanitation units were erected in various villages. It should be noted that proper health and hygiene training forms part of all our dry pit sanitation projects.

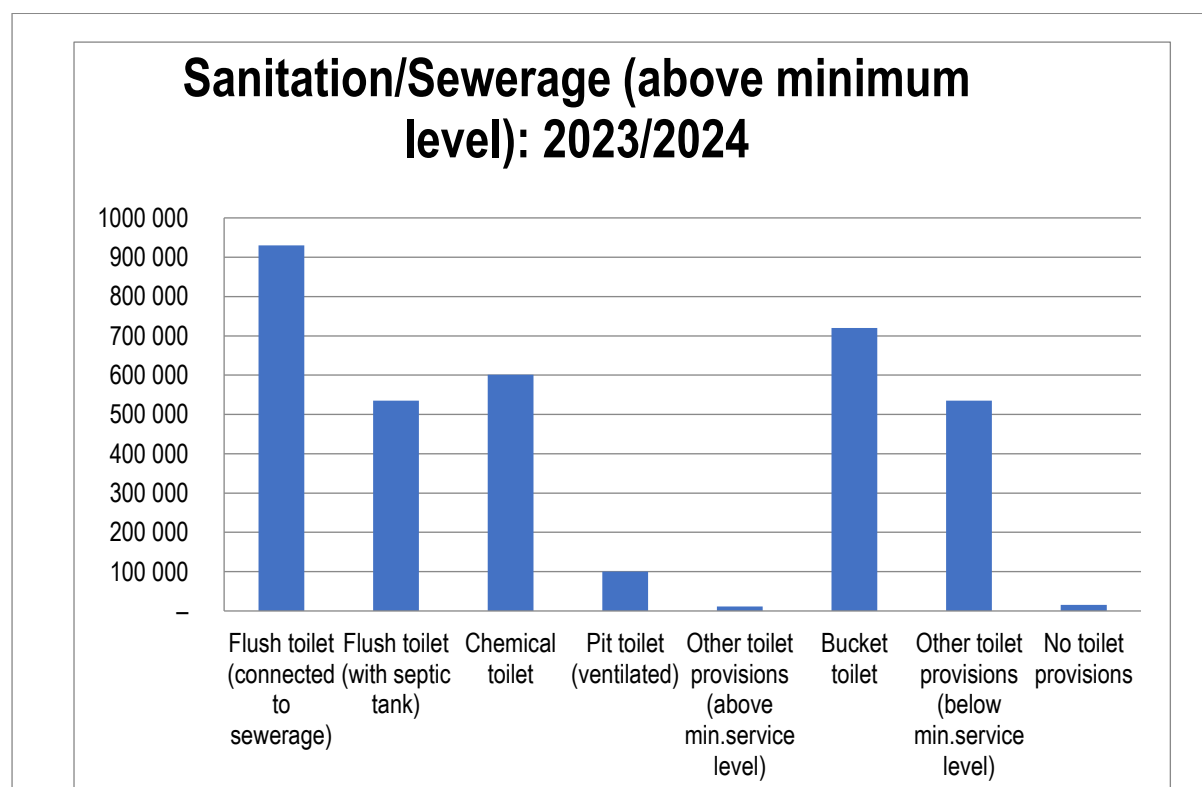


Table 3.2.3. indicates the Sanitation backlog:

Sanitation Service Delivery Levels				
Description	*Households			
	2020/2021	2021/2022	2022/2023	2023/2024
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<i>Sanitation/sewerage: (above minimum level)</i>				
Flush toilet (connected to sewerage)	865	1 695	3 991	0
Flush toilet (with septic tank)	123	123	328	0
Chemical toilet	0	0	728	0
Pit toilet (ventilated)	17 002	18 268	16 091	16 362
Other toilet provisions (above min.service level)				
<i>Minimum Service Level and Above sub-total</i>	17 990	20 086	21 138	21 409
<i>Minimum Service Level and Above Percentage</i>	76%	85%	80%	81%
<i>Sanitation/sewerage: (below minimum level)</i>				
Bucket toilet	0	0	2 621	2 621
Other toilet provisions (below min.service level)	0	0	1 194	1 194
No toilet provisions			1 583	1 312
<i>Below Minimum Service Level sub-total</i>	5 717	3 621	5 398	5 127
<i>Below Minimum Service Level Percentage</i>	24%	15%	20%	19%
<b>Total households</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>26 537</b>
<i>*Total number of households including informal settlements</i>				<i>T 3.2.3</i>

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2020/2021	2021/2022	2022/2023	2023/2024		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
<b>Total households</b>	23 707	23 707	23 707	23 707	23 707	26 537
<b>Households below minimum service level</b>	5 717	3 621	5 398	5 127	5 127	5 127
<b>Proportion of households below minimum service level</b>	24%	15%	23%	22%	22%	19%
<b>Informal Settlements</b>						
<b>Total households</b>	–	–	–	–	–	–
<b>Households ts below minimum service level</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Proportion of households ts below minimum service level</b>	0%	0%	0%	0%	0%	0%
						<i>T 3.2.4</i>

Waste Water Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
<b>To provide bulk water and sanitation services</b>	Number of households provided sanitation by 30 June	290	790	271	271	250

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

Capital Expenditure Year 2023/2024: Sanitation Services					
Capital Projects	2023/2024				R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	15 380	10 596	10 548	-46%	
<b>Dithakong Phase 2</b>	9 045	5 165	5 165	-75%	25 835
<b>Klein Eiffel Phase 2</b>	1 579	1 354	1 313	-20%	1 313
<b>Eiffel Phase 2</b>	3 670	3 215	3 208	-14%	3 208
<b>Rowell 2 Phase 2</b>	1 086	862	862	-26%	862
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.2.9</i>

A total of 271 new double pit dry sanitation units were erected during the reporting period, with a total allocation of R 10 263 000,00 MIG-funding. As with water, the sanitation backlog is a moving target in our area, mainly due to electrification projects. The water protocol of a specific village is used to determine the type of unit to be installed.

### 3.3 Electricity

The municipality provides electricity in Hotazel town, while Eskom covers the Vanzylsrus town and all the rural areas (villages). JMLM receives on average, 20 electricity related queries per month and all are resolved in the reporting month.

The municipality also acts as a project coordinator for electricity projects implemented by Eskom and the Department of Mineral Resources and Energy. The main objective for coordination is to engage Eskom and DMRE to increase the electrification budget in order to expedite the eradication of backlogs. On the operational aspect, the municipality will budget for high mast lights and electricity connections. The electrification of diesel driven boreholes will also receive attention. There is also a need for more electrical Operations & Maintenance budget and personnel.

Employees: Electricity Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
<b>0 - 3</b>	0	0	0	0%
<b>4 - 6</b>	0	0	0	0%
<b>7 - 9</b>	0	0	0	0%
<b>10 - 12</b>	4	1	3	75%
<b>13 - 15</b>	1	0	1	100%
<b>16 - 18</b>	0	0	0	0%
<b>19 - 20</b>	0	0	0	0%
<b>Total</b>	5	1	4	80%

Electricity Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide electricity	% of queries on electricity quarterly attended to and resolved in JMLM by 30 June	100%	100%	90%	96%	N/A

### 3.4 Waste Management

#### a) Refuse removal

Refuse removal service is done twice a week according to a schedule for formal households, commercial properties, and industries. This service is rendered for a total of 840 households and 57 commercial businesses at two townships, namely Hotazel and Vanzylsrus. Waste is collected from kerbside and is sent to the licensed landfill sites situated in each area.

#### b) Environmental advocacy and awareness

Municipality further conducted waste management awareness campaigns, clear illegal dumpsites and conduct clean-up campaigns in communities as well as schools.

#### c) Integrated Waste Management Plan (IWMP) Implementation

The second review of IWMP was completed and the municipality collaborated its community consultation process with IDP.

JMLM in partnership with The Impact Catalyst collaborated to unlock integrated waste economy, drive enviro-socio-economic development and make an impact in climate change and livelihoods of the community. Through this partnership, litter picking and recycling program was piloted. 74 Individuals were appointed for the program and improvement was evident on the following:

- Minimization and reduction of waste to landfills.
- Reduction in the number of illegal dumps.
- Clean communities, streets and open spaces.

Challenges encountered for the year are:

- Insufficient landfill equipment.

Employees: Solid Waste Management Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	0	0	0%
4 - 6	14	9	5	36%
7 - 9	0	0	0	0%
10 - 12	2	0	2	100%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>18</b>	<b>10</b>	<b>7</b>	<b>39%</b>

Waste Management Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide refuse removal services	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June	818	818	818	841	840
	Number of Commercial businesses provided with refuse removal services in Hotazel and Vanzylsrus by 30 June	57	57	57	59	57

### 3.5 Housing

Joe Morolong LM Council will be adopting the Municipal Housing Sector Plan which will work as a planning tool for the Municipality in addressing various housing backlogs (Emergency housing, etc). This, along with other requirements, will assist the Municipality in getting accreditation and subsequently being able to execute their own projects based on approved Business plans submitted. Currently, the Municipality is collecting backlog data on Housing need (which will also include the need for land for home builders).

The main challenges that the municipality faces in housing delivery are as follows:

- a) Land acquisition (Land either privately owned or communal)
- b) Dolomitic areas
- c) Funding constraints for thorough geotechnical investigations in all villages

Submissions have been made to COGHSTA to avail more funding for an extended scope to cater for all villages withing JMLM for Dolomitic investigations as well as Geotechnical investigation to be conducted. This will enable us to easily get funded for eradication of the current backlog on housing. The municipality is in the process of acquiring land for housing development in the JMLM area. The development will be able to cater for all income groups, providing low-cost houses to rental units.

Since JMLM is not accredited for housing provision, all housing projects, including temporary relief caused by disasters, are currently being executed by the District Municipality. JMLM identifies and documents those community members affected by disasters and submits such information for inclusion into the NHNR and to the District Municipality for inclusion into Business plans for project funding.

The following is how JMLM will improve housing delivery service:

- a) Housing Sector plan approval by Council
- b) JMLM Accreditation
- c) Source project funding through approved Business Plans

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.

Employees: Housing Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	1	1	0	0%
7 - 9	0	0	0	0%
10 - 12	2	0	2	100%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>50%</b>

Housing Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To promote integrated human settlement planning	Number of quarterly housing consumer education held in 15 wards by 30 June	4	4	4	4	4
	Number of quarterly housing consumer education held in 15 wards by 30 June	4	4	4	4	4

Capital Expenditure 2023/2024: Housing Services					
					R' 000
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>					
<b>Magobing 89 BNG Housing project</b>	7 824		4 443		7 824
<b>JMLM 560 Frontloading project</b>	134 400				134 400
<b>Churchill Individual housing</b>	391		244		391
<b>Project D</b>					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.5.6</i>

### 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.

The municipality recently achieved a significant milestone by successfully approving over 3,000 applications for indigent support in compliance with the Municipal Systems Act. This process reflects the municipality's commitment to ensuring equitable access to essential services for its most vulnerable residents. Through a streamlined and efficient registration process, the municipality prioritized community outreach, clear communication, and robust verification measures to identify eligible applicants. This achievement not only enhances the provision of social relief but also strengthens the municipality's ability to allocate resources effectively and meet its statutory obligations under the Municipal Systems Act.

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	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To promote and enhance the financial viability of the municipality	Indigent register annually developed and submitted to Council by 30 June	30 June	-	30 June	28 June	30 June

## COMPONENT B: ROADS AND STORM WATER

### 3.7 Roads

Joe Morolong Local Municipality is a rural municipality with a total area of 20 172 km<sup>2</sup>. It is estimated that 90% of municipal roads are gravel roads with a combination of access- and internal roads. According to the JMLM Roads and Stormwater Master Plan, there are more than 2 000 km of roads in the JMLM area. JMLM is mainly responsible for the Construction of new roads and bridges, Upgrading and Maintenance of the Access- and Internal Roads, and bridges, in the area. The municipality uses graders to maintain the gravel roads in all wards. During the financial year, a total of 1130,66 Km's of gravel roads were bladed. Demands for the upgrading of roads and storm water infrastructure are documented and prioritised in our IDP. These demands are documented in the following three categories:

**Access Roads** – there are 18 high priority access roads

**Internal Roads** – 27 internal roads are listed in our IDP

**Bridges** – 12 bridges need to be upgraded

During the 2023-24 Financial Year, two Grant-funded Road infrastructure projects were embarked on, of which a total of 940 meters of Internal Road was completed. The following roads were implemented:

- Ncwelengwe Internal Road – 940m paved road completed
- Gahohuwe to Dithakong Access Road – 700m (not completed)

As for SLP-funded projects, the following projects were embarked on in the FY:

- Kokfontein Access Road – in progress
- Masankong Access Road – 860m paved road completed on 11 July 2024
- Motolwaneng to Gadiboe Access Road – in progress
- Gamakgatle Culvert Bridge – completed 29 August 2023
- Gasese Culvert Bridge - completed 29 August 2023

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

Gravel Road Infrastructure				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2021/2022	926,26	0,00	3,00	N/A
2022/2023	923,00	0,00	2,20	621,00
2023/2024	980,80	0,00	0,94	1 681,50
				T 3.7.2

Tarred Road Infrastructure					
					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2021/2022	87,00	3,30	0,00	0,00	0,00
2022/2023	89,20	2,20	0,00	0,00	0,00
2023/2024	90,14	0,94	0,00	0,00	0,00
					T 3.7.3

Employees: Road Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	22	6	16	73%
7 - 9	1	0	1	100%
10 - 12	0	0	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	24	7	17	71%

Road Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide roads and stormwater services	Number of quarterly progress reports on the blading of roads developed and submitted to the Municipal Manager by 30 June 2024	-	-	4	4	4
	Number of quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June 2024	-	-	4	4	4

Capital Expenditure 2023/2024: Road Services					
					R' 000
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	20 387	20 387	20 388	0%	
<b>Ncwelengwe Internal Road</b>	12 000	15 447	15 448	22%	15 448
<b>Gahohuwe to Dithakong Access Road</b>	8 387	4 940	4 940	-70%	4 940
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

The municipality successfully implemented grant-funded projects relating to the upgrading of more than 900m of internal road projects during the reporting period. We also commenced with gravel to surfaced roads with SLP-funding from the mines. Further to this, we also constructed 2 culvert bridges with SLP-funding.

### 3.8 Waste Water (Stormwater Drainage)

JMLM is a rural area, where about 90% of our roads are gravel with no proper stormwater channels / facilities next to the roads. However, we do have a number of river-crossings, where mostly culvert bridges were constructed. Most of these bridges were damaged during recent floodings. We have managed to refurbish two stormwater bridges during the reporting period.

Capital Expenditure 2023/2024: Stormwater Services					
					R' 000
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
<b>Total All</b>	18 141	18 141	18 141	0%	
<b>Gasese Culvert Bridge</b>	9 839	9 839	9 839	0%	
<b>Gamakgatle Culvert Bridge</b>	8 302	8 302	8 302	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.9.8</i>

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: municipal integrated development planning and municipal performance management system (IDP/PMS); municipal Town Planning; and local economic development. The primary aim of the department, Economic Development, Planning and Tourism, is to ensure that the municipality through a consultative process, draws its an overarching strategic plans and roll-out its:

1. basic service delivery programme
2. spatial planning and land use management
3. economic development and growth management

LED is identified as part of the critical target areas for the municipality's Turn Around Strategy (TAS). It details the sectors the municipality has potential, dominant, untapped opportunities, and they are outlined below:

### **Potential sectors in the municipal area are as follows:**

- Agriculture
- Mining Sector
- Energy Sector (Solar)
- Tourism Sector
- Services Sector (Construction, Mining Support, Other)
- Manufacturing

### **The following set of challenges seem to limit the effective and efficient functioning of LED:**

- **Inadequate internal capacity to drive LED**

The municipality has to increase capacity to match the related work demands.

- **Inadequate entrepreneurship skills**

Communities seem to lack necessary entrepreneurial skills. That make it difficult for them to tap in the business opportunities presented by the growing demand for a variety of services. The demand is mainly driven by mining industry and basic infrastructure development by government.

- **Limited resources**

Limited budget hinders LED Officials from implementing some projects that can enhance the local economic development. The municipality make a limited budget provision for Enterprise Development Support (EDS) fund due to other competing municipal interests. The EDS fund is aimed at either support startups or existing enterprises.

There are instances where enterprises present sound and bankable business cases for consideration, but are not fully supported due to this challenge.

We however rely on business development funds from other business development agencies such as mining houses' social labour plans, and from other state economic development agents within

sector departments to help entrepreneurs with material support. Examples of the state economic development agencies are Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), Small Business Viability Programme, Industrial Development Corporation (IDC), Tourism Transformation Fund and Green Tourism Incentive Programme, Conservation SMME Development Programme etc.

- **Under-utilised tourism attractions**

Our tourism industry is not organised enough, especially the heritage sites. If adequately organised and supported it may leave up to its potential.

### 3.9 Planning

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:

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

The Town Planning Unit is central in developing and promoting an integrated municipality that is 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 the Joe Morolong Local Municipality’s strategic goals.

The Municipality has established its own Municipal Planning Tribunal (MPT) in 2022 in terms of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Planning applications received	0	0	2	25	5	572
Determination made in year of receipt	0	0	2	25	5	572
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	0	0	0

The Spatial Development Framework (SDF) of the municipality was concluded in 2024. The SDF is compliant with Chapter 4 (S21) of the SPLUMA (Act 16 of 2013). The SDF is expected to accommodate any new circumstances and changes more so since the advent of Covid-19 that has brought a stronger digital economy in the midst of a poor global economic outlook.

The vision of the JMLM SDF is as follows:

***“A transformed Joe Morolong Local Municipality, by 2034, where its rich natural resources, cultural heritage and diverse communities are nurtured to achieve sustainable development, spatial justice and improved quality of life for all.”***

The Land Use Management System of the Municipality was adopted in 2022.

Employees: Planning Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	0	3	100%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
<b>Total</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>20%</b>

Planning Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
<b>To implement the Spatial Planning and Land Use Management Act (SPLUMA)</b>	Number of quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June	4	2	4	2	4
	% of land development applications quarterly processed as per request by 30 June	100%	100%	100%	100%	100%
	Land survey annually conducted by 30 June	30 June	-	30 June	30 June	30 June

### **3.10 Local Economic Development (Including Tourism and Market Places)**

Joe Morolong has identified a number of sectors to support the economic development strategy. These are Agricultural sector with potential to increase crop and animal production, Mining sector as a booming industry which presents opportunities for employment and business, a booming Solar Energy sector that similarly presents opportunity for employment and business, and the Services sector that hinges on the strength of both the construction industry and mining.

- **Agriculture**

The municipality needs to explore means to develop the sector related skills, knowledge and expertise and harness the opportunities presented by the sector.

The primary agricultural production is not adequately explored and presents an untapped area that requires strategic thinking i.e. Crop Production Farming, Stock Production Farming (Big Stock {Cattle} and Small Stock {Sheep, Goats, Poultry, Piggery} and Dog Breeding)

Similarly, the agro-processing would greatly contribute to the sustainable economic growth in the future.

The Municipality need to do Strength Weaknesses Opportunities and Threats analysis in each potential case and follow-through with intervention plan.

- Provide emerging farmers with technical and infrastructure support
- Link emerging farmers with established commercial farmers
- Training Farmers modern and sustainable farming techniques

- **Mining Sector**

The Municipality area has high endowment of manganese and iron ore deposits. The minerals are currently explored. A good number of mining rights and mining permits are issued and most of these are in operation, while some are still preparing to resume operations.

Mining has contributed directly to the growing economy of the municipality in both the direct and indirect economic activities. However, it still has not impacted to the befitting scale.

More still has to be done to ensure that the Mining growth impacts the lives of the majority of the municipal inhabitants. i.e.

Enterprise Supplier Development should be explored with the mining house through an outreach programme and ongoing monitoring and evaluation of their commitments on their Social and Labour Plans.

- **Energy Sector (Solar)**

The Municipality area has high endowment of solar energy of a peculiar quality. The quality level of the solar raises that beams the municipal area and is availability has justified growth of the sector. We are anticipating more permits to be granted in the Eskom's future Independent Power Producers' (IPP) window periods for invitation of bids.

A good number of IPP rights and mining permits are issued and most of these are in operation, while some are still pending.

Similar to Mining, the sector's Enterprise Supplier Development Programme should be explored through an outreach programme and ongoing monitoring and evaluation of their commitments on their operating permit rights.

- **Tourism and Hospitality Sector**

The Municipality is predominantly rural in nature with pockets of unexplored tourism opportunities. Game farming is among a thriving sub-sector of tourism that justifies growth of lodging (guest houses, lodges and hotels) and other subsidiary economic activities such as heritage and culture, security, public entertainment, and natural wonders.

Tourism is one of the most important economic contributions to both provincial and regional areas in the Northern Cape. More needs to be done to enrich the sector by developing some of the identified heritage and cultural sub-sectors of tourism.

The sector needs to be better organised and coordinated through the LED office.

We need to take stock of all tourism established products and link them with the municipality and tourism promotion companies (Tourism Indaba), including keeping and maintaining their development indices i.e. employment, visits for the period under review etc.

More needs to be done to enrich the sector by developing some of the identified heritage and cultural sub-sectors of tourism.

Further, we need to promote and enhance the Tourism and Hospitality Sector by:

- Developing a Tourism Marketing Strategy.
- Establishing a Calendar of Events, including staging local Celebrations.
- Training persons to develop creative skills.

- **Service Sector - Construction**

The construction industry is playing a significant role in the economy of Joe Morolong. The industry is driven mainly by state basic service delivery programme, with special focus on basic infrastructure back log, i.e. Water, Dry Sanitation, District and Local Roads, RDP Housing, Community Facilities (Schools, Early Childhood Development Centres Clinics, Community Halls, Sporting and Recreational Facilities)

The Sector Development Programme should be drawn which should include but not limited to:

- Facilitation of access to Entrepreneurial Training, Financial Management Training, Marketing and Sales Training, Bidding for State and Mining Tenders Training, Operations Management Training, Project Management Training.

- **Service Sector – Mining Support**

The Mining Support Service Sector is playing a significant role in the economy of Joe Morolong. The industry is driven mainly by Mining operations within the municipal area i.e. Drilling Contractor, Blasting Contractor, Washing and Screening, Loading and Hauling, Logistics, Environmental Services, Conveyor belt Splicing, Mining Supplies and Delivery.

The sector development programme should be drawn which should include but not limited to:

- Facilitation of access to Mine Safety Training, Entrepreneurial Training, Financial Management Training, Marketing and Sales Training, Bidding for State and Mining Tenders Training, Operations Management Training, Project Management Training.

- **Service Sector - Other**

Many other service sectors are collectively contributing towards the life of the economy of the municipal i.e.

1. Civils and Constructions Services i.e. Architecture, Civil Works (Water, Sani, Roads, Buildings), Survey, Plumbing, Electrical, Carpentry, Tiling, Painting, Car Wash, Motor

Mechanical and Electrical Services i.e. Motor Mechanic, Motor Electronics, Tire and Wheel Fixing, Body Painting Workshops, Public Transport, Filling

2. Retail Services i.e. General Dealers, Spaza Shops, Taverns, Bottle Stores, Hair Salon etc. General Dealer (Shops), Spaza Shop, Water Purification and Sale, Agricultural Cooperative (Koporasia), Hot Food Outlet (Restaurant), Gas Outlets, Petrol Outlets, Hardware Store, Liquor Sale / Store (Sin Trade, Harmful) , Artistry Services i.e. Music, Dance, Arts and Craft, Medical Service, Medical Consultancy Rooms (Doctors)

The sector development programme should be drawn which should include but not limited to:

- Facilitation of access to business management and entrepreneurial training  
Financial Management Training, Marketing and Sales Training, Bidding for State and Mining Tenders Training, Operations Management Training, Project Management Training.
- Promotion of the Development, Expansion and Modernization of the Services.
- Facilitation of the formation of associations of small and informal businesses.
- Facilitation of access to Business Development Services to help startups to develop bankable business plans to enable them access funding.

- **Manufacturing**

Manufacturing is one sector that is highly overlooked and remains amongst the sectors that should be prioritised, as it has the potential to drive self-employment, and leverage wealth redistributive effect. Key subsectors that needs to be further explored are Brick Making, Fashion Design and Dress Making/Sewing, Arts and Crafts, and Food Processing.

The sector development programme should be drawn which should include but not limited to:

- Facilitation of access to business management and Entrepreneurial Training,  
Financial Management Training, Marketing and Sales Training, Bidding for State and Mining Tenders Training, Operations Management Training, Project Management Training.

Local Economic Development (LED) is one of the Key Performance Areas in the JMLM. It 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.

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2021/2022		247
2022/2023		122
2023/2024	14	455
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	4	4	0	0%

LED Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To promote local economic development	240 jobs created through infrastructure projects by 30 June	240	122	240	455	240

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

The Library service unit is responsible for provision of:

- Sufficient library services for all facets of the community.
- Access to library material.

The following are the function's strategic goals:

- Ensure the locals have access to updated information.
- Ensure library users receive service at a satisfactory level.
- Reduce the community's rate of illiteracy.

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.

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	4	2	2	50%
4 - 6	28	14	14	50%
7 - 9	1	1	0	0%
10 - 12	3	1	2	67%
13 - 15	0	0	0	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
<b>Total</b>	<b>36</b>	<b>18</b>	<b>18</b>	<b>50%</b>

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To develop community facilities	Business plan for the requisition of funds for libraries annually developed by 31 March	31 March	-	31 March	06 June	31 March
	Memorandum of Understanding (MOU) on library services annually adopted by Council and submitted to DSAC by 30 June	30 June	-	30 June	-	30 June
	Number quarterly reports on library programmes developed and submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June	4	4	4	4	4

### 3.12 Cemeteries and Crematoriums

This sub-function includes the maintenance of all cemeteries in JMLM. 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 5 villages per financial year. The majority of the areas are situated in communal land and the cemeteries are managed in a tribal procedures.

There are no crematoriums in the Municipal area.

Cemeteries and Crematoriums Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To develop community facilities	Number of cemeteries fenced by June	5	4	5	5	-

### 3.13 Child Care; Aged Care; Social Programmes

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	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target

<b>To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS</b>	Local AIDS council established by 30 June	-	-	30 June	-	30 June
	Number of quarterly reports on Special Interest Groups programmes developed and submitted to the Municipal Manager by 30 June	4	4	4	4	4

## COMPONENT E: ENVIRONMENTAL PROTECTION

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

### 3.14 Pollution control

JMLM environmental unit works closely with the Department of Environment, Forestry and Fisheries (DFFE) and the Department of Mineral Resources and Energy in reporting on illegal activities as well as administering the rehabilitation action of Section 30 (National Environmental Management Act, 107 of 1998) for emergency incidents.

Chapter 3 of the National Environmental Management: Air Quality Act (Act 39 of 2004, NEM:AQA) requires municipalities to develop an Air Quality Management Plan which serves as a guide to the municipality on all air quality aspects.

JMLM has assigned the duties of Air Quality Officer to the Manager: Environmental Management Services.

### 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

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.

### 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. The service has its challenges, as the WoF does not work with structural fires.

The unit has managed to:

- minimise the amount and extent of veldfires in JMLM
- conduct awareness campaigns on fire safety.

Fire Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide Disaster Management Services	Number of quarterly reports on Veld and Forest fire suppression and emergency incidents attended to developed and submitted by 30 June 2024	4	4	4	4	4

### 3.21 Other (Disaster Management, Animal Licencing and Control, Control of Public Nuisances and Other)

All events hosted within the municipality's jurisdiction require a section 6 application done at SAPS according to Safety at Sports and Recreational Events Act (SASREA), Act No.2 of 2010 is a South African law that aims to ensure the safety of people and property at events. In terms of legislation (Act 99 of 1987) Fire Brigade Service Act, and Disaster Management Act 57 of 2002, the aim of the service is:

- Preventing the outbreak or spread of a fire (fire prevention).
- Fighting or extinguishing of a fire (operational preparedness).
- Protection of live and property against fire or other threatening danger (public safety).
- Rescue of live or property from fire or other danger (operational preparedness).
- Assisting and protecting the public
- Providing relief to the public
- Protecting property
- Preventing or combating disruption; or
- Dealing with the disruptive and other effects of disaster

However, most of the events did not comply nor meet the standard as such it is the responsibility of the municipality to advise when leasing facilities to inform and advise for section 6 application and to ensure buildings are well maintained to provide with venue capacity and grading Certificate, and COC certificate for electricity.

## COMPONENT H: SPORTS AND RECREATION

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

### 3.22 Community Halls and Recreational Facilities

The municipality is responsible for 21 community halls and 3 sports facilities in their respective areas are maintained. The facilities are available throughout the year (365 days per annum) and can be booked for events such as meetings, training sessions, conferences, and community and social events.

Sports and Recreation Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To develop community facilities	Construction of the Washington Community Hall completed by 30 June 2024	-	-	30 June	30 June	

## 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.

### 3.23 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.

Employees: The Executive and Council				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	1	0	0%
4 - 6	4	4	0	0%
7 - 9	4	3	1	25%
10 - 12	5	5	0	0%
13 - 15	0	0	0	0%
16 - 18	2	0	2	100%
19 - 20	0	0	0	0%
<b>Total</b>	15	13	3	20%

Executive and Council Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To govern municipal affairs	Council committee itinerary annually developed and submitted to Council by 30 June	30 June	30 June	30 June	30 June	30 June
	4 quarterly Council meetings held by 30 June 2024	4	4	4	4	4
	4 quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2024	4	4	4	4	4

### 3.24 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.

Employees: Financial Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	20	18	2	10%
7 - 9	1	0	1	100%
10 - 12	11	9	2	18%
13 - 15	4	4	0	0%
16 - 18	1	1	0	0%
19 - 20	1	0	1	100%
<b>Total</b>	<b>38</b>	<b>32</b>	<b>6</b>	<b>16%</b>

Financial Services Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To promote achievement of a clean annual audit outcome for the municipality	Audit Action Plan annually developed and adopted by Council by 31 January	31 Jan	31 Jan	31 Jan	30 Jan	31 Jan
To promote and enhance the financial viability of the municipality	Number of monthly cashbook and bank reconciliation reports developed and submitted to the Municipal Manager by 30 June	12	12	12	12	12
	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August	31 Aug	31 Aug	31 Aug	1 Sept	31 Aug

### 3.25 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.

Employees: Human Resource Services				
Job Level	2023/2024			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	1	1	0	0%
7 - 9	3	3	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
<b>Total</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>0%</b>

Human Resource Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To govern municipal affairs	Number of vacant budgeted positions filled by 30 June 2024	86	41	86	6	45
	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2024	30 Jun	30 Apr	30 Jun	30 Jun	30 Jun
	Number of quarterly training reports developed and submitted to the Municipal Manager by 30 June 2024	4	4	4	4	4

### 3.26 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.

There has been significant improvement in the ICT environment within the municipality, the Voice Over IP telephony system have been supplied and installed working 100%, as well as high speed internet is being installed, the internet will be provided via satellite and with a failover of LTE, and it will cater to all the municipal buildings, with completion of internet installation the availability of them municipal website will be 100%.

The plans to improve ICT services in the next financial year includes the procurement of Multi-Functional Photocopy machines, CCTV cameras, hardware upgrade, as well as upgrade of the existing outdated network backbone in all municipality offices.

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

ICT Services Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To improve public participation	Number of quarterly reports on publicized municipal activities/events published on the municipal website by 30 June	4	4	4	4	4
To provide IT services	Number of quarterly reports on IT developed and submitted to the Municipal Manager by 30 June	4	4	4	4	4

### 3.27 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 (Property)

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 maintain 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.

### **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**

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2022/2023)	ACTUAL QUARTERLY PERFORMANCE 2023/2024				ACTUAL ANNUAL PERFORMANCE 2023/2024	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
1.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	IDP Process Plan annually developed and submitted to Council by 31 August 2023	IDP Process Plan annually developed and submitted to Council by 31 August 2023	Date	Annually	31 Aug	-	-	-	13 Dec	31 Aug	-	-	-	31 Aug	Achieved	N/A	N/A	IDP Process Plan and Council Resolution	IDP Process Plan and Council Resolution
2.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of quarterly progress reports on the IDP process plan developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly progress reports on the IDP process plan developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
3.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of IDP/Budget community consultation meetings bi-annually held in all wards by 30 June 2024	30 IDP/Budget community consultation meetings bi-annually held in all wards by 30 June 2024	Number	Bi-annually	-	15	-	15	30	N/A	15	N/A	15	30	Achieved	N/A	N/A	Reports and attendance registers	Reports and attendance registers
4.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Draft IDP annually developed and submitted to Council by 31 March 2024	Draft IDP annually developed and submitted to Council by 31 March 2024	Date	Annually	-	-	31 Mar	-	New KPI	N/A	N/A	28 Mar	N/A	28 Mar	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Draft IDP and Council Resolution	Draft IDP and Council Resolution
5.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Final IDP annually developed and submitted to Council by 31 May 2024	Final IDP annually developed and submitted to Council by 31 May 2024	Date	Annually	-	-	-	31 May	31 May	N/A	N/A	N/A	23 May	23 May	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Final IDP and Council Resolution	Final IDP and Council Resolution
6.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of quarterly IDP Representative Forum meetings held by 30 June 2024	4 quarterly IDP Representative Forum meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	3	1	1	1	1	4	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
7.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Final Top-layer SDBIP annually developed and submitted to Council by 30 June 2024	Final Top-layer SDBIP annually developed and submitted to Council by 30 June 2024	Date	Annually	-	-	-	30 Jun	30 Jun	N/A	N/A	N/A	-	-	Not achieved	The SDBIP could not be submitted to Council on time due to late submission of inputs by management	The target will be reviewed as per section 53 of the MFMA	Top-layer SDBIP and Council Resolution	Signed Top-layer SDBIP
8.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Number of quarterly performance reports on Top Layer SDBIP developed and submitted to Council by 30 June 2024	4 quarterly performance reports on Top Layer SDBIP developed and submitted to Council by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolution	Reports and Council Resolution
9.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Annual Performance Report annually developed and submitted to Council by 31 August 2023	Annual Performance Report annually developed and submitted to Council by 31 August 2023	Date	Annually	31 Aug	-	-	-	31 Aug	31 Aug	-	-	-	31 Aug	Achieved	N/A	N/A	Report and Council Resolution	Report and Council Resolution

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2022/2023)	ACTUAL QUARTERLY PERFORMANCE 2023/2024				ACTUAL ANNUAL PERFORMANCE 2023/2024	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
10.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Mid-year performance review report annually developed and submitted to Council by 31 January 2024	Mid-year performance review report annually developed and submitted to Council by 31 January 2024	Date	Annually	-	-	31 Jan	-	31 Jan	N/A	N/A	30 Jan	N/A	30 Jan	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Report and Council Resolution	Report and Council Resolution
11.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Annual Report annually developed and submitted to Council by 31 January 2024	Annual Report annually developed and submitted to Council by 31 January 2024	Date	Annually	-	-	31 Jan	-	31 Jan	N/A	N/A	30 Jan	N/A	30 Jan	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Report and Council Resolution	Report and Council Resolution
12.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Reviewed Organizational Performance Management Framework annually submitted to Council by 31 May 2024	Reviewed Organizational Performance Management Framework annually submitted to Council by 31 May 2024	Date	Annually	-	-	-	31 May	31 May	N/A	N/A	N/A	23 May	23 May	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Framework and Council Resolution	Framework and Council Resolution
13.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP and Budget implementation progress against predetermined objectives	Number of quarterly IDP/Budget/PMS Steering Committee meetings held by 30 June 2024	4 quarterly IDP/Budget/PMS Steering Committee meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	1	0	0	0	0	0	Not achieved	Members of steering committee were not yet appointed.	Appointment of steering committee members and development of meeting schedule.	Minutes and Attendance Registers	None
14.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure MSCOA compliance	Number of quarterly MSCOA and IT meetings held by 30 June 2024	4 quarterly MSCOA and IT meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	3	0	0	0	0	0	Not achieved	Members of steering committee were not yet appointed.	Appointment of steering committee members and development of meeting schedule.	Minutes and Attendance Registers	None
15.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly departmental meetings held by 30 June 2024	4 quarterly departmental meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	1	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
16.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly management meetings held by 30 June 2024	4 quarterly management meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	1	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
17.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly extended management meetings held by 30 June 2024	4 quarterly extended management meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	3	1	1	1	1	1	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
18.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of Performance Agreements for Senior Managers and Accounting Officer developed and signed by 31 July 2023	6 Performance Agreements for Senior Managers and Accounting Officer developed and signed by 31 July 2023	Number	Annually	6	-	-	-	6	5	1	N/A	N/A	6	Achieved	N/A	N/A	Signed Performance Agreements	Signed Performance Agreements

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
19.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Annual performance assessments conducted for the Municipal Manager and Managers reporting directly to the Municipal Manager by 30 June 2024	Annual performance assessments conducted for the Municipal Manager and Managers reporting directly to the Municipal Manager by 30 June 2024	Date	Annually	-	-	-	30 Jun	30 Jun	N/A	N/A	N/A	N/A	-	Not achieved	Assessments were not conducted due to incompatible administrative activities	The outstanding assessments will be conducted in the next quarter	Report and attendance registers	Report
20.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly progress reports on Performance Management and Development Systems developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly progress reports on Performance Management and Development Systems developed and submitted to the Municipal Manager by 30 June 2024	Number	Annually	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
21.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of bi-annual digital external newsletters compiled and published by 30 June 2024	2 bi-annual digital external newsletters compiled and published by 30 June 2024	Number	Bi-annually	-	1	-	1	2	N/A	0	N/A	1	1	Not achieved	Delays in supply chain processes with regard to the procurement of the editing software	The editing software to be procured in the next financial year	External Newsletters	Published monthly Newsflash reports
22.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly reports on publicized municipal activities/events published on the municipal website by 30 June 2024	4 quarterly reports on publicized municipal activities/events published on the municipal website by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports	Reports
23.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly municipal website reports compiled in line with MFMA section 75 by 30 June 2024	4 quarterly municipal website reports compiled in line with MFMA section 75 by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports	Reports
24.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of bi-annual workshops on Policies held by 30 June 2024	2 bi-annual workshops on Policies held by 30 June 2024	Number	Bi-annually	-	-	1	1	1	1	N/A	N/A	1	2	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Invitation and Attendance Registers	Invitation and Attendance Registers
25.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Council committee itinerary annually developed and submitted to Council by 30 June 2024	Council committee itinerary annually developed and submitted to Council by 30 June	Date	Annually	-	-	-	30 Jun	30 Jun	N/A	N/A	N/A	28 June	28 June	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Council committee itinerary and Council resolution	Council committee itinerary and Council resolution
26.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly Council meetings held by 30 June 2024	4 quarterly Council meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Agenda and attendance registers	Agenda and attendance registers
27.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Updated Council resolution registers	Updated Council resolution registers

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4							
28.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	System of delegation developed and submitted to Council by 31 July	System of delegation developed and submitted to Council by 31 July	Date	Annually	31 Jul	-	-	-	-	-	31 July	N/A	N/A	N/A	-	Not achieved	Draft system of delegation is in place, but still awaiting council approval	The system of delegation will be reviewed in the next financial year	System of delegation and Council resolution	None
29.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Strategic risk management assessment register annually developed and submitted to the Municipal Manager by 30 June 2024	Strategic risk management assessment register annually developed and submitted to the Municipal Manager by 30 June 2024	Date	Annually	-	-	-	30 June	-	-	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Assessment register and proof of submission to the Municipal Manager	Assessment register and proof of submission to the Municipal Manager
30.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Number of quarterly reports on the monitoring of the strategic risk registers developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on the monitoring of the strategic risk registers developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	-	-	1	0	1	0	2	Not achieved	Time constraints and non-commitment by management	The unit will arrange a meeting with senior management to address the issue	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
31.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Operational risk management assessment registers developed and submitted to the Municipal Manager by 30 June 2024	Operational risk management assessment registers developed and submitted to the Municipal Manager by 30 June 2024	Date	Annually	-	-	-	30 Jun	New KPI	-	N/A	N/A	N/A	-	-	Not achieved	Time constraints and non-commitment by management	The unit will arrange a meeting with senior management to address the issue	Assessment register	None
32.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Number of quarterly reports on the monitoring of the operational risk registers developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on the monitoring of the operational risk registers developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	-	0	0	0	0	0	Not achieved	Time constraints and non-commitment by management	The unit will arrange a meeting with senior management to address the issue	Reports and proof of submission to the Municipal Manager	None
33.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Number of risk management governance policies developed and submitted to Council by 30 June	5 risk management governance policies developed and submitted to Council by 30 June	Number	Annually	-	-	-	5	5	5	N/A	N/A	N/A	5	5	Achieved	N/A	N/A	Policies and Council resolutions	Policies and Council resolutions
34.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Number of quarterly reports on internal audit performed and submitted to the Audit, Risk and Performance Committee by 30 June 2024	4 quarterly reports on internal audit performed and submitted to the Audit, Risk and Performance Committee by 30 June 2024	Number	Quarterly	1	1	1	1	4	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Audit, Risk and Performance Committee	Reports and proof of submission to the Audit, Risk and Performance Committee
35.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Internal Audit Policy annually adopted by Council by 30 June 2024	Internal Audit Policy annually adopted by Council by 30 June 2024	Date	Annually	-	-	-	30 Jun	New KPI	-	N/A	N/A	N/A	-	-	Not achieved	The draft Internal Audit policy is in place, however, awaits approval	The policy to be submitted to the Audit Committee in line with the Internal Audit function methodology in the next financial year.	Policy and Council Resolution	None

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
36.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Annual Internal Audit Charter approved by the Audit, Risk and Performance Committee by 30 June 2024	Annual Internal Audit Charter approved by the Audit, Risk and Performance Committee by 30 June 2024	Date	Annually	-	-	-	30 Jun	New KPI	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Internal Audit Charter and proof of submission to Audit, Risk and Performance Committee	Internal Audit Charter and proof of submission to Audit, Risk and Performance Committee
37.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	One- and three-year audit plans annually approved by the Audit, Risk and Performance Committee by 30 June 2024	One- and three-year audit plans annually approved by the Audit, Risk and Performance Committee by 30 June 2024	Date	Annually	-	-	-	30 Jun	New KPI	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Audit plans and proof of submission to Audit, Risk and Performance Committee	Audit plans and proof of submission to Audit, Risk and Performance Committee
38.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Number of quarterly Audit, Risk and Performance Committee meetings held by 30 June 2024	4 quarterly Audit, Risk and Performance Committee meetings held by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
39.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Number of quarterly Audit, Risk and Performance Committee reports developed and submitted to Council by 30 June 2024	4 quarterly Audit, Risk and Performance Committee reports developed and submitted to Council by 30 June 2024	Number	Quarterly	1	1	1	1	0	0	0	0	0	0	Not achieved	Council meetings itinerary inconsistencies.	The reports to be presented in the next Council meeting.	Reports and Council Resolution	None
40.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote oversight and public accountability	Number of reports on MPAC developed and submitted to the Municipal Manager by 30 June 2024	4 reports on MPAC developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	1	1	1	0	3	Not achieved	Time constraints and non-commitment by management	The committee will sit as soon as all reports are submitted	Reports and Proof of submission to the Municipal Manager	None	
41.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on Labour relations matters developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Labour relations matters developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager	
42.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on Legal Services matters developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Legal Services matters developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager	
43.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	% of SLAs, MOUs and MOAs reviewed per request by 30 June 2024	100% of SLAs, MOUs and MOAs reviewed per request by 30 June 2024	Percentage	Annually	-	-	-	100%	0%	N/A	N/A	N/A	100%	100%	Achieved	N/A	N/A	Request for review and list of reviewed SLA, MOU and MOA's	Request for review and list of reviewed SLA, MOU and MOA's

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
44.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on the development and gazetting of By-Laws developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on the development and gazetting of By-Laws developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	0	0	0	0	0	Not achieved	There draft by-laws are in place, however awaits consultation process and to be gazetted	By-law consultation processes to unfold in the next financial year	Reports and proof of submission to the Municipal Manager	None
45.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly reports on Employment Equity Plan (EEP) reviewed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Employment Equity Plan (EEP) reviewed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
46.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly reports on job descriptions developed/reviewed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on job descriptions developed/reviewed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
47.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of vacant budgeted positions filled by 30 June 2024	86 vacant budgeted positions filled by 30 June 2024	Number	Annually	-	-	-	86	41	N/A	N/A	N/A	6	6	Not achieved	Delay on recruitment processes	The remaining will be appointed in the first quarter of new financial year	Report and appointment letters	Report and appointment letters
48.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2024	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2024	Date	Annually	-	-	-	30 Jun	30 Apr	N/A	N/A	N/A	30 Jun	30 Jun	Achieved	N/A	N/A	Work Skills Plan and proof of submission to LGSETA	Work Skills Plan and proof of submission to LGSETA
49.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly training reports developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly training reports developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
50.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide record management services	Number of quarterly records management reports developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly records management reports developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
51.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide facilities management services	Number of quarterly facilities management services reports developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly facilities management services reports developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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52.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide IT services	Number of quarterly reports on IT developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on IT developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
53.	Basic Service Delivery and Infrastructure Development	Electricity	To provide electricity	% of queries on electricity quarterly attended to and resolved in JMLM by 30 June 2024	90% of queries on electricity attended to and resolved in JMLM by 30 June 2024	Percentage	Quarterly	90%	90%	90%	90%	100%	89%	96%	100%	100%	96%	Achieved	Improvement in procurement of store items such as electrical motors	N/A	Reports, Electricity queries register and signed off job cards	Reports, Electricity queries register and signed off job cards
54.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Upgrade of 900m of the Ncwelengwe Internal Road from gravel to paving blocks completed by 30 June 2024	Upgrade of 900m of the Ncwelengwe Internal Road from gravel to paving blocks completed by 30 June 2024	Length	Annually	-	-	-	900m	New KPI	N/A	N/A	N/A	940m	940m	Achieved	Hard rock excavation was less than originally planned; thus, a lower excavation rate was used. This lower rate caused the road length to increase with 40m	N/A	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
55.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Upgrade of 700m of the Gahuwe to Dithakong Access Road from gravel to paving blocks completed by 30 June 2024	Upgrade of 700m of the Gahuwe to Dithakong Access Road from gravel to paving blocks completed by 30 June 2024	Length	Annually	-	-	-	700m	New KPI	N/A	N/A	N/A	0	0	Not Achieved	The budget was reduced due to community interruptions, resulting in the project not being completed – all issues were resolved in May 2024	<b>Community Engagement:</b> Increase engagement with the community to understand and address their concerns before the project begins.	Close out report and Practical Completion Certificate	Revised MIG implementation plan and council resolution
56.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Upgrade of 2 Culvert Bridges in Gamakgatle and Gasese completed by 30 June 2024	Upgrade of 2 Culvert Bridges in Gamakgatle and Gasese completed by 30 June 2024	Number	Annually	-	-	-	2	New KPI	N/A	N/A	N/A	2	2	Achieved	N/A	N/A	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
57.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Number of quarterly progress reports on the blading of roads developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly progress reports on the blading of roads developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
58.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Number of quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
59.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of water supply projects completed at Heuningvlei, Padstow, Esperanza/Churchill, Doxon 1&2, Gammakgatle, Dikhing, Madularanch, Bushbuck and Skerma by 30 June 2024	9 water supply projects completed at Heuningvlei, Padstow, Esperanza/Churchill, Doxon 1&2, Gammakgatle, Dikhing, Madularanch, Bushbuck and Skerma by 30 June 2024	Number	Annually	-	-	-	9	New KPI	N/A	N/A	N/A	4	4	Not Achieved	Eskom related matters as well as delays in the delivery of Lister Engines in the country affected the completion of several water supply projects	<b>Inventory Management:</b> Contractors were instructed to maintain a buffer stock of critical components to prevent delays due to late deliveries; and to follow up with Eskom.	Close out report and Practical Completion Certificates	Close out report, Practical Completion Certificates, and project progress report/minutes
60.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of Boreholes Refurbished at Galothlare, Abbey, Dinokaneng, Metsimantsi Wyk 3 & 4 and Rustfontein Wyk 10 by 30 June 2024	10 Boreholes Refurbished at Galothlare (2), Abbey (2), Dinokaneng (2), Metsimantsi Wyk 3 & 4 (2) and Rustfontein Wyk 10 (2) by 30 June 2024	Number	Annually	-	-	-	10	7	N/A	N/A	N/A	6	6	Not Achieved	There was slow contractor performance in Abbey and water source challenges in Metsimantsi Wyk 3 & 4.	Abbey: The scope was withdrawn from the underperforming contractor and reallocated.  Metsimantsi Wyk 3 & 4: The municipality to establish a new site to drill a new borehole	Close out report and Practical Completion Certificates	Close out report, Practical Completion Certificates, and project progress report/minutes
61.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	% of queries on water quarterly attended to and resolved in JMLM by 30 June 2024	90% of queries on water quarterly attended to and resolved in JMLM by 30 June 2024	Percentage	Quarterly	90%	90%	90%	90%	98%	93%	90%	95%	94%	93%	Achieved	The municipality acquired more fleet; material and tools were delivered to stores timeously	N/A	Reports	Reports
62.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of quarterly reports on Water Balance developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Water Balance developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
63.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of households provided with Sanitation at Dithakong, Klein Eiffel, Eiffel and Rowell 1&2 by 30 June 2024	271 households provided with Sanitation at Dithakong, Klein Eiffel, Eiffel and Rowell 1&2 by 30 June 2024	Number	Annually	-	-	-	271	290	N/A	N/A	N/A	271	271	Achieved	N/A	N/A	Close out report and Practical Completion Certificates	Close out report and Practical Completion Certificates
64.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	Number of quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June 2024	4 quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June 2024	Number	Quarterly	1	1	1	1	2	1	0	0	1	2	Not achieved	The tribunal meetings could not be held on time as the public participation processes by applicants were still pending	Follow up with applicants to address the delay in the next financial year	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4							
65.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	% of land development applications quarterly processed as per request by 30 June 2024	100% of land development applications quarterly processed as per request by 30 June 2024	Percentage	Quarterly	100%	100%	100%	100%	100%	100%	100%	100%	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager			
66.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	Land survey annually conducted by 30 June 2024	Land survey annually conducted by 30 June 2024	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Report	Report	
67.	Basic Service Delivery and Infrastructure Development	Integrated human settlements	To promote integrated human settlement planning	Number of quarterly housing data collection reports developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly housing data collection reports developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager	
68.	Basic Service Delivery and Infrastructure Development	Integrated human settlements	To promote integrated human settlement planning	Number of quarterly housing consumer education held in 15 wards by 30 June 2024	4 quarterly housing consumer education held in 15 wards by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers	
69.	Basic Service Delivery and Infrastructure Development	Safe and Healthy Environments	To provide environmental management services	Number of quarterly environmental awareness campaigns held in 15 wards by 30 June 2024	4 quarterly environmental awareness campaigns held in 15 wards by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers	
70.	Basic Service Delivery and Infrastructure Development	Safe and Healthy Environments	To provide environmental management services	Number of quarterly awareness campaigns held in 15 wards on the usage of recreational facilities by 30 June 2024	4 quarterly awareness campaigns held in 15 wards on the usage of recreational facilities by 30 June 2024	Number	Quarterly	1	1	1	1	2	1	1	0	2	4	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers	
71.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Number of quarterly disaster management awareness campaigns held in 15 wards by 30 June 2024	4 quarterly disaster management awareness campaigns held in 15 wards by 30 June 2024	Number	Quarterly	1	1	1	1	2	1	1	1	1	4	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers	
72.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Number of quarterly reports on Veld and Forest fire suppression and emergency incidents attended to developed and submitted by 30 June 2024	4 quarterly reports on Veld and Forest fire suppression and emergency incidents attended to developed and submitted by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports	Reports	
73.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2024	818 households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2024	Number	Quarterly	818	818	818	818	818	818	818	818	841	841	841	Achieved	N/A	N/A	Reports	Reports

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74.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Number of Commercial businesses provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2024	57 Commercial businesses provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2024	Number	Quarterly	57	57	57	57	57	57	57	59	59	59	Achieved	N/A	N/A	Reports	Reports
75.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Number of quarterly reports on Hotazel landfill site developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Hotazel landfill site developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
76.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Phase 1 of the renovation of the Dithakong sports field completed by 30 June 2024	Phase 1 of the renovation of the Dithakong sports field completed by 30 June 2024	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not achieved	Delays in contractor performance	Contractor has increased resources on site to fast-track progress	Phase 1 Close out report and Phase 1 Practical Completion Certificate	Project progress report/minutes
77.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of sports fields maintained at Laxey and Ncwelengwe by 30 June 2024	2 sports fields maintained at Laxey and Ncwelengwe by 30 June 2024	Number	Annually	-	-	-	2	0	N/A	N/A	N/A	1	1	Not achieved	Contractor was not allocated for Laxey project	A tender has been advertised for panel of contractors and the project will be achieved in the next FY	Reports	Project progress report/minutes
78.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Phase 1 of the construction of the Perdmonkie Community Hall completed by 30 June 2024	Phase 1 of the construction of the Perdmonkie Community Hall completed by 30 June 2024	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not achieved	Finalisation of funding delayed the commencement of the project	Project to commence in the next FY	Close out report and Practical Completion Certificates	Report
79.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Construction of the Washington Community Hall completed by 30 June 2024	Construction of the Washington Community Hall completed by 30 June 2024	Date	Annually	-	-	-	30 June	0	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Close out report and Practical Completion Certificates	Close out report and Practical Completion Certificates
80.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of community halls maintained at Rusfontein Wyk 10, Laxey and Vanzylsrus by 30 June 2024	3 community halls maintained at Rusfontein Wyk 10, Laxey and Vanzylsrus by 30 June 2024	Number	Annually	-	-	-	3	2	N/A	N/A	N/A	0	0	Not achieved	Contractor not allocated for the projects in Rusfontein Wyk 10 and Laxey and the mine stopped the project in Vanzylsrus due to poor workmanship.	A tender has been advertised for panel of contractors and the mine has resolved to appoint a new contractor to finish works in Vanzylsrus	Reports	Report
81.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Assessment of the Drivers Licensing and Testing Centres (DLTC) annually conducted by Department of Transport, Safety and Liaison by 30 June 2024	Assessment of the Drivers Licensing and Testing Centres (DLTC) annually conducted by Department of Transport, Safety and Liaison by 30 June 2024	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Report	Report

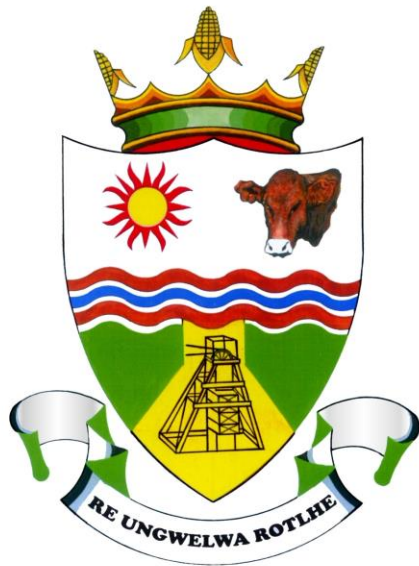
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82.	Basic Service Delivery and Infrastructure Development	Community Development	To provide refuse removal	Number of internal audits performed on the Vanzylsrus and Glenred landfill sites by 30 June 2024	2 internal audits performed on the Vanzylsrus and Glenred landfill sites by 30 June 2024	Number	Annually	-	-	-	2	New KPI	N/A	N/A	N/A	2	2	Achieved	N/A	N/A	Reports	Reports
83.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Number of quarterly compliance reports on Section 16 of NEMA developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly compliance reports on Section 16 of NEMA developed and submitted by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
84.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Integrated Waste Management Plan reviewed by 30 June 2024	Integrated Waste Management Plan reviewed by 30 June 2024	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	28 June	28 June	Achieved	N/A	N/A	Integrated Waste Management Plan and Council Resolution	Integrated Waste Management Plan and Council Resolution
85.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS	Local AIDS council established by 30 June 2024	Local AIDS council established by 30 June 2024	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	-	-	Not achieved	Unavailability of local civil society organisations	Special Programmes officials to conduct door-to-door visits at various stakeholders for the purpose of outlining the roles and responsibilities of Civil Society Organisations	Report and proof of submission to the Municipal Manager	Report and proof of submission to the Municipal Manager
86.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS	Number of quarterly reports on Special Interest Groups programmes developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on Special Interest Groups programmes developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
87.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Business plan for the requisition of funds for libraries annually developed by 31 March 2024	Business plan for the requisition of funds for libraries annually developed by 31 March 2024	Date	Annually	-	-	31 Mar	-	-	N/A	N/A	-	06 June	06 June	Not achieved	Late intervention between the municipality and DSAC	The business plan was developed and submitted to DSAC in the fourth quarter	Business Plan	Business Plan
88.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Memorandum of Understanding (MOU) on library services annually adopted by Council and submitted to DSAC by 30 June 2024	Memorandum of Understanding (MOU) on library services annually adopted by Council and submitted to DSAC by 30 June 2024	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	-	-	Not achieved	The MOU was submitted to DSAC; however, it was not submitted to council as it is not a prerequisite for council submission	The KPI will be revised in the next financial year to state submission to DSAC only	MOU, Council resolution and proof of submission to DSAC	MOU and proof of submission to DSAC
89.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number quarterly reports on library programmes developed and submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June 2024	4 quarterly reports on library programmes developed and submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports, and Proof of submission to the Municipal Manager and DSAC	Reports, and Proof of submission to the Municipal Manager and DSAC

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90.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of cemeteries fenced at Slough, Klein Damrose, Adalerly, Logaganeng, and Mahukubung by 30 June 2024	5 cemeteries fenced at Slough, Klein Damrose, Adalerly, Logaganeng, and Mahukubung by 30 June 2024	Date	Annually	-	-	-	5	4	N/A	N/A	N/A	5	Achieved	N/A	N/A	Report	Report	
91.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly Ward Committee meetings held by 30 June 2024	180 quarterly Ward Committee meetings held by 30 June 2024	Date	Annually	45	45	45	45	173	45	45	45	45	180	Achieved	N/A	N/A	Reports and attendance registers	Reports and attendance registers
92.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote good intergovernmental-relation in the municipality	Number of quarterly Speaker's Forum meetings coordinated by 30 June 2024	4 quarterly Speaker's Forum meetings coordinated by 30 June 2024	Number	Quarterly	1	1	1	1	4	0	1	1	1	3	Not achieved	Unavailability of key stakeholders	Engage with key stakeholder on prioritizing attendance	Minutes and attendance registers	Minutes and attendance registers
93.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote achievement of a clean annual audit outcome for the municipality	Audit Action Plan annually developed and adopted by Council by 31 January 2024	Audit Action Plan annually developed and adopted by Council by 31 January 2024	Date	Annually	-	-	31 Jan	-	31 Jan	N/A	N/A	30 Jan	N/A	30 Jan	Achieved	N/A	N/A	Audit Action Plan and Council Resolution	Audit Action Plan and Council Resolution
94.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote achievement of a clean annual audit outcome for the municipality	Number of quarterly reports on the implementation of the audit action plan developed and submitted to Council and Treasury by 30 June 2024	4 quarterly reports on the implementation of the audit action plan developed and submitted to Council and Treasury by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports, Council Resolution and proof of submission to Treasury	Reports, Council Resolution and proof of submission to Treasury
95.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly cashbook and bank reconciliation reports developed and submitted to the Municipal Manager by 30 June 2024	12 monthly cashbook and bank reconciliation reports developed and submitted to the Municipal Manager by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
96.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August 2023	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August 2023	Date	Annually	31 Aug	-	-	-	31 Aug	1 Sept	N/A	N/A	N/A	1 Sept	Not achieved	The Municipality officials were struggling with network connectivity throughout the week from the 29th to 31st of August 2023.	The AFS were eventually submitted	Annual Financial Statements and supporting schedules and proof of submission to AGSA	Annual Financial Statements and supporting schedules and proof of submission to AGSA
97.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly reports on timeous billing and mailing of accounts to customers developed and submitted to the Municipal Manager by 30 June 2024	12 monthly reports on timeous billing and mailing of accounts to customers developed and submitted to the Municipal Manager by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
98.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Bad debts report annually submitted to Council by 30 June 2024	Bad debts report annually submitted to Council by 30 June 2024	Date	Annually	-	-	-	30 June	4	N/A	N/A	N/A	28 June	28 June	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions

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99.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly reports on debtors' reconciliation developed and submitted to the Municipal Manager by 30 June 2024	12 monthly reports on debtors' reconciliation developed and submitted to the Municipal Manager by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
100.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Indigent register annually developed and submitted to Council by 30 June 2024	Indigent register annually developed and submitted to Council by 30 June 2024	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	28 June	28 June	Achieved	N/A	N/A	Indigent Register and Council Resolution	Indigent Register and Council Resolution
101.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Draft Budget annually compiled and submitted to Council by 31 March 2024	Draft Budget annually compiled and submitted to Council by 31 March 2024	Date	Annually	-	-	31 Mar	-	31 Mar	N/A	N/A	28 Mar	N/A	28 Mar	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Draft Budget and Council Resolution	Draft Budget and Council Resolution
102.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Adjustment Budget annually compiled and submitted to Council by 28 February 2024	Adjustment Budget annually compiled and submitted to Council by 28 February 2024	Date	Annually	-	-	28 Feb	-	28 Feb	N/A	N/A	28 Feb	N/A	28 Feb	Achieved	N/A	N/A	Adjustment Budget and Council Resolution	Adjustment Budget and Council Resolution
103.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Final Budget annually compiled and submitted to Council by 31 May 2024	Final Budget annually compiled and submitted to Council by 31 May 2024	Date	Annually	-	-	-	31 May	31 May	N/A	N/A	N/A	23 May	23 May	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Final Budget and Council Resolution	Final Budget and Council Resolution
104.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly Section 71 reports developed and submitted to the Municipal Manager and Treasury by 30 June 2024	12 monthly Section 71 reports developed and submitted to the Municipal Manager and Treasury by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager and Treasury	Reports and proof of submission to the Municipal Manager and Treasury
105.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Section 72 report annually developed and submitted to Council by 31 January 2024	Section 72 report annually developed and submitted to Council by 31 January 2024	Date	Annually	-	-	31 Jan	-	31 Jan	N/A	N/A	30 Jan	N/A	30 Jan	Achieved	The Municipality's efficiency allowed for an earlier achievement date	N/A	Report and Council Resolution	Report and Council Resolution
106.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on withdrawals developed and submitted to Council and Treasury by 30 June 2024	4 quarterly reports on withdrawals developed and submitted to Council and Treasury by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
107.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly conditional grants expenditure reports developed and submitted to the Municipal Manager and Treasury by 30 June 2024	12 monthly conditional grants expenditure reports developed and submitted to the Municipal Manager and Treasury by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager and Treasury	Reports and proof of submission to the Municipal Manager and Treasury

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2022/2023)	ACTUAL QUARTERLY PERFORMANCE 2023/2024				ACTUAL ANNUAL PERFORMANCE 2023/2024	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
108.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on investments made developed and submitted to Council and Treasury by 30 June 2024	4 quarterly reports on investments made developed and submitted to Council and Treasury by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
109.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly updated contract registers submitted to Council by 30 June 2024	4 quarterly updated contract registers submitted to Council by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Contract Registers and Council Resolutions	Contract Registers and Council Resolutions
110.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly reports on inventory stock counts developed and submitted to the Municipal Manager and Treasury by 30 June 2024	12 monthly reports on inventory stock counts developed and submitted to the Municipal Manager and Treasury by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager and Treasury	Reports and proof of submission to the Municipal Manager and Treasury
111.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Procurement plan annually developed and submitted to Council and Treasury by 30 September 2024	Procurement plan annually developed and submitted to Council and Treasury by 30 September 2024	Date	Annually	30 Sep	-	-	-	-	30 Sep	N/A	N/A	N/A	30 Sep	Achieved	N/A	N/A	Procurement plan and Council Resolutions	Procurement plan and Council Resolutions
112.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly procurement plan monitoring reports developed and submitted to Council by 30 June 2024	4 quarterly procurement plan monitoring reports developed and submitted to Council by 30 June 2024	Number	Quarterly	1	1	1	1	0	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
113.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on the monitoring of the performance of contracts developed and submitted to Council by 30 June 2024	4 quarterly reports on the monitoring of the performance of contracts developed and submitted to Council by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
114.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly reports on the Unauthorized Irregular, Fruitless and Wasteful expenditure developed and submitted to the Municipal Manager by 30 June 2024	12 monthly reports on the Unauthorized Irregular, Fruitless and Wasteful expenditure developed and submitted to the Municipal Manager by 30 June 2024	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
115.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Number of quarterly updated GRAP compliant asset registers developed and submitted to Office of the Auditor General by 30 June 2024	4 quarterly updated GRAP compliant asset registers developed and submitted to Office of the Auditor General by 30 June 2024	Number	Quarterly	1	1	1	1	0	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
116.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Number of quarterly reports on the physical verification of assets approved by Council and submitted to Office of the Auditor General by 30 June 2024	4 quarterly reports on the physical verification of assets approved by Council and submitted to Office of the Auditor General by 30 June 2024	Number	Quarterly	1	1	1	1	0	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2022/2023)	ACTUAL QUARTERLY PERFORMANCE 2023/2024				ACTUAL ANNUAL PERFORMANCE 2023/2024	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
117.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Disposal report annually approved by Council and submitted to Office of the Auditor General by 30 June 2024	Disposal report annually approved by Council and submitted to Office of the Auditor General by 30 June 2024	Date	Annually	-	-	-	30 June	0	N/A	N/A	N/A	-	-	Not achieved	Disposal list is available however it was not submitted to council	There will be a special council meeting before 31 August 2024 in order to approve the disposal list.	Report, Council Resolution and proof of submission to AG	Report, Council Resolution and proof of submission to AG
118.	Local Economic Development	Local Economic Development	To promote local economic development	Number of jobs created through infrastructure projects by 30 June 2024	240 jobs created through infrastructure projects by 30 June 2024	Date	Annually	-	-	-	240	122	N/A	N/A	N/A	455	455	Achieved	A higher number was achieved due to pump operators' stipend increase	N/A	Report	Report
119.	Local Economic Development	Local Economic Development	To promote local economic development	Number of quarterly reports on SMMEs developed and submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on SMMEs developed and submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
120.	Local Economic Development	Local Economic Development	To promote local economic development	Number of quarterly reports on coordinated and supported Local Economic Development Projects submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on coordinated and supported Local Economic Development Projects submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
121.	Local Economic Development	Local Economic Development	To promote local economic development	LED summit annually held by 30 June 2024	LED summit annually held by 30 June 2024	Date	Annually	-	-	-	30 June	30 June	N/A	N/A	N/A	-	-	Not achieved	Inadequate funding	The municipality to prioritise funding for the LED summit in the next financial year	Report	Report
122.	Local Economic Development	Local Economic Development	To promote local economic development	SMME Funding Policy annually reviewed by 30 June 2024	SMME Funding Policy annually reviewed by 30 June 2024	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	14 Dec	14 Dec	Achieved	Target was completed before the set date	N/A	Policy and Council Resolution	Policy and Council Resolution
123.	Local Economic Development	Local Economic Development	To enhance tourism development	Tourism exhibition annually attended by 30 June 2024	Tourism exhibition annually attended by 30 June 2024	Date	Annually	-	-	-	30 June	30 June	N/A	N/A	N/A	30 June	30 June	Achieved	N/A	N/A	Report	Report
124.	Local Economic Development	Local Economic Development	To enhance tourism development	Number of quarterly reports on tourism attraction sites identified submitted to the Municipal Manager by 30 June 2024	4 quarterly reports on tourism attraction sites identified submitted to the Municipal Manager by 30 June 2024	Number	Quarterly	1	1	1	1	1	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
125.	Local Economic Development	Local Economic Development	To enhance tourism development	Number of quarterly tourism promotion events participated in by 30 June 2024	4 quarterly tourism promotion events participated in by 30 June 2024	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers



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# CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

## 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

Employees					
Description	2022/2023		2023/2024		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water			54	38	%
Waste Water (Sanitation)			11	2	%
Electricity			2	2	%
Waste Management			10	7	%
Housing			2	3	%
Waste Water (Stormwater Drainage)			0	0	%
Roads			13	25	%
Transport			3	2	%
Planning			4	2	%
Local Economic Development			4	0	%
Planning (Strategic & Regulatory)			0	0	%
Local Economic Development			0	0	%
Community & Social Services			29	31	%
Environmental Protection			0	0	%
Health			0	1	%
Security and Safety			0	1	%
Sport and Recreation			0	0	%
Corporate Policy Offices and Other			0	0	%
<b>Totals</b>	-	-	<b>0</b>	<b>0</b>	-
<i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i>					<i>T 4.1.1</i>

### 2.3.2. Vacancy Rate

Vacancy Rate: 2023/2024			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	1	100,00
Other S57 Managers (excluding Finance Posts)	4	3	75,00
Other S57 Managers (Finance posts)	1	0	0,00
Fire fighters	6	6	100,00
Senior management: Levels 13-15 (excluding Finance Posts)	23	4	17,39
Senior management: Levels 13-15 (Finance posts)	6	0	0,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	42	32	76,19
Highly skilled supervision: levels 9-12 (Finance posts)	13	2	15,38
<b>Total</b>	<b>97</b>	<b>48</b>	<b>49,48</b>

### 2.3.3. Turnover

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2021/2022	50	18	36%
2022/2023	50	12	24%
2023/2024	27	8	30%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

## 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

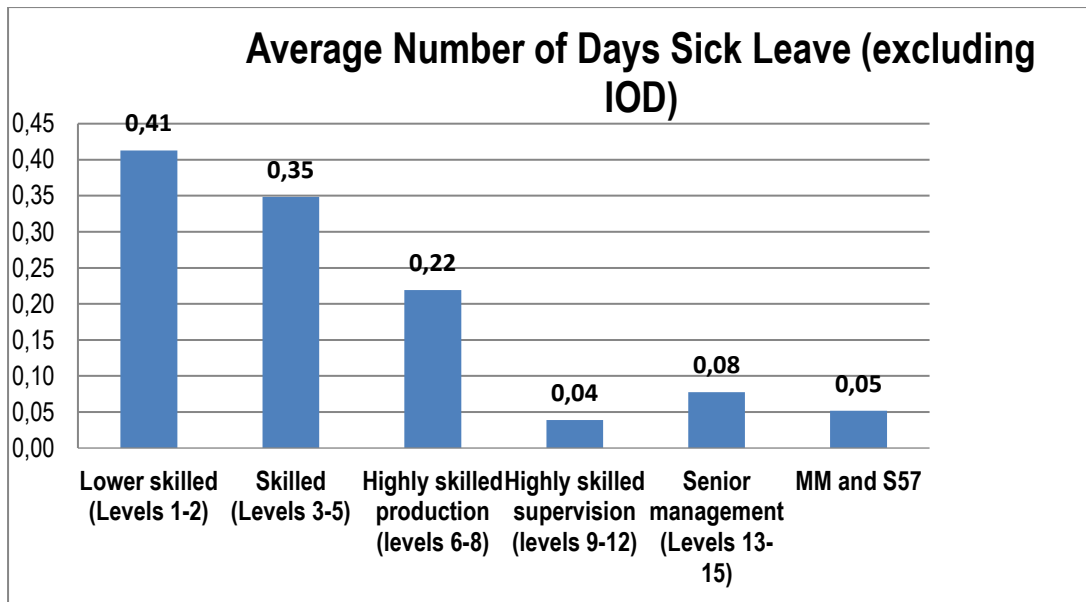
HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	0%		
2	Attraction and Retention	0%		
3	Code of Conduct for employees	100%		SALGBC collective agreement
4	Delegations, Authorisation & Responsibility	0%		
5	Disciplinary Code and Procedures	100%		SALGBC collective agreement
6	Essential Services	100%		SALGBC collective agreement

7	Employee Assistance / Wellness	0%		
8	Employment Equity	0%		
9	Exit Management	0%		
10	Grievance Procedures	50%		Pending approval
11	HIV/Aids	0%		
12	Human Resource and Development	0%		
13	Information Technology	100%		
14	Job Evaluation	100%		
15	Leave	100%		
16	Occupational Health and Safety	50%		Pending approval
17	Official Housing	100%		
18	Official Journeys	100%		
19	Official transport to attend Funerals	0%		
20	Official Working Hours and Overtime	100%		
21	Organisational Rights	100%		
22	Payroll Deductions	0%		
23	Performance Management and Development	100%		
24	Recruitment, Selection and Appointments	100%		
25	Remuneration Scales and Allowances	0%		
26	Resettlement	0%		
27	Sexual Harassment	0%		
28	Skills Development	100%		
29	Smoking	0%		
30	Special Skills	0%		
31	Work Organisation	0%		
32	Uniforms and Protective Clothing	0%		
33	Other:	0%		
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				<i>T 4.2.1</i>

### 4.3 Injuries, Sickness and Suspensions

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

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	64	0%	34	30	0,41	
Skilled (Levels 3-5)	54	0%	22	22	0,35	
Highly skilled production (levels 6-8)	34	0%	19	58	0,22	
Highly skilled supervision (levels 9-12)	6	3%	34	26	0,04	
Senior management (Levels 13-15)	12	2%	12	11	0,08	
MM and S57	8		4	8	0,05	
<b>Total</b>	<b>178</b>	<b>1%</b>	<b>125</b>	<b>155</b>	<b>1,15</b>	<b>0</b>
<i>* - Number of employees in post at the beginning of the year</i>						<i>T 4.3.2</i>
<i>*Average is calculated by taking sick leave in column 2 divided by total employees in column 5</i>						



#### 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

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2024	Number of skilled employees required and actual as at 30 June 2024											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			Actual: End of 2022/2023	Actual: End of 2023/2024	2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2023/2024 Target	Actual: End of 2022/2023	Actual: End of 2023/2024	2023/2024 Target
MM and s57	Female		0	0	0	0			0	0	1			1
	Male									1	2		1	2
Councillors, senior officials and managers	Female		0	0	0	15	15	15	0	3	3		18	18
	Male		0	0		14	14	14	0	4	4		18	18
Technicians and associate professionals*	Female		0	0	2	0	0	4	0	2	2		2	8
	Male		0	0	2	0	0	2	0	8	9		8	13
Professionals	Female		0	2	10	0	24	30	0	6	6		32	46
	Male		0	3	10	0			0	2	2		2	2
Sub total	Female		0	2	12	0	39	49		11	12		52	73
	Male		0	3	12		14	16		15	17		29	35
<b>Total</b>		0	0	10	48	29	106	130	0	52	58	0	162	216
<i>*Registered with professional Associate Body e.g CA (SA)</i>														T 4.5.1

**Financial Competency Development: Progress Report\***

<b>Description</b>	<b>A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))</b>	<b>B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))</b>	<b>Consolidated: Total of A and B</b>	<b>Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))</b>	<b>Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))</b>	<b>Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))</b>
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	1	2	1	1	1
<i>Chief financial officer</i>	1	1	2	1	0	1
<i>Senior managers</i>	3	3	6	3	3	3
<i>Any other financial officials</i>	29	29	58	0	0	8
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	1	2	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
<b>TOTAL</b>	<b>35</b>	<b>35</b>	<b>70</b>	<b>6</b>	<b>5</b>	<b>14</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

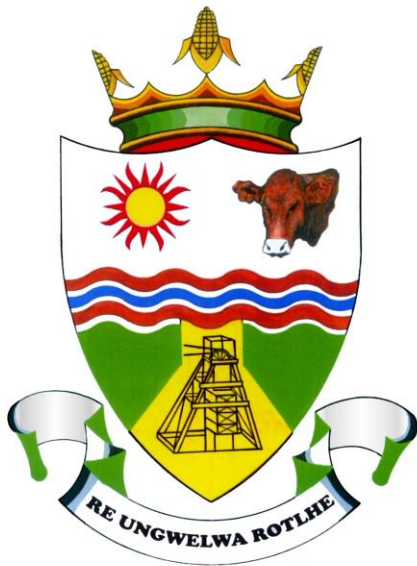
Work Place Skills Development Plan was adopted by Council for the current financial year and has been implemented.

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

- Implementation of the Workplace Skills Plan 2023/2024;
- Learnership Programme (MFMP)
- National Treasury Minimum Competency Requirement

Course name	Service provider	Total trained (officials)	Total trained (Councillors)
Municipal Finance Management Programme	Wits University	06	0
Finance and Payroll	Inzalo Ems	6	0
Supply Chain Management	SALGA	0	29
Women in leadership	SALGA	0	4
Employment Equity Training	SALGA/Dept of Labour	3	0
Financial Applications and Modelling MS Excel	Northwest University	12	0
Ledger Training	Inzalo Ems	6	0
Billing Training	Inzalo Ems	4	0
SCM, Invoicing, Payments and Contracts Management	Inzalo Ems	16	0
Municipal Leaders Media and Stakeholders-Political	SALGA	0	6
Municipal Stakeholders Engagement-Administrative	SALGA	01	0
Municipal Finance Management Programme	Pioneer Consulting	5	0
<b>Total</b>		<b>53</b>	<b>39</b>
<b>Overall total</b>		<b>92</b>	

Number Of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	17
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
<b>Total</b>		<b>17</b>
<i>Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i>		<i>T 4.6.2</i>



**JOE MOROLONG**  
LOCAL MUNICIPALITY

# CHAPTER 5

FINANCIAL PERFORMANCE

## 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.

During the year under review, the municipality adopted Three Pillars Financial Plan to drive the financial strategy of the municipality for the period under review.

The Three Pillars Financial Plan (TPFP) is drafted in line with the requirements of Part 2 of the MBRR – budget-related policies. This policy aims to ensure that all long-term financial planning is based on a structured and consistent methodology therefore enabling delivery of Municipality strategies whilst ensuring the Municipality’s long term financial sustainability and affordability in order to achieve objectives over the medium- and long term.

The 2023/24 TPFP process commenced with an in-depth analysis on previous year’s performance outcomes with emphasis on reducing areas of underperformance. In an effort to safeguard the provision of municipal services but still ensure financial sustainability, no expenditure parameter was applied to contracted services and other operational costs. This strategy freed up funds to assist with reprioritization of needs and balancing the budget at affordable levels.

- Conduct a comprehensive review of expenditure patterns to identify areas for optimization and efficiency gains.
- Prioritize spending on critical services such as infrastructure development, health, education, and social welfare.
- Implement stringent cost-control measures to contain expenditure growth while maintaining service quality.

In addition, the Draft Consultancy Reduction and the Municipality’s Cost Containment Policy are embedded in the Municipality’s operations also continued to assist in driving down costs and ensuring that value for money is achieved and resources of the municipality used effectively, efficiently and economically.

## 5.1 Statements of Financial Performance

### Reconciliation of Table A1 Budget Summary

Description	2023/2024											2022/2023			
	Original Budget	Budget Adjustments (i.to. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.to. s31 of the MFMA)	Virement (i.to. Council approved policy)	Final Budget	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 MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Financial Performance</b>															
Property rates	30 500		43 924			43 924	46 859		(2 935)	107%	154%				34 024
Service charges	40 742		37 862			37 862	15 897		21 965	42%	39%				44 677
Investment revenue	8 043		8 043			8 043	7 842		201	97%	97%				6 234
Transfers recognised - operational	192 454		192 454			192 454	187 072		5 382	97%	97%				176 443
Other own revenue	15 597		25 304			25 304	65 003		(39 699)	257%	417%				18 730
	287 336		307 587			307 587	322 673								280 109
<b>Total Revenue (excluding capital transfers and contributions)</b>									(15 086)	105%	112%				
Employee costs	126 134		115 446			115 446	120 727	-	(5 281)	105%	96%	3 084	-	(3 084)	94 442
Remuneration of councillors	13 799		16 624			16 624	15 934	-	690	96%	115%	497	-	(497)	13 636
Debt impairment	-		-			-	32 195	(28 738)	(32 195)	100%	100%	-	-	-	256 672
Depreciation & asset impairment	56 730		121 737			121 737	138 759	(42 486)	(17 022)	114%	245%	163 279	-	(163 279)	248 181
Finance charges	260		512			512	981	(26)	(469)	192%	377%	286	-	(286)	1 109
Materials and bulk purchases	31 730		58 589			58 589	14 013	(485)	44 575	24%	44%	5 782	-	(5 782)	26 890
Transfers and grants	500		-			-	14 404	(9 953)	(14 404)	100%	2881%	24 732	-	(24 732)	30 010
Other expenditure	94 835		121 782			121 782	168 837	(1 932)	(47 055)	139%	178%	17 857	-	(17 857)	85 098
<b>Total Expenditure</b>	<b>323 988</b>		<b>434 689</b>			<b>434 689</b>	<b>505 850</b>		(71 161)	116%	156%	215 516	-	(215 516)	756 037
<b>Surplus/(Deficit)</b>	<b>(36 652)</b>		<b>(127 102)</b>			<b>(127 102)</b>	<b>(183 177)</b>		56 075	144%	500%				(475 929)
Transfers and subsidies - capital (monetary allocations)	132 651		127 131			127 131	130 707		(3 576)	103%	99%				124 959
Transfers and subsidies - capital (in-kind - all)	-		600			600	20 757		(20 157)	3459%	100%				2 229
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>95 999</b>		<b>629</b>			<b>629</b>	<b>(31 713)</b>		32 342	-5045%	-33%				(348 740)
Share of surplus/ (deficit) of associate			-			-			-	0%	100%				-
<b>Surplus/(Deficit) for the year</b>	<b>95 999</b>		<b>629</b>			<b>629</b>	<b>(31 713)</b>		32 342	-5045%	-33%				(348 740)
<b>Capital expenditure &amp; funds sources</b>															
<b>Capital expenditure</b>															
Transfers recognised - capital	132 651		127 131			127 131	130 707		(3 576)	103%	99%				124 959
Public contributions & donations			-			-	20 757		(20 757)	100%	100%				2 229
Borrowing			-			-			-	100%	100%				
Internally generated funds	4 470		5 467			5 467			5 467	0%	0%				
<b>Total sources of capital funds</b>	<b>137 121</b>		<b>132 598</b>			<b>132 598</b>	<b>151 464</b>		(18 866)	114%	110%				127 188
<b>Cash flows</b>															
Net cash from (used) operating	258 944		130 008			130 008	3 694		126 314	3%	1%				(152 074)
Net cash from (used) investing	(132 101)		(132 598)			(132 598)	88 236		(220 834)	-67%	-67%				(119 610)
Net cash from (used) financing	(207)		(207)			(207)	(40)		(166)	19%	19%				(129)
<b>Cash/cash equivalents at the year end</b>	<b>186 706</b>		<b>32 160</b>			<b>32 160</b>	<b>18</b>		32 142	0%	0%				(214 996)

T 5.1.1

Financial Performance of Operational Services							R '000
Description	2022/2023	2023/2024		2023/2024 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
<b>Municipal governance and administration</b>	149 391	137 318	183 317	227 859	39,74%	19,55%	
Mayor and Council	19 372	22 256	25 884	24 572	9,42%	-5,34%	
Municipal Manager, Town Secretary and Chief Executive	7 128	9 292	7 214	6 025	-54,21%	-19,73%	
<b>Executive and council</b>	26 500	31 548	33 098	30 597	-3,11%	-8,17%	
Administrative and Corporate Support	11 259	21 962	13 659	20 622	-6,50%	33,77%	
Asset Management	893	1 589	15 792	1 084	-46,66%	-1357,26%	
Finance	74 997	44 565	75 135	128 237	65,25%	41,41%	
Fleet Management	12 443	11 319	20 162	21 312	46,89%	5,40%	
Human Resources	15 047	10 475	12 743	14 804	29,24%	13,92%	
Information Technology	5 232	7 067	7 261	5 660	-24,87%	-28,29%	
Risk Management	995	1 500	1 332	1 315	-14,12%	-1,31%	
Supply Chain Management	-	4 463	1 861	2 163	-106,32%	13,97%	
<b>Finance and administration</b>	120 866	102 941	147 944	195 196	47,26%	24,21%	
Governance Function	2 025	2 829	2 275	2 066	-36,93%	-10,10%	
<b>Internal audit</b>	2 025	2 829	2 275	2 066	-36,93%	-10,10%	
<b>Community and public safety</b>	28 629	27 984	25 439	75 727	63,05%	66,41%	
Cemeteries, Funeral Parlours and Crematoriums	546	2 159	2 159	1 082	-99,58%	-99,58%	
Community Halls and Facilities	3 338	7 581	5 990	7 742	2,09%	22,64%	
Libraries and Archives	1 288	1 252	1 252	1 383	9,45%	9,45%	
<b>Community and social services</b>	5 173	10 992	9 401	10 207	-7,69%	7,90%	
Police Forces, Traffic and Street Parking Control	1 259	2 901	1 984	2 071	-40,09%	4,19%	
<b>Public safety</b>	1 259	2 901	1 984	2 071	-40,09%	4,19%	
Housing	22 198	14 091	14 055	63 449	77,79%	77,85%	
<b>Housing</b>	22 198	14 091	14 055	63 449	77,79%	77,85%	
Corporate Wide Strategic Planning (IDPs, LEDs)	460	1 389	1 340	612	-126,86%	-118,81%	
Economic Development/Planning	5 502	7 641	6 637	15 803	51,65%	58,00%	
Town Planning, Building Regulations and Enforcement, and City Engineer	1 353	2 387	1 471	1 298	-83,87%	-13,31%	
Project Management Unit	3 683	5 332	4 639	4 277	-24,67%	-8,46%	
<b>Economic and environmental services</b>	97 088	26 260	34 623	131 919	80,09%	73,75%	
<b>Planning and development</b>	10 999	16 748	14 086	21 991	23,84%	35,94%	
Roads	81 846	7 656	18 602	106 364	92,80%	82,51%	
<b>Road Transport</b>	81 846	7 656	18 602	106 364	92,80%	82,51%	
Pollution Control	4 243	1 855	1 935	3 565	47,96%	45,73%	
<b>Environmental protection</b>	4 243	1 855	1 935	3 565	47,96%	45,73%	
Electricity	19 120	41 464	59 062	18 845	-120,02%	-213,40%	
<b>Trading services</b>	117 077	132 427	191 310	65 105	-103,40%	-193,85%	
<b>Energy sources</b>	19 120	41 464	59 062	18 845	-120,02%	-213,40%	
Water Distribution	94 021	82 143	112 615	103 014	20,26%	-9,32%	
<b>Water management</b>	94 021	82 143	112 615	103 014	20,26%	-9,32%	
Sewerage	1 659	3 785	15 796	(59 989)	106,31%	126,33%	
Waste Water Treatment	225	500	500	613	18,45%	18,45%	
<b>Waste water management</b>	1 884	4 285	16 296	(59 376)	107,22%	127,45%	
Solid Waste Removal	2 052	4 534	3 337	2 621	-72,98%	-27,31%	
<b>Waste management</b>	2 052	4 534	3 337	2 621	-72,98%	-27,31%	
<b>Total Expenditure</b>	392 185	323 988	434 689	500 610	35,28%	13,17%	

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

Statement of Financial Performance		Reasons for variances
<b>Revenue</b>		
Revenue from exchange transactions		
Sale of goods		
Service charges	1	Corrections relating to estimates
Rental of facilities and equipment	2	The Budgeted amount is less than actual as the actual includes rental of premises and rental of grader
Interest received (trading)	3	The interest rate charged in respect of customer accounts increased.
Prepaid Services	4	There were no prepaid services budgeted amount as this was previously mapped under service charges
Other income	5	The budget is more than the actual due to insurance claim fees
Investment revenue	6	Less monies were deposited in investments accounts
Taxation revenue Property rates	7	Increases in market values on the valuation roll
Interest - Non-Exchange Transactions	8	The interest rate charged in respect of customer accounts increased.
Transfer revenue Government grants & subsidies	9	Increase in allocation on Grants
Public contributions and donations	10	Public donations were not on budget, the actual amount is based on mining subsidies and laptops donated.
Expenditure Employee Related Costs	11	The budgeted is more and the actual is less due to vacancies as the municipality had vacant positions for CFO and planning and development director
Remuneration of councillors	12	The budget is more and the actual is less, the municipality overbudgeted due to provision of backpay to councillors for 2 years
Depreciation and amortisation	13	The budgeted is more and the actual is less because the budgeted figure was based on estimates
Finance costs	14	some suppliers could not be paid within 30 days, which resulted in interest charged
Lease rentals on operating lease	15	Photocopier machine rentals not budgeted for
Debt Impairment	16	The item is not budgeted for
Bulk purchases	17	Bulk purchases are within the budgeted amount
Contracted services	18	The actual amount also includes repairs and maintenance costs
Transfers and Subsidies	19	The budgeted amount is less than actual due to sanitation projects transfers
General Expenses	20	General expenditure is within the budget amount.
<b>Statement of Financial Position</b>		
Inventories		
Receivables from exchange transactions	21	Projections were made based on the assumption that the rates will increase
Receivables from non-exchange transactions	22	Projections were made based on the assumption that outstanding amounts will be recovered
VAT receivable	23	Vat returns filed; vat refund still needs to be received
Cash and cash equivalents	24	Projections were done based on the assumption that receipts will increase
Employee benefit obligation	25	The item is not budgeted for
Provisions	26	The current year valuation of the landfill resulted in lower cost than projected

## 5.2 Grants

Grant Performance							R' 000
Description	2022/2023	2023/2024		2023/2024 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<b>Operating Transfers and Grants</b>							
<b>National Government:</b>	<b>183 139</b>	<b>194 540</b>	<b>189 933</b>	<b>185 823</b>	<b>-4,69%</b>	<b>-2,16%</b>	
Equitable share	170 404	185 704	181 312	180 561	-2,85%	-0,41%	
Expanded Public Works Programme Integrated Grant	1 140	2 159	2 159	2 159	0,00%	0,00%	
Local Government Financial Management Grant	3 100	3 100	2 886	3 100	0,00%	7,42%	
Municipal Infrastructure Grant	8 496	3 576	3 576	2 726,00	0,00%	-99,92%	
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation							
0-Jan-00							
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
[insert description]							
<b>Other grant providers:</b>	<b>3 514</b>	<b>3 058</b>	<b>3 058</b>	<b>21 927</b>			
Northern Cape Arts and Cultural	1 800	1 252	1 252	1 252	0,00%	0,00%	
Mining Companies	1 714	1 806	1 806	20 675			
<b>Total Operating Transfers and Grants</b>	<b>186 653</b>	<b>197 598</b>	<b>192 991</b>	<b>207 750</b>			
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

There were no material variances on Grant spending. The municipality has spent 100% of the budgeted grant for a second year.

## 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.

The municipality managed to reduce the number of issues raised by the Auditor General of South Africa relating to Asset Management. This was one of the key reasons for the improved Audit Opinion.

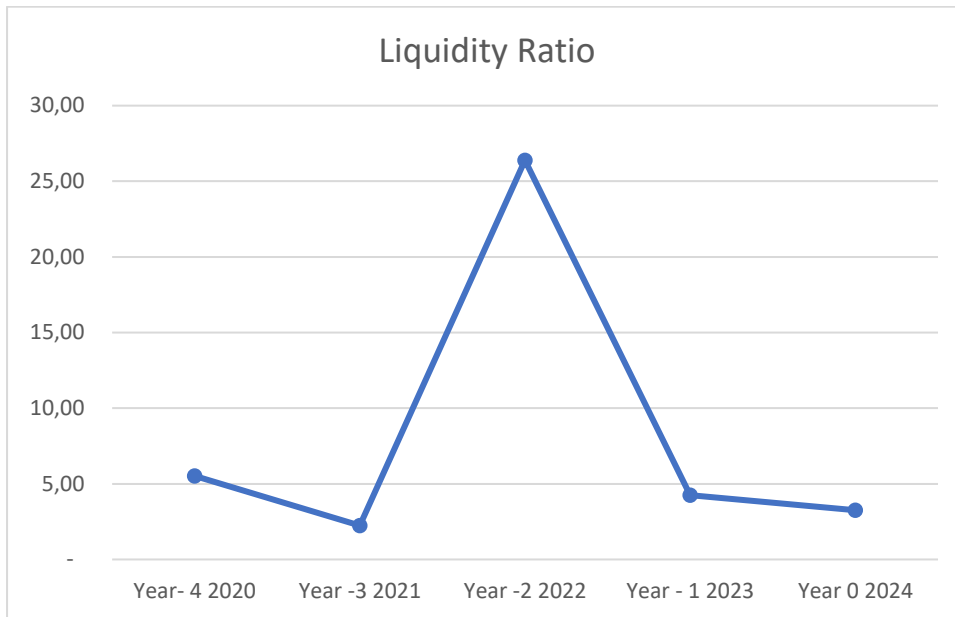
Plan for the upcoming year is to resolve all the outstanding issues, which might result in an Unqualified Audit Opinion for the 2024/2025 Financial Year.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/2024	
Asset 1	
Name	Isuzu D/Cab Bakkie
Description	Isuzu D/Cab 1.9 Dmax (43911)

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2023/2024				
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2020/2021	2021/2022	2022/2023	2023/2024
				467 644,36
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 2</b>				
Name	Isuzu D/Cab Bakkie			
Description	Isuzu D/Cab 1.9 Dmax (43912)			
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2020/2021	2021/2022	2022/2023	2023/2024
				467 644,36
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset				
<b>Asset 3</b>				
Name	Isuzu S/Cab Bakkie X 2			
Description	Isuzu S/Cab 1.9 Dmax (43582)			
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2020/2021	2021/2022	2022/2023	2023/2024
				749 494,06
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset				
T 5.3.2				

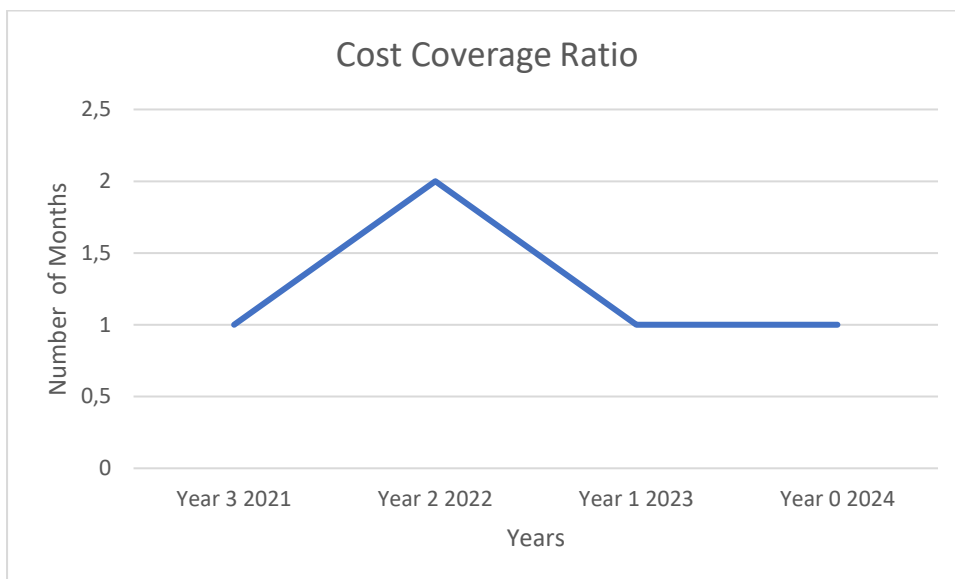
Repair and Maintenance Expenditure: 2023/2024				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	14 530,00	14 030,00	6 149,01	58%
T 5.3.4				

## 5.4 Financial Ratios based on Key Performance Indicators

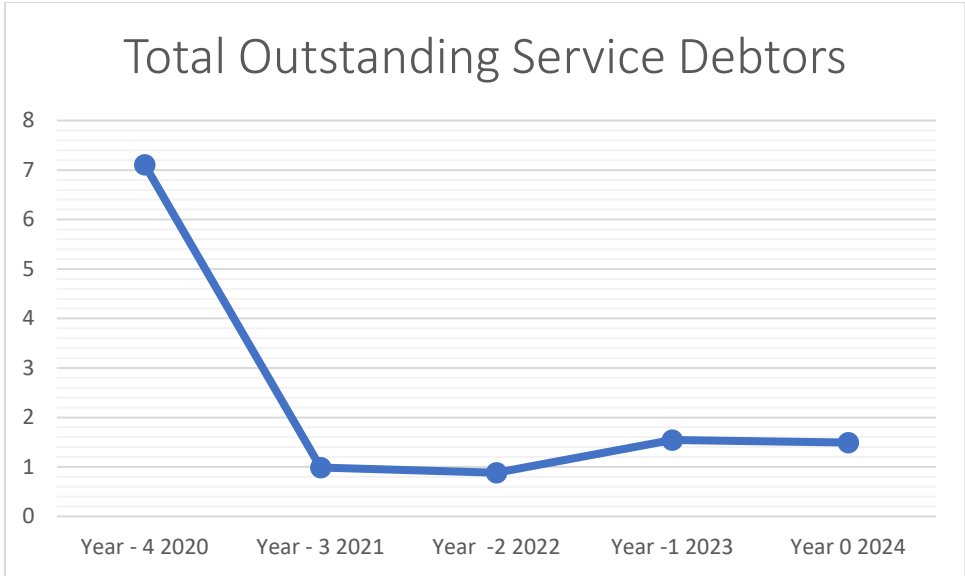


National Treasury typically recommends a minimum liquidity ratio of 1:1 (or higher). A ratio above 1 means the municipality has sufficient current assets to cover its current liabilities.

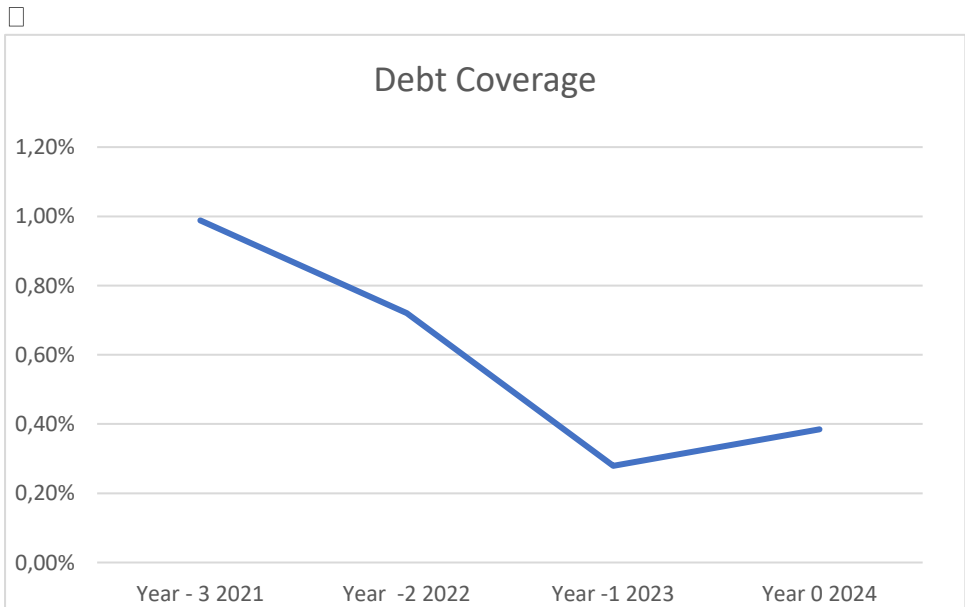
3.26 is well above this threshold, suggesting the municipality is in a good position to meet its short-term obligations.



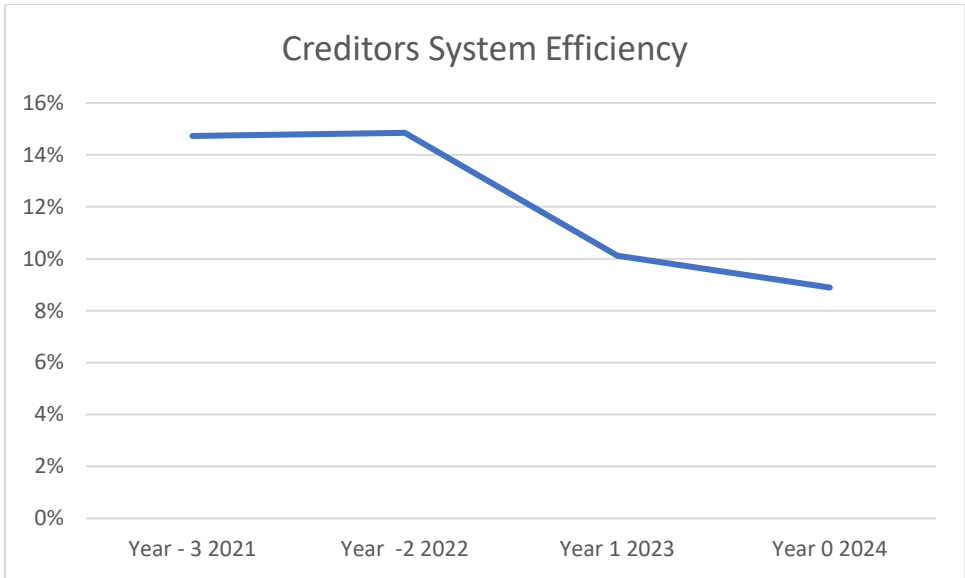
National Treasury's guideline suggests a minimum cost coverage ratio of **1–3 months** as ideal for financial sustainability. A ratio of **1** indicates the municipality can just cover one month of operating expenses with its cash reserves and cash-backed surpluses.



- A ratio above 1 means the outstanding debtors exceed the annual revenue generated, which is unsustainable in the long term. This suggests that the municipality struggles with revenue collection or that a large portion of its revenue is tied up in unpaid service charges.
- The reduction from **1.54 to 1.49** is positive but marginal, signalling the need for a more aggressive approach to improve collections.



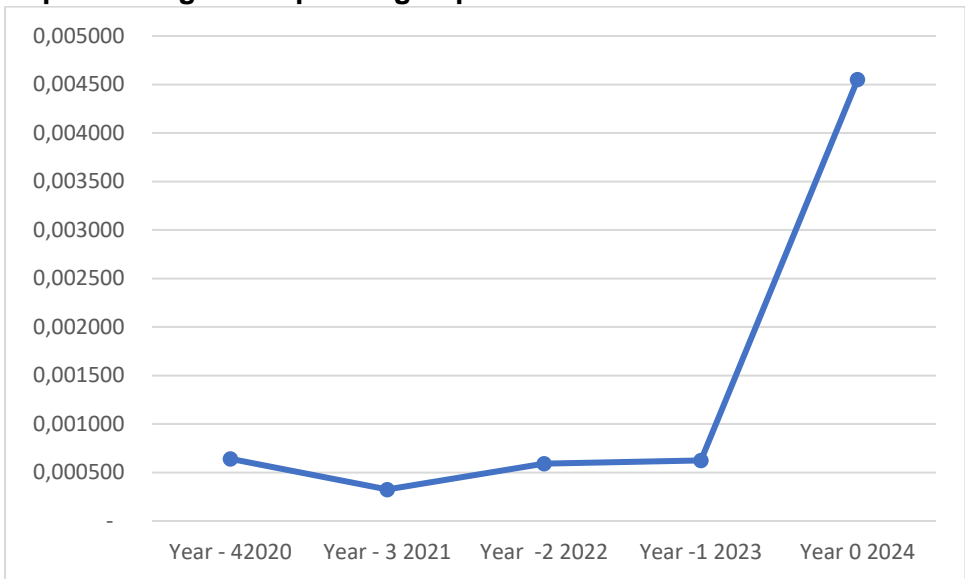
The increase from **0.28 to 0.38** reflects some improvement, which could result from reduced borrowing, increased revenue, or better debt management practices. However, the municipality is still far from achieving a sustainable debt coverage level.



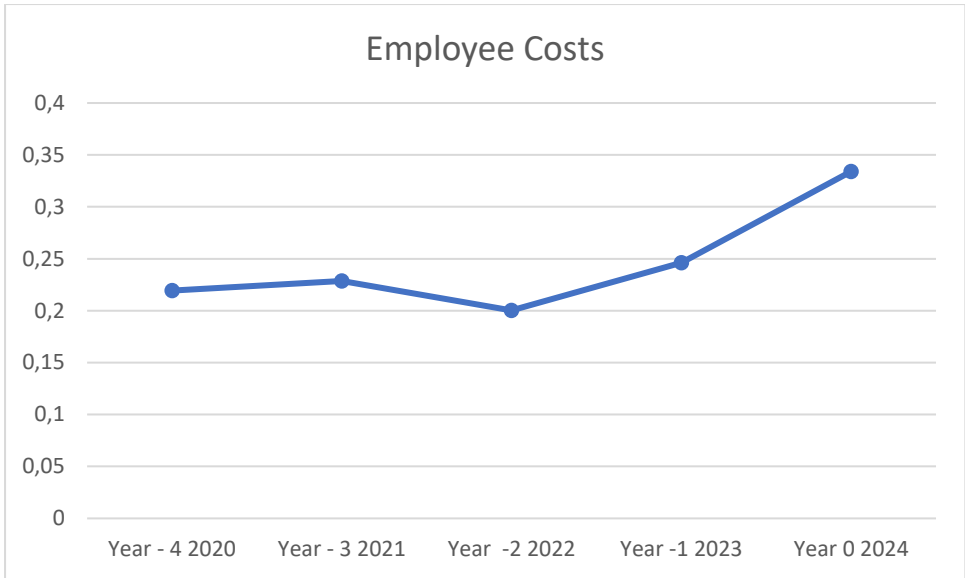
The **MFMA** (Section 65(2)(e)) requires that municipalities settle all creditors within **30 days of receiving invoices**, unless otherwise agreed upon.

A ratio of **9%** suggests significant inefficiency in creditor payments, indicating most invoices are not being settled on time.

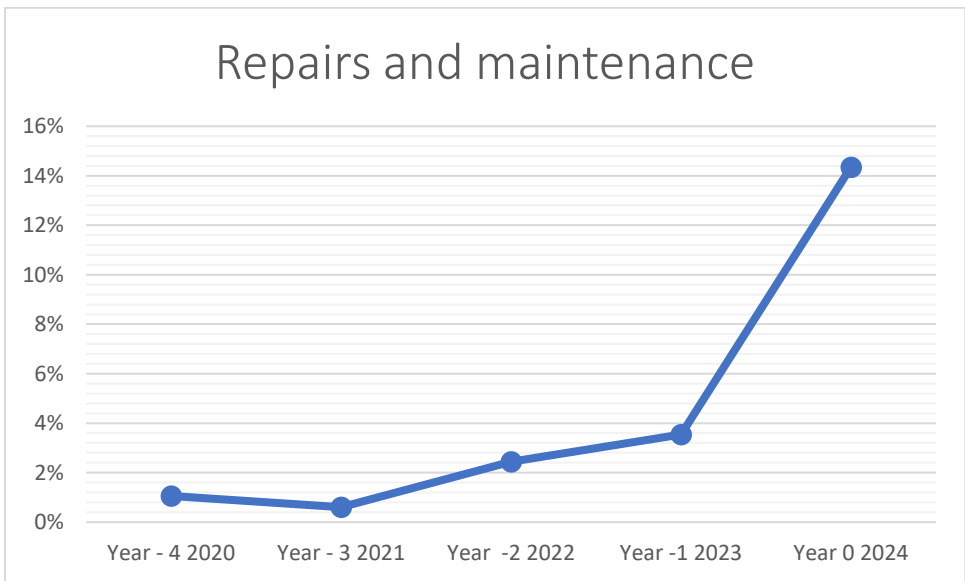
### Capital Charges to Operating Expenditure Ratio



- National Treasury recommends that municipalities maintain a **prudent balance between operating and capital expenses** to avoid overburdening the operating budget with debt servicing.
- Ratios below **6%** are generally considered sustainable. A ratio of **0.5%** is still low and manageable, indicating that debt servicing is not yet placing significant pressure on operating resources.



- National Treasury recommends that **employee costs should ideally not exceed 25% to 40%** of total operating expenditure.
- A ratio of **30%** falls within this range but reflects an upward trend that should be carefully monitored to avoid crowding out funds for service delivery and operational requirements.

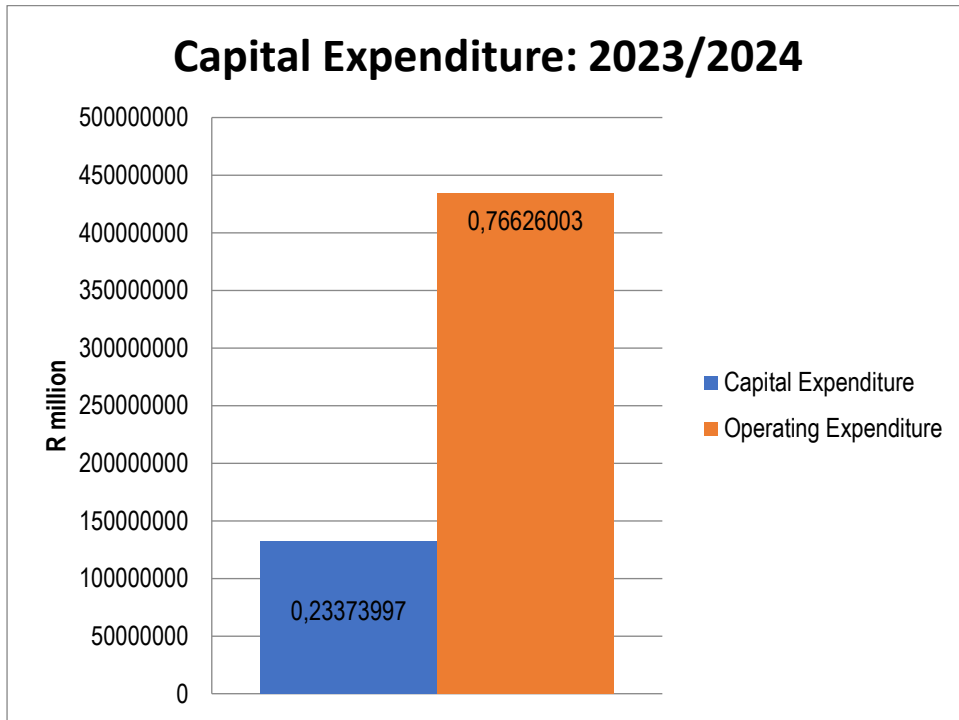


- National Treasury recommends municipalities allocate at least **8-10% of the value of Property, Plant, and Equipment (PPE)** to repairs and maintenance annually.
- A ratio of **14%** exceeds this benchmark, which suggests the municipality is prioritizing the upkeep of infrastructure—essential for extending asset lifespans and ensuring reliable service delivery.

## 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 Sources of Finance

Capital Expenditure - Funding Sources: 2022/2023 to 2023/2024							R' 000
Details	2022/2023	2023/2024					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
<b>Source of finance</b>							
External loans	3542	5500	5520	5511	0,36%	0,20%	
Public contributions and donations	248	300	390	421	30,00%	40,33%	
Grants and subsidies	3451	3700	3700	3856	0,00%	4,22%	
Other	2451	4500	4600	4565	2,22%	1,44%	
<b>Total</b>	<b>9692</b>	<b>14000</b>	<b>14210</b>	<b>14353</b>	<b>32,59%</b>	<b>46,19%</b>	
<b>Percentage of finance</b>							
External loans	36,5%	39,3%	38,8%	38,4%	1,1%	0,4%	
Public contributions and donations	2,6%	2,1%	2,7%	2,9%	92,1%	87,3%	
Grants and subsidies	35,6%	26,4%	26,0%	26,9%	0,0%	9,1%	
Other	25,3%	32,1%	32,4%	31,8%	6,8%	3,1%	
<b>Capital expenditure</b>							
Water and sanitation	1845	4300	4250	4256	-1,16%	-1,02%	
Electricity	1562	2400	2480	2453	3,33%	2,21%	
Housing	1243	2700	2800	2685	3,70%	-0,56%	
Roads and storm water	1352	1500	1400	1486	-6,67%	-0,93%	
Other	3690	3500	3450	3473	-1,43%	-0,77%	
<b>Total</b>	<b>9692</b>	<b>14400</b>	<b>14380</b>	<b>14353</b>	<b>-2,22%</b>	<b>-1,08%</b>	
<b>Percentage of expenditure</b>							
Water and sanitation	19,0%	29,9%	29,6%	29,7%	52,4%	95,2%	
Electricity	16,1%	16,7%	17,2%	17,1%	-150,1%	-205,4%	
Housing	12,8%	18,8%	19,5%	18,7%	-166,8%	51,7%	
Roads and storm water	13,9%	10,4%	9,7%	10,4%	300,2%	86,8%	
Other	38,1%	24,3%	24,0%	24,2%	64,3%	71,7%	
T 5.6.1							

## 5.7 Capital Expenditure of 5 largest projects

Capital Expenditure of 5 largest projects*						Grant-funded R' 000
Name of Project	Current: 2023/2024			Variance: 2023/2024		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Skerma Water Supply	R 11 389	R 11 389	R 11 386	0%	0%	
Ncwelengwe Internal Road	R 12 000	R 15 447	R 15 448	22%	0%	
Esperanza/Churchill Water Supply Phase 2	R 8 235	R 10 046	R 11 671	29%	14%	
Madula Ranch Water Supply Phase 2	R 12 429	R 18 125	R 18 125	31%	0%	
Heuningvlei Water Reticulation	R 11 130	R 11 130	R 11 114	0%	0%	
* Projects with the highest capital expenditure in 2023/2024						
<b>Skerma Water Supply</b>						
Objective of Project	To provide potable water to the community					
Delays	Delivery of engines					
Future Challenges	Maintenance					
Anticipated citizen benefits	142 Households					

<b>Ncwelengwe Internal Road</b>	
Objective of Project	To upgrade the gravel road to paving blocks
Delays	None (additional funding was allocated)
Future Challenges	None
Anticipated citizen benefits	500 cars/month
<b>Esperanza/Churchill Water Supply Phase 2</b>	
Objective of Project	To provide potable water to the community
Delays	None - Additional funding was allocated
Future Challenges	None
Anticipated citizen benefits	144 Households
<b>Madula Ranch Water Supply Phase 2</b>	
Objective of Project	To provide potable water to the community
Delays	None - additional funding was allocated
Future Challenges	None
Anticipated citizen benefits	455 Households
<b>Heuningvlei Water Reticulation</b>	
Objective of Project	To provide potable water to the community
Delays	None
Future Challenges	Dependant on the bulk water scheme
Anticipated citizen benefits	1 150 Households
<i>T 5.7.1</i>	

As indicated above, some projects received additional allocations. This was possible by removing funds from two projects which were performing slow.

## **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				

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to \* formal and \*\* informal settlements.*

T 5.8.2

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 used 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.

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
				R' 000		
<b>Infrastructure - Road transport</b>						
Roads, Pavements & Bridges	20387	20387	20388	0%	0%	
Storm water						
<b>Infrastructure - Electricity</b>						
Generation						
Transmission & Reticulation						
Street Lighting						
<b>Infrastructure - Water</b>						
Dams & Reservoirs						
Water purification						
Reticulation	32181	32181	32255	0%	0%	
<b>Infrastructure - Sanitation</b>						
Reticulation (Double Dry Pit)	15381	10598	10549	-46%	0	
Sewerage purification						
<b>Infrastructure - Other</b>						
Waste Management						
Transportation						
Gas						
<b>Other Specify:</b>						
Dithakong Sport Field Refurbishment	11000	10263	10262	-7%		
<b>Total</b>	78949	73429	73454	-0,5299687	0	

*\* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.*

T 5.8.3

Our Total MIG-allocation for 2023-24 FY was R 77 007 000,00, of which R 73 430 650,00 was allocated to reduce the persisting backlogs on infrastructure.

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 Cash Flow Outcomes

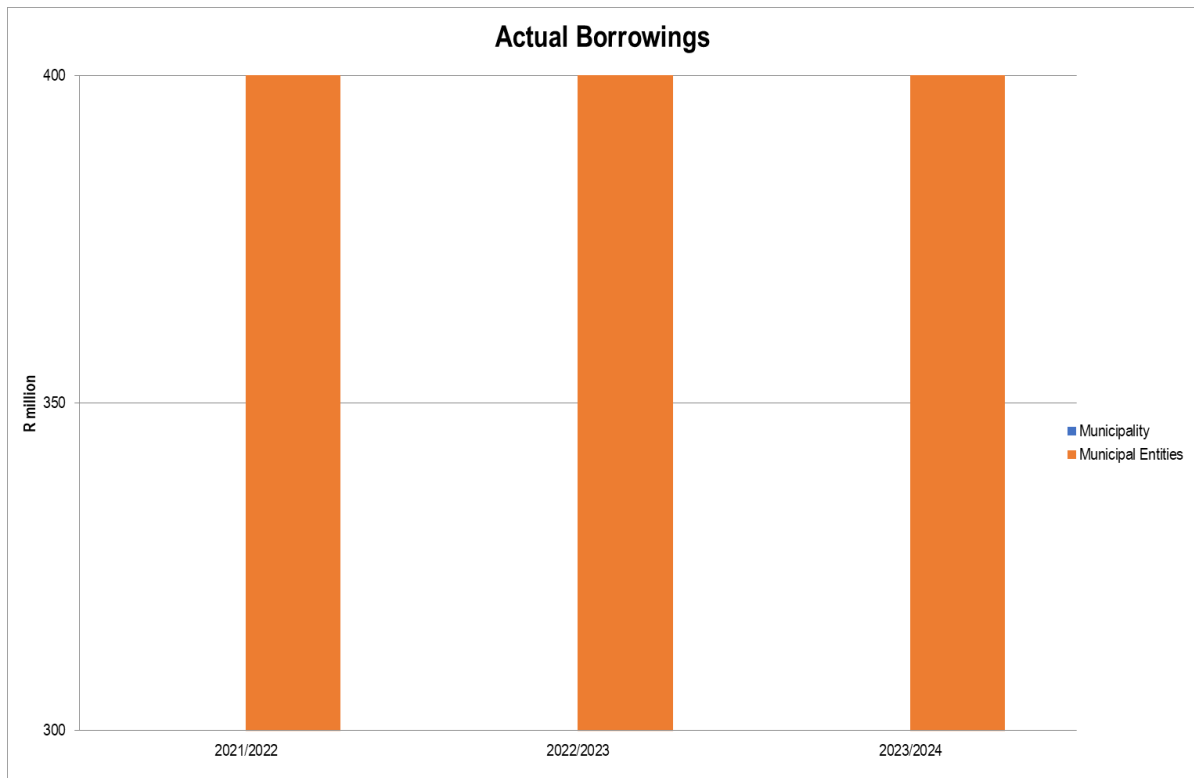
Cash Flow Outcomes					R'000
Description	2022/2023	Current: 2023/2024			
	Audited Outcome	Original Budget	Adjusted Budget	Actual	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Property rates	12 879	17 738	39 666	46 859	
Service charges		35 198	32 781	15 897	
Other revenue		354	399	11 413	
Transfers and Subsidies - Operational	176 443	192 952	192 454	187 072	
Transfers and Subsidies - Capital	124 959	132 101	127 131	130 707	
<b>Payments</b>					
Suppliers and employees	373 642	(119 400)	(262 423)	(257 947)	
Finance charges	-	-	-	400	
Transfers and Grants	-	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>562 965</b>	<b>126 843</b>	<b>2 877</b>	<b>3 694</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE					
Decrease (Increase) in non-current debtors					
Decrease (increase) other non-current receivables					
Decrease (increase) in non-current investments					
<b>Payments</b>					
Capital assets	119 610	(132 101)	(132 598)	88 236	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>119 610</b>	<b>(132 101)</b>	<b>(132 598)</b>	<b>88 236</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Short term loans					
Borrowing long term/refinancing					
Increase (decrease) in consumer deposits	-			3	
<b>Payments</b>					
Repayment of borrowing	(129)	(207)	(207)	(43)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(129)</b>	<b>(207)</b>	<b>(207)</b>	<b>(40)</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>682 445</b>	<b>(5 464)</b>	<b>(129 927)</b>	<b>91 890</b>	
Cash/cash equivalents at the year begin:				-	
Cash/cash equivalents at the year end:		<b>(5 464)</b>	<b>(129 927)</b>	<b>91 890</b>	
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.

<b>Actual Borrowings: 2021/2022 to 2023/2024</b>			
	R' 000		
<b>Instrument</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b><u>Municipality</u></b>			
Long-Term Loans (annuity/reducing balance)	773913	644720	601446
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			
<b>Municipality Total</b>	<b>773 913</b>	<b>644 720</b>	<b>601 446</b>
<b><u>Municipal Entities</u></b>			
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			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
			<i>T 5.10.2</i>



Municipal and Entity Investments			
Investment* type	2021/2022	2022/2023	2023/2024
	Actual	Actual	Actual
<b>R' 000</b>			
<b><u>Municipality</u></b>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	40471	20546	2452
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			
<b>Municipality sub-total</b>	40471	20546	2452
<b><u>Municipal Entities</u></b>			
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			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	40471	20546	2452
			<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:

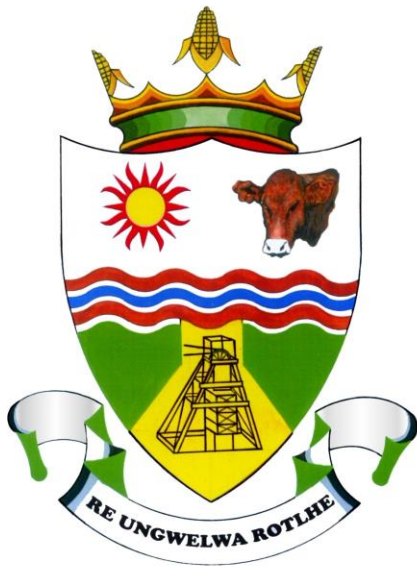
- Supply Chain Management Policy
- Contract Management Policy
- Infrastructure Procurement and Delivery Management Policy

### **5.12 GRAP Compliance**

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.

Even though the municipality managed to improve the audit opinion, it was far from the desired audit outcome.

The municipality has put in place measures to improve the Audit outcome for the financial year.



# JOE MOROLONG

LOCAL MUNICIPALITY

## CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

## CHAPTER 6 - AUDITOR GENERAL AUDIT FINDINGS

The Auditor General audited the financial and performance information for the 2023/24 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 2022/2023

#### 6.1 Auditor-General Opinion on Financial Statements 2022/2023 (Previous Year)

Auditor-General Report on Financial Performance Year 2022-2023	
Status of audit report:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
Bid adjudication minutes not submitted	<ol style="list-style-type: none"> <li>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</li> <li>2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents.</li> <li>3) All documentation must go through Internal control to ease the transfer of information.</li> <li>4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file.</li> <li>5) Internal Control to double check the information before it gets sent to the Auditors.</li> <li>6) AG to acknowledge the receipt of all information</li> </ol>
AOPO: Performance management system of the municipality not adequate	<ol style="list-style-type: none"> <li>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</li> </ol>
UIFW incurred not reported to council and no investigations performed	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>
No controls in place for the prevention of UIFW	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>

<p>General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> <li>1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers</li> <li>2) Turnaround time of invoices within BTO to be reviewed (15 days)</li> <li>3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services</li> <li>4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO</li> <li>5) Perform monthly Creditors' Reconciliation Statement</li> <li>6) Consequence management to be implemented against officials who are delaying payments</li> </ol>
<p>AOPO: Measurability could not be confirmed</p>	<ol style="list-style-type: none"> <li>1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles</li> <li>2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information</li> </ol>
<p>AOPO: Indicators with ambiguous definitions</p>	<ol style="list-style-type: none"> <li>1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles</li> <li>2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information</li> </ol>
<p>Bulk purchases: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> <li>1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers</li> <li>2) Turnaround time of invoices within BTO to be reviewed (15 days)</li> <li>3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services</li> <li>4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO</li> <li>5) Perform monthly Creditors' Reconciliation Statement</li> <li>6) Consequence management to be implemented against officials who are delaying payments</li> </ol>
<p>General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice</p>	<ol style="list-style-type: none"> <li>1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers</li> <li>2) Turnaround time of invoices within BTO to be reviewed (15 days)</li> <li>3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services</li> <li>4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO</li> <li>5) Perform monthly Creditors' Reconciliation Statement</li> <li>6) Consequence management to be implemented against officials who are delaying payments</li> </ol>

<p>Deviation reasons for not following the SCM process were not valid</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>Deviation reasons for not following the SCM process were not valid</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>No evidence in the bidding documents that the winning bidder's tax matters were in order</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<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"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>

<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"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>The municipality did not comply with the PPPFA relating to local content and production</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>The municipality did not comply with relevant legislation and regulation applicable to the use of consultants</p>	<ol style="list-style-type: none"> <li>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</li> </ol>
<p>The procurement through a panel of contractors was not according to SCM related legislation</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<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"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>SCM: Declaration of interest not submitted by suppliers who were appointed by the municipality</p>	<ol style="list-style-type: none"> <li>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</li> </ol>

<p>The municipality does not have delegations of authority in place, however expenditure transactions were approved</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> <li>5) Ensure that a delegation of authority is developed and approved</li> </ol>
<p>Competitive Bidding: No approved deviation for a bid above R10Million advertised for less than 30 days</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>Compliance relating to contract management could not be confirmed, and information requested was not submitted.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents.</li> <li>3) All documentation must go through Internal control to ease the transfer of information.</li> <li>4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file.</li> <li>5) Internal Control to double check the information before it gets sent to the Auditors.</li> <li>6) AG to acknowledge the receipt of all information</li> </ol>
<p>Municipality underspent significantly on repairs and maintenance of assets.</p>	<ol style="list-style-type: none"> <li>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</li> </ol>
<p>Budgeted amount for maintenance of water infrastructure assets is not adequate</p>	<ol style="list-style-type: none"> <li>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</li> </ol>

<p>CCG invoices have insufficient information to determine if cost containment measures were considered</p>	<ol style="list-style-type: none"> <li>1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers</li> <li>2) Turnaround time of invoices within BTO to be reviewed (15 days)</li> <li>3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services</li> <li>4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO</li> <li>5) Perform monthly Creditors' Reconciliation Statement</li> <li>6) Consequence management to be implemented against officials who are delaying payments</li> </ol>
<p>SCM: The winning quotation is similar (format/wording/pricing) with any other losing quotation</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>SCM: The reasons for deviation provided do not make it impossible/ impractical to obtain 3 written quotations.</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>SCM: Deviations were not reported to council</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>
<p>Compliance with contract management related requirements could not be confirmed.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>

SCM: The winning provider's tax matters has not been declared by SARS to be in order	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
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	<ol style="list-style-type: none"> <li>1) Management should use the National Treasury GRAP disclosure checklist on their website to facilitate all GRAP disclosure requirements.</li> <li>2) Management should enhance their annual financial statements review processes in order to ensure that their prepared financial statements comply with GRAP framework.</li> </ol>
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.	<ol style="list-style-type: none"> <li>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</li> </ol>
<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

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2023/2024

### 6.2 Auditor-General Opinion 2023/2024

Auditor-General Report on Financial Performance 2023/2024*	
<b>Status of audit report:</b>	Qualified
Non-Compliance Issues	Remedial Action Taken
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).	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>

<p>Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). Similar non-compliance was also reported in the prior year</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>Some of the contracts were awarded to bidders based on points given for legislative requirement that were not stipulated /differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> </ol>
<p>The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.</p>	<p>Management is ensuring that performance of contractors and service providers are monitored on a monthly basis.</p>
<p>The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> </ol>
<p>Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) / the code of conduct for councillors issued in terms of the Municipal Systems Act / the code of conduct for staff members issued in terms of the Municipal Systems Act.</p>	<ol style="list-style-type: none"> <li>1) Implement SCM compliance checklists to supplement policies and procedures</li> <li>2) Strengthen the SCM control environment by conducting regular training to improve skills</li> <li>3) Submit regular reports to management and governance structures on compliance with key legislation</li> <li>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.</li> <li>5) Management to ensure that officials whose close family members who has a private or business interest in contracts with the municipality should disclose such interests.</li> </ol>

<p>Money owed by the municipality was not always paid within 30 days as required by section 65(2) (e) of the MFMA.</p>	<ol style="list-style-type: none"> <li>1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers</li> <li>2) Turnaround time of invoices within BTO to be reviewed (15 days)</li> <li>3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services</li> <li>4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO</li> <li>5) Perform monthly Creditors' Reconciliation Statement</li> <li>6) Consequence management to be implemented against officials who are delaying payments</li> </ol>
<p>Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>
<p>Reasonable steps were not taken to prevent unauthorised expenditure and fruitless and wasteful expenditure as required by section 62(1) (d) of the MFMA. The full extent of the unauthorised expenditure and fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>
<p>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.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> </ol>
<p>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.</p>	<ol style="list-style-type: none"> <li>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</li> <li>2) The accounting officer should submit the internal audit report to council as soon as he receives it</li> <li>3) Council to appoint MPAC to do investigations of the UIFW.</li> </ol>
<p>No KPIs were set in respect of the provision of basic water and electricity services, as required by section 43(2) of the MSA and municipal planning and performance management regulation 10(a).</p>	<ol style="list-style-type: none"> <li>1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles</li> <li>2) Ensure that there are adequate controls and processes over the completeness, review, collection, monitoring and reporting of performance information</li> </ol>
<p>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.</p>	<ol style="list-style-type: none"> <li>1) Management to ensure that an adequate management, accounting and information system is in place to account for revenue, debtors and receipt of revenue.</li> </ol>

An effective system of internal control for debtors and revenue was not in place, as required by section 64(2) (f) of the MFMA.	1) Management to ensure that an adequate management, accounting and information system is in place to account for revenue and debtors.
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.	1) Management to ensure that an adequate management, accounting and information system is in place to account for assets.
<p><i>Note:*</i> 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 2023/2024.</p>	
T 6.2.1	

<b>Auditor-General Report on Service Delivery Performance: 2023/2024*</b>	
<b>Status of audit report:</b>	
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Municipality does not have a waste water management license	For the year ending 30 June 2024, we were operating our waste works under General Authorization as per the National Water Act. Management is in the process of obtaining a wastewater works licence for the 2024/2025 financial year and moving away from general authorization.
Lack of Environmental Policy	The environmental requirements are addressed in the Integrated Waste Water Management Plan and EPRP that forms part of the application and gets reviewed bi - annually or as and when the need arises
High level of vacancies in the Technical services directorate.	Management have filled the vacancies
Qualifications of Director not in line with the Municipal staff regulations	Senior managers are appointed in terms of regulation with clear requirement.  Director Technical services is having five years' experience as stipulated in the regulation for the appointment of senior managers.
The project Management office (PMU) does not have Standard Operating procedures (SOP) s for infrastructure delivery project management in place	JMLM has an established- and well functional PMU which follows processes as outlined by the PMU Business Plan. It should also be noted that the GCC is used in all contractor interactions, e.g. Approvals of invoices, monitoring of progress and quality on site, etc.
The Municipality does not have performance management and development system in place.	The implementation started with development and signing of 2023-2024 Performance Agreements for all Middle Managers below Directors and that process was followed by the quarterly assessments of those Middle Managers to ensure the monitoring, measuring and evaluating of performance management of staff. These processes included Technical Services Department's Middle Managers.

<p>Prior year findings on Glenred landfill Site (Solid waste management)</p>	<p>The municipality hired security to mitigate chances of vandalism and those are the only personnel on site hence auditors found it clean. The municipality does not have all of the above mentioned because there has not been a budget allocated to the landfill however, the municipality is working on getting all necessary item to get it running and serve the community.</p>
<p>Prior year finding on Non compliance with NEMWA section 11(4)(a)(ii) (Solid Waste Management)</p>	<p>Management have a Integrated Waste Management Plan.</p>

*\* 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*

*\*\* Inclusion of "Status" depends on nature of AG's remarks on Performance Data.*

T 6.2.2

## 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 N. Kgosierileng	PR Councillor	Yes
4	Cllr N. Mokweni	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 E. 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 S. Manzana	Ward Councillor	No
15	Cllr P. Filipo	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 O. Kolberg	Ward Councillor	No
21	Cllr I. Matebese	PR Councillor	No
22	Cllr D. Kopeledi	PR Councillor	No
23	Cllr D. Gaoorwe † (Replaced by Cllr P. Witbooi)	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 J. 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 P. Filipo Cllr K. Majoro Cllr G. Tagane Cllr D. Kopeledi Cllr T. Magano
Development and Town Planning	Cllr N. Mokweni (Chairperson) Cllr L. Manankong

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

## 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. Mokweni	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 N. Mokweni	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 E. 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 S. Manzana	3	3
15	Cllr P. Filipo	3	3

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 O. Kolberg	3	3
21	Cllr I. Matebese	3	2
22	Cllr D. Kopeledi	3	3
23	Cllr P. Witbooi	3	3
24	Cllr E. Kehologile	3	3
25	Cllr T. Magano	3	3
26	Cllr O. Etshetshang	3	3
27	Cllr J. 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. Mokweni	3	2
4	Cllr 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 E. 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 S. Manzana	3	3
15	Cllr P. Filipo	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 O. Kolberg	3	3
21	Cllr I. Matebese	3	1
22	Cllr D. Kopeledi	3	2
23	Cllr P. Witbooi	3	1
24	Cllr E. Kehologile	3	2
25	Cllr T. Magano	3	2
26	Cllr O. Etshetshang	3	2
27	Cllr J. 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 G. 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 S. Manzana	3	3
4	Cllr T. Mosegedi	3	3
5	Cllr K. Lebatlang	3	3
6	Cllr J. Tikane	3	3
7	Cllr O. Etshetshang	3	3

**ECONOMIC DEVELOPMENT, PLANNING & TOURISM**

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr N. Mokweni	3	2
2	Cllr L. Manankong	3	-
3	Cllr T. Gaobuse	3	3
4	Cllr O. Kolberg	3	3
5	Cllr L. Machogo	3	3
6	Cllr E. Kehologile	3	3

**COMMUNITY SERVICES**

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr N. Kgosierileng	3	2
2	Cllr I. Matebese	3	-
3	Cllr N. Tswere	3	3
4	Cllr S. Choche	3	3
5	Cllr V. Mosimanyana	3	3
6	Cllr M. Gaetsewe	3	3
7	Cllr P. Witbooi		

## **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 20<sup>th</sup> 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. N. Tswere (Chairperson)
- ii. Cllr. D. Kopeledi
- iii. Cllr. P. Witbooi
- iv. Cllr. G. Kgositau
- v. Cllr. T. Mosegedi
- vi. Cllr. L. Manankong
- vii. Cllr. V. Mosimanyana
- viii. Cllr. J. Tikane
- ix. Cllr. M. 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 2023/2024**

### **1. Legislative requirements**

The purpose of this report is to communicate to Council the Audit, Risk and Performance Committee's (ARPC) assessment in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circulars 65 and 127 published by the National Treasury for the year ended 30 June 2024.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers, accounting officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The ARPC is governed by formal terms of reference, which are annually reviewed and approved by the Council. The ARPC hereby presents its report for the financial year ended 30 June 2024.

### **2. ARPC members and attendance**

The ARPC has been appointed by the John Taolo Gaetsewe District Municipality. Service level agreements between the District and Gamagara, Ga-Segonyana and Joe Morolong Local Municipalities provide for a shared ARPC within the District.

The ARPC is governed by formal terms of reference, which are regularly reviewed and approved by council. The ARPC consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year, 5 meetings were held:

<b>Name of member</b>	<b>Number of meetings</b>
Snyders J. (Chairperson)	5
Nkoe K.	5
Ntsheno N. (Resigned 3 August 2023)	1
Mathibela B. (Appointed 1 April 2024)	1

The members of the ARPC held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function and external auditors, collectively and individually, on matters related to governance, internal control and risk in the municipality, throughout the reporting period.

On invitation, the ARPC presented reports to Council on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality.

### **3. ARPC's responsibility**

The ARPC could only partially comply with its responsibilities arising from section 166 of the MFMA read with MFMA Circulars 65 and 127, and reports that it operated in terms of the ARPC charter read in conjunction with the internal audit charter.

A work schedule was compiled and communicated to management to facilitate oversight as required. However, management did not fully respond to the work schedule, resulting in limited oversight.

### **4. Effectiveness of internal control**

The ARPC relies on the Auditor General of South Africa (AGSA) and internal audit for the assessment of internal control. The non-responsiveness to address the control weaknesses (internal audit findings and AGSA action plan) resulted in an ineffective control environment.

### **5. The quality of reports submitted in terms of the MFMA and DORA**

The ARPC noted the monthly and quarterly/mid- year reports prepared and issued during the year under review in compliance with the statutory framework.

The ARPC has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives.

The ARPC has recommended that the municipality prepare interim financial statements that comply with Standards of Generally Recognised Accounting Practice (GRAP), which could assist in performing reconciliations timeously to minimize year-end adjustments.

The ARPC has reviewed and commented on the municipality's annual financial statements (AFS) and report on performance information and their timely submission to the external auditors by 31 August.

### **6. Internal audit function**

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the entity has a system of internal audit under the control and direction of the ARPC.

An in-house internal audit unit exists with a structure of 7 staff members. Currently there are 3 incumbents. The current audit manager is in the position since September 2022. The internal audit unit reports to the Municipal Manager administratively and functionally to the ARPC.

The internal audit plan for 2023/2024 was approved to facilitate the delivery of assurance services for this financial year. Based on limited resources internal audit planned 8 audit components and completed 2 audit components only. This limitation impacts on the oversight responsibility of the ARPC.

Internal audit to commence with the implementation of a quality assurance improvement program and combined assurance plan in the next financial year.

The internal audit manager is not at a senior manager level and does not attend all senior management and Council meetings. It was recommended that the internal audit manager attend senior management and Council meetings as ex officio, to be kept abreast of processes and decisions impacting the risk profile of the municipality. This will enforce the role of the internal audit function in providing assurance on governance, risk management and controls in the municipality. Management has committed to address it in the new financial year.

The internal audit function also provides the secretariat function for the ARPC.

## **7. Evaluation of the annual financial statements**

The ARPC has performed a desktop review of the annual AFS. Except for the matters identified by the external auditors in the auditor's report, ARPC noted that the AFS has been prepared in terms of the General Recognised Accounting Practice (GRAP) and the MFMA. However, supervision and review of the AFS is to be enhanced to improve the quality of the AFS before submission.

## **8. External auditor's report**

The ARPC concurs with and accepts the conclusion and qualified audit opinion of the external auditors of the AFS. The ARPC also concurs with the material findings on the reported performance information and compliance with legislation.

The ARPC confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the audit opinion. Significant improvements have been noted for the 2023/2024 financial year.

The external audit function, performed by AGSA is independent of the municipality.

In view of the above, the ARPC is of the view that the audited AFS be accepted and read together with the report of the external auditors.

## **APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS**

No long-term contracts were entered into during 2023/24. There are no public private partnerships.

## APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

### ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS 2023/2024 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: B226/2023 – PROVISION OF PROFESSIONAL SERVICES – RURAL WATER  PROGRAMME FOR A PERIOD OF THREE YEARS	BVi Consulting Engineers Central	MIG, WSIG and SLP-Funds	16 Nov 2023	13 Nov 2026	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	3	Achieved reporting and other deadlines in the 23-24FY,  Site supervision is on standard.  Close-out reports were on standard,
	Leano BK Consulting Engineers				In-progress until Completion Date	None	4	Always on time and submit good quality documents. Fully staffed.
	Tsela Tsweu Consulting Engineers				In-progress until Completion Date	A meeting was convened to urge them to improve on site supervision.	3	Mostly on time with submissions of good quality docs. Site Supervision must improve.
B225/2023 – PROVISION OF PROFESSIONAL SERVICES-RURAL ROAD PROGRAMME FOR A PERIOD OF THREE YEARS	BVi Consulting Engineers Central	MIG and SLP-Funds	16 Nov 2023	13 Nov 2026	In-progress until Completion Date	None	3	Mostly on time with submissions of good quality documents
	KMSD Engineering Consultants				In-progress until Completion Date	Initially understaffed-more staff was allocated by the Company.	3	Mostly on time with submissions of good quality documents
	NEP Consulting Engineers				In-progress until Completion Date	No projects were allocated	NA	NA

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS  
2023/2024 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
	Tsela Tsweu Consulting Engineers				In-progress until Completion Date	No projects were allocated	NA	NA
B227/2023 – PROJECT MANAGEMENT, SUPERVISION OF RURAL HOUSEHOLD DRY SANITATION PROGRAMME	KMSD Engineering Consultants	MIG	16 Nov 2023	13 Nov 2026	In-progress until Completion Date	No Challenges	4	Always on time and submit good quality documents
	Leano BK Consulting Engineers		16 Nov 2023	13 Nov 2026	In-progress until Completion Date	No Challenges	3	Mostly on time with submissions of good quality documents
	Maruapula Engineers		16 Nov 2023	13 Nov 2026	In-progress until Completion Date	No Challenges	3	Mostly on time with submissions of good quality documents
SUPPLY AND INSTILLATION OF MUNICIPAL BUSINESS ENHANCEMENT PROCESSES FOR A PERIOD OF THREE YEARS	Bitsware	Equitable share	01 Mar 2019	01-May-23	In-progress until completion date	No challenges	4	Happy with the services provided with the service provider
PROVISION OF PROFESSIONAL SERVICES FOR RURAL BUILDING AND COMMUNITY FACILITIES	Bvi Consulting Engineers Central	Equitable Share, SLP	01 May 2020	01-May-23	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; Supervision improved after intervention.
	KMSD Engineering Consultants					Site supervision was an issue due to lack of staff – meeting was held to	3	Quality assurance was a challenge due to lack of supervision but was addressed.

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS  
2023/2024 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
						resolved the outstanding work		
FINANCIAL SYSTEM	Sebata/Inzalo	Equitable share/ Own Revenue	12 July 2001	Ongoing	In-progress until completion date	Submitted quality reports. However, they were occasionally slow to respond.	4	Submitted quality reports. However, they were occasionally slow to respond.
PROVISION OF VALUE ADDED TAX RECOVERY SERVICES	Maximum Profit Recovery (Regulation 32)	Own Revenue	30-Oct-19	30-Nov-21	In-progress until completion date	Reports are submitted on time and accurate.	4	Poor end of year support
GENERAL VALUATION, PREPARATION AND UPDATING OF VALUATION ROLL: 01 JULY 2020 TO 30 JUNE 2025	TT Property Consultants	Own Revenue	01-May-20	25-Apr-25	In-progress until completion date	Communication remains the main issue, constant monitoring and communication.	3	Poor communication
REQUEST FOR PROVISION OF LEGAL SERVICES FOR A PERIOD OF THREE YEARS.	Morwaagae Attorneys Inc		01-May-20	01-May-23	Service provider still addressing outstanding matters	Slow reporting	4	Does not submit reports on time

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS  
2023/2024 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
REQUEST FOR PROVISION OF LEGAL SERVICES FOR A PERIOD OF THREE YEARS.	Kgomo Attorneys Inc		01-May-20	01-May-23	Service provider still addressing outstanding matters	Poor performance	3	Does not deliver according to the municipality's expectations
PANEL OF CONTRACTORS FOR PROVISION OF CONSTRUCTION SERVICES FOR BUILDING PROJECTS (3 YEARS PERIOD)	Uyapo Engineering Projects		19-Apr-21	18-Mar-24	Project is complete	Slow contractor performance	3	The project went over the stipulated time due to slow performance
PANEL OF CONTRACTORS FOR PROVISION OF CONSTRUCTION SERVICES FOR BUILDING PROJECTS (3 YEARS PERIOD)	Mercycon JV NJ Multi Spillage		19-Apr-21	18-Mar-24	Contract Expired - Extension has been issued	None	4	Good
PROVISION FOR SECURITY SERVICES (THREE MONTHS PERIOD)	Baphalane Security and Projects		01-May-21	30-Jun-21	Contract was extended and it expired in April 2024	None	2	Fair
REQUEST FOR PROVISION OF SHORT-TERM INSURANCE SERVICES FOR A PERIOD 36 MONTHS	Kunene Makopo Risk Solution		01-May-21	30-Apr-24	Contract was extended to 30 September 2024	Poor communication	3	Claim turnaround time

**ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS  
2023/2024 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
RENTAL OF COPIER MACHINES	Indlela Data (Pty) Ltd		02-May-23	02-Aug-23	In-progress until completion date	They are slow to attend to machines that need to be attended to	3	They are slow to attend to machines that need to be attended to
REQUEST FOR PROPOSALS FOR THE COMPILATION OF GRAP COMPLIANT ANNUAL FINANCIAL STATEMENTS AND FIXED ASSETS REGISTER (3 YEARS PERIOD)	Imani Business Advisory Services		01-Aug-23	31-Jul-26	In-progress until completion date	Late submission of reports	3	The quality of reports is not always up to standard
PROVISION OF PROFESSIONAL VAT RECOVERY SERVICES (3 YEARS PERIOD)	Maximum Profit Recovery (Pty) Ltd		30-Oct-23	31-Oct-26	In-progress until completion date	Consultant indicated delayed on voucher submission of documents especially Eskom and projects, Municipality continuously communicate with Eskom and PMU (Infrastructure) to submit.	4	Reports are submitted on time and accurate.

## **APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS**

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

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	2022/2023	Current: 2023/2024			2023/2024 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26 485	23 572	28 075	23 042	-2%	-22%	
Property rates - penalties & collection charges	8 541	8 285	9 054	8 456	2%	-7%	
Service Charges - electricity revenue	12 355	10 254	12 478	13 219	22%	6%	
Service Charges - water revenue	14 232	13 235	13 662	12 097	-9%	-13%	
Service Charges - sanitation revenue	6 542	5 496	5 954	6 346	13%	6%	
Service Charges - refuse revenue	1 865	1 622	1 865	1 510	-7%	-23%	
Service Charges - other	5 643	5 530	5 925	5 304	-4%	-12%	
Rentals of facilities and equipment	5 643	5 530	5 925	5 304	-4%	-12%	
Interest earned - external investments	5 322	4 470	5 747	4 630	3%	-24%	
Interest earned - outstanding debtors	8 455	8 455	8 624	9 554	12%	10%	
Dividends received	1 254	1 003	1 191	1 354	26%	12%	
Fines	2 516	2 063	2 264	2 340	12%	3%	
Licences and permits	6 846	6 230	7 256	6 640	6%	-9%	
Agency services	12 546	10 413	11 793	11 542	10%	-2%	
Transfers recognised - operational	2 355	2 190	2 425	2 402	9%	-1%	
Other revenue	48 542	40 776	48 542	46 115	12%	-5%	
Gains on disposal of PPE	4 565	3 698	4 337	4 291	14%	-1%	
Environmental Protection	5 649	4 971	6 157	4 971	0%	-24%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>179 353</b>	<b>157 791</b>	<b>181 274</b>	<b>169 118</b>	<b>6,70%</b>	<b>-7,19%</b>	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						T K.2	

## **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 2023-2024**

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 2023/24 Financial Year is enclosed hereto.

**VOLUME II: ACTION PLAN 2023/24**

The Action Plan for the 2023/24 Financial Year is enclosed hereto.

**VOLUME III: AUDITOR-GENERAL'S REPORT**

The Auditor General's Report 2023/24 is enclosed hereto.

## **LIST OF ABBREVIATIONS**

**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



Joe Morolong Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2024

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	South African category B municipality (Local Municipality) as defined by the Municipal Systems Act (Act no. 117 of 1998)
<b>Nature of business and principal activities</b>	Joe Morolong Municipality is a local municipality performing functions as set out in the Constitution (Act no. 108 of 1996)
<b>Mayoral committee</b>	
Executive Mayor	Councillor Leutlwetse D.D
Councillors	Councillor Jordan V. (Speaker) Councillor Tagane G.C. Councillor Tswere K.N Councillor Matebese I. Councillor Mokweni O.N. Councillor Kaotsane G.G. Councillor Manankong L.P. Councillor Choche S.P. Councillor Gaobuse T.I. Councillor Manzana A.S. Councillor Kolberg O.J. Councillor Lebatlang K.D. Councillor Gaoorwe D.E. (deceased 2 December 2023) Councillor Filipino M.P. Councillor Majoro K.L. Councillor Kgositau G.G. Councillor Etshetshang O.A. Councillor Magano T. Councillor Kehologile E.K. Councillor Tikane J.T. Councillor Maamogwa K.E. Councillor Machogo L. Councillor Kgosierileng N.D. Councillor Kopeledi D.L. Councillor Mosegedi T.G. Councillor Gaetsewe M.J. Councillor Mbolekwa B.M. Councillor Mosimanyana G.V. Councillor Witbooi P.J.J. (appointed 11 January 2024)
<b>Grading of local authority</b>	3
<b>Accounting Officer</b>	Mrs BD Motlhaping
<b>Chief Finance Officer (CFO)</b>	Ofhani Ramukhuvhathi (Acting CFO)
<b>Registered office</b>	D320 Cardington Road Churchill Village Mothibistad Kuruman 8474
<b>Business address</b>	D320 Cardington Road Churchill Village Mothibistad

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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	Kuruman 8474
<b>Postal address</b>	Private Bag X117 Mothibistad Kuruman 8474
<b>Bankers</b>	Standard Bank ABSA Bank
<b>Auditors</b>	Auditor General of South Africa
<b>Attorneys</b>	Peyper Attorneys Morwaagae Attorneys Kgomo Attorneys

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Index

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

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Statement of Comparison of Budget and Actual Amounts	12 - 16
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### Abbreviations used:

ABSA	ABSA Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
PAYE	Pay As You Earn
SALGBC	South African 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 2024

## Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, 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.

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

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

The 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 the municipality has neither the intention nor the need to liquidate or curtail materially the scale of its operations..

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, she is supported by the municipality's external auditors.

The annual financial statements set out on pages 8-71 which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2024 and were signed on its behalf by:

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**Accounting Officer**  
**Mrs B.D. Motlhaping**

# **Joe Morolong Local Municipality**

Annual Financial Statements for the year ended 30 June 2024

## **Audit Committee Report**

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# **Joe Morolong Local Municipality**

Annual Financial Statements for the year ended 30 June 2024

## **Audit Committee Report**

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**Audit Committee Report**

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# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
Current Assets			
Inventories	4	5 576 056	3 157 202
Receivables from exchange transactions	5&40	23 738 832	21 101 139
Receivables from non-exchange transactions	6&40	118 466 406	103 585 776
VAT receivable	7	41 793 489	36 955 412
Other Receivables	8	2 326 535	2 884 414
Cash and cash equivalents	9	17 873 573	34 956 055
		<b>209 774 891</b>	<b>202 639 998</b>
Non-Current Assets			
Investment property	57	13 463 998	5 165 700
Property, plant and equipment	10	878 114 598	899 412 376
Intangible assets	11	1 155 394	1 481 996
		<b>892 733 990</b>	<b>906 060 072</b>
<b>Total Assets</b>		<b>1 102 508 881</b>	<b>1 108 700 070</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	12	225 683	140 760
Payables from exchange transactions	13	62 942 949	66 212 824
Consumer deposits	14	39 500	36 500
Employee benefit obligation	15	1 112 000	692 000
		<b>64 320 132</b>	<b>67 082 084</b>
Non-Current Liabilities			
Other financial liabilities	12	375 763	503 960
Employee benefit obligation	15	3 605 000	3 558 000
Provisions	17	9 725 177	8 213 456
		<b>13 705 940</b>	<b>12 275 416</b>
<b>Total Liabilities</b>		<b>78 026 072</b>	<b>79 357 500</b>
<b>Net Assets</b>		<b>1 024 482 809</b>	<b>1 029 342 570</b>
Accumulated surplus		1 024 482 809	1 029 342 570
<b>Total Net Assets</b>		<b>1 024 482 809</b>	<b>1 029 342 570</b>

\* See Note 2 & 47

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	18	15 897 359	44 677 470
Rental of facilities and equipment	19	97 278	77 681
Interest - Exchange Transactions	20	22 281 433	7 634 579
Prepaid Services	21	3 680 505	4 407 050
Other income	22	1 281 739	326 595
Investment revenue	23	7 841 865	6 234 468
<b>Total revenue from exchange transactions</b>		<b>51 080 179</b>	<b>63 357 843</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	46 859 187	34 023 621
Interest - Non Exchange Transactions	20	28 938 628	6 284 007
<b>Transfer revenue</b>			
Government grants & subsidies	25	317 779 000	301 402 358
Public contributions and donations	26	20 756 913	2 229 135
Actuarial gains	15	425 000	-
Fair Value Adjustments	5758	8 298 298	-
<b>Total revenue from non-exchange transactions</b>		<b>423 057 026</b>	<b>343 939 121</b>
<b>Total revenue</b>		<b>474 137 205</b>	<b>407 296 964</b>
<b>Expenditure</b>			
Employee related costs	27	(120 727 161)	(94 442 447)
Remuneration of councillors	28	(15 933 867)	(13 635 735)
Depreciation and amortisation	29	(138 758 777)	(248 180 801)
Debt impairment	30	(32 194 780)	(256 671 833)
Finance costs	31	(981 186)	(1 108 819)
Lease rentals on operating lease	32	(861 026)	(119 752)
Debt written off	33	(47 712 344)	-
Bulk purchases electricity	34	(14 013 337)	(10 506 444)
Contracted services	35	(37 178 959)	(25 821 361)
Transfers and Subsidies	36	(14 403 625)	(30 009 694)
Loss on disposal of assets		(8 171 454)	-
Actuarial losses	15	-	(169 000)
Inventory Consumed	37	(32 064 356)	(16 383 996)
General Expenses	38	(42 849 331)	(58 987 544)
<b>Total expenditure</b>		<b>(505 850 203)</b>	<b>(756 037 426)</b>
<b>Surplus for the year</b>		<b>(31 712 998)</b>	<b>(348 740 462)</b>

\* See Note 2 & 47

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
<b>Balance at 01 July 2022</b>	<b>1 378 083 032</b>	<b>1 378 083 032</b>
Changes in net assets		
Surplus for the year	(348 740 462)	(348 740 462)
Total changes	(348 740 462)	(348 740 462)
<b>Restated* Balance at 01 July 2023</b>	<b>1 054 185 145</b>	<b>1 054 185 145</b>
Changes in net assets		
Surplus for the year	(31 712 998)	(31 712 998)
Correction of errors	2 010 662	2 010 662
Total changes	(29 702 336)	(29 702 336)
<b>Balance at 30 June 2024</b>	<b>1 024 482 809</b>	<b>1 024 482 809</b>
Note(s)		

\* See Note 2 & 47

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		13 509 461	12 879 182
Grants		317 779 000	206 871 067
Interest income		9 180 432	-
Other receipts		4 993 023	-
		<b>345 461 916</b>	<b>219 750 249</b>
<b>Payments</b>			
Employee costs		(129 167 712)	(88 326 411)
Suppliers		(128 779 430)	(285 316 059)
Interests costs		(399 922)	-
		<b>(258 347 064)</b>	<b>(373 642 470)</b>
<b>Net cash flows from operating activities</b>	<b>42</b>	<b>90 166 772</b>	<b>(152 073 844)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(88 050 342)	(119 438 456)
Purchase of other intangible assets	11	(186 101)	(171 050)
<b>Net cash flows from investing activities</b>		<b>(88 236 443)</b>	<b>(119 609 506)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(43 274)	(129 193)
Movement in consumer deposits		3 000	-
<b>Net cash flows from financing activities</b>		<b>(40 274)</b>	<b>(129 193)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 890 055</b>	<b>(271 812 543)</b>
Cash and cash equivalents at the beginning of the year		34 956 055	56 816 281
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>36 846 110</b>	<b>(214 996 262)</b>

\* See Note 2 & 47

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods	189 000	50 000	239 000	-	(239 000)	
Service charges	40 742 000	(2 880 000)	37 862 000	15 897 359	(21 964 641)	1
Rental of facilities and equipment	79 000	-	79 000	97 278	18 278	2
Interest received (trading)	8 300 062	1 153 000	9 453 062	22 281 433	12 828 371	3
Licences and permits	5 000	(5 000)	-	-	-	
Prepaid Services	-	-	-	3 680 505	3 680 505	4
Other income	80 000	-	80 000	1 281 739	1 201 739	5
Investment revenue	8 043 000	-	8 043 000	7 841 865	(201 135)	6
<b>Total revenue from exchange transactions</b>	<b>57 438 062</b>	<b>(1 682 000)</b>	<b>55 756 062</b>	<b>51 080 179</b>	<b>(4 675 883)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	30 500 000	13 424 000	43 924 000	46 859 187	2 935 187	7
Interest - Non Exchange Transactions	6 944 000	8 503 000	15 447 000	28 938 628	13 491 628	8
<b>Transfer revenue</b>						
Government grants & subsidies	192 454 000	-	192 454 000	317 779 000	125 325 000	9
Public contributions and donations	-	-	-	20 756 913	20 756 913	10
Other transfer revenue 1	-	-	-	425 000	425 000	
Other transfer revenue 2	-	-	-	8 298 298	8 298 298	
<b>Total revenue from non-exchange transactions</b>	<b>229 898 000</b>	<b>21 927 000</b>	<b>251 825 000</b>	<b>423 057 026</b>	<b>171 232 026</b>	
<b>Total revenue</b>	<b>287 336 062</b>	<b>20 245 000</b>	<b>307 581 062</b>	<b>474 137 205</b>	<b>166 556 143</b>	
<b>Expenditure</b>						
Employee Related Costs	(126 134 000)	10 723 000	(115 411 000)	(120 727 161)	(5 316 161)	11
Remuneration of councillors	(13 799 000)	(2 798 000)	(16 597 000)	(15 933 867)	663 133	12
Depreciation and amortisation	(34 804 000)	(59 674 000)	(94 478 000)	(138 758 777)	(44 280 777)	13
Impairment loss/ Reversal of impairments	-	-	-	(32 194 780)	(32 194 780)	
Finance costs	(260 000)	(239 000)	(499 000)	(981 186)	(482 186)	14
Lease rentals on operating lease	-	-	-	(861 026)	(861 026)	
Debt Impairment	(21 926 000)	(5 333 000)	(27 259 000)	(47 712 344)	(20 453 344)	
Bulk purchases	(7 039 000)	(6 889 000)	(13 928 000)	(14 013 337)	(85 337)	15
Contracted Services	-	-	-	(37 178 959)	(37 178 959)	
Transfers and Subsidies	(500 000)	-	(500 000)	(14 403 625)	(13 903 625)	16
Sale of goods/Inventory	-	-	-	(32 064 356)	(32 064 356)	
General Expenses	(94 835 000)	(425 000)	(95 260 000)	(42 849 331)	52 410 669	17
Irrevocable debt written off	-	(33 804 000)	(33 804 000)	-	33 804 000	
<b>Total expenditure</b>	<b>(299 297 000)</b>	<b>(98 439 000)</b>	<b>(397 736 000)</b>	<b>(497 678 749)</b>	<b>(99 942 749)</b>	
<b>Operating deficit</b>	<b>(11 960 938)</b>	<b>(78 194 000)</b>	<b>(90 154 938)</b>	<b>(23 541 544)</b>	<b>66 613 394</b>	

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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						
Loss on disposal of assets and liabilities	-	-	-	(8 171 454)	<b>(8 171 454)</b>	
Inventories losses/write-downs	(24 691 000)	(11 320 000)	<b>(36 011 000)</b>	-	<b>36 011 000</b>	18
	<b>(24 691 000)</b>	<b>(11 320 000)</b>	<b>(36 011 000)</b>	<b>(8 171 454)</b>	<b>27 839 546</b>	
<b>Deficit before taxation</b>	<b>(36 651 938)</b>	<b>(89 514 000)</b>	<b>(126 165 938)</b>	<b>(31 712 998)</b>	<b>94 452 940</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(36 651 938)</b>	<b>(89 514 000)</b>	<b>(126 165 938)</b>	<b>(31 712 998)</b>	<b>94 452 940</b>	

### Reconciliation

1. Service Charges - The budgeted service charges is more than the actual service charges due to corrections relating to estimates.
2. Rental of facilities and equipment -
3. Interest received on Exchange Transactions - Actual interest on exchange is more than budgeted due to the interest rate charged in respect of customer accounts increased.
4. Prepaid services - There was no prepaid services budgeted amount as this was previously mapped to service charges.
5. Other income - Budgeted other income is less than the actual other income due to the fact that the municipality received insurance claims.
6. Investment revenue - Budgeted investment revenue is more than the actual due to less monies invested as anticipated.
7. Property rates - Actual property rates is more than the budgeted property rates due to an increase in market values on the valuation roll.
8. Interest non exchange transactions - The budgeted interest no exchange transactions are less than the actual due to interest rate charged in respect of customer accounts increased.
9. Government grants and subsidies - The budgeted is less than the actual amount due to increase in allocation of grants.
10. Public contributions and donations - Donations were not budgeted for and the actual amount is based on the mining subsidies and laptops donated.
11. Employee related costs - The budgeted amount on employee related costs is more than the actual as the municipality had vacant positions for the Chief Financial Officer and Planning Development Director.
12. Remuneration of councillors - The budgeted amount is more than the actual, because the municipality over budgeted due to provision of backpay to councillors.
13. Depreciation and Amortisation - The budgeted is more and the actual is less because the budgeted figure was based on estimates
14. Finance costs - some suppliers could not be paid within 30 days, which resulted in interest charged
15. Lease rentals on operating lease - Photocopier machine rentals not budgeted for.
16. Debt impairment - The item is not budgeted for.
17. Bulk Purchases - Bulk purchases are within the budgeted amount
18. Contracted Services - The actual amount also include repairs and maintenance costs.
19. Transfers and Subsidies - The budgeted amount is less than actual due to sanitation projects transfers

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	-	-	-	5 576 056	<b>5 576 056</b>	18
Receivables from exchange transactions	34 183 000	119 065 000	<b>153 248 000</b>	23 738 832	<b>(129 509 168)</b>	19
Receivables from non-exchange transactions	-	295 605 000	<b>295 605 000</b>	118 466 406	<b>(177 138 594)</b>	20
VAT receivable	28 328 000	(4 149 000)	<b>24 179 000</b>	41 793 489	<b>17 614 489</b>	21
Other Receivables	-	-	-	2 326 535	<b>2 326 535</b>	22
Other current assets	433 000	2 220 000	<b>2 653 000</b>	-	<b>(2 653 000)</b>	23
Cash and cash equivalents	186 706 000	(205 674 000)	<b>(18 968 000)</b>	17 873 573	<b>36 841 573</b>	24
	<b>249 650 000</b>	<b>207 067 000</b>	<b>456 717 000</b>	<b>209 774 891</b>	<b>(246 942 109)</b>	
<b>Non-Current Assets</b>						
Investment property	-	-	-	13 463 998	<b>13 463 998</b>	
Property, plant and equipment	1 554 683 000	(30 326 000)	<b>1 524 357 000</b>	876 103 933	<b>(648 253 067)</b>	25
Intangible assets	8 693 000	(2 669 000)	<b>6 024 000</b>	1 155 394	<b>(4 868 606)</b>	26
	<b>1 563 376 000</b>	<b>(32 995 000)</b>	<b>1 530 381 000</b>	<b>890 723 325</b>	<b>(639 657 675)</b>	
<b>Total Assets</b>	<b>1 813 026 000</b>	<b>174 072 000</b>	<b>1 987 098 000</b>	<b>1 100 498 216</b>	<b>(886 599 784)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	(137 000)	-	<b>(137 000)</b>	(225 683)	<b>(88 683)</b>	27
Payables from exchange transactions	(176 706 000)	147 630 000	<b>(29 076 000)</b>	(62 942 947)	<b>(33 866 947)</b>	28
Taxes and transfers payable (non-exchange)	(4 686 000)	2 274 000	<b>(2 412 000)</b>	-	<b>2 412 000</b>	29
VAT payable	(11 494 000)	513 000	<b>(10 981 000)</b>	-	<b>10 981 000</b>	30
Consumer deposits	(29 000)	11 000	<b>(18 000)</b>	(39 500)	<b>(21 500)</b>	31
Employee benefit obligation	-	-	-	(1 112 000)	<b>(1 112 000)</b>	32
Other Current Liabilities	(220 000)	(351 000)	<b>(571 000)</b>	-	<b>571 000</b>	34
	<b>(193 272 000)</b>	<b>150 077 000</b>	<b>(43 195 000)</b>	<b>(64 320 130)</b>	<b>(21 125 130)</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	(505 000)	179 000	<b>(326 000)</b>	(375 763)	<b>(49 763)</b>	35
Employee benefit obligation	(3 204 000)	(354 000)	<b>(3 558 000)</b>	(3 605 000)	<b>(47 000)</b>	36
Provisions	(5 953 000)	(5 818 000)	<b>(11 771 000)</b>	(9 725 177)	<b>2 045 823</b>	37
	<b>(9 662 000)</b>	<b>(5 993 000)</b>	<b>(15 655 000)</b>	<b>(13 705 940)</b>	<b>1 949 060</b>	
<b>Total Liabilities</b>	<b>(202 934 000)</b>	<b>144 084 000</b>	<b>(58 850 000)</b>	<b>(78 026 070)</b>	<b>(19 176 070)</b>	
<b>Net Assets</b>	<b>2 015 960 000</b>	<b>29 988 000</b>	<b>2 045 948 000</b>	<b>1 178 524 286</b>	<b>(867 423 714)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	2 015 960 000	29 988 000	<b>2 045 948 000</b>	1 022 681 412	<b>(1 023 266 588)</b>	

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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

21. Receivables from Exchange - Projections were made based on the assumption that the rates will increase

22. Receivables from non exchange - Projections were made based on the assumption that outstanding amounts will be recovered

23. VAT Receivable - Vat claimed on prior year invoices.

24. Cash and Cash equivalents - Projections were done based on the assumption that receipts will increase

25. Employee benefit obligation - The item is not budgeted for

26. Provisions - The current year valuation of the landfill resulted in lower cost than projected

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## 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						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Sale of goods and services	50 102 100	(3 083 427)	<b>47 018 673</b>	-	<b>(47 018 673)</b>	
Grants	285 482 000	972 360	<b>286 454 360</b>	-	<b>(286 454 360)</b>	
	<b>335 584 100</b>	<b>(2 111 067)</b>	<b>333 473 033</b>	-	<b>(333 473 033)</b>	
<b>Payments</b>						
Suppliers and employees	(4 641 661 223)	4 416 483 528	<b>(225 177 695)</b>	-	<b>225 177 695</b>	
<b>Net cash flows from operating activities</b>	<b>(4 306 077 123)</b>	<b>4 414 372 461</b>	<b>108 295 338</b>	-	<b>(108 295 338)</b>	
Net increase/(decrease) in cash and cash equivalents	(4 306 077 123)	4 414 372 461	<b>108 295 338</b>	-	<b>(108 295 338)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>(4 306 077 123)</b>	<b>4 414 372 461</b>	<b>108 295 338</b>	-	<b>(108 295 338)</b>	

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Note(s)	2024	2023
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### 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.

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

### Receivables

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

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

### Impairment testing

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### 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 17 - Provisions.

#### Useful lives and residual values

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

#### Effective interest rate

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

#### Allowance for doubtful debts

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

#### 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 payment basis, in accordance with section 15(1) of the VAT Act No.89 of 1991.

### 1.4 Investment property

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

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

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

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

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.4 Investment property (continued)

#### Fair value

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

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

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

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

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

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

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- managements' intended usage of the property; and
- the extent to which it is owner occupied.

### 1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

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:

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Item	Depreciation method	Average useful life
Land	Straight-line	infinite years
Buildings	Straight-line	10-50 years
Leased Assets	Straight-line	3-5 years
Machinery and Equipment	Straight-line	7 years
Furniture and Fittings	Straight-line	2-7 years
Transport Assets	Straight-line	7 years
Office Equipment	Straight-line	3 years
Computer Equipment	Straight-line	5-7 years
Infrastructure assets	Straight-line	10-80 years
Community assets	Straight-line	8-50 years
Machinery and plant	Straight-line	2-15 years

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

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

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

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

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

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

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 10).

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

### 1.6 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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.

### 1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 Intangible assets (continued)

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:

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

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### 1.8 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.

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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 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.

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.

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

# Joe Morolong Local Municipality

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### 1.8 Financial instruments (continued)

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

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

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

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

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

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

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

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

### 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:

<b>Class</b>	<b>Category</b>
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:

<b>Class</b>	<b>Category</b>
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.

# Joe Morolong Local Municipality

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### 1.8 Financial instruments (continued)

#### Initial measurement of financial assets and financial liabilities

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

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

#### Fair value measurement considerations

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

#### 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.

# Joe Morolong Local Municipality

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### 1.8 Financial instruments (continued)

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.

### Derecognition

#### Financial asset.

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.

# Joe Morolong Local Municipality

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### 1.8 Financial instruments (continued)

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

#### Financial liabilities

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

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

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

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or 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.

### 1.9 Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or

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## Accounting Policies

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### 1.9 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

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

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

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

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

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

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

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### 1.9 Statutory receivables (continued)

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

#### Derecognition

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

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

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

### 1.10 Leases

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

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

#### Operating leases - lessee

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

### 1.11 Inventories

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

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

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

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

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

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

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

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

The cost of inventories 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 municipality.

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### 1.11 Inventories (continued)

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

### 1.12 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.

### 1.13 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 municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

### 1.14 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.

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

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 municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

### 1.15 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.

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.

### 1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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### 1.16 Provisions and contingencies (continued)

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

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

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

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

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16 Provisions and contingencies (continued)

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

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

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

### 1.17 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.

### 1.18 Revenue from exchange transactions

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

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

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

#### Measurement

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

#### Sale of goods

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

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

#### Service Charges

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.18 Revenue from exchange transactions (continued)

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

### 1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

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

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

#### Recognition

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

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

#### Measurement

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

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

#### Transfers

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

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

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

#### 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 municipality and the fair value of the assets can be measured reliably.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Revenue from non-exchange transactions (continued)

#### Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

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

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

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

#### Government grants and Subsidies

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.

### 1.20 Investment income

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

### 1.21 Borrowing costs

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

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

### 1.22 Comparative figures

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

### 1.23 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.25 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.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.25 Irregular expenditure (continued)

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.26 Segment information

A segment is an activity of an entity:

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

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

### Measurement

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

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.27 Budget information

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

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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.

### 1.28 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).

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.28 Related parties (continued)

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.29 Events after reporting date

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

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.30 Unspent Conditional Grants

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.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.31 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.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.32 Bad Debts Write Off

Debt owed to the Municipality will be regarded as irrecoverable or bad and written off in the following instances:

#### The consumer is untraceable

The Municipality must take all reasonable steps to trace the debtor and collect the debt owed to the municipality. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- Utilising all available information on the municipality's records;
- Utilising the telephone directory to locate the debtor; and
- Contacting the following institutions or persons in order to locate the debtor: The Department of Home Affairs; The South African Revenue Service; Officials and/or colleagues at the debtor's last place of employment.

The Municipal Manager shall consider all other economically viable avenues for debt recovery, including the use of tracing agents. This shall be for debts above R15 000.

If the debtor cannot be traced after all reasonable steps have been taken, a submission shall be made to council requesting a write-off of the debt.

The submission must highlight all steps taken to trace the debtor and must show that it would be uneconomical to take any further step.

#### Insolvent estate

- The consumer is insolvent (bankrupt) if his/her liabilities exceed his/her assets and upon sequestration, a trustee is appointed by a High Court to take control of the insolvent estate.
- The Municipality's claim against an insolvent estate or an estate that is being administered as insolvent cannot be paid if there are no liquid assets in the insolvent estate to cover the debt.
- However, part payment of the debt will be recovered
- Only the portion that may be irrecoverable will be written off

#### Debt that cannot be proved.

Debt for which no source documentation is available to substantiate or prove the claim, the Municipal Manager must have satisfied him/her that all reasonable steps have been taken to locate the source document.

Disputes that relates to consumption services untraced.

Where disputes have been lodged against the bill of the municipality in respect of water or electricity meter that cannot be validated. Any debt that will remain after recalculation of the correct or acceptable bill must be written off.

#### Procedure for writing of Bad Debt.

A submission must be made to Council requesting the write-off of the debt.

The submission must contain the following information:

- the name, address, amount and relevant particulars of the debt;
- the nature of the debt and the date incurred;
- an outline of measures taken to collect the debt;
- reason(s) why the debt is deemed to be irrecoverable or bad;
- Period of the debt and / or date(s) of invoice,
- recommendation that the debt be written off;
- the vote or account classification against which the write-off must be charged

All debts written off must be disclosed in the Municipality's Annual Financial Statements.

In considering a debt for write off the following conditions will apply:

- Each case will be considered on its merits,
- Except for bulk write off that may be approved by council.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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- Each request will be supported by relevant documentation,
- Each case will receive authorization from the appropriate authorized officer (CFO) and / or member of the Bad debt committee in accordance with the policy.
- Appropriate records of all authorized write offs will be maintained and reviewed periodically against live caseload.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

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### 2. 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 25 on Employee Benefits (and IGRAP 7)

The following accounting policies were changed retrospectively.

- Inventory (The municipality has changed its accounting policy on inventory with regards to the measurement of inventory from First-in-First-out management to the view that it will provide reliable and more relevant information; the reason being that the Municipality now uses different suppliers to purchase inventory items and no longer procure through a contract with one supplier. The Municipality now measures its inventory using the weighted average cost.)
- Investment property (The municipality changed the classification of land from property, plant and equipment to investment property.)

### 3. New standards and interpretations

#### 3.1 Standards and interpretations issued but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July 2024 or later periods.

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>• IGRAP 22 on foreign currency Transactions and Advance Consideration</li></ul>	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• GRAP 104 (as revised): Financial Instruments</li></ul>	01 April 2025	Impact is currently being assessed

#### 3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>• GRAP 1 Presentation on Financial Statements (amended 2022)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• iGRAP 103 Heritage assets (amended)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• GRAP 105 Transfer of Functions between entities not under common control (amended)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• GRAP 106 on Transfer of functions between entities not under common control (amended)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• GRAP 107 on Mergers (amended)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• Improvements to Standards of GRAP (2023)</li></ul>	To be determined	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>• Guideline (The application of materiality to financial statements)</li></ul>	To be determined	Unlikely there will be a material impact

## Notes to the Annual Financial Statements

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### 3. New standards and interpretations (continued)

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is for years beginning on or after 01 April 2023.

The municipality expects to adopt the guideline for the first time in the 2022/2023 annual financial statements.

#### Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@ ) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

#### Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. 01 April 2023.

The municipality expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 4. Inventories

Consumable stores 5 576 056 3 157 202

The Municipality's inventory is measured on weighted average basis.

The Municipality does not store water; whatever is available is distributed. Any undistributed water is treated as a distribution loss.

### Inventory pledged as security

There was no inventory pledged as security.

### 5. Receivables from exchange transactions

Consumer debtors - Electricity	707 197	530 903
Consumer debtors - Water	17 361 207	18 271 895
Consumer debtors - Sewerage	3 016 117	1 535 076
Consumer debtors - Refuse	2 375 758	382 529
Consumer debtors - Housing Rental	268 785	240 597
Consumer debtors - Sundry Debtors	9 768	140 139
	<b>23 738 832</b>	<b>21 101 139</b>

### Trade and other receivables pledged as security

There were no trade and other receivables pledged as security.

### 6. Receivables from non-exchange transactions

Consumer debtors - Rates 118 466 406 103 585 776

### Receivables from non-exchange transactions pledged as security

There were no Receivables from non-exchange transactions pledged as security.

### 7. VAT receivable

VAT 41 793 489 36 955 412

### 8. Other Receivables

Prepaid electricity and public contributions and donation debtors	1 063 799	262 448
Over/Under Banking	1 262 736	2 621 967
	<b>2 326 535</b>	<b>2 884 415</b>

### 9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	15 421 592	14 409 941
Short-term deposits	2 451 981	20 546 114
	<b>17 873 573</b>	<b>34 956 055</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Standard BANK - Primary Account - 302854185	15 365 650	14 408 112	16 313 348	15 365 649	14 408 112	16 313 348
ABSA BANK - Primary Account - 4054385292	55 944	1 815	32 926	55 943	1 815	32 926
NEDBANK - Call Deposit - 7881112840/000005	-	436 906	410 605	-	436 906	410 605
Standard BANK - Fixed Deposit - 5088662043-018	-	468 820	449 968	-	468 820	449 968
ABSA BANK - Fixed Deposits - 9353081205	-	4 186 608	1 752 516	150	4 186 608	1 752 516
ABSA BANK - Invest Tracker - 9359045392	2 451 831	1 998 291	1 717 544	2 451 831	1 998 291	1 717 544
NEDBANK - Fixed Deposit - 7881112840-000018	-	-	20 249 319	-	-	20 249 319
Standard BANK - 48 Hours Notice Deposit - 048473162-002	-	6 007 842	5 613 762	-	6 007 842	5 613 762
ABSA BANK - Fixed Deposit - 2080323717	-	-	10 130 442	-	-	10 130 442
ABSA BANK - Fixed Deposit - 20-8053-5025	-	7 447 577	-	-	7 447 577	-
<b>Total</b>	<b>17 873 425</b>	<b>34 955 971</b>	<b>56 670 430</b>	<b>17 873 573</b>	<b>34 955 971</b>	<b>56 670 430</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	32 722 804	(17 197 191)	15 525 613	32 729 134	(16 581 828)	16 147 306
Furniture and Office Equipment	4 252 694	(2 076 501)	2 176 193	3 936 248	(1 946 205)	1 990 043
Transport Assets	47 701 684	(41 935 322)	5 766 362	46 236 655	(39 718 977)	6 517 678
Computer Equipment	3 768 165	(1 973 210)	1 794 955	3 858 220	(1 339 159)	2 519 061
Infrastructure	1 927 829 976	(1 187 175 849)	740 654 127	1 885 181 435	(1 081 195 073)	803 986 362
Community	53 206 206	(30 054 740)	23 151 466	45 814 822	(27 976 935)	17 837 887
Machinery and Equipment	2 081 787	(670 730)	1 411 057	1 890 294	(385 504)	1 504 790
Work in progress	87 634 825	-	87 634 825	48 909 249	-	48 909 249
<b>Total</b>	<b>2 159 198 141</b>	<b>(1 281 083 543)</b>	<b>878 114 598</b>	<b>2 068 556 057</b>	<b>(1 169 143 681)</b>	<b>899 412 376</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Donations Made	Transfers to PPE	Depreciation	Total
Buildings	16 147 306	-	(6 330)	-	-	(615 363)	15 525 613
Furniture and Office Equipment	1 990 043	756 322	(142 874)	-	-	(608 363)	2 176 193
Transport Assets	6 517 678	1 684 783	-	-	-	(2 216 345)	5 766 362
Computer Equipment	2 519 061	324 480	(211 590)	-	-	(818 744)	1 794 955
Infrastructure	803 986 362	75 437 970	(7 919 547)	-	-	(131 560 248)	740 654 127
Community	17 837 887	7 415 845	(1 102)	-	-	(2 101 164)	23 151 466
Machinery and Equipment	1 504 790	265 000	(32 886)	-	-	(325 847)	1 411 057
Work in progress	48 909 249	111 251 041	-	(9 953 014)	(62 572 451)	-	87 634 825
	<b>899 412 376</b>	<b>197 135 441</b>	<b>(8 314 329)</b>	<b>(9 953 014)</b>	<b>(62 572 451)</b>	<b>(138 246 074)</b>	<b>878 114 598</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Donations made	Transfers to PPE	Change in recognition	Depreciation	Total
Land	5 165 700	-	-	-	(5 165 700)	-	-
Buildings	16 722 669	40 000	-	-	-	(615 363)	16 147 306
Furniture and fixtures	2 597 641	-	-	-	-	(607 598)	1 990 043
Motor vehicles	5 636 407	2 594 164	-	-	-	(1 712 893)	6 517 678
IT equipment	3 148 307	141 003	-	-	-	(770 249)	2 519 061
Infrastructure	740 566 607	184 769 974	-	-	-	(121 350 219)	803 986 362
Community	19 162 452	-	-	-	-	(1 324 565)	17 837 887
Machinery and Equipment	1 142 029	578 511	-	-	-	(215 750)	1 504 790
Work in progress	85 653 868	97 502 455	(24 938 819)	(109 308 255)	-	-	48 909 249
	<b>879 795 680</b>	<b>285 626 107</b>	<b>(24 938 819)</b>	<b>(109 308 255)</b>	<b>(5 165 700)</b>	<b>(126 596 637)</b>	<b>899 412 376</b>

#### Pledged as security

No assets were pledged as security:

#### Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	34 891 955	14 017 286	-	48 909 241
Additions	110 865 890	-	385 151	111 251 041
Other changes	(9 953 014)	-	-	(9 953 014)
Transferred to completed items	(55 156 606)	(7 415 845)	-	(62 572 451)
	<b>80 648 225</b>	<b>6 601 441</b>	<b>385 151</b>	<b>87 634 817</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand 2024 2023

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### 10. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2023

	<b>Included within Infrastructure</b>	<b>Included within Community</b>	<b>Total</b>
Opening balance	79 643 705	6 010 160	85 653 865
Additions	89 495 329	8 007 126	97 502 455
Other changes	(24 938 819)	-	(24 938 819)
Transferred to completed items	(109 308 255)	-	(109 308 255)
	<b>34 891 960</b>	<b>14 017 286</b>	<b>48 909 246</b>

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

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 11. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 226 810	(3 071 416)	1 155 394	4 040 709	(2 558 713)	1 481 996

#### Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1 481 996	186 101	(512 703)	1 155 394

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	1 783 936	171 050	(472 990)	1 481 996

### 12. Other financial liabilities

#### At amortised cost

Development Bank of South Africa - Short Term Portion Terms and conditions	225 683	140 760
Development Bank of South Africa - Long Term Portion Terms and conditions	375 763	503 960
	<b>601 446</b>	<b>644 720</b>
<b>Total other financial liabilities</b>	<b>601 446</b>	<b>644 720</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>12. Other financial liabilities (continued)</b>		
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 over 20 years. The interest portion is repayable in bi-annual instalments.		
<b>Non-current liabilities</b>		
At amortised cost	375 763	503 960
<b>Current liabilities</b>		
At amortised cost	225 683	140 760
<b>13. Payables from exchange transactions</b>		
Trade payables	28 710 076	31 163 171
Debtors with credit balances	3 192 970	8 118 610
Leave Accrued	8 057 158	7 317 445
Control, Clearing and Interface Accounts	266 482	338 547
Retentions	17 452 076	15 344 907
13th Cheque	5 105 199	3 830 047
Unallocated Deposits	158 988	100 097
	<b>62 942 949</b>	<b>66 212 824</b>
<b>14. Consumer deposits</b>		
Water	39 500	36 500
<b>15. Employee benefit obligations</b>		
<b>Defined benefit plan</b>		
The employee benefit obligation relate to long service bonus awards.		
<b>Long Service Bonus Awards</b>		
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 2024 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.		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	(4 717 000)	(4 250 000)
Non-current liabilities	(3 605 000)	(3 558 000)
Current liabilities	(1 112 000)	(692 000)
	<b>(4 717 000)</b>	<b>(4 250 000)</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>15. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	449 000	384 000
Interest cost	443 000	352 000
Actuarial (gains) losses	267 000	491 000
Settlement	(692 000)	(322 000)
	<b>467 000</b>	<b>905 000</b>

### Long service bonus awards carrying value

Opening balance	4 250 000	3 345 000
Actuarial gains (losses)	267 000	491 000
Current Service Costs	449 000	384 000
Interests Costs	443 000	352 000
Expected benefits vesting	(692 000)	(322 000)
	<b>4 717 000</b>	<b>4 250 000</b>

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,13 %	11,32 %
Expected rate of return on assets	6,28 %	6,57 %
Expected rate of return on reimbursement rights	4,57 %	4,45 %

A discount rate of 11,13% per annum has been used. The corresponding liability-weighted index-linked yield is 5,09%. 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 2024. 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 the 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 8.5 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 CPI inflation assumption of 5.28% was obtained from the differential between market yields on index-linked bonds (5.09%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.13%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as  $((1+11.13\%-0.50\%)/(1+5.09\%))-1$ .

Thus, a general earnings inflation rate of 6.28% 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 4.57%.

It was assumed that the next general earnings increase will take place on 1 July 2025

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 15. Employee benefit obligations (continued)

#### Other assumptions

The extent to which the actual DBO faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made

The assumptions which tend to have the greatest impact on the results are:

- the general earnings inflation rate assumption;
- the discount rate assumption;
- the average retirement age of employees; and
- assumed service termination rates.

#### Sensitivity Analysis Results

The DBO at this valuation was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed general earnings inflation rate;
- a one percentage point increase and decrease in the assumed discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and a 50% decrease in the assumed rates of termination of service.

The table below indicates, for example, that if the earnings inflation rate is one percentage point greater than the long-term assumption made, the DBO will be 5% higher than the results shown in Section 6.

Sensitivity analysis on the DBO

Assumption	Change	DBO	%Change
Central assumptions		4 717 000	- %
General earnings inflation rate	+1%	4 973 000	5 %
	-1%	4 483 000	(5)%
Discount rate	+1%	4 478 000	(5)%
	-1%	4 981 000	6 %
Average retirement age	+2yrs	5 022 000	6 %
	-2yrs	4 350 000	(8)%
Rates of termination of service	x2	3 839 000	(19)%
	x0,5	5 300 000	12 %

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2024. These figures were derived at the last valuation and were presented in that report.

Sensitivity analysis on current service and interest costs for year ending 30/06/2024.

Assumption	Change	Current Service Cost	Interest Cost	Total	%Change
Central assumptions		449 000	443 000	892 000	- %
General earnings infaltion rate	+1%	482 000	469 000	951 000	7 %
	-1%	419 000	419 000	838 000	(6)%
Discount rate	+1%	423 000	456 000	879 000	(1)%
	-1%	479 000	428 000	907 000	2 %
Average retirement age	+2yrs	473 000	471 000	944 000	6 %
	-2yrs	414 000	405 000	819 000	8 %
Rates of termination fof service	x2	332 000	351 000	683 000	(23)%
	x0,5	534 000	504 000	1 038 000	16 %

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2025.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand		2024	2023		
<b>15. Employee benefit obligations (continued)</b>					
<b>Assumption</b>	<b>Change</b>	<b>Current Service Cost</b>	<b>Interest Cost</b>	<b>Total</b>	<b>%Change</b>
Central assumptions		465 000	465 000	930 000	- %
General earnings inflation rate	+1%	501 000	493 000	994 000	7 %
	-1%	432 000	439 000	871 000	(6)%
Discount rate	+1%	436 000	478 000	914 000	(2)%
	-1%	497 000	450 000	947 000	2 %
Average retirement age	+2yrs	495 000	498 000	993 000	7 %
	-2yrs	426 000	427 000	853 000	(8)%
Rates of termination of service	x2	341 000	368 000	709 000	(24)%
	x0.5	553 000	529 000	1 082 000	16 %

## 16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

### Movement during the year

Balance at the beginning of the year	-	2 072 002
Additions during the year	137 218 000	299 330 356
Income recognition during the year	(137 218 000)	(301 402 358)

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 municipality has directly benefited.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 17. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Interest Charge	Change in estimate	Total
Environmental rehabilitation	8 213 456	938 108	573 613	9 725 177

#### Reconciliation of provisions - 2023

	Opening Balance	Interest Charge	Change in estimate	Total
Environmental rehabilitation	7 826 451	830 269	(443 264)	8 213 456

#### 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.

This assessment was performed using the General Landfill Closure Costing Model (GLCCM) that was developed by Mr Seakle Godschalk Pr Sci Nat, GIMFO and Dr Maryna Möhr, both partners in Environmental & Sustainability Solutions (ESS). ESS is a boutique consultancy focusing on all aspects of environmental and sustainability accounting.

### 18. Service charges

Sale of Electricity - Conventional	2 998 761	4 114 993
Sale of water - Conventional	9 177 708	36 052 213
Sewerage and sanitation charges	1 472 403	1 340 172
Refuse removal	2 248 487	3 170 092
	<b>15 897 359</b>	<b>44 677 470</b>

### 19. Rental of facilities and equipment

#### Premises

Premises	97 278	77 681
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### 20. Interest on arrear accounts

Interest - Non Exchange Transactions	28 938 628	6 284 007
Interest - Exchange Transactions	22 281 433	7 634 579
	<b>51 220 061</b>	<b>13 918 586</b>

### 21. Prepaid Services

Sale of Electricity - Prepaid	3 680 505	2 883 893
Sale of Water - Prepaid	-	1 523 157
	<b>3 680 505</b>	<b>4 407 050</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>22. Other income</b>		
Photo Copies	2 828	1 795
Admin Fees	26 708	4 105
Tender documents	55 753	80 270
Building Plans	44 130	46 521
Cemetery Fees	278	244
Insurance claims fees	812 305	24 843
Parking Fees	23 280	25 860
Skills Development Levy Refund	165 592	121 834
Application fees for land usage	126 354	21 123
Recoveries	24 511	-
	<b>1 281 739</b>	<b>326 595</b>
<b>23. Investment revenue</b>		
<b>Investment revenue</b>		
Investments	6 574 846	4 928 063
Bank	1 267 019	1 306 405
	<b>7 841 865</b>	<b>6 234 468</b>
<b>24. Property rates</b>		
<b>Rates received</b>		
Residential	1 581 958	1 295 098
Commercial	1 537 040	1 403 785
State	16 653 395	3 039 670
Municipal	-	75
Small holdings and farms	19 608 208	21 403 039
Mining	7 478 586	6 881 954
	<b>46 859 187</b>	<b>34 023 621</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>25. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	180 561 000	170 403 833
Financial Management Grant	3 100 000	3 100 000
Library Grant	1 252 000	1 800 000
Expanded Public Works Programme	2 159 000	1 139 525
	<b>187 072 000</b>	<b>176 443 358</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	77 007 000	84 959 000
Water Service Infrastructure	53 700 000	40 000 000
	<b>130 707 000</b>	<b>124 959 000</b>
	<b>317 779 000</b>	<b>301 402 358</b>

### Conditional and Unconditional

Included in above are the following grants and subsidies received:

#### Financial Management Grant

Current-year receipts	3 100 000	-
Conditions met - transferred to revenue	(3 100 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

#### Municipal Infrastructure Grant

Current-year receipts	77 007 000	-
Conditions met - transferred to revenue	(77 007 000)	-
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

#### Library Grant

Current-year receipts	1 252 000	1 800 000
Conditions met - transferred to revenue	(1 252 000)	(1 800 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

#### Water Services Infrastructure Grant

Current-year receipts	53 700 000	40 000 000
Conditions met - transferred to revenue	(53 700 000)	(40 000 000)
	-	-

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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Figures in Rand	2024	2023
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### 25. Government grants & subsidies (continued)

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

#### EPWP Grant

Current-year receipts	2 159 000	-
Conditions met - transferred to revenue	(2 159 000)	-
	-	-

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Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

#### LG SETA Grant

Balance unspent at beginning of year	-	111 118
Conditions met - transferred to revenue	-	(111 118)
	-	-

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Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

### 26. Public contributions and donations

Mining Subsidies	20 675 283	1 714 094
Pavement Bricks donated by John Taolo Gaetsewe District Municipality	-	423 000
Donation of Laptops	81 630	92 041
	<b>20 756 913</b>	<b>2 229 135</b>

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# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Employee related costs</b>		
Basic	64 405 591	48 061 135
Bonus	5 845 865	4 184 248
Medical aid	5 811 152	5 109 798
UIF	544 490	406 309
SDL	806 994	722 056
Group life insurance	11 885	11 857
Leave pay	1 202 011	1 509 821
Standby Allowance	986 237	830 753
Pension Funds	12 207 555	9 858 094
Transport Allowance	6 491 514	4 106 366
Overtime payments	4 597 186	4 690 201
Long-service awards	380 367	151 452
Acting allowances	684 452	527 452
Transport allowance	7 023 316	5 134 581
Housing benefits and allowances	1 288 162	1 344 494
Cellphone Allowance	1 210 600	702 400
Industrial Council	29 311	26 244
Non Pensionable Allowance	-	133 073
Current Service Cost	449 000	384 000
	<b>113 975 688</b>	<b>87 894 334</b>

### Remuneration of municipal manager

Basic Salary	660 016	564 952
UIF	1 417	1 583
Cellular and Telephone	28 000	31 500
Non Pensionable	-	33 490
Travel Allowance	88 000	33 305
Housing Allowance	80 000	78 642
Bargaining Council Allowance	91	97
Scarcity Allowance	75 408	62 720
Transport Allowance	140 900	252 399
Acting Allowance	123 124	66 888
	<b>1 196 956</b>	<b>1 125 576</b>

Mrs BD Motlhaping was appointed as the Municipal Manager on 1 November 2023.

Mr T Gopetse was acting as the municipal manager.

### Remuneration of chief finance officer

Basic Salary	258 215	616 011
Acting Allowance	88 861	-
UIF	708	2 125
Bargaining Council	45	130
Cellular and Telephone	14 000	42 000
Housing Benefits	60 000	180 000
Travel Allowance	76 000	228 000
Transport Allowance	46 502	66 905
Non Pensionable Allowance	20 340	68 340
Scarcity Allowance	42 136	104 022
Leave Pay	239 274	-
	<b>846 081</b>	<b>1 307 533</b>

Mrs BD Motlhaping was the Chief Financial Officer from the period 1 July 2023-31 October 2023.

Mr O Ramukhuvhathi was the Acting Chief Financial Officer from 1 November 2023.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 27. Employee related costs (continued)

#### Remuneration of Community Service Director

Basic Salary	711 126	615 228
UIF	1 948	2 125
Rural Allowances	92 187	95 091
Cellular and Telephone	37 351	42 000
Non Pensionable Allowance	23 730	103 812
Travel Allowance	176 086	102 566
Housing Allowance	74 703	84 000
Bargaining Allowance	124	130
Transport Allowance	115 011	196 359
Leave Pay	176 632	-
Acting Allowance	17 854	-
	<b>1 426 752</b>	<b>1 241 311</b>

Ms JG Kamphilu acted as community service director for the period of May-June 2024.

#### Corporate and human resources (corporate services)

Basic Salary	772 747	551 707
UIF	2 125	2 125
Rural Allowance	116 120	104 022
Cellular and Telephone	42 000	42 000
Non Pensionable Allowance	23 730	137 872
Travel Allowance	200 000	90 426
Housing Allowance	202 772	202 772
Bargaining Council	136	130
Transport Allowance	91 085	200 000
	<b>1 450 715</b>	<b>1 331 054</b>

#### Technical Director

Basic Salary	821 322	717 814
UIF	2 125	2 125
Rural Allowance	116 120	104 033
Cellular and Telephone	42 000	42 000
Non Pensionable Allowance	23 730	20 340
Travel Allowance	151 799	8 176
Housing Allowance	202 398	202 398
Bargaining Council Allowance	135	130
Transport Allowance	85 423	151 788
	<b>1 445 052</b>	<b>1 248 804</b>

#### Director Planning and Development

Basic Salary	145 100	-
Rural Allowance	22 849	-
Cellular and Telephone	10 500	-
Travel Allowance	48 000	-
Housing Allowance	40 477	-
Bargaining Council Allowance	34	-
Transport Allowance	34 595	-
Acting Allowance	84 362	293 835
	<b>385 917</b>	<b>293 835</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Employee related costs (continued)</b>		
<b>Acting Allowance (Planning and Development)</b>		
L Mulaudzi	54 895	141 864
D.D Mecwi	2 266	151 972
TP Dichabe	27 201	-
	<b>84 362</b>	<b>293 836</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Remuneration of councillors</b>		
Executive Mayor	977 533	920 157
Speaker	879 255	776 291
Chief Whip	916 295	599 397
Executive Committee	3 418 152	3 170 658
Councillors	9 142 324	7 588 447
Section 79 Committee Chairperson	600 308	580 785
	<b>15 933 867</b>	<b>13 635 735</b>
<b>Executive Mayor</b>		
Basic Salary	640 040	627 383
Cellphone Allowance	45 919	44 400
Office Bearer Allowance	50 380	201 521
Pension Fund Contributions	58 409	45 341
Travelling Allowance	165 311	1 511
Motor Vehicle Allowance	17 474	-
	<b>977 533</b>	<b>920 156</b>
<b>Speaker</b>		
Basic Salary	498 281	496 642
Cellphone Allowance	45 919	44 400
Office Bearer Allowance	-	36 273
Pension Fund Contributions	58 819	22 503
Medical Aid Benefits	27 650	-
Travelling Allowance	172 672	176 473
Motor Vehicle Allowance	75 915	-
	<b>879 256</b>	<b>776 291</b>
<b>Chief Whip</b>		
Basic Salary	471 785	290 951
Cellphone Allowance	45 919	44 400
Pension Fund Contributions	55 667	22 394
Medical Aid Benefits	35 975	28 408
Travelling Allowance	163 307	213 244
Motor Vehicle Allowance	146 283	-
	<b>918 936</b>	<b>599 397</b>
<b>Executive Committee</b>		
Basic Salary	1 887 141	1 766 415
Cellphone Allowance	183 676	177 600
Office Bearer Allowance	38 144	305 153
Pension Fund Contributions	222 670	137 319
Medical Aid Benefits	134 942	124 992
Travelling Allowance	615 086	659 179
Motor vehicle Allowance	336 493	-
	<b>3 418 152</b>	<b>3 170 658</b>
<b>Councillors</b>		
Basic Salary	4 152 613	3 902 604
Cellphone Allowance	960 382	932 400
Office Bearer Allowance	15 943	1 275 456
Pension Fund Contributions	481 520	301 392
Medical Aid Benefits	424 804	334 698
Travelling Allowance	1 393 937	841 897
Motor Vehicle Allowance	1 730 510	-

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>28. Remuneration of councillors (continued)</b>	<b>9 159 709</b>	<b>7 588 447</b>
<b>Section 79 Committee Chairperson</b>		
Basic Salary	254 774	241 695
Cellphone Allowance	45 919	44 400
Pension Fund Contributions	29 860	18 414
Medical Aid Benefits	27 421	25 782
Travelling Allowance	87 598	250 493
Motor Vehicle Allowance	154 736	-
	<b>600 308</b>	<b>580 784</b>
<b>Additional information</b>		
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
<b>29. Depreciation and amortisation</b>		
Property, plant and equipment	138 246 074	246 864 173
Intangible assets	512 703	1 316 628
	<b>138 758 777</b>	<b>248 180 801</b>
<b>30. Impairment loss</b>		
<b>Impairments</b>		
Trade and other receivables	32 194 781	256 671 833
<b>31. Interests costs</b>		
Employee benefit interest cost	443 000	352 000
Borrowings	54 216	66 248
Other interest paid	483 970	690 571
	<b>981 186</b>	<b>1 108 819</b>
<b>32. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Contractual amounts	861 026	119 752
<b>33. Debt written off</b>		
Debt written off	47 712 344	-
<b>34. Bulk purchases</b>		
Electricity - Eskom	14 013 337	10 506 444

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>34. Bulk purchases (continued)</b>		
<b>Electricity losses</b>		
<b>Units</b>		
Units purchased	6 445 465	5 403 837
Units sold	(3 173 017)	(4 636 977)
<b>Total loss</b>	<b>3 272 448</b>	<b>766 860</b>
<b>Amounts</b>		
Distribution loss	540 350	1 562 188
<b>Percentage Loss:</b>		
Electricity losses	51 %	46 %
<b>Water losses</b>		
<b>Units</b>		
Units purchased	624 460	548 164
Units sold	(373 205)	(408 982)
	<b>251 255</b>	<b>139 182</b>
<b>Amounts</b>		
Distribution loss	3 377 747	1 696 639
<b>Percentage Loss:</b>		
Water losses	40 %	25 %
<b>35. Contracted services</b>		
<b>Outsourced Services</b>		
Business and Advisory	4 804 234	2 741 675
Personnel and Labour	838 447	3 888 180
Transport Services	521 906	509 716
Electrical	134 011	-
<b>Consultants and Professional Services</b>		
Business and Advisory	27 949 414	16 466 004
Infrastructure and Planning	21 720	57 165
Laboratory Services	699 008	-
Legal Cost	2 210 219	2 158 621
	<b>37 178 959</b>	<b>25 821 361</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>36. Transfer and subsidies</b>		
<b>Other subsidies</b>		
Sanitation	9 227 667	24 938 819
Indigent subsidies	4 450 611	4 628 135
Other Subsidies	-	442 740
Road	725 346	-
	<b>14 403 624</b>	<b>30 009 694</b>
<b>37. Inventory Consumed</b>		
<b>Inventory consumed</b>		
Material and supplies	24 764 419	7 155 964
Water	7 299 937	9 228 032
	<b>32 064 356</b>	<b>16 383 996</b>
<b>38. General expenses</b>		
Advertising	380 451	541 270
Auditors remuneration	6 679 861	7 380 027
Bank charges	449 294	415 189
Commission paid	3 860 809	3 320 036
Computer expenses	442 590	1 279 695
Entertainment	836 195	996 061
Hire	223 225	435 514
Insurance	3 227 979	3 806 526
Conferences and seminars	575 315	1 481 158
Motor vehicle expenses	851 336	594 363
Fuel and oil	515 919	10 942 434
Postage and courier	8 620	13 424
Printing and stationery	60 000	149 588
Repairs and maintenance	6 149 012	11 175 077
Security (Guarding of municipal property)	3 848 104	3 000 000
Staff welfare	433 043	247 016
Subscriptions and membership fees	1 118 632	1 729 665
Telephone and fax	976 599	977 246
Accomodation and travel	2 047 068	2 270 166
Office Service Charges	4 242 368	5 243 852
Protective Clothing	4 512	21 295
Environmental Rehabilitation	1 511 721	387 005
Seating Allowance Traditional Leaders	18 085	-
Workmen's Compensation Fund	2 163 071	-
Learnerships and Internships	-	305 859
Satellite Signals	6 176	4 645
Ward Committee Expenses	1 801 296	1 901 480
Bursaries	269 448	100 480
Fines and Penalties	7 819	3 697
Resettlement Cost	140 783	264 776
	<b>42 849 331</b>	<b>58 987 544</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>39. Statutory receivables</b>		
<b>The entity had the following statutory receivables where Standards of GRAP have been applied, for the initial recognition:</b>		
VAT Receivable	41 793 489	36 955 412
The relating line item where statutory receivables are included is VAT Receivable] (Refer to note 7)		
Property Rates	118 466 406	103 585 776
The relating line item where statutory receivables are included is (Receivables from non exchange - Property Rates)] (Refer to note 6)		
	<b>160 259 895</b>	<b>140 541 188</b>

### Statutory receivables general information

#### Transaction(s) arising from statute

VAT is levied in terms of Value-Added Tax (VAT) Act 89 of 1991.

Property Rates is levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws.

#### Determination of transaction amount

VAT - The VAT rate currently sits at 15% as determined by the Minister of Finance.

Property Rates - Tariffs are reviewed annually as part of the MTREF process and applied as per Property Rates Policy which is guided by the Local Government Property Rates Act No.6 of 2004.

#### Interest or other charges levied/charged

VAT - There are no Interest implications on the VAT amount.

Property Rates - According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt in excess of 30 days.

Interest is levied monthly at the prime lending rate plus 1% of the Municipality's Banker as at 01 July of each year and is fixed for the 1 July 2023 to 30 June 2024.

#### Basis used to assess and test whether a statutory receivable is impaired

Property Rates - GRAP 108 statutory receivables sets out the requirements and guidelines for the impairment of financial assets subsequently

carried at amortised cost Discount rate applied to the estimated future cash flows: The prime lending rate is applied as stipulated in point 3 above.

Recognition is as per GRAP 108 requirements and guidelines. Reversal will be due to the amount being settled which will automatically be excluded from future impairment calculations.

### 40. Consumer debtors disclosure

#### Gross balances

Consumer debtors - Rates	332 966 672	255 889 677
Consumer debtors - Electricity	13 944 372	16 871 750
Consumer debtors - Water	133 069 566	113 048 394
Consumer debtors - Sewerage	18 033 478	16 597 266
Consumer debtors - Refuse	18 742 712	16 622 660
Consumer debtors - Housing Rental	268 785	240 597
Consumer debtors - Sundry Debtors	14 338 375	62 380 512
	<b>531 363 960</b>	<b>481 650 856</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Consumer debtors disclosure (continued)</b>		
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(214 500 266)	(152 303 901)
Consumer debtors - Electricity	(13 237 175)	(16 340 847)
Consumer debtors - Water	(115 708 359)	(94 776 499)
Consumer debtors - Sewerage	(15 017 361)	(15 062 190)
Consumer debtors - Refuse	(16 366 954)	(16 240 131)
Consumer debtors - Sundry Debtors	(14 328 607)	(62 240 373)
	<b>(389 158 722)</b>	<b>(356 963 941)</b>
<b>Net balance</b>		
Consumer debtors - Rates	118 466 406	103 585 776
Consumer debtors - Electricity	707 197	530 903
Consumer debtors - Water	17 361 207	18 271 895
Consumer debtors - Sewerage	3 016 117	1 535 076
Consumer debtors - Refuse	2 375 758	382 529
Consumer debtors - Housing Rental	268 785	240 597
Consumer debtors - Sundry Debtors	9 768	140 139
	<b>142 205 238</b>	<b>124 686 915</b>
<b>Rates</b>		
Current (0 -30 days)	16 290 647	12 157 605
31 - 60 days	8 043 319	3 845 934
61 - 90 days	7 967 233	3 816 249
91 - 120 days	7 899 635	3 807 893
>121 days	292 765 838	232 261 996
	<b>332 966 672</b>	<b>255 889 677</b>
<b>Electricity</b>		
Current (0 -30 days)	861 491	1 329 532
31 - 60 days	290 559	158 653
61 - 90 days	259 024	280 555
91 - 120 days	322 742	587 164
>120 days	12 210 556	14 515 846
	<b>13 944 372</b>	<b>16 871 750</b>
<b>Water</b>		
Current (0 -30 days)	4 560 160	21 649 344
31 - 60 days	2 168 910	1 632 279
61 - 90 days	2 090 136	1 925 477
91 - 120 days	2 267 744	1 816 172
>120 days	121 982 616	86 025 122
	<b>133 069 566</b>	<b>113 048 394</b>
<b>Sewerage</b>		
Current (0 -30 days)	552 256	454 494
31 - 60 days	602 862	148 962
61 - 90 days	282 319	147 980
91 - 120 days	280 779	146 931
>121 days	16 315 262	15 698 899
	<b>18 033 478</b>	<b>16 597 266</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Consumer debtors disclosure (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	671 348	1 152 523
31 - 60 days	320 269	394 407
61 - 90 days	317 745	391 935
91 - 120 days	315 214	389 460
>121 days	17 118 136	14 294 335
	<b>18 742 712</b>	<b>16 622 660</b>
<b>Housing Rental</b>		
Current (0 -30 days)	14 534	13 456
31 - 60 days	7 191	4 485
61 - 90 days	7 696	4 485
91 - 120 days	239 364	218 171
	<b>268 785</b>	<b>240 597</b>
<b>Sundry Debtors</b>		
Current (0 -30 days)	7 034	1 448
31 - 60 days	-	207
61 - 90 days	207	1
91 - 120 days	374	207
121 - 365 days	14 330 760	62 378 649
	<b>14 338 375</b>	<b>62 380 512</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand						2024	2023
<b>40. Consumer debtors disclosure (continued)</b>							
<b>Consumer debtors past due but not impaired</b>							
The ageing of amounts past due but not impaired is as follows:							
<b>Impairment Ageing- 2024</b>	<b>(0-30 Days)</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>&gt;120 Days</b>	<b>Total</b>	
Electricity	121 201	27 447	12 018	2 756	159 818	323 240	
Housing Rental	9 517	4 706	5 227	5 192	136 135	160 777	
Property Rates	5 771 503	2 862 540	2 830 815	2 803 679	96 154 344	110 422 881	
Refuse	20 846	7 372	7 332	6 861	2 123 129	2 165 540	
Sewerage	100 892	301 862	49 243	48 743	1 731 205	2 231 945	
Sundry Debtors	-	-	-	-	14 328 607	14 328 607	
Water	154 072	79 765	92 056	81 610	6 310 500	6 718 003	
	<b>6 178 031</b>	<b>3 283 692</b>	<b>2 996 690</b>	<b>2 948 841</b>	<b>120 943 738</b>	<b>136 350 993</b>	
<b>Impairment Ageing- 2023</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>&gt;120 Days</b>	<b>Total</b>	
Electricity	181 961	3 775	4 789	4 727	183 942	379 194	
Housing Rental	3 395	1 132	1 132	1 132	39 776	46 567	
Property Rates	2 820 272	898 617	895 272	892 272	93 608 745	99 115 178	
Refuse	35 267	10 581	10 512	10 442	312 751	379 553	
Sewerage	83 971	27 402	27 272	27 079	1 080 724	1 246 448	
Sundry Debtors	-	-	-	-	303 090	303 090	
Water	616 453	175 003	164 065	173 639	8 349 461	9 478 621	
	<b>3 741 319</b>	<b>1 116 510</b>	<b>1 103 041</b>	<b>1 109 291</b>	<b>103 878 489</b>	<b>110 948 651</b>	
<b>Ageing by debtor type - 2024</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>&gt; 120 Days</b>	<b>Total</b>	
Business	1 774 326	746 796	684 851	721 337	39 173 936	43 101 246	
Church	6 853	1 607	1 590	1 570	98 353	109 973	
Farm	9 242 420	4 567 435	4 535 193	4 501 820	193 636 236	216 483 104	
Government	1 502 270	858 860	743 277	731 003	40 011 911	43 847 321	
Industrial	2 203 768	912 939	910 715	798 624	34 525 928	39 351 974	
Municipal	143 396	69 829	67 748	99 853	2 567 308	2 948 134	
Residential	5 224 534	2 743 457	2 583 015	2 855 037	146 268 398	159 674 441	
School	2 859 904	1 532 186	1 397 970	1 384 889	18 672 818	25 847 767	
	<b>22 957 471</b>	<b>11 433 109</b>	<b>10 924 359</b>	<b>11 094 133</b>	<b>460 533 104</b>	<b>531 363 960</b>	
<b>Ageing by Debtor type - 2023</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>&gt;120 Days</b>	<b>Total</b>	
Business	9 821 903	319 297	453 144	732 270	24 678 467	36 005 081	
Church	6 281	2 725	2 708	38 344	58 220	108 278	
Farm	8 635 986	2 720 320	2 699 331	2 692 306	152 645 587	169 393 530	
Government	1 209 440	388 443	364 702	365 501	19 256 240	21 584 326	
Industrial	8 323 136	374 538	347 936	354 949	20 683 047	30 083 606	
Municipal	292 998	9 599	31 178	57 506	1 742 884	2 134 165	
Residential	8 216 113	2 286 251	2 583 951	2 427 724	193 974 416	209 488 455	
School	252 545	83 755	83 733	83 712	12 349 670	12 853 415	
	<b>36 758 402</b>	<b>6 184 928</b>	<b>6 566 683</b>	<b>6 752 312</b>	<b>426 522 240</b>	<b>481 650 856</b>	
<b>Reconciliation of allowance for impairment</b>							
Balance at beginning of the year						356 963 940	100 292 108
Contributions to allowance						32 194 781	256 671 833
						<b>389 158 721</b>	<b>356 963 941</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>41. Auditors' remuneration</b>		
Fees	6 679 861	7 380 027
<b>42. Cash generated from (used in) operations</b>		
Deficit	(31 712 998)	(348 740 462)
<b>Adjustments for:</b>		
Depreciation and amortisation	138 758 777	248 180 801
Gain on sale of assets and liabilities	8 171 454	-
Debt impairment	32 194 780	256 671 833
Debt written off	47 712 344	-
Movements in retirement benefit assets and liabilities	467 000	905 000
Movements in provisions	1 511 721	387 005
13th cheque accrual	1 275 152	-
Movement in leave accrual	677 472	-
<b>Changes in working capital:</b>		
Inventories	(2 418 854)	(4 673 575)
Receivables from exchange transactions	(34 832 473)	(258 096 004)
Consumer debtors	(47 712 344)	-
Other receivables from non-exchange transactions	(14 880 630)	(61 753 341)
Other Receivables	557 879	(8 506 745)
Payables from exchange transactions	(4 767 431)	20 222 401
VAT	(4 838 077)	5 390 123
Unspent conditional grants and receipts	-	(2 072 002)
Consumer deposits	3 000	11 122
	<b>90 166 772</b>	<b>(152 073 844)</b>

### 43. Financial instruments disclosure

#### Categories of financial instruments

##### 2024

#### Financial assets

	At amortised cost	Total
Receivables from Exchange Transactions	23 738 832	23 738 832
Cash and cash equivalents	17 873 573	17 873 573
	<b>41 612 405</b>	<b>41 612 405</b>

#### Financial liabilities

	At amortised cost	Total
Other financial liabilities	601 446	601 446
Trade and other payables from exchange transactions	28 710 075	28 710 075
Consumer Deposits	39 500	39 500
	<b>29 351 021</b>	<b>29 351 021</b>

##### 2023

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	21 720 159	21 720 159

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>43. Financial instruments disclosure (continued)</b>		
Cash and cash equivalents	34 956 055	34 956 055
	<b>56 676 214</b>	<b>56 676 214</b>

### Financial liabilities

	At amortised cost	Total
Other financial liabilities	644 720	644 720
Trade and other payables from exchange transactions	31 163 173	31 163 173
Consumer deposits	36 500	36 500
	<b>31 844 393</b>	<b>31 844 393</b>

### Reclassification

#### Financial instruments in Statement of financial performance

#### 44. Commitments

##### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	1 859 417	887 507
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##### Total capital commitments

Already contracted for but not provided for	1 859 417	887 507
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#### 45. Contingencies

##### Contingent Liabilities

1) Obakeng Donald Gabotsileli obo T. G. Thipe / Joe morolong municipality :TheMunicipality and ESKOM is suit for damages arising from injuries sustained the electricalpoles and electrical wire which was utilized for the purpose of distributing and transmittingelectrical current in our area of jurisdiction belonging to ESKOM.	150 000	13 229 669
2)Ho tla ba thata general trading contract (B121/2015) The Full Maintenance LeaseAgreement (FMLA) which came to an end August 2018 however there are outstandingdisputes relating to payments.	4 067 031	5 978 138
3) Joe morolong local municipality / Ditiro tsa ka trading 6 Poor performance breach by thecontractor which led to termination of contract by the Municipality.	14 478 961	9 671 466
4) Peyper Attorneys v Joe Morolong Local Municipality: Applicant filed an application forreview bid for appointment of panel of attorneys to include them on the panel.	120 000	154 198
5) Lotshepe Development Engineers CC vs Joe Morolong Local Municipality. The Plaintiffinstituted a legal action against Joe Morolong Local Municipality to claim the damages.	395 230	100 000
6)The MACP Construction CC issued Provisional Sentence Summons against Joe Morolong Local Municipality in terms thereof it claimed payment in the amountof R734 000.54 in respect of unpaid interim payment	734 000	-
7)KHETHWAYO V JMLM - Khethwayo Construction CC issued a review Application out of the High Court of South Africa NC Division to declareunlawful,invalid and set aside the decision of Joe Morolong Local Municipality to appoint several bidders in respect of Bid:228-2023	150 000	-
9)MACP V JMLM - MACP Construction CC issued Combined Summons against Joe Morolong Municipality in terms thereof it seeks an order to cancel the agreement and paymentin the amount of R1 511 606.45 in respect of retention monies	1 511 606	-
	<b>21 606 828</b>	<b>29 133 471</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 46. Related parties

Members of key management Refer to note 27  
Councillors Refer to note 28

### Related party balances

There were no senior managers and Councillors who received any services from the municipality in the year under review. Refer to note 27 and 28 (excluding the transport claims and subsistence allowance received) for the remuneration of councillors and senior managers.

### Key management information

Councillor Manakong L.P	Lite Projects (Pty) Ltd
Councillor Kolberg J.O	Manyeding Agricultural Cooperative, Mahube Agrow
Councillor Gaetsewe M.J	Rona Mmogo (Pty) Ltd
Councillor Kaotsane G.G	Asili Ya Mama (Pty) Ltd, Saba Logistics (Pty) Ltd, Seconded councillor to John Taolo Gaetsewe District Municipality
Councillor Tagane G.C	Puoko Construction
Councillor Maamogwa K.E	Nonong Trading and Projects
Councillor Mokweni O.N	Batlharo Agriculture (Pty) Ltd
B.D Motlhaping (Municipal Manager)	Lebotore (Pty) Ltd, Aggab Construction, Lebotore Petroleum
L.A Moinwe (Director - Technical Services)	EML Consulting & Trading, Glo Freight, Glo Fuels
M.C Melokwe (Director - Community Services)	Vinmaude Holdings, Sibos Resources

### 47. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

### Statement of financial position

#### 2023

	Note	As previously reported	Correction of error	Restated
Inventories	4	5 997 310	(2 840 108)	3 157 202
Receivables from exchange transactions	5	75 876 680	(54 156 521)	21 720 159
Receivables from non exchange	6	81 664 002	22 431 298	104 095 300
VAT Receivable	7	39 834 418	(2 879 006)	36 955 412
Prepayments	8	3 501 907	(3 501 907)	-
Other Receivables	8	8 513 823	(5 629 408)	2 884 415
Cash and cash equivalents	9	34 955 980	75	34 956 055
Investment Property	57	-	5 165 700	5 165 700
Property plant and equipment	10	1 395 667 456	(496 255 080)	899 412 376
Intangible assets	11	1 069 535	412 461	1 481 996
Other Financial Liabilities (current)	12	(129 193)	(11 567)	(140 760)
Payables from Exchange Transactions	13	(54 744 605)	(11 468 221)	(66 212 826)
Consumer Deposits	14	(36 500)	-	(36 500)
Employee benefit obligation (current)	15	(692 000)	-	(692 000)
Unspent conditional grants and receipts	16	(1 249 209)	1 249 209	-
Other financial liabilities (non current)	12	(644 720)	140 760	(503 960)
Employee benefit obligation (non current)	15	(3 558 000)	-	(3 558 000)
Provisions (non current)	17	(8 213 456)	-	(8 213 456)
		<b>1 577 813 428</b>	<b>(547 342 315)</b>	<b>1 030 471 113</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand		2024	2023		
<b>47. Prior-year adjustments (continued)</b>					
<b>Statement of financial performance</b>					
<b>2023</b>					
	<b>Note</b>	<b>As previously reported</b>	<b>Correction of error</b>	<b>Re-classification</b>	<b>Restated</b>
Service Charges	18	49 084 520	-	(4 407 050)	44 677 470
Rental of facilities and equipment	19	80 669	(2 988)	-	77 681
Interest Exchange Transactions	20	8 253 598	(619 019)	-	7 634 579
Prepaid Services	21	-	-	4 407 050	4 407 050
Other income	22	326 595	-	-	326 595
Investment Revenue	23	7 594 650	(1 360 182)	-	6 234 468
Property Rates	24	34 023 621	-	-	34 023 621
Interest - Non Exchange Transactions	20	6 793 531	(509 524)	-	6 284 007
Public contributions and donations	26	1 514 524	714 611	-	2 229 135
Employee related costs	27	(88 710 411)	(1 921 003)	-	(90 631 414)
Remuneration of councillors	28	(13 635 735)	-	-	(13 635 735)
Depreciation and amortisation	29	(93 099 453)	(155 081 348)	-	(248 180 801)
Debt impairment	30	-	(240 565 721)	-	(240 565 721)
Interests cost	31	(1 112 242)	3 423	-	(1 108 819)
Lease rentals on operational lease	32	(119 752)	-	-	(119 752)
Debt written off	33	-	(16 106 112)	-	(16 106 112)
Bulk purchases	34	(16 303 862)	5 797 418	-	(10 506 444)
Contracted services	35	-	(25 821 361)	-	(25 821 361)
Transfers and subsidies	36	(5 070 875)	(24 938 819)	-	(30 009 694)
Actuarial losses	15	(169 000)	-	-	(169 000)
Inventory Consumed	37	-	(16 383 996)	-	(16 383 996)
General expenses	38	(94 573 452)	35 585 908	-	(58 987 544)
<b>Surplus for the year</b>		<b>(205 123 074)</b>	<b>(441 208 713)</b>	<b>-</b>	<b>(646 331 787)</b>

### Errors

1. Inventories -

#### Payables from Exchange Transactions:

Retentions - In the 2021 - 2022 financial year the retention amount was disclosed inclusive of VAT and there were retention amounts that were previously not recognised in the retention vote. This resulted to an increase in the retention vote of R2 340 329.

Leave accrual - Review of leave was performed and it was noted that some employees were not included in the leave provision calculation which led to an increase in leave provision with an adjustment amount of R727 687.61

Trade payables - Trade payables were mistated by R 199 194. This was due to a combination of accruals that were not previously raised, duplicate invoices voided and reversal of invoices with incorrect amounts.

Bonus provisions - The bonus provision movement was not previously recognised for 2023 financial year which led to an adjustment of R859 643.

1. Inventories -

VAT Receivable - Prior year adjustments were not processed in the prior year.

Bulk Purchases - Water inventory which amounted to R6332032 was incorrectly disclosed as bulk purchases.

Employee Related Costs - Incomplete disclosure of Senior Manager's Remuneration. Technical Director salary was omitted.

Other Financial Liabilities -In the prior year, other financial liabilities balance was understated by R11567 due to adjustments that were not mapped.

Prepaid Services - Prepaid services was previously disclosed under service charges.

# Joe Morolong Local Municipality

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### 47. Prior-year adjustments (continued)

Unspent conditional grant - LG Seta revenue amounting to R111 118 was not recognised in the income statement. As a result, the unspent LG Seta grant was overstated by R 111 118 and revenue from non exchange transactions was understated by R111 118. Salaries relating to the library grant in respect of the 2020/2021 financial year were not recognised as revenue when expenditure was incurred, As a result, the unspent library grant is overstated by R1 138 091 and the related revenue is understated by R1 138 091..

Auditors Remuneration- Invoices relating to SALGA were incorrectly posted to auditors remuneration resulting in an overstatement of auditors remuneration expense by R734 890 and an understatement of subscription and membership fees by R 734 890

Receivables from exchange and no exchange- the debt impairment computation had errors which subsequently led to mistatements of receivables from non-exchange transactions amounting to R22 431 298 and R 54 156 521 in respect of receivables from exchange transactions

Unallocated deposits - Prepaid electricity sales amounting to R210297 were incorrectly posted to the unallocated deposits vote instead of prepaid electricity. Unallocated deposits is therefore overstated by R210297 and prepaid electricity sales are understated by R210297.

Investment revenue - There was an overstatement of investment revenue which amounted to R1 360 257 due to SARS refund incorrectly processed to investment revenue.

Rental of facilities - There was a decrease of rental of facilities which amounted to R2988. A consumer paid money into the bank of the municipality to rent a grader, however he did not receive the service so he asked to be refunded. Since a payment cannot be made from a revenue vote they used the third party refund. The full amount was fully refunded the revenue of rental decreased.

Debt impairment- A debt impairment transaction was incorrectly classified as debt written off. This resulted in an understatement of debt impairment by R 16 106 112 and an overstatement of debt written off by R 16 106 112

Other Receivables- Other receivables were overstated by R5 629 408 as a result of payments relating to pension and travel control that were not processed against employee costs and travel control

Interest from exchange transactions- Interest on debtors was incorrectly calculated using a wrong percentage resulting in an overstated interest on exchange transactions amounting to R619 019 and an overstated receivables balance of R619 019

Interest on non-exchange transactions- Interest on debtors was incorrectly calculated using a wrong percentage resulting in an overstated interest from non-exchange transactions amounting to R509 524 and an overstated receivables balance of R509 524

### Deviations

The municipality has assessed the whole population for prior year deviations as per the AGSA recommendation and there were cases for deviations that were transferred to irregular expenditure as they met the definition of irregular expenditure. Deviations previously disclosed R15 416 603 adjusted to R561 546.

### Commitments

Commitments was previously disclosed at an amount of R6 719 725. A review of commitments register was performed and incorrect computation of the previous register was noted, Commitments were thus adjusted to R887 507.

### Contingent Liabilities

Previously Ho tla ba thata vs JMLM was disclosed at an amount of R350 000 currently adjusted to R5 978 138 due to excluding the claim amount and only considering the contingent legal cost.

Previously Obakeng vs JMLM was disclosed at an amount of R279 669 currently adjusted to R13 229 669 due to excluding the claim amount and only considering the contingent legal cost.

Previously Ditiro Tsaka vs JMLM was disclosed at an amount of R78 846 541 currently adjusted to R9 671 465.70.

# Joe Morolong Local Municipality

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## Notes to the Annual Financial Statements

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### 47. Prior-year adjustments (continued)

#### Unauthorised expenditure

Transactions amounting to R40 769 959 (2018/2019 financial year) were erroneously included as a prior period error adjustment during the 2023/2024 financial year whereas the votes in question were not over budget.

### 48. Risk management

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Column heading	Total
Trade Payables	28 710 076	-	-	-	28 710 076
Other financial liabilities	140 760	363 198	-	-	503 958
	<b>28 850 836</b>	<b>363 198</b>	-	-	<b>29 214 034</b>

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial instrument	2024	2023
Trade Receivables from exchange transactions	23 738 832	21 720 159

#### Market risk

##### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings arise at fixed rates, which expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

During 2023 and 2024, the entity's borrowings at variable rate were denominated in the Rand. The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 48. Risk management (continued)

#### Price risk

The entity is not exposed price risk as the municipality does not hold any investments classified on the statement of financial position either as available-for-sale or at fair value through surplus or deficit. The entity is also not exposed to commodity price risk.

### 49. 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.

	2024/2025	2025/2026	2026/2027	Total
Finance Management Grant (FMG)	3 000 000	3 000 000	3 000 000	9 000 000
Municipal Infrastructure Grant (MIG)	69 216 000	72 574 000	78 825 000	220 615 000
Water Sanitation Infrastructure Grant (WSIG)	60 000 000	55 000 000	70 000 000	185 000 000
Integrated National Electrification Grant	47 971 000	1 320 000	1 192 000	50 483 000
Equitable Share	191 089 000	193 366 000	192 049 000	576 504 000
	<b>371 276 000</b>	<b>325 260 000</b>	<b>345 066 000</b>	<b>1 041 602 000</b>

### 50. Events after the reporting date

There are no major events that occurred after the reporting date.

### 51. Unauthorised expenditure

Opening balance as previously reported	604 119 526	382 877 587
Add: Unauthorised expenditure - current	68 265 491	221 241 939
<b>Closing balance</b>	<b>672 385 017</b>	<b>604 119 526</b>

### 52. Fruitless and wasteful expenditure

Opening balance as previously reported	5 572 137	4 936 167
Add: Fruitless and wasteful expenditure identified - current	483 878	635 970
<b>Closing balance</b>	<b>6 056 015</b>	<b>5 572 137</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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### 52. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure

Interest and penalties

483 878

635 970

#### Disciplinary steps taken/criminal proceedings

### 53. Irregular expenditure

Opening balance as previously reported

443 551 328 351 803 891

Add: Irregular expenditure - current

5 117 824 50 914 036

Add: Irregular expenditure - prior period

5 112 675 40 833 401

**Closing balance**

**453 781 827 443 551 328**

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 53. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

Competitive bidding not invited	4 975 453	50 914 036
Three written quotations not invited	142 371	-
	<b>5 117 824</b>	<b>50 914 036</b>

### Cases under investigation

There were no cases under investigation during the financial year ended 30 June 2024.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

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### 53. Irregular expenditure (continued)

**Amount recovered**

**Amount written-off**

There were no amounts written off in respect of irregular expenditure for the year ended 30 June 2024

### Disciplinary steps taken/criminal proceedings

No disciplinary action has been taken in respect of identified irregular expenditure.

### 54. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	1 084 437	857 328
Amount paid - current year	(1 084 437)	(857 328)
	-	-

#### Audit fees

Opening balance	878 206	1 003 766
Current year subscription / fee	7 693 891	8 499 184
Amount paid - current year	(8 513 968)	(8 624 744)
	<b>58 129</b>	<b>878 206</b>

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 54. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### PAYE and UIF

Current year subscription / fee	18 763 328	14 531 214
Amount paid - current year	(17 059 800)	(14 531 214)
	<b>1 703 528</b>	<b>-</b>

#### Pension and Medical Aid Deductions

Current year subscription / fee	26 117 574	23 925 696
Amount paid - current year	(24 144 066)	(23 925 696)
	<b>1 973 508</b>	<b>-</b>

#### VAT

VAT receivable	41 793 489	36 955 412
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VAT output payables and VAT input receivables are shown in note 7.

All VAT returns have been submitted by the due date throughout the financial year.

### 55. 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 and section 36 of the Supply Chain Management regulations state that a supply management policy may allow the accounting officer -

To dispense with the official procurement process established by the policy and to procure any required goods or services through any convenient process which may include direct negotiations, but only in an emergency; if such goods or services are produced or available from a single provider only; for acquisitions of animals for zoos or in any exceptional case where it is impractical or impossible to follow the official procurement process.

The Accounting Officer may dispense with the official procurement process in the above circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

#### Reason for deviation

Opening Balance	561 546	-
Impractical or impossible to follow procurement process	2 273 482	561 546
	<b>2 835 028</b>	<b>561 546</b>

### 56. Segment information

#### General information

##### Identification of segments

The Municipality does not have reportable segment information.

##### Information about geographical areas

Although the municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand 2024 2023

### 57. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13 463 998	-	13 463 998	5 165 700	-	5 165 700

#### Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	5 165 700	8 298 298	13 463 998

#### Reconciliation of investment property - 2023

	Opening balance	Total
Investment property	5 165 700	5 165 700

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

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality has to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

### 58. Fair value adjustments

Investment property (Fair value model)	8 298 298	-
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### 59. Services in - kind

During the reporting period, the municipality benefitted from the **right of use** of infrastructure assets owned by third parties to facilitate the delivery of essential services to the Hotazel Town. These rights were granted without direct monetary compensation and include:

# Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 59. Services in - kind (continued)

**Electricity Distribution Network:** Access to infrastructure for the transmission and distribution of electricity to Hotazel Town.

**Sewer Treatment Plant:** Use of facilities for the treatment and disposal of wastewater generated within the municipality.

**Water Infrastructure:** Access to water supply systems, including reservoirs, pipelines, and treatment facilities, for the provision of potable water.

#### Recognition and Measurement

In line with **GRAP 23**, the municipality recognizes services in kind where:

The service provided is significant to its operations.

The fair value of the service can be reliably measured.

However, for the current reporting period, determining the fair value of these rights of use proved challenging due to:

The lack of a directly comparable market for similar rights.

The absence of sufficient data to reliably estimate replacement or usage costs.

As a result, the right of use of the above infrastructure has not been recognized in the financial statements but is disclosed qualitatively in this note.