

GREATER TAUNG

LOCAL MUNICIPALITY



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ANNUAL REPORT 2020/21

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REVISED ANNUAL REPORT TEMPLATE

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

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

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

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

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

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

- Year -1: The previous financial year (2019/20).
- Year 0: The financial year of reporting (2020/21).
- Year 1: The following year, mostly requires future targets (2020/21); and
- The other financial years will follow a similar sequence as explained above.

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

The Annual Report demonstrates that during the year under review the municipality continued to strive towards realising its vision. The Annual Report provides a comprehensive yet honest account of financial and non-financial performance for Greater Taung Local Municipality (GTLM), highlighting key achievements as well as a rationale for the under-achievement in instances where there has been under-performance by the municipality for not achieving its targets as set out for the 2020/2021 financial year. Our specific mandate as GTLM, is guided by our Integrated Development Plan. Our resolve is based on servicing our communities in all areas of Taung. In all the work of the financial year under review we were guided by The Constitution of South Africa, the IDP, policies and by-laws that govern Local Government. The onset of COVID-19 in South Africa has brought to the fore systemic weaknesses in the quality of service delivery such as water and sanitation services, housing, healthcare, and infrastructure in various communities across the country. The world is struggling to control a global public health pandemic Covid 19 that is spreading very fast with diverse levels of fatalities in different regions and countries. One cannot overemphasize the negative impact of the new virus called Covid-19 to the economy, loss of jobs, poverty, and the rate in which the number of Gender Based Violence (GBV) against women and children increased from the time when the President of the Republic Hon Cyril Ramaphosa introduced lockdown measures to try and curb the spread of virus in March 2020. Covid 19 has negatively affected all sectors and it is continuing to do so. We encourage all communities to continue adhering to lockdown protocols at all in an endeavour to reduce the spread of the pandemic.

This report confirms that we are continuing to improve democratisation and transformation of local government; improve access to electricity, water, roads and refuse removal, notwithstanding the inherent challenges bestowed by our repugnant past. Our forward planning has ensured that, as at the end of the financial year under review, we had spent more than 85% of all infrastructure development grants though we had challenges there and there. It could not happen with collaboration and cooperation of our communities and contractors. When projects are completed on time, we all win. The centrality of Infrastructure to the development of the economy and the resultant effect on the triple challenges of unemployment, poverty and inequality, is a common cause.

During the 2020/2021 financial year the municipality had provided 12 000 households with access to free basic electricity, and a very small number of households in Reivilo and Pudumoe with basic sanitation and water. The municipality completed the construction of a community halls, highmast lights and internal access roads and that will improve the access to public facilities for the community of Taung. The Local Economic Development Unit within the municipality trained 100 Small Medium and Micro-sized Enterprises (SMME’s) from Taung.

In terms of housing delivery, the municipality is at an advance stage of finalising the housing accreditation application and will be assessed in the new financial year to check the capacity and the readiness to deliver such basic service to our communities.

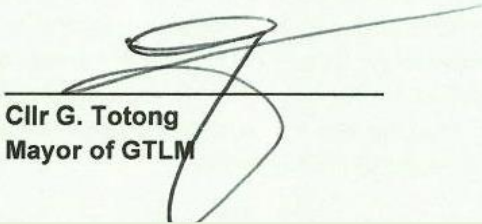
Chapter 1

In 2020-2021 financial year the municipality was able to submit the Annual Financial Statement and Annual Performance Report to the Auditor General timeously and in line with section 126 of MFMA. The Auditor General (AG) was able to audit the financial statement and Annual performance report of the municipality. In respect of all the resources that were put in place the municipality had anticipated better audit outcome. Unfortunately that did not happen as we have received disclaimer opinion on auditing of Annual financial Statement (AFS). We also appreciate and acknowledge the hardwork of Performance Management System Unit in ensuring that unqualified audit opinion on audit of predetermine objective (AoPO) is achieved once again in 2020/2021

Looking at the above priority areas, it is important to note that these can never be achieved on their own, it is therefore imperative that Councillors, Officials, and the community at large, work together with synergy in order to develop recovery plans to address the issues raised in the Annual Report particularly AG audit report. The municipality recognises that there are still several challenges that it faces, which characterises the development phase through which most South African cities and towns are currently facing.

We appeal to our communities to preserve every piece of the infrastructure they have. No matter the frustration, we should never find any excuse to destroy one infrastructure to get the other. We should disabuse ourselves of the narratives that suggest that infrastructure belongs to the government. All infrastructures are owned by the people, and it is for the public good

May I take this opportunity to thank all the role players as well as municipal official for their unwavering determination to be where we are. We should approach 2021/22 with same spirit and determination.



Cllr G. Totong
Mayor of GTLM

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Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

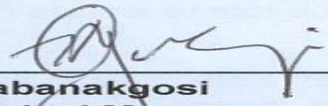
MUNICIPAL MANAGER'S OVERVIEW

The Greater Taung Local Municipality prepared its Annual Report for the year under review in line with Section 121 of the MFMA as well as accompanying circulars, templates and guidelines. This report serves as a tool to provide a record of activities of this municipality, especially to take a wholesome assessment and measurement of the budget and predetermined objectives' performance as approved in the 2020/2021 IDP, Budget and the SDBIP.

Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding and to enable the linkage between plans and actual performance. The municipality, as a primary point of service delivery, is faced with a tremendous responsibility of ensuring quality of life for its citizen through the provision of basic services in line with constitutional mandate, as well as bringing about a balance between the needs of its communities with the resources available at its disposal to execute such mandate.

As part of this report, highlights of all the programmes and projects that were embarked on during this period to enhance service delivery within our area of jurisdiction are also presented here. We also do acknowledge our limitations which requires our concerted efforts in our quest to deliver quality services to our community. The outbreak of Covid-19 has put a strain on everyone globally including the GTLM and it has significantly impacted on our programmers, particularly those that were planned for the last two quarters of the period under review. This year has proven to be particularly difficult for our Municipality due to a range of issues that transpired. Economic conditions confronting us as the country continued to impact negatively on the collection rate of the municipality.

In conclusion, it is also crucial to mention that we have tried to adhere to the principles of good governance as we believe that good governance is integral to economic growth, the eradication of poverty and for the sustainable development of the community we serve. We table this report in the spirit of Batho Pele, putting our people and communities first, and this report bears our testimony to our commitment for setting platforms to achieving more desired outcomes for the years ahead. We extend our deepest gratitude to the political leadership for their tenacity and oversight role on the work that we do. The manner in which our staff members executed their responsibilities during this period carried us through in playing a meaningful role on the lives of those we serve. Our existence as the municipality mostly depends on the community and we would like to take a pause to express sincere appreciation on the constructive criticism from our community which serves as a steppingstone to realize our objectives.



K. Gabanakgosi
Municipal Manager

T 1.1.1

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

For the purpose of this report GTLM wants to indicate from the on-set that it does not have any entities and is also not the Water and Sanitation Authority, this competency vests with the Dr Ruth S Mompoti District Municipality, but it does not mean that GTLM did not play a facilitation role to ensure that these services are coordinated in GTLM.

Greater Taung Local Municipality (NW 394) is situated in the western part of North West in the area of jurisdiction of Dr Ruth S Mompoti District Municipality. The municipality is one of the five local municipalities in Dr Ruth S Mompoti District Municipality. The municipality covers an area of 5 639 Km², which accounts for 11,8 % of the total area of Dr Ruth S Mompoti District Municipality. The main rural towns/townships in the municipal areas are Reivilo, Pudimoe and Taung Central. About 95% of the municipal area is predominantly rural. There are about 106 widely-scattered villages in the municipal area. There are Northern Cape areas that one passes when going from one village to the other within the municipality, namely Pampierstad township and Northern Cape farms. These areas previously formed part of the municipality but were later moved to the Northern Cape during the last demarcation process. The municipality is divided into 24 administration wards and has a total of 48 councillors (both ward and PR councillors).

As the municipality is predominantly rural, villages have been divided under the three tribal authorities under three paramount chiefs, namely Mankuroane, Mothibi and Motlhabane. The agricultural sector, both commercial and subsistence, is the major employer and contributor to the municipal economy.

The municipal population stands at 177 642 (the largest in the district), with a total of 48 612 households. When compared to the 2001 population statistics, the population size has declined from a total of 182 164 to 177 642 in 2011. The average population density stands at 31,5km².

Living conditions

48,3% of the population is not economically active, and among those who are, 50% are unemployed. Although about 88% of the dwelling units/structures are built from bricks/concrete blocks, and the average household size is only about four people per household, the municipality is faced with challenges such as absence of mail delivery services.

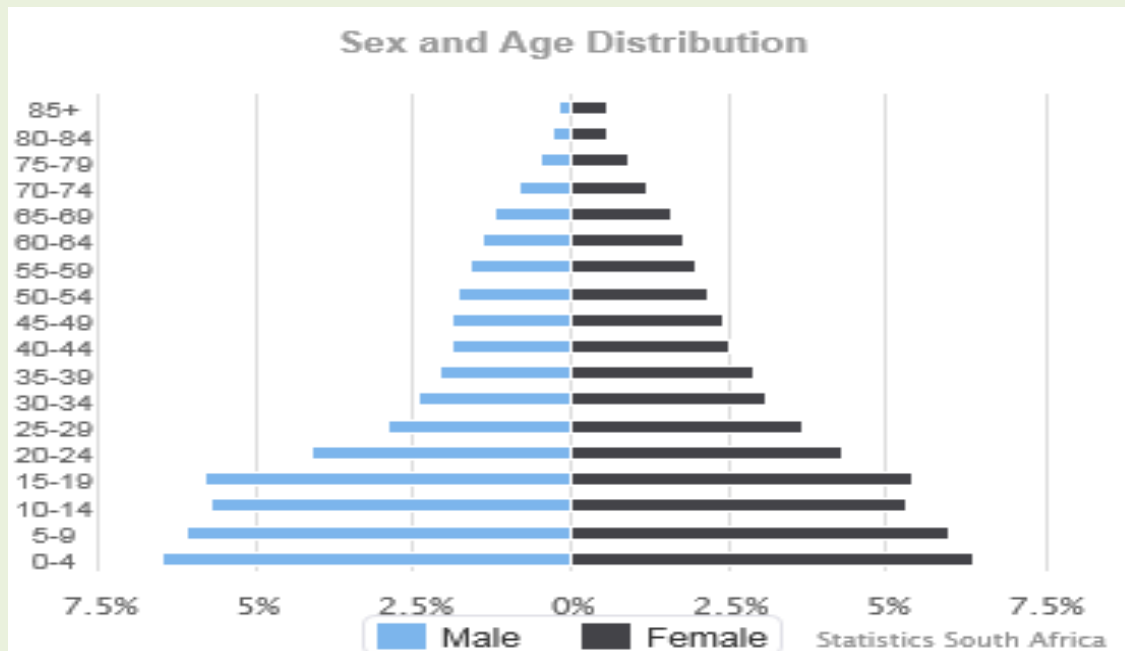
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared to 49% in 2001. All of those with access to electricity use it for lighting, 40,3% use it for heating and about 73% for cooking.

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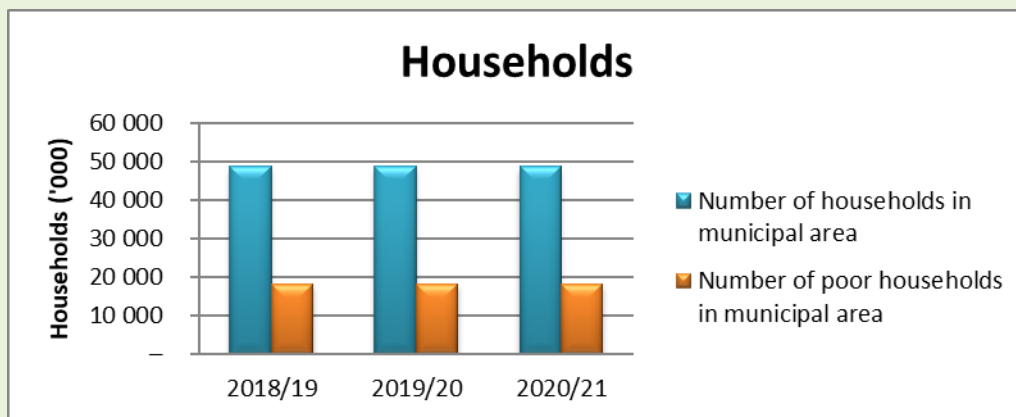
Chapter 1

Population Details			
Age Group	Male	Female	Total
0 - 4	11,476	11,291	22,767
5 - 9	10,755	10,662	21,416
10 - 14	10,103	9,365	19,468
15 - 19	10,254	9,644	19,898
20 - 24	7,288	7,676	14,964
25 - 29	5,181	6,490	11,671
30 - 34	4,293	5,477	9,770
35 - 39	3,720	5,176	8,896
40 - 44	3,414	4,520	7,934
45 - 49	3,301	4,339	7,640
50 - 54	3,230	3,916	7,146
55 - 59	2,765	3,599	6,364
60 - 64	2,518	3,194	5,712
65 - 69	2,075	2,808	4,883
70 - 74	1,449	2,164	3,613
75 - 79	962	1,608	2,571
80 - 84	533	978	1,510
85+	429	979	1,409
Total	83,748	93,886	177,633

Source: Statistics SA - 16 Aug 2013 T.1.2.2

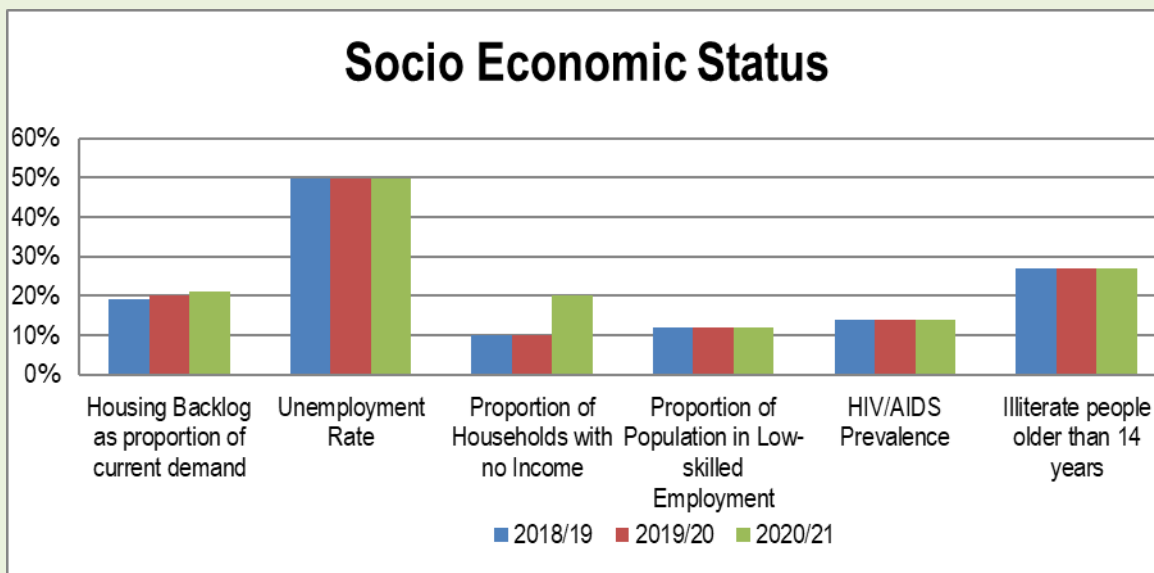


Chapter 1



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Socio Economic Status						
Year	Housing Backlog (Informal Units %)	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate People Older than 19 Years
2018/19	19%	49.8%	10%	12%	14%	27%
2019/20	20%	49.8%	10%	12%	14%	27%
2020/21	21%	52%	20%	2%	14%	27%
						T 1.2.4



T 1.2.5

Chapter 1

Natural Resources	
Major Natural Resource	Relevance to Community
Taung Skull Heritage Site	Close to Buxton were the world famous Taung Child Skull was discovered
Small Heaven	Place of Spiritual Value
Taung Dam	The dam is in the Manthe area and falls within the catchment of the Dryharts River
Spitskop Dam	The dam is in the Kgomotso area and falls within the catchment of the Dryharts River

T 1.2.7

COMMENT ON BACKGROUND DATA:

The latest Census Statistics shows that the total population of GTLM stands at about total 177 642 people, which is the highest in the entire district. GTLM is rural in nature and was established in 2000 during the introduction of the new local government dispensation with dire socio-economic conditions that need to be attended to. The challenge derived from the data that was gathered through the Spatial Development Framework that was compiled in May 2005 which indicated that GTLM does have 80,009 housing units. This figure is a variance of almost 100% to that of STATSSA who indicated that GTLM does have 48,454 households according to the Statistics SA Data of August 2013.

Key Challenges and Opportunities arising from the demographic data:

The large difference between these two figures always complicates the baseline and backlog data of GTLM. The challenge is to rely on the STATSSA demographic data to determine the baseline data which should be used for future planning and budgeting purposes. If one should consider the Housing Survey or Spatial Development Framework Data to be accurate it means that the backlog with regard to basic service delivery is greater than it appear. The lower STATSSA figures also impact negatively on the Equitable Share that is allocated to GTLM.

T 1.2.8

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The South African constitution state that municipalities have the responsibility to ensure that all citizen residing within municipal area of jurisdiction are provided with service to satisfy their basic needs. These services have a direct and immediate effect on the quality of the lives of the people in that community.

One of the sectors in which GTLM, Department of Minerals and Energy (DME) and Eskom did perform exceptionally was in the sector of energy or electricity provision. More than 30,000 connections were made since December 2000 meaning that less than 10% of the residents do not have acceptable access to electricity. The sector which does cause the biggest reason for concern is sanitation if one should consider the impact that informal sanitation practices does have on the environment especially in the areas were dolomite formations is found like the informal settlement in Boipelo were the lack of proper sanitation facilities can cause a big health risk through contamination of underground water resources.

The sector which is the biggest challenge for GTLM to deliver on is Roads and Storm Water. An analysis of the Community Based Planning input clearly demonstrates that roads has now over-taken all basic services as the highest priority issue that need to be addressed because of the economic impact that this sector does have on the residents of GTLM, on the other hand lack of proper roads prevent residents to be mobile enough to transport their products economically and on the other hand bad roads is causing damage to property, plant and equipment.

Good progress was also made regarding water provision and the commitment displayed by the Dr Ruth S Mompoti DM and Sedibeng Water must be commended. Waste collection is rendered in the formal towns and at businesses and GTLM are doing well with regard to household refuse collection, but it is recognized that we does have an enormous task facing us to try and keep our towns and CBDs clean. This can only be achieved if GTLM can educate residents and also convince them to become part of the solution of waste management and play their part to ensure refuse is dumped at the proclaimed dumping sites and littering is not socially acceptable.

The following need to be considered to ensure a turn-around regarding cleaner towns:

- Register all street traders and develop bylaws for street trading.

- Effective and well managed Waste Transfer Stations and Recycling Methods.

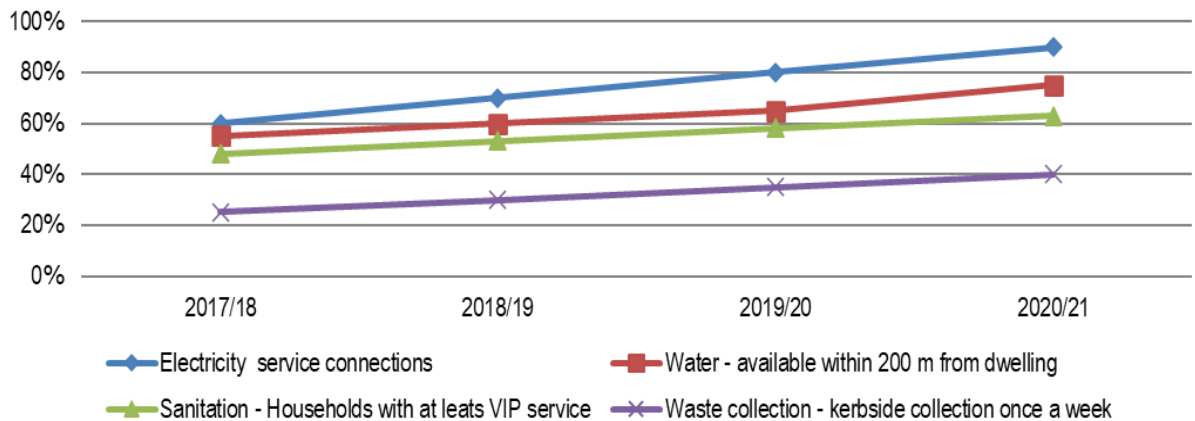
- Licensed Solid Waste Management Sites

Service delivery to indigent is rendered through a subsidy scheme that is funded from the Equitable Shares. District Integrated Plans were developed at Provincial level to ensure improvement of services in all sectors.

T 1.3.1

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Access to Electricity

The Basic Services Policy adopted by government in 2001 addresses the right of all households, particularly those living in poor areas, to access a minimum amount of free basic electricity. This implies that distribution networks must be extended to ensure that all households are able to access the electricity grid.

Free Basic Electricity (FBE) is provided to all registered indigents at 50kWh per month. FBE is provided to approximately 9034 consumers on a monthly basis (894 consumers supplied by the municipality and 7240 consumers supplied by Eskom)

According to the information gathered from different sources there is a decline in the accessibility to basic services. This decline is a mathematical reflection of Stats SA data set also relevant to the explanation that was given with regard to the change in the data set as well as what is considered to be acceptable access. The sharp drop in sanitation and waste services is because of the interpretation of the data sets. Many households do have pit-latrines without ventilation improvement pipes (VIP) that is now considered not be an acceptable standard of sanitation access.

Access to Refuse Removal

Solid Waste management in Greater Taung Local Municipality is categorized according to the following categories: households, illegal dumps, businesses refuse collection, CBD cleansing, and landfill sites operations and management. As the municipality is 95% rural, only 7,6% of the municipal households have their refuse disposal removed by the municipality, whereas over 82% use their own refuse dump

Chapter 1

Access to Water

Greater Taung Local Municipality supplies potable water in Reivilo township in accordance with the National Water Act, 1998 (Act No. 36 of 1998) and Sedibeng for all other areas. The purpose of the National Water Act is to ensure that South Africa's water resources are protected, used, developed, conserved, managed and controlled in ways which take into account factors such as:

- Meeting the basic human needs of present and future generations;
- Promoting equitable access to water
- Promoting the efficient, sustainable and beneficial use of water in the public interest, and
- Providing for growing demand for water use.

Access to Sanitation

The Basic Service Policy of 2001 also guarantees access to a minimum level of sanitation, which is defined as households having access to, at minimum, a ventilated pit latrine also known as a VIP toilet. This standard of service delivery is seemed necessary to ensure human dignity and prevent the spread of disease.

There has been a dramatic improvement in the number of households with a flush toilet during the past decade, from 38% in 2001 of households to 45% in 2011. Only 10,1% of the households within the municipality have access to a flush toilet, of which 9% is a flush toilet connected to a sewage system and 1,1% is a flush toilet with a septic tank. A total of 77,8% of households use pit toilets, with 29% using a pit toilet with ventilation and 49% using a pit toilet without ventilation. This result is still evident 10 years later.

T 1.3.3

FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Municipal Finance Department provide fiscal and financial management support to GTLM. Finance department is committed to providing timely, accurate and complete information with the aim of improving living standard, to ensure that municipality remains financially viable and that sustainable municipal service are provided economically and equitable to all communities.

T 1.4.1

Chapter 1

Financial Viability highlights

Highlights	Description
Timeous Payment of Service Providers	Suppliers were paid well within 30 days after receipt of valid tax invoice
Production of Valuation Roll	
Timeous submission of Annual Financial statement and the Improvement of audit opinion	The compliance of the submission of Annual Financial statements together with the Draft Annual Report testifies the municipality 's vision to achieve clean audit status
Improved Cash and Cash equivalents management	The overall management of available cash and cash equivalents has improved

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

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

National Key Performance Indicator	2019/20	2020/21
Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year	0.0	0.0
Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)	2.23:1	2.65:1
Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure	1:11	1:53

Financial Overview: 2020/2021			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Rental of Facilities and Equipment	667	667	45
Interest Earned-External Investment	12 932	12 932	6 674
Interest Earned-Outstanding Debtors	7 558	7 558	3 692
Government Grants & Subsidies	259 997	299329	289 124
Other	48 237	48 237	54 124
Sub Total	329 391	368 723	354 950
Less: Expenditure	(280 759)	(312 159)	(321 383)
Gain / (loss) on disposal of PPE	-	-	(240)
(Impairment loss) / reversal of impairment loss	(5 000)	(5 000)	(16 374)
Profit / (loss) on fair value adjustment			
Net Total*	48 632	56 564	32 165
* Note: surplus/(deficit)			T 1.4.2

Chapter 1

Operating Ratios	
Detail	%
Employee Cost	40%
Repairs & Maintenance	16%
Finance Charges & Impairment	14%
1.4.3	

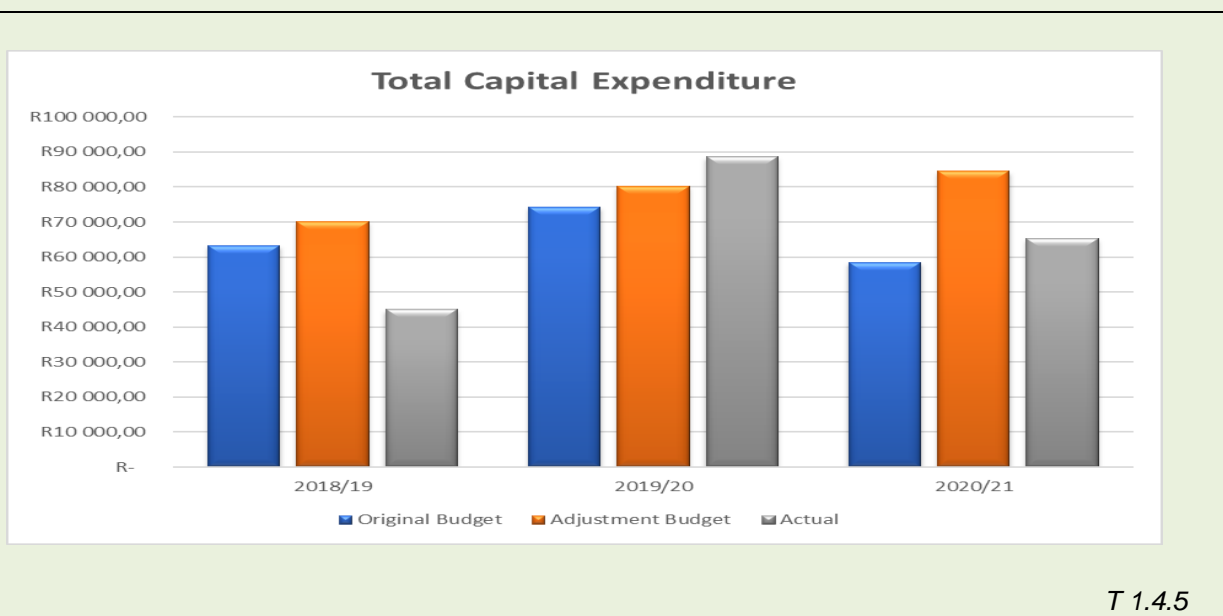
COMMENT ON OPERATING RATIOS:

Employee Cost- measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employees cost by the difference between total revenue and capital revenue. The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainability of municipal budget and expenditures. According to MFMA budget circular No. 59 there is no prescribed or recommended benchmark for the ratio personnel expenditure to operating expenditure.

Repairs and Maintenance – this represent the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance. National Treasury has recommended that repairs and maintenance expenditure budget should be 8 percent of the total value of assets.

T 1.4.3

Total Capital Expenditure: 2018/19-2020/21			
			R'000
Detail	2018/19	2019/20	2020/21
Original Budget	58 461	140 540	90 204
Adjustment Budget	84 568	147 160	127 309
Actual	65 215	77 000	132 000
			T 1.4.4



T 1.4.5

Chapter 1

COMMENT ON CAPITAL EXPENDITURE:

The municipality's capital expenditure has dropped in the 2020/2021 financial year as compared to the 2019/2020 year. In 19/20 the municipality decided to utilise most of its own funding from investments to implement projects. Most of the projects could not be finalised in 2021 due to delays caused by National Lockdown. National Treasury also withheld some of the MIG funds in 2021.

T 1.4.5.1

ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organizational development function is a quality driven intervention and support on matters related to design and development of an organizational structure, maintenance of staff establishment and employee health and wellness programmes.

T 1.5.1

AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2020/2021 (CURRENT YEAR)

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

The Auditor General expressed Disclaimer opinion on the financial affairs of the Greater Taung Local Municipality after auditing 2020-2021 financial year and according to AG some of the matters that led to the opinion are that, the state of the municipality's financial records and internal controls processes have not improved in the current year and has negatively affected the municipality's audit outcome, some of the misstatements reported in the prior year has been reported again in the current year. There were numerous factors that contributed to the negative audit outcome, however the main contributors related to key lack of adequate review before the financial statements are submitted for audit, poor record keeping and lack of accountability and consequence management within the municipality.

A report from the Auditor General for the financial year under review **will be** contained in chapter 6 of this report.

T 1.6.1

Chapter 1

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 2017/2018 Annual Report to Internal Audit	
5	Audit/Performance committee considers draft Annual Report of municipality	August
6	Mayor tables the unaudited draft Annual Report	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – November
10	Municipalities receive and start to address the Auditor General's comments	December
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	February - March
14	Council adopts Oversight report	
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	April
17	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

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

The annual report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that municipal manager study this process flow and ensure that reports are submitted timeously. If the process flow is followed, the

Chapter 1

municipality should be able to provide an unaudited annual report in August of each year, which is consistent with the MFMA.

The annual report of a municipality and every municipal entity must be tabled in the municipal council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the council, this must be interpreted as an outer deadline; hence the municipality must submit the annual report as soon as possible after year end.

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

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

The annual report content will assist municipal councillors, municipalities, residents, oversight institutions and other users of annual reports with information and progress made on service delivery. It must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports.

The contents will also assist with the annual audits. Another key aspect of the reform in combining the relevant information into the new annual report format will assist the municipality to streamline operations and processes through combined committees, reduce costs, time and effort. There will be a limited need for the municipality to have different committees to deal with financial and non-financial related matters.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

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

To govern is to exercise political, economic and administrative authority to manage the nation's affairs. Governance is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences.

The political and administrative components of Council maintain a sound working relationship by ensuring respect of procedures and protocols. The Greater Taung Local Municipality (GTLM) as Legal entity relate to the other spheres of Government and Organized Local Government Bodies through the Intergovernmental Policy Framework. Communities as an Interest Group in Municipal Affairs participates through Public Participation Mechanisms and processes in the Decision Making Systems of Council

This includes interaction with the stakeholders in shaping the performance of the municipality in order to enhance a healthy relationship and minimizing conflict.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Executive Committee of Greater Taung Local Municipality is the political governance structure that is established in terms of Section 45 of Local Government: Municipal Structures Act 117 of 1998. Cllr hon Grace Totong is the Mayor of Greater Taung Local Municipality and the public face of the municipality and should be used in big public meetings, municipal stakeholder forums and media. she is the chair of the Executive Committee comprising of eight (8) Councillors accountable her. The Executive Committee meets regularly to co-ordinate the work of municipality and makes recommendations to Council. The Mayor steers the development and implementation of Integrated Development Plan (IDP) which encapsulates service delivery and performance.

Cllr E.H. Tladi is the Speaker of Greater Taung Local Municipality. The Speaker also carries out the duties of Chairperson of the Municipal Council under the Municipal Structures and Systems Act. He enforces the Code of Conduct and exercises delegated authority in terms of the Municipal Systems Act.

Cllr J. Malepe is the Chief Whip of the municipality. The role of the Chief Whip is to strengthen and maintain healthy relations between all the parties in Council. The Chief Whip is also responsible for ensuring that portfolio committees are functional and that councillors are allocated appropriately.

Chapter 2

Political governance ensures regular communication with the community at large by means of Imbizo's, IDP and budget consultations. This ensures that the community participates in identifying needs and make inputs on the performance of the municipality. This process ensures healthy relations with the community and minimizes conflict.

Administrative governance ensures transparent administration, regular feedback to the community, compliance to the required rules, processes and laws by which Council is operated, regulated and controlled.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

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

Audit and Performance Committee has been established in terms of Section 166 subsection 6(a) of the MFMA. The committee comprises of three (3) and a Chairperson. The purpose of the committee is to advice council and management on matters relating to internal financial control, performance management and comment on the Annual Report.

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

- Finance
- ICT
- Corporate Service and Communication
- Planning and Performance
- Infrastructure and Human Settlement
- Community Service

Municipal Public Accounts Committee has been established in terms of section 79 of the Municipal Structures Act, No. 117 of 1998. The main purpose of the committee is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality and to consider annual report and submit oversight report on the annual report to council. The committee consists of ten (08) non - executive councillors. The Oversight Report will be published separately in accordance with MFMA guidance.

T 2.1.1

Chapter 2

POLITICAL STRUCTURE	FUNCTIONS
<p>Hon Mayor Cllr. G. Totong</p>	<p>Provide political guidance over the fiscal and financial affairs of the municipality</p> <p>To oversee the preparation of the annual budget</p> <p>Submit quarterly reports to Council on the implementation of the budget and the financial status of the municipality</p> <p>Coordinate the annual review of the IDP</p> <p>To ensure that the Mayoral Committee is perform its functions properly</p> <p>Promotion of intergovernmental relations</p> <p>Convene public hearings and meetings</p> <p>Identifies the needs of the community in terms of the IDP processes.</p> <p>Reviews those needs in order of priority</p> <p>Recommend to the municipal council strategies, programmes and services to address priority needs through the IDP, estimates revenues and expenditure, taking into account any applicable National and Provincial Plans</p> <p>Recommend and determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.</p>
 <p>Speaker of Council Cllr. E. Tladi</p>	<p>The Speaker presides over the council meetings and maintains order during council meetings.</p> <p>Ensure that the council meets at least quarterly.</p> <p>Ensure that the rules of order are complied with during the proceedings of council meetings.</p> <p>Execute any other duties as delegated to the speaker in terms of the council delegation systems.</p> <p>Maintains order during Council meetings</p> <p>Ensure that Councilors adhere to the Code of Conduct</p> <p>Support to Councilors</p> <p>Facilitate public participation coordinate the establishment and functionality of ward committees</p>
 <p>Chief Whip: Cllr J. Malepe</p>	<p>The role of Chief Whip is to ensure that Councillors are accountable to the communities, that code of conduct is respected and adhered to by all Councillors.</p> <p>The Chief Whip ensures discipline during Council and Committee Meetings.</p> <p>He facilitates political debates, workshop for all Councillors.</p>

T 2.1.1

Chapter 2

COUNCILLORS

Councillors provide a vital link between communities they serve. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full time professionals, they are bound by a code of conduct. The Councillors serves for five years. The Greater Taung Local Municipality comprises of 24 Ward Councillors and 24 PR Councillors. See Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

A Ward Councillor has to balance the expectations of his/her ward and that of their political party. The Ward Councillor is the chairperson of the ward committee, responsible for convening the constituency meeting to elect ward committee members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality, ensuring that the ward committee does what the municipality expects about reporting procedures. See Appendix B which sets out committees and committee purposes.

T 2.1.2

POLITICAL DECISION-TAKING

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

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

Section 80 Committees

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

The Executive Committee of the municipality has the following portfolios:

- Local Economic Development
- Corporate Services
- Infrastructure
- Human Settlement
- Community Service
- Communication
- Information Technology
- Planning and Development
- Finance

Chapter 2

Section 79 Committees

(a) The Audit Committee

The Audit Committee is a committee of the Council and performs the statutory responsibilities assigned to it by the Local Government: Municipal Finance MFMA (sections 165 and 166), and other relevant responsibilities delegated to it under its charter by the Council.

The committee is chaired by Mr Nchoe, It is an independent advisory body that advise Council, the political office-bearers, the accounting officer and the management of the municipality on matters relating to:

- Internal financial control and internal audits;
- Risk management; Accounting policies;
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance and compliance with the prescribed laws and regulations.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Municipal Systems Act, 32 of 2000 as amended the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government. In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

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

The Municipal Manager and Directors forms the senior management core and all directors are accountable to the Municipal Manager in terms of strategic management and oversight of their departments.

T 2.2.1

Chapter 2

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
<p>Municipal Manager MR. K Gabanakgosi</p> 	<p>Forming and developing an economic, efficient and accountable administration. Implementing and managing the GTLM's performance management system. Coordinating and implementing the GTLM's IDP. Managing the Municipality's administration in accordance with the Constitution, the Local Government Structures Act, the Municipal Systems Act, the Municipal Finance; Management Act and all other national and provincial legislation applicable to GTLM. Managing provision of services to the local community in a sustainable and equitable Manner. Developing and maintaining a system to access community satisfaction with Municipal Services. Appointing, managing, effectively utilizing, and training staff and maintaining staff discipline. Advising political structures and political office bearers of the GTLM, managing communications between them, administering, implementing council resolutions, and carrying out their decisions. Being responsible for all income and expenditure of the GTLM all assets, the discharge of all liabilities of the GTLM and proper and diligent compliance with applicable Municipal Finance Management legislation.</p>
 <p>CFO MR. V. Chuene</p>	<p>Reporting directly to the Municipal Manager on key departmental activities. Implement departmental Service Delivery Budget Implementation Plan (SDBIP). Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget & Reporting. Prepare and implement municipal budget. Prepare Annual Financial Statements and other mandatory financial management reports. Manage Departmental budget, human resources & other resources in accordance with local government legislation. Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management. Develop and implement Supply Chain Management Policy, specific procedures, systems and controls. Ensure timely preparation of Budget and Financial Statements; Implement all financial policies and ensure they comply with applicable legislation</p>
 <p>Director: Technical Services Mr. O. Mogapi</p>	<p>- Management of the entire Technical Services department. Compile and manage the Directorate's annual Capital and Operational Budget. Management of Technical Services including Civil Engineering Services, electrical distribution and maintenance of roads and storm-water drainage. Planning and maintenance of water reticulation system and sewerage treatment infrastructure. Developmental strategic planning of infrastructure expansion and co-ordination. Ensure the sustainable provisioning of engineering services including infrastructure development and maintenance in line with the IDP. Management of civil engineering, projects and capital construction development</p>

Chapter 2

 <p>Director: Corporate Service – Mrs D. Mokoma</p>	<p>Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy.</p> <p>Leading, directing and managing staff within the Department so that they are able to meet their objectives.</p> <p>Rendering Support by advising and overseeing all matters of procedures relating to minutes and resolutions of the Council Committees.</p> <p>Managing and controlling the compilation and execution of the departmental capital and operating budget.</p> <p>Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post.</p> <p>Administering records/archives registry, skills development, legal matters and employment Equity.</p> <p>Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management.</p> <p>Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans;</p> <p>Ensuring proper administration of Council delegation System;</p>
 <p>Director: Community Service Mrs T. Baloyi</p>	<p>Management of the entire Social Services department.</p> <p>Compile and manage the Directorate’s annual Capital and Operational Budget.</p> <p>Responsible for coordination of disaster management services.</p> <p>Strategically direct and manage services related to solid waste management.</p> <p>Provision of sports, recreation, cultural, arts and library information services.</p> <p>Responsible for setting standards for the maintenance of cemeteries, parks, halls and other community services.</p> <p>Management of refuse services of the entire Greater Taung area.</p>
<p>Director: Spatial Planning & Human Settlement Mr. A. Makuapane</p> 	<p>Management of the entire Development Land Use and Planning department.</p> <p>Compile and manage the Directorate’s annual Capital and Operational Budget.</p> <p>Provision of GIS support and analysis and the undertaking of specific GIS related projects and initiatives.</p> <p>Management, maintenance and implementation of the municipal multi-disciplinary sustainable human settlement policy and framework</p> <p>Co-ordinate the integration of the multi-sectorial and inter-sphere processes and demands relating to the delivery of sustainable human settlements.</p> <p>Co-ordination of housing functions in line with the Provincial and National policies, on behalf of the Provincial Department of Developmental Local Government and Housing.</p> <p>Developing and implementing strategies to meet investment challenges.</p> <p>Establishing and managing contractual and other relationships with government departments, service providers, organised business and other stakeholder bodies, to ensure sustainability of projects.</p>

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipality has the right to govern on its own the affairs of the local community, subject to national and provincial legislation. Municipalities must co-operate with other spheres of government in a manner which fosters friendly relations, consult and be supportive on matter of common interest, adhere to agreed procedures and avoid legal proceedings against each other.

The concept of an intergovernmental system is based on the principle of cooperative governance as contained in chapter 3 of the constitution of the republic of South Africa Act, 1996, between the three spheres of government namely, local, provincial and national. While responsibility for certain functions is allocated to a specific sphere of government, many other functions are shared among the three spheres. To this end the municipality is co-operating with various departments at national, provincial and district levels

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Currently the Greater Taung Local Municipality (GTLM) is not involved in any National Forum Structures.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Mayor and the Municipal Manager represents and participate in the North West Premiers Coordinating Committee, where issues affecting the Province and the Municipalities are discussed. The Speaker and Officials in the Office of the Speaker attends and participate in the Provincial Speakers Forum. GTLM did attend Mayoral Forum, Municipal Manager's and the CFO Forum during the course of the year where information of mutual interest was shared.

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

GTLM does not have any entities in place.

T 2.3.3

Chapter 2

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District does have the following structures in place that seeks to coordinate development in the district:

Mayor's Forum
Municipal Manager's Forum
CFO's Forum
IDP Steering Committee
IDP Rep Forum
Performance Audit Unit
Performance Audit Committee
Inter-Governmental Relations Forum

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 (1) of the Municipal Systems Act (MSA), Act 32 of 2000, stipulates that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Furthermore, Section 18 (1) of the MSA stipulates that a municipality is to provide its community with information concerning municipal governance, management and development.

Such participation is required in terms of:

- The preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of the performance, including the outcomes and impact of such performance; and Preparation of the municipal budget.

The Greater Taung Local Municipality values the participation of its residents in governance.

The municipality has established Ward Committees in all 24 wards to assist the municipality to consult with its communities.

In addition, other mechanisms to broaden public participation include publishing four quarterly magazines per annum, notices in local newspapers, public service announcements on radio, key messages on notice boards and posting information on the municipal website.

Provincial government has also deployed community development workers to our municipality, to assist with dissemination of information and mobilisation of communities towards the programmes of government. Ward Councillors convenes community mass meetings on a monthly basis to discuss matters affecting the community and give feedback on matters reported on a monthly basis. The Mayor engages in Imbizo's which provided a platform for further interaction and engagement with the communities on regular intervals.

T 2.4.0

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

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

Residents, Communities and Stakeholders (Civil Society)

To represent interests and contribute knowledge and ideas in the planning process by:

Participating in the IDP Representative Forum to:

- Inform interest groups, communities and organisations, on relevant planning activities and their outcomes
- Analyse issues, determine priorities, negotiate and reach consensus
- Participate in the designing of project proposals and/or assess them
- Discuss and comment on the draft IDP
- Ensure that annual business plans and budgets are based on and linked to the IDP
- Monitor performance in implementation of the IDP

Conduct meetings or workshops with groups, communities or organisations to prepare for and follow-up on relevant planning activities.

COMMUNITY BASED PLANNING

GTLM, again, went the extra mile to ensure that communities participate in the facilitation process, and in so doing, allow communities to own the development priorities in their respective wards and villages.

This was done through the Community Based Planning Methodology that runs parallel with the IDP Processes as well as the gathering of information through provincial initiatives.

A total of 102 CBP meetings were held and 3,712 residents attended these meetings.

Communities were informed during all CBP engagement with regard to the importance of the identified priorities as well as the difference between the Priority Register and the bankable projects with budget allocations in the Project Register.

It is important to note that administration needs to gather information and record the needs to ensure effective forward planning and there for a clear distinction is made between the needs and the bankable projects to ensure that unrealistic expectations are not created at community level.

The priorities of the current CBP were confirmed by the Ward Councillors to ensure that Sector Planning and Programmes are based on the priorities as determined by the communities and in order to focus budget and resource allocations towards the most important priorities.

Communities were advised to review their priorities but not to “re-invent the wheel”. This approach is important to ensure consistency in planning that will address identified priority issues in the short and long term.

T 2.4.1

Chapter 2

WARD COMMITTEES

The purpose of a ward committee is:

- To solicit improved participation from the community to inform Council decisions;
- To ensure effective communication between the Council and the community; and
- To assist the Ward Councillor with consultation and report-backs to the community.

Ward committees are elected by the community they serve. A ward committee may not have more than ten members and women and youth should be well represented. The committees comprise sector representatives who are identified through a process of public nominations. The Ward Councillor acts as the chairperson of the ward committee. Although ward committees have no formal powers, they advise the Ward Councillor who makes specific submissions directly to the Council.

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision; convening of meetings; ward planning; service delivery; IDP formulation and performance feedback to communities.

Committees play a vital role in the development and annual revision of the integrated development plan and budget of the area.

T 2.4.2

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
Service Delivery Concerned Group ward 14 (Kolong Residents)	16.02.2021	3	3	9	N	16.02.2021 Meeting
GTLM and Taung Business Council	30.03.2021	1	3	6	Y	30.03.2021 Meeting
Mayoral Imbizos- 7 venues,	13-20.05.2021	16 per venue	67	868	N	13-20.05.21 Meeting
Community meeting – Ward 5	23.05.2021	7	9	9	Y	23.05.2021 Meeting
Mayor/ltireleng ward 9 community meeting	22.06.2021	1	3	12	N	22.06.2021 Meeting

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The GTLM established Ward Committees in all the 24 Wards to enhance public participation and accountability. These structures are a mechanism that the municipality uses to disseminate information and address the challenges of the communities in an effective manner. The Ward Mass Meetings held as well as Imbizo's also provides a platform for effective interaction and accountability for Council and the community.

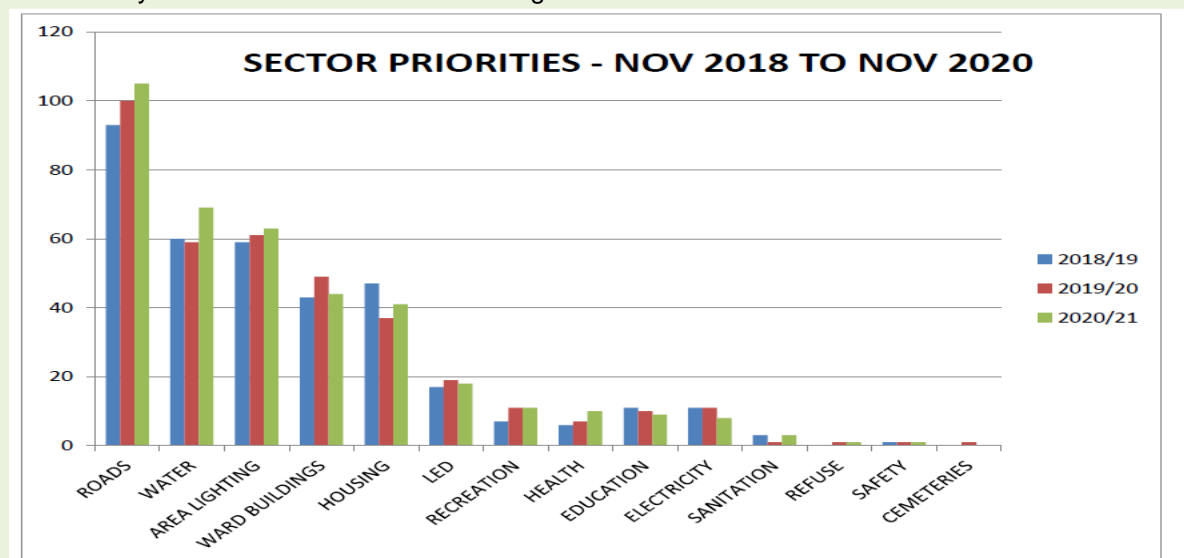
Chapter 2

Council benefits positively as a result of the above systems, in that consultation is done with the broader community of GTLM on matters of service delivery.

CBP - analysis of priority needs identified per sector

The Table and Graph below reflects the number of times that a sector was listed under the top three priorities. This gives an indication of the most important sectors or issues that need to be addressed in the IDP and SDBIPs and for which resources must be allocated to ensure that the most important priorities of the communities are addressed.

The information as reflected on the consolidated CBP Analysis is crucial to inform the Project Phase and the planning of the Project Task Teams of GTLM, The Dr Ruth S Mompati District Municipality, Parastatals and The Provincial Sector Departments to ensure resources are focused on the needs as identified by the communities on the following table:



T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	No
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
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No

T 2.5.1

Chapter 2

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

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

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

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

The past year was a very challenging year for GTLM regarding Corporate Governance due to the institutional challenges that were experienced at high level management and relationships.

T 2.6.0

2.6 RISK MANAGEMENT

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

Risk Management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens. The role of the Risk Management in the municipality is to provide the expertise and support for institutionalizing Enterprise Risk Management and thereby embedding a risk intelligent culture. This is achieved through various methods including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality's risk exposure and in the development of mitigating actions by management for addressing the identified risks. The municipality's Risk Management, Anti-fraud and Anti-corruption Committee (RMAAC) is functional.

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

T 2.6.1

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favoritism and unfair and irregular practices, section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud. Greater Taung Local Municipality contributes to the principles of good governance which requires the conduct of business in an honest and transparent manner. GTLM confirms commitment in fighting fraudulent behavior at all levels within the organisation. In 2019/20 financial year Greater Taung Local Municipality submitted the reviewed Local Government Fraud and Anti-corruption strategy and policy to Council which include:

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

Internal Audit Unit

Greater Taung Local Municipality has the internal audit unit responsible to advise the Accounting Officer and report to the Audit Committee on the implementation of the internal audit plan and matters as stipulated in section 165 of the MFMA.

Audit Committee

Greater Taung Local Municipality has established its own audit committee to advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters as stipulated in section 166 of the MFMA. In the year under review the audit committee was very functional as they regularly held their meetings in line with the approved audit committee meeting.

Human Resources Management

Screening procedures are performed prior to the employment of officials. All employees signed the code of conduct on appointment. New employees are inducted to introduce them to the culture of the municipality. In the process the employees are provided with the policies and procedures of the municipality to encourage good business conduct in performing the duties.

Financial Control

Greater Taung Local Municipality only incurs expenditure in terms of the approved budget and within limits of the amounts appropriated in votes. A delegation framework was reviewed and approved by council for adoption to maximize administrative and operational efficiency to provide adequate checks and balances in the municipality financial administration.

T 2.7.1

Chapter 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Greater Taung Local Municipality approved a supply chain management policy that is fair, equitable, transparent, competitive and cost effective. In case of an abuse of supply chain management system the accounting officer implement the procedures according to the supply chain management policy to combat fraud. Officials and other role players in the supply chain management system of the municipality signs a code of ethical standards as set out in the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management" which is established to promote mutual trust and respect; and an environment where business can be conducted with integrity and in a fair and reasonable manner.

Councillors after being elected or appointed declare in writing to the municipal manager the financial interest held by that councillor. A gift register is maintained for gifts received above R350.00 by councillors and employees.

The supply chain management policy is aimed primarily at promoting uniformity in SCM processes and also in the interpretation of government's preferential procurement legislation and policies, which should themselves be seen in the context of other related legislative and policy requirements.

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

The procurement processes covers:

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

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

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during 2020/2021					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
No new By-Laws were Developed	By-Laws were reviewed	N/a	N/a	N/a	N/a
*Note: See MSA section 13.					T 2.9.1

Chapter 2

COMMENT ON BY-LAWS:

Section 11 of the MSA gives municipal council the executive and legislative authority to pass and implement by - laws and policies. Once the by-laws are gazetted, people who are in contravention will be criminally prosecuted in a court of law and could be sentenced to pay a fine or even to direct imprisonment.

T 2.9.1.1

2.10 WEBSITES

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that municipalities place key documents and information on their website, including the IDP, annual budget, adjustment budget and budget related documents and policies.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	No	N/a
All current budget-related policies	No	N/a
The previous annual report (2019/20)	No	N/a
The Annual Report (2020/21) published/to be published	No	N/a
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2020/21) and resulting scorecards	Yes	
All service delivery agreements (2020/21)	No	N/a
All supply chain management contracts above a prescribed value (give value) for 2020/21	No	N/a
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2020/21	No	N/a
Contracts agreed in 2020/21 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/a
All quarterly reports tabled in the council in terms of section 52 (d) during 2020/21	No	N/a
		T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In 2020/2021 financial year GTLM website was upgraded and the process of upgrading took long time than it was expected and it is for this reason that table above mostly indicates no uploading of documents. The municipality could not comply with section 75 of MFMA and currently Communication unit is working tirelessly to ensure that the website is back to live.

T 2.10.1.1

Chapter 2

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

For the year under review, the municipality did not conduct the public satisfaction survey.

T 2.11.1

Satisfaction Surveys Undertaken during: 2019/20 and 2020/21				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	Not conducted	N/a	0	N/a
(a) Municipality	None	N/a	0	N/a
(b) Municipal Service Delivery	None	N/a		N/a
(c) Mayor	None	N/a		N/a
Satisfaction with:	Not conducted	N/a	0	N/a
(a) Refuse Collection	None	0	0	N/a
(b) Road Maintenance	None	0	0	N/a
(c) Electricity Supply	None	0	0	N/a
(d) Water Supply	None	0	0	N/a
(e) Information supplied by municipality to the public	None	0	0	N/a
(f) Opportunities for consultation on municipal affairs	None	0	0	N/a

* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory

T 2.11.2

Concerning T 2.11.2:

The table is relevant to GTLM, but information could not be provided due to the fact that no public satisfaction surveys were conducted.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

Community satisfaction survey was not conducted, and the responsibility should first be delegated to a specific department.

T 2.11.2.2

Chapter 2



Mayoral Public Participation in Ward 20

Chapter 3

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

INTRODUCTION

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

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

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

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

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

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

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

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

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

GTLM is responsible for water, electricity, refuse removal and sanitation provision in Reivilo and for the remainder of the area the Dr Ruth S Mompati is the service authority for water and sanitation and Eskom is providing electricity.

Refuse removal is rendered by GTLM in the three towns, Taung CBD, Pudimoe and Reivilo.

GTLM still need to address basic services backlogs in all sectors

Good progress was made with regard to electricity and water provision but sanitation provision still need to be addressed in many areas which are using pit latrines which pose a negative environmental impact.

Roads also need to be addressed based on the CBP input that was gathered.

This sector was prioritized as the most critical sector that needs attention.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

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

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

Chapter 3

Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005

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

The Water unit has made significant progress in the provision of water services, but some critical challenges remain, i.e. extensions and internal reticulation. Institutional arrangements and strategies have been put in place to overcome the challenges and to meet key policy as well as legislative requirements. Progress on the objectives as set out in DWA's critical policy document, the National Strategic Framework for Water Services. Through indigents register and policies, the municipality is able to provide basic services to the needy community.

T 3.1.1

COMMENT ON WATER USE BY SECTOR:

The above refer to only Reivilo Town where GTLM has the authority

Reliable, clean supply of drinking water to sustain our health is a high priority in Greater Taung Local Municipality. The municipality also needs water for agriculture, recreation, and manufacturing purposes. Many of these uses put pressure on water resources, stresses that are likely to be exacerbated by climate change. In many areas, climate change is likely to increase water demand despite shrinking water supplies. This shifting balance would challenge water managers to simultaneously meet the needs of growing communities, sensitive ecosystems, farmers, and manufacturers.

In some areas, water shortages will be less of a problem than increases in runoff, flooding, etc. These effects can reduce the quality of water and can damage the infrastructure that we use to transport and deliver.

T 3.1.2

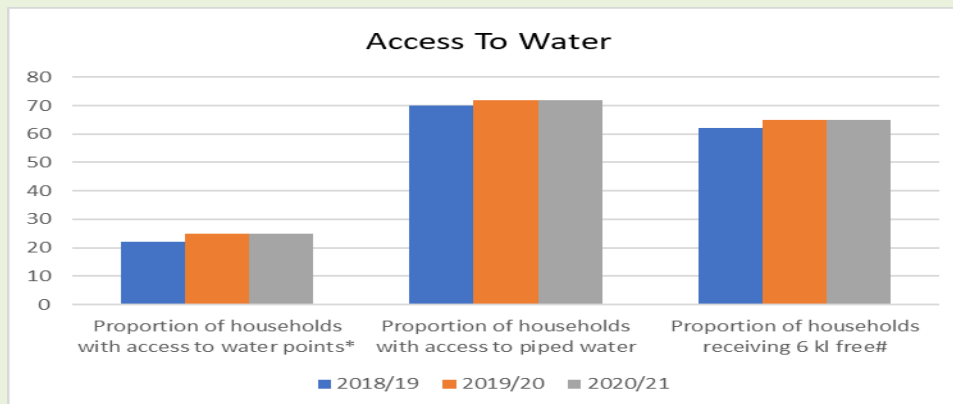
Chapter 3

Water Service Delivery Levels				
Description	2017/18	2018/19	2019/20	Households 2020/21
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	2111	2111	2111	2111
Piped water inside yard (but not in dwelling)	5662	5662	5662	5662
Using public tap (within 200m from dwelling)	20952	20952	20952	20952
Other water supply (within 200m)	15265	15265	15265	15265
<i>Minimum Service Level and Above sub-total</i>	43990	43990	43990	43990
<i>Minimum Service Level and Above Percentage</i>	89%	89%	89%	89%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	2873	2873	2873	2873
Other water supply (more than 200m from dwelling)	1178	1178	1178	1178
No water supply	1169	1169	1169	1169
<i>Below Minimum Service Level sub-total</i>	5220	5220	5220	5220
<i>Below Minimum Service Level Percentage</i>	11%	11%	11%	11%
Total number of households*	49210	49210	49210	49210

* - To include informal settlements T 3.1.3

Households - Water Service Delivery Levels below the minimum						
Description	2017/18	2018/19	2019/20	Households 2020/21		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	43 990	43 990	43 990	0	0	0
Households below minimum service level	5 220	5 220	5 220	0	0	0
Proportion of households below minimum service level	11%	11%	11%		%	0%
Informal Settlements						
Total households	0	0	0	0	-	0%
Households ts below minimum service level	0	0	0	0	-	0%
Proportion of households ts below minimum service level	0%	0%	0%	0%	-	100%
						T 3.1.4

Chapter 3



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

T 3.1.5

Employees: Water Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	17	19	17	2	11%
4 - 6	3	6	3	3	50%
7 - 9	3	3	3	0	0%
10 - 12	0	2	0	2	100%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	1	1	1	1	100%
Total	25	32	25	8	19%

T3.1.7

Financial Performance : Water and Sanitation Services					
					R'000
Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	Financial Information covered in the Annual Financial Statement				
Expenditure:					
Employees		4 467 520	0.00	3 157 392	1 310 128
Repairs and Maintenance		4 000 000	4 200 000	4 247 181	247 181
Other		0.00	0.00	0.00	0.00
Total Operational Expenditure		8 467 520	4 200 000	7 404 573	1 062 947
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.1.7

Chapter 3

Capital Expenditure 2020/2021: Water Services						R' 000
Capital Projects	2020/2021					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A	N/a	N/a	N/a	N/a	N/a	
					T 3.1.9	

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The budget of R 2 003 354.00 million was spent on the maintenance of water and sewer network and about 100 % was spent against the budget. It should be noted that the unit went over its budget by approximately 0.16%.

The Municipality incurred no cost in relation to the capital expenditure for water services as the function largely lay with the District Municipality.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sanitation is the hygienic means of promoting health through prevention of human contact with the hazards of wastes as well as the treatment and proper disposal of sewage wastewater. Hazards can be physical, microbiological, biological or chemical agents of disease. Wastes that can cause health problems include human and animal feces, solid wastes, domestic wastewater (sewage, sullage, and grey water), industrial wastes and agricultural wastes. Hygienic means of prevention can be by using engineering solutions (e.g. sewerage and wastewater treatment), simple technologies (e.g. latrines, septic tanks), or even by personal hygiene practices (e.g. simple hand washing with soap).

The strategy for the provision of basic sanitation:

A basic sanitation facility is a sanitation facility which is safe, reliable, private, protected from the weather, ventilated, keeps smells to the minimum, is easy to keep clean and minimizes the risk of the spread of sanitation related diseases by facilitating the appropriate control of disease carrying flies and pests, and enables safe appropriate treatment and/or removal of human waste and black or grey water in a sound environmentally sound manner.

The Free Basic Sanitation strategy is aimed at ensuring that the sanitation backlog is eradicated and ensuring the government provide all people to have access to a functional sanitation facility.

T 3.2.1

Chapter 3

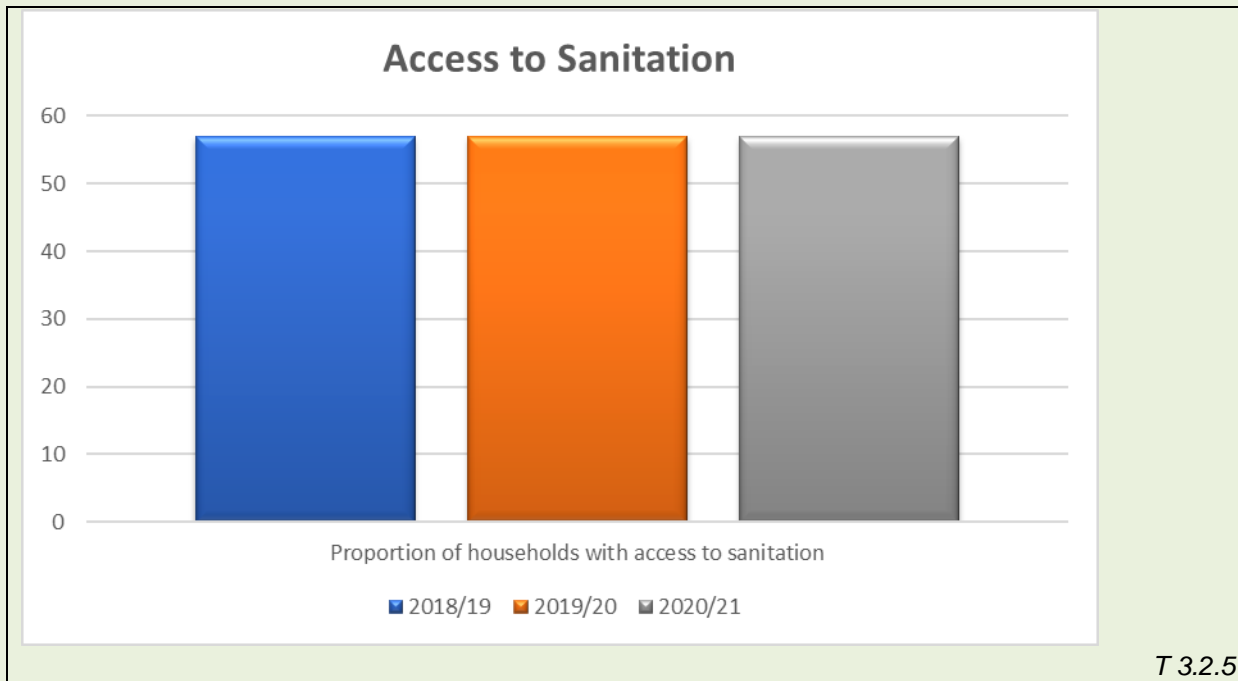
The information populated in Table 3.2.3 does not make any changes to the graph that was supposed to be in table 3.2.2.

T 3.2.2

Sanitation Service Delivery Levels				
Description	*Households			
	2017/18	2018/19	2019/20	2020/21
	Outcome No.	Outcome No.	Actual No.	Actual No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	3663	3663	3663	3663
Flush toilet (with septic tank)	452	452	452	452
Chemical toilet	350	350	350	350
Pit toilet (ventilated)	31194	31194	31194	31194
Other toilet provisions (above min.service level)	7186	7186	7186	7186
<i>Minimum Service Level and Above sub-total</i>	42845	42845	42845	42845
<i>Minimum Service Level and Above Percentage</i>	92.9%	92.9%	92.9%	92.9%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	34	34	34	34
Other toilet provisions (below min.service level)	170	170	170	170
No toilet provisions	3086	3086	3086	3086
<i>Below Minimum Service Level sub-total</i>	3290	3290	3290	3290
<i>Below Minimum Service Level Percentage</i>	7.1%	7.1%	7.1%	7.1%
Total households	46135	46135	46135	46135
*Total number of households including informal settlements				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2018/19	2019/20	2020/2021	2020/21		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	41297	41297	41297	-	-	-
Households below minimum service level	20235	20235	20235	-	-	-
Proportion of households below minimum service level	49%	49%	49%	0%	0%	0%
Informal Settlements						
Total households	4270	4270	4270	-	-	-
Households ts below minimum service level	328	328	328	-	-	-
Proportion of households ts below minimum service level	8%	8%	8%	0%	0%	0%
						T 3.2.4

Chapter 3



Employees: Sanitation Services				
Job Level	2020/21			
	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	Combined with Water Section 3.1			

T 3.2.6

Financial Performance 2020/21: Sanitation Services					
					R'000
Details	2019/2020	2020/2021			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance	R 2 000 000	R 2 000 000	R 243 827	R 2 243 827	R 2 243 827
Total Operational Expenditure	R 2 000 000	R 2 000 000	R 243 827	R 2 243 827	R 2 243 827
Net Operational Expenditure					

T 3.2.7

Chapter 3

Capital Expenditure 2020/21 : Sanitation Services						R' 000
Capital Projects	2020/2021					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	N/a	.				
Project A	N/a	N/a	N/a	N/a	N/a	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.2.8

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

GTLM is rendering full sanitation services at Reivilo town and Boipelo township. There is a sewer network at Boipelo township. Most of the households in Reivilo town are not connected to sewer network and utilizing septic tank. Establishment of sewer network at Reivilo town is needed. . Capital expenditure in relation to sanitation services had not been incurred by the municipality. A large part of the budget was directed to the maintenance of the sewer net work.

T 3.2.9

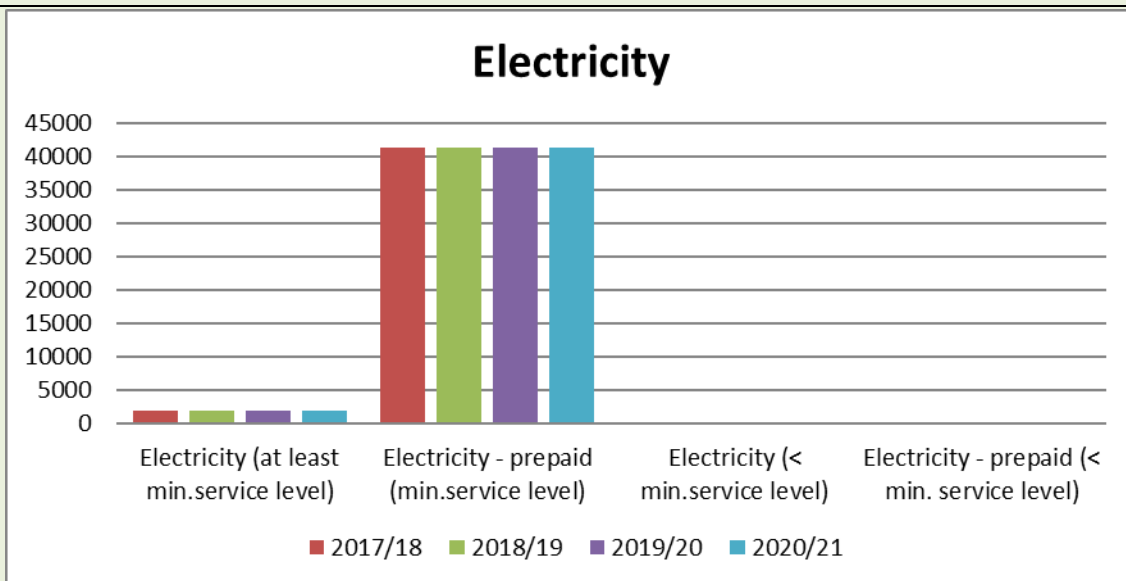
ELECTRICITY

INTRODUCTION TO ELECTRICITY

Electricity is one of the most sought after basic services. Local government plays a very important role in the provision of electricity, as an agent for Eskom. Section 153 of the Constitution places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social manner. GTLM provides electricity under licence only in Reivilo and is also responsible for the maintenance of the sub-station, transformers and the reticulation network. At present there is no backlog in the provision of electricity to household.

T 3.3.1

Chapter 3



T 3.3.2

Electricity Service Delivery Levels				
Description	Households			
	2017/18 Actual No.	2018/19 Actual No.	2019/20 Actual No.	2020/21 Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	2035	2035	2035	2035
Electricity - prepaid (min.service level)	41330	41330	41330	41330
<i>Minimum Service Level and Above sub-total</i>	43365	43365	43365	43365
<i>Minimum Service Level and Above Percentage</i>	99.9%	99.9%	99.9%	99.9%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–
Other energy sources	65	65	65	65
<i>Below Minimum Service Level sub-total</i>	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.1%	0.1%	0.1%	0.1%
Total number of households	43430	43430	43430	43430

T 3.3.3

Electrification Projects

Number of households in the municipality	48612
Number of households connected to grid	43132
Number of households not connected to grid	1764
Number of households provided with electricity by Eskom	42,151
Number of households in Reivilo provided by GTLM	317

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Approved electrification for 2020/2021

Name of Village	Planned Connection	Approved Connections
Maphoitsile	300	229
Kokomeng	300	263
Matlapaneng	140	68
Mokgareng	300	431
Myra	140	206
Sedibeng	60	51
Tlapeng (banksdrift)	70	63
Choseng	80	23
Rooiwal	30	40
Molelema	180	210
Dryharts		30 (Left on previous Project) Final connection on site was 83
Taung Infills	1000	600(Done)
Picongng, 132/22KV SUB	Pre- Engineering by ESKOM	

NB: all this projects were completed and energised in 2019/20 financial year.

This service is rendered by a Service Provider and there for this table is not relevant to GTLM

Employees: Electricity Services				
Job Level	2020/21			
	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	2	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	1	1	0	0
Total	4	4	0	0%

T 3.3.6

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

GTLM is rendering electricity services at Reivilo only. Infrastructure at Reivilo is dilapidated and need to be upgraded. Municipality is changing from conventional system to prepaid system at Reivilo town. GTLM budgeted R6 million for the maintenance of electrical network in Taung, Pudumoe and Reivilo township. The municipality appointed service provider for a period of two years to deal with electrical dilemmas in aforementioned areas.

T 3.3.7

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

Solid waste- and landfill site management:

A municipality must exercise its executive authority to deliver waste management services, including waste removal, waste storage and waste disposal services, in a manner that does not conflict with section 7 and 8 of the National Environmental Management Waste Act no. 59 of 2008. Currently the municipal waste landfill sites do not comply with all the license conditions or minimum requirements for waste disposal due to poor infrastructure development and lack of funding. There was no or limited control over waste received and disposed at all the waste landfill sites. Current waste dumping and disposal practices pollute and degrade the receiving and adjacent environments, with no or limited compaction and treatment thereof. Burning of waste causes smoke pollution and other impacts to the environment or vegetation.

The municipal refuse collection remained fully operational during this period of lockdown. Municipality provides a weekly scheduled refuse collection service to residents and businesses. A key responsibility of the municipality is to safely dispose of waste, and to ensure the general cleanliness in the town's streets including public spaces. The Municipality is also mandated to ensure and enable the prevention of waste and pollution, as well as the minimisation of waste, but this is the combined responsibility of all of us, including the private sector and residents. Waste collection is a fundamental element of a municipal solid waste management system.

The goal of the Unit is to integrate waste management services in such a way that we are able to not only provide basic services, but to minimize the effects of waste on human and environmental health and augment its associated economic activities. Moreover, the mission of this Unit is to meet basic community needs through the provision of affordable and sustainable cleansing services and the provision of a clean and healthy environment. In addition, the Unit is responsible for the collection, transportation and disposal of domestic and business waste, street cleaning, cleaning of open undeveloped municipal erven, awareness raising and management of landfill sites in the Greater Taung Local Municipality.

With the skeleton staff the Waste Management entity of the Municipality, continued to render waste collection services during the lockdown period. It entails the domestic and business refuse removal and clearing of drop off points as per the refuse collection schedule. Refuse bags distribution to households is also done. The Department implemented a rotational plan for staff under Waste Management where the team is divided into two (2). The first team works from Monday to Sunday from 16:00 to 22:00 in the evening, followed by the second, respectively.

Further, by following this schedule the town remains litter free till the next morning. This schedule or arrangement works best as Municipal staff or employees during the day cannot clean the town to the

Chapter 3

best of their ability due to commuters/ people flocking to town to come do the shopping during peak hours.

Education and awareness campaigns are conducted on a monthly basis, this to educate residents on better waste management practices, inform residents about the waste by-laws and the consequences of non-compliance, waste information pamphlets were distributed in areas where dumping is common. Awareness campaigns are to promote environmental awareness, proper waste disposal, no dumping and recycling. To date the Waste Management Unit has conducted 12 Education and Awareness campaigns at schools around the Municipal areas and also 16 cleaning campaigns were conducted around the CBD, N18 and along the Manthe road.

Three simple things that the Community can do to help protect the environment:

- **Reduce, reuse, and recycle.** Cut down on what you throw away. Follow the three "R's" to conserve natural resources and landfill space.
- **Volunteer.** Volunteer for cleanups in your community.
- **Educate.** When you further your own education, you can help others understand the importance and value of our natural resources.

The Unit top 4 service delivery priorities are as follows:

Refuse removal: Entails domestic and business refuse removal and clearing of drop off points/hotspots as per refuse collection schedule.

Illegal dumping: Clearing of illegal hotspots which consists mainly of general waste and builder's rubble. Illegal dumping can be reduced through improved enforcement of waste management by-laws, provision of communal skip facilities and public awareness campaigns. There is a lack of capacity to monitor and prevent illegal dumping in the GTLM.

Litter picking: Littering occurs in all towns and villages in the GTLM, but mainly in Taung and Pudimoe. There are sufficient waste collection facilities such as skips, refuse bins in public areas and awareness campaigns. Enforcement is required within areas where littering is common.

Community Waste Awareness Campaigns: Awareness campaigns need to continue on a regular basis to encourage the community to make use of available bins and waste removal services; to stop littering and illegal dumping.

The Gap Analysis identified a number of areas which the municipality would need to be aware of for efficient and effective waste management.

Amongst others, the following are cited:

- Lack of involvement by communities, especially in rural areas.
- Lack of positive response to the campaigns, especially in taxi ranks and some streets.
- Lack of sufficient human resource capacity within the Waste Management Unit.
- No waste separation at source, including at households.

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- Lack of safety awareness at recycling centres.

The Waste Management Unit is understaffed. The organogram should be reviewed and new positions created to ensure an adequate waste collection service and management of the landfill sites. There is a lack of Environmental Management Inspector (EMI) or Waste Peace Officers to prevent illegal dumping, littering and to deal with environmental compliance and enforcement.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	2017/18	2018/19	2019/20	Households
	Actual	Actual	Actual	2020/21
	No.	No.	No.	Actual
Solid Waste Removal: (Minimum level)				
Removed at least once a week	3596	3596	3596	3596
<i>Minimum Service Level and Above sub-total</i>	3596	3596	3596	3596
<i>Minimum Service Level and Above percentage</i>	7.4%	7.4%	7.4%	7.4%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	108	108	108	108
Using communal refuse dump	372	372	372	372
Using own refuse dump	40072	40072	40072	40072
Other rubbish disposal	305	305	305	305
No rubbish disposal	4159	4159	4159	4159
<i>Below Minimum Service Level sub-total</i>	45016	45016	45016	45016
<i>Below Minimum Service Level percentage</i>	92.6%	92.6%	92.6%	92.6%
Total number of households	48612	48612	48612	48612
				T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2018/19	2019/20	2020/21	Households		
	Actual	Actual	Actual	2020/21		
	No.	No.	No.	Original Budget	Adjusted Budget	Actual
Total households	48 612	48 612	48 612	-	-	-
Households below minimum service level	3 596	3 596	3 596	-	-	-
Proportion of households below minimum service level	7%	7%	7%	0%	0%	0%
						T 3.4.3

Chapter 3

Employees: Waste Disposal Services				
Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	42	40	2	4%
4 - 6	17	14	3	17%
7 - 9	2	2	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%
Total	66	61	5	7%

T3.4.4

The Unit responsible for Waste Management in GTLM is Environmental Services which is under Community Services

T3.4.7

The Unit responsible for Waste Management in GTLM is Environmental Services which is under Community Services

T3.4.8

The Unit responsible for Waste Management in GTLM is Environmental Services which is under Community Services

T3.4.9

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Status of Waste Management: Landfill sites. Waste Management Licenses (WMLs) are issued for:

- Taung landfill site licensed for closure and rehabilitation.
- Reivilo landfill site licensed for closure and rehabilitation.
- Pudimoe (Interim operation and illegal dumping (Abandoned) site licensed for closure and rehabilitation.
- Operational: Pudimoe communal landfill site - (Vandalised and waste never disposed on site). Landfill site is licensed for further operation and development. The community has invaded the boundaries of the landfill site.

T 3.4.10

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

The Human Settlements function is committed to facilitate the delivery of diversified habitable houses, with all social amenities in a secure and development friendly environment. This is done by implementing the National Outcome 8 – breaking new grounds and policy to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in the municipal areas. The municipality upholds the Batho Pele principles by ensuring cost effective and affordable services; being responsive and sensitive to the social and housing needs of our communities and providing a range of affordable shelter options

The GTLM's vision for BNG Housing development within its jurisdiction is the establishment of social and economically integrated in areas allowing convenient access to economic opportunities as well as to Health, education and social amenities in which communities will, on a progressive basis have access to:

Permanent residential with secure Tenure

Ensure internal and external privacy providing protection against the elements and provide portable water, adequate, sanitary facilities and domestic energy

Strategies

Eradication of mud houses

Provision of housing to poverty-stricken households

Provision of houses to woman headed households

Provision for Rental housing stock/ social housing

The delivery of Low-cost Housing within GTLM is still the competence of Provincial Department of Human Settlements and National Department of Housing. The Role and the Responsibility of the Municipality on housing Delivery is, identification of Beneficiaries, Identification of Land for Housing Development, Allocation of Completed Houses to qualified and approved Beneficiaries, Identification and processing of applications for Emergency Housing, Prepare and submission of Housing Business Plans for Annual allocations and also negotiations with Traditional Authorities and Land Affairs for Land availability.

Achievements:

Housing Sector Plan Review and Accreditation Business Plan

During 2017, the GTLM Council took a resolution that all process of applications for accreditations be followed and implemented. Process of Supply Chain was followed whereby the service provider Maxi Planning Solution was appointed by the municipality and the Service Level Agreement was signed between both parties. All this process was done in conjunction with the Department of Human Settlements.

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The municipality is in apposition to apply for level 1&2 Housing Accreditation, based on the capacity of the municipality to carry out additional programme responsibilities and to implement the municipality's Accreditation Business Plan.

Progress

The two documents, Housing Sector Plan and Accreditation Business Plan has been approved by council. To date only 30% of the approved Municipal Housing Sector Plan has been implemented Workshop on the Municipal Accreditation Business Plan has been taken place to familiarize all senior officials, Portfolio Committee members and Exco on the approved document.

The delivery of Low-cost housing within GTLM is still the competency of Provincial Department of housing and National Department of housing. The role of the municipality is to identify land as well as housing needs for the inhabitants GTLM. In 2020/21 the Department of Local Government and Human Settlement in the province did not plan any housing units allocation for GTLM

Challenges:

Provincial Department of Human Settlement failing to provide or appoint well capacitated Building Contractors.

Inadequate of land availability in the municipality for the implementation of other National Housing Programmes e.g FILSP.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2017/18	42,953	39,516	92%
2018/19	42,953	39,516	92%
2019/20	42,953	39,516	92%
2020/21	48,454	44,577	92%

T 3.5.2

Employees: Housing Services				
Job Level	2020/21			
	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	1	1	0	0%
10 - 12	2	2	0	0%
13 - 15	1	1	0	0%
16 - 18	1	1	0	0%
19 - 20	1	0	1	100%
Total	6	5	1	16%

T 3.5.3

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Financial Performance 2020/21: Housing Services					
					R'000
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:	This Portion forms part of the Annual Financial Statement				
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
<p>NB: Subject to changes once AFS are completed Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					
					T 3.5.4

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

It must be noted that housing project procurement process is currently the competency of the Provincial Department of Human Settlements and as a result issues like budgets are centred at Provincial level. Due to housing backlog the municipal council took a resolution to apply for housing accreditation with the goal of providing housing to the people of Taung. The process has been unfolding very well as housing accreditation business plan was developed.

T 3.5.5

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Main sources of income consist of transfers from other spheres of government of which intergovernmental transfers are the most important. A portion of this income (equitable share) is earmarked for indigent relief which is used to alleviate and address poverty.

Greater Taung Local Municipality (GTLM) being predominately rural, widely and sparsely scattered, historically disadvantaged and having high unemployment is still behind with basic services. This situation of GTLM also contributes to high installation of new services and exhausting the limited funding. Also qualifying the majority of the needy community to afford installing services themselves or paying for rendering of those services, therefore necessitating the Free Basic Services' assistance and to ensure social benefit for indigents is provided to deserving household through indigent support programmes and free basic services and to improve debt collection and implement credit control measures.

GTLM is only facilitating the provision of water, sanitation, waste management and electricity of which ESKOM is implementing the electricity projects and Dr R. S. M District Municipality is an authoritarian of the rest.

T 3.6.1

Chapter 3

Information provided in terms of FBS does not automatically develop graph and the assumption is that there is an error on the template as provided by NT.

T 3.6.2

Free Basic Services To Low Income Households													
Number of households													
Total	Households earning less than R3,200 per month												
	Free Basic Water			Free Basic Sanitation			Free Basic Electricity			Free Basic Refuse			
	Total no. of HH	Access to free basic	%	Total no. of HH	Access to free basic	%	Total no. of HH	Access to free basic	%	Total no. of HH	Access to free basic	%	
2020/21	20 851	392	005	1.27%	2 289	143	6.24%	13 721	11 619	84%	2 501	143	5.71%
2019/20	18 621	557	376	67.5%	2 277	120	5.27%	11 324	11 258	99.41%	2 498	127	5.08%
2018/19	13,409	691	576	83.35%	2 715	2 435	89.68%	12 011	9 228	76.82%	2 787	2 787	100%
													T 3.6.3

Services Delivered	2019-2020	2020-2021			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	R1 018.96	R40 000.00	R40 000.00	R98.72	R39 901.28
Waste Water (Sanitation)	R20 575.42	R200 000.00	R200 000.00	R67 180.40	R132 819.60
Electricity	R5 075 038.56	R6 800 000.00	R6 800 000.00	R7 800 004.41	-R1 000 004.41
Waste Management (Solid Waste)	R39 353.43	R250 000.00	R250 000.00	R73 904.20	R176 095.80
Total	R5 135 986,37	R7 290 000.00	R7 290 000.00	R 7 941 187.73	R- 651 187.73

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Greater Taung Local Municipality has a large number of indigent households. This gives an indication of the challenges that is faced by GTLM with regard to social services as well as generation to boost income and Socio Economic Investment, therefore remedial actions must be taken to improve livelihood for the poor.

Revenue Unit held meetings with Councillors, relevant Directors and Stakeholders arranging the road shows and campaigns to improve indigent registration process. Awareness campaigns were conducted across most of the municipality wards with different stakeholders, to give people the basket and increase access of free basic services to the poor of the poorest. In 2019 we managed to register 10 000 people to our indigents register , though all of them are not benefiting due to different

Chapter 3

challenges but most do benefit. The challenges may be some of indigents do not collect their monthly electricity token and they submit incorrect and incomplete information.

Funds are available to subsidise indigents, the support given to them: they receive 50kw of electricity, 6kl of water, 50% subsidy on property rates, 100% refuse and 100% sanitation on a monthly basis.

GTLM Indigent policy states that in order to qualify as an Indigent, the household income should be R3200.00/ less (determined by Council from time to time) or unemployed and/or a pensioner, the more Indigents registered, the more equitable we acquire, the person whose name a property is registered on, the applicant may not be the owner of more than one immovable property and must be a full-time occupant of the residential property and must not own a business.

Registered indigents and the members of the indigent household headed by that registered indigent must be prepared to participate in exit programme verified by Councillors, approved by Revenue Manager and co-ordinated by Municipality collaboration with other government departments and private sectors. The FBS on electricity is budget for the Reivilo area as well as the residents serviced by Eskom.

T 3.6.5

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (Stormwater drainage).

3.7 ROADS

INTRODUCTION TO ROADS

Like the vast majority of local authorities throughout our country, roads remain a challenge due to funding constraints. GTLM comprises of 24 wards with 107 rural villages. Streets within these villages are in a bad conditions and been prioritised as most needed in most wards. GTLM is allocating about 60% of its MIG funding to address the matter. GTLM Council further invested approximately R 50 000 000.00 of its money to assist the grant in the implementation of road infrastructure. GTLM has been implementing the blading programme which has been declared unfavourable and ineffective. As a result, GTLM has started a process of re-gravelling programme to rebuild the dilapidated and eroded roads

T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to Paved	Kilometres Gravel roads graded/maintained
2018/19	2177	1	5	650
2019/20	2170	0	2	670
2020/21	2166.5	3.7	18	670
				T 3.7.2

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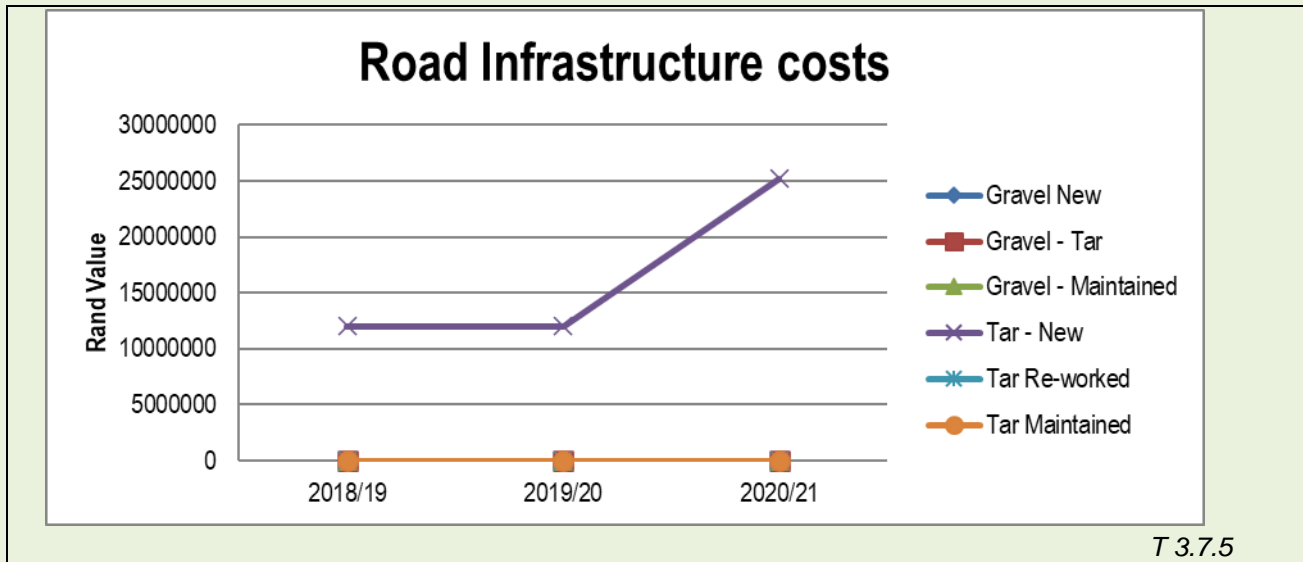
Paved Road Infrastructure					
					Kilometres
	Total Paved roads	New Paved roads	Existing paved roads re-paved	Existing paved roads re-sheeted	Paved roads maintained
2018/19	15km	6km	0	0	0
2019/20	12.5 km	0	0	0	0
2020/21	6km	6km	0	0	0
					T 3.7.3

Cost of Construction/Maintenance						
						R ' 000.00
	Gravel			Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2018/19						
2019/20	0	0	850	R13 515 000.00	0	15
2020/21	18	0	390	R72 000 000.00	0	15
						T 3.7.4



Kokomeng village Access Road completed in 2020/2021 . The roads was satisfactorily completed

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Employees: Roads and Storm Water Services				
Job Level	2020/21			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	27	22	5	18.5%
4 - 6	4	3	1	25%
7 - 9	4	4	0	0
10 - 12	2	2	0	0
13 - 15	1	1	0	0
Total	38	32		16%

T3.7.6

Employee Road Services

In terms of the municipal organogram the municipality has roads and stormwater responsible for both functions as results above template will address employee information for roads and stormwater.

T3.7.7

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

This sector was highlighted by the CBP process as the most important sector to be addressed but GTLM does face enormous challenges with regard to budget limitation as well as the unit cost for construction of new roads as well as the limited O&M Budget that is available for maintenance.

T 3.7.8

Chapter 3

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

GTLM only renders a service for the renewal of vehicle licenses in Reivilo and does not operate any public transport facility and therefore no project is relevant to this section meaning that this section is not relevant to GTLM and there for it will apply to all the sub-sections that follow.

T 3.8.1

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

This section and all the sub-sections were merged with Section 3.7 that deals with Road Infrastructure.

T 3.9.1

PERFORMANCE HIGHLIGHTS 2020/21

KPA 1: Basic Service Delivery and Infrastructure Development

- 140 streetlight constructed and energized in ward 7 and 8
- Completed 1km extension to the Lower Majeakgoro storm water channel
- Complete construction of 1km Access Road in Khibicwane
- 23 high mast lights constructed in various villages and wards
- Constructed 25 high mast lights (Phase 4) in various villages
- Construction of 5 community halls completed in Vaaltyn, Tlapeng, Buxton, Khudutlou and Lower Majeakgoro
- Construction of 3.477km block paved road at Boipelo and Reivilo town.
- Construction of 3.7km of gravel road between Gataote and Kameelputs villages.
- Construction of single carriage pipe culvert crossing at Gataote.
- Construction of 1 km Nommer 1 access road
- Construction of 1 km Phache access road
- Construction of 1.5 Manthe access road
- Construction of 1 km Majanaeng access road
- Construction of 1.8 km Dryharts access road.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.10 PLANNING

INTRODUCTION TO PLANNING

Our planning strategies are set in the Municipal Spatial Development Framework (SDF) with the following main element – efficient spatial restructuring; supported by the following objectives: guiding

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land allocation and settlement development; promoting the optimal spatial allocation of resources in development planning; sustainable development of the municipality's economic resources in pursuit of economic vitality and independence; and providing a spatial basis for stakeholder cooperation.

The major challenge encountered would be resistance/ lack of cooperation from Traditional Authorities when addressing spatial issues (misinformed land allocations practices) and also lack of cooperation from Sector Departments (particularly Public Works) when it comes to coming up with a way forward on their properties in the municipal area. The main achievement (despite the challenges addressed) was the signing of MOU's/ Partnership Agreements between all 3 Traditional Authorities.

Planning and Development in the municipality is limited to three proclaimed areas (Reivilo and Boipelo; Pudimoe and Taung). The rest of the municipality is characterised by dispersed villages covering the Northern, Eastern and Southern parts of the municipality; and private farms covering the Western side of the municipality. Although, developments do take place in villages, there are planning processes that are overlooked. The biggest challenge therefore, is the municipality not administrating the entire municipal area as required by the Spatial Planning and Land Use Management Act, 2013.

The Spatial Planning and Land Use Management Act, 2013 has presented to the municipality the opportunity of administering the entire municipal area with tools such as the Spatial Development Framework; Environmental Development Framework and Land Use Scheme. However, this should be done in partnership with the three Traditional Councils (Ba-Ga Phuduhucwane, Ba-Ga Mothibi and Ba-Ga Maudi).

Each of the tools mentioned play an important role in planning and development of the municipality. The Spatial Development Framework is developed to provide a representation of land development policies, strategies and objectives of the municipality. Whereas, the Land Use Scheme is developed to guide and regulate land uses within the municipality.

- Township Establishment
- Township Regeneration
- Deeds Registration
- Implimentation of SPLUMA
- Development Applications
- Disposal of Immovable Assets

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning, Sub-Division & Consolidation		Built Environment	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Planning application received	1	0	5	12	12	28
Determination made in year of receipt	0	0	1	1	9	26
Determination made in following year	1	0	4	0	1	2
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	1	2	0

T 3.10.2

Chapter 3

Employees: Land Use & Human Settlement Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	2	1	1	50%
10 - 12	4	4	4	0	0%
13 - 15	2	2	2	0	0%
16 - 18	2	2	2	0	0%
19 - 20	1	1	1	0	0%
Total	10	11	10	1	50%

T 3.10.3

Financial Performance Year : Land Use & Human Settlement					
					R'000
Details	2019/20	2020/21			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue					
Expenditure:					
Employees	7 812 556,00	9 331 910,00	9 605 195,00	8 988 286,00	-4%
Repairs and Maintenance	0.00	0.00	0.00	0.00	0%
Other	5 444 192,00	4 552 529,00	4 382 529,00	1 115 504,00	-308%
Total Operational Expenditure					
Net Operational Expenditure					

Nb: Figures provided will verified once compilation of the AFS is complete

T 3.10.4

Table not relevant as the municipality did not have projects

T3.10.5

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The department has managed to build on the relationship between the municipality and the Traditional Councils; although the relation still needs to be strengthened. The drafting of the following tools - Spatial Development Framework; Environmental Framework; Land Use Scheme and Taung Central Precinct Plan is also an achievement for the department. These tools; if used effectively will assist the municipality in its growth and developmental mandate.

The Municipal Planning Tribunal was established and did convene on the relevant applications.

Extension to Pudimoe Township Establishment & Regeneration of Pudimoe CBD is on-going.

The latter to project will enable poor residence to gain access to and receive ownership of land linked to affordable housing and infrastructure.

Chapter 3

There is a challenge of Land Claims that is hindering physical planning performance - not all land claims are registered and boundaries are not well defined; this causes a lot of clashes with the Municipality and the Tribal Authorities. Tribal Authorities have the tendency of allocating land in non-developable areas or areas that are not well serviced. Sometimes even claiming land that is not tribal (leading to illegal invasion). This becomes a great ordeal as there needs to be development in an area to stimulate growth and sustainability.

T 3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

GTLM did establish a LED Unit as part of the Organizational some time back to enable the institution to focus on LED initiatives.

The following 2 Objectives were formulated as part of the LED initiatives:

- Create an environment that promotes development of local economy & facilitate job creation.
- To promote and unlock tourism development potential to ensure a preferred tourism destination status.

It should how-ever be noted that budget limitations does play a role on the impact that the Unit can make in this sector. Efforts were made to also explore the options of addressing soft issues like training and skills development to give beneficiaries the opportunity to improve their skills and be able to market themselves as employable individuals.

GTLM did establish The Greater Taung Economic Development Agency with 5 Board Members to explore and seek for economic opportunities to stimulate the economy of the Greater Taung Municipal Area.

The SMME Support Policy was also developed and approved to streamline the support application process of SMMEs.

The following top 3 initiatives did form part of performance areas of The LED Unit:

Complete construction of 1 economic hub in Manthe:

Employment was created in the Infrastructure Sector and the spin-off will be to provide infrastructure for SMMEs to operate from.

Support SMMEs with Business Equipment:

17 SMMEs were supported with equipment to improve the productivity of their businesses.

Support SMMEs through Skills Development:

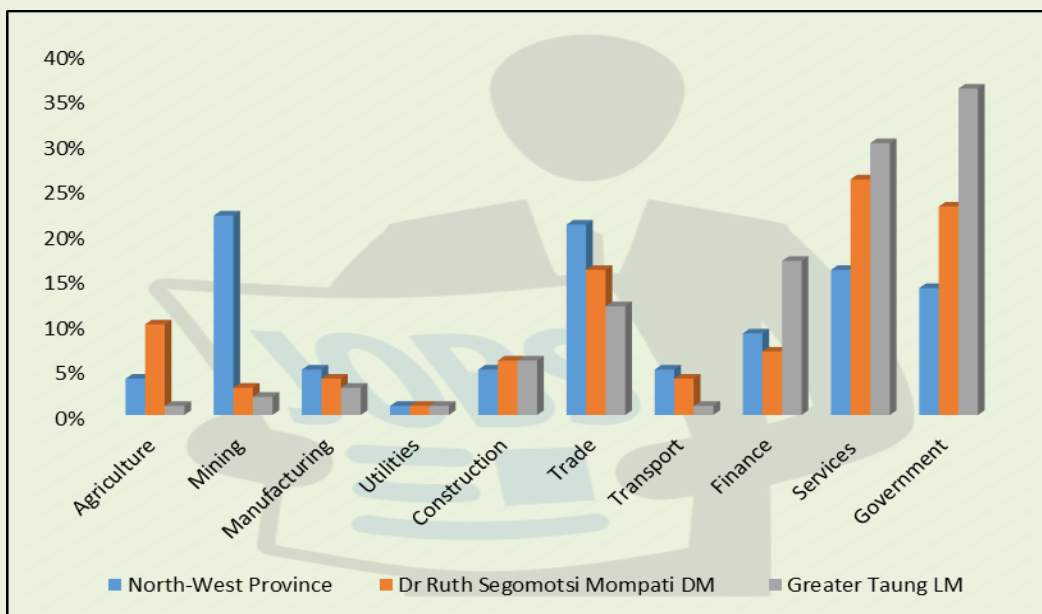
397 Individuals were upskilled to improve their chances of obtaining employment opportunities.

T 3.11.1

Chapter 3

Economic Activity by Sector			
Sector	2018/19	2019/20	2020/21
Agric, forestry and fishing	1.0%	1.0%	1.0%
Mining & quarrying	0.9%	0.9%	0.9%
Manufacturing	4.6%	4.6%	4.6%
Wholesale and retail trade	11.1%	11.1%	11.1%
Finance	10.0%	10.0%	10.0%
Govt, community an social services	70.9%	70.9%	71.0%
Infrastructure services	1.5%	1.5%	1.4%
Total	100.0%	100.0%	100.0%
			T3.11.2

Economic Employment by Sector			
Sector	2018/19	2019/20	2020/21
Agric, forestry and fishing	671	666	662
Mining & quarrying	604	600	596
Manufacturing	3086	3064	3047
Wholesale and retail trade	7446	7394	7353
Finance	6708	6661	6624
Govt, community an social services	47561	47228	47030
Infrastructure services	1006	999	927
Total	67082	66612	66240
			T3.11.3



Chapter 3

COMMENT ON LOCAL JOB OPPORTUNITIES:

LED strongly support the poverty alleviation projects in order to improve the community livelihood and create sustainable and decent jobs.

GTLM need to give valuable support to the local SMMEs, especially the existing businesses, because they will create collectively the most jobs in the economy with the increasing number of the street traders, it is critical that we manage this sector efficiently through our monitoring and business support programmes. In the medium to long term it is critical that we complete the integrated sustainable development plans so that we can budget adequately to support the various economic opportunity nodal developments.

The employment distribution in an economy refers to the proportional level of unemployment in each economic sector. This information allows for the identification of key sectors and labour absorptive industries as well as determining the need for employment diversification. illustrates the distribution of employment in the Greater Taung LM compared to the Dr Ruth Segomotsi Mompati DM and the North West Province.

Employment in the Greater Taung LM is relatively concentrated, compared to the distribution of output. The key employment industries in the Greater Taung LM are Government (36%); Services (30%), Finance (17%) and Trade (12%). The high level of employment in these industries is consistent with other rural economies across South Africa. These opportunities are identified as having the potential to absorb local labour and thus will be emphasised throughout the Greater Taung LM LED Strategy.

T 3.11.4

Jobs Created during 2018/19 – 2020/21 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2018/19	28	0	28	Municipal projects
2019/20	16	0	16	Municipal projects
2020/21	16	0	16	Municipal projects

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2018/19	11	126
2019/20	4	110
2020/21	4	164
* - Extended Public Works Programme		

T 3.11.6

Chapter 3

Employees: Local Economic Development Services				
Job Level	2020/21			
	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	0	0	0	0%
13 - 15	3	3	3	0%
16 - 18	1	0	0	0%
Total	4	3	1	25%

T 3.11.7

Financial Performance 2020/21 : Local Economic Development Services					
R'000					
Details	2019/20	2020/21			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Exp					
Net Operational Exp					

T 3.11.8

Capital Expenditure 2020/2021: Services					
R					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R 2,677,623	-	R 2,241,533	84%	R 2,241,533
Project A: Manthe Economic HUB	R 1,217,623	-	R 735,054 + R 84,647 (RET)	33%	R 820,711
Project B: SMME Support	R 560,000	-	R 546,822	2.4%	R 546,822
Project C: GTEDA	R 900,000	-	R 874,000	97%	R 874,000

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

T 3.11.9

Chapter 3

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The strength of the Greater Taung local economy is mainly concentrated in the Services, Agriculture, and Trade and Transport sectors. From a development perspective the Transport and Services sectors are regarded as demand driven. This means that growth in these sectors are a reaction to growth in the other sectors (i.e. demand driven) of the economy and will thus expand if the other sectors in the economy grows

According to the LED strategy, the sectoral data revealed a competitive advantage in the Mining sector during 2004. Since then the Pering mine has closed down. Other operational mining activities in the area are marble, gravel and diamonds. According to the Council for Geosciences (2006) a variety of mineral deposits can be found in the Municipality. Mining in Greater Taung is thus currently classified as small- scale but developing. The local Mining sector revealed good potential for expansion and the creation of more employment opportunities for local people.

The Trade and Agricultural sectors are also regarded as key sectors for development intervention. These sectors indicated strong development potential and are currently the main provider of formal employment opportunities in Greater Taung (excl. government services). It is however of concern that these sectors experienced slow or even negative production growth rates since 2000.

The potential analysis furthermore revealed the importance of the Tourism sector. This sector is currently regarded as a very small with very little development taking place (apart from a few guest houses). The area does however have growth potential in this sector especially around the Taung Dam and the Skull Fossil site. The importance of growth in the Tourism sector is not only limited to employment creation but also regarded as a central player in the marketing of Greater Taung as an attractive investment environment.

T 3.11.10

PERFORMANCE HIGHLIGHTS 2020/21

KPA3: Local Economic Development

- Completed construction of Manthe economic hub
- 124 SMMEs and Cooperatives supported through skills development
- 07 Cooperatives supported with Business Equipment
- 01 LED forum meetings held
- 01 tourism event held

Chapter 3

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and community halls; cemeteries and crematoria

3.12 LIBRARIES; COMMUNITY FACILITIES; (ETC)

INTRODUCTION TO LIBRARIES.

The purpose of the library services is to advance service delivery in all community libraries, to improve existing libraries within the municipality and to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives. Municipality receives conditional grant allocation every year from the Provincial Department of Culture, Art and Traditional Affairs for library infrastructure improvement.

Greater Taung Library and Information Service is preserving the past and securing the future through providing free access and guidance to information which fulfil the intellectual, educational, social and recreational needs of the people of Greater Taung in order to improve their quality of life.

Community Libraries' intent is to act as development agents providing dynamic Library and Information Services to all the people of Greater Taung in their quest for lifelong learning, literacy, cultural expression, recreation and economic development. Libraries in GTLM is managed and controlled under various legislation guides of whom the following two is the most important. The Constitution of the Republic of South Africa: According to schedule 5A Public Libraries are the competency of Provincial Government and for the fact that this is an unfunded mandate. This situation is addressed by receiving conditional grants and equitable share transfers from Provincial Government. South African Public Library and Information Services Bill (Draft). The draft bill will set uniform minimum norms and standards, principles for Library and Information Services, Institutional arrangements, Inter Governmental arrangements and Assignment of functions

T3.12.1

Chapter 3

COMMENT ON THE PERFORMANCE OF LIBRARIES

The objectives of Greater Taung Local Municipality – Community Social Service Amenities Unit are to maintain and Control public amenities in order to promote a safe and healthy environment.

The municipality has a total number of 19 community halls, 5 Cover Grounds, 5 Thusong Service Centres, 5 Community Libraries, 1 Training center, 4 admin buildings, 29 units Reivilo Hostel, Reivilo High School rental hostels and 3 Units Pudimoe old office rental housing.

1. The unit also provide facilities for free to NGO's, NPO's and Pensioners.
2. Amenities unit has compiled maintenance plan to assist in attending to all building defects.

The main responsibility of the unit is to regularly maintain municipal buildings in order to provide a healthy and safe environment to communities and to prolong the lifespan of the Buildings.

T 3.12.2

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The municipality only provide services at the three Townships graveyards which are: Reivilo, Taung and Pudimoe. the municipality is also assisting with the cleaning of graveyards as and when requested in all communal graveyards within the jurisdiction of the municipality. The municipality is offering cemeteries services such as digging of graves, self-dug, issuing of grave numbers and cleaning of graveyards. All these services are administered for purposes of internal control through the administration process of bookings and payments.

With regard to crematorium, Greater Taung Municipality has never conducted any cremation services in its entirety and if such services is required, Dr Ruth Mompoti District Municipality will be approached for assistance.

T 3.13.1

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

No comment provided as the function is not performed by the municipality.

T 3.13.2

Chapter 3

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

This function is not relevant to GTLM but office of the Mayor supports and assists through special programmes budget.

COMPONENT E: ENVIRONMENTAL PROTECTION

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

3.15 POLLUTION CONTROL

This function is not relevant to GTLM.

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

This function is not relevant to GTLM.

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

3.17 CLINICS

This function is not relevant to GTLM.

3.18 AMBULANCE SERVICES

This function is not relevant to GTLM.

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

This function is not relevant to GTLM.

COMPONENT G: SECURITY AND SAFETY

3.20 POLICE

This function is not relevant to GTLM.

Chapter 3

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

Fire Fighting Service - it is not Local Municipality Function

The District Municipality is also responsible for provision of firefighting service to Kagisano/Molopo, Mamusa and Greater Taung local Municipalities in terms of Section 84 (1) j of the Municipal Systems Act

Act 32 of 2002. The Act further describes the local function as:

- Preventing the outbreak or spread of a Fire Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger”

T 3.21.1

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

This function is a shared service between GTLM and The Dr Ruth S Mompati DM.

COMPONENT H: SPORT AND RECREATION

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

3.23 SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The Sport and Recreation section is responsible to establish a positive attitude in the community, towards sport and recreation and to encourage greater community involvement and interest in sport and recreation.

This section forms part of the Community and Social Services Department in GTLM

Sport and Recreation are important to ensure an environment is created for the residents of Greater Taung to practice a healthy life style and to ensure the youth can entertain themselves with activities that is beneficial for their balanced development.

GTLM do manage and maintain the following facilities:

Thota-Ya-Tau Sport Ground;

Mathe Sport Ground;

Boipelo Sport Ground

Reivilo Golf Course and Rec Club;

Taung Sport Ground;

Taung Park and Combi Court;

Reivilo Tennis Court;

T 3.23.1

Chapter 3

Employee: Parks and Amenities				
Job level	2020/21			
	Posts No	Employees No	Vacancies (fulltime Equivalents) No	Vacancies (as a % of total posts)
0 - 3	17	16	1	5%
4 - 6	7	5	2	28%
7 - 9	2	1	1	50%
10 - 12	3	3	0	0%
13 - 15	2	2	0	0%
16 - 18	0	0	0	0%
19 - 20	1	1	0	0%
Total	32	28	4	12%

T 3.23.2

COMMENT ON THE PERFORMANCE OF PARKS AND RECREATION OVERALL:

Parks and Recreation Division are dedicated to enhancing the quality of life of Greater Taung residence by providing recreational and leisure time opportunities. The division is also responsible for the planning, development and maintenance of the municipal parks, landscape maintenance and other public properties owned by the municipality.

Our Park division preserves and maintains the municipal investment in the community park, sport facilities and amenities. A key element in the Parks and amenities Division is periodic and preventive maintenance of these assets. The workforce is assigned regularly scheduled maintenance activities, in addition to managing the inevitable unforeseen or emergency repair.

These assignments ensure that all parks, sport field and amenities are inspected, maintained, repaired and in operable condition for the community to utilized. The parks and recreation Division is furthermore accountable for the design and construction of the parks and the restoration and renovation of some of the municipal mature parks and amenities. Additional, the division works with PMU, Spatial Planning and Development staff on forecasting, comprehensive planning and for implementation of large scale projects.

- A. The Division is divided into six phases :
1. Nursery
 2. Recreational facilities (Sport/close Grounds
 3. Municipal Gardens
 4. Parks
 5. Landscape and horticulture learner-ship.
 6. New landscape and Garden design at 4 Thusong Services Center

T 3.23.3

Chapter 3

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

INTRODUCTION TO CORPORATE POLICY OFFICES

Chapter 7 of the Constitution of the Republic of South Africa states that the municipality comprise of Councillors, Officials and the Community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for service delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address the service delivery matters the municipality must within limitation approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address matters of staff and this can only be achieved through the costed organogram that must be cost effective but also providing sufficient management and other position in order to be able to render effective and satisfactory delivery of services

T 3.23.4

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

In accordance with chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 1996, the Executive and Legislative authority of a municipality is vested in its Municipal Council.

The Municipality is an EXCO type and comprises 24 Wards. It is led by a Council made up of 48 members, the Speaker, Mayor and the Executive Committee. The Mayor is the Head of Executive Committee (EXCO) which comprises of 6 Councillors who head various departments and serve in portfolio committees. Section 152 of the Constitution spells out categorically clear, the objectives of Local Government and the powers and functions of municipalities are determined in section 156 of the Constitution.

The executive authority of the Council is vested with the Mayor who must however report to Council and is assisted by the members of the Executive Committee established by the Mayor and can take decision. However there are certain matters on which the Mayor as the Head of the municipality cannot take decisions i.e. the approval of the Budget, IDP and By-Laws, as these matters cannot be delegated and must be approved by Council.

In terms of delegation of powers certain matters may be delegated to the Mayor by Council who will in turn also sub-delegate to the Municipal Manager. The Municipal Manager may also sub-delegate to Directors who may in turn further sub-delegate to other officials.

Section 152 of the Constitution sets among others the following objectives for Local Government:

- (a) to provide democratic and accountable government for local communities
- (b) to ensure the provision of services to communities in a sustainable manner
- (c) to promote social and economic development

T 3.24.1

Chapter 3

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

This department deals with the administration of finances of the municipality i.e. own budget as well as the money received from Government Fiscal i.e. allocation by Government to the municipality to enhance service delivery as in MIG and equitable shares. In order for the municipality to have effective service delivery, budget and IDP processes must be followed in order to ensure public participation to cover all community proposals in terms of projects. The department must develop budget related policies and by-laws which will govern consistent charging of moneys for services rendered to the communities.

Collection of moneys owed to Council as revenue must also be covered in terms of the approved policy. There will be internal and external audits in order to ensure management of risk and curbing corruption while encouraging effecting customer care service.

T 3.25.1

Debt Recovery							
							R' 000
Details of the types of account raised and recovered	2018/19		2019/20			2020/21	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	25 669 312	56%	26 026 319	21 641 734	83%	31 317 475	60%
Electricity - B (Conv)							
Electricity - C (Prepaid)	2 530 143	102%	2 560 350	2 830 071	111%	4 328 969	65%
Water - B							
Water - C	790 061	33%	934 075	511 808	55%	1 781 681	23%
Sanitation	1 961 846	36%	2 463 962	1 287 152	52%	3 457 863	33%
Refuse	3 448 652	46%	3 602 201	2 652 686	74%	4 774 205	48%

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

Concerning T 3.25.2

The low collection rate of 40% on property rates is due to the fact that the municipality is rural and majority of people are indigent.

T 3.25.2.1

Chapter 3

Employees: Financial Services					
Job Level	2019/20	2020/21			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	0	0	0	
4 - 6	3	5	0	0	0%
7 - 9	19	18	17	1	6%
10 - 12	6	8	7	1	13%
13 - 15	1	1	1	0	0%
16 - 18	4	4	4	0	0%
19 - 20	1	1	1	0	0%
Total	35	37	29	3	8%

T 3.25.3

Financial Performance 2020/2021: Financial Services					
					R'000
Details	2019/2020	2020/2021			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	227 000	197 000	299 329	290 000	32%
Expenditure:					
Employees	117 000	146 000	168 000	141 000	-4%
Repairs and Maintenance	14 000	19 000	21 000	21 000	13%
Other	158 000	147 000	234 000	159 000	7%
Total Operational Expenditure	289 000	312 000	307 000	321 000	3%
Net Operational Expenditure	62 000	115 000	(7 671)	31 000	%

T 3.25.5

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The overall financial performance of the municipality has been a healthy one coupled with savings from various votes (low priorities) as opposed to poor expenditure. That is catering, S&T, etc. The municipality's overall budget has been funded for the past five years. The municipality has been able to change the financial system in 20/21 financial year.

The municipality has been able to abide by the cost containment controls implemented by the National Treasury. The centralisation of SCM processes has also yielded positive results in ensuring that irregular expenditure is curbed and all SCM processes are followed when procuring goods and services. Employee costs are well within the budget. However, there has been an increase in overtime and danger allowance as a result of COVID 19. The municipality has been able to settle its creditors in time, which is a positive. Legal fees moved from R2.8 to R3.5 million in the current year. The

Chapter 3

municipality needs to prioritize outstanding cases. Proper training and implementation of the skills audit will ensure that the municipality spends less on consultants.

The municipality is grant dependent and this has remained a pivotal hindrance to achieving our goal which is 100% implementation of all IDP projects. The low grant allocation coupled with low collection remains a thorny issue. However the municipality is in a process of developing a revenue enhancement strategy that would seek to attract more funding and create new revenue base. Government debt has reduced as some of the departments have been able to pay their debts in 2020/2021. The magnitude of “the culture of non-payment” of services by the community is also an issue which should be addressed if indeed the municipality is to reduce reliance on grants and improve in rendering services. There has been a great improvement in the reconciliation of the valuation roll through data cleansing. Our debtors book credibility has also improved through the process of data cleansing.

The slow expenditure movement in capital projects was mainly attributed to the Lockdown. However all priorities have been budgeted for and are part of the IDP. The municipality needs to improve on the budget for maintenance especially on electricity. Unfunded mandates like the repairs and maintenance on water infrastructure is a burden to the municipality is also costly. This infrastructure is the property of the district municipality

T 3.25.6

Chapter 3

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Achievement in 2020/21

Recruitment

Human Resource played a vital role in ensuring that the Municipality achieves its IDP goals by employing new employees to ensure that services are provided to our communities as part of our commitments.

Employee wellness interventions

Employee wellness programme was provided to Municipal employees who suffered physical, emotional and financial disorders. Authorisation has been provided for all employees who requested assistant for employees Clinical Psychologist sessions.

Occupational Health and safety

In terms of the OHS Act, the employer is obliged to ensure that health and safety measures are observed at all times and further that its activities are performed in a diligent manner that will not any one's health at risk. OHS Committee members were enrolled on First Aid Training.

Challenge

Employment equity

The Municipality is unable to meet its employment equity target, to recruit white, coloureds Indian females, who are suitably qualified because of the geographic (area) challenge.

Occupational Health and Safety

Health and Safety Committee comprised of health and safety representatives is regularly sitting on quarterly basis to observe, discuss all health and safety related matters, make recommendations to Management for improvements.

Disciplinary Matters

It is part of the functions of the Labour Relation unit to ensure that the misconduct cases are investigated and concluded within a reasonable period, as per the Disciplinary Procedure and Collective Agreement. Two (2) disciplinary cases are concluded and One (1) still in process.

HR Policies

An annual policy review was conducted on 29 -30 August 2019 the following HR policies were reviewed: Acting policy, Employee assistance programme, Employment equity, Subsistence and travelling policy and Training policy. Disability policy was also introduced, and all these policies were adopted by Council on the 3rd December 2019. (Council resolution 155/2019). Due to Covid -19 pandemic no policy review was scheduled.

Chapter 3

Organisational Organogram

In terms of Section 66 (1) of Municipal Systems Act, A Municipal Manager, within a policy framework determined by the policy framework determined by the Municipal Council and subject to any applicable legislation must develop a staff establishment to the Municipal Council for approval.

The organogram was discussed with minimal changes at the strategic planning which is annually held, the following positions were regarded as priority :

1. Finance Department : AFS Accountant,
2. Corporate Services : OHS Officer
3. Spatial planning: Housing Clerk, General workers. LED Manager
5. Infrastructure : Fleet Manager, Roads and Storm Water Technician, Manager Water and Sanitation
6. Community Services : Librarian, Library assistant

RECRUITMENT:

Section 56 Managers

The following positions were filled: Director Cooperate Services – this position was filled on the 1st of July 2020.

Non- Section 56 positions

Office of Municipal Manager

1. Manager internal auditor -post filled 1st April 2021
2. Performance Officer- resigned 31st December 2020, post still vacant

Finance Department

Budget Manager -Post filled 1st March 2021
Assets Manager- resigned 31st December 2020, post still vacant.
Procurement Officer -28th resigned February 2021, post still vacant

Corporate services

OHS Officer -resigned on 31st January 2021, post still vacant.

Spatial planning

Town Planner- post filled 1st March 2021

Infrastructure

Manager Water & Sanitation-post filled 1st April 2021.
PMU Technician-post filled 1st March 2021
Grader Operator- post filled 1st April 2021

Community services

Librarian Assistant - post filled 1st April 2021

Internships

- 2x interns are currently participating on a 3-year internship programme and the programme is funded by the National Treasury.
- 2x Human resource experiential learners' contracts expired on the 31 May 2021. (Own funding).4x Corporate Services Interns were employed as of February.

Records Management

Records policy was tabled before Council and adopted on the 3rd December 2019. (Council resolution 155/2019)

The Collaborator system for the Municipality was provided by the District Municipality which withdrew its support services from the Municipality in October 2019 and that left the Municipality with no collaborator system in place. The Municipality is in the process of sourcing the other service provider to put the system in place.

T 3.26.1

Chapter 3

Employees: Human Resource Services					
Job Level	2019/2020	2020/2021			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	2	2	2	0	0
10 - 12	3	3	3	0	0
13 - 15	0	0	0		
16 - 18	0	1	1	0	0
Total	5	6	5	0	0

T3.26.2

Financial Performance 2020/2021: Corporate Services					
Details	2019/2020	2020/2021			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	12 514 310,00	1 997 714,00	2 117 714,00	2 541 132,00	21%
Repairs and Maintenance	0.00	0.00	0.00	0.00	
Other	5 078 808,00	5 470 000,00	5 317 300,00	7 090 444,78	23%
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.26.3

Capital Expenditure 2020/2021: Human Resource Services					
Capital Projects	2020/2021				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
				%	
Total All					
Physical Security guards Services	17 829 998	-	21 305 421	19%	

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

T 3.26.4

Chapter 3

COMMENT ON THE PERFORMANCE OF CORPORATE SERVICES OVERALL:

Overall performance of the Unit was good, except the challenge that we had 1 resignation of the health and safety Officer and could not fill up the position timeously due to covid 19 observations. However all the Key performance indicators were achieved..

T 3.26.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT Unit is the backbone of communication in this institution but without proper resources it is difficult to reach maximum performance on in-house service delivery also externally. Efforts have been made to upgrade and update the ICT systems and so far the municipality managed to make minor changes. The ICT services in GTLM are mainly to ensure that new technology is introduced to the municipality and that the current systems are maintained and updated.

The rural nature of the municipality requires GTLM to explore opportunities with regard to the latest satellite technology to improve communications as well as utilizing the internet “cloud” to improve service delivery:

The following are challenges that impedes maximum performance of IT unit

- ICT Portfolio Committee
- Internet Service Provider
- Network monitoring tool
- Dedicated budget for ICT purposes
- Upgrade to current physical and logical network infrastructure
- Availability of transport to junior IT staff

T 3.27.1

Employees: ICT and Communications Services				
Job Level	2020/21			
	Posts	Employees	Vacancies/ (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
7 - 9	0	0	0	0%
10 - 12	3	3	0	0%
13 - 15	1	1	0	0%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
Total	5	5	0	0%

Chapter 3

T3.27.2

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Panel of Legal Advisors

A total of eight law firms have been appointed to the panel of legal experts by Greater Taung Local Municipality and they are from various districts within the province. Their contracts are from 2017 in October to 2020 in November. Owing to unforeseen circumstances relating to the Covid—19 pandemic there has been disruptions in the running of the various Courts across the country leading to very serious backlogs.

Various matters are as a result still outstanding and consequently went beyond the term of the contracts of the legal experts. Those that have pending matters are now on a month to month extension of their contracts, hopefully until the individual matters are finalised. As matters of litigation come as and when budgeting can never be accurate. The Legal Unit, in its endeavour to minimise costs, from time to time engages officials from sister municipalities to come officiate and / or prosecute in our disciplinary hearings and thank them by paying only their travelling and subsistence costs.

Litigations

As of now there is about 70% success rate, 25% of matters pending and beyond our control as well as 5% of matters that were unsuccessful.

Disciplinary Matters

This very important function is resident in the Labour Relations section but the Legal Unit cannot completely divorce itself from it since it has legal connotations. Cases of misconduct are as far as possible investigated and concluded within a reasonable period in accordance with the Disciplinary Procedure and Collective Agreement. For the current year, two disciplinary cases were concluded and one is pending.

Contract Management

The contract register that the Legal Unit keeps reflects on the contracts that Greater Taung Local Municipality has entered into with various service providers. The unit strives to keep as much as they possibly can to keep an authentic contract register that would as well be auditable. This, the unit does by way of vetting contracts before they are signed as well as witnessing the signing thereof. Only when satisfied that the contract is legally compliant, will the unit help such find its way to the contract register.

Risk Management

Chapter 3

The Dr Ruth Segomotsi Mompati District Municipality (DRRSMDM) is providing support to GTLM and PMS unit is responsible for the coordination and facilitation of risk management in the municipality.

Procurement Service

Supply Chain Management Unit is responsible for the procurement of goods and services in the municipality.

T3.28.1

COMPONENT J: MISCELLANEOUS

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

INTRODUCTION TO MISCELLANEOUS

None. GTLM does account to provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

T 3.29.0

Chapter 3

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD 2020/2021

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

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
National KPA 1: Basic Service Delivery and Infrastructure Development: Technical Service Department												
Strategic Objectives : Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance												
TL 01	Number of high mast lights (Phase 5) constructed in various villages by end March 2021.	45	45	19,20, 21,17, 8, 14, 10, 23	R 9 389 527	23	25	R8 273 678	Target overachieved	None	None	Completion Certificate
TL 02	Percentage of the Community Hall construction project in Leshobo completed by end June 2021	0	0	7	R 4 000 000	70%	75%	R2 706 277	Target overachieved	None	None	Progress Report
TL 03	Percentage of the Community Hall construction projects in Karelstad completed by end June 2021	0	0	3	R 3 000 000	70%	39%	R1 269 816	Target not achieved	The Contractor commenced late as there had to be administration matters resolved as he had to move from Mammutla project	The Contractor will expedite work and reach the target in the new financial year.	Progress Report
TL 04	Number of Community Hall construction projects in Gamokake	0	0	16	R 2 525 000	1	1	R2 232 904	Target achieved	None	None	Completion Certificate

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
	completed by end June 2021											
TL 05	Number of Community Hall construction projects in Lower Majeakgoro completed by end June 2021	0	0	19	R2 500 000	1	1	R2 317 768	Target achieved	None	None	Completion Certificate
TL 06	Number of Community Hall construction projects in Vaaltyn and Tlapeng I completed by end June 2021	1	38%	1	R1 200 000	2	2	R1 406 005	Target achieved	None	None	Completion certificates
		1	65%	23	R1 200 000			R1 617 481	Target achieved	None	None	
TL 07	Number of Community Hall construction projects in Buxton completed by end June 2021	1	85%	9	R 2 560 866	1	1	R2 299 836	Target achieved	None	None	Completion certificate
TL 08	Number of Community Hall construction projects in Khudutlou completed by end June 2021	1	75%	15	R 2 914 274	1	1	R2 914 274	Target achieved	None	None	Completion certificate

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 09	Number of Community Hall renovation projects in Picong completed by end June 2021	0	0	16	??	1	0	R0.00	Target not achieved	Bid committees could not set as scheduled due to covid 19 as rotations of employees was introduced and that led to late appointment of the service provider	The appointed contractor will expedite implementation of the project and complete in the next financial year	Completion certificate
Strategic Objectives: Promote literacy in communities through comprehensive Library Services												
TL 10	Number of expansion and renovation projects completed at the Boipelo Library by end March 2021	0	0	1	R 600 000	1	1	R1 152 732	Target achieved	None	None	Completion Certificate
Strategic Objectives: Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance												
TL 11	Number of upgrades of Pudimoe Sport Facilities completed by end June 2021	0	0	5	R 3 439 134	1	0	R253 544	Target not achieved however there is a tangible progress registered	The delayed procurement of the irrigation supplier	To expedite the planting of the grass	Completion Certificate
TL 12	Percentage of the upgrade of the Manokwane Sport Facilities completed by end June 2021	0	0	12		50%	42%	R2 676 926	Target not achieved	The Contractor poorly planned his activities which resulted in slow progress	The appointed contractor will expedite implementation of the project and complete in the next financial year	Progress report

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 13	Number of upgrades of Reivilo and Manthe Sport Facilities completed by end June 2021	0	0	1	R 3 700 000	2	0	R587,000.00	Target not achieved however 99% progress is registered. The Changeroom is completed. The tennis court refurbishment outstanding	Late appointment and commencement of the Contractor	To speed up the appointment of the tennis court Contractor in the new financial year	Completion Certificates
				14	R 3 700 000		0	R0.00	Target not achieved however 10% progress is registered.	The community could not allow one Contractor to commence with work. They wanted all the service providers to start at the same time		
TL 14	Percentage of the water supply extension project at Myra completed by end June 2021	0	0	6	R 2 385 726	50%	0%	R0.00	Target not achieved	There were revisions of the scope of work submitted and still awaiting DWA approval	To further engage DWA to speed up the process of approval in the new financial year	Progress report

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 15	Percentage of the reticulation of bulk services for 170 number of stands in Pudimoe completed by end June 2021	0	0	5	R1 7000 000	50%	0%	R862 166	Target not achieved	There had to be revisions made to the report	The end-user to be advised as per the investigations done	Progress report
TL 16	Number kilometers of storm water channel completed in Rietfontein by end June 2021	0	0	21	R 7 000 000	1.8km	0 km	R4 855 057	Planned target not could not be achieved within a set timeframe however progress achieved as at end of was 77% of the overall target	The Contractor poorly planned his activities which resulted in slow progress	contractor will expedite implementation of the project and complete in Q1 of the next financial year	Completion certificate
TL 17	Number of kilometers of extension to the Lower Majeakgoro storm water channel completed by June 2021	1	40%	19	R 3 000 000	1km	1km	R2 743 235	Achieved	None	None	Completion certificate

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 18	Number kilometers of access road completed in Rooiwal by end June 2021	0	0	8	R12 500 000	3km	3km	R11 671 235	Achieved	None	None	Completion certificate
TL 19	Number kilometers of access road completed in Khibicwane (Phase 2) by end June 2021	0	0	6	R2 500 000	1km	1km	R3 650 080	Achieved	None	None	Completion certificate
TL 20	Number of kilometers of access road constructions from Makgalo to Sugar completed by end September 2020	1	85%		R2 500 000	1km	1km	R1 404 148	Achieved	None	None	Completion certificate
TL 21	Number of kilometers of access road constructions completed in Manthe and Majaneng by end June	1	78%	14	R 3 500 000	2km	1km	R3 151 157	Achieved (manthe)	None	None	Completion certificates
				24	R 4 000 000		0	R3 707 686	Target not achieved (Majaneng)			
TL 22	Percentage of access road constructions completed in Modutung and by end June 2021	0	0	18	R 4 000 000	50%	12%	R892 782	Target not achieved	The Contractor commenced late and he was also stopped from working by the community	contractor will expedite implementation of the project and complete the next financial year	Progress report

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 23	Number of kilometres of access road constructions completed in Upper Majeakgoro by end June 2021	0	0	19	R 6 000 000	1,5km	0km	R1 035 799	Target not achieved	The Contractor was appointed late	contractor will expedite implementation of the project and complete the next financial year	Completion certificate
Strategic Objectives: Prevent / reduce losses that occur due to man-made / natural disaster through preparedness, mitigation, response and recovery												
TL 24	Number of temporary shelters provided in various wards by end March 2021	50	32	N/a	R 1 200 000	40	58	R942 200	Target achieved	None	None	Payment Certificate / Completion Certificate
National KPA 2: Municipal Institutional Development and Transformation.												
Strategic Objectives: Improve organisational cohesion and effectiveness												
TL 25	Number of people from EE target groups employed in the three highest levels of management in accordance with approved Municipal Employment Equity Plan by end March 2021	3	5	N/a	Opex	3	5	Opex	Achieved	None	None	Appointment Letters

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
TL 26	Number of training programmes implemented for Municipal officials by end April 2021	10	11	N/a	Opex	10	10	R551,286.04	Achieved	None	None	Proof of Registration / Attendance Register / Results
TL 27	Number of training programmes implemented for Municipal Councillors by end April 2021	5	5	N/a	Opex	5	6		Achieved	None	None	Proof of Registration / Attendance Register / Results
TL 28	Percentage of the municipal budget actually spent on implementing its workplace skills plan measured as (Total Actual Training Expenditure/ Total Operational Budget) x100) by end June 2021	90%	75%	N/a	Opex	90%	92%	R551 286 .04	Achieved	None	None	Expenditure Report
TL 29	Number of students financially supported by end March 2021	40	51	N/a	Opex	40	85	R538 000	Achieved	None	None	Bursary Letters

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
National KPA 3: Local Economic Development												
Strategic Objectives: Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance												
TL 30	Number of metres of completed fencing at the Taung Taxi Rank by March 2021	0	0	8		525m	525m	R417 054	Achieved	None	None	Completion Certificate
Strategic Objectives: Create an environment that promotes development of local economy and facilitate job creation												
TL 31	Number of Full Time Equivalents (calculated as (days worked by participants x number of participants / 230 working days per annum) created through EPWP by end March 2021	40	58	N/a	R 1 797 000	65	80	R1 797 000	Achieved	None	None	Temporary Employment Contracts
TL 32	Number of temporary jobs created through local procurement projects by end June 2021	100	104	N/a	Opex	100	145	Opex	Achieved	None	None	Quarterly MIG Project Report
TL 33	Number of economic hubs constructed in Manthe by end June 2021	0	0	N/a	R 1 217 623	1	1	Opex	Achieved	None	None	Completion Certificate

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
National KPA 4: Municipal Financial Viability and Management												
Strategic Objectives: To improve overall financial management in the municipality by developing and implementing appropriate Financial Management												
TL 34	Number of 2019/20 Annual Financial Statements submitted to AGSA by 31 August 2020	1	1	N/a	Opex	1	0	Opex	The 2019/2020 annual financial statement were submitted very late to the AG (Feb 2021	Due to covid 19 and challenges experienced with the financial management system AFS could not be submitted on time	Management submitted 2019/2020 AFS to AG in February 2021	Acknowledgement of Receipt
TL 35	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly fixed operating expenditure) by end December 2020	1.5	1:1.14	N/a	Opex	1.5	6.03	Opex	Achieved	None	None	Annual Financial Statement
TL 36	Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating	2.1	1.05	N/a	Opex	2.1	1.05	Opex	Achieved	None	None	Annual Financial Statement

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
	Conditional Grant by end December 2020											
TL 37	Number of 2020/21 Adjustment Budgets submitted to Council for approval by end February 2021	1	1	N/a	Opex	1	1	Opex	Achieved	None	None	Council Minutes
TL 38	Number of final 2021 Budgets submitted to Council by 31 May 2021	1	1	N/a	Opex	1	1	Opex	Achieved	None	None	Council Minutes
TL 39	Number of indigent households that received free basic electricity in GTLM by end June 2021	10 000	11 067	N/a	R10 734 000	12 000	11 619	R10 304 812	Target not achieved	Some indigents are not able to collect free tokens due to system error at Eskom	Awareness campaign through radio, advert on newspaper and loudhailing to inform the indigents for collection of free tokens especially from cellphone app where a user just enters *130*869# or *130*269# from the comfort and safety of their homes	Expenditure Report
TL 40	Number of indigent households that received free basic water in GTLM by	300	4	N/a	R100 000	10	1	R917. 95	Target not achieved	Indigent households in Boipelo and Reivilo could not receive free 6 kl of water due to	Errors of prepaid water meters that makes it impossible for registered and	Expenditure Report

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
	end June 2021									prepaid water meter errors.	approved indigents to collect their free basic water tokens needs to be resolved by the municipal officials	
TL 41	Number of indigent households that received free basic sanitation in GTLM by end June 2021	210	298	N/a	R200 000	210	166	R108 497	Target not achieved	Failure by some indigent members of the public to come forth to register or update their status	To embark on awareness campaigns through radio adverts, newspapers and loudhailing to encourage more indigent registrations at their nearest municipal offices and at their respective Ward Councillor and ward committees *	Expenditure Report
TL 42	Number of indigent households that received free basic refuse removal in GTLM by end June 2021	210	318	N/a	R200 000	210	187	R 127 518	Target not achieved	Failure by some indigent members of the public to come forth to register or update their status	To embark on awareness campaigns through radio adverts, newspapers and loudhailing to encourage more indigent registrations at their nearest municipal offices and at their respective Ward Councillor and	Expenditure Report

Chapter 3

Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
											ward committees *	
TL 43	Number of indigent households that received monthly rebates on property rates in GTLM by end June 2021	0	0	N/a	R350 000	210	182	R312 843	Not achieved	Failure by some indigent members of the public to come forth to register or update their status	To embark on awareness campaigns through radio adverts, newspapers and loudhailing to encourage more indigent registrations at their nearest municipal offices and at their respective Ward Councillor and ward committees	Monthly Expenditure Reports
National KPA 5: Good Governance and Public Participation Strategic Objectives: Promote a culture of participatory and good governance												
TL 44	Number of final reviewed 2021/22 IDP documents tabled to Council by end May 2021	1	1	N/a	Opex	1	1	Opex	Achieved	None	None	Council Resolution. Minutes
TL 45	Number of 2019/20 Annual Reports submitted to Council by end January 2021	1	1	N/a	Opex	1	0	Opex	Not achieved as planned	The Annual report had to be submitted late to council due to late submission of the AFS and the delay on the audit by AG	Annual report was submitted to council on the 29 th July 2021	Council Resolution. Minutes

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Ref No.	Key Performance Indicator/ Unit of Measurement	Previous Financial Years 2019-2020		Wards	Revised Annual Budget 2020/21	Financial Year Under Review 2020- 2021		Expenditure	Performance comments	Reason for under-performance/ deviation	Measures Taken/ to be taken to improve performance	Means of Verification /P.o.E
		Target	Actual performance			Annual Target	Actual performance					
Strategic Objectives: To improve overall financial management in the municipality by developing and implementing appropriate Financial Management												
TL 46	Number of 2020/21 mid-term budget and performance assessment reports submitted to the Mayor by 25 January 2021	1	1	N/a	OpEx	1	1	Opex	Achieved	None	None	Acknowledgement of Receipt

Chapter 3

Service Providers Strategic Performance

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

- Means a person or institution or any combination of person and institution which provide to or for the benefit of the local community.
- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in term of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

During the year under review the municipality did appoint service providers who provided municipal services to or for the benefit of the local community on behalf of the municipality and below is performance assessment of some of the service provider appointed to render service for the benefit of the local community on behalf of the Municipality. All these projects were regularly monitored by Project Management Unit.

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS											
2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Khudu-tlou Community Hall	Kgomo-Sekgabo PSP (Turnkey)	MIG			100%	Community unrest, withdrawal from the contract by the Contractor, appointment of the new Contractor. Covid 19	2	3	4		It was a turnkey contract, the PSP was performing well, however the problem was with his Contractor.

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Rietfontein storm-water channel	Hi End Group (Professional Service Provider - PSP)	MIG	22-10-2020	On-going	80%	Scope limited due to the budget allocated. Poor Communication between the PSP and Contractor.	2	2	3	3	The reports were not of good quality however the PSP responds well to the comments by the Client.
Rietfontein Storm-water Channel	Blue chill JV (Contractor)	MIG	22-10-2020	On-going	80%	Poor cash flow management. Poor Communication between the PSP and Contractor. The Contractor did not pay the local labourers and Sub-Contractors on time.		3	2	2	The Contractor's cashflow problems had negative impact on the progress of the project.
Lower Majeakgoro community Hall	Makgopela Enterprise (Contractor)	Own fund	25-01-2021	25-06-2021	100%	The Contractor suspended the work due to cashflow, however it did not affect the progress of work.		3	3	3	The performance of the contractor was satisfactory.

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Lower Majeakgoro community Hall	Grey horn Engineers (Professional Service Provider - PSP)	Own fund	25-01-2021	25-06-2021	100%	The design documentation were not good standard.	2	2	3	3	The reports were not of good quality however the PSP responds well to the comments by the Client.
Myra water reticulation	Hi end group (Professional Service Provider - PSP)	MIG (Covid intervention)			Awaiting approval from the DWS to commence with sourcing of the Contractor.	Lack of support from the District Municipality in accessing information, Sedibeng not submitting the required information on time.		2	3	3	The PSP has improved with time in terms of engaging with stakeholders involved in the project.
Lower Majeakgoro Storm-water Channel	OLT Engineers (Turnkey)	Own fund	18-03-2020	11-12-2020	100%	Covid19 delayed the start of the project, termination of the Contractor and hard rock	N/A	N/A	4	4	The PSP work was good and responds promptly to the Client.
Rooivaal Access road	Mhiduve (PTY)Ltd (Professional	MIG & Own fund	21-01-2021	17-05-2021	100%		N/A	N/A	4	4	PSP and the Contractor work was good.

Chapter 3

9. ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	Service Provider - PSP)										
Upgrading of Reivilo Sports Facility (Changerooms)	Elias Pule Trading & Enterprise (Contractor)	Own Funding	01-04-2021	30-06-2021	90%	None	N/A	N/A	N/A	4	The Contractor's work was good.
Construction of Gamokake Community Hall	Point Pivot Consulting (Turnkey)	MIG	01-02-2021	30-06-2021	100%	None			4	4	The PSP and Contractor's work was good.
Construction of Vaaltyn Community Hall	Ariona Consulting Engineers (Professional Service Provider - PSP)	Own Funding	30-01-2020	30-06-2021	100%	Covid 19 delays	4	4	4	4	The PSP and Contractor's work was good.
Construction of Leshobo Community Hall	Nemorango Consulting	MIG	22-03-2021	30-09-2021	80%	The PSP's communication is poor.			3	3	The Client struggles in terms of getting communication responses on time

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	Engineers (Professional Service Provider - PSP)										from the PSP
Construction of Leshobo Community Hall	Makgopela Trading (Contractor)	MIG	22-03-2021	30-09-2021	90%	The quality and workmanship is fair. The Contractor seemed to have cashflow problems.			3	3	The Contractor's progress was satisfactory at the commencement of the project, however the Client noticed that having two appointments at the same time affected progress of one project.
Construction of Buxton Community Hall	Tiki Architects (Professional Service Provider - PSP)	MIG	24-01-2019	30-06-2021	100%	The project got prolonged due to unforeseen circumstances. The PSP does not respond promptly to the Contractor's		3	3	3	The PSP work was fair.

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
						requests.					
Construction of Buxton Community Hall	Sanapo Projects (Contractor)	MIG	24-01-2019	30-06-2021	100%	The Contractor's communication is poor. The Contractor had cashflow problems.	3	2	2	3	The quality and workmanship is fair.
Extension of Boipelo Library	Mafumo Consulting Engineers (Turnkey)	Own Funding	01-08-2020	30-06-2021	100%	Their monitoring was very minimal to an extent that the Client had to instruct the PSP to improve. The Client monitors both the PSP and the Contractor.	1	1	2	2	The PSP performance is not good as much as his Contractors'
Majaneng Access Road	Point Pivot (Turnkey)	Own Funding	09-04-2021	09-10-2021	90%	The quality and workmanship is good. The progress was delayed by excess hard rock.	N/A	N/A	N/A	4	The PSP and Contractor were both good.
Karelstad community Hall	Greyhorn Engineering	MIG	26/02/2021	08/9/2021	On-going 65%	Lack of communication/ update from the			3	3	Client noticed that having more than appointments at the same time affected

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
	(Professional Service Provider - PSP)					consultant to the client. Minimal monitoring on site.					performance of the PSP.
Manokwane sport facility	Engineering Aces (Professional Service Provider - PSP)	MIG	05/08/2020	20/8/2021	On-going 65%	None	4	4	4	4	The PSP work is good and communication is maintained.
Manokwane sport facility	Moso-Kago JV Bothhabatsatsi (Contractor)	MIG	08/03/2021	20/8/2021	65On-going 65%	The Contractor had cashflow problems which led to late commencement of work. Communication between PSP and Client is poor. Not adhering to PSP and Client			2	2	Not following communication line. Bad communication with Client and PSP

Chapter 3

9. ANNUAL PERFORMANCE ASSESSMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
						instruction at times					
Highmast lights	Afrika related (Turnkey)	MIG	20/04/2021	31/09/2021	26 poles erected, busy with light fittings.	Hard rock Community stealing the safety nets.	N/A	N/A	N/A	4	The performance is good.
Modutung access road	Magogudi construction projects (Turnkey)	OWN	05/05/2021	15/9/2021	On-going 25%	Community and Labor unrest Hard rock resulting in delay in progress.	N/A	N/A	N/A	3	They need to pay attention on adhering to deadlines.
Pudumoe town development	Hi end group (Professional Service Provider - PSP)	OWN	28/9/2020	No contractor as yet	Design phase		4	4	4	4	Good. They need to double check the work before submission, however they do rectify when made aware. The Contractor's

Chapter 3

9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS

2020/21 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
							Quarter 1	Quarter 2	Quarter 3	Quarter 4	
											progress was satisfactory at the commencement of the project, however the Client noticed that having more than one appointments at the same time affected quality of work.
Pudumoe town development	DM Turnkey (Professional Service Provider - PSP)	OWN	02/10/2020	No contractor as yet	Design phase			3	3		The performance is good.
Highmast lights	Booda Consulting Engineers (Turnkey)	MIG	01/06/2020	15/01/2021	100%	Delay in energizing the lights.	N/A	N/A	N/A	4	The performance was good.

Chapter 4

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

INTRODUCTION

This component represents the role that HRM&D plays in deciphering, defining, developing and rewarding an organizational culture that is conducive to achieving business objectives. This includes:

- Culture transformation and change management;
- The development of individuals and teams with a systems view;
- Review and design of organizational structures.
- Training that related to job and personal growth equipping all employees with the necessary knowledge, skills and competencies to perform their work effectively, in pursuit of the vision and mission of Council as well as the employee's vision.
- Enabling employees to deal effectively and pro-actively with change and to the challenges of dynamic work and external environment.
- Enabling employees to acquire development orientated professionalism and the appropriate competencies.
- Helping employees to address issues of diversity whilst promoting a common organization culture so as to or in doing support unity at the workplace.
- Assisting employees in developing a better understanding of the needs of the communities that they are serving, as well as the capability to respond to these needs.
- Creating an enabling environment for the training and development of present and future incumbents. Creating a pool of suitably qualified individuals to be identified and developed in terms of a succession planning program.
- By providing job security to competent individuals.
By providing equitable access and participation in properly structured training and appraisal processes that will ensure that every employee's work performance is maximized, and, that his/her potential is fully developed.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

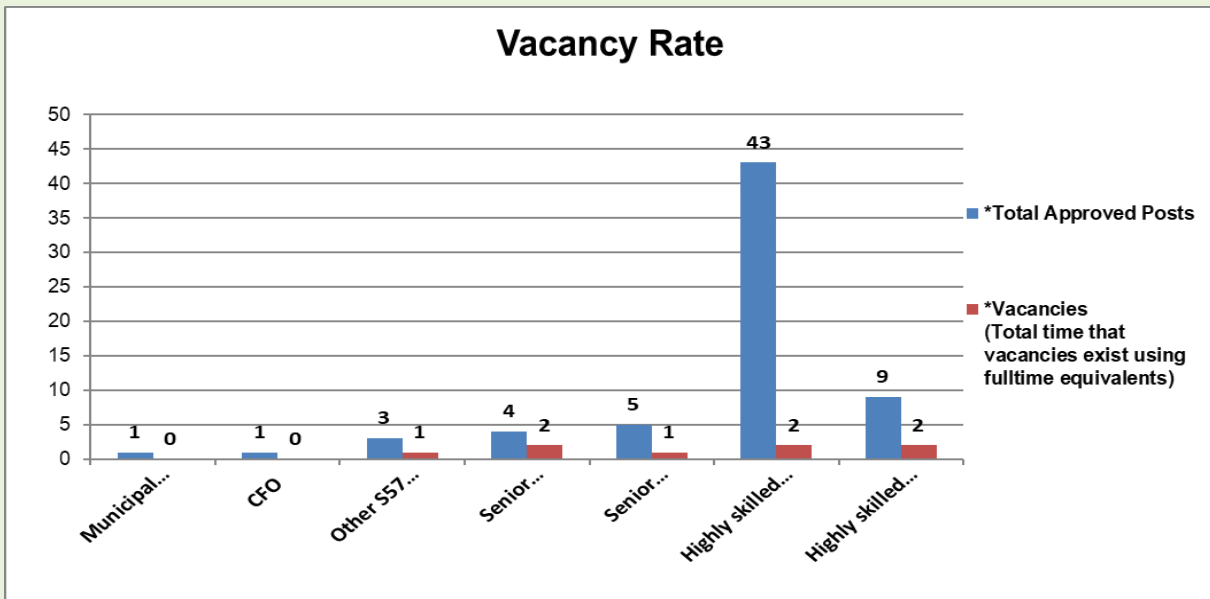
Employees					
Description	2019/2020	2020/2021			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	0	0	0	0	%
Waste Water (Sanitation)	29	6	32	3	8%
Electricity	3	3	3	0	0%
Waste Management	0	0	0	0	%
Housing	6	7	7	1	12%
Waste Water (Stormwater Drainage)	44	7	49	7	12%
Roads	0	0	0	0	0%
Planning	3	4	3	1	25%
Local Economic Development	3	4	3	1	25%
Planning (Strategic & Regulatory)	1	1	1	0	%
Community & Social Services	89	10	98	9	8%
Political Office	13	7	13	0	%
Office of Municipal Manager	13	11	18	2	10%
Corporate Services	33	10	38	3	7%
Finance	37	12	38	3	7%
Totals	274	82	303	30	-

T 4.1.1

Vacancy Rate: 2020/2021			
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	0	0,00
Other S57 Managers (excluding Finance Posts)	3	1	33,33
Senior management: Levels 13-15 (excluding Finance)	4	2	50,00
Senior management: Levels 13-15 (Finance posts)	5	1	20,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	43	2	4,65
Highly skilled supervision: levels 9-12 (Finance posts)	9	2	22,22
Total	66	8	12,12

T 4.1.2

Chapter 4



Turn- over Rate			
Details	Total Appointment as of beginning of financial year No.	Termination during the financial year No.	Turn- over Rate No.
2018/19	36	13	5%
2019/20	13	7	2%
2020/2021	9	2	2%

COMMENT ON VACANCIES AND TURNOVER:

The Municipality have struggled to fill in all Section 56 Manager positions in the past year due to the gazetted remuneration packages as they seemed not to be attractive to the suitable candidates. However, two positions (Director Infrastructure and Chief financial Officer) were filled through Section 56 (6) of Municipal systems Act. The position of the (Director Corporate Services) was filled in the middle of 2020/21 financial year.

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Greater Taung has a functional Local Labour Forum which is utilised for the discussion of work related matters, how to improve the working relationship between employment parties. This forum is very effective and address issues beforehand hence there we are not experiencing labour unrests, protest and grievances.

Training and Employment equity Committee also exists to address the issues of training and equity matters.

Health and Safety Committee also addresses safety issues, risk assessment is conducted bi-annually to minimise risks, employees are being taken for medical surveillance, and protective clothing is provided to the employees.

All these committees convene once in a quarter and make their reports to the portfolio Committee which further escalates them to Council for noting.

The Municipal workforce is therefore cooperative, hardworking and committed since the employer is also committed towards them. There are policies in the workplace which are being reviewed annually and they are adhered to.

T 4.2.0

OCCUPATIONAL LEVELS	Male					Female				
	African	Colour	Indian	White	Total	African	Colour	Indian	White	Total
Senior Management	1	0	0	1	2	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	10	0	0	3	13	4	1	0	2	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	19	1	0	0	20	15	0	0	1	16
Semi-skilled and discretionary decision making	48	1	0	0	49	43	0	0	0	40
Unskilled and defined decision making	81	3	0	0	84	32	2	0	0	34
TOTAL EMPLOYEES/POSTS	159	5	0	4	167	94	3	0	3	100
AS % OF THE TOTAL NUMBER OF EMPLOYEES/POSTS	56.9%	1.8%	0.0%	2.1%		36.4%	1.1%	0.0%	1.1%	
CURRENT MALE TO FEMALE RATIO	Male					Female				
TOTAL NUMBER OF MALE & FEMALE EMPLOYEES	172					109				
CURRENT % MALE TO FEMALE RATIO	63%					37%				

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Employment equity policy	100%	100%	03 December 2019
2	Attraction and Retention	100%	0	29 May 2012
3	Disability Policy	100%	100%	03 December 2019
4	Acting Policy	100%	100%	03 December 2019
5	Disciplinary Code and Procedures and grievance procedure	100%	100%	SALGBC Collective agreement
6	Employee Assistance / Wellness	100%	100%	03 December 2019
7	HIV/Aids	100%		29 May 2012
8	Job Evaluation	100%	100%	29 May 2012
9	Leave policy			
10.	Sexual harassment policy			
11.	Travelling and subsistence	100%	100%	03 December 2019
12.	Transport	100%		29 May 2012
13.	Vehicle allowance	100%		29 May 2012
14.	Occupational Health and Safety Policy	100%	100%	01 June 2017
15.	Overtime	100%	100%	01 June 2017
16.	Recruitment and selection	100%	100%	29 May 2012
17.	Training	100%	100%	03 December 2019
18.	Bursary	100%	100%	01 June 2017
19.	Records management policy	100%	100%	01 June 2017
20.	Induction Policy	100%	100%	01 June 2017
21.	Medical	100%		29 May 2012
22.	Voluntarism	100%		29 May 2012
23.	Other			
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The above policies on table are adopted by Council and more policies will be reviewed and also adopted by council.

The supply chain policy and tariff policy are reviewed annually and adopted by Council.

All Human Resource policies have been workshopped with all staff and the Local Labour forum has also approved the new draft policies for Council adoption.

T 4.2.1.

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

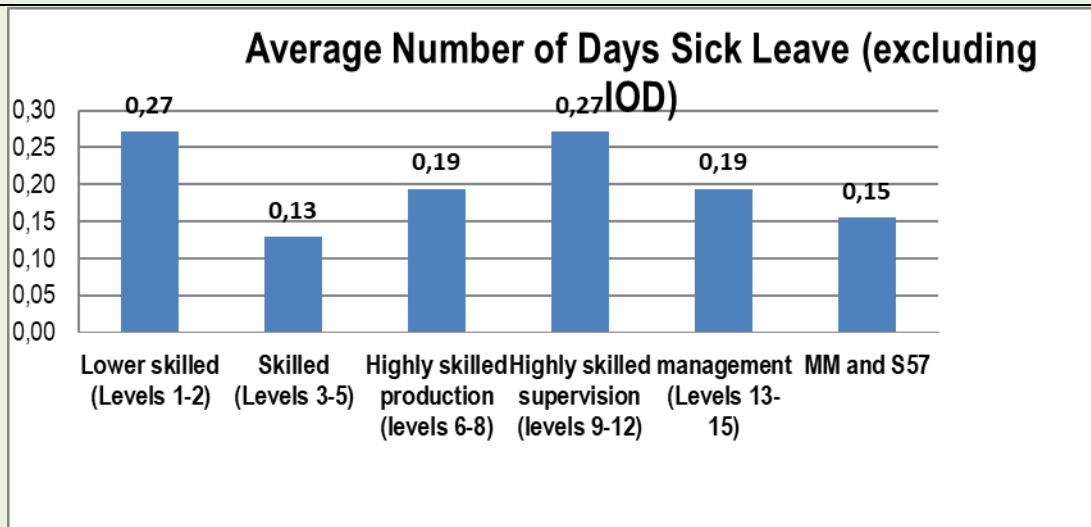
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0	0	-
Temporary total disablement	0	0	0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

T 4.3.1

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)	42	4%	10	30	0,27	40
Skilled (Levels 3-5)	20	4%	8	22	0,13	15
Highly skilled production (levels 6-8)	30	2%	10	58	0,19	36
Highly skilled supervision (levels 9-12)	42	0%	12	26	0,27	69
management (Levels 13-15)	30	2%	11	11	0,19	98
MM and S57	24	0%	3	8	0,15	67
Total	188	2%	54	155	1,21	325

4.3.2

Chapter 4



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

Injuries have been reduced to a bare minimum in the Municipality and when an employee gets injured, they are sending to a doctor paid by the Municipality. When an employee is on long instances of sick leave the Municipality takes that person to its own doctor to get an opinion on that person health and that information is kept on the file of the employee.

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Web & Graphic Designer	Gross Dishonesty	29 th April 2021	Hearing scheduled for the 02 nd June 2021 postponed due to lockdown	Early 2021/22

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
PA- Mayor	Gross dishonesty	Demotion	19 August 2020
Receptionist	Gross dishonesty	Demotion	20 August 2020
Web & Graphic Designer	Fraud	Suspension	Early 2021/22

T 4.3.6

Chapter 4

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The rand value of the cases could not be verified as it was an internal process which in most cases does not bear costs

T 4.3.7

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

No performance rewards were paid out during the year under review.

T 4.4.1.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Human Resource Section is the custodian for capacity building of employees within the Municipality and contributes to the building and creation of a capable service delivery organization. The Skills Development Act No 97 of 1998 as Amended in 2008 sets clear guidelines and requirements for the organization to implement capacity building initiatives for employees.

In response to the quoted legislative framework and related regulations such as the National Skills Development Strategy (NSDSIII) and the Local Government Sector Education and Training Authority (LGSETA), GTLM acquitted itself well under the circumstances prevailing.

The Workplace Skills Plan (WSP) for 2020/21 financial year with its attended Training Plan was submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 30 April 2021 as per requirement.

Emphasis has been on encouraging Municipal compliance with the Skills Development legislation, we continue to encourage compliance but we also emphasise on quality, in 2006 LGSETA began to issue completeness checks to Municipalities, in 2008 a quality criterion was developed, in 2009 evaluating the WSP/ATR in detail started to check if the WSP/ATR submitted is of required standards, feedback emanating from the evaluation is also given to the Municipalities in order to ensure that the gaps identified are addressed in future WSP & ATR,

The Municipality are ensuring that we are complying with the Skills Development Legislation and we will continue with our endeavour to have quality WSP/ATR, which will expose core IDP objectives of the Municipality

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

The Skills Development Act (1998) and the Municipal Systems Act, (2000) requires employees to supply employees with the necessary training in order to develop its human resource capacity. Section 55 (i)(f) state that as head of the administrator the Municipal Manager is responsible for the management, utilisation

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2019	Number of skilled employees required and actual as at 30 June Year 2019											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020	2019/2020 Target	Actual: End of 2018/19	Actual: End of 2019/2020
MM and s57	Female	1	0	0	0	1	0	1	0	0	0	1	0	0
	Male	2	0	0	0	0	0	0	0	0	0	2	2	2
Councillors, senior officials and managers	Female	27	23	22	22	22	22	22	0	0	0	23	22	22
	Male	39	26	26	26	26	27	27	0	0	0	26	27	27
Technicians and associate professionals*	Female	3	0	0	0	1	1	1	0	0	0	1	1	1
	Male	8	2	2	2	0	0	0	0	0	0	2	2	2
Professionals	Female	47	9	9	9	0	0	0	0	0	2	9	11	11
	Male	16	4	4	4	0	0	0	0	0	0	4	4	4
Sub total	Female	78	32	31	31	24	23	24	0	0	2	34	34	34
	Male	65	32	30	30	26	27	27	0	0	0	34	35	35
Total		143	64	61	61	50	50	51	0	0	2	68	69	69

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

4.5.2 MFMA Competencies

In terms of section 83(1) of the MFMA, the Accounting Officer, Senior Managers, the Chief Financial Officer, Non-financial Managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, NT, with the collaboration of various stakeholders and role players in the Local Government sphere, developed an outcome based NQF level 6 qualifications in municipal finance management. In terms of the Government Notice 493 of 15 June 2017, "(1) No Municipality or municipal entity may, with effect 1 January employ a person as a financial official if that person does not meet the competency level prescribed for the relevant position in terms of these Regulation".

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

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1		1		1	1
Chief financial officer	1		1		1	1
Senior managers	3		3		1	3
Any other financial officials	29		29		NA	14
Supply Chain Management Officials						
Heads of supply chain management units	0		0		1	1
Supply chain management senior managers	1		1		NA	1
TOTAL	34		35		4	20

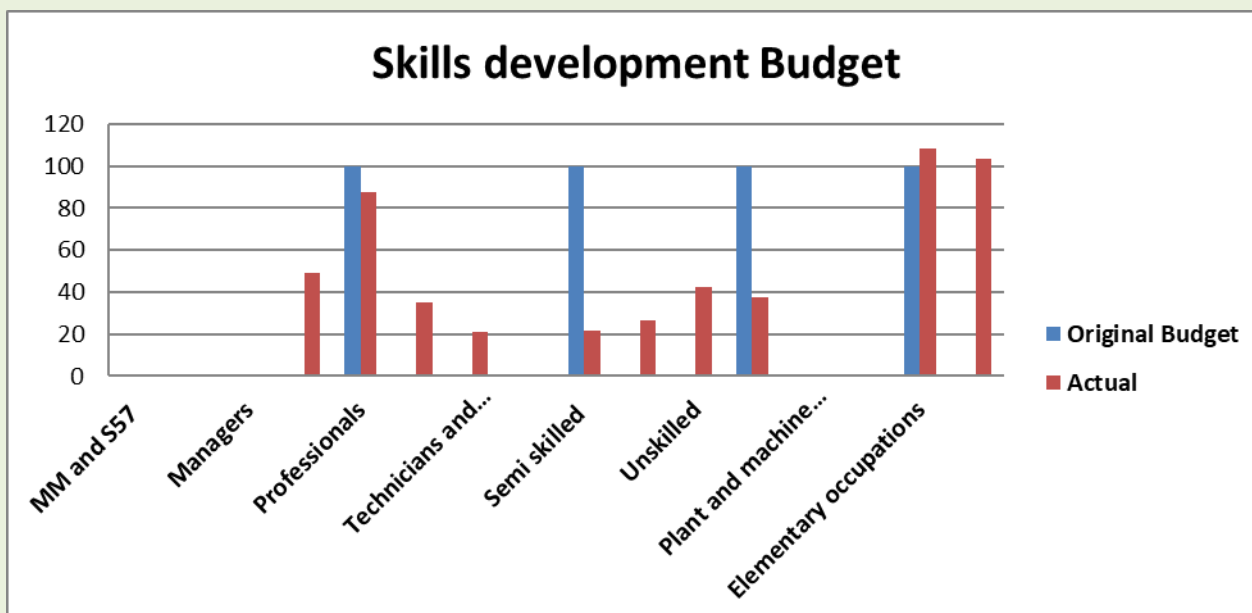
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

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Skills Development Expenditure										R'
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2020/ 2021							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget
MM and S57	Female	2		0	0	0		0		
	Male	4		0	0	0		0		
Managers	Female	11		0	0	0		0		
	Male	10		0	0	0		49,000		49,000
Professionals	Female	14	100,000	10,666	0	0		77,000	100,000	87,666
	Male	12		21,333	0	0		14,000		35,333
Technicians and associate professionals	Female	15		0	0	0		21,000		21,000
	Male	18		0	0	0		0		
Semi skilled	Female	38	100,000	21,333	0	0		0	100,000	21,333
	Male	56	0,000	26,665	0	0		0		26,665
Unskilled	Female	46	0,000	42,664	0	0		0		42,664
	Male	74	100,000	37,331	0	0		0	100,000	37,331
Plant and machine operators and assemblers	Female			0	0	0		0		
	Male			0	0	0		0		
Elementary occupations	Female		100,000	54,403	0	0		54,134	100,000	108,537
	Male			81,604	0	0		22,152		103,756
Sub total	Female	126	200	74,663				98,000	200,00	172,663
	Male	174	100	85,329				63,000	100,00	148,329
Total		300,000	300,000	159,992	0	0	0	161,000	300,000	320,992
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										

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COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Training and skills development interventions are mainly aimed at increasing the knowledge, proficiency, ability and skills of GTLM Human Capital to improve bottom line performance. GTLM Training Plan is informed by key strategic documents such as IDP and internal Skills Audit Results as well as the National Treasury Minimum Competency Regulations of 2007.

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

It must be noted that according to the WSP of LGSETA we don't budget as indicated in this template. The Municipality spend R 1 169 256,13 and also from FMG and other grants, thus it is difficult the subdivide the budget and actual spending as required in the template as it is not aligned with the WSP & ATR template of the LGSETA.

The expenditure of training gradually increases because for the fact that more training is legislated and that high quality education is just becoming much more expensive. The Municipality also spend a lot of funds from MSIG, FMG grants and donor grants from SALGA and or District municipality.

The Municipality's workplace skills plan effectiveness is evaluated through seeing if it is adding value to services being delivered and if it is aligned with the IDP, as well as conducting skills audit to see what the skills level of employees is. Most of the training expenditure is on formal education rather

Chapter 4

than short skills interventions and uptakes are more from junior management to the top, where only few elementary workers are catered for

The training plans specifically focus on the underneath aspects:

- **NEEDS ORIENTATED:**

It is important to align all training and development programs with needs based on post requirements, the tasks to be performed, and based on the performance gaps of the incumbent. The primary objective is to improve skills, knowledge, attitudes and values. These are to be specific and must at all-time indicate what the staff member should be able to demonstrate. At all times must individual, department needs and Municipality objectives be aligned in order to achieve the maximum.

- **OUTCOME BASED ORIENTATED:**

Here the emphasis is on outcomes, i.e. what the employee becomes and understands. The direct aim is to develop analytical thinking, improved attitudes, understanding and mastering skills. The main focus therefore is on the results expected at the end of a learning process, called the outcomes and the processes that will take the employee to these ends.

- **COMPETENCY BASED ORIENTATED:**

This is based on the identification of operational training and development needs, emanating from the strategic plan and the objectives of the Municipality. These learning modules, with specific training and development objectives, can subsequently be combined to determine if the employees met the training and development needs, and if the employees have the competency to apply the skill effectively.

T 4.5.4

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

The Municipality is in a rural area thus it is difficult to attract and retain qualified staff. Moreover, with the small income as most people in the municipal jurisdiction are indigents the salary bill ratio is high.

Thus the Organisational structure must be carefully managed. It is against this that many posts have been frozen as not to put unnecessary financial pressure on the budget.

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

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

The graph here is not linked to any information in the annual report therefore it is difficult to have credible data that will produce Graph that is correct. However employee expenditure for 2020/2021 financial was at 145 million which is very high and need to be attended to.

Source: MBRR SA22

T 4.6.

COMMENT ON WORKFORCE EXPENDITURE:

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

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

The Municipality has workshopped a new Performance management policy, and will cascade it down after Council approval, thus that will ensure performance assessments and evaluate if value for money is achieved by officials.

T 4.6.1.1

Chapter 4

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	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

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).

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	N/A			

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None	N/a	-	-	-

T 4.6.4

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

No posts were upgraded during the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

The Municipality requires employees and Councillors to disclose financial interest annually. These disclosure forms are recorded and kept at Supply chain, and all these disclosure forms were requested by the AG and submitted as such.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

This financial overview presents the brief summary of the financial performance of the municipality for the financial year under review. The detailed financial performance, financial position and cash flow activities of the municipality are presented in the annual financial statements for the year ended 30 June 2021. The municipality has during the financial year, strived to comply with the requirements of the relevant legislative prescripts and the guidelines set by the National Treasury in as far as financial management is concerned.

The municipality managed the budget process effectively and adhered to the timeframes as set out by the Municipal Finance Management Act. The Budget Steering Committee was established and meetings of the committee were effectively held. Other success factors for the financial year 2020-2021 are amongst others being able to monitor and report effectively on the budgets as well as the submission of the Annual Financial Statements on time.

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

The total budget for the 2020/2021 was R371 306 235 as per adjustment budget approved by council. A total of R73 147 284 was spent on the capital projects that were identified by the municipality with the main aim of enhancing service delivery.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared by a consultant and were submitted late due to several challenges emanating from migrating from FMS to EMS.

Analysing the financial position of the municipality as outlined in the statement of financial position, in the annual financial statements, the municipality is still financially viable. The municipality has maintained a sustainable and sufficient asset base.

Chapter 5

The total assets of the municipality are adequate to ensure that the liabilities of the municipality are cared and covered should anything happen to the municipality's continuity. The asset base of the municipality which is above the liabilities of the municipality as well as other factors that are presented in the financial position of the municipality shows that the municipality is still solvent and therefore still financially healthy.

The statement of financial performance as included in the annual financial statements presented a positive net result. This means that the total revenues of the municipality were still more than the total expenditures at the end of the financial year ended 30 June 2021. The detailed statement of financial performance **will** be included in the financial statements. The highest cost driver for the municipality remains to be personnel costs.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Statement of Financial Performance will form part of the Audited Financial Statement

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

The municipality's total expenditure was within the approved budget during the year under review but there was over expenditure on bulk purchase of electricity due to distribution losses.

T5.1.3

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Conditional grant such as MIG is the grants allocated to the municipality to implement the projects to deliver services to the community. GTLM did not receive any grants from other sources such as semi-state, private sector or foreign government.

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Greater Taung Local Municipality always ensure that all conditional grant received by it are use for the same purpose. Financial reports also confirm and justify the appropriate use of conditional grant and we doing so to comply with conditions attached to the grants

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The purpose of asset management in the Greater Taung Local Municipality (GTLM) is to ensure the effective and efficient control, utilization, safeguarding and management of the GTLM's property, plant and equipment and to make managers aware of their responsibilities in regard of property, plant and equipment.

It also set out the standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation and to prescribe the accounting treatment for property, plant and equipment in the GTLM include the following the cost of assets and the calculating of depreciation and capitalising of PPE and to the classification if different types of Assets.

The municipality developed an infrastructure asset management plan as required by the GTLM asset management policy and Local Government Capital Asset Management. Four Asset Management Plans were developed, namely:

1. Roads Network Asset Management Plan
2. Stormwater Network Asset Management Plan
3. Community Assets Management Plan

Chapter 5

4. Electricity Network Asset Management Plan

These Asset Management Plans are one component of the municipality's overarching corporate strategy. It was developed to support the municipality's vision for its asset management practice and programs. It provides key asset attribute data, including current composition of the municipality's infrastructure portfolio. It summarizes the physical health of the capital assets, assess the municipality's current capital spending framework, and outlines financial strategies to achieve fiscal sustainability in the long-term while reducing and eventually eliminating funding gaps.

ROADS NETWORK ASSET MANAGEMENT PLAN

This asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services generally over a 20-year planning period.

This plan covers the infrastructure assets that provide road network to Greater Taung Local Municipality

The Road network comprises:

- Taung Town-Roads with Stormwater
- Reivilo Town-Roads with Stormwater
- Boipelo-Roads with Stormwater
- Pudimoe-Roads with stormwater
- Villages-Roads only

COMMUNITY ASSETS MANAGEMENT PLAN

This asset management plan details information about community assets including actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services generally over a 20-year planning period.

This plan covers the community assets that provide recreational services to Greater Taung Local Municipality.

The Community Assets Management Plan comprises:

- Community Halls
- Libraries

The forecast lifecycle costs necessary to provide the services covered by this Asset Management Plan (AM Plan) includes operation, maintenance, renewal, acquisition, and disposal of assets over the 20-year planning period is R315 139 000. The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan.

The buildings were said to be 15 Community Halls, 5 cover grounds, 5 libraries, 5 Thusong Centres and other buildings such as rental housing and municipal offices. Such amounts cannot be considered

Chapter 5

adequate and consequently a more detailed needs requirements for construction, operations, maintenance and eventual community assets renewals is necessary.

ELECTRICITY NETWORK ASSET MANAGEMENT PLAN

This plan covers the infrastructure assets that provide electricity network to Greater Taung Local Municipality

These assets include:

The Electricity Assets Management Plan network comprises:

- Provision of Standby Generator at Greater Taung Local Municipality Administrative Offices
- Provision of street lights-approximately 8.3 km distance
- Villages as Listed as Priority 1 in the IDP.
- Provision of Street Lights and High Mast for the Pudimoe residential area
- Assessment of the existing medium voltage electricity reticulation system
- Provision of Street Lights and area lighting systems in Reivilo Township.

The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall of R 4 850 000 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan

We plan to provide Electricity Network services for the following:

- Operation, maintenance, renewal and upgrade of CBD, Towns of Taung, Reivilo and Pudimoe and the Villages listed as Priority in the IDP.
- Construction of various Electricity networks in different prioritized villages within the 20-year planning period

STORMWATER NETWORK ASSET MANAGEMENT PLAN

This plan covers the infrastructure assets that provide road network to Greater Taung Local Municipality.

The Stormwater Assets Management Plan network comprises:

- CBD
- Towns(Taung, Reivilo and Pudimoe)
- Villages as Listed as Priority 1 in the IDP.

Estimated available funding for this period is R 226 530 000 or R11 326 500 on average per year as per the long term financial plan or budget forecast. This is 70% of the cost to sustain the current level of service at the lowest lifecycle cost.

The infrastructure reality is that only what is funded in the long term financial plan can be provided. The emphasis of the Asset Management Plan is to communicate the consequences that this will have on the service provided and risks, so that decision making is informed.

The anticipated planned budget leaves a shortfall of R 4 850 000 on average per year of the forecast lifecycle costs required to provide services in the AM Plan compared with planned budget currently included in the Long Term Financial Plan. This is shown in the figure below.

We plan to provide Stormwater Network services for the following:

Chapter 5

- Operation, maintenance, renewal and upgrade of CBD, Towns of Taung, Reivilo and Pudimoe and the Villages listed as Priority in the IDP.
- Construction of various stormwater networks in different prioritized villages within the 20-year planning period.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2018/19 - 2021/2021				
Asset 1				
Name	Rooiwaal Access Road			
Description	Construction of a 3km access road with the necessary stormwater, kerbing and road markings			
Asset Type	Roads			
Key Staff Involved	Project Management Unit Staff			
Staff Responsibilities	Contract Management, Site Monitoring			
Asset Value	2018/19	2019/20	2020/21	
			12,500,000.00	
Capital Implications	Increases the number of assets in the asset register			
Policies in Place to Manage Asset	MIG			
Asset 2				
Name	Highmast Lights Programme			
Description	Installation of Highmast Lights in various wards			
Asset Type	Community Lighting			
Key Staff Involved	Project Management Unit Staff			
Staff Responsibilities	Contract Management, Site Monitoring			
Asset Value	2018/19	2019/20	2020/21	
			R 9,189,526.57	
Capital Implications	Increases the number of assets in the asset register			
Policies in Place to Manage Asset	MIG			
Asset 3				
Name	Construction of Cokonyane Access Road			
Description	Construction of a 3km access road with the necessary stormwater, kerbing and road markings			
Asset Type	Roads			
Key Staff Involved	Project Management Unit Staff			
Staff Responsibilities	Contract Management, Site Monitoring			
Asset Value	2018/19	2019/20	2020/21	2016/17
		R12,500,000.00		
Capital Implications	Increases the number of assets in the asset register			
Policies in Place to Manage Asset	MIG			

T 5.3.2

Chapter 5

COMMENT ON ASSET MANAGEMENT:

The development of asset management plans is an interactive process that starts with the identification of service delivery needs and ends with an approved “multiyear” budget linked to the SDBIP based upon the most cost-effective method of delivering that service.

Asset management plans also include asset maintenance plans to ensure provision in the budget for appropriate funding to guarantee that existing assets continue to perform at the required levels and standards of service. The asset management plans, for example, will inform the maintenance budget.

T 5.3.3

Repair and Maintenance Expenditure: 2020/21

R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	18 600	21 101	21 279	13%

T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

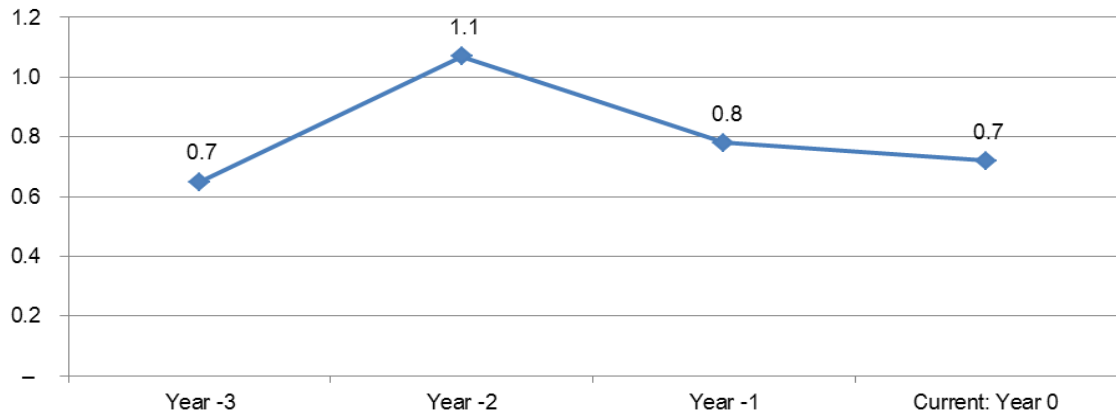
There is under expenditure on repairs and maintenance

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Chapter 5

Liquidity Ratio

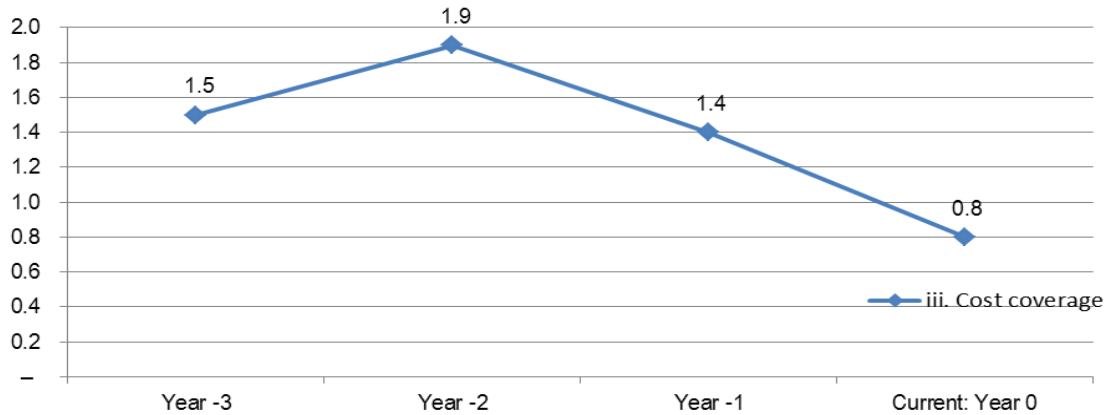


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Cost Coverage



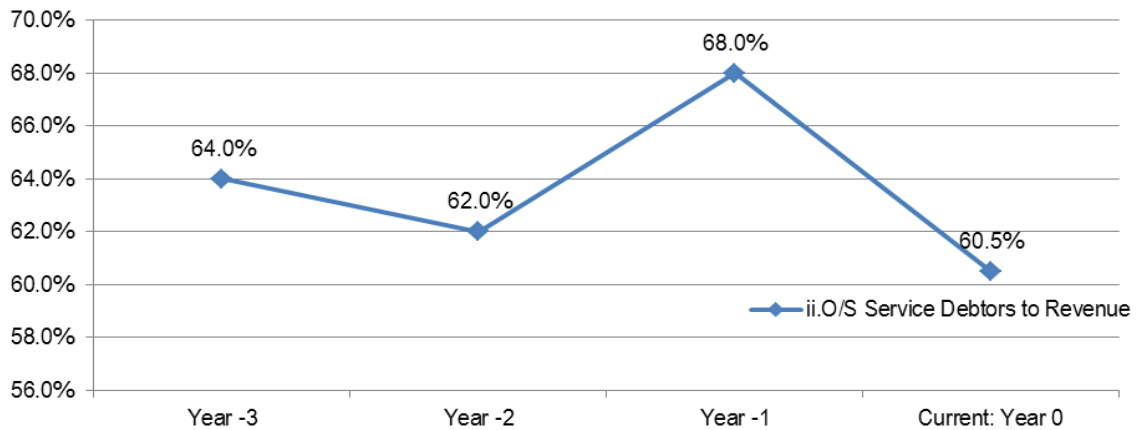
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

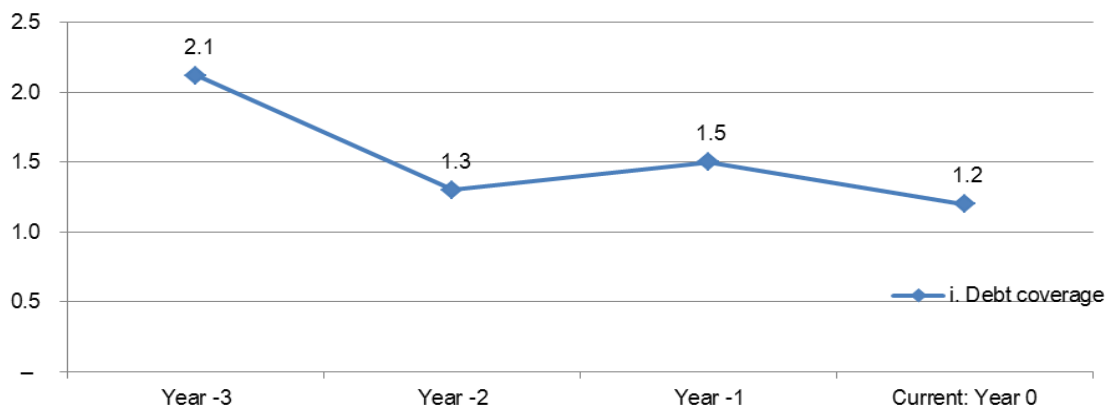
Total Outstanding Service Debtors



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

T 5.4.3

Debt Coverage



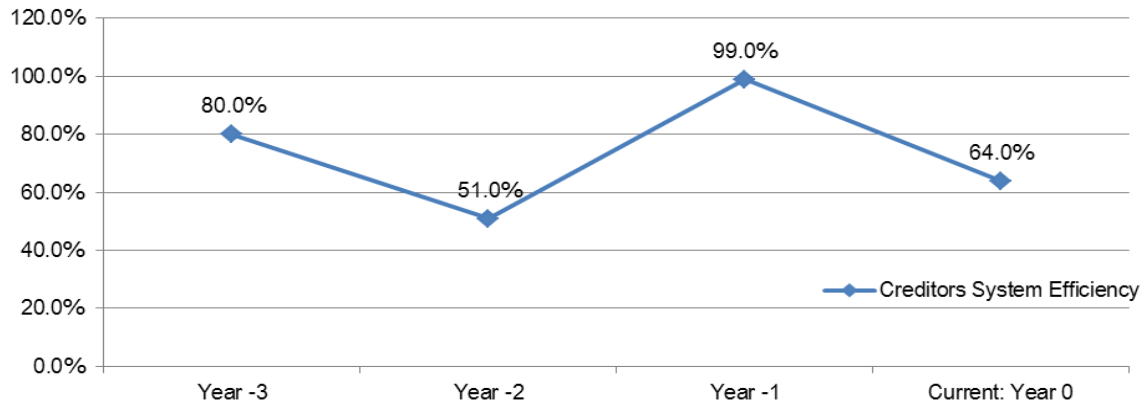
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency

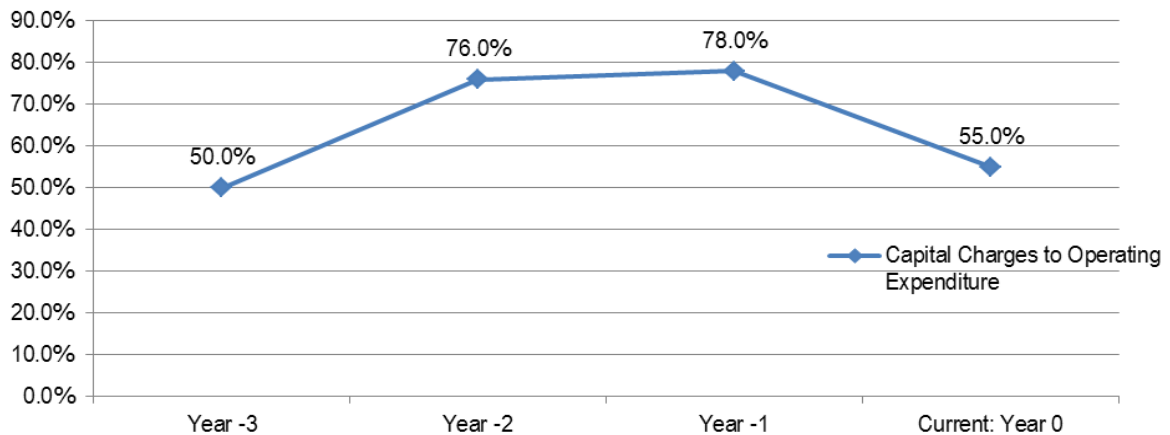


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Capital Charges to Operating Expenditure



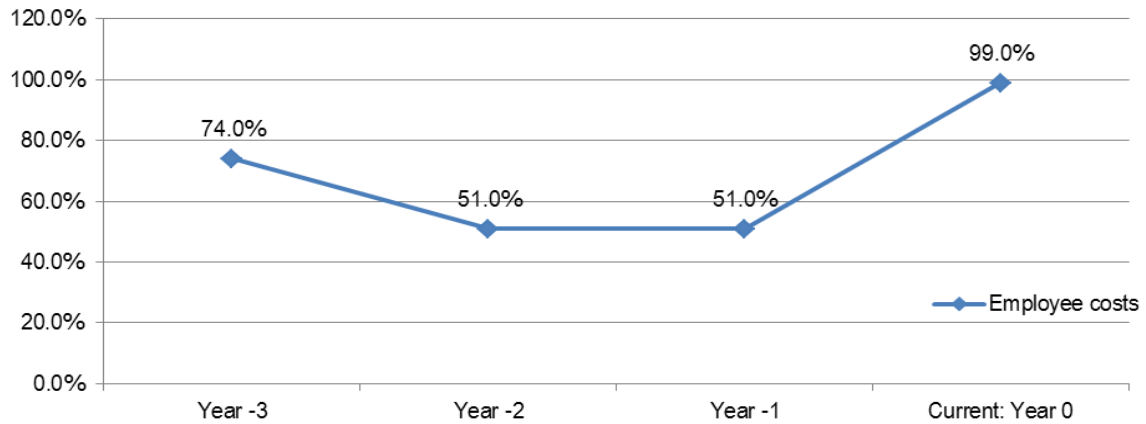
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs

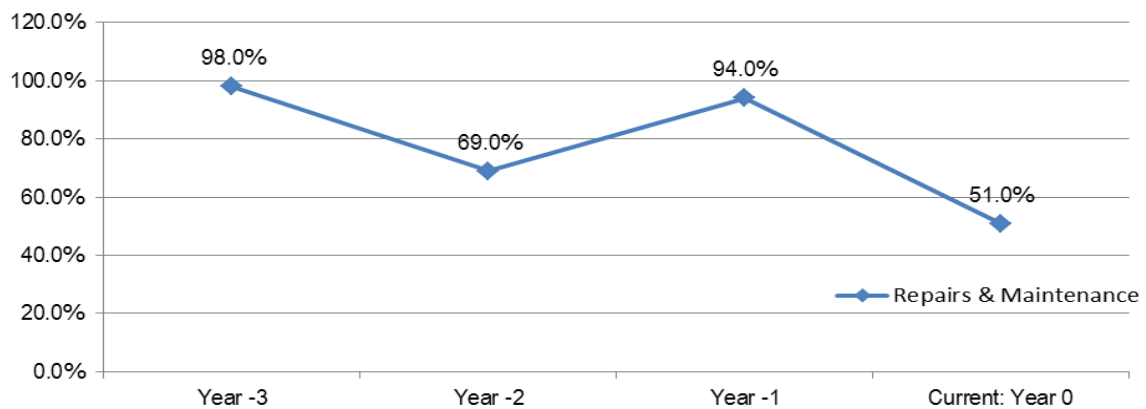


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Repairs & Maintenance



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

Data used from MBRR SA8

T 5.4.8

Chapter 5

COMMENT ON FINANCIAL RATIOS:

Liquidity ratio

This ratio depicts that the municipality's assets are more than the liabilities. However the ratio also includes the amount of money still owed to the municipality by its debtors. Taking into account that most debtors have been owing for more than 12 months the ratio might be a bit overstated. Nonetheless the municipality will still be able to cover its operations even without settlement of those debts. Therefore the ratio is favorable.

Cost Coverage

The municipality's ability to pay for its operations is not questionable. Even though the number of months has reduced in the past three years, this is attributed to the fact that the municipality had to use some of its investments in 2020 to finance the capital projects. The annual budget has been funded for the past 5 years. However care should be given in ensuring that the municipality continue to strengthen the controls in the spending patterns. Only those goods and services that are budgeted for should be prioritised.

The Total Outstanding Service Debtors

Payment of municipal service has always been a crisis for many institutions. The collection rate of the municipality is way below the expected rate which continues to give a burden to the municipality in terms of funding operations. The municipality has continued to hand-over those debtors that are not settling their bills in time. Government debt is also a priority for the municipality and there have been arrangements in place to ensure 100% collection of such funds.

Creditors System Efficiency

The municipality has been able to service most of its creditors in time.

Employee Costs

This ratio has always been above the treasury norm.

Repairs & Maintenance

Due to the lockdown the expenditure on repairs and maintenance has been rather low. However most of the municipality's properties are fairly new and do not require maintenance hence the budget is lower against CAPEX.

T 5.4.9

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The municipality's spending on capital projects is in line with IDP which is also aligned to the annual budget. The municipality managed to approve a procurement plan that formed part of the municipal acquisition strategy. The value chain was proper that all projects were appointed in time. The bid committees were in place to ensure appropriate turn-around time w.r.t appointment of tenders. The lockdown was the only issue that led to slow movement in capital expenditure.

T 5.5.0

5.5 CAPITAL EXPENDITURE

Chapter 5

R million	Original Budget 2020/21	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	90	127		100.0%	70.0%
	90	127		100.0%	70.0%
Operating Expenditure	286	303		100.0%	66.0%
	286	303		100.0%	66%
Total expenditure	376	430		100.0%	.087%
	138	135		100.0%	0.89%
Grants and subsidies	214	254		100.0%	0.84%
	138	141		100.0%	0.97%
Grants and subsidies	214	254		100.0%	0.84%
	1,182	1,189		100.0%	100.0%
Salaries, wages and allowances	136	144		100.0%	94.0%
	1,115	1,198		100.0%	100.0%
	Original Budget 2020/21	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	36	36		100.0%	100.0%
Service charges	11	11		100.0%	100.0%
Other own revenue	2	2		100.0%	100.0%
	50	50		100.0%	100.0%
Employee related costs	114	122		100.0%	93.0%
Bulk purchases	8	8		100.0%	100.0%
Other expenditure	51	54		100.0%	51.0%
Service charges: Electricity	4	4		100.0%	100.0%
Service charges: Water	1	1		100.0%	100.0%
Txxx					

T 5.5.1

Chapter 5

5.6 SOURCES OF FINANCE

COMMENT ON SOURCES OF FUNDING:

Greater Taung Local Municipality is mostly reliant on government funding.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: 2020/2021			Variance: 2020/21	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A –Rooiwaal Access Road	12,500,000.00	12,500,000.00	11,671,234.75	93%	93%
B – Rietfontein Stormwater Channel	7,000,000.00	7,000,000.00	4,855,057.27	69%	69%
C – Majaneng Access Road	4,000,000.00	4,080,000.00	3,707,686.42	93%	91%
D – Manokwane Sports Facility	6,500,000.00	6,500,000.00	2,676,925.82	41%	41%
E – Highmast lights Programme	7,500,000.00	R 9,189,526.57	8,273,677.88	110%	90%
* Projects with the highest capital expenditure in 2020/21					
Name of Project - A	Rooiwaal Access Road				
Objective of Project	Construction of a 3km access road with the necessary stormwater, kerbing and road markings				
Delays	None				
Future Challenges	None				
Anticipated citizen benefits	1531				
Name of Project - B	Rietfontein Stormwater Channel				
Objective of Project	Construction of 700m stonepitched channel with two bridges and linkage roads.				
Delays	The Contractor had cashflow problems				
Future Challenges	Cashflow as long as the Contractor does not plan properly.				
Anticipated citizen benefits	1450				
Name of Project - C	Majaneng Access Road				
Objective of Project	Construction of a 1km brick paving road with kerbing and road markings				
Delays	The hard rock was more than the anticipated.				
Future Challenges	None, as we had an option to deal with the rock.				
Anticipated citizen benefits					
Name of Project - D	Manokwane Sports Facility				
Objective of Project	Construction of a sports ground with soccer pitch, combi-court, change rooms and perimeter wall.				
Delays	The Contractor poorly planned for the commencement of work.				
Future Challenges	The project will not be completed on time if the Contractor does not expedite work.				
Anticipated citizen benefits	3722				
Name of Project - E	Highmast lights Programme				
Objective of Project	The positioning, erection, and energizing of 25 highmast lights.				
Delays	The major delay is as a result of Eskom not being able to energize the lights timeously.				
Future Challenges	Community not being patient with the energizing processes.				
Anticipated citizen benefits	14806				

Chapter 5

COMMENT ON CAPITAL PROJECTS:

The municipality had been allocated a MIG Budget of R 43 000 000 for the financial year 20/21. This was further supplemented by an additional allocation from the municipality's investment account of R63 750 000 to address service delivery backlogs majorly looking at roads and highmast lights.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

To address infrastructure backlogs, the municipality availed R 63 750 000 from its investment account to supplement the MIG allocation. It is worth mentioning that the municipality was able to address 12.5 km of backlogs related to roads while observing the maximum beneficiation of local smme's.

T 5.8.1

Service Backlogs as at 30 June 2021

	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	42 980			36%
Sanitation	42 980			36%
Electricity	5020			58%
Waste management	42980	%		%
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

Municipal Infrastructure Grant (MIG)* Expenditure 2020/21 on Service backlogs

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
				R' 000		
Infrastructure - Road transport						
Roads, Pavements & Bridges	12,500,000.00	0	11,671,234.75	93%	0%	None
Storm water	7,000,000.00	0	4,855,057.27	69%	69%	None
Infrastructure – Electricity						
25 highmast lights	7,500,00	9,189,526.57	8,273,677.88	100%	110%	None
Infrastructure – halls						
Community halls	9,000,000	0	9,000,000	100%	100%	None
Infrastructure – sports						
Sports Facilities	9,300,000	0	9,300,000	100%	100%	None
Total				%	%	None

T 5.8.3

Chapter 5

COMMENT ON BACKLOGS:

The GTLM's annual budget for infrastructure development is unable to address backlogs.

T 5.8.4

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/21

Capital Programme by Project by Ward: 2020/21		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Roads		
Construction of Rooiwal Access Road	8	Yes
Construction of Majaneng Access Road	24	Yes
Stormwater		
Construction of Rietfontein Stormwater Channel	21	No
Sports Facilities		
Construction of Manokwane	12	No
Community Halls		
Construction of Leshobo Community Hall	07	No
Construction of Gamokake Community Hall	16	Yes
Construction of Karelstad Community Hall	03	No

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Overall the municipality's financial viability assessment indicates that the municipality is in a healthy financial position. The municipality pays its creditors well within the required 30 days. The municipality is also able to easily cover all its creditors with the cash and cash equivalents available at year end. The cash and cash equivalents are high because of unused money that is invested on which interest is earned. The municipality's liquidity is very healthy as the current assets greatly exceed the current liabilities. The current assets are boosted by the high amount of cash and cash equivalents as mentioned above, while the current liabilities are kept low by the fact that creditors are not long outstanding.

Chapter 5

The only negative indication in the financial viability assessment is the debt collection period, which indicates that the municipality waits more than a year to collect money from its debtors. Although the ratio improved from the previous financial year, it is still a risk that the money is not received for services rendered. This risk is, now, mitigated by the fact that the municipality has high amounts of cash and cash equivalents available and the high amount of equitable share received each year, and is therefore not likely to experience cashflow problems now

T 5.9

5.9 CASH FLOW

Cash Flow Statement to be included once the AFS audited

COMMENT ON CASH FLOW OUTCOMES:

No borrowings

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Non borrowings

T 5.10.1

COMMENT ON BORROWING AND INVESTMENTS:

No new loans were taken up in the financial year under review.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

GTLM does not have any PPP in place.

T 5.11.1

Chapter 5

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

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

Key Findings from previous Auditor General's Report:

1. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) & 22(2)
2. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
3. The performance of contractors or providers was not monitored on a monthly basis, required by section 116(2)(b) of the MFMA.
4. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116 (2) (c) of the MFMA.
5. Awards were made to providers whose directors are in the service of the other state institution in contravention of MFMA 112(J) and SCM regulations 44. Similar awards were identified on the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38 (1).

Remedial Actions

1. Currently we have no such awards but in future we will apply the minimum days for advertising.
2. in the current financial year we did not have projects that were extended but in future we will ensure that its tabled to council if there is any extension.
- 3 & 4 PMU will do monthly site visit to monitor performance of contractors.
5. Service providers declare every time..

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The GTLM applies GRAP in the compilation of its financial statements. Although every effort is made to comply fully to the GRAP standards applicable, documented issues exist specifically in applying GRAP 17 in relation to assets due to lack of available resources.

T 5.13.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Greater Taung Local Municipality submitted the Annual Financial Statement on the 31st August 2021 in line with section 126 of the Municipal Finance Management Act for auditing by Auditor General. The municipality was audited from September until the end November 2021 and received the audit report from the auditor general in December. The GTLM received disclaimer audit opinion with 19 audit findings. The management of GTLM will develop Post Audit Action Plan in an endeavor to address the findings and work on in improving the AG audit opinion.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2020/21

6.1 AUDITOR GENERAL REPORTS 2019/20 (PREVIOUS YEAR)

Status of audit report:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
<p>PPE: Amounts as per the General Ledger and Trail Balance do not agree to the Annual Financial Statements Compared the amounts as per the General Ledger and the Trial balance and confirmed that they do not agree to the Annual Financial Statements, please refer to the following:</p>	<p>Management to perform the reconciliation between the GL,TB & the AFS with related supporting schedules. Management to ensure that the financials are reviewed by the AC, land PT.</p>
<p>Contingent liabilities: Case files not received The following are information (case files) requested under RFI 40 and 41 relating to contingent liabilities, issued on 29/04/2021 and 30/04/2021 and due on the 04/05/2021 and 05/05/2021 respectively, not received from management. Refer below for detail list:</p> <ul style="list-style-type: none"> - Cedar point Joint Venture - Thalami Lekhotla Consortium/GTLM - C/N M36/2019 Sheriff Taung/GTLM - Mr Pholo Pholo - C/N M223/2020 Illegal construction or erection of a building on ERF No 334 within the Taung CBD - The municipality purchased building material from Maxima Global Engineering and was placed in both Maxima Engineering and Buya Nempumelelo's possession - Raname Mokalane Incorporate:Makhetle Inc is representing the municipality on bills of 3 tax invoices to Maxima Global Engineering. - Manokwane Disaster project - the investigation consisted of confirming whether irregularities incurred during the spending 	<p>Management to ensure that all litigations have proper supporting documents confirmed by the relevant lawyers representing the municipality. All the supporting documents must form part of the audit file.</p>

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<p>on the Manokwane Disaster project. Expenditure which be recoverable amount to R3 273 102.</p>	
<p>Contingent liabilities: Matters not recorded in the AFS During the testing of contingent liabilities, we have noted the following issues relating to contingent liabilities: 1. Litigation on schedule but not on the AFS 2, Litigations recorded in the AFS but not identified by lawyers</p>	<p>Management to ensure that all litigation listing are recorded in the AFS and supporting documents are kept in the audit file. During review of AFS all supporting schedules must be submitted.</p>
<p>High Level Review Statement of Financial Position When we were performing high level review on the 2019/20 AFS we noted that the difference between the amount disclosed on the face of the statement of financial position for receivables from exchange transaction and note number 11 which relates to receivables from exchange transactions. For detailed breakdown of this transaction please refer below</p> <p>Description Amount Receivables from exchange transaction R 23 748 155 Note 11 Receivable from exchange transaction R 15 318 708 Misstatement R 8 429 447</p> <p>Requirement of Municipal Finance Management Act</p> <p>Through inspection of the AFS page number 80 and 81 we have confirmed the no disciplinary steps were taken during 2019/20 financial period relating UIFW as per note number 42, 43 and 44 of the AFS</p> <p>No supporting schedules submitted to support the amount disclosed on the AFS</p> <p>Furthermore through inspection of the audit pack we noted that no schedules were attached on the pack to support the amounts disclosed on the AFS, please refer below regarding the detailed breakdown of schedules which we did not received</p> <p>Description of the FSLI Amounts disclosed in the AFS Comments</p> <p>Investment Property - Empty 21,636,001.00 No supporting schedule attached in the audit pack PPE – Infrastructure assets register 427260908 No supporting schedule attached in the audit pack Intangible assets 441,208.00 No supporting schedule attached in the audit pack Receivables from non-exchange 17,999,599.00 No supporting schedule attached in the audit pack Finance lease obligation - 6,674.00 No supporting schedule attached in the audit pack Trade payables, (Payments received in advance, retentions, accrued, deposits received, vehicle registration, other creditors) 51,846,417.00 No supporting schedule attached in the audit pack</p>	<p>a. Management to ensure that the audit file is in place and the review is done in time. Management has developed an action plan that also incorporated the submission of draft AFS to AC, IA and PT for review. B. Receivables - Management must ensure that monthly recons are performed on receivables and their supporting schedules.</p>

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Revenue from exchange (Service charges 11,163,403 No supporting schedule attached in the audit pack
 Property rates 22,781,828 No supporting schedule attached in the audit pack
 Prior year restatements
 Consumer debtors -29853163 No supporting schedule attached in the audit pack
 PPE -33911663 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment -Rates - 19614359 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment - Electricity - 2083752 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment -Water -2872211 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment -Sewerage - 8279611 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment -Refuse - 10759659 No supporting schedule attached in the audit pack
 Consumer debtors - allowance for impairment -Sundry - 10118581 No supporting schedule attached in the audit pack
 PPE - Infrastructure 293956498 No supporting schedule attached in the audit pack
 PPE - Movables -17937233 No supporting schedule attached in the audit pack
 Accrued -1996801 No supporting schedule attached in the audit pack
 Debt impairment -1372543 No supporting schedule attached in the audit pack
 Employees relates cost - Bonus 667375 No supporting schedule attached in the audit pack
 Fruitless and wasteful 2,441,548 No supporting schedule attached in the audit pack

Furthermore the following creditors with negative balances has not been transferred to receivable

Description	Amount
Accrued expense	(27,140.00)
Deposits received	(254,161.00)
Total	(281,301.00)

Compliance relating to financial statements

- 1) Material misstatements as communicated in various communication of audit findings has been identified in the financial statements submitted for audit
- 2) Financial statements for the year ended 31 June 2020 were only submitted on 01 March 2020 which is not within four months after year end
- 3) The tabling of the 2018/19 annual report has not been tabled in council after the audit report for the 2018/19 audit report was finalized.

Management to ensure that all recons for the year are done in time to detect any discrepancies on the system that might lead to delays in preparation of financial statements. Management to ensure that AFS are submitted in time to allow for timeous tabling of the AR.

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<p>Compliance: Presentation of the Annual Financial Statements Contrary to the above requirement, the following items have been reclassified to other accounts however the comparatives were not reclassified as well to ensure that the amounts are consistent</p>	<p>Management must ensure that all reclassifications are disclosed as per GRAP 133&149. Whenever there are reclassifications, the comparative figures must also be restated accordingly.</p>
<p>Unauthorised expenditure: Limitation of scope – Supporting schedule for Unauthorised Expenditure not submitted for audit When the AFS were submitted the supporting schedule for the following amount was not submitted as required by paragraph 54 of the Engagement Letter:</p>	<p>The calculation of UIF to be done in time and supporting documents must be reviewed to ensure correctness of the figures. All supporting schedules must be submitted with the audit file.</p>
<p>Unauthorised expenditure: Differences noted between budget amount and the approved budget amount 1. A difference was noted between the total budgeted expenditure amount as per unauthorised expenditure calculation and the budgeted expenditure amount as per B Schedule (Approved budget) as follows: 2. A difference was noted between the Total expenditure amount as per unauthorised expenditure calculation and the total expenditure as per statement of financial performance 3. The general ledger submitted for the audit did not include the identifier for actual expenditure per vote as a result we are unable to recalculate actual expenditure per vote used by management in calculating unauthorised expenditure 4. A difference was noted per vote between the budgeted amounts as per unauthorised expenditure calculation and the B schedule :</p>	<p>Management together with the budget office to ensure that all votes are budgeted for appropriately. The UIF schedules must be submitted with all its opening balances from the date of implementation of the register. The supporting documents to the register must also be submitted and reviewed</p>
<p>Statement of Budget vs Actual - Misstatements identified 1 During our testing of the accuracy of the Statement of Comparison of Budget Vs Actual Amounts we noted that reasons were not provided for differences that arose between the final budget and actual amounts. Amounts above performance materiality of R2,017,500 will be included in the finding as follows: 2. During our testing of the accuracy of the Statement of Comparison of Budget Vs Actual Amounts we noted that the following amounts presented as the budgeted amount of the line items differs from the actual amount on the approved budget.</p>	<p>Management to ensure that there is a clear comparisons of the actual amounts and the budget. The reasons for material differences between the two statements must be expressed in the financials.</p>
<p>Compliance - No Investigations were performed on instances of Irregular expenditure, unauthorised expenditure and Fruitless and Wasteful expenditure The following issues were identified during the planning of the audit: 1. No investigations were performed on instances of Irregular expenditure, unauthorised expenditure and Fruitless and Wasteful expenditure 2. No actions were taken to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure 3. The accounting officer did not promptly inform the mayor, the</p>	<p>Management to ensure that UIF is reported quarterly in Council in order to allow Mpac to perform the sec 32 process in time.</p>

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<p>MEC for local government in the province and the Auditor-General, in writing, of any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality</p>	
<p>PPE- Movement schedules not submitted We enquired from the AFS team and confirmed the municipality did not have supporting schedules for the following items disclosed in note 4 : Other changes, movements: Buildings R 155,186 Infrastructure R 78, 671 Work-in-progress R 417, 152 Finance lease assets R 557, 151</p>	<p>Management to ensure that all supporting documents to the AFS are submitted in time and reviewed before loaded onto the financials statements. Management has developed the AFS plan with due dates in terms of submission of supporting documents to the AFS. Management to ensure that AFS with all supporting documents are reviewed to detect any misclassification</p>
<p>PPE- Infrastructure assets- opening balance- Rights to bridges During the testing of property, plant and equipment- infrastructure assets- opening balance restatement; the rights for the following bridges could not be confirmed as they are on the roads proclaimed by provincial government;</p>	<p>Management to ensure that only assets belonging to the municipality are recorded on the assets register. The fixed assets register has been revised in line with finding by removing the bridges on the assets register.</p>
<p>Limitation: PPE- Infrastructure additions- Completion certificates The completion certificates for the following infrastructure projects transferred from WIP were not obtained;</p>	<p>Management to ensure that all supporting documents to the AFS are submitted in time and reviewed before captured on the financial statements. Management has developed the AFS plan with due dates in terms of submission of supporting documents to the AFS.</p>
<p>Inventory- Assets held for resale. The following land has properties not controlled by the municipality;</p>	<p>Management to ensure that all land that is still in the name of the municipality however with properties on them are recognised at R1 and later transferred to those relevant departments. The municipality to recognize assets only when they will be able to generate value from such assets.</p>
<p>PPE- Difference between the FAR and AFS Through the inspection of the AFS and the Asset Registers received, it was noted that the AFS amounts do not agree to the amounts as per the registers</p>	<p>Management to ensure that the fixed is reconciled back to the AFS, GL and the TB. All recons to be performed on a monthly basis.</p>
<p>PPE- Asset register does not meet the requirement of the Asset policy Contrary to the above; During the testing of Asset registers, we confirmed that the following requirements of the Greater Taung Local Municipality Asset Management Policy 2019/20 FY Section 12(7)a were not adhered to; MOVABLE ASSET REGISTER AS AT 30 JUNE 2020; Description of the requirement as per the Greater Taung Local Municipality policy (12 (7) (c)): (xvi) The source of financing; (xvii) The current insurance arrangements;</p>	<p>Management to ensure that the assets register in place aligns to the assets management policy by including all relevant information.</p>

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<p>PPE- Movable assets- Completeness of Asset Register- Prepaid electricity meter boxes.</p> <p>Prepaid electricity meter boxes that the municipality installs for consumers are not included in the municipalities Movables Asset Register for 2019/20.</p> <p>Prepaid electricity meter boxes are currently trading at R1420 (https://jknvenergy.co.za/all-prepaid-meters/electricity-meters/prepaid-meter-model-bec23-plt/).</p> <p>There are currently 385 prepaid electricity customers on the Prepaid electricity meters listing</p>	<p>Management to engage AG on the finding as electrical and water meters form part of the infrastructure assets.</p>
<p>General Expenditure - Limitation of scope</p> <p>During the audit of budget information, the following was identified. No explanations for differences were disclosed for the following items in the statement of comparison of Budget and actual amounts. Differences identified; Interest received - Debtors: R(6 714 000), Other Income: R3 911 183, Repairs and maintenance: R(114 453), Transfers and subsidies: R(31 611 598).</p> <p>Non-compliance with GRAP 24.</p>	<p>Management to ensure that there is a clear comparisons of the actual amounts and the budget. The reasons for material differences between the two statements must be expressed in the financials.</p>
<p>SCM - Issues identified on Competitive bidding testing</p> <p>1. During the audit of supply chain management, we identified that the following goods/services were procured without sourcing three quotations:</p> <p>2. We inspected the process followed for the tender GTLM/INFR26/2018/2019 PLANNING, DESIGN, CONSTRUCTION, CONSTRUCTION MONITORING AND CLOSE OUT (TURNKEY) OF CLUSTER B ROADS and it was discovered that all tenders or prospective suppliers did not submit documents as requested and price was also not used to evaluate the prospective suppliers, however the appointment was made even though the prospective suppliers did not meet the tender conditions during evaluation</p> <p>3. We inspected the process followed for the tender GTLM/IINFR19/2019/2020 SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING FOR A PERIOD OF 3 YEARS and it was discovered that The Bid Adjudication Committee (BAC) was not composed in accordance with the requirements of regulation 29(2) of the Municipal Supply Chain Management Regulations (MSCR) which requires that the Bid Adjudication Committee must consist of at least four senior managers of the municipality which must include the CFO, at least one senior</p>	<p>1. Proof of procurement for the quotation document will be submitted to AG in the next financial year. This will proof how many service providers procured the quotation document. 2. The issue was resolved with AG on the communication 11 of 2020 page 32 of 36. 3. The BAC is now compiled and sits as AG have advised. There are 6 members where 4 are directors, 1 SCM official and manager from Technical Department. 4. Resolved with AG 5. SCM will advise the budget office of such declaration 6. Resolved</p>

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<p>SCM practitioner who is an official of the municipality and a technical expert who is an official of the municipality. The meeting was held on 29 May 2020 and it was attended by the following:</p> <ol style="list-style-type: none"> 1.MH Keohitlhetse-(Manager:Roads(Technical) 2.Chuene MV -(CFO) 3.Tshepang Baloi-Director (Community Services) 4.Makuapane MA-SPAHS <p>4.We inspected the process followed for the following tenders and it was discovered that the bid adjudication committee did not meet the quorum as only two members were present, the meeting should have not taken place as the quorum was not met.</p> <p>5.We inspected the process followed for the tender GTLM/INFR20/2018/2019 PLANNING, DESIGN, CONSTRUCTION AND CLOSE OUT (TURNKEY) OF KHUDUTLOU HALL and it was discovered that the director of the winning bidder indicated on MBD 4 that their spouse works for Department of correctional services, however we inspected the AFS and it was noted that, that was not disclosed in the AFS.</p> <p>6.We inspected the process followed for the tender GTLM/INFR30/2019/2020 CONSTRUCTION OF MATLHAKO 1 STORMWATER CHANNEL and also inspected the director's of the winning bidder's statement of accounts and noted that their statement of accounts was in arrears as follows:</p>	
<p>SCM:The winning bidder does not appear on the CIDB website</p> <ol style="list-style-type: none"> 1.The following winning bidders do not appear on the CIDB website as contractors registered with CIDB: 2.The following bidder was appointed at a contract amount of R15,892,650,while the CSD Report attached indicated that Paul Distributors and projects had 4CE grading. The R15,892,650 is more than the required R4,000,000(R,6,000,000) for a contractor with 4CE Grading 3.The following bidder was appointed at a contract amount that is more than the suitable value for the CIDB Grading attached, the CSD Report attached indicated that Kabza Logistics had 	<p>Management to ensure that all tenders awarded meet all criteria's as stipulated in the bid conditions.</p>

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<p>2CE grading .The suitable value is R650,000(1,000,000) for a contractor with 2CE Grading. It was also noted that the CIBD Grading attached indicated a rating that was lower than the one that was required from the advert(which is 4CE or Higher)</p> <p>4.The CIBD Grading attached for the following winning bidder was from Born Free Investment, it was noted that one of the directors(Khotso Seleke) of Born Free Investments is an employee of the state working at the City of Matlosana-NW Local Municipality</p>	
<p>VAT Receivable - AFS amounts not agreeing to the Schedule amounts</p> <p>Through the inspection of the AFS and the VAT schedule received, it was noted that the AFS amounts do not agree to the amounts as per the schedule</p>	<p>Management to ensure that VAT recons are performed monthly. The recons must also be reviewed monthly.</p>
<p>Receivables - Provision for government debtors not performed and disclosed on AFS</p> <p>Contrary to the requirements of GRAP 104 and credit control policy of the municipality, During the planning phase of the audit, we noted that there was no provision for government debtors performed and disclosed on the AFS even though majority of these assets has been over-due for more than 121 days which is an indicator of impairment.</p>	<p>Management to ensure that the calculation of debt impairment includes government debt. The policy must be used as a guide.</p>
<p>Revenue - Revenue from Interest and rent of land recorded as negative amount in the AFS</p> <p>Through inspection of revenue in the face of the annual financial statements, page 7, "Interest, Dividends and rent of land" was recorded as a negative amount (R2,640,268).</p>	<p>Management to compile support schedule and council resolution to support the write off of interest on property rates debt.</p>
<p>Receivable from non-exchange transactions - GRAP 108 not complied with</p> <p>GRAP 108 became effective during the year under audit, which also meant a change in the accounting policy for the municipality. As a result we identified the following issues:</p> <ol style="list-style-type: none"> 1. We noted that the municipality did not classify the receivables in the annual financial statements correctly in line with GRAP 108. Property rates receivables, which are non-contractual and arise out of legislation, were not correctly classified as statutory receivables in accordance with GRAP 108. 2. The municipality has also not made use of the transitional provision and not included an accounting policy in the financial statements and or disclosed a change in accounting policy note in the financial statements as required by GRAP 3, read together with Directive 4.136 and 137. 	<p>Management will ensure property classification of the receivables in the AFS in accordance with GRAP 108.</p> <p>Management will ensure that the transitional provision is considered and included in the accounting policy on the AFS in terms of GRAP 3 read together with Directive 4.136 and 137.</p>
<p>Equitable share - difference between the DORA allocation</p>	<p>Management will ensure proper accounting of</p>

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<p>and the AFS/GL amount</p> <p>During testing of grants we identified that national treasury offset R19 500 000 from the municipality's equitable share which it had deemed as unspent conditional grants on Municipality infrastructure grants and expanded public works programme as the municipality had not submitted the 2019 financial statements at the time National Treasury determined the unspent amount for 2019 financial year. However the audited unspent grants for the year is R4 908 472, when the financial statements were prepared the municipality offset the whole amount withheld against equitable share without first applying it or offsetting it against the unspent amount of RR4 908 472.</p>	<p>the allocation of Equitable Share in terms of GRAP standards in conjunction with DORA</p>
<p>Material noncompliance misstatements identified</p> <p>Conditional grants The Municipality did not within two months after the end of the financial year evaluate its performance in respect of programmes funded/ partially funded by the MIG / EPWP and FMG .</p> <p>Revenue management Furthermore, material misstatements has been identified in consumer debtors disclosure and property rates due to significant internal control deficiencies identified as a result the municipality has failed to comply with requirements of 64(2) of the MFMA.</p> <p>Expenditure management Furthermore, material misstatements has been identified in creditors / payables from exchange transactions due to significant internal control deficiencies identified as a result the municipality has failed to comply with requirements of 65(2)(b) of the MFMA</p>	<p>Management to ensure that the financials are correctly presented taking into account all legislation and accounting standards. Review of financials statements must be done in time to assist in detecting any materials representation and non adherence to policies and accounting standards</p>
<p>Government grants and subsidies - Public network grant not received as per DoRA</p> <p>Public Network Transport Grant received as per the AFS is not received on the DoRA, no other evidence submitted to support this revenue amount</p> <p>Grant Amount as AFS Amount as per Dora Public Transport Network Grant R 930,315.00 0</p> <p>The amount for Library service grant was not included in total amount of R228,937,781 disclosed on the Statement of Financial Performance under Government Grants and Subsidies.</p>	<p>Management to ensure that all grants are recorded correctly as per the Dora. The schedules for all grants must be reviewed</p>

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COMPONENT B: AUDITOR-GENERAL OPINION 2020/21 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2020/21

Status of audit report:	Disclaimer
Non-Compliance Issues	Remedial Action Taken
<p>Cash and cash equivalents - Statement of financial position does not agree to note</p> <p>The detailed cash book balance as broken down in note 11 to the financial statements does not agree with amounts in the face of statement of financial positions and summary on note 11 to the financial statements .Cashbook amount per note 11 of the AFS (page 56) 142,850,486.00 Amount as per the Statement of financial position 144,519,971.00 Difference -1,669,485.00</p>	<p>Management will ensure that the reconciliation between the cashbook and the financial statements disclosure note is performed.</p> <p>Management has planned a 3 stage review process to avoid repeat finding which are:</p> <ol style="list-style-type: none"> 1. First review to be made by Talent Nhire - Senior consultants at Munsoft Advisory Pty Ltd. 2. Second Review will be performed by Municipal CFO. 3. Third Review will be performed by Internal Auditors and Audit committee. <p>All the review notes report has to be consolidated and ensure that matters has been addressed accordingly</p>
<p>Cash and cash equivalents - Insufficient information submitted in respect of journals requested</p> <p>We requested the following journal entries and supporting documentation for cash and cash equivalents on RFI 71 and these journals were not submitted for audit:</p> <ol style="list-style-type: none"> 1. 4492 2. 4510 3. 4620 4. TO002257 5. EF011854-0001 6. TO002258 7. TO002252 8. TO002249 9. TO002251 10. TO002250 11. TO002255 	<p>Management will ensure that the reconciliation between the cashbook and the financial statements disclosure note is performed.</p> <p>Management has planned a 3 stage review process to avoid repeat finding which are:</p> <ol style="list-style-type: none"> 1. First review to be made by Talent Nhire - Senior consultants at Munsoft Advisory Pty Ltd. 2. Second Review will be performed by Municipal CFO. 3. Third Review will be performed by Internal Auditors and Audit committee. <p>All the review notes report has to be consolidated and ensure that matters has been addressed accordingly</p>
<p>Cash and cash equivalents - Completeness issue identified</p> <p>We noted that the following bank accounts included in the prior year financial statements was excluded in the current year financial statements:</p> <p>Nedbank- 160-7777-69921 Nedbank- 160-1777-69925 Nedbank- 160-7777-69928 Nedbank- 160-77776-9922</p>	<p>Management as agreed that all journals and adjustments will be handled in the budget office's office and separate file for all adjustments and supporting documents kept and reviewed by CFO. No adjustment will be made on the system without sufficient supporting document presented to the CFO and Budget Manager.</p>

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<p>Nedbank- 160-77776-9923 Nedbank- 160-77776-9924</p>	
<p>Cash book balance as per the AFS does not agree to the supporting documents During the audit of Cash and Cash Equivalents, there was a difference noted between the cashbook balance (Cashbook) as submitted under RFI 01 dated 07 September 2021 and the cashbook balance as per the AFS for the Municipality's cheque account as follows; Cash book balance as per the AFS R20,814,490.00 Cash book balance (Cash book 1 July 2020 to 30 June 2021) R21,155,463.39 Difference -R340,973.39</p>	<p>Bank reconciliation statement will be prepared monthly to identify and correct identified errors. All the reconciling items will be supported and submitted to CFO for review.</p>
<p>Cash and cash equivalents : Misstatements identified 1) The municipality indicated in the reconciliation that the following items a valid reconciling items, through inspection of the cash book we noted that the following items we included in the cashbook at year end and therefore are not valid reconciling items: Municipal reconciliation Bank statement balance 21,613,697.84 Cash book balance 20,814,490.00 Difference 799,207.84 The audit team recalculated the bank reconciliation based on the cash book provided and the bank statement, however due to the limitation identified above we also identified a limitation on the recalculated reconciling items below : Bank statement balance 21,613,697.84 Cash book balance 21,155,463.39 Difference 458,234.45 2) We identified the following misstatements between the bank confirmation and the financial statements; Bank balance per confirmation 143,641,882.93 Cash book per AFS 142,850,486 Differences 791,396.93 3) The following employees are no longer signatories however they are still included as signatories on the bank confirmation: FNB-74857681785 - KT Forane, MP Vermaak ABSA - 2650560046 - KJ Mokhasi, GMP Pholo, 4) Interest income-investments - difference between bank statement and bank confirmations R61 854</p>	<p>Management will ensure that a thorough bank reconciliation is performed and all reconciling items are addressed accordingly.</p> <p>Management has planned a 3 stage review process to avoid repeat finding which are: 1. First review to be made by Talent Nhire - Senior consultants at Munsoft Advisory Pty Ltd. 2. Second Review will be performed by Municipal CFO. 3. Third Review will be performed by Internal Auditors and Audit committee. All the review notes report has to be consolidated and ensure that matters has been addressed accordingly</p>
<p>Cash and cash equivalents - Completeness issue identified We noted that the following bank accounts included in the prior year financial statements was excluded in the current year financial statements: Nedbank- 160-7777-69921 Nedbank- 160-1777-69925 Nedbank- 160-7777-69928 Nedbank- 160-77776-9922 Nedbank- 160-77776-9923 Nedbank- 160-77776-9924</p>	<p>Management has planned a 3 stage review process to avoid repeat finding which are: 1. First review to be made by Talent Nhire - Senior consultants at Munsoft Advisory Pty Ltd. 2. Second Review will be performed by Municipal CFO. 2. Third Review will be performed by Internal Auditors and Audit committee. All the review notes report has to be consolidated and ensure that matters has been addressed accordingly</p>

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<p>CONTINGENT LIABILITIES Contingent Liabilities: Completeness - Matter on Litigation register not on AFS During testing performed on Contingent Liabilities it was noted that the following matter was included on the Litigation Register but not on the AFS: Modisaemang Kgosiemang - Plaintiff is suing for deprivation of land by GTLM in the tune of R11m</p>	<p>Management has planned a 3 stage review process to avoid repeat finding which are: 1. First review to be made by Talent Nhire - Senior consultants at Munsoft Advisory Pty Ltd. 2. Second Review will be performed by Municipal CFO. 3. Third Review will be performed by Internal Auditors and Audit committee. All the review notes report has to be consolidated and ensure that matters has been addressed accordingly</p>
<p>Employee Cost: Difference between payday report and the AFS During execution of the audit, the following differences were noted between the payday 12 month report received from the client and the AFS :</p>	<p>The municipality has engaged in a process of preparing monthly payroll reconciliation statements. Budget office and CFO will review and approve monthly reconciliation for accuracy.</p>
<p>Employee Cost - Differences identified on Basic salaries of S56 and S57 employees Municipal Manager along with senior managers are remunerated above the Local Government: Upper limits of total remuneration packages payable to municipal managers and managers directly accountable to the municipal manager limit, A difference of R1,911,993 arises as a result of this non-compliance with applicable regulation.</p>	<p>The municipality has engaged in a process of preparing monthly payroll reconciliation statements. Budget office and CFO will review and approve monthly reconciliation for accuracy. A review of senior managers' salary will be performed by human resource office and confirmation submitted to the CFO's office.</p>
<p>Employee Cost - Basic salary - Differences noted During the testing of employee related costs, we have noted the following: a- The support obtained (employee files) does not agree to the payday report. To calculate the difference I used the highest amount as per the scale/level that the support shows. b- There were no support indicating which level/scale the employee falls under and thus leads to a limitation.</p>	<p>Management will engage in a thorough review of employee file and ensure that its aligned to the payday. The exercise will include improving HR filling process and updating all outdated information on payday.</p>
<p>NB: All finding will be articulate in the Post Audit Action Plan</p>	

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AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2020/21



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West provincial legislature and the council on the Greater Taung Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Greater Taung Local Municipality set out on pages **185 to 274**, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment including information for the basis used to determine the residual values of infrastructure assets and adjustments made to the corresponding figure due to the poor status of the accounting records. I was unable to confirm the property, plant and equipment by alternative means. In addition, the municipality did not adequately assess the useful lives of moveable assets included in property plant and equipment and did not correctly assess impairment in accordance with GRAP 17, *Property, plant and equipment*, as infrastructure assets of which mainly bridges collapsed and was not properly assessed for impairment. I was unable to determine the resultant

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impact on the carrying amount of property, plant and equipment as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments to property plant and equipment of R727 312 708 (2020: R689 683 518) as disclosed in note 4 or the depreciation and amortisation expense of R37 959 355 (2020: R34 442 800) as disclosed in note 28 to the financial statements were necessary.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for receivables from exchange transactions. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. In addition, the municipality did not calculate the provision for impairment of debtors in accordance with GRAP 104, Financial instruments as the municipality applied the incorrect future collection rate when calculating the impairment. I was unable to determine the resultant impact on the receivables from exchange transactions as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from exchange transactions of R7 533 410 (2020: R7 233 201) as disclosed in note 8 or the debt impairment expense of R16 374 106 (2020: R33 213 727) as disclosed in note 30 to the financial statements.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for receivables from non - exchange transactions. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. In addition, the municipality did not calculate the provision for impairment of debtors in accordance with GRAP 104, Financial instruments as the municipality applied the incorrect future collection rate when calculating the impairment. Furthermore, the municipality included both receivables from exchange and non - exchange transactions in the summary of debtors by customer classification disclosure in note 9 to the financial statements relating to receivables from non exchange transactions. I was unable to determine the resultant impact on the receivables from non - exchange transactions as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to the receivables from non - exchange transactions stated at R10 185 160 (2020:R8 585 911) as disclosed in note 9 to the financial statements.

VAT receivable

6. I was unable to obtain sufficient appropriate audit evidence for VAT receivable as the municipality did not maintain proper records. I could not confirm the VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT receivable of R16 164 705 (2020: R10 859 243) as disclosed in note 10 to the financial statements was necessary.

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Cash and cash equivalents

7. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents as the municipality did not maintain proper records. I was unable to confirm these cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustment relating to cash and cash equivalents of R144 519 971 disclosed in note 11 to the financial statements was necessary.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for the payables from exchange transactions and restatements to the corresponding amounts. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the payables from exchange transactions of R29 708 243 (2020:R27 728 129) as disclosed in note 14 to the financial statements was necessary.

Property rates

9. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for property rates. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the property rates corresponding figure of R28 364 984 as disclosed in note 23 to the financial statements.

Government grants and subsidies

10. During 2020, I was unable to obtain sufficient appropriate audit evidence for Local government – FMG and Expanded public works grant included in government grants and subsidies as disclosed in note 25 to the financial statements as the municipality did not keep proper records relating to these Local government – FMG and Expanded public works grant. I was unable to determine whether any adjustment to Local government – FMG and Expanded public works grant of R2 880 001 and R1 286 001 was necessary. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. I was still unable to confirm this Local government – FMG and Expanded public works grant by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

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Employee related cost

11. I was unable to obtain sufficient appropriate audit evidence for the employees related costs as the municipality did not keep proper records. I was unable to confirm the employee related costs by alternative means. Consequently, I was unable to determine whether any adjustment relating to employee related costs of R120 432 003 (2020: R98 348 888) as disclosed in note 26 to the financial statement was necessary.
12. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for employee related cost. As described in note 41 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the employee related cost corresponding figure of R98 348 888 as disclosed in note 26 to the financial statements.

Bulk purchases

13. I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality did not keep proper records relating to these bulk purchases. I was unable to confirm these bulk purchases by alternative means. In addition, the municipality incorrectly classified general expenses as bulk purchases, resulting in bulk purchases being overstated by R3 380 487 and general expenses being understated by R3 380 487. Consequently, I was unable to determine whether any further adjustment to the bulk purchases of R9 710 342 (2020: R11 701 978) as disclosed in note 31 to the financial statement was necessary.

Contracted services

14. I was unable to obtain sufficient appropriate audit evidence for contracted services as the municipality did not keep proper records. I was unable to confirm these contracted services by alternative means. Consequently, I was unable to determine whether any further adjustment relating to contracted services of R59 400 109 (2020: R41 261 018) as disclosed in note 32 to the financial statement was necessary.

General expenses

15. I was unable to obtain sufficient appropriate audit evidence for general expenses as the municipality did not keep proper records relating to these general expenses. I was unable to confirm these general expenses by alternative means. In addition, the municipality incorrectly classified contracted services as general expenses, resulting in general expenses being overstated by R7 268 927 and contracted services being understated by R7 268 927. Consequently, I was unable to determine whether any further adjustment to the general expenses of R51 543 463 (2020: R41 596 349) as disclosed in note 33 to the financial statement was necessary.

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Transfers and subsidies

16. During 2020, I was unable to obtain sufficient appropriate audit evidence for transfers and subsidies as the municipality did not keep proper records relating to these transfers and subsidies. I was unable to determine whether any adjustment to transfers and subsidies of R5 457 468 was necessary. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. I was still unable to confirm this transfers and subsidies by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Commitments

17. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality did not have an adequate system of internal control and did not keep proper records to disclose commitments. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any adjustment to commitments of R39 795 247 (2020: R21 897 036) as disclosed in note 38 to the financial statements was necessary.

Contingencies

18. I was unable to obtain sufficient appropriate audit evidence for contingencies as the municipality did not have an adequate system of internal control and did not keep proper records to disclose contingencies. I was unable to confirm these contingencies by alternative means. Consequently, I was unable to determine whether any adjustment required to the contingencies as disclosed in note 39 to the financial statements was necessary.

Prior period errors

19. I was unable to obtain sufficient appropriate audit evidence for the adjustments made to correct prior period errors as required by GRAP 3, Accounting policies, changes in accounting estimates and errors, due to the status of the accounting records and non-submission of information in support of the disclosure of these adjustments. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to confirm whether any adjustments to prior period errors as disclosed in note 41 to the financial statements was necessary.

Unauthorised expenditure

20. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as the municipality did not have an adequate system of internal control to identify and disclose unauthorised expenditure and did not keep proper records. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R78 201 438 (2020: R48 272 329) as disclosed in note 46 to the financial statements was necessary.

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Irregular expenditure

21. Section 125 of the Municipal Finance Management Act 56 of 2003 (MFMA) requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control and did not keep proper records to disclose irregular expenditure. I was unable to confirm irregular expenditure by alternative means. In addition, the municipality made payments in contravention with the supply chain management requirements which was not disclosed as irregular expenditure. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant misstatement of irregular expenditure of R251 495 091 (2020: R250 038 218) as disclosed in note 48 to the financial statements.

Statement of comparison of budget and actual amounts

21. I was unable to obtain sufficient appropriate audit evidence for budget amounts as well as the differences and explanation of those differences included in the statement of comparison of budget and actual amounts, as the municipality did not have an adequate system of internal control to report on budgeted expenditure and did not disclose the reasons for significant variances between actual and budgeted amounts included in this statement. I was unable to confirm these amounts in the statement of comparison of budget and actual amounts by alternative means. Consequently, I was unable to determine whether any adjustments to amounts presented in the the statement of comparison of budget and actual amounts were necessary.

Revenue from exchange transactions

22. During 2020, I was unable to obtain sufficient appropriate audit evidence regarding the following items, which had a cumulative effect on revenue from exchange transactions. I was unable to determine whether any adjustment to the items below was necessary. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. I was still unable to confirm these revenue items by alternate means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
- Service charges of R2 302 588 included in the balance of R9 561 698 as disclosed in note 17 to the financial statements.
 - Interest income – investment of R2 021 553 included in the balance of R14 601 218 as disclosed in note 22 to the financial statements.
 - Interest income – revenue from exchange transactions of R2 518 557 as disclosed in note 22 the financial statements

Emphasis of matter

23. I draw attention to the matter below. My opinion is not modified in respect of this matter.
Fruitless and wasteful expenditure

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24. As disclosed in note 47 to the financial statements, fruitless and wasteful expenditure of R70 981 was incurred in the current year and fruitless and wasteful expenditure of R2 441 548 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matter

25. I draw attention to the matter below. My opinion is not modified in respect of this matter.
Unaudited disclosure notes
26. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

27. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA and the Division of Revenue Act 4 of 2020 (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
28. In preparing the financial statements, the accounting officer is responsible for assessing the Greater Taung Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

29. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
30. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that relevant to my audit of the in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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Report on the audit of the annual performance report

Introduction and scope

31. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
32. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
33. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance area presented in the annual performance report of the municipality for the year ended 30 June 2021:

Key performance area	Pages in the annual performance report
KPA 1 – Basic Service delivery and infrastructure development	86 - 92

34. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
35. I did not identify any material findings on the usefulness and reliability of the reported performance information on the selected key performance area of the municipality.

Other matters

36. I draw attention to the matters below.

Achievement of planned targets

37. Refer to the annual performance report on pages **86 to 99** for information on the achievement of planned targets for the year.

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Adjustment of material misstatements

38. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 1 - Basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

Report on Audit of compliance with legislation

Introduction and scope

39. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

40. The material findings on compliance with specific matters in key legislation are as follows:
Strategic planning and performance management

41. Amendments to the integrated development plan (IDP) were made without making the proposed amendments available for public comment, as required by section 34(b) of the Municipal Systems Act 32 of 2000 (MSA) and regulations 3(4)(b) and 15(1)(a)(ii) of the municipal planning and performance management regulations.

Financial statements and annual reports

42. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Expenditure management

43. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval of funds, as required by section 65(2)(a) of the MFMA.

44. An adequate management, accounting and information system was not in place which accounted for creditors, as required by section 65(2)(b) of the MFMA.

45. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for disclaimer opinion paragraph. The majority of the disclosed irregular expenditure was caused by management non-compliance to supply chain regulation 29(2).

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46. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for disclaimer opinion paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on certain votes within the budget.

Consequence management

47. Unauthorised, 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(a) and (b) of the MFMA.

Procurement and contract management

48. Some of the tenders which failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable tenders in accordance with regulation 5(6) of the 2017 Preferential Procurement Regulations.
49. Persons in service of the municipality whose business partners 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) and the code of conduct for councillors and for staff members issued in terms of the MSA.

Other information

50. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected key development area presented in the annual performance report that have been specifically reported on in this auditor's report.
51. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
52. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
53. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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Internal control deficiencies

54. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The municipality's leadership did not exercise adequate oversight over financial and performance reporting, compliance monitoring and related internal controls. There was no adequate oversight over the implementation of approved policies and procedures and consequence management was not implemented. The audit action plan adopted did not address all internal control deficiencies identified which resulted in repeat findings in the current year.
- Management's processes over the preparation and presentation of financial statements and performance reports were not able to ensure that the reports were free from material misstatements. Management relied on consultants for the preparation of financial statements and numerous financial registers and schedules submitted by management did not agree to amounts as per the financial statements.
- The audit committee and internal audit was not fully effective during the year under review, as a result there was no proper oversight and monitoring of internal controls to prevent and detect misstatements in the financial statements. There was no approved audit committee charter as well as the internal audit plan. The processes for the review of the adequacy, reliability and accuracy of the financial statements by the audit committee and internal audit, before submission to the external auditors, are not effective as numerous material misstatements were reported which could have been detected had a proper review been done by the audit committee and internal audit in line with agreed timelines.

Auditor - General

Rustenburg
30 November 2021



T 6.2.3

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COMMENTS ON AUDITOR-GENERAL'S OPINION 2020/2021

Greater Taung Local Municipality has again received a disclaimer audit opinion for the 2020/21 financial year.

The municipality was disclaimed on :

- Property plant and equipment
- Receivables from exchange transactions
- VAT receivable
- Cash and cash equivalents
- Payables from exchange transactions
- Property rates
- Government grants and subsidies
- Unauthorised expenditure and etc

In total, 101 findings were reported in the final management report. In comparison to the previous financial year, the number of qualified areas have increased. In pursuit of addressing all the findings raised by the Auditor General during 2020/21 audit, management has again developed a comprehensive audit action plan that has been reviewed by Treasury and Audit & Performance Committee for quality assurance purposes. Implementation of the audit action plan will be monitored on a monthly basis by the Accounting Officer and evidence thereof will be verified by Internal Audit. Through 100% implementation of the audit action plan by process owners and dedicated political and administrative leadership to ensure good governance, financial management and compliance, Greater Taung Local Municipality will be well on its way to improving its audit opinion.

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key	<ul style="list-style-type: none"> • Service delivery & infrastructure

GLOSSARY

performance areas	<ul style="list-style-type: none"> • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Number Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Thapelo Matshwe	FT	Infrastructure	19/ ANC	90%	10%
Mothohela Motshabi	PT	Infrastructure	08/ANC	70%	30%
Matlhomola Mokgobo	PT	LED	07/ANC	85%	15%
Lekgotla Menyatso	PT	Human settlement	ANC	90%	10%
Lopang Tokwe	PT	Human settlement	03/ANC	80%	20%
Letta Sebolai	PT	Human settlement	01/ANC	100%	0%
Grace Moipolai	PT	Corporate Services	21/ANC	90%	10%
Walter Gaobusiwe	FT	Corporate services	04/ANC	80%	20%
Toloki Tlhaganyane	PT	Communications	02/ANC	80%	20%
Masego Ncweng	PT	Communications	05/ANC	75%	25%
Tumisang Gaoraelwe	PT	ICT	11/ANC	90%	10%
Itumeleng Maribe	PT	ICT	20/ANC	85%	15%
Nosi Ntasi	FT	Finance	15/ANC	90%	10%
Masego Lepedi	FT	Community services	09/ANC	90%	10%
Mosetsanagape Mosinkiemeng	PT	Community services	ANC	90%	10%
Ebusang Tladi	FT	Speaker	23/ANC	100%	0%
Lebogang Mothibi	PT	Community services	ANC	80%	20%
Mosiemang Babuseng	PT	ICT	10/ANC	90%	10%
Tebogo Morweng	PT	MPAC	ANC	90%	10%
France Leshoe	PT	LED	06/ANC	65%	35%
Dorcas Seemelo	PT	Planning and development	DA	80%	20%
Lizzy Mamapula	PT	Finance	ANC	85%	15%
Obakeng Balebanye	PT	Infrastructure	17/ANC	85%	15%
Boitumelo Sedupane	PT	Finance	14/ANC	90%	10%
Kegomoditswe De Koker	PT	Planning and Development	AIC	85%	15%
Otsile Mongale	FT	Communications	18/ANC	85%	15%
Maadimo Ratake	PT	Community Services	COPE	90%	10%
Moreotsile Olifant	PT	finance	ANC	95%	5%
Margaret Mmokwa	PT	Planning and Development	EFF	90%	10%

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Thandiwe Sebe	PT	Planning and Development	ANC	80%	20%
Rogers Mongale	FT	ICT	EFF	80%	20%
Gaolathwe Tshipo	PT	MPAC	ACDP	90%	10%
Kabelo Seisho	PT	communications	EFF	90%	10%
Keneilwe Kgosimore	FT	planning	F4SD	90%	10%
James Tladinyane	PT	Community Services	16/ANC	80%	20%
Betty Mocumi	PT	Human settlement	22/ANC	80%	20%
Lesego Maila	PT	Human settlement	DA	80%	20%
Mika Moeti	PT	MPAC	F4SD	85%	15%
Grace Totong	FT	Mayor	13/ANC	95%	5%
Ncediwe Nomadolo	PT	Infrastructure	EFF	94%	6%
Joyce Malepe	FT	Chiefwhip	24/ANC	95%	5%
Dorcas Mothibedi	PT	Corporate services	EFF	80%	20%
Boitumelo Gezane	FT	Human settlement	ANC	80%	20%
Simon Diphoko	PT	LED	ANC	95%	5%
Amogelang Matuane	FT	LED	EFF	95%	5%
Nyoko Mothabane	PT		ANC	75%	25%
Mothusi Pico	PT	Community Services	F4SD	100%	0%

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

T A

Executive Committee Meetings				
Executive Committee Members	Total No of Meetings held	Attendance	Non attendance	
			With apology	Without apology
Cllr Nyoko Mothabane (Mayor)	10	10	0	0
Cllr Grace Moipolai		8	2	0
Cllr Lebogang Gaoboibe		8	2	0
Cllr Lekgotla Menyatso		9	1	0
Cllr Nosi Ntasi		8	2	0
Cllr Rodger Mongale		7	3	0
Cllr Dipuo Itumeleng		4	0	0

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
1. Finance Committee	Income, Expenditure, Budget and all other financial matters.
2. Community Services & LED Committee	Deals with all issues relating to community (refuse removal, Land fill sites, cemeteries, Libraries and recreational

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	facilities) and all LED matters
3. Infrastructure , Land Use and Human Settlement Committee	Roads & Storm water, Sewerage, Sanitation, Electricity and Housing.
4. Planning & Development Committee	Municipal Council Planning 7& Related matters
5. HR & Corporate Governance Committee	All HR matters, by-laws, policies, Council supports.
6. ICT Committee	Responsible for all IT related matters
<i>TB</i>	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr. Katlego Gabanakgosi
Chief Financial Officer	Mr. Mphiwa Chuene (Acting)
Corporate Services	Mr. Pholo Pholo
Land Use Planning And Human Settlements	Mrs. Beauty Tiholagae (Acting)
Community Social Services	Mrs. Tshepang Baloyi
Infrastructure	Mr. Matenyane Keohitsetse (Acting)
<i>T C</i>	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

New No	Function As Per Government Gazette No 6847 - 24 Dec 2010	Function Assigned	Done By GTLM
1	Air Pollution	LM/DM Function	No
2	Amusement Facilities	Local Function	No
3	Billboards & Display of Advertisements in Public Places	Local Function	Yes
4	Building Regulations	Local Function	Yes
5	Cemeteries, Funeral Parlours and Crematoria	Local Function	Yes
6	Child Care Facilities	Local Function	No
7	Cleansing	Local Function	Yes
8	Control of Public Nuisances	Local Function	Yes
9	Control of Undertakings that Sell Liquor to the Public	Local Function	No
10	Facilities for the Accommodation, Care and Burial of Animals	Local Function	No
11	Fencing and Fences	Local Function	No
12	Fire Fighting Service	LM/DM Function	No
13	Integrated (IDP) Municipal Planning	Local Function	Yes
14	Levying of fees for Services Provided by LM	Local Function	Yes
15	Levying of Rates on Property	Local Function	Yes
16	Levying of Surcharges on Fees for Services Provided for or on behalf of the LM	Local Function	Yes

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New No	Function As Per Government Gazette No 6847 - 24 Dec 2010	Function Assigned	Done By GTLM
17	Licensing and control of undertakings that sell food to the public	Local Function	No
18	Licensing of Dogs	Local Function	No
19	Local Amenities	Local Function	Yes
20	Local Roads and Streets	Local Function	Yes
21	Local Sport Facilities	Local Function	Yes
22	Local Markets	Local Function	Yes
23	Municipal Abattoirs	LM/DM Function	No
24	Municipal Airports	LM/DM Function	Yes
25	Municipal Health Service	LM/DM Function	No
26	Municipal Parks & Recreation	Local Function	Yes
27	Municipal Planning (Town Planning)	Local Function	Yes
28	Municipal Public Transport	LM/DM Function	No
29	Municipal Public Works relating to any Functions of the LM	LM/DM Function	No
30	Noise Pollution	LM/DM Function	No
31	Pontoons, Ferries, Jetties, Piers & Harbours	LM/DM Function	NA
32	Pounds	LM/DM Function	Yes
33	Promotion of Local Tourism for the Area	Local Function	Yes
34	Public Places	Local Function	Yes
35	Refuse Removal, Refuse Dumps and Solid Waste Disposal Sites	Local Function	Yes
36	Retail Potable Water Supply Systems and Domestic Waste-Water and Sewerage Disposal Systems Serving the Area of the Municipality	Local Function	Yes
37	Retail Supply of Electricity and Gas	Local Function	Yes
38	Street Lighting	LM/DM Function	Yes
39	Street Trading	Local Function	Yes
40	Storm Water Management in Build Areas	Local Function	Yes
41	Trading Regulations	Local Function	Yes
42	Traffic and Parking	Local Function	No

T D

APPENDIX E – WARD REPORTING

No.	Ward Councillor	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1		Yes	NS	NS	NS
2		Yes	NS	NS	NS
3		Yes	NS	NS	NS

APPENDICES

4		Yes	NS	NS	NS
5		Yes	NS	NS	NS
6		Yes	NS	NS	NS
7		Yes	NS	NS	NS
8		Yes	NS	NS	NS
9		Yes	NS	NS	NS
10		Yes	NS	NS	NS
11		Yes	NS	NS	NS
12		Yes	NS	NS	NS
13		Yes	NS	NS	NS
14		Yes	NS	NS	NS
15		Yes	NS	NS	NS
16		Yes	NS	NS	NS
17		Yes	NS	NS	NS
18		Yes	NS	NS	NS
19		Yes	NS	NS	NS
20		Yes	NS	NS	NS
21		Yes	NS	NS	NS
22		Yes	NS	NS	NS
23		Yes	NS	NS	NS
24		Yes	NS	NS	NS

APPENDIX F – WARD INFORMATION

Full information provided in Appendix Q

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	28,861	11,699	37,066	42,593	
Households without minimum service delivery	13,732	30,894	5,527	0	
Total Households*					
Houses completed in year					
Shortfall in Housing units					
<i>*Including informal settlements</i>					T F.2

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2020/21

REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

INTRODUCTION

On behalf of the Audit and Performance Committee (APC), I have great pleasure in submitting herewith the annual report of the APC for the financial year ended 30 June 2021.

LEGAL FRAMEWORK GOVERNING THE AUDIT COMMITTEE

The Audit and Performance Committee has been established as an independent Committee, in terms of Section 166 of the MFMA Act No. 56 of 2003. The Committee has adopted the Audit and Performance Committee Charter, which is regularly updated and approved by Council.

Section 166 (2)(a) of the MFMA states that the APC is an independent advisory body which must “amongst others” advise the municipal council on matters relating to –

- i. Internal financial controls and internal audits;
- ii. Risk Management;
- iii. Accounting Policies;
- iv. The adequacy, reliability and accuracy of financial reporting and information;
- v. Performance Management;
- vi. Effective Governance;
- vii. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- viii. Performance evaluation; and
- ix. Any other issues referred to it by the municipality.

Sections 166(2)(b), (c), (d) and (e) requires the Committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General of South Africa (AGSA) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

Regulation 14(2)(a) of the Planning and Performance Management Regulations require the municipality to appoint and budget for a performance audit committee consisting of at least three members, the majority of which may not be involved in the municipality as a councillor or an employee.

The overall functions and objectives of the Audit and Performance Committee (APC) are to ensure the independence of the municipality’s Internal and External Audit activities and that management has created and maintained an effective internal control framework in the organization and that management demonstrates and stimulates the necessary respect for Greater Taung Local Municipality’s systems, policies and procedures and for the internal control structure.

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AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND ATTENDANCE

The Committee, consisting of the members listed below, should meet at least four times per annum as required by Section 166(4)(b) of the MFMA and its approved terms of reference, although additional meetings may be called as the need arises. All the members of the Audit Committee are also members of the Performance Committee. The members of the Audit and Performance Committee are all independent of the Municipality and include:

Member	Position
Mr. B. Diyo *	Chairperson
Ms. L. Ralikonyana	Member
Mr. R. Rantao	Member
Mr. A. Nchoe **	Member (Chairperson since September 2020)

* Mr. B. Diyo resigned in September 2020

**Mr. A. Nchoe was appointed as Chairperson. There is currently a vacancy for an additional member of the Audit and Performance Committee.

The Audit and Performance Audit Committee convened during the 2020/21 financial year as follows:

Date	B. Diyo	L. Ralikonyana	R. Rantao	A. Nchoe
03 September 2020	☐	☐	☐	☐
23 December 2020 (Special APC Meeting)	n/a	☐	☐	☐
29 December 2020 (Special APC Meeting)	n/a	☐	☐	☐
23 February 2021 (Special APC Meeting)	n/a	☐	☐	☐
19 March 2021	n/a	☐	☐	☐
Total	1	5	5	5

The APC had adopted a meeting schedule for the 2020/21 financial year and all the scheduled meetings were intended to be held in accordance with the Audit and Performance Committee Charter as approved by Council, however, due to the Covid-19 pandemic and consequent National Lockdown restrictions the scheduled meetings of the APC were adversely affected.

The Manager: Internal Audit reports administratively to the Municipal Manager and functionally to the Audit and Performance Committee. The Manager: Internal Audit is a permanent invitee to the Audit and Performance Committee and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

APPENDICES

Since the commencement of the 2020/21 financial year until April 2021, the position of Manager: Internal Audit remained vacant. The previous incumbent resigned in January 2020. The internal audit function and the execution of the planned internal audits were adversely affected by this vacancy.

AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES

The Audit and Performance Committee reports that it has fulfilled its responsibilities as stipulated in the Municipal Finance Management Act read in conjunction with the Treasury Regulations (*save for the impact of the previously highlighted impediments arising from the advent of the Covid-19 pandemic as well as the lack of capacity within the Internal Audit function*).

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

The Audit Committee has:

- Reviewed the audit action plan developed by management to address prior year issues raised by AGSA.
- On a quarterly basis, monitored implementation of corrective actions on the detailed findings.
- Tabled its quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

REVIEW AND EVALUATION OF 2020/21 ANNUAL FINANCIAL STATEMENTS

The APC undertook a review of the financial statements (AFS) on 26 August 2021 and the submission to the AGSA took place on 31 August 2021.

The recommendations arising from the review that the APC conducted were not adequately addressed by management prior to submission of the AFS to the AGSA. The review *inter alia* highlighted a possible recurrence of prior year findings relating to prior period errors, Property Plant and Equipment, consumer debtors, payables, unauthorized expenditure, irregular expenditure and insufficient explanation to expenditure trends.

The changes that were implemented during the migration of the accounting system (SEBATA to MunSoft) resulted in the municipality experiencing major challenges regarding reliability and integrity of the financial data that was migrated into the new financial system such as the trial balance and the GL not balancing.

Furthermore, a service provider was appointed by the municipality for purposes of rendering accounting and audit support, however, the performance of this service provider did not yield any benefits.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

In line with section 165 of the MFMA, Internal Audit provides the Audit and Performance Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit and Performance Audit Committee monitoring implementation of corrective actions.

APPENDICES

During the 2020/21 financial year, the effectiveness of Internal Audit was adversely affected by the vacancy of the Manager: Internal Audit. The Audit and Performance Audit Committee noted that there was a regression in the ability of Internal Audit to:

- Conduct internal audits;
 - Review and audit of quarterly performance;
 - Evaluate the adequacy and effectiveness of internal controls;
-
- Provide advice on accounting procedures and practices, risk management, loss control and compliance with prescribed legislation.

RESOLVING INTERNAL CONTROL FINDINGS

The Committee noted a regression in the extent of internal control findings resolved. A significant number of recurring findings have occurred. The different oversight bodies and individuals need to improve the monitoring of implementation of corrective actions and take appropriate steps where audit findings are not adequately addressed.

ASSESSING AUDIT EFFECTIVENESS

The Committee reviews internal audit quality throughout the year with an emphasis on auditing governance, methodology, independence, scope of work and outputs. The Greater Taung Local Municipality's Internal Audit Activity (IAA) provides independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by functionally reporting to the Audit Committee. These reporting lines are clearly stated in the GTLM Internal Audit Charter.

The effectiveness of the Greater Taung Local Municipality's Internal Audit Activity (IAA) was adversely affected by the apparent lack of accounting and financial management capacity at management level.

INTERNAL AUDIT ACTIVITY (IAA)

The structure of the Internal Audit function makes provision for the following posts, namely: Manager: Internal Audit (1 post), Internal Auditor (1 post) and an Internal Audit Intern (1 post). For most of the 2020/21 financial period (9 months) the Manager: Internal Audit post remained vacant.

Based on operational needs of the Internal Audit function, the Accounting Officer permits temporary augmentation of staff capacity.

Lack of adequate staffing threatens the performance of the Internal Audit Activity in providing the required assurance to management regarding the execution of their responsibilities and supporting the audit committee to discharge its responsibilities in terms of the MFMA.

INDEPENDENCE STATEMENT

The External Audit activities are performed by the Office of the Auditor General (SA). The Internal Audit activities are performed by an Internal Audit Activity that undertakes their work in terms of an Internal Audit

APPENDICES

Charter which is aligned to the Standards for the Professional Practice of Internal Audit and an audit plan approved by the Audit and Performance Committee.

PERFORMANCE MEASUREMENT

The Committee has reviewed the in-year performance reports and performance results reported by management. There is room for improvement in the adequacy and effectiveness of the processes and the quality of information reported. The APC believes that the Internal Audit function should assist with the enhancement of the adequacy and effectiveness. Due to previously highlighted constraints pertaining to the internal audit function during the 2020/21 financial year, the role of internal audit in assisting with review of performance results was adversely affected.

RISK MANAGEMENT

The District Risk Management Shared Service assists the municipality on all matters pertaining to risk management. Furthermore, the District Risk Management Shared Service is a permanent invitee to the meetings of the Audit and Performance Committee where quarterly reports are presented. The APC reports on risk management to Council.

In order to further enhance the effectiveness of risk management within Greater Taung Local Municipality, an APC member has a standing invitation to meetings of the District Risk Committee.

CONCLUSION

The Audit and Performance Committee confirms its commitment to assist the Council of the Greater Taung Local Municipality to make significant progress towards a clean administration. The Audit Committee also wishes to thank the Council and management for its support and the team from internal audit for their contributions to improve control and governance processes of the Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continue to add to the Municipality.

The committee acknowledges that much work still lies ahead, and the committee will continue to monitor the various interventions aimed at ensuring that improved audit outcomes are achieved in the years ahead.

A. Nchoe

Chairperson

On behalf of the Audit and Performance Audit Committee

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APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

None

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

None

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of 2021 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	Cllr Nyoko Motlhabane	Nil
Member of Exco		
MMC Infrastructure and Spatial Planning	Cllr Lekgotla Menyatso	Nil
	Cllr Rojer Mongale	1. Mongale Taxi 2. Dikutu Business Enterprise
	Cllr Grace Moipolai	Nil
MMC Finance	Cllr Nosi Ntasi	Nil
MMC MPAC	Cllr Oageng Seleke	Nil
MMC Community Services	Cllr Lebogang Gaoboibe	RSM Arts and Media Productions
MMC Planning	Cllr Mothusi Montwedi	1. Ntlhalosetse Construction and Projects 2. Baahola Logistics 3. Bapoo ba Montwedi Primary Co – Operative Limited 4. Youth in Food Security Primary Co-Operative Limited 5. Guesthouse Montwedi KB Wife
Councillor		
Councillor	Cllr Ebusang Tladi	1. Keora Transport and Catering 2. Western Region Transport Co-Operative (Chairperson)
Councillor	Cllr Kegomoditswe Mamapula	1.Kolong Mining Investment
Councillor	Cllr Thandiwe Sebe	1. Omphile Services
Councillor	Cllr Masego Ncweng	Tshwaragano Trading Enterprise
Councillor	Cllr Martinus Leshoe	Tau Thusa Enterprise
Councillor	Cllr Mothohela Motshabi	Babelegile Projects
Councillor	Cllr Mosiemang Babuseng	1. Boipelo and Lorato Conctruction and Projects 2. Keineetse Services
Councillor	Cllr Tumisang Gaoraelwe	1. Creative Puzzles (PTY) LTD 2. Tumisang Tebogo Trading and Projects
Councillor	Cllr Tebogo Morweng	1. M.M.Morweng Transport 2. Tshwetso and Tebogo Trading Enterprise
Councillor	Cllr Obakeng Balebanye	1. Kopano Wood Making 2. Gamoduana Development Trust

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Councillor	Cllr Dorcas Seemelo	1. Katlego Bosdam Bakery Multipurpose Co-Operative
Councillor	Cllr Kabelo Seisho	Mokgathala Pty Ltd
Councillor	Cllr Conelius Gasetlolwe	1. Ketapele Trading Projects 2. Bosele Co-Operative Farming Pivot
Municipal Manager	Katlego Gabanakgosi	1. Bone Lwaabo Properties 2. La Pater Café – Mompoti Gabanakgosi (Brother) 3. Gabana Supplier Services (T Ganakgosi – Wife)
Chief Financial Officer	Martin Vermaak	Nil
Infrastructure	Matenyana Keohitlhetse	Nil
Social Services	Paballo Ntlharapane	Nil
	Tshepang Baloyi	Nil
Corporate Services	Keodihile Mokhasi	Nil
Other S57 Officials		
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A T J		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Incorporated in the AFS

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Incorporated in the AFS

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

None

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2020/21

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Capital Programme by Project by Ward: 2020/21		
Capital Project	Ward(s) affected	Works completed (Yes/No)
R' 000		
Roads		
Construction of Kokomeng Access Road	Ward 23	Yes
Stormwater		
Construction of Mase Stormwater Channel	Ward 3	Yes
Economic development		
Construction of Economic Hubs		
Community Halls		
Construction of Lokgabeng Community Hall	Ward 8	No
Construction of Qhoo Community Hall	Ward 1	No
Construction of Tlapeng 2 Community Hall	Ward 28	No

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No information

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

No information

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

No information

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

No information

VOLUME II: ANNUAL FINANCIAL STATEMENT



Greater Taung Local Municipality
Annual Financial Statements
for the year ended 30 June 2021
Auditor General South Africa

VOLUME II

Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Service delivery as stipulated in the Constitution of the Republic of South Africa Act No. 108 of 1996, paragraph 153.
The following is included in the scope of operation	This includes includes structuring and managing it's administration, budgeting and planning processes to give priority to the basic needs of the community as promoting social and economic development of the community. The municipality will also participate in national and provincial development programmes.
Mayoral committee	
Executive Mayor	Totong G
Speaker	TiadL EH
Chief Whip	Malepe J
MPAC Chairperson	Seleke OR
	Gaobhe LJ
	Menyatso AL
	Moipolai KG
	Mongale RA
	Ntsasi SE
Councillors	
	Cllr. Babuseng MC
	Cllr. Balebanye OJ
	Cllr. De Koker KS
	Cllr. Diphoko GS
	Cllr. Gaobusiswe GW
	Cllr. Gaoraelwe TR
	Cllr. Molale KR
	Cllr. Gezane BG
	Cllr. Itumeleng DA
	Cllr. Lepedi MC
	Cllr. Leshoe MF
	Cllr. Malla LE
	Cllr. Mamapula KL
	Cllr. Maribe IN
	Cllr. Matshwe T
	Cllr. Matuane JA
	Cllr. Mmkwa M
	Cllr. Mocumi KB
	Cllr. Mokgobo MR
	Cllr. Mongale OV
	Cllr. Morweng TS
	Cllr. Mosinkiemang MV
	Cllr. Motshibedi SD
	Cllr. Motshibedi SD
	Cllr. Motshabi MI
	Cllr. Ncweng ME
	Cllr. Olifant MKI
	Cllr. Pitso JT
	Cllr. Ratake MJ
	Cllr. Sebe TP

VOLUME II

Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

General Information

	Cllr. Sebolai KL Cllr. Sedupane BJ Cllr. Seemelo HD Cllr. Seisho KG Cllr. Tihaganyane T Cllr. Tokwe LC Cllr. Totong DG Cllr. Tshipo GJ Cllr. Kgosimore RK Cllr. Moeti MB Cllr. JM Pico Cllr. HN Nomadolo
Grading of local authority	Grade 3 Local Municipality
Chief Finance Officer (CFO)	Mr. Mphiwa Victor Chuene
Accounting Officer	Mr. Gabanakgosi KT
Registered office	Municipal Offices Station Street Taung 8580
Postal address	Private Bag X 1048 Taung Station 8580
Bankers	ABSA Bank (Primary) First National Bank
Auditors	Auditor General South Africa

VOLUME II

Greater Taung Local Municipality

(Registration number NW 394)

Annual Financial Statements for the year ended 30 June 2019

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

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Cash Flow Statement	189
Statement of Comparison of Budget and Actual Amounts	190-192
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FMG	Local Government Financial Management Grant
GRAP	Generally Recognised Accounting Practice
MSIG	Municipal System Improvement Grant
MEC	Member of the Executive Council
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
UIF	Unemployment Insurance Fund
VAT	Value added Tax

Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021 and were signed on its behalf by:


Mr. Gabanagosi KT
Municipal Manager

Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Accounting Officer's Report

The submits his report for the year ended June 30, 2021.

1. Review of activities

Main business and operations

The municipality is engaged in service delivery as stipulated in the constitution of the Republic of South Africa Act No. 108 of 1996, paragraph 153. This includes structuring and managing its administration, budgeting and planning processes to give priority to the basic needs of the community as promoting social and economic development of the community. The municipality will also participate in national and provincial development programmes, and operates principally in South Africa.

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

Net surplus of the municipality was R 32,165,374 (2020: surplus R 14,300,645).

2. Going concern

We draw attention to the fact that at June 30, 2021, the municipality had an accumulated surplus (deficit) of R 849,331,297 and that the municipality's total liabilities exceed its assets by R 849,331,297.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the continue to procure funding for the ongoing operations for the municipality.

3. Subsequent events

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

4. Accounting policies

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

5.

The of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Mr. Gabanakgosi KT	South African

6. Auditors

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

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the on August 31, 2021 and were signed on its behalf by:

Mr. Gabanakgosi KT
Municipal Manager

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Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Statement of Financial Position as at June 30, 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Inventories	7	646,221	339,041
Receivables from exchange transactions	8	7,533,410	7,233,201
Receivables from non-exchange transactions	9	10,185,160	8,585,911
VAT receivable	10	16,164,705	10,859,243
Cash and cash equivalents	11	144,519,971	147,434,477
		179,049,467	174,451,873
Non-Current Assets			
Investment property	3	12,567,000	12,567,000
Property, plant and equipment	4	727,312,708	689,683,518
Intangible assets	5	2,681,359	588,928
		742,461,067	702,839,446
Total Assets		921,510,534	877,291,319
Liabilities			
Current Liabilities			
Payables from exchange transactions	14	29,708,243	27,728,129
Consumer deposits	15	109,261	116,254
Employee benefit obligation	6	426,000	270,000
Unspent conditional grants and receipts	12	5,313,732	1,197,943
		35,557,236	29,312,326
Non-Current Liabilities			
Employee benefit obligation	6	19,775,000	15,696,000
Provisions	13	16,847,000	15,226,996
		36,622,000	30,922,996
Total Liabilities		72,179,236	60,235,322
Net Assets		849,331,298	817,055,997
Accumulated surplus		849,331,297	817,055,997
Total Net Assets		849,331,297	817,055,997

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Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	21	620,909	-
Service charges	17	9,949,675	9,561,698
Rental of facilities and equipment	18	45,441	192,282
Interest income - revenue from exchange transactions	22	2,180,337	2,518,557
Agency services	19	109,693	111,668
Other income	21	604,273	-
Interest income - investment	22	6,674,280	14,601,218
Total revenue from exchange transactions		20,184,608	26,985,423
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	44,129,366	28,364,984
Interest income - revenue from non-exchange transactions	22	1,511,870	2,268,929
Transfer revenue			
Government grants & subsidies	25	289,066,073	247,115,861
Income Received - LG SETA	16	58,447	-
Total revenue from non-exchange transactions		334,765,756	277,749,774
Total revenue	16	354,950,364	304,735,197
Expenditure			
Employee related costs	26	(120,432,003)	(98,348,888)
Remuneration of councillors	27	(20,129,553)	(19,197,250)
Depreciation and amortisation	28	(37,959,355)	(34,442,800)
Finance costs	29	(1,636,000)	(2,548,644)
Lease rentals on operating lease	20	(2,713,466)	(1,619,586)
Debt Impairment	30	(16,374,106)	(33,213,727)
Bulk purchases	31	(9,710,342)	(11,701,978)
Contracted services	32	(59,400,109)	(41,261,018)
Transfers and Subsidies	24	(1,214,548)	(5,457,468)
General Expenses	33	(51,543,463)	(41,596,349)
Total expenditure		(321,112,945)	(289,387,708)
Operating surplus		33,837,419	15,347,489
Loss on disposal of assets and liabilities		(240,000)	(613,460)
Fair value adjustments	34	-	(4,296,000)
Actuarial gains/losses	6	(1,573,000)	4,365,168
Impairment loss		(29,000)	-
Inventories losses/write-downs		169,955	(502,652)
		(1,672,045)	(1,046,944)
Surplus for the year		32,165,374	14,300,545

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Annual Financial Statements for the year ended June 30, 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	813,100,655	813,100,655
Adjustments		
Prior year adjustments	(10,345,203)	(10,345,203)
Balance at July 1, 2019 as restated*	802,755,452	802,755,452
Changes in net assets		
Surplus for the year	14,300,545	14,300,545
Total changes	14,300,545	14,300,545
Opening balance as previously reported	817,055,997	817,055,997
Adjustments		
Prior year adjustments	109,926	109,926
Restated* Balance at July 1, 2020 as restated*	817,165,923	817,165,923
Changes in net assets		
Surplus for the year	32,165,374	32,165,374
Total changes	32,165,374	32,165,374
Balance at June 30, 2021	849,331,297	849,331,297

Prior period error adjustments note

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Annual Financial Statements for the year ended June 30, 2021

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Taxation		37,636,398	28,913,105
Grants		294,379,805	248,313,804
Interest received		6,674,280	14,601,218
Other cash item		713,970	111,668
		339,404,453	291,939,795
Payments			
Employee costs		(140,831,556)	(117,546,138)
Suppliers		(123,243,471)	(114,606,526)
Finance costs		(1,636,000)	(2,548,644)
		(265,711,027)	(234,701,308)
Net cash flows from operating activities	36	73,693,426	57,238,487
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(73,147,284)	(132,310,945)
Purchase of other intangible assets	5	(3,460,646)	-
Net cash flows from investing activities		(76,607,930)	(132,310,945)
Net increase/(decrease) in cash and cash equivalents		(2,914,504)	(75,072,458)
Cash and cash equivalents at the beginning of the year		147,434,477	222,506,935
Cash and cash equivalents at the end of the year	11	144,519,973	147,434,477

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Annual Financial Statements for the year ended June 30, 2021

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	-	-	-	620,909	620,909	Refer to 51
Service charges	11,168,822	-	11,168,822	9,949,675	(1,219,147)	Refer to 51
Rental of facilities and equipment	667,800	-	667,800	45,441	(622,359)	Refer to 51
Interest income - receivables from exchange transactions	7,843,999	-	7,843,999	2,180,337	(5,663,662)	Refer to 51
Agency services	275,600	-	275,600	109,693	(165,907)	Refer to 51
Other income	2,116,000	-	2,116,000	604,273	(1,511,727)	Refer to 51
Interest income - investment	12,932,000	-	12,932,000	6,674,280	(6,257,720)	Refer to 51
Total revenue from exchange transactions	35,004,221	-	35,004,221	20,184,608	(14,819,613)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	36,400,000	-	36,400,000	44,129,366	7,729,366	Refer to 51
Interest income - receivables from non-exchange transactions	-	-	-	1,511,870	1,511,870	Refer to 51

Transfer revenue

Government grants & subsidies	259,997,050	39,332,000	299,329,050	289,066,073	(10,262,977)	Refer to 51
Fines, Penalties and Forfeits	572,964	-	572,964	-	(572,964)	Refer to 51
Other transfers - LG Seta grant	-	-	-	58,447	58,447	Refer to 51

Total revenue from non-exchange transactions	296,970,014	39,332,000	336,302,014	334,765,756	(1,536,258)	
Total revenue	331,974,235	39,332,000	371,306,235	354,950,364	(16,355,871)	

Expenditure

Employee related costs	(114,086,000)	(9,570,000)	(123,656,000)	(120,432,003)	3,223,997	Refer to 51
Remuneration of councillors	(22,046,304)	-	(22,046,304)	(20,129,553)	1,916,751	Refer to 51
Depreciation and amortisation	(33,390,000)	-	(33,390,000)	(37,959,355)	(4,569,355)	Refer to 51
Impairment loss	(5,000,000)	-	(5,000,000)	(29,000)	4,971,000	Refer to 51
Finance costs	(765,320)	-	(765,320)	(1,636,000)	(870,680)	Refer to 51
Lease rentals on operating lease	-	-	-	(2,713,466)	(2,713,466)	Refer to 51
Debt Impairment	-	-	-	(16,374,106)	(16,374,106)	Refer to 51
Bulk purchases	(11,064,000)	-	(11,064,000)	(9,710,342)	1,353,658	Refer to 51
Contracted Services	(45,077,000)	(12,489,000)	(57,566,000)	(59,400,109)	(1,834,109)	Refer to 51
Transfers and Subsidies	(600,000)	-	(600,000)	(1,214,548)	(614,548)	Refer to 51
General Expenses	(50,991,000)	(2,466,000)	(53,457,000)	(51,543,463)	1,913,537	Refer to 51
Other materials	(5,740,000)	1,125,000	(4,615,000)	-	4,615,000	
Total expenditure	(288,759,624)	(23,400,000)	(312,159,624)	(321,141,945)	(8,982,321)	
Operating surplus	43,214,611	15,932,000	59,146,611	33,808,419	(25,338,192)	
Loss on disposal of assets and liabilities	477,000	-	477,000	(240,000)	(717,000)	Refer to 51
Actuarial gains/losses	-	-	-	(1,573,000)	(1,573,000)	Refer to 51

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Annual Financial Statements for the year ended June 30, 2021

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						
Inventories losses/write-downs	-	-	-	169,955	169,955	
	477,000	-	477,000	(1,643,045)	(2,120,045)	
Surplus before taxation	43,691,611	15,932,000	59,623,611	32,165,374	(27,458,237)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	43,691,611	15,932,000	59,623,611	32,165,374	(27,458,237)	

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Annual Financial Statements for the year ended June 30, 2021

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

Statement of Financial Position

Assets

Current Assets

Inventories	8,500,000	1,125,000	9,625,000	646,221	(8,978,779)	Refer to 51
Receivables from exchange transactions	-	-	-	7,533,410	7,533,410	Refer to 51
Receivables from non-exchange transactions	-	-	-	10,185,160	10,185,160	Refer to 51
VAT receivable	-	-	-	16,164,705	16,164,705	Refer to 51
Consumer debtors	33,958,000	26,494,000	60,452,000	-	(60,452,000)	
Cash and cash equivalents	114,682,424	4,099,576	118,782,000	144,519,971	25,737,971	
	157,140,424	31,718,576	188,859,000	179,049,467	(9,809,533)	

Non-Current Assets

Investment property	21,378,566	-	21,378,566	12,567,000	(8,811,566)	Refer to 51
Property, plant and equipment	705,517,000	30,083,000	735,600,000	727,312,708	(8,287,292)	Refer to 51
Intangible assets	4,944,000	(500,000)	4,444,000	2,581,359	(1,862,641)	Refer to 51
	731,839,566	29,583,000	761,422,566	742,461,067	(18,961,499)	

Total Assets	888,979,990	61,301,576	950,281,566	921,510,534	(28,771,032)	
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Liabilities

Current Liabilities

Borrowings	2,200,000	-	2,200,000	-	(2,200,000)	Refer to 51
Payables from exchange transactions	32,103,000	20,366,000	52,469,000	29,708,243	(22,760,757)	Refer to 51
Consumer deposits	400,000	-	400,000	109,261	(290,739)	Refer to 51
Employee benefit obligation	-	-	-	426,000	426,000	Refer to 51
Unspent conditional grants and receipts	-	-	-	5,313,732	5,313,732	Refer to 51
Provisions	13,700,000	-	13,700,000	-	(13,700,000)	Refer to 51
	48,403,000	20,366,000	68,769,000	35,557,236	(33,211,764)	

Non-Current Liabilities

Employee benefit obligation	-	-	-	19,775,000	19,775,000	Refer to 51
Provisions	11,000,000	-	11,000,000	16,847,000	5,847,000	Refer to 51
	11,000,000	-	11,000,000	36,622,000	25,622,000	

Total Liabilities	59,403,000	20,366,000	79,769,000	72,179,236	(7,589,764)	
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Net Assets	829,576,990	40,935,576	870,512,566	849,331,298	(21,181,268)	
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Net Assets

Equity and Reserves

Reserves

Accumulated surplus	829,576,990	40,935,576	870,512,566	849,331,298	(21,181,268)	Refer to 51
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Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Accounting Policies

Figures in Rand	Note(s)	2021	2020
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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 Materiality

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

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

1.4 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:

Trade receivables

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

The impairment for trade receivables 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Greater Taung Local Municipality

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Annual Financial Statements for the year ended June 30, 2021

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

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 13 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

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.

Impairment of statutory receivables

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

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

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

1.5 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

Greater Taung Local Municipality

(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Accounting Policies

1.5 Investment property (continued)

- sale in the ordinary course of operations.

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

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

Investment property is initially recognised at 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.

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.

1.6 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 part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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(Registration number NW394)

Annual Financial Statements for the year ended June 30, 2021

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	5 - 100 years
Plant and machinery	Straight-line	2 - 15 years
Furniture and fixtures	Straight-line	7 years
Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	3 - 5 years
IT equipment	Straight-line	3 - 5 years
Infrastructure	Straight-line	10 - 55 years
Community	Straight-line	5 - 100 years
Bins and containers	Straight-line	5 - 10 years
Investment property	Straight-line	N/A

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

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

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

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

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

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

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

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1.6 Property, plant and equipment (continued)

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

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.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	1 - indefinite

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.

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1.8 Financial instruments (continued)

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability 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, municipality shall estimate cash flows considering all contractual terms of the financial instrument.

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

A financial asset is:

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

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

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

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

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

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

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

Financial instruments at 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.

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1.8 Financial instruments (continued)

Classification

The municipality has the following types of financial assets as reflected on the face of the statement of financial position:

Class	Category
Receivables from exchange transactions	Financial asset measured at cost
Receivables from non-exchange transaction	Financial asset measured at cost
Cash and cash equivalents	Financial asset measured at fair value
VAT Receivables	Financial asset measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the statement of financial position:

Class	Category
Payables from exchange transaction	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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
- 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.

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1.9 Statutory receivables (continued)

Accrued interest

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

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange and non-exchange transactions.

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

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

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

Derecognition

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

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

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.

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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.

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 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.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

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.

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

Designation

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

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

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

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

Identification

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

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

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

Value in use

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

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

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1.12 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

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

Composition of estimates of future cash flows

Estimates of future cash flows include:

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

Estimates of future cash flows exclude:

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

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

Discount rate

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

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1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

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

1.13 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

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.

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

1.14 Employee benefits

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

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

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

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

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1.14 Employee benefits (continued)

Post-employment benefits

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

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

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1.14 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

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

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

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

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

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

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

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

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

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

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

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until

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1.14 Employee benefits (continued)

- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

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1.14 Employee benefits (continued)

Termination benefits

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

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

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

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

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

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

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

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

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1.15 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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 39.

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

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

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

1.16 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.

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Accounting Policies

1.17 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.18 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.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

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

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.

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1.18 Revenue from non-exchange transactions (continued)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

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.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.19 Investment income

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

1.20 Comparative figures

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

1.21 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).

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Accounting Policies

1.22 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).

1.23 Irregular expenditure

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

Irregular expenditure 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 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.25 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.26 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2020 to 6/30/2021.

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.

1.27 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).

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1.27 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.

1.28 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.

1.29 Value Added Tax - (VAT)

The municipality is registered with South Africa Revenue Services - (SARS) for value added tax on cash basis in accordance with section 15(2) of VAT Act No. 89 of 1991.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality did not early adopt any new standard or interpretations

2.2 Standards and interpretations early adopted

The municipality did not early adopt any standard or interpretations in current year under review.

2.3 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 July 1, 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	April 1, 2009	Unlikely there will be a material impact
• Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	April 1, 2021	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	April 1, 2009	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	April 1, 2021	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken in to the National Housing Programme	April 1, 2021	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	April 1, 2021	Unlikely there will be a material impact
• GRAP 20: Related parties	April 1, 2021	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	April 1, 2021	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	April 1, 2021	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	April 1, 2021	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 1, 2021	Unlikely there will be a material impact

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4. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	59,699,532	-	59,699,532	59,699,532	-	59,699,532
Buildings	73,824,270	(65,051,705)	18,772,565	73,475,667	(53,386,031)	20,089,636
Plant and machinery	23,951,877	(16,639,521)	7,312,356	23,656,476	(15,235,562)	8,420,914
Furniture and fixtures	8,502,661	(6,514,735)	1,987,926	8,224,647	(5,845,960)	2,378,687
Motor vehicles	29,246,432	(22,393,783)	6,852,649	28,705,383	(21,218,262)	7,487,121
IT equipment	3,799,059	(2,129,763)	1,669,296	3,442,466	(1,695,101)	1,747,365
Infrastructure	705,973,317	(285,033,147)	420,940,170	633,837,560	(267,020,115)	366,817,445
Community	265,803,037	(96,662,770)	169,140,267	240,247,950	(84,101,061)	156,146,889
Construction work in progress	40,937,947	-	40,937,947	66,895,929	-	66,895,929
Total	1,211,738,132	(484,425,424)	727,312,708	1,138,185,610	(448,502,092)	689,683,518

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Transfers received	Other changes, movements	Depreciation	Total
Land	59,699,532	-	348,603	-	-	59,699,532
Buildings	20,089,636	-	-	289,061	(1,954,735)	18,772,565
Plant and machinery	8,420,914	295,401	-	-	(1,403,959)	7,312,356
Furniture and fixtures	2,378,687	278,613	-	-	(669,374)	1,987,926
Motor vehicles	7,487,121	1,708,546	-	-	(2,343,018)	6,852,649
IT equipment	1,747,365	392,327	-	-	(470,996)	1,669,296
Infrastructure	366,817,445	-	73,410,804	-	(19,288,079)	420,940,170
Community	156,146,889	-	23,153,418	-	(10,160,040)	169,140,267
Construction work in progress	66,895,929	70,471,797	(96,429,779)	-	-	40,937,947
	689,683,518	73,147,284	483,046	289,061	(36,290,201)	727,312,708

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	59,699,532	-	-	-	-	-	-	-	59,699,532
Buildings	21,804,771	-	-	645,600	-	240,575	(2,556,056)	(45,252)	20,089,636
Plant and machinery	8,591,805	1,618,108	-	-	-	-	(1,788,999)	-	8,420,914
Furniture and fixtures	2,066,702	1,339,490	-	-	-	-	(1,027,505)	-	2,378,687
Motor vehicles	7,718,736	2,608,237	-	-	-	-	(2,839,852)	-	7,487,121
IT equipment	1,271,516	916,788	-	-	-	-	(440,939)	-	1,747,365
Infrastructure	297,128,169	-	(630,927)	87,327,730	-	78,671	(17,086,198)	-	366,817,445
Community	138,740,024	-	-	26,033,834	-	-	(8,626,969)	-	156,146,889
Construction work in progress	55,074,770	125,828,322	-	-	(114,007,163)	-	-	-	66,895,929
	592,096,025	132,310,945	(630,927)	114,007,164	(114,007,163)	319,246	(34,366,520)	(45,252)	689,683,518

Pledged as security

None of property plant and equipment has been pledged as security in prior and current year.

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	43,631,230	23,264,699	66,895,929
Additions/capital expenditure	48,637,421	22,202,017	70,839,438
Transferred to completed items	(73,410,804)	(23,386,617)	(96,797,421)
	18,857,847	22,080,099	40,937,946

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Total
Opening balance	33,585,690	21,489,080	55,074,770
Additions/capital expenditure	97,373,270	28,455,052	125,828,322
Transferred to completed items	(87,327,730)	(26,679,433)	(114,007,163)
	43,631,230	23,264,699	66,895,929

Long outstanding work in projects:

Qhoo Community hall is the only project that did not have movement in current year although it should have been long completed. The service provider did not attend to defects noted on the project and as such it delays the release of completion documents. The community hall has is not in use yet until all matters have been resolved by service provider. The carrying amount of the project as at 30 June 2021 is: R 4,883,823.09 (2020:R4,883,823.09).

Some projects were affected by impact of Covid 19 pandemic disease and the starting dates as well as the progress has been delayed.

Expenditure incurred to repair and maintain property, plant and equipment

Buildings	1,361,637	643,423
Municipal equipment	276,577	6,258,268
Unspecified assets	19,640,711	6,773,054
	21,278,925	13,674,745

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

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5. Intangible assets

	2021		2020	
	Cost	Accumulated amortisation and impairment	Carrying value	Cost
Computer software, other	3,752,243	(1,170,884)	2,581,359	904,124
				Accumulated amortisation and impairment
				588,928

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Write-off	Amortisation	Total
Computer software, other	588,928	3,460,646	(240,000)	(1,228,215)	2,581,359

Reconciliation of intangible assets - 2020

	Opening balance	Prior period Adjustment	Amortisation	Total
Computer software, other	441,208	224,000	(76,280)	588,928

Pledged as security

None of the intangible assets has been pledged as security in prior and current year.

6. Employee benefit obligations

Defined benefit plan

Municipal defined benefit plan consist of long service award and medical aid fund obligation.

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6. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Medical Aid Fund Liability	(15,492,000)	(12,046,000)
Long Service Award Liability	(4,709,000)	(3,920,000)
	(20,201,000)	(15,966,000)
Non-current liabilities	(19,775,000)	(15,696,000)
Current liabilities	(426,000)	(270,000)
	(20,201,000)	(15,966,000)
Changes in the present value of the defined benefit obligation are as follows:		
Long Service Award:		
Opening balance	3,920,000	3,678,005
Current service cost	425,000	418,487
Finance costs	293,000	288,999
Benefits paid	(144,000)	(339,668)
Actuarial loss/(gains)	215,000	(125,823)
	4,709,000	3,920,000
Medical Aid		
	2021	2020
Opening balance	12,046,000	14,034,983
Current service cost	871,000	1,047,855
Finance costs	1,343,000	1,360,871
Benefits paid	(126,000)	(158,363)
Actuarial loss/(gains)	1,358,000	(4,239,346)
Subtotal	15,492,000	12,046,000
	15,492,000	12,046,000
Net expense recognised in the statement of financial performance		
Current service cost	871,000	1,047,855
Interest cost	1,343,000	1,360,871
Actuarial (gains) losses	1,358,000	(4,239,346)
	3,572,000	(1,830,620)
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	1,573,000	(4,365,169)

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6. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Health care cost inflation rate	7.13 %	7.15 %
Discount rates used	10.63 %	11.21 %
Net -of health care cost inflation discount rate	3.27 %	3.79 %
Maximum subsidies inflation rate	4.97 %	4.99 %
Net maximum subsidies inflation rate	5.39 %	5.93 %
Expected increase in salaries	6.63 %	5.93 %

Average retirement age is 62 years

Mortality post employment is PA(90)-1 with 1% mortality improvement p.a from 2010

Mortality during employment is SA 85-90

In-service (Employee) members

169

In-service (Employee) non-member

100

Continuation (retiree and widow) members

3

Total

272

Long service award

Discount rate	9.27 %	7.60 %
General earnings inflation rate	5.79 %	4.13 %
Net discount rate	3.29 %	3.33 %

Average retirement age is 62 years.

Pre-retirement mortality is SA85-90

Number of eligible employees is 269 as at 30 June 2021, and 267 at 30 June 2020.

Demographic Assumptions:

Promotional earnings scale is as shown below:

20-24	5.00 %	5.00 %
25 - 29	4.00 %	4.00 %
30 - 34	3.00 %	3.00 %
35 - 39	2.00 %	2.00 %
40 - 44	1.00 %	1.00 %
>44	1.00 %	1.00 %

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7. Inventories		
Consumable stores	428,392	233,280
Water for distribution	216,819	104,751
Unsold Properties Held for Resale	1,010	1,010
	646,221	339,041
Inventory pledged as security		
No inventory items were pledged as security during the current and prior financial years.		
8. Receivables from exchange transactions		
Consumer debtors - Electricity	303,147	221,389
Consumer debtors - Water	853,756	802,478
Consumer debtors - Waste water	2,215,775	2,115,292
Consumer debtors - Waste management	2,720,826	2,686,148
Consumer debtors - Other receivables	979,845	1,065,903
Consumer debtors - Rental	460,061	341,991
	7,533,410	7,233,201
Gross balances		
Consumer debtors - Electricity	1,806,781	1,222,198
Consumer debtors - Water	5,088,462	4,430,146
Consumer debtors - Waste water	13,206,214	11,677,640
Consumer debtors - waste management	16,216,360	14,829,100
Consumer debtors - Other receivables	6,716,286	5,884,400
Consumer debtors - Rental	1,865,689	1,887,987
	44,899,792	39,931,471
Allowance for impairment		
Consumer debtors - Electricity	(1,503,634)	(1,000,809)
Consumer debtors - Water	(4,234,706)	(3,627,668)
Consumer debtors - Waste water	(10,990,439)	(9,562,348)
Consumer debtors - Waste management	(13,495,534)	(12,142,952)
Consumer debtors - Other receivables	(5,736,441)	(4,818,498)
Consumer debtors - Rental	(1,405,628)	(1,545,996)
	(37,366,382)	(32,698,271)
Net Balance		
Consumer debtors - Electricity	303,147	221,389
Consumer debtors - Water	853,756	802,478
Consumer debtors - Waste water	2,215,775	2,115,292
Consumer debtors - Waste management	2,720,826	2,686,148
Consumer debtors - Other receivables	979,845	1,065,902
Consumer debtors - Rental	460,061	341,991
	7,533,410	7,233,200

None of the trade receivables was pledged as security during the year under review.

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Figures in Rand	2021	2020
8. Receivables from exchange transactions (continued)		
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2021, R1,961,556 (2020: R 992,556) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	1,961,556	992,556
Trade and other receivables impaired		
As of June 30, 2021, trade and other receivables of R 45,568,585 (2020: R 38,938,914) were impaired and provided for.		
The amount of the provision was R (37,366,382) as of June 30, 2021 (2020: R -).		
3 to 6 months	1,592,506	1,843,930
Over 6 months	43,976,079	37,094,984
The carrying amount of trade and other receivables are denominated in the following currencies:		
Rand	7,533,410	7,233,200

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8. Receivables from exchange transactions (continued)		
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	(32,698,271)	(34,113,814)
Provision for impairment	(4,668,111)	1,415,543
	(37,366,382)	(32,698,271)
Electricity		
Current (0 - 30 days)	76,596	83,102
31 - 60 Days	103,736	62,673
61 - 90 Days	102,975	74,175
91 - 120 Days	67,141	68,854
121 - 365 Days	1,456,333	933,394
	1,806,781	1,222,198
Water		
Current (0 - 30 days)	86,570	133,043
31 - 60 Days	54,085	108,384
61 - 90 Days	60,870	147,076
91 - 120 Days	47,506	213,387
121 - 365 Days	4,839,390	3,828,256
	5,088,421	4,430,146
Waste water		
Current (0 - 30 days)	324,223	292,813
31 - 60 Days	280,005	329,221
61 - 90 Days	253,707	242,239
91 - 120 Days	226,283	254,695
121 - 365 Days	12,121,996	10,558,672
	13,206,214	11,677,640
Refuse removal		
Current (0 - 30 days)	447,239	411,493
31 - 60 Days	393,465	440,943
61 - 90 Days	355,339	317,450
91 - 120 Days	323,369	336,205
121 - 365 Days	14,696,947	13,323,009
	16,216,359	14,829,100
Sundry debtors		
Current (0 - 30 days)	100,018	34,676
31 - 60 Days	29,078	26,838
61 - 90 Days	25,477	22,302
91 - 120 Days	41,357	28,496
121 - 365 Days	6,520,356	5,772,089
	6,716,286	5,884,401
Rental		
Current (0 - 30 days)	35,573	37,430
31 - 60 Days	32,884	36,773
61 - 90 Days	32,008	35,857
91 - 120 Days	30,886	35,527
121 - 365 Days	1,734,339	1,742,400

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8. Receivables from exchange transactions (continued)		
	1,865,690	1,887,987
9. Receivables from non-exchange transactions		
Consumer debtors - Rates	10,185,160	8,585,911
Gross balances		
Consumer debtors - Rates	60,704,458	47,399,216
Grant Receivable	15,408,452	15,408,452
	76,112,910	62,807,668
Allowance and impairment		
Consumer debtors -rates	(50,519,298)	(38,813,305)
Grants receivable:	(15,408,452)	(15,408,452)
	(65,927,750)	(54,221,757)
Net Balance	2021	2020
Consumer debtors - rates	10,185,160	8,585,911
Provision for bad debts reconciliation	2021	2020
Opening balance	(15,408,452)	-
Allowance for bad debts - Grant receivable	-	(15,408,452)
	(15,408,452)	(15,408,452)
Grant receivable relates to portion of equitable shares which was withheld by national treasury.		
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtors - rates	60,704,458	47,399,216
Allowance for doubtful debt	(50,519,298)	(38,813,305)
	10,185,160	8,585,911
Total receivables from non-exchange transactions	10,185,160	8,585,911

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Figures in Rand	2021	2020
9. Receivables from non-exchange transactions (continued)		
Statutory debtors' age		
Property rates		
Current (0 - 30 days)	1,316,696	685,856
31 - 60 Days	443,565	529,924
61 - 90 Days	850,013	406,708
91 - 120 Days	9,529,408	596,484
121 - 365 Days	48,564,775	45,180,245
	60,704,457	47,399,217

Transaction(s) arising from statute

Property rates is levied in terms of the Municipal Property Rates Act 6 of 2004, hence this is therefore recognised as a statutory receivable.

Determination of transaction amount

Property rates values are calculated by applying approved tariff rates against market values of individual properties within the municipality jurisdiction as detailed in the valuation roll.

Interest or other charges levied/charged

Interest on statutory debtors is charged at 10 % per annum.

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

Statutory receivables are assessed for impairment annually using the collection rate method. The estimate were determined by the judgment of the management of the municipality, supplemented by experience of past practices and statistics in relation to debt not collected. The effects of the time value of money has been factored by considering the estimated future collection based on the default rate and multiply by the balance not collected as at 30 June 2021.

Risk profile of each customers is determined by assessing the payment history and the receivable balance as at year end. Total collection for the entire period will be used to estimate future collections from each individual customer. Based on management judgment, 100% less collection rate in current year will represent future collection rate. Customers' account which have not been settled for a long time, and those where no payments have been received during the are consider to be high risk customers and no future collections anticipated.

Management used debtors collection date as the estimated period each customer will take to settle their accounts. This is used together with the discount rate stipulated in municipal credit control policy to calculate present value of the estimated future cash flows.

Provision for impairment is determine by taking receivables carrying amount as at year end less present value of estimated future cash flows explained above.

Discount rate applied to the estimated future cash flows

Estimated future cash flows are discounted at an annual rate of 10%.

Statutory receivables past due but not impaired

Statutory receivables which are less than 1 month past due are not considered to be impaired. At 30 June 2021 R1,316,696 (2020: 685,856 were past due but not impaired).

1 month past due	1,702,625	685,856
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Statutory receivables impaired

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9. Receivables from non-exchange transactions (continued)

As of June 30, 2021, Statutory receivables of R56,164,692 (2020: R46,713,361) were impaired and provided for.

The amount of the provision was R- as of June 30, 2021 (2020: R-).

The ageing of these receivables is as follows:

3 to 6 months	10,353,873	1,533,116
Over 6 months	45,811,019	45,180,245

Factors the entity considered in assessing statutory receivables impaired

Long outstanding accounts' receivables' balances.

Municipal customer grouping such as residential, commercial, government and agriculture.

Each customer's collection rate for the year.

Current economic factors such as impact of covid, inflation rate and general conditions affecting residence within municipal demarcations.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(38,813,305)	(19,614,359)
Provision for impairment	(10,070,277)	(19,198,946)
	(48,883,582)	(38,813,305)

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

Significant part of provision for bad debts relating to statutory receivables has been written-off based on the council resolution passed in prior years to write-off interest relating to government debtors.

Statutory receivables pledged as security

None of the statutory receivables were pledged as security in prior and current financial year.

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9. Receivables from non-exchange transactions (continued)		
Summary of debtors by customer classification		
Government:	2021	2020
Current (0-30 days)	1,017,751	178,213
31 - 60 days	444,164	477,364
61 - 90 days	727,799	312,661
91 - 120 days	9,453,320	493,391
> 121 days	37,779,194	31,686,284
Subtotal	49,422,228	33,147,913
	49,422,228	33,147,913
Agriculture:	2021	2020
Current (0-30 days)	35,937	(12,799)
31 - 60 days	31,028	19,284
61 - 90 days	12,120	16,940
91 - 120 days	13,744	16,060
> 121 days	330,438	337,257
Subtotal	423,267	376,742
	423,267	376,742
Business and commercial	2021	2020
Current (0-30 days)	410,717	428,128
31 - 60 days	159,407	307,616
61 - 90 days	150,543	223,088
91 - 120 days	124,011	227,867
> 121 days	5,903,392	11,496,771
Subtotal	6,748,070	12,683,470
	6,748,070	12,683,470
Residential	2021	2020
Current (0-30 days)	885,853	162,572
31 - 60 days	681,678	653,391
61 - 90 days	739,384	620,279
91 - 120 days	646,562	710,991
> 121 days	41,850,114	31,811,291
Subtotal	44,803,591	33,958,524
	44,803,591	33,958,524
Employees & councillors	2021	2020
Current (0-30 days)	30,052	9,994
31 - 60 days	11,913	8,117
61 - 90 days	9,369	8,063
91 - 120 days	24,581	13,042
> 121 days	658,453	1,453,515
Subtotal	734,368	1,492,731
	734,368	1,492,731
Other sundry debtors	2021	2020
Current (0-30 days)	(17,378)	62,644
31 - 60 days	905	58,437

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9. Receivables from non-exchange transactions (continued)		
61 - 90 days	457	54,950
91 - 120 days	1,262	53,054
> 121 days	2,239,892	3,898,814
Subtotal	2,225,138	4,127,899
	2,225,138	4,127,899
Vacant land	2021	2020
Current(0 - 30 days)	1,099	4,540
31 -60 days	5,831	10,547
61 - 90 days	5,742	9,826
91 - 120 days	7,542	19,243
>121 days	773,746	689,210
Subtotal	793,960	733,366
	793,960	733,366

10. VAT receivable

VAT	15,164,705	10,859,243
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VAT201 statement has been submitted to SARs on time except for February 2021 to 30 June 2021 which were submitted late due to efilling technical problems on the municipal account.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	22,491,806	20,986,780
Short-term deposits	122,028,165	126,447,697
	144,519,971	147,434,477

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents has been pledged as security.

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11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
ABSA cheque account -2650560046	21,613,698	20,275,942	20,814,490	21,001,402
ABSA Fixed Deposit 2065098656	77,926	73,516	77,939	73,516
ABSA Fixed Deposit 2064601519	3,515,395	3,316,411	3,515,941	3,316,411
ABSA Fixed Deposit 2063813884	15,442,430	14,568,330	15,444,825	14,568,330
ABSA Fixed Deposit 2063507897	8,281,374	7,812,617	8,282,658	7,812,618
ABSA Fixed Deposit 2063813842	5,034,763	4,749,776	5,035,543	4,749,777
ABSA Fixed deposit 2063484566	10,605,535	10,005,222	10,607,180	10,005,222
ABSA Fixed Deposit 2066023614	65,350,239	72,872,075	65,350,239	72,814,621
ABSA Fixed Deposit 2065986332	2,671,059	2,519,867	2,671,473	2,519,867
Standard 32 Day Call Account 04 8560065004	977,070	942,510	977,012	942,511
FNB Fixed Deposit 74857681785	3,672,124	3,519,720	3,672,124	3,519,721
Nedbank 88Day Prime Select 03/7767500223/000135	801,016	766,523	801,114	766,527
Nedbank 88Day Prime Select 03/7667500223/000133	2,485,832	2,378,789	2,486,125	2,378,788
Nedbank 88Day Prime Select 03/7667500223/000134	2,770,468	2,651,165	2,770,795	2,651,166
Nedbank 88Day Prime Select 03/7667500223/000132	138,489	132,525	138,505	132,526
Nedbank 88Day Prime Select 03/7667500223/000131	102,244	97,841	102,255	97,840
Nedbank 88Day Prime Select 03/7667500223/1000130	82,358	78,811	82,367	78,812
Ned Bank 32 Days Call deposit - 03/7667500223/000001	19,900	19,453	19,901	19,454
Total	143,641,920	146,781,093	142,850,486	147,449,109

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	3,574,456	-
Local Government Financial Management Grant	135,771	-
Department of sport - library grant	1,097,805	692,243
Local Government - Disaster Fund	505,700	505,700
	5,313,732	1,197,943

Movement during the year

Balance at the beginning of the year	1,197,943	5,884,252
Additions during the year	52,709,862	47,659,552
Income recognition during the year	(48,594,073)	(52,345,861)
	5,313,732	1,197,943

Below is the grants receivables reconciliation statement:

Grants receivables	Opening Balance	Amount Withheld	Provision for bad debts	Total
Municipal Infrastructure Grant	(4,070,548)	4,070,548	-	-

Opening balance for municipal infrastructure grant has been netted-off against the receivable from national treasury. This relates to the amount withheld by national treasury which was incorrectly processed directly into the equitable shares revenue.

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13. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Environmental rehabilitation	15,226,996	1,620,004	16,847,000

Reconciliation of provisions - 2020

	Opening Balance	Additions	Total
Environmental rehabilitation	13,889,995	1,337,001	15,226,996

Environmental rehabilitation provision

There are currently five landfill sites operated by the Greater Taung Local Municipality. The sites are located within the Greater Taung municipal area, namely; Reivilo Landfill Site, Taung Landfill Site, (New) Pudimoe Landfill Site, Pudimoe (Interim Operational) Landfill Site and the Pudimoe Illegal Dumping Site (Abandoned). It is required from the municipality to execute an environmental management program to restore the landfill site after its useful life. Provision has been made for this cost based on the estimated present value of future cash flows arising from the rehabilitation cost expected as at the end of each landfill site's useful life.

For the rehabilitation of landfill sites provisions, the key assumptions used in the valuation includes inflation rate 5.24 % (calculated the various inflation rates per item applicable to the landfill sites), 5 years average projection of the South African government bond yield 7.45% and discount rate 8.34 %

There is no unused provision amounts reversed during the year. Movement in provision liability is due to changes in future cash flow projections as at 30 June 2021. No movement arising from the passage of time and the effect of any change in the discount rate.

Due to changes in the inflation rate and other economic factors, the amount to be incurred for the disclosure of the landfill site is uncertain hence the best estimate was used to determine the amount.

14. Payables from exchange transactions

Trade payables	(19,140)	(27,140)
Payments received in advanced	471,765	1,197,483
License and registration deposit	18,571	59,317
Retention liability	4,867,127	5,975,647
Accrued leave pay	12,482,351	7,351,822
Accrued bonus	2,562,824	2,618,245
Salary control account	1,343,403	1,291,526
Accrued expenses	7,981,342	9,261,229
	29,708,243	27,728,129

15. Consumer deposits

Water and Electricity	34,932	70,254
Regional services levies	48,392	20,700
Housing rental	25,937	25,300
	109,261	116,254

Consumer deposits relates to deposits received from customers for services rendered to them by the municipality as listed above.

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Figures in Rand	2021	2020
16. Revenue		
Sale of goods	620,909	-
Service charges	9,949,675	9,561,698
Rental of facilities and equipment	45,441	192,282
Interest income from consumer debtors	2,180,337	2,518,557
Agency services	109,693	111,668
Other income	604,273	-
Interest received - investment	6,674,280	14,601,218
Property rates	44,129,366	28,364,984
Interest, Dividends and Rent on Land	1,511,870	2,268,929
Government grants & subsidies	289,066,073	247,115,861
Income Received - LG SETA	58,447	-
	354,950,364	304,735,197
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	620,909	-
Service charges	9,949,675	9,561,698
Rental of facilities and equipment	45,441	192,282
Interest income from consumer debtors	2,180,337	2,518,557
Agency services	109,693	111,668
Other income	604,273	-
Interest received - investment	6,674,280	14,601,218
	20,184,608	26,985,423
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	44,129,366	28,364,984
Interest, Dividends and Rent on Land	1,511,870	2,268,929
Transfer revenue		
Government grants & subsidies	289,066,073	247,115,861
Income Received - LG SETA	58,447	-
	334,765,756	277,749,774
17. Service charges		
Sale of electricity	3,863,350	2,780,992
Sale of water	775,351	1,275,646
Solid waste	2,720,298	3,258,637
Sewerage and sanitation charges	2,590,676	2,246,423
	9,949,675	9,561,698
18. Rental of facilities and equipment		
Premises		
Rental of facilities	45,441	192,282
19. Agency services		
Vehicle Registration	109,693	111,668

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20. Lease rentals on operating lease		
Plant and equipment		
Contractual amounts	2,253,595	1,372,491
Lease rentals on operating lease - Other		
Contractual amounts	459,871	247,095
	2,713,466	1,619,586
21. Sale of goods and Other income		
Other income:		
Administration and collection fees	244,599	-
Building plans fees	44,619	-
Legal fees recovered	180,747	-
Burial fees	52,884	-
Discounts and early settlement	2,839	-
Inspection fees	13,870	-
Insurance refund	34,326	-
Clearance certificate fees	30,389	-
	604,273	-
Sale of goods	2021	2020
Sale of tender documents	620,909	-
22. Interest income - Accounts receivables and short term investments		
Interest from investment		
Interest from short term investments	6,674,280	14,601,218
Interest from accounts receivables	2021	2020
Interest income - receivables from non-exchange transaction	1,511,870	2,268,929
Interest income - receivables from exchange transactions	2,180,337	2,518,557
	3,692,207	4,787,486

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Figures in Rand	2021	2020
23. Property rates		
Rates received		
Residential	2,035,389	2,569,412
Commercial	3,764,898	6,119,763
State	20,069,347	18,571,501
Municipal	-	154,362
Small holdings and farms	18,259,732	949,946
	44,129,366	28,364,984
Valuations		
Residential properties	436,296,555	366,834,000
Commercial properties	146,280,000	252,637,100
State owned properties	1,190,013,000	1,352,966,000
Municipal-owned properties	104,299,000	66,153,500
Small holdings and farms	2,035,181,000	1,517,176,000
Public worship	10,220,000	-
Public service infrastructure	7,160,000	46,075,000
Multi purpose centres	3,580,000	-
Vacant land	5,436,000	-
	3,938,465,555	3,601,841,600

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of (2020: R 0.01560) is applied to property valuations to determine assessment rates. Rebates of 20% (2020) is granted to residential.

24. Grants and subsidies paid

Other subsidies		
Social relief	-	5,457,468
Bursaries (Non-Employee)	1,214,548	-
	1,214,548	5,457,468

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Figures in Rand	2021	2020
25. Government grants and subsidies		
Operating grants		
Equitable share	240,472,000	194,770,000
Local Government Financial Management Grant	3,164,229	2,880,001
Expanded Public Works Programme Integrated Grant	1,757,862	1,286,001
Library grant	529,438	574,297
	245,923,529	199,510,299
Capital grants		
Municipal Infrastructure grant	43,142,544	47,605,562
	289,066,073	247,115,861
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	48,594,073	52,345,861
Unconditional grants received	240,472,000	194,770,000
	289,066,073	247,115,861
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure grant		
Current-year receipts	46,717,000	47,604,000
Conditions met - transferred to revenue	(43,142,544)	(47,604,000)
	3,574,456	-
Conditions still to be met - remain liabilities (see note 12).		
Financial Management Grant		
Current-year receipts	3,300,000	2,880,001
Conditions met - transferred to revenue	(3,164,229)	(2,880,001)
	135,771	-
Conditions still to be met - remain liabilities (see note 12).		
Extended Public Works Program Grant		
Current-year receipts	1,797,000	1,286,000
Conditions met - transferred to revenue	(1,797,000)	(1,286,000)
	-	-
Library Grant		
Balance unspent at beginning of year	692,243	365,540
Current-year receipts	935,000	901,000
Conditions met - transferred to revenue	(529,438)	(574,297)
	1,097,805	692,243

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25. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 12).

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26. Employee related costs		
Basic	69,874,588	65,147,460
Bonus	4,535,326	6,289,578
Medical aid - company contributions	5,506,212	3,822,637
UIF	524,021	999,804
Leave pay provision charge	5,832,646	(317,657)
Standby allowance	1,693,531	1,444,886
Defined contribution plans	10,839,439	9,539,085
Travel, motor car, accommodation, subsistence and other allowances	5,533,058	5,665,821
Overtime payments	9,137,788	3,459,091
Long-service awards	524,757	1,439,614
Acting allowances	1,195,180	43,340
Housing benefits and allowances	320,215	389,357
Danger allowance	4,455,000	-
Bargain council	33,571	30,728
Telephone and cellphone allowance	399,850	392,900
Group life insurance	26,821	2,244
	120,432,003	98,348,888
Remuneration of municipal manager		
Annual Remuneration	1,371,485	1,276,692
Car Allowance	274,437	240,000
Contributions to UIF, Medical and Pension Funds	15,098	15,027
Cellphone allowance	12,000	12,000
Other allowance	19,798	9,633
Overnight allowance	10,000	22,000
	1,702,818	1,575,352
Remuneration of chief finance officer		
Annual Remuneration	1,149,564	180,324
Car Allowance	7,506	-
Contributions to UIF, Medical and Pension Funds	11,476	1,842
Cellphone allowance	12,000	2,000
Overtime allowance	2,000	-
Other allowance	1,182	-
	1,183,728	184,166
Remuneration of executive directors - Social Services		
Annual Remuneration	1,059,000	987,888
Car Allowance	150,000	150,000
Contributions to UIF, Medical and Pension Funds	9,549	12,336
Cellphone allowance	12,000	12,000
Other allowance	9,000	-
	1,239,549	1,162,224
Remuneration of executive directors - Spatial Planning		
Annual Remuneration	774,888	718,728
Car Allowance	210,122	180,000
Performance Bonuses	-	89,218
Contributions to UIF, Medical and Pension Funds	10,480	11,484
Cellphone allowance	12,000	12,000

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26. Employee related costs (continued)		
Acting allowance	95,456	-
Other allowance	14,500	2,979
Overtime allowance	730	6,000
	1,118,176	1,020,409
Remuneration of Director - Corporate Services		
Annual Remuneration	887,659	-
Car Allowance	2,349	-
Contributions to UIF, Medical and Pension Funds	9,199	-
Other allowance	1,452	-
	900,659	-
Remuneration of executive directors - Infrastructure		
Annual Remuneration	983,592	153,530
Car Allowance	87,365	14,000
Performance Bonuses	47,814	-
Contributions to UIF, Medical and Pension Funds	11,239	2,315
Cellphone allowance	12,000	3,000
Acting allowance	6,393	-
	1,148,403	172,845
27. Remuneration of councillors		
Executive Major	718,287	701,263
Mayoral Committee Members	5,049,094	4,815,762
Speaker	690,900	686,484
Councillors	12,037,382	12,993,741
Chief Whip	1,097,579	-
Section 79 committee chairperson	536,311	-
	20,129,553	19,197,250
Additional information		
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
28. Depreciation and amortisation		
Property, plant and equipment	36,290,201	34,366,520
Intangible assets	1,669,154	76,280
	37,959,355	34,442,800
29. Finance costs		
Interest on long service award	1,636,000	1,649,869
Interest on provisions	-	898,775
	1,636,000	2,548,644

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30. Debt impairment

Bad debts written off	16,374,106	33,213,727
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Grants receivable from treasury has been assessed as irrecoverable and the full amount has been provided for in current year. The amount will be written-off completely upon receiving approval from council.

31. Bulk purchases

Electricity - Eskom	9,478,534	11,701,978
Water	231,808	-
Total	9,710,342	11,701,978

Electricity losses

	Number 2021	Number 2020	Average Cost	Average Cost
Units purchased	2,379,005	2,474,643	2	2
Units sold	(2,260,970)	(2,396,698)	2	2
Total loss	118,035	77,945	4	4

Comprising of:

Lost with distribution in rands	199,200	122,585	2
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Percentage Loss:

Units lost as a percentage	5 %	3 %
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Water losses

Normal losses	8,232	7,350
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	Number 2021	Number 2020		
Units pumped	361,094	219,700	5	5
Units sold	(56,786)	(72,681)	5	5
Total	304,308	147,019	10	10

Percentage Loss:

Normal loss	5 %	5 %
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The municipality does not anticipate to recover any losses incurred on water and electricity.

32. Contracted services

Outsourced Services

Burial Services	115,281	-
Business and Advisory	2,382,269	407,920
Catering Services	667,885	281,233
Cleaning Services	-	82,324
Security Services	21,305,421	12,685,974

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32. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	8,331,415	7,313,180
Infrastructure and Planning	1,433,258	661,639
Legal Cost	3,538,389	2,871,069
Contractors		
Electrical	-	3,000,733
Employee Wellness	4,111	207,125
Maintenance of Buildings and Facilities	1,361,637	643,423
Maintenance of Equipment	276,577	6,258,268
Maintenance of Unspecified Assets	19,640,711	6,773,054
Plants, Flowers and Other Decorations	-	47,500
Transportation	201,180	-
Sports and Recreation	141,975	27,576
	59,400,109	41,261,018
33. General expenses		
Advertising	3,384,480	2,399,428
Auditors remuneration	3,717,019	1,511,080
Bank charges	163,536	157,502
Consumables	4,193,147	2,442,213
Insurance	1,294,537	1,229,904
IT expenses	5,640,290	6,941,891
Skills development levy	951,461	981,753
Motor vehicle expenses	612,957	323,687
Fuel and oil	4,714,405	4,726,467
Printing and stationery	730,113	545,115
Protective clothing	1,220,538	621,378
Subscriptions and membership fees	1,544,176	1,089,946
Telephone and fax	2,521,458	2,007,452
Bursaries - employees	591,863	648,054
Travel - local	1,643,055	5,280,059
Title deed search fees	455,251	43,080
Indigent relief	10,304,813	6,390,040
Landfill site expenses	1,620,004	-
General expenses	722,384	397,300
Remuneration of ward councillors	3,979,500	3,861,000
Workman's compensation	1,538,476	-
	51,543,463	41,596,349
34. Fair value adjustments		
Investment property (Fair value model)	-	(4,296,000)
35. Auditors' remuneration		
Fees	3,717,019	1,511,080

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Figures in Rand	2021	2020
36. Cash generated from operations		
Surplus	32,165,374	14,300,545
Adjustments for:		
Depreciation and amortisation	37,959,355	34,442,800
Gain on sale of assets and liabilities	240,000	613,460
Fair value adjustments	-	4,296,000
Impairment deficit	29,000	-
Debt impairment	16,374,106	33,213,727
Movements in retirement benefit assets and liabilities	4,235,000	(1,746,988)
Movements in provisions	1,620,004	1,337,000
Changes in working capital:		
Inventories	(307,180)	7,848,516
Receivables from exchange transactions	(329,209)	2,814,271
Add back provision for bad debts	(16,374,106)	(33,213,727)
Receivables from non exchange transactions	(2,702,366)	11,409,736
Payables from exchange transactions	1,980,114	(9,496,088)
VAT	(5,305,462)	(3,693,532)
Unspent conditional grants and receipts	4,115,789	(4,686,310)
Consumer deposits	(6,993)	(200,923)
	73,693,426	57,238,487

37. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At cost	Total
Receivables from exchange transactions	7,533,410	7,533,410
Receivables from non-exchange transaction	10,185,160	10,185,160
VAT receivables	16,164,705	16,164,705
Cash and cash equivalents	144,519,971	144,519,971
	178,403,246	178,403,246

Financial liabilities

	At cost	Total
Payables from exchange transactions	29,708,243	29,708,243
Consumer deposits	109,261	109,261
Unspent conditional grant	5,313,732	5,313,732
Employee benefits obligations	20,201,000	20,201,000
	55,332,236	55,332,236

2020

Financial assets

	At cost	Total
Receivables from exchange transactions	7,233,201	7,233,201
Receivables from non-exchange transactions	8,585,911	8,585,911
VAT receivables	10,859,243	10,859,243
Cash and cash equivalents	147,434,477	147,434,477
	174,112,832	174,112,832

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	2021	2020
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37. Financial instruments disclosure (continued)

Financial liabilities

	At cost	Total
Payables from exchange transaction	27,728,129	27,728,129
Consumer deposits	116,254	116,254
Employee benefits obligations	15,966,000	15,966,000
Unspent conditional grant	1,197,943	1,197,943
	45,008,326	45,008,326

38. Commitments

Authorised capital expenditure

Already contracted

• Property, plant and equipment	39,795,247	21,897,036
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Total capital commitments

Already contracted for but not provided for	39,795,247	21,897,036
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This committed expenditure relates to plant and equipment and will be financed by grants funding and available cash resources.

Operating leases - as lessee (expense)

Minimum lease payments due

- in second to fifth year inclusive	2,951,128	-
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Operating lease payments represent rentals payable by the municipality for printing machines leased from Dido Digital Document Pty Ltd. Leases payments are made based on the invoice supported by progress report. The old operating lease expires at 30 June 2020 and agreement came into effect on 1 July 2020, hence prior year comparative is nil.

Rental expenses relating to operating leases

Minimum lease payments	2,101,044	-
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39. Contingencies

Contingent claims

Case Name	Case Number	Case Details	Status	Success rate	2021	2020
Greater Taung (Defendant) Vs Telkom SA SOC Ltd	345/2015	TELKOM claims damages of a sum of R50 535, 44 to its telecommunication cables and infrastructure.	In progress	91-100	50535	50,535
H Seleke (Defendant) Vs Greater Taung Local Municipality	CIV APP MG 04/2018	Dispute of ownership of ERF 332 Taung CBD between Seleke and Greater Taung Local Municipality	In progress	91 -100	-	-
Alex & 52 Others (Defendant) Vs Greater Taung Local Municipality (Plaintiff)	67 / 2021	Illegal construction or erection of a building on erf No:237 Molao Street, Pudimoe without having submitted the building plans for the purpose of their approval by the Municipality.	In progress	91 - 100	-	-
AMO Meremetsi (Defendant) Vs Greater Taung Local Municipality (Plendiff)	256 / 2020	Claim for motor vehicle accident on the 1st March 2020 for the sum of R119 000,00	in progress	91 - 100	119000	119,000
Lentikile Abul Makgale (Defendant) Vs and Bathlaping Ba-Ga Phuduhucwana TC Plendiff)	1292/2019	The Municipality and the TraditionalCommunity launched an action against the Defendant for inter alia invalidating resolution purportedly authorising him to erect a holiday resort on a piece of land situated next to Taung Marble Factory in Mokgareng village in Taung	In progress	91 - 100	300000	300,000

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39. Contingencies (continued)

North West Development Corporation (Soc) Ltd and another / TA Melku Vs Greater Taung Local Municipality	CIN 228/2017	Illegal construction or erection of a building on erf No.334 within the Taung cbd without having submitted the building plans for the purpose of their approval by the Municipality.	In progress	91 - 100	-
A.J. Leboma & Another (Defendant) Vs Greater Taung Local Municipality (Plaintiff)	63 / 2021	Illegal construction or erection of a building on erf No. 237 Molao Street ,Pudimoe without having submitted building plans for purposes of their approval by the Municipality.	In progress	91 - 100	-
B. Sebiloane (Defendant) Vs Greater Taung Local Municipality (Plaintiff)	Mr Kgomo/KG.G 0013/CIV	Rescission of an order dismissing the review application. Claim re-instatement	In progress	91 - 100	-
PUBLIC PROTECTOR (Defendant) Vs Greater Taung Local Municipality (Plaintiff)	Mr Kgomo/KG.G 0004/CIV	Review to set aside implementation by the public protector.	In progress	91 - 100	-
Thlamani Lekhotla Construction (Defendant) Greater Taung Local Municipality (Plaintiff)	1911/2017	Claim for retention fee of the reconstruction of a community hall. The hall was found to have latent defects in a form of a crack that renders the hall inhabitable.	In progress	91 - 100	2,095,892
Cedar Point Venture (Defendant) Vs Greater Taung Local Municipality	1544 /2010	Claim for damages for an alleged development of an Ostrich farm.	In progress	91 - 100	2,096,681

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39. Contingencies (continued)							
Pholo Pholo Vs Greater Taung Local Municipality	Mr Kgomo/KG.G the CCMA because he could not prove dismissal.He has now filed an application for review in the Labour Court. Claim re - instatement.	Mr Pholo's claim was dismissed by In progress	In progress	91 - 100	190985	190,985	
MH Office Machine (Defendant) Vs Greater Taung Local Municipality (Plendiff)	2079/2012	Breach of contract -(Non payment of contract fees of maintenance)	In progress	91 - 100	190985		
AJ Lebona & Another(Defendant) Vs Greater Taung Local Municipality(Plaintiff)	63/2021	Illegal construction or erection of a building on erf No.237 Molao Street, Pudimoe without having submitted the building plans for the purpose of their approval by the Municipality. Case still in progress and probability of success is 61%-100%. Outcome of the matter still unknown.	In progress	91 - 100			
North West Development Corporation (Soc) Ltd and another / TA Melku(Defendant) Vs Greater Taung Local Municipality(Plaintiff)	M223/2020		In progress	91 - 100			
Ms. Mpho Masia 'Nobula' - (Defendant) Vs Greater taung Local Municipality (Plendiff)	JR1237/17	Review Application Against Reinstatement of an Employee case	In progress	10			
Subtotal	5,900			1,375	4,853,093	4,853,093	4,853,093

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40. Related parties

Relationships

Refer to 's report note 26

Members of key management

Refer to note 26

Related party balances

Remuneration of management

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40. Related parties (continued)

Management class: Councillors

2021

Name Councillors	Basic salary	Car allowance	Cell phone allowance	Back pay	Total
	14,804,045	2,986,293	2,123,800	215,415	20,129,553

Additional information

The salaries, allowances and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

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40. Related parties (continued)

Management class: Councillors

2021

Name	Basic salary	Car allowance	Cell phone allowance	Pension fund	Back-pay	Total
Cllr: Babuseng MC	204,324	68,112	44,400	30,649	874	348,359
Cllr: Balebanye OJ	204,324	68,112	44,400	-	874	317,710
Cllr: Diphoko GS	204,324	68,112	44,400	58,743	874	376,453
Cllr: J. Mothibi	363,177	121,059	33,300	-	2,070	519,606
Cllr: Gaobusiwwe GW	155,113	51,705	18,500	-	31,975	257,293
Cllr: Gaoraetwe TR	272,436	-	44,400	-	874	317,710
Cllr: Gezane BG	153,243	51,084	33,300	-	874	238,501
Cllr: Itumeleng DA	282,471	94,157	25,900	42,371	2,070	446,969
Cllr: Lepedi MC	153,243	51,084	33,300	-	874	238,501
Cllr: Leshoe MF	204,324	68,112	44,400	-	874	317,710
Cllr: Malla LE	272,436	-	44,400	-	874	317,710
CHW: Malepe J	484,236	161,412	44,400	-	2,070	692,118
Cllr: Mamapula KL	204,324	68,112	44,400	-	874	317,710
Cllr: Maribe JN	272,436	-	44,400	-	874	317,710
Cllr: Matshwe T	155,113	51,705	18,500	-	31,975	257,293
Cllr: Matuane JA	206,818	-	18,500	-	31,975	257,293
Cllr: Menyato A	363,177	121,059	33,300	-	2,070	519,606
Cllr: Mmakwa M	204,324	68,112	44,400	-	874	317,710
Cllr: Mocumi KB	204,324	68,112	44,400	-	874	317,710
Exco: Molepolai KG	363,177	121,059	33,300	-	2,070	519,606
Cllr: Mokgobo MR	272,436	-	44,400	-	874	317,710
Cllr: Mongale OV	153,243	51,084	33,300	-	874	238,501
Exco: Mongale RA	484,236	161,412	44,400	-	2,070	692,118
Cllr: Morweng TS	204,324	68,112	44,400	-	874	317,710
Cllr: Mosiriemang MV	204,324	68,112	44,400	-	874	317,710
Cllr: Motlbedi SD	204,324	68,112	44,400	-	874	317,710
Mothabane NC	507,479	169,153	34,898	-	2,759	714,289
Cllr: Motshabi MI	272,436	-	44,400	-	874	317,710

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40. Related parties (continued)

Cllr: Ncweng ME	272,436	-	44,400	-	874	317,710
Exco: Ntasi NE	645,648	-	44,400	-	2,070	692,118
Cllr: Ollant MKI	204,324	68,112	44,400	-	874	317,710
Cllr: Pitso JT	204,324	68,112	44,400	-	874	317,710
Cllr: Ratake MJ	204,324	68,112	44,400	-	874	317,710
Cllr: Sabe TP	204,324	68,112	44,400	-	874	317,710
Cllr: Sebolai KL	272,436	-	44,400	-	874	317,710
Cllr: Sedupane BJ	272,436	-	44,400	-	874	317,710
Cllr: Seemelo HD	272,436	-	44,400	-	874	317,710
Cllr: O Seleke	372,960	124,232	37,000	-	2,028	536,220
Cllr: Seisho KG	204,324	68,112	44,400	-	2,028	318,864
Cllr: Tshipo GJ	204,324	68,112	44,400	-	874	317,710
Exco: Tladi EH	688,692	-	44,400	-	2,208	735,300
Cllr: Thaganyane T	272,436	-	44,400	-	874	317,710
Cllr: Tokwe LC	204,324	68,112	44,400	-	874	317,710
Cllr: Totong DG	272,436	-	44,400	-	874	317,710
Cllr: De Koker KS	272,436	-	44,400	-	874	317,710
Cllr: Kgosiore RK	153,243	51,084	33,300	-	874	238,501
Cllr: Moeti MB	272,436	-	44,400	-	874	317,710
Cllr: N Nomadolo	272,436	-	44,400	-	874	317,710
Cllr: R G W Gaubosiwe	282,471	94,157	25,900	-	-	402,528
Cllr: RT Matshwe	282,471	94,157	25,900	-	-	402,528
Cllr: A Matuane	376,628	-	25,900	-	-	402,528
Cllr: R J M Pico	68,109	-	11,100	-	-	79,209
Cllr: BG Gezane	121,059	40,353	11,100	-	-	172,512
Cllr: Kgosiore	121,059	40,353	11,100	-	-	172,512
Cllr: SM.C Lepedi	121,059	40,353	11,100	-	-	172,512
Cllr: R A Menyato	51,081	17,028	11,100	-	-	79,209
Cllr: R OV Mongale	121,059	40,353	11,100	-	-	172,512
Cllr: S. K. Moipolai	51,081	17,028	11,100	-	-	79,209
Cllr: R.S.L.G Morthibi	51,081	17,028	11,100	-	-	79,209
Cllr: Eleke	138,599	46,197	7,400	-	-	192,196
Cllr: C Molhabane	45,406	-	9,501	-	14,166	69,073
	14,804,044	2,986,200	2,123,799	131,763	163,320	20,209,126

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41. 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

2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories		7,574,474	(7,235,433)	-	339,041
Receivables from exchange transactions		23,748,165	(16,514,954)	-	7,233,201
Receivables from non-exchange transactions		17,999,599	(9,413,688)	-	8,585,911
VAT receivables		11,503,475	(644,232)	-	10,859,243
Cash and cash equivalents		147,894,241	(914,951)	-	146,979,290
Non-current assets:					
Investment property		21,636,001	(9,069,001)	-	12,567,000
Property plant and equipment		685,635,978	3,727,382	-	689,363,360
Intangible assets		441,208	147,720	-	588,928
Current liabilities:					
Finance lease obligation		6,674	(6,674)	-	-
Payables from exchange transactions		51,846,417	(23,935,424)	-	27,910,993
Consumer deposits		415,477	(299,223)	-	116,254
Provision for landfill site		898,775	-	(898,775)	-
Unspent conditional grant		4,908,472	(3,710,529)	-	1,197,943
Non-current liabilities:					
Provision for landfill site		14,328,221	-	898,775	15,226,996
Equity:					
accumulated surplus		828,063,090	-	-	828,063,090
		1,816,900,257	(67,869,007)		- 1,749,031,250

Statement of financial performance

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41. Prior-year adjustments (continued)

2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue from exchange transactions:					
Service charges		11,163,403	(1,601,705)	-	9,561,698
Rental of facilities and equipment		191,750	532	-	192,282
Interest received from consumer debtors		-	-	4,787,486	4,787,486
Interest received from investments		19,162,240	35,794	(4,787,486)	14,410,548
Other income		-	-	50,508	50,508
Revenue from non-exchange transactions:					
Property rates		22,781,828	5,583,156	-	28,364,984
Interest, dividends and rent on land		(2,640,268)	2,640,268	-	-
Government grants and subsidies		228,937,781	18,178,080	-	247,115,861
Expenditure:					
Employee related costs		(105,607,531)	11,623,811	(4,365,168)	(98,348,888)
Remuneration of councillors		(20,723,884)	1,526,634	-	(19,197,250)
Depreciation and amortisation		(25,343,947)	(9,033,155)	-	(34,377,102)
Bulk purchases		(4,020,709)	-	-	(4,020,709)
Finance costs		(2,643,305)	-	-	(2,643,305)
Debt impairment		(3,229,446)	(29,984,281)	-	(33,213,727)
Contracted services		(42,870,677)	-	-	(42,870,677)
Transfers and subsidies		(5,541,416)	-	-	(5,541,416)
General expenses		(57,208,000)	-	-	(57,208,000)
Fair value adjustment		-	(4,296,000)	-	(4,296,000)
Actuarial gains		-	-	4,365,168	4,365,168
Inventory losses/write-down		-	(502,652)	-	(502,652)
Surplus for the year		12,407,819	(5,829,518)	50,508	6,628,809

Inventory:

The re-statement made is to correct land held for sale incorrectly classified as land held for sale of which the municipality does not have control over the afore-said land. Total corrected amount is R 6,837,040.00 decrease in inventory that was written-off against retained earnings. Consumables on the stock inventory module was overstated compared to the stock count sheet. A comparison of the two reports was performed, stock was decreased by R 502,652 and Inventory losses increased by the same amount.

Receivables from exchange transactions:

The adjustment was made to correct the interest write-off in prior year and to agree balance per the system to the debtors age analysis and billing report. A total of R 16,514,954 (decrease) was processed to correct the receivables balance.

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41. Prior-year adjustments (continued)

Receivables from non-exchange transactions:

The adjustment was made to correct the interest write-off in prior year and to agree balance per the system to the debtors age analysis and billing report. A total of 9,413,688 (decrease) was processed to correct the receivables balance.

Investment property:

In prior year, investment property was overstated by land owned by third parties. This matter was identified in prior year audit engagement and adjustment was made to correct the error. A total of R 4,516,000 (decrease) was processed against retained surplus to write-off the amount. Further prior year fair value adjustment was not presented in the annual financial statements by error. A fair value adjustment of R 4,296,000 decrease in investment property has been processed against the fair value reserve.

Property plant and equipment:

The increase in property plant and equipment is made up of previously omitted retention that was capitalised to completed buildings, newly identified infrastructure assets and additional retention as well. Total increase amounts to R 9,022,708.16. Further no movable assets depreciation was processed in prior year and correction was made to account for this omission. Total increase in accumulated depreciation amounts to R 5,295,326.16. The net increase in property plant and equipment is R 3,727,382.

Intangible assets:

During preparation of annual financial statements, management noted that back-up server installation and configuration was not accounted for intangible assets in prior year. A total cost of R 224,000 was processed to rectify this error. In addition to this, prior year was not recorded on the system. Total amortisation of R 76,279.83 was processed against accumulated amortisation to record the transaction.

Payables from exchange transactions:

During preparation of 2021 annual financial statement, it was noted that payroll journal for the month of November 2019 was processed twice in that period hence salary control clearing account was overstated. One of the transactions was reversed and a total of R 9,442,714.66 was debited in the control account to correct the error. Prior year retention was overstated compared to the supporting documentation and retention register.

Prior year reported retention liability has been adjusted to agree to the register and supporting documentation available. An unsupported amount of R 4,504,260.15 was debited against retention liability to correct the error. Review of prior year accruals listing confirmed that opening balance from financial year ending 30 June 2019 were not subsequently cleared in 2019/20 financial year. A total of R 5,074,497 (decrease) was processed to reverse prior year accruals.

Included in prior year audited trade and other payable was a positive amount of R 254 161 which did not relate to anything based on municipal payables and accruals listing. The total amount of R 254,161 (decrease) was written off to retained earnings.

License and registration deposits from prior years were not correctly accounted for, hence the deposit amount from prior years was not cleared upon payment. A total of R 156,866 (decrease) was processed against retained earnings to agree register and the system.

Accrued leave pay was incorrectly calculated in prior years, the calculation was limiting leave days to 80 days instead of 48 days stipulated in collective agreement. Calculations was performed for 30 June 2019 and 30 June 2020. A total adjustment of R 6,600,390 (decrease) was processed to correct the error.

Further an error occurred where the basic salaries used to calculate bonus accrual was not correct. As per the revised calculations. The bonus accrual has to be increased by R 432,551.37.

Interest Income from consumer debtors:

Interest income from consumer debtors was incorrectly presented together with interest income from investments in prior year. This has been re-classified and presented separately hence interest from investment decrease by R 4,787,486 and interest income from consumer debtors increased by R 4,787,486.

Interest dividends and rent on land:

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41. Prior-year adjustments (continued)

Interest write-off was incorrectly netted-off against revenue account. The error was corrected, a debit of R 2,640,268 has been processed in bad debts write-off and credit in interest income account.

Government grants and subsidies:

A portion of municipal infrastructure grant, extended public works program grant and financial management grant allocation was withheld by National treasury due to non-submission of audited annual financial statements. To account for this transaction, the municipality recorded equitable shares net-off this amount with held, thereby understating grant revenue for that year. A correction was made, Equitable shares has been increase by R, 19,479,000 and debit goes to unspent conditional grant for municipal infrastructure grant, financial management grant and extended public works grant.

Further the municipality spent more than its grant allocation, revenue has to be realised up to the total allocation for the year. The amount over and above the grant allocation has been reversed against the unspent conditional grant liability. This transaction led to an overspent in municipal infrastructure grant, financial management grant and extended public works grant. In a bid to recover the funds, National treasury advised that they are not going to release this amount at all. This result to the grant receivable be irrecoverable and the full amount has been provided for as bad debts awaiting council resolution to authorise write-off.

Property Rates:

Prior year prior year property rates revenue was understated by an amount of R 5,583,156 which relates to prior year interest write-off that was incorrectly netted off against revenue. The total amount was debited in property rates revenue and credited to retained surplus.

Finance Lease:

In prior year, operating lease was incorrectly classified as finance lease. The error has been corrected and decrease of R 6,674 was made against retained surplus.

Consumer deposit:

During preparation of annual financial statements, it was noted that consumer deposits liability on the system was overstated compared to the registers and supporting documentation. A debit balance of R 299,223 was processed in the consumer deposit liability against retained surplus to correct the error.

Provision for landfill site:

An amount of R 898,775 was presented as current liability in prior year audited financial statements. There is no portion of landfill site provision as presented on the valuer's report is expected to be paid within the next 12 months, therefore this presentation is in contrary to the current liability definition in GRAP 1. Further the provision amount is only expected to be paid out in 2024 which is way beyond 12 months. The amount has been classified to non-current liability.

Unspent conditional grant:

Due to the matter discussed under grant revenue restatement above, the amount withheld was first applied to the unspent pending balance of the respective grants before a provision for bad debts was calculated. A total of R 4,070,548 (decrease) has been netted-off with the amount withheld. Further investigations were made on library grant and noted that actual revenue realised does not agree to the supporting documentation available, an adjustment of R 360,018 (increase) was processed to correct the error.

Service charges:

During review of billing reports, management noted that service charges accounted for on the system were overstated compared to billing reports as at the reporting date. A total adjustment of R 1,601,705 (decrease) was processed to agree billing reports which is our supporting documentation to the system.

Property rates:

During review of billing reports, management noted that service charges accounted for on the system were overstated compared to billing reports as at the reporting date. A total adjustment of R 5,583,156 (increase) was processed to agree billing reports which is our supporting documentation to the system.

Interest, dividends and rent to land:

Interest written-off in prior year was debited directly into interest revenue instead of retained earnings since it relate to prior years. The entire amount was corrected to retained earnings to correct the error.

Debt impairment:

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41. Prior-year adjustments (continued)

Provision for bad debts was incorrectly calculated in prior year as queried by auditors. A recalculation was performed and prior year provision for bad debts adjusted accordingly. Total of R 13,181,410.22 (increase) was recorded to account for such omission. Further there was an amount of R 15,408,452 relating to grant receivable from national treasury that was provided for in prior year.

Actuarial gains:

Actuarial gains and losses were presented as employee costs in prior year. This has been presented separately below municipal surplus.

42. Comparative figures

Certain comparative figures have been reclassified.

43. Risk management

Financial risk management

Liquidity risk

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

Cash flow forecasts are prepared and excess funds are invested into short term investments bank accounts.

The table below analyses the municipality's financial liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At June 30, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	29,708,243	-	-	-
• Consumer deposits	109,261	-	-	-
• Unspent conditional grant	5,313,732	-	-	-

At June 30, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payables from exchange transactions	27,728,129	-	-	-
• Consumer deposits	116,254	-	-	-
• Unspent conditional grant	1,197,943	-	-	-

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43. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, 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. Customers are rated based on the collection rate during each financial year as well as other economic factors affecting people within the municipal demarcation.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Receivables from exchange transaction	7,533,410	7,233,201
Receivables from non-exchange transactions	10,185,160	8,585,911
VAT receivables	16,164,705	10,859,243
Cash and cash equivalents	144,519,971	147,434,477

Market risk

Interest rate risk

44. Going concern

We draw attention to the fact that at June 30, 2021, the municipality had an accumulated surplus (deficit) of R 849,331,297 and that the municipality's total liabilities exceed its assets by R 849,331,297.

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

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44. Going concern (continued)

Management considered the following factors in the assessment of municipal going concern:

1. Recurring operational losses:

The municipality had a favourable retained surplus for the past three years.

2. Working capital deficiencies:

Based on the assessment of current assets and current liability, management is convinced that the municipality is in a good position to meet its short term obligations as they fall due.

3. Cash flow forecast:

The municipality had sufficient cash flow generated from operating activities. Further based on the DORA allocation, the municipality is guaranteed to receive its grant allocation from National treasury in the next 3 years, therefore no anticipated cash flow problems. Excess funds for the municipality is invested in credible institutions that provide favourable interest rates which is an additional source of income for the municipality.

4. Financial ratio analysis:

Management performed a detailed calculation of performance ratios, profitability, liquidity and asset ratio of which all the results are showing favourable balances.

5. Default on loans and similar agreements:

The municipality has not borrowed any funds from any institution.

6. Need to source new funding:

The municipality has been funded by grants and there has been no need to seek new sources of funds to sustain it. All grants allocations as per DORA were received from National treasury and there is no element of conditions as at year end which will affect such receipt in future years. Grant funding committed to be received from National Treasury as per DORA allocation is as follows:

Equitable Share	R 245,551,000
Municipal Infrastructure Grant	R 47,297,000
Financial Management Grant	R 3,312,000
Extended Public Works Program Grant	R 1,797,000
Library Grant	R 935,000
Municipal System Infrastructure Grant	R 300,000
Grant Total	R 299,192,000

7. Need to sell substantial assets:

There has been no need to sell any assets.

Covid 19 Assessment and Impact:

During the financial year ending 30 June 2020, the world experience a pandemic disease Covid-19 disease of which Greater Taung Local Municipality had to comply with the disaster management preventive measures and procedures as addressed by the president of the Republic of South Africa on the 25th of March 2020. The effects of the pandemic has goes beyond 2020 financial year to 30 June 2021 and municipal operations were affected by consistency national lock-down in a bid to curb the spread of this virus.

The wide-ranging effects of the virus and the restrictions imposed were taken into account including the possible impact on service delivery, purchasing of goods and services required to enable service delivery. The working capital cycle impact which may severely affect the entity's ability to settle its debts as they become due as well as default on payments on suppliers.

Service charges, rental of facilities and interest on investments are some of the income streams which were affected by the effects of this pandemic and the municipality figures are below anticipated amounts.

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44. Going concern (continued)

The effects of the pandemic were factored in the calculations of provision for bad debts as required by GRAP 104. Management is also aware that if the rate of people affected by covid-19 increases in near future, the nation can be taken back to lock down which will affect service delivery

Municipality received additional funding through equitable share to counter the impact of covid 19 and continue provide services to tyhe community.

Based on the above discussion, the financial statement have been prepared on a going concern as the effect of the pandemic is going down and the municipality will continue receive funding support from the government.

45. Events after the reporting date

No events after the reporting date were identified by management that would affect the operations of the municipality..

46. Unauthorised expenditure

Opening balance as previously reported	48,272,329	30,986,256
Opening balance as restated	48,272,329	30,986,256
Add: Expenditure identified - current	29,929,109	17,286,073
Closing balance	78,201,438	48,272,329

Analysed as follows: non-cash

Depreciation and amortisation	4,569,353	-
Finance charges	870,680	-
Provision of impairment	16,374,106	-
	21,814,139	-

47. Fruitless and wasteful expenditure

Opening balance as previously reported	2,441,548	2,437,752
Opening balance as restated	2,441,548	2,437,752
Add: Expenditure identified - current	70,981	3,796
Closing balance	2,512,529	2,441,548

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47. Irregular expenditure (continued)		
Expenditure identified in the current year include those listed below:		
Interest charge - Eskom	47,970	-
Interest charged - AGSA	7,490	-
Interest charged - Telkom	2,327	-
Interest charged - Bankfin	569	-
Accommodation service not rendered	12,625	-
	70,981	-

Disciplinary steps taken/criminal proceedings

To be investigated
To be investigated
To be investigated
To be investigated
To be investigated

48. Irregular expenditure

Opening balance as previously reported	250,038,218	209,772,339
Correction of prior period error	-	(517,000)
Opening balance as restated	250,038,218	209,255,339
Add: Irregular Expenditure - current year - (Supply Chain Management process not followed)	911,754	22,644,853
Add: Irregular Expenditure - prior year (1 quote received)	62,165	18,138,026
Add: Irregular Expenditure - prior year (Non-compliance with tax on day of the order)	482,954	-
Closing balance	251,495,091	250,038,218

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48. Irregular expenditure (continued)		
Incidents/cases identified in the current year include those listed below:		
Disciplinary steps taken/criminal proceedings		911,754
Supply Chain Management process not followed. The incidents has been reported to portfolio committee meetings, no disciplinary or criminal proceeding have been taken for these irregular expenditure identified		-
49. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	33,729	31,128
Amount paid - current year	(33,729)	(31,128)
	-	-
Audit fees		
Opening balance	-	176,493
Current year subscription / fee	3,717,019	2,601,898
Amount paid - current year	(3,717,019)	(2,429,270)
	-	349,121
PAYE and UIF		
Current year subscription / fee	21,083,391	17,383,316
Amount paid - current year	(21,083,391)	(17,383,316)
	-	-

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49. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Pension and Medical Aid Deductions		
Current year subscription / fee	15,542,961	15,603,492
Amount paid - current year	(15,542,961)	(15,603,492)
	-	-

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49. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2021:

June 30, 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor - Letta Sebolai	930	295	1,225
Councillor - De Koker	-	10,986	10,986
Councillor - Tlokwe	-	13,500	13,500
Councillor - Sedupane	-	12,237	12,237
Councillor - Letta Sebolai	-	10,206	10,206
Councillor - Pitso	-	12,425	12,425
Councillor - Olifant	-	12,552	12,552
Councillor - Ncweng	-	13,738	13,738
Councillor - Mosinkiemang	-	24,220	24,220
Councillor - Mokgobo	-	19,498	19,498
Councillor - Mocomi	-	9,895	9,895
Councillor - Maribe	-	11,526	11,526
Councillor - Leshoe	-	12,819	12,819
Councillor - M Lepedi	-	22,230	22,230
Councillor - Gezane	-	14,656	14,656
Councillor - Gaoraelwe	-	14,491	14,491
Councillor - Gaobusiwe	-	13,693	13,693
Councillor - Moeti	-	13,307	13,307
Councillor - Moipolai	-	20,907	20,907
Councillor - Mahurama Maila	-	20,215	20,215
Councillor - Tlhaganyane	-	30,233	30,233
Councillor - Sebe	-	23,129	23,129
Councillor - Mongale	-	23,840	23,840
Councillor - Menyatso	-	9,921	9,921
Councillor - Matshwe	-	15,309	15,309
Councillor - Diphoko	-	25,785	25,785
	930	411,613	412,543

June 30, 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor - Mamapula	-	38,501	38,501
Councillor - Dipoko	-	64,285	64,285
Councillor - Matshwe	-	65,309	65,309
Councillor - Menyatso	-	39,793	39,793
Councillor - Mongale	-	71,602	71,602
Councillor - Sebe	-	69,451	69,451
Councillor - Tlhaganyane	-	69,373	69,373
Councillor - Mahula (Maila)	-	45,355	45,355
Councillor - Moipolai	-	38,407	38,407
Councillor - Malepe	-	12,766	12,766
Councillor - Moeti	-	40,107	40,107
Councillor - Gaobusiwe	-	39,073	39,073
Councillor - Gezane	-	43,978	43,978
Councillor - M Lepedi	-	41,370	41,370
Councillor - Leshoe	-	47,989	47,989
Councillor - Maribe	-	34,566	34,566
Councillor - Matuane	-	6,942	6,942

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49. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillor - Mmakwa	- 9,330	9,330
Councillor - Mocumi	- 29,855	29,855
Councillor - Makgobo	- 41,258	41,258
Councillor - Morweng	- 19,843	19,843
Councillor - Mosinkiemang	- 43,360	43,360
Councillor - Mothibedi	- 11,239	11,239
Councillor - Motshabi	- 3,258	3,258
Councillor - Ncweng	- 41,258	41,258
Councillor - Olifant	- 25,852	25,852
Councillor - Pitso	- 37,305	37,305
Councillor - Ratake	- 7,546	7,546
Councillor - Letta Sedbolai	- 34,566	34,566
Councillor - Seisho	- 10,713	10,713
Councillor - Tshipo	925 3,098	4,023
Councillor - De Koker	- 32,486	32,486
Councillor - Totong	- 19,204	19,204
Councillor - Tokwe	- 41,300	41,300
	925 1,180,338	1,181,263

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

Additional costs were incurred during the financial year under review and process followed in incurring those costs deviated from the precision of par 12(1) (d)(i) as stated above. Detailed register containing reasons for deviation together with supporting documentation can be accessed at the municipal premises on request.

	2021	2020
Current year deviation	248,971	2,467,072

51. Budget differences

Material differences between budget and actual amounts

Management consider the material variance which are 10% and more.

Sale of goods - This line item was budgeted under other income, but disclosed separately on the financial statements hence we have a materials variance of 100%.

Unfavourable variance of 11% was obtained on service charges, this is mainly due to the fact the budget office used audited figures from prior year as base for preparation of the budget. However this amount was not agreeing to the actual amounts as per billing reports resulting to over allocation of budget amount to service charges.

Rental of facilities and equipment was over- budgeted for by the municipality.

Interest income from exchange and non-exchange transactions reflect an unfavourable variance of 53% due to the fact that some balance where written-off in prior year which reduced the balance that accrues interest. Further this was due to incorrect base used to determine the budget amount which lead to over allocation of budget amount on this line item.

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51. Budget differences (continued)

Agency services - This is below 10% hence immaterial.

Other income reflects an unfavourable balance of 42% mainly due to incorrect budget base used to determine the budgeted amount, the starting point was prior year audited figure of which this amount was inaccurate therefore led to over allocation of budgeted amount.

Interest income - investments reflects an unfavourable variance of 42% mainly due to the fact that some funds were withdrawn from investments accounts to finance capital projects therefore the balance to accrue interest was significantly low.

Property rates reflects a favourable variance of 18% mainly due to additional billing made to agriculture customers where the rate was revised upwards during the year.

Government grants and subsidies reflects an unfavourable variance of 3.4% which is deemed immaterial.

Fines, penalties and forfeits reflects an unfavourable balance of 100% mainly due to incorrect base used to determine the budget amount leading to over allocation of the budgeted amount.

Other transfers - LG SETA was completely omitted during budget process hence we have a favourable variance of 100%

Employee related cost and remuneration of councilors reflect favourable variance of 3% and 9 % respectively which is deemed to be immaterial.

Depreciation and amortisation expenses reflects an unfavourable variance of 14% which is mainly due to completed projects capitalised in current year which was not budgeted for.

Impairment loss reflects a favourable variance of 99.42% mainly due to the fact that majority of the assets were impaired in prior year therefore no further impairment in current period. During budget preparation process, it was anticipated that majority of assets will experience extensive wear and tear which did not happen due to covid 19 restrictions.

Finance costs reflects an unfavourable variance of 114% which is mainly due to change in assumption used to calculate employee obligations and long service awards liability. This result to increase in finance cost taking into consideration all economic changes experienced in current year.

Lease rental and operating lease reflect a favourable variance of 100% due to the fact that this line item was budgeted under general expenses hence it has a zero allocation in the budget column.

Debt impairment was completely omitted during budget preparation process hence we have such unfavourable variance of 100%

Bulk purchase reflects a favourable variance of 12% which is mainly due to reduction in usage as a result of lockdown implemented during financial period under review.

Contracted services reflects an unfavourable variance of 3% which is deemed to be immaterial

Transfers and subsidies reflects an unfavourable variance of 102% mainly due to additional services extended to reduce impact of covid 19 to the community. These activities were not considered during budget preparation process.

General expense reflects a favourable variance of 4% which is deemed to be immaterial.

Other materials reflects a favourable variance of 100% because it was used as additional expenditure budget allocation to cater for unforeseen cost that may arise.

Loss on disposal of assets and liabilities reflects an unfavourable balance of 150% due to the fact that municipality anticipated a gain to arise from the disposal of assets, however a loss was incurred.

Actuarial gains or loss reflects a favourable variance of 100% because this was completely omitted during budget preparation process.

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51. Budget differences (continued)

Inventory reflects an unfavourable variance of 93% due to huge amount of inventory that was written-off as prior period adjustment.

Consumer debtors, receivables from exchange and non-exchange transaction reflects favourable variance of 100% because the budget was allocated under consumer debtors line item. Further the consumer debtors budgeted amount does not include provision for bad debts hence we have such favourable variance.

Cash and cash equivalents reflects a favourable balance of 22% due to interest received from investments as well as increase in equitable shares allocation which was invested by the municipality.

Borrowings reflects a favourable variance of 100% because the municipality does not utilise any borrowings for its operations.

Investment property reflect an unfavourable variance of 41% due to fair value adjustments made which was not factored during budget preparation process.

Property plant and equipment reflects an unfavourable variance of 11% due to increase in depreciation expense as a result of change in revised useful life of assets.

Intangible assets intangible assets reflects an unfavourable variance of 42% which is mainly due to over allocation of budget during budget preparation process.

Payables from exchange transaction reflects a favourable balance of 43% due to the fact that municipality implemented controls to pay off all the creditors before year end hence there was not outstanding balances as at year end in terms of trade payables.

Unspent conditional grants was omitted during budget preparation process hence there is a 100% unfavourable variance.