

**GREATER TAUNG**

LOCAL MUNICIPALITY



# ANNUAL REPORT

2022/2023

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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 (2021/22).
- Year 0: The financial year of reporting (2022/23).
- Year 1: The following year, mostly requires future targets (2023/24); 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

It is an honour to present the Annual Report of Greater Taung Local Municipality for the 2022/23 financial year. This report builds on the municipality’s reporting in previous years and aligns as far as possible with the recommendations of the 2016 King Report on Corporate Governance for South Africa (or King IV) as well as internationally accepted standards for integrated reporting.

This report provides information about the municipality’s financial, operational, social, and service delivery over the past 12 months under review, namely the period from 01 July 2022 to 30 June 2023. It also reflects on the progress made towards reaching our objectives as set out in the Integrated Development Plan (IDP).

The mandate of Greater Taung Local Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, chapter 7. The only uniqueness we have are the different legitimate expectations of our citizenry. The Annual Report will show that the Municipality is in a very stable position, with financial controls in place. We are committed to good governance practices, and our zero-tolerance approach to misconduct and corruption ensures that every cent of public money is spent on the people.

Most importantly the report will outline the performance successes and challenges we have experienced in the delivery of services to all our people as guided by the 2022/2023 Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plans (SDBIP) for the year under review

The maintenance, upgrade, and development of our infrastructure remain key priorities for Council. During the period under review, special attention was given to the upgrading of the electrical line where we provide electricity and the maintenance of critical infrastructure to ensure that service delivery can continue on a sustainable basis.

We need to improve the delivery of core municipal services through the application of efficient and effective service delivery mechanisms, and the application of sound financial management principles. It is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities. In achieving this, greater collaboration is required with National and Provincial government to ensure that adequate resources are allocated to enable the municipality to genuinely meet its constitutional mandate.

During the 2022/2023 financial year the municipality had provided 11 300 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 three or more 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.

# Chapter 1

Our Executive Committee, Portfolio Committees and all Section 79 and 80 Committees are playing their oversight role to ensure that service delivery remains the core business of the municipality.

It is clear on this annual report that we are moving in the right direction, although not there yet. It is of paramount importance to synchronize our programme plans with quarterly targets to achieve our broader goals of effective and efficient local municipality.

I remain thankful to Council, the Mayor, the Executive Committee, Municipal Manager and Directors, who continue to direct our staff, resources and operations towards making a positive difference in the lives and future of the Greater Taung community.



CLLR TUMISANG GAORAELEWE  
MAYOR

T 1.0.1



# 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, template 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 2022/2023 IDP, Budget and the SDBIP.

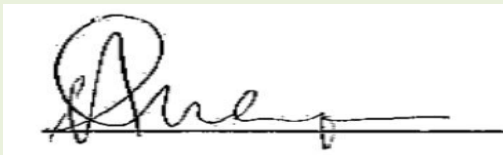
Annual reports must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, service delivery and budget implementation plan (SDBIP), in-year reports and annual report should have similar and consistent structures to facilitate understanding 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 an administration that is expected to perform its duties in an increasingly volatile environment, the municipality had to take tough decisions that still have an impact on the lives of the people we serve. I am, however, thankful for the employees and management for their commitment, passion and hard work during the year under review. We still managed to deliver on a number of service delivery improvements of which I would like to highlight a few.

- Constructed paved internal roads in Pudumoe and Reivilo with own funding
- Constructed highmast lights in various wards
- Constructed community halls
- Provided communities with disaster shelters

Good governance and compliance remain essential components to what we do daily. Our control measures are sound and performance management systems are in place to track performance and demand service excellence. Effective oversight, regular financial reporting and transparency helps us to maintain public trust from the residents that we serve.

We table this report in the spirit of Batho Pele, putting our people and communities first, and this report bears 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.



**Mr Andrew Makuapane**  
**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 Km<sup>2</sup>, 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 107 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 31,5km<sup>2</sup>.

#### **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.

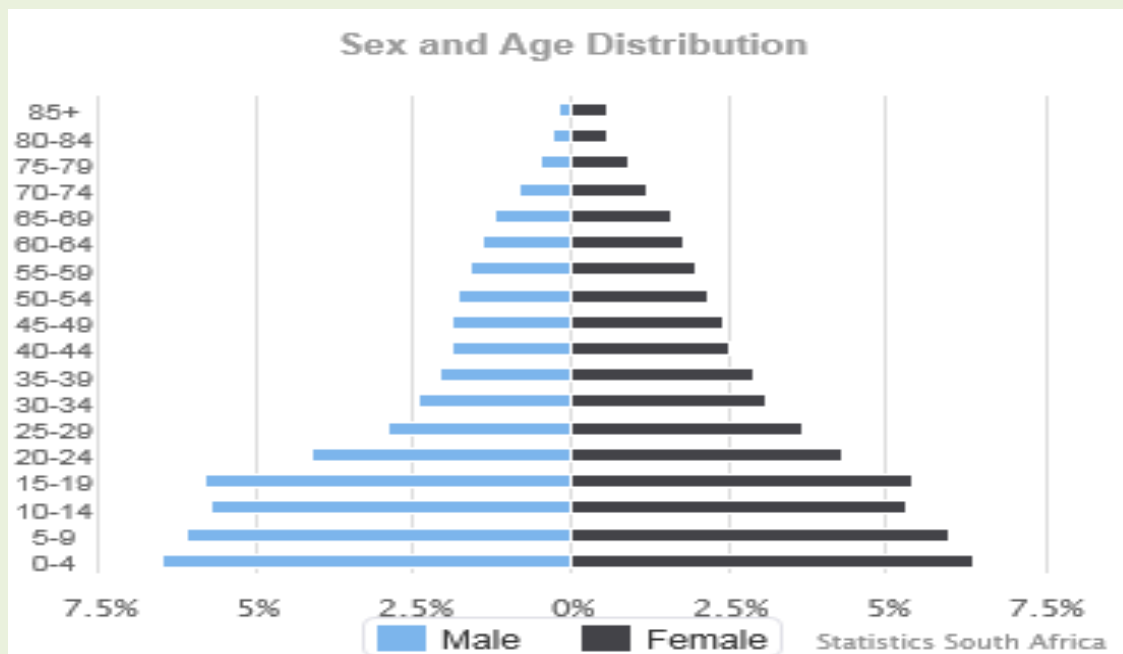
It should be noted that, even though the unemployment rate in 2011 stood at 50%, there has been a significant improvement when compared to 2001, when the municipal unemployment rate stood at 65%. As far as other major services are concerned, the municipality household access to electricity is 89%, compared 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.

*T 1.2.1*

# Chapter 1

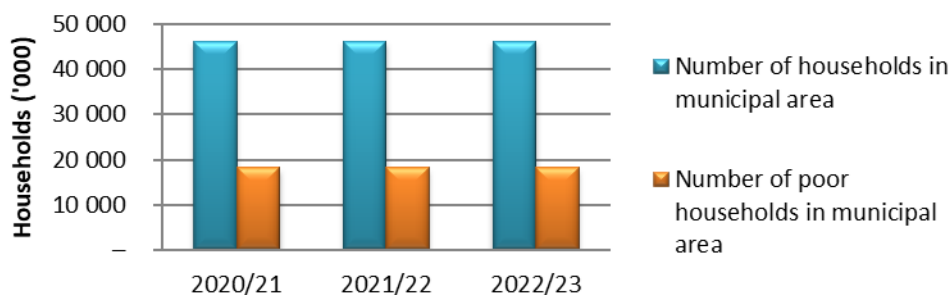
| Population Details |               |               |                |
|--------------------|---------------|---------------|----------------|
| Age Group          | Male          | Female        | Total          |
| 0 - 4              | 11,476        | 11,291        | 22,767         |
| 5 - 9              | 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          |
| <b>Total</b>       | <b>83,748</b> | <b>93,886</b> | <b>177,633</b> |

Source: Statistics SA - 16 Aug 2016 T.1.2.2



# Chapter 1

## Households

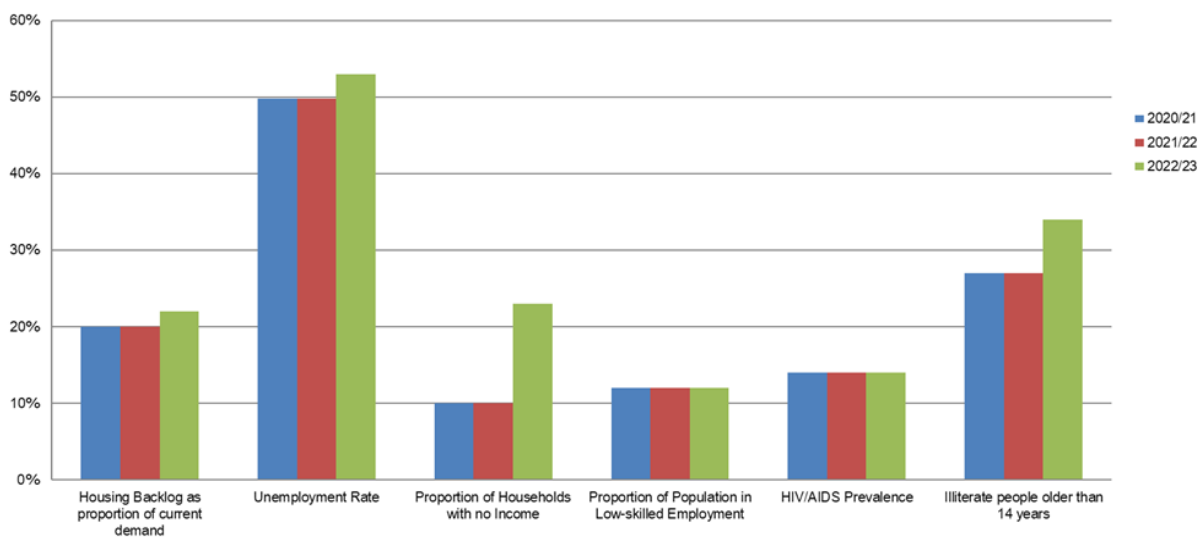


T1.2.3

## 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 |
|---------|------------------------------------|-------------------|-----------------------------------------|----------------------------------------------------|---------------------|---------------------------------------|
| 2020/21 | 20%                                | 49.8%             | 10%                                     | 12%                                                | 14%                 | 27%                                   |
| 2021/22 | 21%                                | 52%               | 20%                                     | 12%                                                | 14%                 | 27%                                   |
| 2022/23 | 22%                                | 53%               | 23%                                     | 11%                                                | 14%                 | 34%                                   |
| T 1.2.4 |                                    |                   |                                         |                                                    |                     |                                       |

## Socio Economic Status



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 well 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 where 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.

Water provision remains the biggest challenge ever as communities in Taung do not have access to adequate clean water. During the year under review taung townships and villages experienced serious water shortage as dry weeks became the new normality. It is our hope that Dr Ruth S Mompoti DM and Magalies Water in the year to come improve in providing this basic service. Waste collection is rendered in the formal towns and at businesses and GTLM is doing well with regard to household refuse collection, but it is recognized that we still 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 on 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.

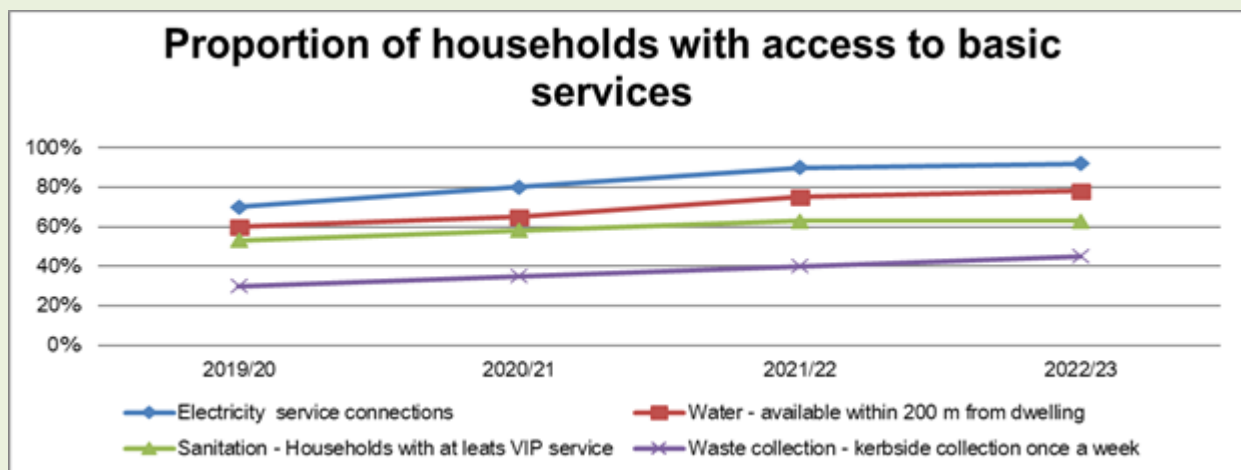
- Effective and well managed Waste Transfer Stations and Recycling Methods.

- 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



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*

## **1.4. FINANCIAL HEALTH OVERVIEW**

### **FINANCIAL OVERVIEW**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the 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.

In assessment whether the going concern assumption is appropriate under the current economic climate resulting from the COVID-19 pandemic; management considered a wide range of factors including the current and expected performance of the Municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding. Further to that the Municipality has put in place cost containment measures to curb unnecessary spending. The assumption is further based on the fact that the Municipality has a constitutional mandate to levy property rates and service charges to enable the Municipality to be considered a going concern even though the Municipality will be operational over the short and medium term in a state where liquidity will be under pressure. The Municipality has not defaulted on payment of creditors. The Municipality do have the ability to operate as a going concern and to continue rendering services to its community.

*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                                                                          | 2021/22 | 2022/23 |
|-------------------------------------------------------------------------------------------------------------|---------|---------|
| Debt Coverage ((Total operating revenue- operating grant received) debt service payment due within the year | 0.0     |         |
| Service Debtors to Revenue – (Total outstanding service debtors: revenue received for services)             | 0.30:1  |         |
| Cost Coverage ((Available cash + Investment) : Monthly fixed operating expenditure                          | 1: 0.04 |         |

| Financial Overview: 2022/2023       |                 |                   |              |
|-------------------------------------|-----------------|-------------------|--------------|
|                                     |                 |                   | R' 000       |
| Details                             | Original budget | Adjustment Budget | Actual       |
| Income:                             |                 |                   |              |
| Rental of Facilities and Equipment  | 704 500         | 704 500           | 385 878      |
| Interest Earned-External Investment | 14 300 000      | 14 300 000        | 6 574 947    |
| Interest Earned-Outstanding Debtors | 5 391 274       | 5 391 274         | 3 942 528    |
| Government Grants & Subsidies       | 240 558 100     | 240 558 100       | 239 776 491  |
| Other                               | 57 549 036      | 57 549 036        | 43 429 288   |
| Sub Total                           | 261 913 874     | 261 913 874       | 252 364 476  |
| Less: Expenditure                   | 344 561 885     | 374 967 905       | 385 488 998  |
| Gain / (loss) on disposal of PPE    | 0               | 0                 | 0            |
| Net Total*                          | (26 058 975)    | (56 464 995)      | (91 379 866) |
| * Note: surplus/(deficit)           | Deficit         | Deficit           | T 1.4.2      |

| Operating Ratios             |       |
|------------------------------|-------|
| Detail                       | %     |
| Employee Cost                | 38    |
| Repairs & Maintenance        | 8     |
| Finance Charges & Impairment | 19    |
|                              | 1.4.3 |

# Chapter 1

## COMMENT ON OPERATING RATIOS:

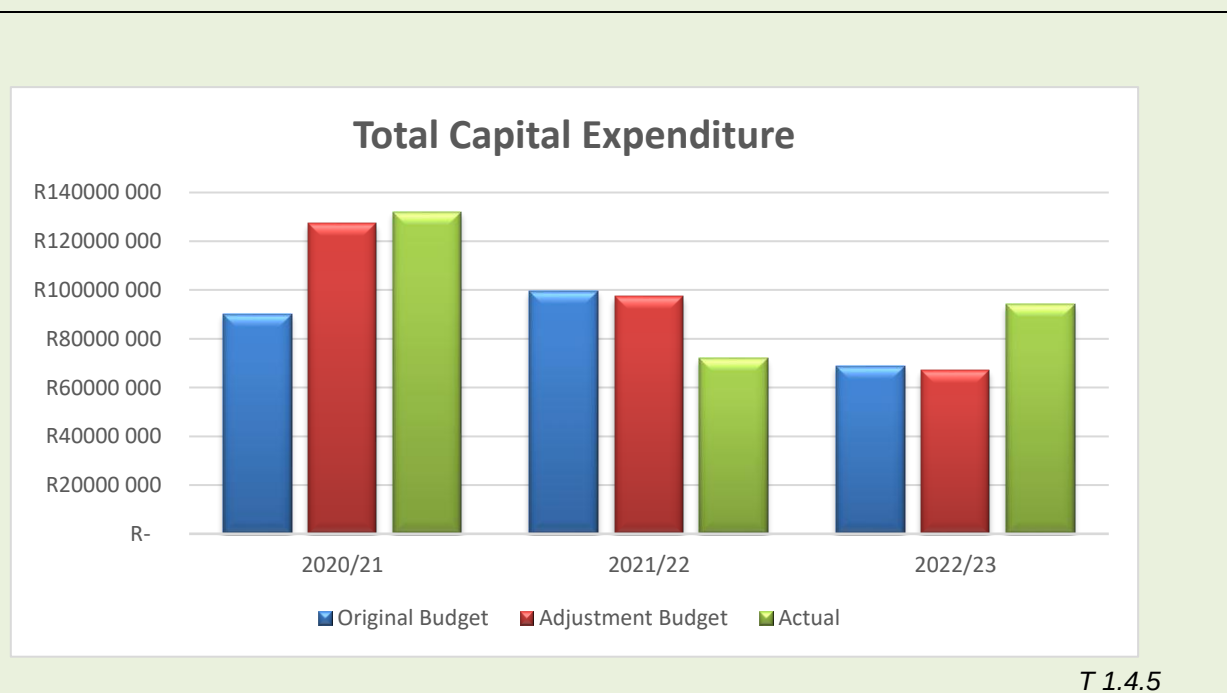
The Employee cost and repair and maintenance were within the expected norm. Whereas Finance charges and Impairment was above the norm due **interest paid** targets not being met and the actuals for depreciation being double compared to budgeted amount

**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: 2020/21-2022/23 |         |         |            |
|--------------------------------------------|---------|---------|------------|
|                                            |         |         | R'000      |
| Detail                                     | 2020/21 | 2021/22 | 2022/23    |
| Original Budget                            | 90 204  | 99 666  | 68 932 896 |
| Adjustment Budget                          | 127 309 | 97 186  | 67 084 701 |
| Actual                                     | 132 000 | 72 020  | 94 216 563 |
|                                            |         |         | T 1.4.4    |



# Chapter 1

## COMMENT ON CAPITAL EXPENDITURE:

In comparison to the original budget there were three unbudgeted projects by type that needed funding and by so doing causing an adjustment to be done. The actuals for capital expenditure was 94 216 563 whereas the budgeted amount was R68 932 896 adjusted to R67 084 701, we so overspend in our capital expenditure by R27 131 862 leading to a variance of 140%. The over expenditure was solely due to the under budgeting of the Work-in-progress projects which was budgeted R85 000 whereas the actuals were R27 977 080.

*T 1.4.5.1*

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview for the Greater Taung Local Municipality was conducted in September 2022 to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

The reviewed Organizational Structure was approved by Council at its meeting held in September 2022, consisting of 5 Directorates and the Office of the Municipal Manager on the Macro Structure.

During the first half of 2022 the ITC was incorporated back into Corporate Service Department and an updated approved structure reflecting these changes was submitted and approved by Council.

*T 1.5.1*

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: 2022/2023 (CURRENT YEAR)

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

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

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

There can be 5 different outcomes to an audit, once the Municipality has submitted their financial statements to the Auditor-General, which can be simply defined as follow:

# Chapter 1

- **A clean audit:** The financial statements are free from material misstatements and there are no material findings on reporting on predetermined objectives or non-compliance with legislation.
- **Unqualified audit with findings:** The financial statements contain material misstatements. Unless we express a clean audit come, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.
- **Qualified audit opinion:** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.
- **Adverse Audit Opinion:** The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements
- **Disclaimer of Audit opinion:** The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements

*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 2023                 |
| 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 2021/2022 Annual Report to Internal Audit                                                                                                                                                                                                                                                       |                           |
| 5   | Audit/Performance committee considers draft Annual Report of municipality                                                                                                                                                                                                                                    | August 2023               |
| 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 2023 |
| 10  | Municipalities receive and start to address the Auditor General's comments                                                                                                                                                                                                                                   | December 2023             |
| 11  | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report                                                                                                                                                                                           | January 2024              |
| 12  | Audited Annual Report is made public and representation is invited                                                                                                                                                                                                                                           |                           |
| 13  | Oversight Committee assesses Annual Report                                                                                                                                                                                                                                                                   | February – March 2024     |
| 14  | Council adopts Oversight report                                                                                                                                                                                                                                                                              |                           |
| 15  | Oversight report is made public                                                                                                                                                                                                                                                                              |                           |
| 16  | Oversight report is submitted to relevant provincial councils                                                                                                                                                                                                                                                | April 2024                |
| 17  | Commencement of draft Budget/ IDP finalization 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 municipality should be able to provide an unaudited annual performance 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

# Chapter 1

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

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.

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.

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 Tumisang Gaoraelwe 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. He is the chair of the Executive Committee comprising of eight (8) Councillors accountable to him. 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 Grace Moipolai 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. She enforces the code of conduct and exercises delegated authority in terms of the Municipal Systems Act. Cllr Masego Makua 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 Governance and Communication
- Planning and Development
- Infrastructure
- Community Service
- Spatial Planning and Human Settlement
- Local Economic Development

Municipal Public Accounts Committee (MPAC) has been established in terms of section 79 of the Municipal Structures Act, No. 117 of 1998. The main purpose of the committee is to exercise oversight over the executive functionaries of 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 Eight (08) non - executive councillors. The Oversight Report will be published separately in accordance with MFMA guidance.

*T 2.1.1*



# Chapter 2

## TROIKA

| POLITICAL STRUCTURE                                                                                                                       | FUNCTIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Hon Mayor<br/>Cllr. T. Gaoralwe</b></p>           | <ul style="list-style-type: none"> <li>- Provide political guidance over the fiscal and financial affairs of the municipality.</li> <li>- To oversee the preparation of the annual budget.</li> <li>- Submit quarterly reports to Council on the implementation of the budget and the financial status of the municipality.</li> <li>- Coordinate the annual review of the IDP.</li> <li>- To ensure that the Mayoral Committee is perform its functions properly.</li> <li>- Promotion of intergovernmental relations.</li> <li>- Convene public hearings and meetings.</li> <li>- Identifies the needs of the community in terms of the IDP processes.</li> <li>- Reviews those needs in order of priority.</li> <li>- 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.</li> <li>- 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.</li> </ul> |
|  <p><b>Speaker of Council<br/>Cllr. G. Moipolai</b></p> | <ul style="list-style-type: none"> <li>- The Speaker presides over the council meetings and maintains order during council meetings.</li> <li>- Ensure that the council meets at least quarterly.</li> <li>- Ensure that the rules of order are complied with during the proceedings of council meetings.</li> <li>- Execute any other duties as delegated to the speaker in terms of the council delegation systems.</li> <li>- Maintains order during Council meetings.</li> <li>- Ensure that Councilors adhere to the Code of Conduct.</li> <li>- Support to Councilors.</li> <li>- Facilitate public participation coordinate the establishment and functionality of ward committees.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  <p><b>GTLM Council Whip:<br/>Cllr M. Makua</b></p>    | <ul style="list-style-type: none"> <li>- 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.</li> <li>- The Chief Whip ensures discipline during Council and Committee Meetings.</li> <li>- She facilitates political debates, workshop for all Councillors.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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 the Head of the administration and Accounting Officer as defined in the Municipal Systems Act 32 of 2000. The responsibilities of the Municipal Manager include managing the administrative and financial affairs of the municipality and to ensure that municipal services are delivered in an efficient, effective and economical manner. With his complement of directors appointed in terms of Section 56 of the MSA, the Municipal Manager determines the pace of development within the municipal area as per Council directives. Each director is responsible for their area of expertise. From time to time, an Management meeting is held where the Municipal Manager engages the directors on various matters that affect service delivery.

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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Acting Municipal Manager</b><br>MR. M.A. Makuapane<br>  | <ul style="list-style-type: none"> <li>- Forming and developing an economic, efficient and accountable administration.</li> <li>- Implementing and managing the GTLM's performance management system. Coordinating and implementing the GTLM's IDP.</li> <li>- 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.</li> <li>- Managing provision of services to the local community in a sustainable and equitable Manner.</li> <li>- Developing and maintaining a system to access community satisfaction with Municipal Services.</li> <li>- Appointing, managing, effectively utilizing, and training staff and maintaining staff discipline.</li> <li>- Advising political structures and political office bearers of the GTLM, managing communications between them, administering, implementing council resolutions, and carrying out their decisions.</li> <li>- 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.</li> </ul> |
| <br><b>CFO</b><br>MR. V. Chuene                           | <ul style="list-style-type: none"> <li>- Reporting directly to the Municipal Manager on key departmental activities.</li> <li>- Implement departmental Service Delivery Budget Implementation Plan (SDBIP).</li> <li>- Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget &amp; Reporting.</li> <li>- Prepare and implement municipal budget.</li> <li>- Prepare Annual Financial Statements and other mandatory financial management reports.</li> <li>- Manage Departmental budget, human resources &amp; other resources in accordance with local government legislation.</li> <li>- Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management.</li> <li>- Develop and implement Supply Chain Management Policy, specific procedures, systems and controls.</li> <li>- Ensure timely preparation of Budget and Financial Statements;</li> <li>- Implement all financial policies and ensure they comply with applicable legislation</li> </ul>                                                                                                                                                                                                                         |
| <br><b>Director: Technical Services</b><br>Mr. O. Mogapi | <ul style="list-style-type: none"> <li>• Management of the entire Technical Services department.</li> <li>• Compile and manage the Directorate's annual Capital and Operational Budget.</li> <li>• Management of Technical Services including Civil Engineering Services, electrical distribution and maintenance of roads and storm-water drainage.</li> <li>• Planning and maintenance of water reticulation system and sewerage treatment infrastructure.</li> <li>• Developmental strategic planning of infrastructure expansion and co-ordination.</li> <li>• Ensure the sustainable provisioning of engineering services including infrastructure development and maintenance in line with the IDP.</li> <li>• Management of civil engineering, projects and capital construction development</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

# Chapter 2



**Director: Corporate Service**  
– Mrs D. Mokoma

- Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy.
- Leading, directing and managing staff within the Department so that they are able to meet their objectives.
- Rendering Support by advising and overseeing all matters of procedures relating to minutes and resolutions of the Council Committees.
- Managing and controlling the compilation and execution of the departmental capital and operating budget.
- Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post.
- Administering records/archives registry, skills development, legal matters and employment Equity.
- Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management.
- Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans;
- Ensuring proper administration of Council delegation System;



**Acting Director: Community Service**  
Mr T. Makuapane

- Management of the entire Social Services department.
- Compile and manage the Directorate's annual Capital and Operational Budget.
- Responsible for coordination of disaster management services.
- Strategically direct and manage services related to solid waste management.
- Provision of sports, recreation, cultural, arts and library information services.
- Responsible for setting standards for the maintenance of cemeteries, parks, halls and other community services.
- Management of refuse services of the entire Greater Taung area.
- Management of Traffic Management and Law enforcement



**Director: Spatial Planning & Human Settlement**  
Mr. A. Makuapane

- Management of the entire Development Land Use and Planning department.
- Compile and manage the Directorate's annual Capital and Operational Budget.
- Provision of GIS support and analysis and the undertaking of specific GIS related projects and initiatives.
- Management, maintenance and implementation of the municipal multi-disciplinary sustainable human settlement policy and framework
- Co-ordinate the integration of the multi-sectorial and inter-sphere processes and demands relating to the delivery of sustainable human settlements.
- 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.
- Developing and implementing strategies to meet investment challenges.
- Establishing and managing contractual and other relationships with government departments, service providers, organised business and other stakeholder bodies, to ensure sustainability of projects.



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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Chapter 3 of the Constitution (1996) describes the three spheres of government (National, Provincial and Local) as being 'distinctive, interdependent and interrelated' and enjoins them to 'cooperate with one another in mutual trust and good faith'. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government's powers and functions to ensure that a sphere of government or organ of state 'does not encroach on the geographical, functional or institutional integrity of government in another sphere'. In addition to the Constitution, various pieces of legislation govern or organise the system of intergovernmental relations. Among other things, the legislation formalises the different spheres' roles and responsibilities with regard to various functions and provides for a range of consultative structures.

The South African system of intergovernmental relations is complex and continues to evolve as better modes of cooperation and coordination emerge and as functions are shifted between the spheres. The following key elements and principles underpin the intergovernmental system:

- **Accountability:** Each sphere has specific constitutionally defined powers and responsibilities, is accountable to its legislature or council and is empowered to set its own priorities. The power of national government to intervene in provincial and local government matters, and provincial governments to intervene in local government matters, depends on whether the relevant sphere fails to carry out an executive obligation.
- **Transparency and good governance:** Accountability of political representatives to the electorate and transparent reporting arrangements within and between spheres is at the heart of the intergovernmental system. While political executives are responsible for policy and outcomes, the officers are responsible for implementation and outputs.
- **Mutual support:** National and provincial governments have a duty to strengthen the capacity of municipalities. Spheres of government must also act cooperatively towards each other, for instance through avoiding legal action until all other mechanisms have been exhausted.
- **Redistribution:** The three spheres all have important roles to play in redistribution, but because inequalities exist across the country, the redistribution of resources is primarily a national function. Where provinces and municipalities undertake redistribution, the challenge is to do this in line with their fiscal capacity and not to undermine economic activity and their financial viability. Redistribution among the three spheres is achieved through the vertical division of revenue. Redistribution among provinces and municipalities is effected through their respective equitable share formulae.
- **Vertical division:** Determining the allocation to each sphere of government inevitably involves trade-offs that are made in the course of a comprehensive budget process driven by political priorities, and which covers all aspects of governance and service delivery. Separate and ad hoc requests for funds fragment the coherence of the budget and undermine the

# Chapter 2

political process of prioritization.

- **Revenue-sharing:** The fiscal system takes into account the fiscal capacity and functions assigned to each sphere. Provinces and municipalities are funded from own revenues, equitable share allocations, and conditional and unconditional grants. The grant system must be simple and comprehensive and not compensate provinces and municipalities that fail to collect own revenues.
- **Broadened access to services:** The Constitution and current government policy prioritises broadening access to services. The responsible spheres are expected to design appropriate levels of service to meet customer needs in an affordable manner, explore innovative and efficient modes of delivery, and leverage public and private resources to fund infrastructure.
- **Responsibility over budgets:** Each sphere of government has the right to determine its budget and the responsibility to comply with it. To reduce moral hazard and ensure fairness, national government will not bail out provinces or municipalities that mismanage their funds, nor provide guarantees for loans.
- In addition, in 2019; the President called for the rolling out of an integrated district based approach to addressing service delivery challenges and localize procurement and job creation, that promotes and supports local businesses and that involves communities. He identified the pattern of operating in silos as a challenged that led to lack of coherent planning and implementation which has further made monitoring and oversight of government programmes very difficult. To address this challenge, a district development model was discussed and adopted by Cabinet, Presidential Coordinating Council, extended PCC and various MINMEC's.

The model consists of a process by which joint and collaborative planning is undertaken at local, district and metropolitan by all three spheres of governance resulting in a single strategically focused One Plan for each of the district geographic spaces in the country, where in the district is seen as the landing strip. Therefore, the model is practical Intergovernmental relations (IGR) mechanism to enable all three spheres of government to work together, with communities and stakeholders, to plan, budget and implement in unison. The DRRSMDM established the structure, developed One Plan, meetings with stakeholders are held on a quarterly basis to reflect on the implementation of the plan.

*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*

# Chapter 2

## 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

## 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
- Inter-Governmental Relations Forum
- District Development Model

T 2.3.4

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Community participation, through appropriate structures, is a fundamental requirement of the Constitution (1996), the Municipal Systems Act (2006), the Municipal Finance Management Act (2003) and all other legislation that is applicable to Local Government in South Africa. GTLM council has institutionalised community participation mechanisms in its affairs to allow communities an opportunity to participate in the decision-making processes of council. Section 16 of the MSA requires municipalities to complement formal representative government with a system of participatory governance, and must for this purpose, inter alia, encourage, and create conditions for the local community to participate in the affairs of the municipality, including in the preparation, implementation and review of its integrated development plan, the establishment, implementation and review of its performance management, the monitoring and review of its performance, including the outcomes and impact of such performance and the preparation of its budget. Therefore, in line with this requirement, the centerpiece of the public participation ethos of the Greater Taung Local Municipality is anchored on the processes related to the preparation and reporting on the implementation of the municipality's Integrated Development Plan (IDP) and Budget each year.

Greater Taung actively pursues meaningful public participation and has structured its activities relevant to the IDP, Budget and Ward issues accordingly. It also engages on feedback sessions and not only information gathering. This enhances transparency and accountability. In summary, on the overview of public accountability and participation, Greater Taung embarks extensively on ensuring public participation at ward committee meetings, IDP and Budget public ward meetings, IDP Representative



# Chapter 2

Forum, and other stakeholder engagements. The oversight report is also widely publicised. The Municipal Public Accounts Committee (MPAC) is operational and measures are in place to protect personal information. The municipality has established Ward Committees in all 24 wards to assist the municipality to consult with its communities.

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

## 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

During the current IDP Review Process GTLM once again ensured that communities were consulted to inform the Amended IDP 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.

**A total of 114 CBP meetings were held, and 4 954 residents attended these meetings.**

Communities were once again informed to clearly understand the purpose of and the difference between the **CBP Priority Register** and **The Project Register**.

GTLM makes a clear difference between the two registers, and it is there for important to note that administration needs to gather information and record the needs to ensure effective forward planning.

# Chapter 2

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. In instances where a Ward did not submit new priorities the priorities of the previous financial year were used for planning purposes.

T 2.4.1

## 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 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.

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 |
| Speakers Office interacts with Community of Myra regarding allegations of poor service delivery and poor community meetings, at the height of their grievances is the Machuakeng Bridge and the Road demand. | 03 November 2022 | 1                                             | 2                                                | 163                                   | Partially addressed      | No feedback as yet                              |

T 2.4.3

# Chapter 2

## 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.

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.

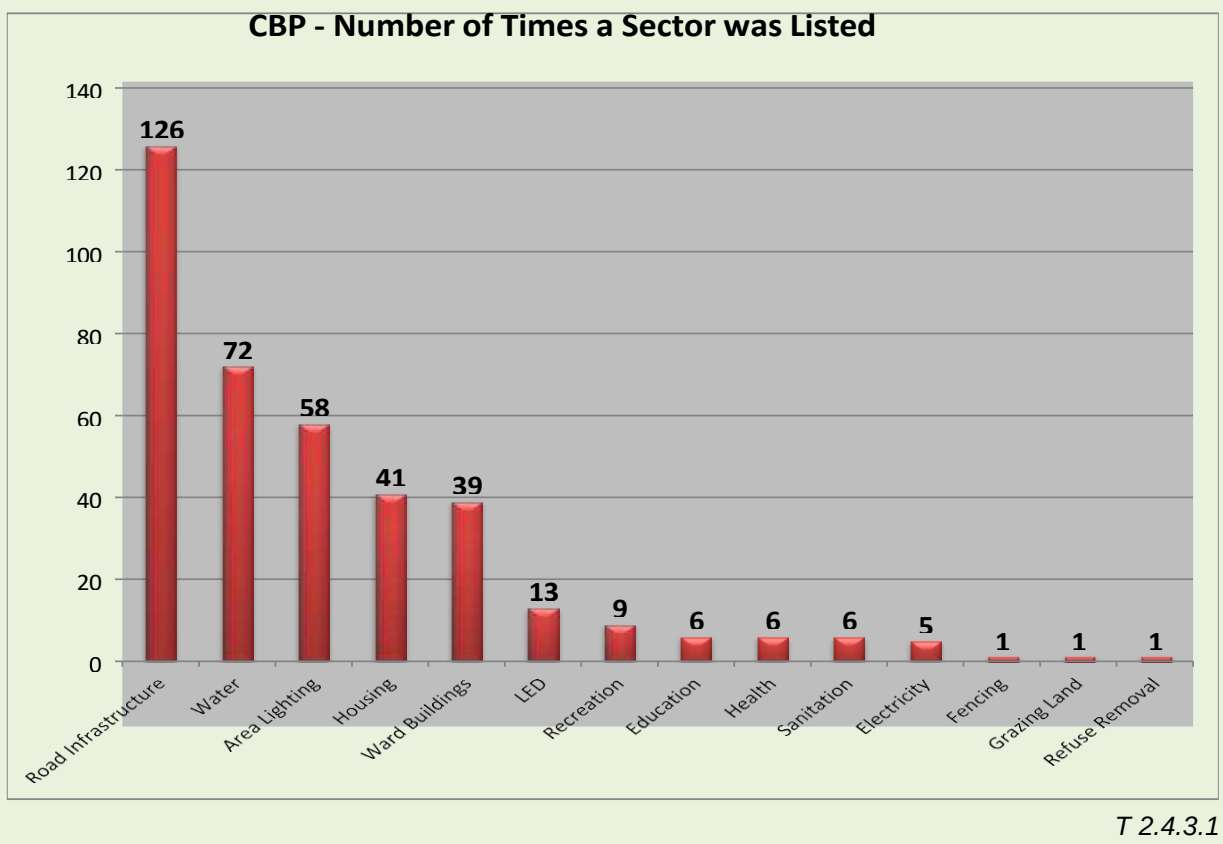
IDP Public Meetings are held annually in all twenty four (24) wards of the municipal jurisdiction in order to engage the public on the integrated planning. Meetings are effective because the needs that are collated from those meetings inform the project section of the IDP and assist in prioritisation, planning and integration with the municipal budgeting process. In the previous year, in order to strengthen community engagements, EXCO members and Councillors were encouraged to hold area specific public engagements across the entire municipality.

### **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:

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## 2.5 IDP PARTICIPATION AND ALIGNMENT

The Amended Fifth generation IDP (2021-2025) provide an opportunity to strengthen integrated planning, budgeting and implementation across all spheres of government and the private sector in a meaningful way in pursuit of sustainable development. The objects as set out in Sections 152 and 153 of the Constitution, aims to create synergy between different municipal planning instruments and National / Provincial policy directives.

Greater Taung Municipal Council remained focused on how best to respond to its constitutional and developmental mandate through its overarching strategic development focus areas. The Municipal Key Performance Areas (KPA's) and Strategic Objectives directs future development, potential investment and possible public/private partnership interventions. The Key Performance Areas and Strategic Objectives, guide service delivery as per municipality developed annual Service Delivery Budget Implementation Plan (SDBIP) and development. Section 28 (i) of the Municipal Systems Act, No 32 of 2000 requires that a Municipal Council adopts a schedule of activities to guide the drafting and review of its Integrated Development Plan. The IDP process plan/time schedule articulates the progressive activities and processes which the Municipality will embark upon during the annual review of its 5<sup>th</sup> (Fifth) Generation Integrated Development Plan and implementation during the 2022/2023 period. The IDP process plan for the 2023/2024 IDP review was unanimously adopted by Council in August 2023.

The development of the IDP is undertaken inclusive of non-statutory specific sector plans; i.e. the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic

# Chapter 2

Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years. The alignment of the IDP with the Spatial Development Framework (SDF), relates the spatial planning and development foreseen for the financial year in planning. The alignment of the IDP relates to aligning the IDP with the Provincial Growth and Development Strategy, the National Development Plan, and more importantly the Five National Key Performance Areas; Good Governance, Basic Services, Municipal Financial Viability, Municipal Transformation and Organizational Development and Local Economic Development.

| 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 56 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                                                                        |        |

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

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

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed. Corporate governance does cover a broad spectrum of elements that need to be aligned and integrated to ensure the smooth effective, efficient and economic functionality of municipalities.

In the instance of 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

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## 2.6 RISK MANAGEMENT

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

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

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

Risk Management plays a crucial role in identifying both risks and opportunities that are present and to take a strategic position in minimizing the said risks and maximizing present opportunities for the benefit of its citizens. The role of Risk Management in the municipality is to provide the expertise and support for institutionalizing Enterprise Risk Management and thereby embedding a risk intelligent culture. This is achieved through various methods including employee training on the principles and practices of risk management, coordinating efforts in determining the municipality’s risk exposure and 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

## 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 2022/2023 financial year Greater Taung Local Municipality submitted the reviewed Local Government Fraud and Anti-corruption strategy and policy to Council which include:

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- 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*

## **2.8 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

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

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. 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.

SCM Processes are being updated on an ongoing basis to ensure full compliance with the Municipal Finance Management Act (MFMA) and the Regulations issued under the MFMA. The SCM Manager



# Chapter 2

complies with the MFMA minimum competency levels. Approximately 90% of the officials in the SCM Unit are competent with the regulations on minimum competency levels.

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

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

The procurement processes 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.

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

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

## Deviation from the Supply Chain Management Regulations

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

T 2.8.1

## 2.9 BY-LAWS

| By-laws Introduced during 2022/2023 |         |                                                                      |                               |                            |                     |
|-------------------------------------|---------|----------------------------------------------------------------------|-------------------------------|----------------------------|---------------------|
| 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 |
| Stray animal bylaw                  | None    | 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

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

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

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

| 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 (2021/22)                                                                                                                     | No       | N/a             |
| The Annual Report (2022/23) published/to be published                                                                                                    | No       | N/a             |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2022/23) and resulting scorecards                 | No       |                 |
| All service delivery agreements (2022/23)                                                                                                                | No       | N/a             |
| All supply chain management contracts above a prescribed value (give value) for 2022/23                                                                  | 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 2022/23 | No       | N/a             |
| Contracts agreed in 2022/23 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 2022/23                                                                    | No       | N/a             |

T 2.10.1

## COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

In 2022/2023 financial year around June GTLM website was upgraded and became live, 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.

T 2.10.1.1

# Chapter 2

## 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

### PUBLIC SATISFACTION LEVELS

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

T 2.11.1

| Satisfaction Surveys Undertaken during 2022/23                                                                                |               |             |                                  |                                                       |
|-------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|----------------------------------|-------------------------------------------------------|
| Subject matter of survey                                                                                                      | Survey method | Survey date | No. of people included in survey | Survey results indicating satisfaction or better (%)* |
| <b>Overall satisfaction with:</b>                                                                                             | 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                                                   |
| <b>Satisfaction with:</b>                                                                                                     | 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:  
satisfaction surveys were not conducted due to lack of budget.

T 2.11.2.1

### COMMENT ON SATISFACTION LEVELS:

The municipality could not determine the satisfaction levels as the community satisfaction survey was not conducted during the year under review. In the new financial year budget inputs to conduct community satisfaction will be submitted by office of the municipal manager to Budget and Treasury Office to make provision

T 2.11.2.2

# 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 Mompoti 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 needs 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.

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

# Chapter 3

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 district is responsible for the implementation of capital projects and the maintenance responsibility falls within the functions of Sedibeng. It should be noted that in certain instances the municipality has been providing water using its own tankers.

The GTLM 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*

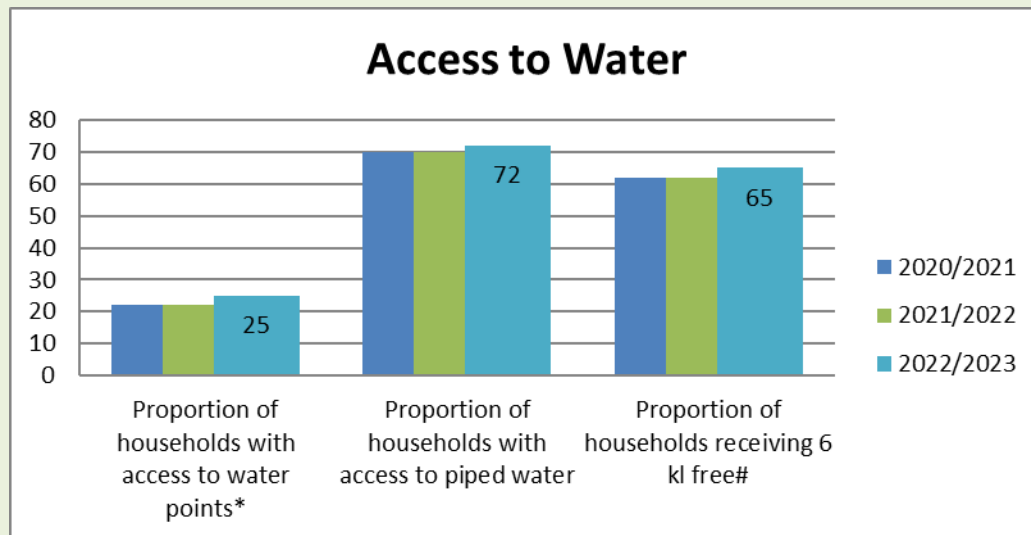
# Chapter 3

| Water Service Delivery Levels                     |               |               |               |                         |
|---------------------------------------------------|---------------|---------------|---------------|-------------------------|
| Description                                       | 2020/21       | 2020/21       | 2021/22       | Households<br>2022/2023 |
|                                                   | Actual<br>No. | Actual<br>No. | Actual<br>No. | Actual<br>No.           |
| <b>Water: (above min level)</b>                   |               |               |               |                         |
| 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%                     |
| <b>Water: (below min level)</b>                   |               |               |               |                         |
| 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%                     |
| <b>Total number of households*</b>                | <b>49210</b>  | <b>49210</b>  | <b>49210</b>  | <b>49210</b>            |
| * - To include informal settlements               |               |               |               | T 3.1.3                 |

| Households - Water Service Delivery Levels below the minimum |               |               |               |                           |                           |               |
|--------------------------------------------------------------|---------------|---------------|---------------|---------------------------|---------------------------|---------------|
| Description                                                  | Households    |               |               |                           |                           |               |
|                                                              | 2020/21       | 2020/21       | 2021/22       | 2022/2023                 |                           |               |
|                                                              | Actual<br>No. | Actual<br>No. | Actual<br>No. | Original<br>Budget<br>No. | Adjusted<br>Budget<br>No. | Actual<br>No. |
| <b>Formal Settlements</b>                                    |               |               |               |                           |                           |               |
| 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%            |
| <b>Informal Settlements</b>                                  |               |               |               |                           |                           |               |
| 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                 | 2021/22   | 2022/23   |           |                                  |                                   |
|                           | 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%                              |
| <b>Total</b>              | <b>25</b> | <b>32</b> | <b>25</b> | <b>8</b>                         | <b>19%</b>                        |

T3.1.7

| Financial Performance: Water and Sanitation Services |                                                                 |                 |                   |        |                    |
|------------------------------------------------------|-----------------------------------------------------------------|-----------------|-------------------|--------|--------------------|
| R'000                                                |                                                                 |                 |                   |        |                    |
| Details                                              | 2021/22                                                         | 2022/23         |                   |        |                    |
|                                                      | Actual                                                          | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| <b>Total Operational Revenue</b>                     | Financial Information covered in the Annual Financial Statement |                 |                   |        |                    |
| Expenditure:                                         |                                                                 |                 |                   |        |                    |
| Employees                                            |                                                                 |                 |                   |        |                    |
| Repairs and Maintenance                              |                                                                 |                 |                   |        |                    |
| Other                                                |                                                                 |                 |                   |        |                    |
| <b>Total Operational Expenditure</b>                 |                                                                 |                 |                   |        |                    |
| <b>Net Operational Expenditure</b>                   |                                                                 |                 |                   |        |                    |

# Chapter 3

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

| Capital Expenditure 2022/2023:<br>Water Services |           |                      |                       |                                  |                     |
|--------------------------------------------------|-----------|----------------------|-----------------------|----------------------------------|---------------------|
| R' 000                                           |           |                      |                       |                                  |                     |
| Capital Projects                                 | 2022/2023 |                      |                       |                                  |                     |
|                                                  | Budget    | Adjustment<br>Budget | Actual<br>Expenditure | Variance from<br>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 2 000 000.00 million was spent on the maintenance of water and sewer network and about 100 % was spent against the budget. It should 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

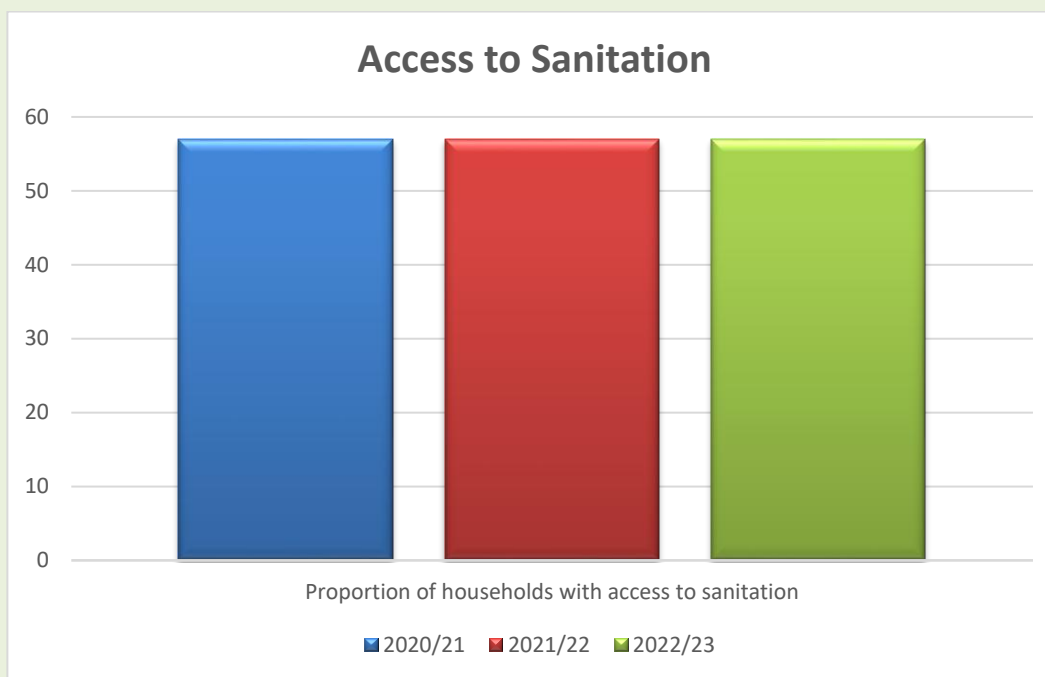
The information populated in Table 3.2.3 does not make any changes to the graph that was supposed to be in table 3.2.2.

T 3.2.2

| Sanitation Service Delivery Levels                                |              |              |              |                |
|-------------------------------------------------------------------|--------------|--------------|--------------|----------------|
| Description                                                       | 2019/20      | 2020/21      | 2021/22      | 2022/23        |
|                                                                   | Outcome No.  | Outcome No.  | Actual No.   | Actual No.     |
| <b>*Households</b>                                                |              |              |              |                |
| <b><u>Sanitation/sewerage: (above minimum level)</u></b>          |              |              |              |                |
| 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           |
| Minimum Service Level and Above sub-total                         | 42845        | 42845        | 42845        | 42845          |
| Minimum Service Level and Above Percentage                        | 92.9%        | 92.9%        | 92.9%        | 92.9%          |
| <b><u>Sanitation/sewerage: (below minimum level)</u></b>          |              |              |              |                |
| Bucket toilet                                                     | 34           | 34           | 34           | 34             |
| Other toilet provisions (below min.service level)                 | 170          | 170          | 170          | 170            |
| No toilet provisions                                              | 3086         | 3086         | 3086         | 3086           |
| Below Minimum Service Level sub-total                             | 3290         | 3290         | 3290         | 3290           |
| Below Minimum Service Level Percentage                            | 7.1%         | 7.1%         | 7.1%         | 7.1%           |
| <b>Total households</b>                                           | <b>46135</b> | <b>46135</b> | <b>46135</b> | <b>46135</b>   |
| <b>*Total number of households including informal settlements</b> |              |              |              | <b>T 3.2.3</b> |

| Households - Sanitation Service Delivery Levels below the minimum |            |            |            |                     |                     |                |
|-------------------------------------------------------------------|------------|------------|------------|---------------------|---------------------|----------------|
| Description                                                       | 2020/2021  | 2020/21    | 2021/22    | 2022/23             |                     |                |
|                                                                   | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No.     |
| <b>Households</b>                                                 |            |            |            |                     |                     |                |
| <b>Formal Settlements</b>                                         |            |            |            |                     |                     |                |
| 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%             |
| <b>Informal Settlements</b>                                       |            |            |            |                     |                     |                |
| 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%             |
|                                                                   |            |            |            |                     |                     | <b>T 3.2.4</b> |

# Chapter 3



T 3.2.5

| Employees: Sanitation Services |                                 |           |                                  |                                   |
|--------------------------------|---------------------------------|-----------|----------------------------------|-----------------------------------|
| Job Level                      | 2022/2023                       |           |                                  |                                   |
|                                | Posts                           | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                                | No.                             | No.       | No.                              | %                                 |
| 0 - 3                          | Combined with Water Section 3.1 |           |                                  |                                   |

T 3.2.6

| Financial Performance 2022/2023: Sanitation Services |             |                 |                   |        |                    |
|------------------------------------------------------|-------------|-----------------|-------------------|--------|--------------------|
| R'000                                                |             |                 |                   |        |                    |
| Details                                              | 2021/2022   | 2022/2023       |                   |        |                    |
|                                                      | Actual      | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                            |             |                 |                   |        |                    |
| Expenditure:                                         |             |                 |                   |        |                    |
| Employees                                            |             |                 |                   |        |                    |
| Repairs and Maintenance                              | R 2 243 827 |                 |                   |        |                    |
| Total Operational Expenditure                        | R 2 243 827 |                 |                   |        |                    |
| Net Operational Expenditure                          |             |                 |                   |        |                    |

T 3.2.7

# Chapter 3

| Capital Expenditure 2022/2023 : Sanitation Services |           |                   |                    |                               |                     |
|-----------------------------------------------------|-----------|-------------------|--------------------|-------------------------------|---------------------|
| R' 000                                              |           |                   |                    |                               |                     |
| Capital Projects                                    | 2022/2023 |                   |                    |                               |                     |
|                                                     | 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                 |
| T 3.2.8                                             |           |                   |                    |                               |                     |

## COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

There is a need to improve systems for operations and maintenance that can ensure sustainable, reliable services and turn around time to consumers. Currently the municipal capacity to reliable service is overburdened due to the resources that are overstretched. On average the unit can only service fifty-five septic tanks with two honey suckers while the third one is on repairs. A schedule of routine check up inspections of ponds in Reivilo, Taung central and Matlapaneng to avoid being reactive on the maintenance. All the mentioned ponds need to be rehabilitated and the matter be taken up with the Water Service Authority being the district municipality

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 tanks and the 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 network.

T 3.2.9

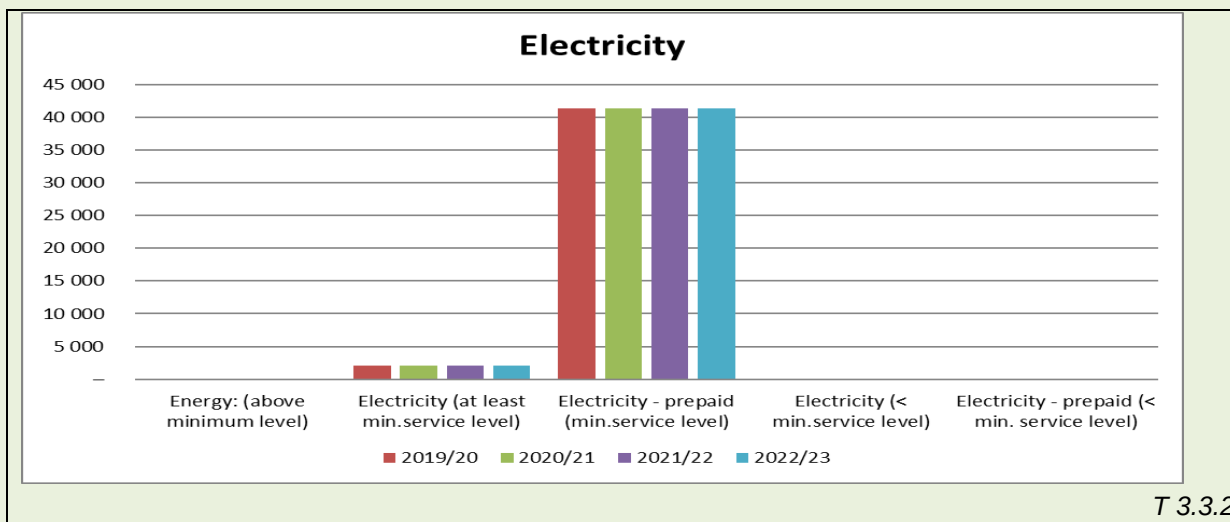
## ELECTRICITY

### 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. The amendments to the regulations clarify the regime applicable to municipalities when requesting determinations under Section 34 of the Electricity Amendment Act, this will ensure an orderly development that is in line with the applicable Integrated Resource Plan (IRP) and municipal Integrated Development Plans (IDPs). The amendments will ensure that requests are from municipalities in good financial standing, with feasible project proposals.

T 3.3.1

# Chapter 3



| Electricity Service Delivery Levels               |         |         |         |                       |
|---------------------------------------------------|---------|---------|---------|-----------------------|
| Description                                       | 2019/20 | 2020/21 | 2021/22 | Households<br>2022/23 |
|                                                   | Actual  | Actual  | Actual  | Actual                |
|                                                   | No.     | No.     | No.     | No.                   |
| <b>Energy: (above minimum level)</b>              |         |         |         |                       |
| 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%                 |
| <b>Energy: (below minimum level)</b>              |         |         |         |                       |
| 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%                  |
| <b>Total number of households</b>                 | 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    |

# Chapter 3

## Approved electrification for 2021/2022

| Name of Village                   | No. of Houses proposed | Approved Connections |
|-----------------------------------|------------------------|----------------------|
| Seoding                           | 70                     | 70                   |
| Matolong                          | 80                     | 350                  |
| Molelema                          | 230                    | 210                  |
| Kgomotso                          | 70                     | 50                   |
| Mokgareng                         | 450                    | 450                  |
| Motlhajeng                        | 25                     | 25                   |
| Ditshilong                        | 85                     | 200                  |
| Cokonyane                         | NB LINE ONLY AS PH 1   | -                    |
| Randstad                          | 75                     | 75                   |
| Dryharts                          | PH2                    | 50                   |
| Leshobo & Mase                    | Previous year Target   | 187                  |
| Mocwedeng                         | Previous year Target   | 164                  |
| Mogopela/Picong 132KV Line        |                        |                      |
| Mookodi Mogopela 132 KV Line 58km |                        |                      |

NB: all this projects were completed and energised in 2022/23 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                       | 2022/2023 |           |                                     |                                      |
|                                 | Posts     | Employees | Vacancies<br>(fulltime equivalents) | Vacancies<br>(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                                    |
| <b>Total</b>                    | <b>4</b>  | <b>4</b>  | <b>0</b>                            | <b>0%</b>                            |

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 Reivilo township. The municipality appointed service provider for a period of two years to deal with electrical maintenance in the said area.

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:**

The 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.

The Municipality has an Integrated Waste Management Plan (IWMP) and was taken to Council for approval prior to it being adopted and implemented. The plan was also submitted, as required by the National Environmental Management: Waste Act (59 of 2008) as amended, to be endorsed in terms of section 11(a) (ii) by the current MEC for the North-West Province's Department of Economic Development, Environment, Conservation and Tourism (DEDECT).

The Unit has ensured that the waste landfill sites comply with the license conditions and other legislative requirements (including the Minimum Requirements for waste Disposal by Landfill). Landfill sites are serviced on a daily basis by clearing of waste and by compacting it to avoid the wind-blown litter. Due to lack of fund the sites cannot be rehabilitated and continually monitored (in terms of Sections 20 and 45 of the NEMWA).

The municipality conducts campaigns to raise awareness about the current state of the environment and community is encouraged to separate waste from the source within their households. It is more efficient for waste collection trucks to collect waste that has already been sorted rather than waste that has not been separated. There were programmes for waste minimisation and recycling and these were implemented by municipality.

All the measures to treat, process and dispose of waste as provided in the NEMWA are addressed and implemented through local waste management plans and aligned by-laws. The Municipality do its utmost to inform and educate residents regarding littering using available waste information pamphlets. Street cleaning crews are operating in and around the CBD and entrance roads to the CBD at selected hours, in a week.

#### **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.

# Chapter 3

**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 Environmental Services 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. Resource needs (vehicles, equipment and manpower) addressed to ascertain effective and continual waste collection and disposal within the entire jurisdiction area. The Municipality is appealing to the communities to not dump illegal waste, which can be hazardous to their health. Municipality will need to intensify recycling initiatives to minimize the amount of waste being transported

## **LIST OF SERVICES PROVIDED BY ENVIRONMENTAL SERVICES UNIT:**

- basic waste management services to all residents.
- clearing illegally disposed waste.
- conserving resources and the environment.
- reducing landfill waste.
- ad hoc removal of garden refuse.
- provision of refuse removal services at events.
- reducing the impacts of waste on the health, well-being and environment.
- Grass cutting, parks, cemeteries and open spaces, beautification.
- Environmental Conservation: Bush Cutting and Tree Removal

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*

# Chapter 3

| Solid Waste Service Delivery Levels                      |              |              |              |                       |
|----------------------------------------------------------|--------------|--------------|--------------|-----------------------|
| Description                                              | 2019/20      | 2020/21      | 2021/22      | Households<br>2022/23 |
|                                                          | Actual       | Actual       | Actual       | Actual                |
|                                                          | No.          | No.          | No.          | No.                   |
| <b><u>Solid Waste Removal: (Minimum level)</u></b>       |              |              |              |                       |
| 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%                  |
| <b><u>Solid Waste Removal: (Below minimum level)</u></b> |              |              |              |                       |
| 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%                 |
| <b>Total number of households</b>                        | <b>48612</b> | <b>48612</b> | <b>48612</b> | <b>48612</b>          |
|                                                          |              |              |              | T 3.4.2               |

| Households - Solid Waste Service Delivery Levels below the minimum |         |         |           |                       |                 |         |
|--------------------------------------------------------------------|---------|---------|-----------|-----------------------|-----------------|---------|
| Description                                                        | 2019/20 | 2020/21 | 2021/2022 | Households<br>2022/23 |                 |         |
|                                                                    | Actual  | Actual  | Actual    | Original Budget       | Adjusted Budget | Actual  |
|                                                                    | No.     | No.     | No.       | No.                   | No.             | No.     |
| 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 |

| Employees: Waste Disposal Services |           |           |                                  |                                   |
|------------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                          | 2022/23   |           |                                  |                                   |
|                                    | 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%                                |
| <b>Total</b>                       | <b>66</b> | <b>61</b> | <b>5</b>                         | <b>7%</b>                         |
|                                    |           |           |                                  | T3.4.4                            |

# Chapter 3

Information regarding Financial performance of Waste disposal and other service which is under the Community Services is clearly covered in the Annual Financial Statement

T3.4.7

Information regarding Financial performance of Waste disposal and other service which is under the Community Services is clearly covered in the Annual Financial Statement

T

3.4.8

Information regarding Expenditure of Waste Management Service which is under the Community Services department is clearly covered in the annual financial statement

T3.4.9

## COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Illegal dumping and littering are an environmental crime and still an ongoing problem within our municipality. The municipality do its utmost to inform and educate residents regarding illegal dumping and using available waste removal services, The cost involved in the removing and cleaning of illegal dumping is exorbitant and could be better utilised in delivering other desperately required services in the communities. Illegal waste dumping hotspots are continuously managed and serviced regularly to prevent nuisances from escalating. Apart, from opens spaces, there are specific areas within the municipal boundary where illegal dumping happens more often than others. People have the tendency of dumping on every corner although a collection service is being provided.

The waste fleet was ageing, there had been budget cuts and there was a backlog in the replacement programme. As part of alternative waste management, separation of waste at source was currently being rolled out. There was large-scale illegal dumping from the private sector and there was no law enforcement to prevent this. SAPS needed to be more proactive in not only investigating this issue but actively trying to prevent this from happening.

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 Accreditation Application**

Provincial department of Human Settlement has requested the names of municipal officials who'd form part of the task team to spear head the accreditation process. List of such names has been forwarded. Housing Sector plan has been adopted by council; Accreditation business plan and its supporting documents have been forwarded to national department of human settlement for further analysis and we still await feedback from them. On receipt of feedback, the municipality would then be undergoing pre-assessment for level 1 accreditation given that there wouldn't be any loopholes that require rectifications

Provision of Housing to destitute families.

# Chapter 3

Housing subsidy forms of applicants in need of housing opportunities have been submitted to provincial department of for capturing. We have list of approved applicants. We have just recently introduced new service provider for Ditshilong village, who has been appointed to construct 216 units.

Failures.

- Poor performance on site by appointed contractors.
  - Contractual disputes between contractors and provincial department of human settlement.
- Challenges.

- Abandoned housing sites/Incomplete houses across the municipal jurisdiction

T 3.5.1

| Percentage of households with access to basic housing |                                                          |                                     |                                            |
|-------------------------------------------------------|----------------------------------------------------------|-------------------------------------|--------------------------------------------|
| Year end                                              | Total households<br>(formal and informal<br>settlements) | Households in formal<br>settlements | Percentage of HHs in formal<br>settlements |
| 2019/20                                               | 42,953                                                   | 39,516                              | 92%                                        |
| 2020/21                                               | 42,953                                                   | 39,516                              | 92%                                        |
| 2021/22                                               | 48,454                                                   | 44,577                              | 92%                                        |
| 2022/23                                               | 48,454                                                   | 44,577                              | 92%                                        |

T 3.5.2

| Employees: Housing Services |          |           |                                     |                                         |
|-----------------------------|----------|-----------|-------------------------------------|-----------------------------------------|
| Job Level                   | 2022/23  |           |                                     |                                         |
|                             | Posts    | Employees | Vacancies<br>(fulltime equivalents) | Vacancies<br>(as a % of total<br>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%                                    |
| <b>Total</b>                | <b>6</b> | <b>5</b>  | <b>1</b>                            | <b>16%</b>                              |

T 3.5.3

| Financial Performance 2022/23: Housing Services |                                                           |                    |                      |        |                       |
|-------------------------------------------------|-----------------------------------------------------------|--------------------|----------------------|--------|-----------------------|
| Details                                         | 2021/22                                                   | 2022/23            |                      |        |                       |
|                                                 | Actual                                                    | Original<br>Budget | Adjustment<br>Budget | Actual | Variance to<br>Budget |
| <b>Total Operational Revenue</b>                |                                                           |                    |                      |        |                       |
| Expenditure:                                    | This Portion forms part of the Annual Financial Statement |                    |                      |        |                       |
| Employees                                       |                                                           |                    |                      |        |                       |
| Repairs and Maintenance                         |                                                           |                    |                      |        |                       |
| Other                                           |                                                           |                    |                      |        |                       |
| <b>Total Operational Expenditure</b>            |                                                           |                    |                      |        |                       |
| <b>Net Operational Expenditure</b>              |                                                           |                    |                      |        |                       |

**NB: Subject to changes once AFS are completed**

T 3.5.4

# Chapter 3

## 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 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*

Information provided does not effect any changes to the graph

*T 3.6.2*

# Chapter 3

| Free Basic Services To Low Income Households |        |                                               |                      |       |                       |                      |       |                        |                      |       |                   |                      |       |
|----------------------------------------------|--------|-----------------------------------------------|----------------------|-------|-----------------------|----------------------|-------|------------------------|----------------------|-------|-------------------|----------------------|-------|
|                                              | Total  | Number of households                          |                      |       |                       |                      |       |                        |                      |       |                   |                      |       |
|                                              |        | Households earning less than R4,100 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 | %     |
| 2022/23                                      | 3571   | 203                                           | 10                   | 5%    | 203                   | 203                  | 100%  | 203                    | 32                   | 15%   | 203               | 203                  | 100%  |
| 2021/22                                      | 20 851 | 392                                           | 005                  | 1.27% | 2 289                 | 143                  | 6.24% | 13 721                 | 11 619               | 84%   | 2 501             | 143                  | 5.71% |
| 2020/21                                      | 18 621 | 557                                           | 376                  | 67.5% | 2 277                 | 120                  | 5.27% | 11 324                 | 11 258               | 99.4% | 2 498             | 127                  | 5.08% |
| T 3.6.3                                      |        |                                               |                      |       |                       |                      |       |                        |                      |       |                   |                      |       |

| Services Delivered             | 2021-2022 | 2022-2023                                                |                   |        |                    |
|--------------------------------|-----------|----------------------------------------------------------|-------------------|--------|--------------------|
|                                | Actual    | Budget                                                   | Adjustment Budget | Actual | Variance to Budget |
| Water                          |           | Financial Information covered in the Financial Statement |                   |        |                    |
| Waste Water (Sanitation)       |           |                                                          |                   |        |                    |
| Electricity                    |           |                                                          |                   |        |                    |
| Waste Management (Solid Waste) |           |                                                          |                   |        |                    |
| <b>Total</b>                   |           |                                                          |                   |        |                    |

## 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 2021 we managed to register 10 000 people to our indigents register, though all of them are not benefiting due to different 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 R4100.00/ less (determined by Council from time to time) or unemployed and/or a pensioner, the more



# Chapter 3

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*

# Chapter 3

## COMPONENT B: ROAD TRANSPORT

### 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 is augmenting the development of roads infrastructure by constructing 3km of block paved streets at Pudumong and Reivilo using Own Funding and EPWP IG.

GTLM is implementing the blading of cemetery streets as and when required to make streets rideable for easy access to cemeteries.

Greater Taung has consistently been gaining backlogs with regards to road and stormwater management. With the backlogs that are on record, through MIG the municipality can only cater for about 6 km of paved road and 2 km of stormwater management. This on its own is only attending to projects that are the most critical. The Department of Public Works also comes in to assist in some instances however as previously stated the backlogs are immense. Additional funding sources would also assist in the alleviating the backlogs.

T 3.7.1

| Gravel Road Infrastructure |                    |                              |                                |                                              |
|----------------------------|--------------------|------------------------------|--------------------------------|----------------------------------------------|
|                            | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to Paved | Kilometres<br>Gravel roads graded/maintained |
| 2020/21                    | 2166               | 3.7                          | 11                             | 390                                          |
| 2021/22                    | 2155               | 0                            | 6.35                           | 400                                          |
| 2022/23                    | 2148.65            | 0                            | 7.4                            | 400                                          |
|                            |                    |                              |                                | T 3.7.2                                      |

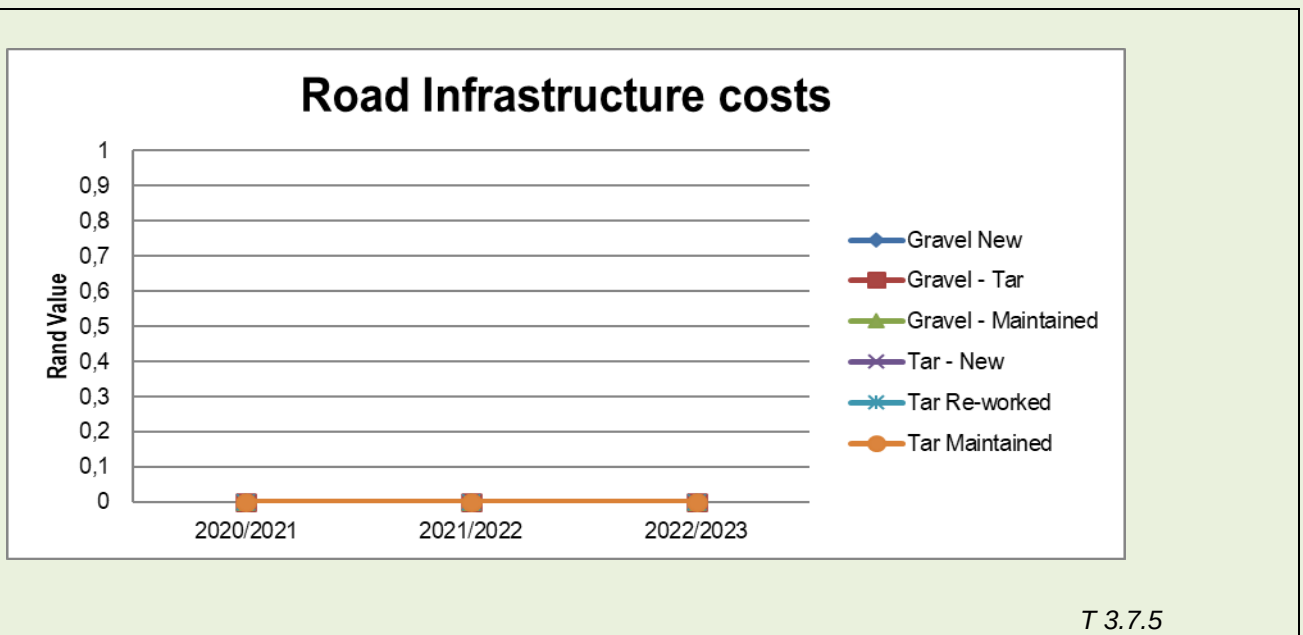
| Paved Road Infrastructure |                   |                 |                               |                                                                         |
|---------------------------|-------------------|-----------------|-------------------------------|-------------------------------------------------------------------------|
|                           | Total Paved roads | New Paved roads | Existing paved roads re-paved | Kilometres<br>Existing paved roads re-sheeted<br>Paved roads maintained |
| 2020/21                   | 6                 | 8               | 0                             | 0                                                                       |
| 2021/22                   | 2                 | 3               | 0                             | 0                                                                       |
| 2022/23                   |                   |                 |                               |                                                                         |
|                           |                   |                 |                               | T 3.7.3                                                                 |

# Chapter 3

| Cost of Construction/Maintenance |        |              |            |                   |           |            | R' 000  |
|----------------------------------|--------|--------------|------------|-------------------|-----------|------------|---------|
|                                  | Gravel |              |            | Block Paved Roads |           |            |         |
|                                  | New    | Gravel - Tar | Maintained | New               | Re-worked | Maintained |         |
| 2020/21                          | 3.7km  | 0km          | 0km        | R33,000,000.00    | 0km       | 0km        |         |
| 2021/22                          | 0km    | 0km          | 0km        | R13,970,292.03    | 0km       | 0km        |         |
| 2022/23                          | 0km    | 0km          | 0km        | R29,561,831.77    | 0km       | 20km       |         |
|                                  |        |              |            |                   |           |            | T 3.7.4 |



Buxton village Access Road completed in 2022/2023. The road was satisfactorily completed



# Chapter 3

| Employees: Roads and Storm Water Services |           |           |                                  |                                   |
|-------------------------------------------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                                 | 2022/23   |           |                                  |                                   |
|                                           | 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                                 |
| <b>Total</b>                              | <b>38</b> | <b>32</b> | <b>6</b>                         | <b>16%</b>                        |

T3.7.6

## Employee Road Services

In terms of the municipal organogram the municipality has roads and stormwater unit 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:

The municipality has a backlog in terms of road construction, MIG, EPWP and Own Funding are alleviating the situation however it is insufficient.

T 3.7.8

## 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

# Chapter 3

## PERFORMANCE HIGHLIGHTS 2022/23

### KPA 1: Basic Service Delivery and Infrastructure Development

- Constructed 24 high mast lights (Phase 7) in various wards and villages
- Constructed 4 community halls in Gasebusho, Loselong, mothanthanyaneng and Mokassa villages.
- Constructed Mogopela B Stormwater Channel
- Constructed Kgetleng Stormwater Channel
- Constructed 2 access road in Managaneng and Buxton
- Constructed 2 Paved roads in Reivilo and Pudumoe

## COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

### 3.10 PLANNING

#### INTRODUCTION TO PLANNING

The Municipalities' planning strategies are always guided by the IDP and the SDF as an IDP component. The municipal SDF has for the past 5 years (2017 - 2022) envisioned efficient spatial restructuring supported by the following objectives: guiding land allocation and settlement development; promoting 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 as an important key to addressing spatial challenges.

As part of achievements, the Town Planning has managed to reinforce its relations with the Mokgopela Traditional Council by way of collaborating and engaging on the Mogopela/ Pudumoe Priority Human Settlements and Housing Development Area (PHSHDA). Our challenges are still centred around minimal implementation of spatial tools that gives rise to the following - upspring of development not informed by the SDF; service delivery projects not properly coordinated spatially; minimal and/or lack of enforcement (COB area and areas allocated by Traditional Councils).

#### **Our top three (3) service delivery priorities for the 2022/2023 year are:**

1. Pudumoe Township Establishment (extension) - this would expand the municipalities revenue base as the municipality depends on only 3 townships for revenue collection. All the necessary planning requirements close to completion (township register and EIA in their final stages); however the issue of infrastructure services is still being resolved.
2. Title Deed registration in Boipelo - the process of transferring/ correcting title registration/ registratttgrion of 78 properties in Boipelo township.
3. Administration/ receiving of land development applications - deciding on land use development application submitted to the Municipality as per the Spatial Planning and Land Use Management Act (16 of 2013). The establishment of the Municipal Planning Tribunal and the process and procedures in place have greatly impacted on the deciding of applications submitted.

# Chapter 3

The implementation of the Spatial Planning and Land Use Management Act (Act 16 of 2013) has played a major role in improving performance and major efficiencies. As difficult as it is to enforce the municipal Land Use Scheme - we have collaborated with relevant stakeholders (e.g. Department of Public Works and Infrastructure) in addressing land use inconsistencies. However, improved management and/or administration of the CBD area is required in order to create a favourable central business area for businesses and community members

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 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 Maidi).

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*

# Chapter 3

| Applications for Land Use Development |                            |         |                                        |         |                   |          |
|---------------------------------------|----------------------------|---------|----------------------------------------|---------|-------------------|----------|
| Detail                                | Formalisation of Townships |         | Rezoning, Sub-Division & Consolidation |         | Built Environment |          |
|                                       | 2022/23                    | 2022/23 | 2022/23                                | 2022/23 | 2022/23           | 2022/23  |
| Planning application received         | 0                          | 0       | 0                                      | 2       | 10                | 16       |
| Determination made in year of receipt | 0                          | 0       | 0                                      | 0       | 10                | 2        |
| Determination made in following year  | 0                          | 0       | 0                                      | 0       | 0                 | 0        |
| Applications withdrawn                | 0                          | 0       | 0                                      | 0       | 0                 | 0        |
| Applications outstanding at year end  | 0                          | 0       | 0                                      | 2       | 0                 | 14       |
|                                       |                            |         |                                        |         |                   | T 3.10.2 |

| Employees: Land Use & Human Settlement Services |           |         |           |                                        |                                      |
|-------------------------------------------------|-----------|---------|-----------|----------------------------------------|--------------------------------------|
| Job Level                                       | 2021/22   | 2022/23 |           |                                        |                                      |
|                                                 | Employees | Posts   | Employees | Vacancies<br>(fulltime<br>equivalents) | Vacancies (as a % of<br>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                                                                              | 2021/22                           | 2022/23         |                   |        |                    |
|                                                                                      | Actual                            | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| <b>Total Operational Revenue</b>                                                     | <b>All figures are in the AFS</b> |                 |                   |        |                    |
| Expenditure:                                                                         |                                   |                 |                   |        |                    |
| Employees                                                                            |                                   |                 |                   |        |                    |
| Repairs and Maintenance                                                              |                                   |                 |                   |        |                    |
| Other                                                                                |                                   |                 |                   |        |                    |
| <b>Total Operational Expenditure</b>                                                 |                                   |                 |                   |        |                    |
| <b>Net Operational Expenditure</b>                                                   |                                   |                 |                   |        |                    |
| <i>Nb: Figures provided will be verified once compilation of the AFS is complete</i> |                                   |                 |                   |        | T 3.10.4           |

Table not relevant as the municipality did not have projects

T3.10.5

# Chapter 3

## 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. 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 LOCAL ECONOMIC DEVELOPMENT

The Greater Taung Local Economic Development (LED) Strategy aims to provide a platform for economic development and collaboration between government, business and the community. It is aligned to the National Local Economic Development Framework 2018- 2028 and the subsequent draft National LED Implementation plan. The strategy demonstrates a firm commitment to alleviate poverty, attract investment, and create new jobs while taking advantage of local development opportunities.

The main focal areas of the GTLM economic environment are depicted in the LED strategy as follows



The municipality currently has a limited budget and will therefore not be in a position to implement programs for all the focal areas. Given the current financial state of the municipality, the LED unit has identified three of the five focus areas, that is, agriculture, Small Business Development and Tourism for implementation in the financial year 2023/2024.



# Chapter 3

The municipality has contributed to Small Business Development through the allocation of equipment relevant to their respective line of business. As at the end of June, twenty (20) small businesses have benefited from the grant. In addition, we have ensured that small businesses are capacitated through information sharing workshops and trainings leading to access to funding from various stakeholders.

Local economic Development is implemented through a multi-stakeholders approach, which requires the municipality to facilitate the process of creating a platform for participation. This has been done by hosting a functional LED Forum on a quarterly basis.

Tourism is public sector led or supported, and private sector driven. As a way of supporting the development of the tourism sector in our municipality, the municipality embarked on an awareness campaign on the Tourism attractions available within the boundaries of Greater Taung.

T 3.11.1

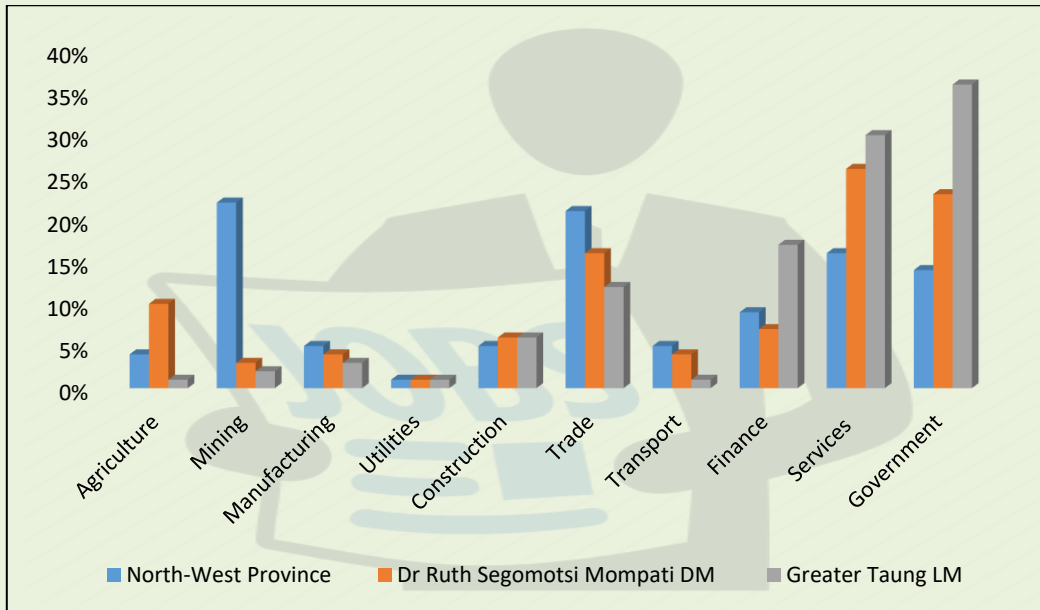
| Economic Activity by Sector        |               |               |               |
|------------------------------------|---------------|---------------|---------------|
| Sector                             | 2020/21       | 2021/22       | 2022/2023     |
| Agric, forestry and fishing        | 1.0%          | 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%          |
| <b>Total</b>                       | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

T3.11.2

| Economic Employment by Sector       |              |              |              |
|-------------------------------------|--------------|--------------|--------------|
| Sector                              | 2020/21      | 2021/22      | 2022/23      |
| 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 and social services | 47561        | 47228        | 47030        |
| Infrastructure services             | 1006         | 999          | 927          |
| <b>Total</b>                        | <b>67082</b> | <b>66612</b> | <b>66240</b> |

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.

Economic growth in GTLM is basically stagnant with the exception of building of residential houses which is moderately active. Government, Community and Social Services is still the biggest employer and are there for also responsible for the biggest turnover. The Taung Skull Site at Buxton is currently drawing the most attention relevant to tourism opportunities in the area. Other tourism opportunities like for eg the Taung Dam still need a lot of groundwork to be done with the relevant Traditional and other Government Institutions.

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

# Chapter 3

| Jobs Created during 2020/21 – 2022/23 by LED Initiatives (Excluding EPWP projects) |              |                                          |                                |                                        |
|------------------------------------------------------------------------------------|--------------|------------------------------------------|--------------------------------|----------------------------------------|
| Total Jobs created / Top 3 initiatives                                             | Jobs created | Jobs lost/displaced by other initiatives | Net total jobs created in year | Method of validating jobs created/lost |
|                                                                                    | No.          | No.                                      | No.                            |                                        |
| Total (all initiatives)                                                            |              |                                          |                                |                                        |
| 2020/21                                                                            | 16           | 0                                        | 16                             | Municipal projects                     |
| 2021/22                                                                            | 20           | 0                                        | 20                             | Municipal Projects                     |
| 2022/23                                                                            | 25           | 0                                        | 25                             | Municipal Projects                     |
|                                                                                    |              |                                          |                                | T 3.11.5                               |

| Job creation through EPWP* projects |               |                                    |
|-------------------------------------|---------------|------------------------------------|
| Details                             | EPWP Projects | Jobs created through EPWP projects |
|                                     | No.           | No.                                |
| 2020/21                             | 4             | 164                                |
| 2021/22                             | 16            | 167                                |
| 2022/23                             | 23            | 360                                |
| * - Extended Public Works Programme |               | T 3.11.6                           |

| Employees: Local Economic Development Services |         |           |                                  |                                   |
|------------------------------------------------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level                                      | 2022/23 |           |                                  |                                   |
|                                                | 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 2022/23 : Local Economic Development Services |         |                                                                                          |                   |        |                    |
|---------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------|-------------------|--------|--------------------|
| R'000                                                               |         |                                                                                          |                   |        |                    |
| Details                                                             | 2021/22 | 2022/23                                                                                  |                   |        |                    |
|                                                                     | Actual  | Original Budget                                                                          | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                                           |         | No Specific information for this table, however it is covered in the Financial Statement |                   |        |                    |
| Expenditure:                                                        |         |                                                                                          |                   |        |                    |
| Employees                                                           |         |                                                                                          |                   |        |                    |
| Repairs and Maintenance                                             |         |                                                                                          |                   |        |                    |
| Other                                                               |         |                                                                                          |                   |        |                    |
| Total Operational Exp                                               |         |                                                                                          |                   |        |                    |
| Net Operational Exp                                                 |         |                                                                                          |                   |        |                    |
|                                                                     |         |                                                                                          |                   |        | T 3.11.8           |

# Chapter 3

| Capital Expenditure 2022/2023: LED Services |                                                    |                   |                    |                               |                     |
|---------------------------------------------|----------------------------------------------------|-------------------|--------------------|-------------------------------|---------------------|
|                                             |                                                    |                   |                    |                               | R000                |
| Capital Projects                            | 2022/2023                                          |                   |                    |                               |                     |
|                                             | Budget                                             | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All                                   | No Projects for this Unit in the year under review |                   |                    |                               |                     |
|                                             |                                                    |                   |                    |                               |                     |
|                                             |                                                    |                   |                    |                               | T 3.11.9            |

## 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 2022/23

### KPA3: Local Economic Development

- 238 Jobs created through local procurement
- 66 Jobs created through EPWP
- 16 Cooperatives supported with Business Equipment
- 04 LED forum meetings held
- 01 tourism event held.
- 135 SMME supported through skills development

# 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.

Community libraries possess a unique value in a community in that they are free to all citizens of the municipality regardless of age, race, religion, gender or social standing. They provide a gateway to knowledge, access to information for life long- learning, independent decision making and recreational activities for the whole community. The overarching goals of the library service are to assist the nation with its goal of eliminating illiteracy and to narrow the digital divide that accentuates disparities in development by providing access to information and knowledge.

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

**Objective 1. Access to library facilities:** During the year under review, the municipality submitted two Capital Library project proposals to ACSR for Manthe and Sekhing villages. The aim of the submission was to accomplish the mission of extending library services to far remote areas of GTLM.

**Objective 2. Facilitating the development of literacy skills:** 120 school going children from two primary schools and two high schools in Pudimoe cluster participated in our literacy programs which includes reading and spelling competitions. Prizes such as trophies, medals and smartphones were awarded to winners.

### Library Grant Received

The municipality received R716 000.00 (national grant) which was spent on salaries of three library assistants and R335 000.00 (provincial grant) which was spent on library operations.

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 are required, Dr Ruth Mompoti District Municipality will be approached for assistance.

T 3.13.1

### COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

The municipality provide administrative services and excavation of graves to communities for burials at municipal cemeteries which are: Pudimoe Township, Boipelo Township, Reivilo Town and Taung depot also maintenance as and when at the sites. The municipality gives service in the rural villages as may be requested from time to time with reference to fencing of graveyards.

T 3.13.2

# Chapter 3

## 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The municipality through MIG provides community facilities and through its operational budget undertakes maintenance, renovations and repairs to all municipal facilities.

During the period under review the municipality carried out routine maintenance function in Community Halls, Parks, Sports facilities, and municipal offices. The Municipality has 106 facilities (inclusive of municipal offices, community halls, sports facilities, and libraries).

The Municipal Buildings maintenance plan has been developed for Municipal offices, including community and sports facilities, however the structural assessment for Community halls and facilities has been conducted on annual basis.

The childcare function is the responsibility of the Department of Social Development. However, the Municipality assists annually with school uniforms and food parcels for vulnerable children.

## COMPONENT E: ENVIRONMENTAL PROTECTION

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

## 3.15 POLLUTION CONTROL

The Municipality has a constitutional mandate to ensure that it guarantees everyone the right to an environment that is not harmful to their health or wellbeing and to have the environment protected for the benefit of present and future generation through reasonable legislative and other measures that prevent pollution, ecological degradation, promote conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

The Municipality achieves this through:

- Waste Management:
- Biodiversity Management:
- Environmental Education and Awareness
- Enforcement and compliance

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

This function is not relevant to GTLM.

# Chapter 3

## COMPONENT F: HEALTH

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

### 3.17 CLINICS

In terms of schedule 4b of the constitution of the republic of South Africa, the health function is allocated to department of health in the province and Greater Taung Local Municipality does not account for this function.

### 3.18 AMBULANCE SERVICES

In terms of schedule 4b of the constitution of the republic of South Africa, the health function is allocated to department of health in the province and Greater Taung Local Municipality does not account for it.

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

In terms of the allocation of powers and function as allocated by the MEC in the province, the Dr Ruth Segomotsi Mompati District Municipality is performing the function of behalf of the municipality and few officials of the district are seconded to the municipality to execute the function.

## COMPONENT G: SECURITY AND SAFETY

### 3.20 POLICE

This function is not relevant to GTLM.

### 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*



# Chapter 3

## 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 Mompoti 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

Municipality has several Municipal Amenities. These amenities are used for various events and activities ranging from sport, music, meetings/conference, burial activities, community activities and needs like church or wedding council activities.

The municipality has developed the following Municipal Amenities:

- Community Halls - 26
- Sports Fields - 10
- Parks and Recreation - 2
- Municipal Offices - 4
- Houses - 42
- Thusong Centers - 5
- Libraries - 5
- Municipal Toilets at Reivilo town - 1
- Reivilo Golf Club - 1
- Swimming Pool - 1
- Taxi Rank – Maintenance only - 1
- Municipal open spaces - all municipal sites
- Cemeteries - 3

T 3.23.1

| Employee: Parks and Amenities |           |              |                                     |                                   |
|-------------------------------|-----------|--------------|-------------------------------------|-----------------------------------|
| Job level                     | 2022/23   |              |                                     |                                   |
|                               | 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%                                |
| <b>Total</b>                  | <b>32</b> | <b>28</b>    | <b>4</b>                            | <b>12%</b>                        |

T 3.23.2

# Chapter 3

## 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

## 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

# Chapter 3

## 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 8 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*

## 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.

*T 3.25.1*

# Chapter 3

| Debt Recovery                                                                                                             |                                    |                                                                       |                |                                    |                                                           |                                               |                                                               |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------|----------------|------------------------------------|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------|
|                                                                                                                           |                                    |                                                                       |                |                                    |                                                           |                                               | R' 000                                                        |
| Details of the types of account raised and recovered                                                                      | 2020/21                            |                                                                       | 2021/22        |                                    |                                                           | 2022/23                                       |                                                               |
|                                                                                                                           | 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                                                                                                            | 26 005 437                         | 60%                                                                   |                | 26 213 810                         | 83%                                                       | R32 693 372                                   | 76%                                                           |
| Electricity - B (Con                                                                                                      | N/a                                | N/a                                                                   |                | N/a                                | N/a                                                       | 0                                             | 0                                                             |
| Electricity - C (Prepaid)                                                                                                 | 3 591 701                          | 65%                                                                   |                | 3 591 701                          | 68%                                                       | R4 489 761                                    | 75%                                                           |
| Water - B                                                                                                                 | N/a                                | N/a                                                                   |                | N/a                                | N/a                                                       | 0                                             | 0                                                             |
| Water - C                                                                                                                 | 1 198 520                          | 23%                                                                   |                | 1 198 520                          | 38%                                                       | R1 964 993                                    | 35%                                                           |
| Sanitation                                                                                                                | 2 861 916                          | 33%                                                                   |                | 2 861 916                          | 64%                                                       | R4 311 109                                    | 54%                                                           |
| Refuse                                                                                                                    | 4 117 811                          | 48%                                                                   |                | 4 117 811                          |                                                           | R6 189 610                                    | 66%                                                           |
| <i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts.</i> |                                    |                                                                       |                |                                    |                                                           |                                               | <i>T 3.25.2</i>                                               |

Concerning T 3.25.2

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

*T*

3.25.2.1

| Employees: Financial Services |           |         |           |                                  |                                   |
|-------------------------------|-----------|---------|-----------|----------------------------------|-----------------------------------|
| Job Level                     | 2021/22   | 2022/23 |           |                                  |                                   |
|                               | Employees | Posts   | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
|                               | No.       | No.     | No.       | No.                              | %                                 |
| 0 - 3                         | 1         | 0       | 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%                                |
|                               |           |         |           |                                  | <i>T 3.25.3</i>                   |

# Chapter 3

| Financial Performance 2021/2022: Financial Services |           |                                     |                   |        |                    |
|-----------------------------------------------------|-----------|-------------------------------------|-------------------|--------|--------------------|
| R'000                                               |           |                                     |                   |        |                    |
| Details                                             | 2021/2022 | 2022/2023                           |                   |        |                    |
|                                                     | Actual    | Original Budget                     | Adjustment Budget | Actual | Variance to Budget |
| <b>Total Operational Revenue</b>                    |           |                                     |                   |        |                    |
| Expenditure:                                        |           | Information incorporated in the AFS |                   |        |                    |
| Employees                                           |           |                                     |                   |        |                    |
| Repairs and Maintenance                             |           |                                     |                   |        |                    |
| Other                                               |           |                                     |                   |        |                    |
| <b>Total Operational Expenditure</b>                |           |                                     |                   |        |                    |
| <b>Net Operational Expenditure</b>                  |           |                                     |                   |        |                    |
| 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 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 is well within the budget. The municipality has been able to settle it's creditors in time which is a positive. Legal fees in the previous year were R2 137 500 and went down to R2 000 000 in the current year. The 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 2022/2023. 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.

All priorities have been budgeted for 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 and comes at a very high cost. Water infrastructure within the municipal jurisdiction is the property of the district municipality and yet is maintained by us.

T 3.25.6

### INTRODUCTION TO HUMAN RESOURCE SERVICES

#### Achievement in 2022/23

Since the beginning of the year, there has been tremendous achievement in terms of Human Resources operations. All relevant human resource policies are in place. There is a fully functional Local Labour Forum and There is a bursary scheme in the form of “Study Assistance” which has helped employees to achieve their academic dreams, including utilisation of training resources which assisted immensely in developing employees.

#### 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

No challenges were encountered in terms of Labour relations in the Municipality. However one disciplinary hearing was initiated against one of the employees and the sanction was then made, the employee is still in employment.

#### Occupational Health and Safety

Covid 19 was the challenge which affected the regulated working conditions whereby the working hours had to be flexible in order adhere to the introduced Disaster regulations.

#### Future plans

A continuous workshop on labour matters is intended to be conducted for the employees in that they become aware or reminded of the code of conduct in the Municipality to minimise acts of misconduct

#### HR Policies

The following policies were reviewed by Council

- Recruitment and selection policy
- Training Policy
- Transfer Policy
- Vehicle allowance Policy
- Subsistence and travelling allowance Policy
- Cellphone policy

# Chapter 3

- Leave policy
- Employee Assistance policy

## 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 structure was therefore submitted to Council together with the IDP for approval on the 31 May 2022. There are five directorates established which are:

### **1. Office of Municipal Manager comprised of the following Units:**

- 1.1 Performance Management Unit
- 1.2 Information technology Unit
- 1.3 Communications and Marketing Unit
- 1.4 Internal Audit Unit

### **2. Community Services, the Department has just introduced the Traffic Services Unit.**

- 2.1 Municipal Amenities
- 2.2 Libraries
- 2.3 Environmental and waste Management

### **3. Infrastructure which is comprised of the following Units:**

- 3.1 Roads and storm water Unit
- 3.2 Project Management Unit
- 3.3 Water and Sanitation Unit
- 3.4 Electricity Unit

### **4. Corporate Services comprised of the following Units:**

- 4.1 Human Resources Management
- 4.2 Legal Unit
- 4.3 Administration and Council Support Unit

### **5. Spatial planning and Human Settlements which is comprised of the following Units:**

- 5.1 Human Settlement Unit
- 5.2 Town planning Unit
- 4.3 IDP Unit

The above mentioned Directorates are headed by the Section 56 Managers and all positions are filled. The salary bill of the Municipality is currently standing at 49% of the equitable share allocated.

### **Recruitment:**

The HR Unit has a responsibility of filling all vacant positions with a target of 10 per annum.

- 10 positions were therefore filled during the financial year:
- 3 resignations
- 2 retirements and 2 death

T 3.26.1

# Chapter 3

| Employees: Human Resource Services |           |           |           |                                  |                                   |
|------------------------------------|-----------|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level                          | 2021/2022 | 2022/2023 |           |                                  |                                   |
|                                    | 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         | 0                                | 0                                 |
| 16 - 18                            | 0         | 1         | 1         | 0                                | 0                                 |
| Total                              | 5         | 6         | 5         | 0                                | 0                                 |
|                                    |           |           |           |                                  | T3.26.2                           |

| Financial Performance 2022/2023: Corporate Services |           |                                     |                   |        |                    |
|-----------------------------------------------------|-----------|-------------------------------------|-------------------|--------|--------------------|
|                                                     |           |                                     |                   |        | R'000              |
| Details                                             | 2021/2022 | 2022/2023                           |                   |        |                    |
|                                                     | Actual    | Original Budget                     | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue                           |           |                                     |                   |        |                    |
| Expenditure:                                        |           | Information incorporated in the AFS |                   |        |                    |
| Employees                                           |           |                                     |                   |        |                    |
| Repairs and Maintenance                             |           |                                     |                   |        |                    |
| Other                                               |           |                                     |                   |        |                    |
| Total Operational Expenditure                       |           |                                     |                   |        |                    |
| Net Operational Expenditure                         |           |                                     |                   |        |                    |
|                                                     |           |                                     |                   |        | T 3.26.3           |

| Capital Expenditure 2022/2023: Human Resource Services |            |                   |                    |                               |                     |
|--------------------------------------------------------|------------|-------------------|--------------------|-------------------------------|---------------------|
|                                                        |            |                   |                    |                               | R' 000              |
| Capital Projects                                       | 2022/2023  |                   |                    |                               |                     |
|                                                        | Budget     | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All                                              |            |                   |                    | %                             |                     |
| Physical Security guards Services                      | 34 250 000 |                   | 34 195 897         | 100%                          | 34 250 000          |
|                                                        |            |                   |                    |                               | T 3.26.4            |

## COMMENT ON THE PERFORMANCE OF CORPORATE SERVICES OVERALL:

The Human Resource Management has done well, we managed to fill all vacant positions except that of Fleet Manager, Assets Manager and LED Manager, which their recruitment is underway

T 3.26.5



# Chapter 3

## 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 overall ICT functions are as follows:

1. Internal LAN/WAN monitoring and management
2. Maintenance of ICT Hardware
3. Procurement of Hardware/Software
4. Systems administration and operations on servers (daily back-ups, replication to DRP server etc.);
5. Access control of users to systems; 6. Managing of the general ICT operations.

### IT Infrastructure State

All relevant ICT Infrastructures are in place which can accommodate the systems that need to be in place at local government level.

### IT Risks/Security

ICT Risks do form part of the GTLM Institutional Risk Assessment Process and Register which is being updated quarterly. The physical risks are limited to end-user level. The servers are kept in a secure room and Enviro Rack which at the time of procurement complied with ISO Standards.

### Outsourced ICT Services

Inzalo (Sebata) was appointed to roll out the MSCOA compliance project and only essential services still relevant to that project and the Exchange Server were kept.

Equipment and ICT related services are rendered by Agapet Technologies.

Telkom is responsible for telecommunications.

Vodacom provides data on contract.

### Challenges

The Unit also had to support all officials within the entire area of GTLM which is a challenge due to the vastness and rural nature of the area.

The mobility of the Unit due to available transport is a challenge also taking into account the minimal amount for refund of expenses on the use of own vehicles.

Dependency on external networks and the reliability thereof does have an impact on connectivity in some areas.

# Chapter 3

## Future Plans

To improve connectivity and telecommunications equipment.  
Assist Corporate Services to roll out a document management system.

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                                  | 2022/23  |           |                                      |                                      |
|                                            | Posts    | Employees | Vacancies/<br>(fulltime equivalents) | Vacancies<br>(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%                                   |
| <b>Total</b>                               | <b>5</b> | <b>5</b>  | <b>0</b>                             | <b>0%</b>                            |

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

-

#### 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

# Chapter 3

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**

The Dr Ruth Segomotsi Mompati District Municipality (DRRSMDM) is responsible for the function and PMS Manager is the risk champion and 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 2022/2023

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

| Ref No.                                                                                                                       | Key Performance Indicator/ Unit of Measurement                                          | Previous Financial Years<br>2021-2022 |                    | Wards                          | Revised Annual Budget<br>2022/23 | Financial Year Under Review<br>2022- 2023 |                    | 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 7) constructed in various villages by end March 2023  | 24                                    | 24                 | 1, 2, 10, 24, 17. 18, 20 19, 8 | R 8 665 662                      | 24                                        | 24                 | R9 114 799,21 | Achieved             | None                                    | None                                               | Completion certificates      |
| TL 02                                                                                                                         | Number of Community Hall construction projects in Mokassa II completed by end June 2023 | 0                                     | 0                  | 24                             | R 2 017 405                      | 1                                         | 1                  | R3 125 856,79 | Achieved             | None                                    | None                                               | Completion certificates      |
| TL 03                                                                                                                         | Number of Community Hall construction projects in Gasebuso completed by end June 2023   | 0                                     | 0                  | 8                              | R 570 607                        | 1                                         | 1                  | R627 488,98   | Achieved             | None                                    | None                                               | Completion certificates      |
| TL 04                                                                                                                         | Number of construction projects of Loselong Community Hall completed by end June 2023   | 0                                     | 0                  | 3                              | R 926 961                        | 1                                         | 1                  | R1 122 361,36 | Achieved             | None                                    | None                                               | Completion certificates      |

# Chapter 3

| Ref No. | Key Performance Indicator/ Unit of Measurement                                                | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 05   | Number of construction projects of Mothanthanyaneng Community Hall completed by end June 2023 | 0                                  | 0                  | 16    | R 5 000 000                   | 1                                      | 0                  | R4 655 387,23 | Target not achieved. Progress registered: Structural steel work, brickwork, fencing, ceiling completed. The Contractor is currently busy with plumbing, electrical, tiling, and painting. Work done as at end June was 85% | Delay in the manufacturing and installation of steel and roof sheets for ablution facility.                                                      | The Contractor to work extended hours to make up for the lost time. To also submit revised programme of works and acceleration plan.                                                 | Completion certificate       |
| TL 06   | Number kilometers of storm water channels completed in Mogopela B by end June 2023            | 2 km                               | 1.2 km             | 6     | R 965 284                     | 2km                                    | 2km                | R1 061 052,80 | Achieved                                                                                                                                                                                                                   | None                                                                                                                                             | None                                                                                                                                                                                 | Completion certificate       |
| TL 07   | Number kilometers of storm water channels completed in Kgatleng by end June 2023              | 0                                  | 0                  | 13    | R 9 025 250                   | 2.6km                                  | 0km                | R9 111 292,60 | Target not achieved, The Contractor is busy with paving, stone pitching, installation of culverts and brick work. 65%                                                                                                      | Poor cashflow management by the Contractor. Removing of sediments in the excavated channel due to inclement weather. Delayed supply of material. | Resources has been increased on site. The Contractor has signed cession agreements for the procurement of materials. To also submit revised programme of works and acceleration plan | Completion certificate       |

# Chapter 3

| Ref No. | Key Performance Indicator/ Unit of Measurement                                           | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 |                |                                                                                                                                                        |                                                                                                                           |                                                                                                                                                                                                                 |                              |
|         |                                                                                          |                                    |                    |       |                               |                                        |                    |                | of the project was done as at end June                                                                                                                 |                                                                                                                           |                                                                                                                                                                                                                 |                              |
| TL 08   | Number of kilometers of access road constructions completed in Maganeng by end June 2023 | 0                                  | 0                  | 24    | R 12 267 780                  | 3km                                    | 0                  | R10 664 247,79 | Target not achieved Layer works are completed, currently doing paving, kerbing and v-drain. . 65% of the project was done as at end June               | Poor planning and allocation of resources on site. Delayed supply of material.                                            | The Contractor to work extended hours to make up for the lost time. To also submit revised programme of works and acceleration plan.                                                                            | Completion certificate       |
| TL 09   | Number of kilometers of access road constructions completed in Buxton by end June 2023   | 0                                  | 0                  | 9     | R 11 965 901                  | 3km                                    | 0                  | R12 270 929,71 | The layerworks are complete. kerbing, paving and v-drain underway. Signage for the road has also commenced. 87% of the project was done as at end June | Poor planning and allocation of resources on site. Delayed supply of material. Poor cashflow management by the Contractor | Submit the acceleration plan and allocation of more resource on site. The Contractor has signed cession agreements for the procurement of material. The Contractor to source alternative supplier of machinery. | Completion certificate       |
| TL 10   | Number of kilometres of paved roads constructed in Reivilo by end June 2023              | 0                                  | 0                  | 1     | R 6 000 000                   | 1km                                    | 1.4km              | R6 000 000.00  | Achieved                                                                                                                                               | None                                                                                                                      | None                                                                                                                                                                                                            | Completion certificates      |

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| Ref No.                                                                                                                               | Key Performance Indicator/ Unit of Measurement                                                                                 | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 11                                                                                                                                 | Number of meters of paved roads constructed in Pudimoe by end June 2023                                                        | 0                                  | 0                  | 5     | Opex                          | 300m                                   | 400m               | R0,00       | Achieved             | None                                                         | None                                               | Completion certificates                               |
| <b>National Key Performance Area 1: Basic Service Delivery and Infrastructure Development – Spatial Planning and Human Settlement</b> |                                                                                                                                |                                    |                    |       |                               |                                        |                    |             |                      |                                                              |                                                    |                                                       |
| <b>Strategic Objectives:</b> To coordinate all disaster related incidents within the jurisdiction of the municipality                 |                                                                                                                                |                                    |                    |       |                               |                                        |                    |             |                      |                                                              |                                                    |                                                       |
| TL 12                                                                                                                                 | Number of temporary shelters provided in various wards by end March 2023                                                       | 45                                 | 50                 | All   | R 500 000                     | 120                                    | 125                | R473 340.00 | Achieved             | None                                                         | None                                               | Memorandums                                           |
| <b>National key Performance Area 2: Municipal Institutional Development and Transformation</b>                                        |                                                                                                                                |                                    |                    |       |                               |                                        |                    |             |                      |                                                              |                                                    |                                                       |
| <b>Strategic Objectives:</b> Improve organisational cohesion and effectiveness                                                        |                                                                                                                                |                                    |                    |       |                               |                                        |                    |             |                      |                                                              |                                                    |                                                       |
| TL 13                                                                                                                                 | Number of training programmes implemented for Municipal officials by end April 2023                                            | 10                                 | 10                 | N/a   | R 1 200 000                   | 10                                     | 16                 | R 941 673   | Achieved             | None                                                         | None                                               | Proof of Registration / Attendance Register / Results |
| TL 14                                                                                                                                 | Number of training programmes implemented for Municipal Councilors by end April 2023                                           | 5                                  | 5                  | N/a   |                               | 8                                      | 5                  |             | Achieved             | None                                                         | None                                               | Proof of Registration / Attendance Register / Results |
| TL 15                                                                                                                                 | Percentage of the municipal budget actually spent on implementing its workplace skills plan measured as (Total Actual Training | 90%                                | 92%                | N/a   |                               | 90%                                    | 87%                |             | Not achieved         | Payments not done on time to institutions of higher learning | Learners to submit statement of accounts timeously | Expenditure report                                    |

# Chapter 3

| Ref No.                                                                                                                             | Key Performance Indicator/ Unit of Measurement                                                                                                                           | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 |               |                      |                                                                                                         |                                                    |                                |
|                                                                                                                                     | Expenditure/ Total Operational Budget) x100) by end June 2023                                                                                                            |                                    |                    |       |                               |                                        |                    |               |                      |                                                                                                         |                                                    |                                |
| TL 16                                                                                                                               | Number of students financially supported by end March 2023                                                                                                               | 40                                 | 40                 | All   | Opex                          | 40                                     | 80                 | ??            | Achieved             | None                                                                                                    | None                                               | Bursary Letters                |
| TL 17                                                                                                                               | 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 2023 | 3                                  | 0                  | N/a   | OpEx                          | 3                                      | 2                  | Opex          | Target not achieved  | Interviews of manager positions advertised held late and the process of vetting candidates is very slow | Advertise positions on time                        | Appointment letters            |
| <b>National KPA 3: Local Economic Development</b>                                                                                   |                                                                                                                                                                          |                                    |                    |       |                               |                                        |                    |               |                      |                                                                                                         |                                                    |                                |
| <b>Strategic Objectives: Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance</b> |                                                                                                                                                                          |                                    |                    |       |                               |                                        |                    |               |                      |                                                                                                         |                                                    |                                |
| TL 18                                                                                                                               | Number of temporary jobs created through local procurement projects by end June 2023                                                                                     | 130                                | 195                | N/a   | Opex                          | 100                                    | 238                | Opex          | Target over-achieved | None                                                                                                    | None                                               | Quarterly MIG Project Report   |
| TL 19                                                                                                                               | Number of Full Time Equivalents (calculated as (days worked by                                                                                                           | 51                                 | 52                 | N/a   | R 2 255 000                   | 50                                     | 66                 | R2 255 000,00 | Target over-achieved | None                                                                                                    | None                                               | Temporary Employment Contracts |



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| Ref No.                                                                                                                                                  | Key Performance Indicator/ Unit of Measurement                                                                                                                           | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 |             |                      |                                         |                                                    |                                     |
|                                                                                                                                                          | participants x number of participants / 230 working days per annum) created through EPWP by end June 2023                                                                |                                    |                    |       |                               |                                        |                    |             |                      |                                         |                                                    |                                     |
| <b>National KPA 4: Municipal Financial Viability and Management</b>                                                                                      |                                                                                                                                                                          |                                    |                    |       |                               |                                        |                    |             |                      |                                         |                                                    |                                     |
| <b>Strategic Objectives:</b> To improve overall financial management in the municipality by developing and implementing appropriate Financial Management |                                                                                                                                                                          |                                    |                    |       |                               |                                        |                    |             |                      |                                         |                                                    |                                     |
| TL 20                                                                                                                                                    | Number of Full Time Equivalents (calculated as (days worked by participants x number of participants / 230 working days per annum) created through MLIP by end June 2023 | 0                                  | 0                  | All   | R 1 493 933                   | 50                                     | 103                | R1 300 318  | Target over-achieved | None                                    | None                                               | Temporary Employment Contracts      |
| TL 21                                                                                                                                                    | Number of 2021/22 Annual Financial Statements submitted to AGSA by 31 August 2022                                                                                        | 1                                  | 1                  | N/a   | Opex                          | 1                                      | 1                  | R0.00       | Achieved             | None                                    | None                                               | Acknowledgment of Receipt           |
| TL 22                                                                                                                                                    | Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash + investments / Monthly                                 | 1.5                                | 6.05               | N/a   | Opex                          | 1,5                                    | 3.4                | Opex        | Achieved             | None                                    | None                                               | Audited Annual Financial Statements |

# Chapter 3

| Ref No. | Key Performance Indicator/ Unit of Measurement                                                                                  | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 |             |                      |                                         |                                                    |                                     |
|         | fixed operating expenditure) by end December 2023                                                                               |                                    |                    |       |                               |                                        |                    |             |                      |                                         |                                                    |                                     |
| TL 23   | Debt to Revenue Short Term Lease + Long Term Lease / Total Operating Revenue - Operating Conditional Grant by end December 2023 | 2.1                                | 0                  | N/a   | Opex                          | 2.1                                    | 0                  | Opex        | Target achieved      | None                                    | None                                               | Audited Annual Financial Statements |
| TL 24   | Number of 2022/23 Adjustment Budgets submitted to Council for approval by end February 2023                                     | 1                                  | 1                  | N/a   | Opex                          | 1                                      | 1                  | Opex        | Target achieved      | None                                    | None                                               | Council Minutes                     |
| TL 25   | Number of final 2023/24 Budgets submitted to Council by 31 May 2023                                                             | 1                                  | 1                  | N/a   | Opex                          | 1                                      | 1                  | Opex        | Target achieved      | None                                    | None                                               | Council Minutes                     |
| TL 26   | Number of indigent households that received free basic electricity in GTLM by end June 2023                                     | 11 000                             | 10 448             | N/a   | ??                            | 11 000                                 | 3526               | Opex        | Target not achieved  | The target was too high                 | Target to be reduced in the next financial year    | Expenditure report                  |
| TL 27   | Number of indigent households that received free basic water in GTLM by end June 2023                                           | 10                                 | 11                 | N/a   |                               | 10                                     | 13                 | Opex        | Target achieved      | None                                    | None                                               | Expenditure report                  |

# Chapter 3

| Ref No.                                                                             | Key Performance Indicator/ Unit of Measurement                                                         | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 28                                                                               | Number of indigent households that received free basic sanitation in GTLM by end June 2023             | 200                                | 236                | N/a   | Opex                          | 220                                    | 195                | Opex        | Target not achieved  | Some Residents in Reivilo have sewer loads and not the system. They benefit as and when they request the sewer truck | To reduce the target to be equal to all the household connected to municipal sanitation line | Expenditure report           |
| TL 29                                                                               | Number of indigent households that received free basic refuse removal in GTLM by end June 2023         | 220                                | 267                | N/a   | Opex                          | 220                                    | 207                | Opex        | Target not achieved  | Final Stage of Data Capturing of Indigent Registrations                                                              | Ward councillors and ward committees to assist with on-going registration of Indigents       | Expenditure report           |
| TL 30                                                                               | Number of indigent households that received monthly rebates on property rates in GTLM by end June 2023 | 220                                | 129                | N/a   | Opex                          | 220                                    | 205                | Opex        | Target not achieved  | Final Stage of Data Capturing of Indigent Registrations                                                              | Complete data cleansing to avoid duplicates of accounts                                      | Expenditure report           |
| <b>National KPA 5: Good Governance and Public Participation</b>                     |                                                                                                        |                                    |                    |       |                               |                                        |                    |             |                      |                                                                                                                      |                                                                                              |                              |
| <b>Strategic Objectives:</b> Promote a culture of participatory and good governance |                                                                                                        |                                    |                    |       |                               |                                        |                    |             |                      |                                                                                                                      |                                                                                              |                              |
| TL 31                                                                               | Number of 5 year 2023/24 IDP documents tabled to Council by end May 2023                               | 1                                  | 1                  | N/a   | Opex                          | 1                                      | 1                  | Opex        | Target achieved      | None                                                                                                                 | None                                                                                         | Council Resolution. Minutes  |
| TL 32                                                                               | Number of 2021/22 Annual Reports submitted to Council by end January 2023                              | 1                                  | 1                  | N/a   | Opex                          | 1                                      | 1                  | Opex        | Target achieved      | None                                                                                                                 | None                                                                                         | Council Resolution. Minutes  |

# Chapter 3

| Ref No. | Key Performance Indicator/ Unit of Measurement                            | Previous Financial Years 2021-2022 |                    | Wards | Revised Annual Budget 2022/23 | Financial Year Under Review 2022- 2023 |                    | 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 33   | Number of 2021/22 Annual Reports submitted to Council by end January 2023 | 1                                  | 1                  | N/A   | Opex                          | 1                                      | 1                  | Opex        | Target achieved      | None                                    | None                                               | Acknowledgment 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<br>2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments |
|                                                                                |                                              |                    |                        |                 |                                                       |                                                                                                                                                    | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                     |
| Property registration                                                          | Townscape Planning-Theo Coetzee Conveyancers | Operational budget | 2017/18 financial year | June 2022       | Still outstanding properties that are not reported on | <b>Challenges</b><br><br>Work performance is poor-constant delays, not report when required to report<br><b>Intervention</b><br>To be put on terms | 1                                                                                                  | 1         | 1         | 1         |                     |

# Chapter 3

| 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS<br>2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments |
|                                                                                |                          |                    |                          |                 |                                              |                                                                                                                                                                                                                            | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                     |
| Property registration Boipelo                                                  | Ezra Matlala Attorneys   | Operational budget | 2020/2021 Financial year | June 2022       | Awaiting for replacement of title deeds      | <b>Challenges</b><br>Delays with registration due to lost title deeds.<br>The collection of data from the community<br><b>Intervention</b><br>Lessen delays by submitting information on time                              | 3                                                                                                  | 3         | 2         | 2         |                     |
| T/E Pudimoe                                                                    | Emendo                   | Operational budget | 2017/18 financial year   | June 2022       | Registration of SG diagram with deeds office | <b>Challenges</b><br>Delays were incurred at the beginning relating to land allocation by Tribal Councils on municipal land<br><b>Interventions</b><br>Continuing with project without the areas invaded by tribal council | 3                                                                                                  | 4         | 4         | 4         |                     |

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## 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments               |
|-----------------------------------------|-----------------------------------|--------------------|-----------------------------------|------------------|------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------------------------------|
|                                         |                                   |                    |                                   |                  |                                    |                                      | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                                   |
| Disaster material supply                | Turnisho Construction             | Operational budget | 12 months contract<br>01 Mar 2022 | 28 February 2023 | Supply material as and when needed | None                                 | 5                                                                                                  | 5         | 5         | 5         |                                   |
| SDF review                              | Emendo and Liberty Town Planners  | Operational budget | 2021/2022 financial year          | June 2022        | Inception report/vision phase      | <b>Challenges</b><br>None            | 3                                                                                                  | -         | -         | -         | Project was for a short period    |
| Provision of Legal Services for 3 Years | Modiboa Attorneys                 | Operational budget | 30 July 2021                      | 2024/07/30       | None                               | Case only in 2 <sup>nd</sup> quarter | N/a                                                                                                | 3         | 4         | 3         |                                   |
| Provision of Legal Services for 3 Years | Leepile Attorneys                 | Operational budget | 2021/07/30                        | 2024/07/30       | None                               | No cases yet                         | N/a                                                                                                | N/a       | N/a       | N/a       |                                   |
| Valuation Roll                          | Activa Valuation Services         | Own Funds          | 2020                              | 2025             | Good                               | None                                 | 4                                                                                                  | 4         | 4         | 4         |                                   |
| Cash in Transit                         | G4S                               | Own Funds          | 2012                              | Expired          | Good                               | None                                 | 4                                                                                                  | 4         | 4         | 4         |                                   |
| Debt Collection                         | Du Plessis & Viviers              | Own Funds          | 2007                              | Ongoing          | Good                               | None                                 | 4                                                                                                  | 4         | 4         | 4         |                                   |
| Debt Collection                         | Upsurge Construction and Projects | Own Funds          | 2021                              | 2024             | Good                               | None                                 | 4                                                                                                  | 4         | 4         | 4         |                                   |
| Reviewing the Municipal                 | Emendo Project Managers &         | Unit Budget        | 1 March 2022                      | 30 June 2023     | Spatial Proposal to be outlined at | Service provider being slow and PSC  | 4                                                                                                  | 2         | 2         | 2         | Service provider started off on a |

# Chapter 3

| 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS<br>2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments                                                                |
|                                                                                   |                                               |                   |                 |                 |                                                                                               |                                                                                                                                 | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                                                                                    |
| Spatial Development Framework (SDF)                                               | Planner (PTY) LTD & TECHNIPLAN                |                   |                 |                 | the PSC meeting to be held in February                                                        | unavailability to attend meetings                                                                                               |                                                                                                    |           |           |           | higher note and slacked                                                            |
| Park Closure, Rezoning & Subdivision of Portion of Erf 1113 Extension 6, Taung    | Liberty Town Planners                         | Unit Budget       | 1 November 2021 | 31 October 2022 | Spluma application was conditionally approved by the MPT on the 16 November 2023              | Challenges were that council didn't sit on time to amend the composition of the MPT and new MPT proclamation was in August 2023 | 4                                                                                                  | 4         | 4         | 4         | Service provided was good they made sure that the project ran smoothly throughout. |
| Environmental Impact Assessment for Pudimoe Township establishment/fo rmalization | KIMOPAX                                       | Unit Budget       | 1 October 2021  | 5 July 2022     | Project is complete, DEDECT issued the Environmental Authorization on the 5th of October 2023 | Service provider did not attend to comments from DEDECT in time which delayed the project.                                      | 4                                                                                                  | 3         | 3         | 3         | No proper communication etiquette.                                                 |
| Mothanthanyane ng Community Hall                                                  | Best enough trading and projects (Contractor) | MIG               | 20-07-2021      | 08-08-2023      | Complete                                                                                      | Delivery of the structural steel and roof sheets caused a delay.                                                                | 2                                                                                                  | 4         | 4         | 4         | The quality of work and workmanship is good.                                       |



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## 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments                                                                                                |
|-------------------------------------------|------------------------------------------|-------------------|------------|-----------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------|-----------|-----------|--------------------------------------------------------------------------------------------------------------------|
|                                           |                                          |                   |            |                 |                  |                                                                                                                                                                     | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                                                                                                                    |
| Mothanthanyane ng Community Hall          | Hi-End Group<br>(Consultant)             | MIG               | 20-07-2021 | 08-08-2023      | Complete         | Assisted the Contractor in resolving technical issues and problems on site.                                                                                         | 4                                                                                                  | 4         | 4         | 4         | Good communication between the contractor and consultant.                                                          |
| High Mast lights in Various Wards Phase 7 | 115 Electrical<br>(Turnkey)              | MIG               | 20/09/2022 | 12-12-2022      | Complete         | None                                                                                                                                                                | 4                                                                                                  | 4         | 4         | 4         | Good workmanship and quality of work was to standard.                                                              |
| Kgatlheng Stormwater Channel              | TMA Consulting<br>(Consultant)           | MIG               | 04-10-2022 | On-going        | 91%              | Fully participated to intervention meetings to resolve problems within the project.                                                                                 | 3                                                                                                  | 3         | 3         | 3         | The Consultant is fully committed to the project.                                                                  |
| Kgatlheng Stormwater Channel              | Mgugwana/Junior Multi JV<br>(Contractor) | MIG               | 04-10-2022 | On-going        | 91%              | Poor cash flow management. Nonpayment to the local labourers and lack of supervision to Sub-Contractors. Shortage of material caused a great delay to the progress. | 2                                                                                                  | 3         | 1         | 1         | Poor cash flow and resource management by the contractor resulted to poor workmanship and delay to complete works. |

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| 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS<br>2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments                                                                                                   |
|                                                                                |                                                  |                   |            |                 |                  |                                                                                                                                             | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                                                                                                                       |
| Maganeng Access Road                                                           | Mhiduve<br>(Consultant)                          | MIG               | 25-08-2022 | 20-09-2023      | Complete         | Consultant was part of intervention meetings during project life.                                                                           | 3                                                                                                  | 3         | 3         | 3         | The performance of the Consultant was satisfactory.                                                                   |
| Maganeng Access Road                                                           | New Genesis Properties & Project<br>(Contractor) | MIG               | 25-08-2022 | 20-09-2023      | Complete         | Poor planning and lack of resources from the main contractor. Subcontractor with financial muscles was assigned in to complete the project. | 2                                                                                                  | 1         | 2         | 2         | The performance of the main contractor was decimally poor. The assigned subcontractor's performance was satisfactory. |
| Buxton Access Road                                                             | Engineering Aces<br>(Consultant)                 | MIG               | 01-09-2022 | 20-10-2023      | Complete         | Difficulties during the setting out due to incorrect information from the consultant delayed the contractor.                                | 4                                                                                                  | 3         | 3         | 3         | The performance of the Consultant was average during the project period.                                              |
| Buxton Access Road                                                             | Mopani Civils<br>(Contractor)                    | MIG               | 01-09-2022 | 20-10-2023      | Complete         | Poor cash-flow management by the Contractor. Fair workmanship due to lack of supervision to subcontractors and general workers by           | 3                                                                                                  | 4         | 2         | 2         | The performance of the Contractor was fair as he showed lack of committed during the duration of the project.         |

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| 9. ANNUAL PERFORMANCE ASSESMENT OF SERVICE PROVIDERS<br>2022/23 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<br>(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent |           |           |           | Assessment comments                                                                                      |
|                                                                                |                                                |                   |            |                 |                  |                                                                          | Quarter 1                                                                                          | Quarter 2 | Quarter 3 | Quarter 4 |                                                                                                          |
|                                                                                |                                                |                   |            |                 |                  | the site agent. Inadequate communication between main and subcontractor. |                                                                                                    |           |           |           |                                                                                                          |
| Physical Security Service                                                      | Diphetogo Security                             | Own funding       | 01/06/2020 | 30/06/2023      | Complete         | None                                                                     | 3                                                                                                  | 3         | 3         | 3         | Security Guards of Diphetogo not having tools of trade                                                   |
| Gasebusho Community Hall                                                       | Nemorango Consulting engineers<br>(Consultant) | MIG               | 06/12/2021 | 13/12/2022      | Complete         | Communication between the PSP, Contractor & Client was poor.             | 2                                                                                                  | 2         | N/A       | N/A       | The Consultant showed lack of commitment to the project.                                                 |
| Gasebusho Community Hall                                                       | Bakone Pride<br>(Contractor)                   | MIG               | 06/12/2021 | 13/12/2022      | Complete         | Slow progress due to unavailability of material.                         | 2                                                                                                  | 2         | N/A       | N/A       | They Completed the project however we struggled with commitment from the Contractor during construction. |

# 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                       | 2021/2022  | 2022/2023      |            |           |            |
|                                   | Employees  | Approved Posts | Employees  | Vacancies | Vacancies  |
|                                   | No.        | No.            | No.        | No.       | %          |
| Waste Water (Sanitation)          | 34         | 6              | 33         | 5         | 14 %       |
| Electricity                       | 3          | 2              | 3          | 0         | %          |
| Housing                           | 6          | 6              | 6          | 0         | %          |
| Waste Water (Stormwater Drainage) | 31         | 1              | 31         | 7         | 22 %       |
| Roads                             | 3          | 5              | 3          | 0         | 0 %        |
| Technical                         | 9          | 6              | 9          | 3         | 30%        |
| PMU                               | 5          | 3              | 5          | 0         | 0%         |
| Local Economic Development        | 4          | 4              | 4          | 1         | 25 %       |
| Planning (Strategic & Regulatory) | 2          | 2              | 2          | 0         | 0 %        |
| Community & Social Services       | 88         | 11             | 85         | 11        | 13 %       |
| Office of Municipal Manager       | 16         | 15             | 13         | 4         | 31 %       |
| Corporate Services                | 41         | 16             | 41         | 5         | 13 %       |
| Political Office                  | 16         | 11             | 16         | 0         | 0%         |
| Finance                           | 37         | 7              | 36         | 9         | 25%        |
| <b>Totals</b>                     | <b>295</b> | <b>95</b>      | <b>284</b> | <b>42</b> | <b>15%</b> |
|                                   |            |                |            |           | T 4.1.1    |

| Vacancy Rate: 2022/2023                                           |                       |                                                                         |                                                              |
|-------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------|--------------------------------------------------------------|
| 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                     | 1                                                                       | 100%                                                         |
| CFO                                                               | 1                     | 1                                                                       | 0                                                            |
| Other S56 Managers (excluding Finance Posts)                      | 4                     | 2                                                                       | 50%                                                          |
| Other S56 Managers (Finance posts)                                | 0                     | 0                                                                       |                                                              |
| Senior management: Levels 13-16 (excluding Finance Posts)         | 14                    | 3                                                                       | 21%                                                          |
| Senior management: Levels 13-16 (Finance posts)                   | 4                     | 1                                                                       | 25%                                                          |
| Highly skilled supervision: levels 9-12 (excluding Finance posts) | 53                    | 3                                                                       | 6%                                                           |
| Highly skilled supervision: levels 9-12 (Finance posts)           | 14                    | 1                                                                       | 7%                                                           |
| <b>Total</b>                                                      |                       |                                                                         |                                                              |
|                                                                   |                       |                                                                         | T 4.1.2                                                      |

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| Turn- over Rate |                                                            |                                              |                        |
|-----------------|------------------------------------------------------------|----------------------------------------------|------------------------|
| Details         | Total Appointment as of beginning of financial year<br>No. | Termination during the financial year<br>No. | Turn- over Rate<br>No. |
| 2020/2021       | 9                                                          | 2                                            | 2%                     |
| 2021/2022       | 30                                                         | 5                                            | 0.16                   |
| 2022/2023       | 16                                                         | 17                                           | 1.06                   |

## COMMENT ON VACANCIES AND TURNOVER:

The position of the municipal manager became vacant on the 09<sup>th</sup> of November 2022 and immediately council appointed the Senior Manager responsible for Planning and Human Settlement as the acting Municipal Manager. Furthermore, on the 01 February the position of the Senior Manager Community and Social Services became vacant, and the council of the municipality took resolution to appoint the Manager responsible for Performance Management System to act in the position until the position is filled. As prescribed by the Regulations for the appointment of Senior Managers, both positions of the Municipal Manager and Community Services Director have been advertised externally on national newspapers (Sowetan, City Press and Sunday times). Internal candidates were also encouraged to apply. The cumbersome process of recruitment that is line with Regulations for the appointment of Senior Managers is underway.

T 4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Workforce management is achieved through proper human resources processes and procedures, aligned to Section 67 of the Municipal Systems Act, 32 of 2000, which ensures compliance with the development and adoption of appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. This is achieved through the Human Resource Policies contained in the municipality's Integrated Development Plan (IDP). Adherence and compliance with applicable legislation and reviewing policies, procedures and processes aimed at regulating the workplace also further assists in workforce management.

#### Policy Review and Development

GTLM as an evolving and developmental Local Government Institution, regularly reviews its policies, processes and procedures to ensure all processes followed, implemented and executed are open, transparent and aligned to legislative requirements, not to unfairly discriminate against employees. Policy Review is part of Management's Performance Indicators and monitored through the Performance Management System.

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.

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-

# Chapter 4

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.

| 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%     |        |        |       |       |

T 4.2.0

## 4.2 POLICIES

| HR Policies and Plans |                                             |           |          |                                                        |
|-----------------------|---------------------------------------------|-----------|----------|--------------------------------------------------------|
|                       | Name of Policy                              | Completed | Reviewed | Date adopted by council or comment on failure to adopt |
|                       |                                             | %         | %        |                                                        |
| 1                     | Affirmative Action                          |           |          | 03 December 2019                                       |
| 2                     | Cellphone Allowance Policy                  |           |          | 26 August 2022                                         |
| 3                     | Code of Conduct for employees               |           |          | Regulated, not to be adopted                           |
| 4                     | Delegations, Authorisation & Responsibility |           |          |                                                        |
| 5                     | Disciplinary Code and Procedures            |           |          | Bargaining Council Collective agreement                |
| 6                     | Employee Assistance / Wellness              |           |          | 26 August 2022                                         |
| 7                     | Employment Equity                           |           |          | 03 December 2019                                       |
| 8                     | Grievance Procedures                        |           |          | Bargaining Council Collective agreement                |
| 9                     | Job Evaluation                              |           |          | Bargaining Council Policy                              |
| 10                    | Leave                                       |           |          | 03 December 2019                                       |
| 11                    | Recruitment, Selection and Appointments     |           |          | 26 August 2022                                         |
| 12                    | Remuneration Scales and Allowances          |           |          | Collective agreement                                   |

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|                                                                                                    |                                             |  |                |
|----------------------------------------------------------------------------------------------------|---------------------------------------------|--|----------------|
| 13                                                                                                 | Sexual Harassment                           |  | To be reviewed |
| 14                                                                                                 | Skills Development                          |  | 26 August 2022 |
| 15                                                                                                 | Vehicle Allowance Policy                    |  | 26 August 2022 |
| 16.                                                                                                | Subsistence and travelling Allowance Policy |  | 26 August 2022 |
| 17.                                                                                                | Transfer Policy                             |  | 26 August 2022 |
| 18.                                                                                                | Acting Policy                               |  | 26 August 2022 |
| <i>Use name of local policies if different from above and at any other HR policies not listed.</i> |                                             |  |                |

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.

## 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                                 | -                    |
| <b>Total</b>                          | <b>0</b>           | <b>0</b>                     | <b>0</b>                              | <b>0</b>                          | <b>-</b>             |

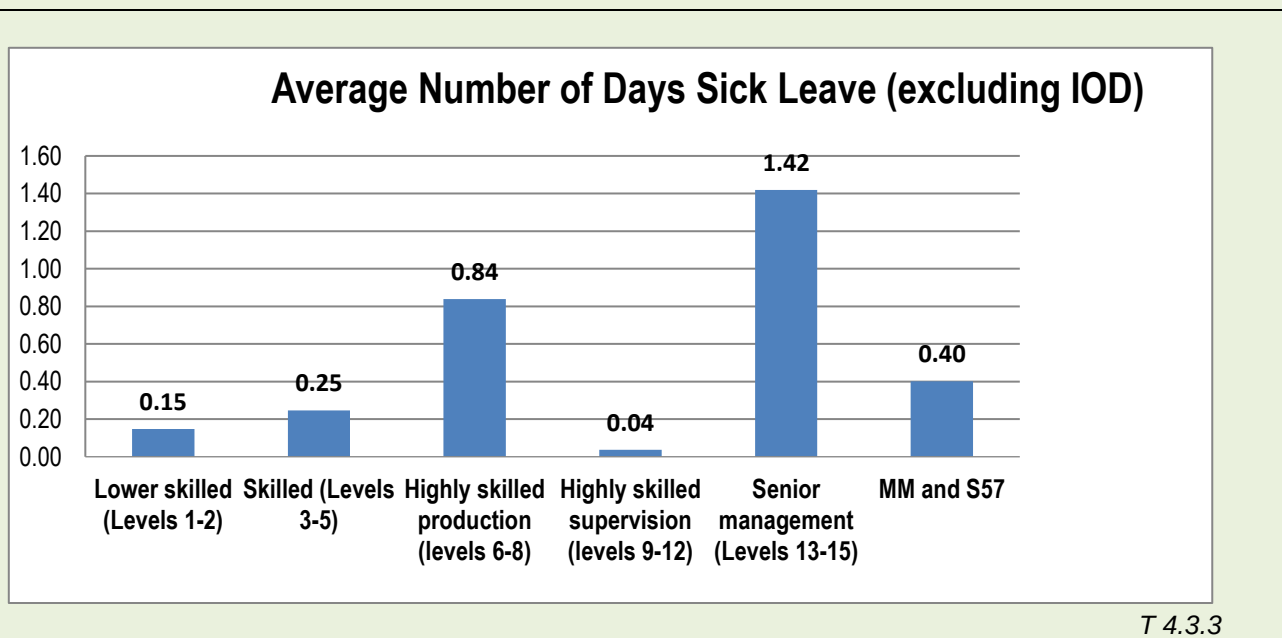
T 4.3.1



# Chapter 4

| 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 |
|                                                                    | Days             | %                                                      | No.                        | No.                      | Days                              |
| Lower skilled (Levels 1-2)                                         | 24               | 90%                                                    | 10                         | 30                       | 0,15                              |
| Skilled (Levels 3-5)                                               | 40               | 42%                                                    | 98                         | 22                       | 0,25                              |
| Highly skilled production (levels 6-8)                             | 136              | 58%                                                    | 44                         | 58                       | 0,84                              |
| Highly skilled supervision (levels 9-12)                           | 6                | 95%                                                    | 2                          | 26                       | 0,04                              |
| Senior management (Levels 13-15)                                   | 230              | 66%                                                    | 17                         | 18                       | 1,42                              |
| MM and S57                                                         | 65               | 60%                                                    | 6                          | 8                        | 0,40                              |
| <b>Total</b>                                                       | <b>501</b>       | <b>69%</b>                                             | <b>177</b>                 | <b>162</b>               | <b>3,09</b>                       |

T 4.3.2



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

# Chapter 4

| Number and Period of Suspensions |                              |                    |                                                                                      |                   |
|----------------------------------|------------------------------|--------------------|--------------------------------------------------------------------------------------|-------------------|
| Position                         | Nature of Alleged Misconduct | Date of Suspension | Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised | Date Finalised    |
| Electrician                      | Gross insubordination        | 06/10/2022         | Case is underway                                                                     | Not yet finalised |
|                                  |                              |                    |                                                                                      |                   |
| 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 |
| None                                                       | N/a                                                                         | N/a                       | N/a            |
|                                                            |                                                                             |                           |                |
|                                                            |                                                                             |                           |                |
| T 4.3.6                                                    |                                                                             |                           |                |

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 2022/23 financial year with its attended Training Plan was

# Chapter 4

submitted to the Sector Education and Training Authority for Local Government (LGSETA) by 28 April 2022 as per requirement.

Emphasis has been on encouraging Municipal compliance with the Skills Development legislation, we continue to encourage compliance but we also emphasize 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,

*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 2022 | Number of skilled employees required and actual as at 30 June Year 2023 |                        |                          |                                         |                        |                          |                         |                        |                          |                  |                        |                          |
|                                                          |        |                                           | Learnerships                                                            |                        |                          | Skills programmes & other short courses |                        |                          | Other forms of training |                        |                          | Total            |                        |                          |
|                                                          |        |                                           | No.                                                                     | Actual: End of 2020/21 | Actual: End of 2021/2022 | 2021/2022 Target                        | Actual: End of 2020/21 | Actual: End of 2021/2022 | 2021/2022 Target        | Actual: End of 2020/21 | Actual: End of 2021/2022 | 2021/2022 Target | Actual: End of 2020/21 | Actual: End of 2021/2022 |
| MM and s57                                               | Female | 2                                         | 0                                                                       | 0                      | 0                        | 0                                       | 1                      | 1                        | 0                       | 0                      | 0                        | 0                | 1                      | 1                        |
|                                                          | Male   | 4                                         | 0                                                                       | 0                      | 0                        | 0                                       | 1                      | 1                        | 0                       | 0                      | 0                        | 0                | 1                      | 1                        |
| Councillors, senior officials and managers               | Female | 19                                        | 0                                                                       | 0                      | 0                        | 0                                       | 0                      | 5                        | 15                      | 10                     | 19                       | 15               | 10                     | 19                       |
|                                                          | Male   | 29                                        | 0                                                                       | 0                      | 0                        | 0                                       | 0                      | 0                        | 19                      | 15                     | 29                       | 19               | 15                     | 29                       |
| Technicians and associate professionals*                 | Female | 8                                         | 0                                                                       | 0                      | 0                        | 0                                       | 0                      | 3                        | 0                       | 0                      | 0                        | 0                | 0                      | 3                        |
|                                                          | Male   | 11                                        | 2                                                                       | 0                      | 2                        | 0                                       | 1                      | 4                        | 0                       | 0                      | 2                        | 2                | 1                      | 6                        |
| Professionals                                            | Female | 55                                        | 9                                                                       | 0                      | 2                        | 0                                       | 9                      | 10                       | 0                       | 3                      | 0                        | 9                | 12                     | 12                       |
|                                                          | Male   | 26                                        | 4                                                                       | 0                      | 0                        | 0                                       | 10                     | 10                       | 0                       | 0                      | 0                        | 4                | 10                     | 10                       |
| Sub total                                                | Female | 84                                        | 9                                                                       | 0                      | 2                        | 0                                       | 10                     | 19                       | 15                      | 13                     | 24                       | 24               | 23                     | 35                       |
|                                                          | Male   | 70                                        | 6                                                                       | 0                      | 4                        | 0                                       | 12                     | 15                       | 19                      | 15                     | 31                       | 25               | 26                     | 35                       |
| Total                                                    |        | 308                                       | 30                                                                      | 0                      | 10                       | 0                                       | 44                     | 68                       | 68                      | 56                     | 105                      | 93               | 99                     | 151                      |
| *Registered with professional Associate Body e.g CA (SA) |        |                                           |                                                                         |                        |                          |                                         |                        |                          |                         |                        |                          |                  |                        | T 4.5.1                  |

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## 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:

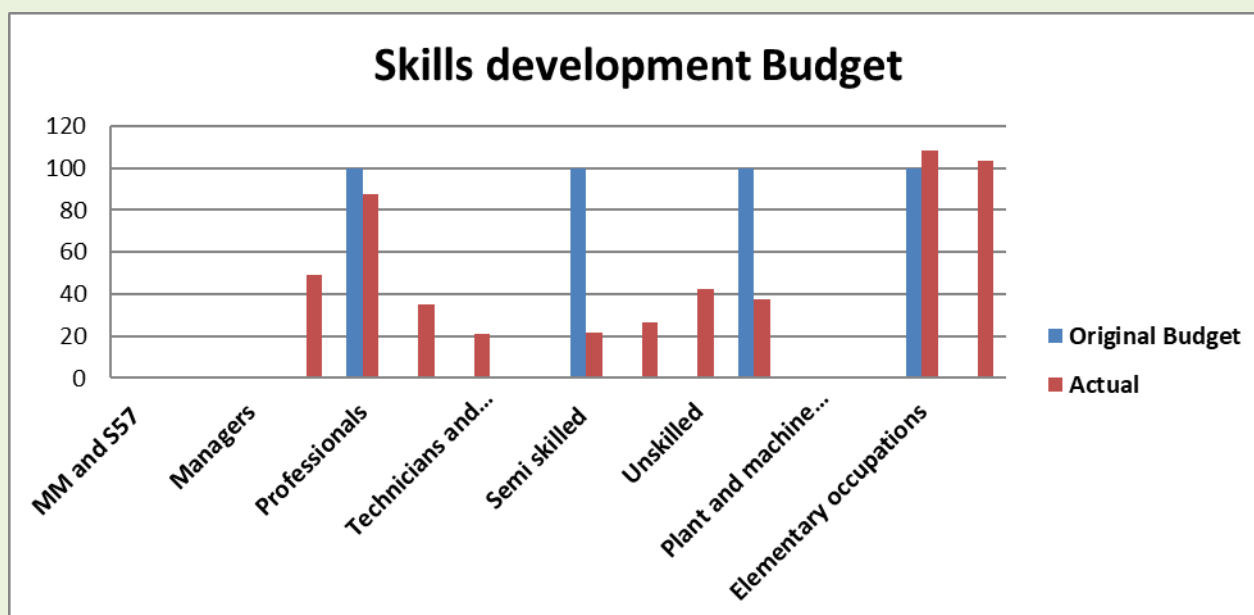
| Financial Competency Development: Progress Report*                                                                  |                                                                                                    |                                                                                                             |                                       |                                                                                                               |                                                                                                                                                        |                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Description                                                                                                         | A.<br>Total number of<br>officials employed<br>by municipality<br>(Regulation<br>14(4)(a) and (c)) | B.<br>Total number of<br>officials employed<br>by municipal<br>entities<br>(Regulation<br>14(4)(a) and (c)) | Consolidate<br>d: Total of A<br>and B | Consolidated:<br>Competency<br>assessments<br>completed for<br>A and B<br>(Regulation<br>14(4)(b) and<br>(d)) | Consolidate<br>d: Total<br>number of<br>officials<br>whose<br>performance<br>agreements<br>comply with<br>Regulation<br>16<br>(Regulation<br>14(4)(f)) | Consolidated:<br>Total number<br>of officials<br>that meet<br>prescribed<br>competency<br>levels<br>(Regulation<br>14(4)(e)) |
| <b>Financial Officials</b>                                                                                          |                                                                                                    |                                                                                                             |                                       |                                                                                                               |                                                                                                                                                        |                                                                                                                              |
| Accounting officer                                                                                                  | 1                                                                                                  | 0                                                                                                           | 1                                     | 0                                                                                                             | 1                                                                                                                                                      | 1                                                                                                                            |
| Chief financial officer                                                                                             | 1                                                                                                  | 0                                                                                                           | 1                                     | 0                                                                                                             | 1                                                                                                                                                      | 1                                                                                                                            |
| Senior managers                                                                                                     | 4                                                                                                  | 0                                                                                                           | 4                                     | 0                                                                                                             | 4                                                                                                                                                      | 4                                                                                                                            |
| Any other financial<br>officials                                                                                    | 29                                                                                                 | 0                                                                                                           | 29                                    | 0                                                                                                             | 0                                                                                                                                                      | 14                                                                                                                           |
| <b>Supply Chain<br/>Management Officials</b>                                                                        |                                                                                                    |                                                                                                             |                                       |                                                                                                               |                                                                                                                                                        |                                                                                                                              |
| Heads of supply chain<br>management units                                                                           |                                                                                                    |                                                                                                             |                                       |                                                                                                               |                                                                                                                                                        |                                                                                                                              |
| Supply chain<br>management senior<br>managers                                                                       | 1                                                                                                  | 0                                                                                                           | 1                                     | 0                                                                                                             | 0                                                                                                                                                      | 1                                                                                                                            |
| <b>TOTAL</b>                                                                                                        | <b>36</b>                                                                                          | <b>0</b>                                                                                                    | <b>36</b>                             | <b>0</b>                                                                                                      | <b>6</b>                                                                                                                                               | <b>21</b>                                                                                                                    |
| * 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'000     |
| Management level                                                                             | Gender | Employees as at the beginning of the financial year | Original Budget and Actual Expenditure on skills development 2021/22 |        |                                         |         |                         |          |                 |           |
|                                                                                              |        |                                                     | Learnerships                                                         |        | Skills programmes & other short courses |         | Other forms of training |          | Total           |           |
|                                                                                              |        | No.                                                 | Original Budget                                                      | Actual | Original Budget                         | Actual  | Original Budget         | Actual   | Original Budget | Actual    |
| MM and S57                                                                                   | Female | 2                                                   | 0                                                                    | 0      | 0                                       | 0       | 0                       | 0        | 0               | 0         |
|                                                                                              | Male   | 4                                                   | 0                                                                    | 0      | 0                                       | 0       | 0                       | 0        | 0               | 0         |
| Legislators, senior officials and managers                                                   | Female | 32                                                  | 0                                                                    | 0      | 0                                       | 0       | R100 000                | R159 438 | R100 000        | R159 438  |
|                                                                                              | Male   | 41                                                  | 0                                                                    | 0      | 0                                       | 0       | R100 000                | R159 588 | R100 000        | R159 588  |
| Professionals                                                                                | Female | 55                                                  | 0                                                                    | 0      | R50000                                  | R98100  | R50 000                 | R49 493  | R100 000        | R147 593  |
|                                                                                              | Male   | 26                                                  | 0                                                                    | 0      | R50000                                  | R98100  | R50 000                 | R33 430  | R100 000        | R131530   |
| Technicians and associate professionals                                                      | Female | 8                                                   | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R6 521   | R50 000         | R6 521    |
|                                                                                              | Male   | 11                                                  | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R19 565  | R50 000         | R19 565   |
| Clerks                                                                                       | Female | 9                                                   | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R9 570   | R50 000         | R9 570    |
|                                                                                              | Male   | 1                                                   | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | 27 489   | R50 000         | R27 489   |
| Service and sales workers                                                                    | Female | 7                                                   | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R0       | R50 000         | R0        |
|                                                                                              | Male   | 3                                                   | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R0       | R50 000         | R0        |
| Plant and machine operators                                                                  | Female | 0                                                   | 0                                                                    | 0      | 0                                       | 0       | R0                      | R0       | R0              | R0        |
|                                                                                              | Male   | 14                                                  | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R26 607  | R50 000         | R26 607   |
| Elementary occupations                                                                       | Female | 103                                                 | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R4 248   | R50 000         | R4 248    |
|                                                                                              | Male   | 90                                                  | 0                                                                    | 0      | 0                                       | 0       | R50 000                 | R37 289  | R50 000         | R37 289   |
| Sub total                                                                                    | Female | 216                                                 | 0                                                                    | 0      | R50000                                  | R98100  | R350 000                | R229 270 | R400 000        | R327 370  |
|                                                                                              | Male   | 190                                                 | 0                                                                    | 0      | R100000                                 | R98100  | R400 000                | R303 968 | R500 000        | R402 068  |
| Total                                                                                        |        | 406                                                 | 0                                                                    | 0      | 150 000                                 | 196 200 | 750 0000                | R533 239 | R900 000        | R729 439  |
| *% and *R value of municipal salaries (original budget) allocated for workplace skills plan. |        |                                                     |                                                                      |        |                                         |         |                         |          | %*              | *R927 500 |
| 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.

According to Section 83(1) of the Municipal Finance Management Act, The accounting officer, Senior managers (Section 57 Managers), The Chief Financial Officer, Financial Managers and Nonfinancial Managers must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. The National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

The expenditure on skills development increases annually due to employees embarking on various skills development interventions, the education at higher institution is becoming more expensive and that more training is legislated. The municipality spend R1 169 256,13 from FMG and other grand.

The Total Budget for the 2022/23 budget is R900 000, The total expenditure is R 941 673( R 729 439.41 used for Employed and the R227 453.86 spent for Non Employed which would be considered as unauthorised expenditure according to the Municipal Finance Management Act.

# Chapter 4

According to the Skills Development Levies Act the municipality is required to pay the 1% of its monthly remuneration in the form of a levy and it claims back the percentage in a form of a mandatory grant. The mandatory grant is paid quarterly to the municipality and it should be noted that those funds should specifically be spent on capacitating employees as well as Non Employees.

*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 2022/2023 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 workshoped 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                  |
| Senior ICT Technician                                                       | 1                   | 12                   | 14                 | Personal to holder principle applies. |
| Agricultural rural Dev Coordinator                                          | 1                   | 11                   | 12                 | Personal to holder principle applies  |
| Chief Librarian                                                             | 1                   | 11                   | 12                 | Personal to holder principle applies  |
| Special project coordinator                                                 | 1                   | 9                    | 10                 | Personal to holder principle applies  |
| Assets Accountant                                                           | 1                   | 12                   | 15                 | Personal to holder principle applies  |
| Driver messenger                                                            | 3                   | 5                    | 6                  | Personal to holder principle applies  |
| Receptionist                                                                | 4                   | 5                    | 7                  | Personal to holder principle applies  |
| Horticulturist                                                              | 1                   | 10                   | 9                  | Personal to holder principle applies  |
| Foreman                                                                     | 4                   | 9                    | 10                 | Personal to holder principle applies  |

T 4.6.3

# Chapter 4

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

The purpose of the Statement of Financial Performance is to give an account of the results of GTLM's operations. These transactions result from the operating budget. The result is expressed as being either a surplus or a deficit (being the difference between Revenue and Expenditure). A surplus is indicative of Revenue being more than Expenditure and a deficit of Expenditure being more than Revenue. The purpose of the Statement of Financial Position is to give an account of the assets and liabilities at the end of the financial year. Net assets are shown, which are the difference between the assets and the liabilities. The cash flow statement shows the net cash result. Technically, the statement starts with the accounting surplus as per the Statement of Financial Performance which gets adjusted for all non-cash transactions. All other cash transactions not resulting from the Statement of Financial Performance are recorded. These items can be referenced back to both the capital budget as well as the items reported as part of the quarterly Section 11-withdrawals reports, submitted to Council.

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 2023. 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 2022-2023 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 2022/2023 was R370 027 911 as per adjustment budget approved by council. A total of R55 214 325 was spent on the capital projects that were identified by the municipality with the main aim of enhancing service delivery.

*T 5.0.1*

# Chapter 5

## COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

### INTRODUCTION TO FINANCIAL STATEMENTS

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

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.

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 2023. 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 is 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 adequate and consequently a more detailed needs requirements for construction, operations, maintenance and eventual community assets renewals is necessary.

# Chapter 5

## **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:

- Operation, maintenance, renewal and upgrade of CBD, Towns of Taung, Reivilo and Pudimoe and the Villages listed as Priority in the IDP.

*T 5.3.1*



# Chapter 5

| TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2020/2021 – 2022/2023 |                                                      |             |         |  |
|----------------------------------------------------------------------|------------------------------------------------------|-------------|---------|--|
| Asset 1                                                              |                                                      |             |         |  |
| Name                                                                 |                                                      |             |         |  |
| Description                                                          |                                                      |             |         |  |
| Asset Type                                                           |                                                      |             |         |  |
| Key Staff Involved                                                   |                                                      |             |         |  |
| Staff Responsibilities                                               |                                                      |             |         |  |
| Asset Value                                                          | 2020/21                                              | 2021/22     | 2022/23 |  |
|                                                                      |                                                      |             |         |  |
| Capital Implications                                                 | Increases the number of assets in the asset register |             |         |  |
| Policies in Place to Manage Asset                                    | MIG                                                  |             |         |  |
| Asset 2                                                              |                                                      |             |         |  |
| Name                                                                 |                                                      |             |         |  |
| Description                                                          |                                                      |             |         |  |
| Asset Type                                                           |                                                      |             |         |  |
| Key Staff Involved                                                   |                                                      |             |         |  |
| Staff Responsibilities                                               |                                                      |             |         |  |
| Asset Value                                                          | 2020/21                                              | 2021/22     | 2022/23 |  |
|                                                                      | New Project                                          | New Project |         |  |
| Capital Implications                                                 | Increases the number of assets in the asset register |             |         |  |
| Policies in Place to Manage Asset                                    | MIG                                                  |             |         |  |
| Asset 3                                                              |                                                      |             |         |  |
| Name                                                                 |                                                      |             |         |  |
| Description                                                          |                                                      |             |         |  |
| Asset Type                                                           |                                                      |             |         |  |
| Key Staff Involved                                                   |                                                      |             |         |  |
| Staff Responsibilities                                               |                                                      |             |         |  |
| Asset Value                                                          | 2020/21                                              | 2021/22     | 2022/23 |  |
|                                                                      | New Project                                          | New Project |         |  |
| Capital Implications                                                 | Increases the number of assets in the asset register |             |         |  |
| Policies in Place to Manage Asset                                    | MIG                                                  |             |         |  |
| T 5.3.2                                                              |                                                      |             |         |  |

## 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

# Chapter 5

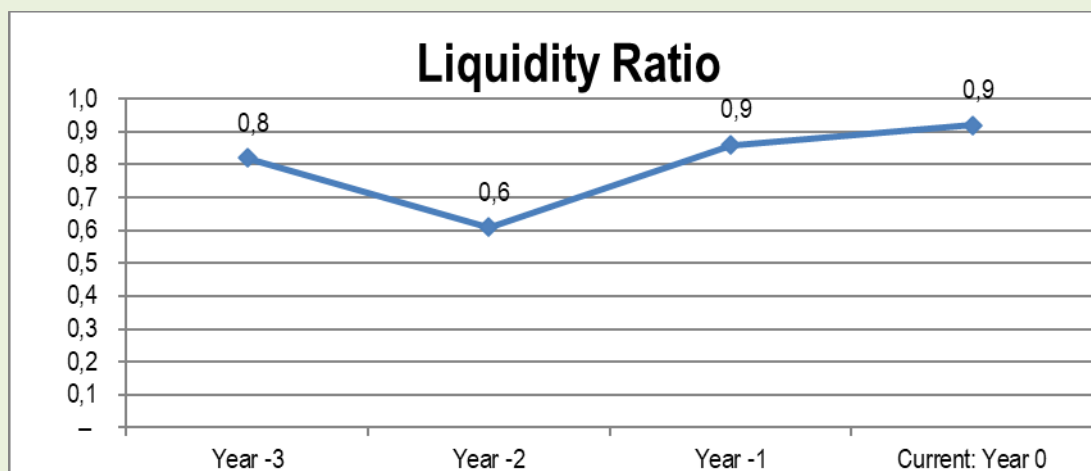
| Repair and Maintenance Expenditure: 2022/2023 |                 |                   |        |                 |
|-----------------------------------------------|-----------------|-------------------|--------|-----------------|
| R' 000                                        |                 |                   |        |                 |
|                                               | 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

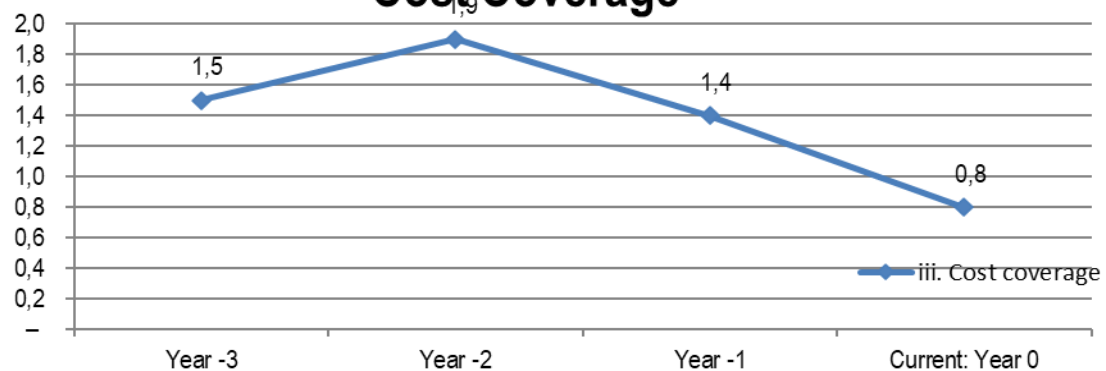


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year ) by the municipality's current liabilities. A higher ratio is better.

T 5.4.1

# Chapter 5

## Cost Coverage

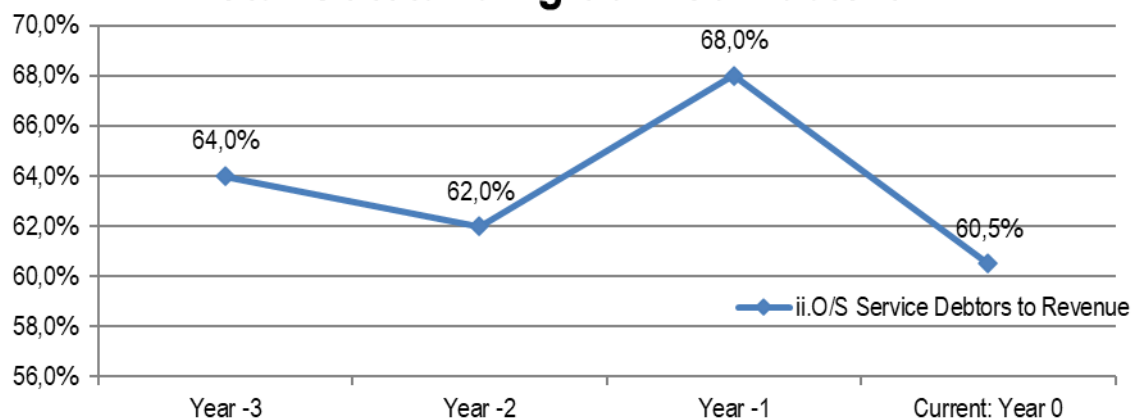


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

## Total Outstanding Service Debtors

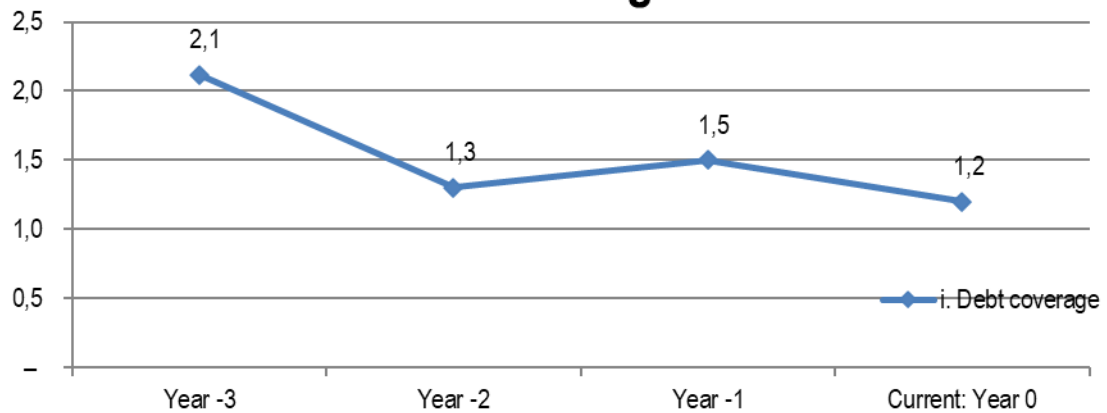


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

T 5.4.3

# Chapter 5

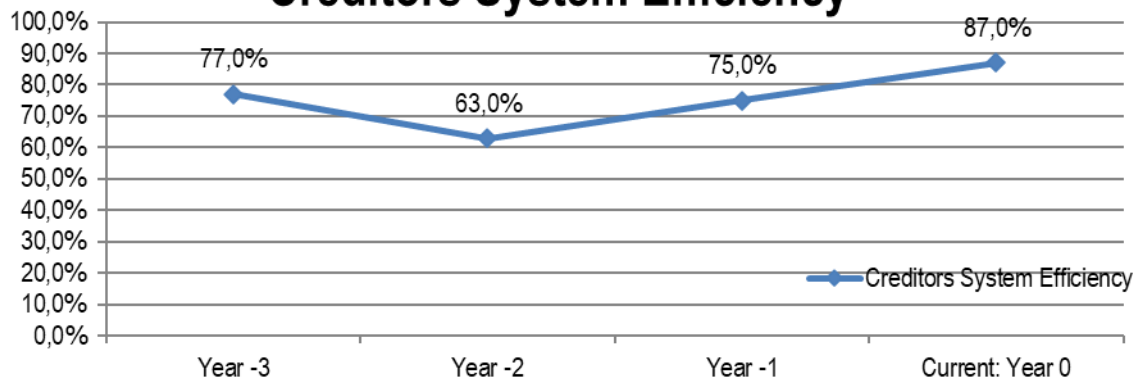
## Debt Coverage



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

## Creditors System Efficiency

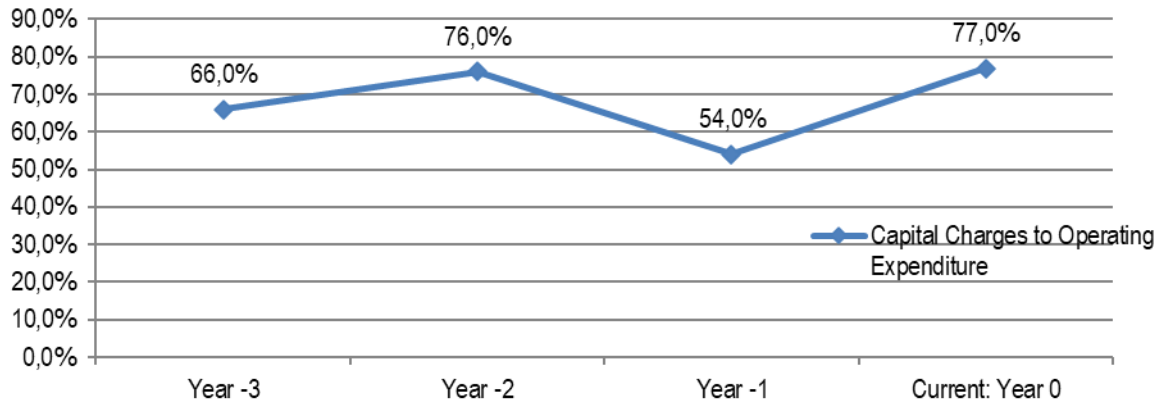


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases  
Data used from MBRR SA8

T 5.4.5

# Chapter 5

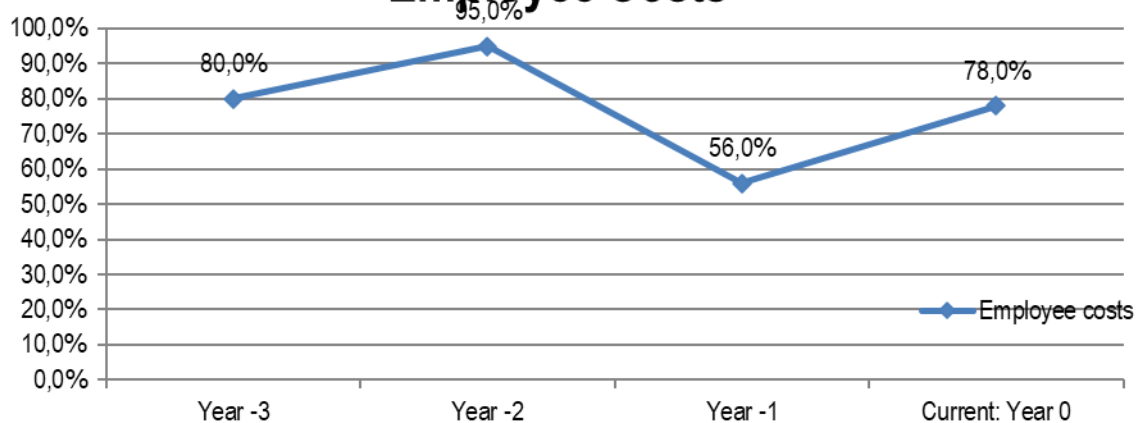
## Capital Charges to Operating Expenditure



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

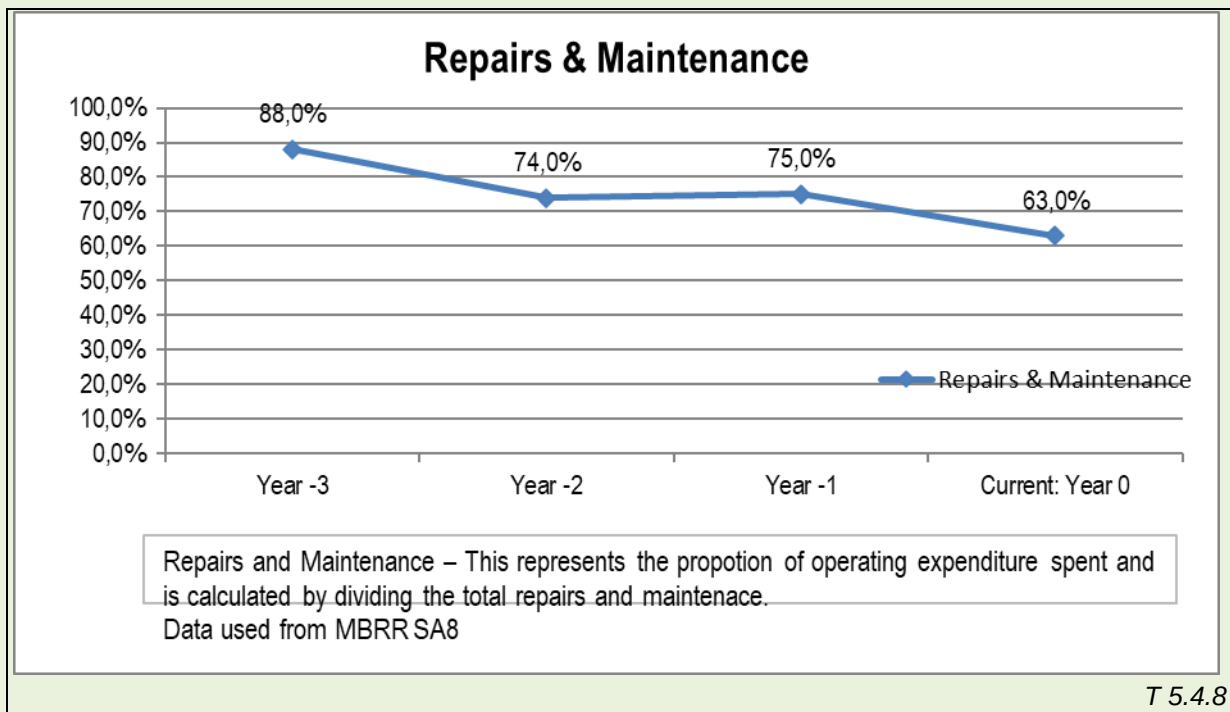
## Employee Costs



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

# 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 2022 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.

# Chapter 5

## **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*

## 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

*T 5.5.1*

## 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: 2022/2023                                                                                                                                              |                   |                    | Variance: 2022/23     |                         |
|                                                                         | Original Budget                                                                                                                                                 | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment variance (%) |
| A - Name of Project<br>Construction of Maganeng Access Road             | R13,400,000.00                                                                                                                                                  | R15,689,291.63    | R10,451,727.79     | 78%                   | 67%                     |
| B - Name of Project<br>Construction of Buxton Access Road               | R12,500,000.00                                                                                                                                                  | R13,872,540.14    | R12,270,929.71     | 98%                   | 88%                     |
| C - Name of Project<br>Construction of Kgatlheng Stormwater Channel     | R10,804,082.76                                                                                                                                                  | R0.00             | R9,111,292.60      | 84%                   | 0%                      |
| D - Name of Project<br>Construction of highmast lights in various wards | R8,750,767.25                                                                                                                                                   | R9,114,799.20     | R9,114,799.20      | 104%                  | 100%                    |
| E - Name of Project<br>Construction of Mothanthanyaneng Community Hall  | R6,000,000.00                                                                                                                                                   | R6,310,429.95     | R4,655,387.23      | 78%                   | 74%                     |
| <i>* Projects with the highest capital expenditure in 2022/23</i>       |                                                                                                                                                                 |                   |                    |                       |                         |
| <b>Name of Project - A</b>                                              | Construction of Maganeng Access Road                                                                                                                            |                   |                    |                       |                         |
| Objective of Project                                                    | Construction of a 3km interlocking paving road with the necessary stormwater, kerbing and main road markings and signs.                                         |                   |                    |                       |                         |
| Delays                                                                  | SMME strikes, inclement weather, poor cashflow management by the Contractor, delayed supply of material.                                                        |                   |                    |                       |                         |
| Future Challenges                                                       | Delayed completion of the project.                                                                                                                              |                   |                    |                       |                         |
| Anticipated citizen benefits                                            | 2549                                                                                                                                                            |                   |                    |                       |                         |
| <b>Name of Project - B</b>                                              | Construction of Buxton Access Road                                                                                                                              |                   |                    |                       |                         |
| Objective of Project                                                    | Construction of a 3km interlocking paving road with the necessary stormwater, kerbing and main road markings and signs.                                         |                   |                    |                       |                         |
| Delays                                                                  | Community and SMME strikes, inclement weather, poor cashflow management by the Contractor, delayed supply of material.                                          |                   |                    |                       |                         |
| Future Challenges                                                       | Delayed completion of the project.                                                                                                                              |                   |                    |                       |                         |
| Anticipated citizen benefits                                            | 2254                                                                                                                                                            |                   |                    |                       |                         |
| <b>Name of Project - C</b>                                              | Construction of Kgatlheng Stormwater Channel                                                                                                                    |                   |                    |                       |                         |
| Objective of Project                                                    | Construction of a 2.6km long stormwater management system. It includes interlocking paved V-shaped road and trapezoidal stone-pitched open channel.             |                   |                    |                       |                         |
| Delays                                                                  | Community and SMME disruptions, inclement weather, poor cashflow management by the Contractor and delayed supply of material.                                   |                   |                    |                       |                         |
| Future Challenges                                                       | Delayed completion of the project.                                                                                                                              |                   |                    |                       |                         |
| Anticipated citizen benefits                                            | 5250                                                                                                                                                            |                   |                    |                       |                         |
| <b>Name of Project - D</b>                                              | Construction of high-mast lights in various wards                                                                                                               |                   |                    |                       |                         |
| Objective of Project                                                    | Construction and supply of fittings, testing of electrical components of high-mast lights. Please note supply of electricity connection point is done by Eskom. |                   |                    |                       |                         |
| Delays                                                                  | Delays in Eskom energizing the lights.                                                                                                                          |                   |                    |                       |                         |



# Chapter 5

|                              |                                                                                                                                         |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Future Challenges            | Community vandalizing the lumens due to prolonged energizing of lights.                                                                 |
| Anticipated citizen benefits | 14968                                                                                                                                   |
| <b>Name of Project - E</b>   | Construction of Mothanthanyaneng Community Hall                                                                                         |
| Objective of Project         | Construction of a 300 seater hall with ablution facilities, office/boardroom, water and sewer provisions, guardroom and perimeter fence |
| Delays                       | Inclement weather and delayed supply of material.                                                                                       |
| Future Challenges            | Delayed completion of the project.                                                                                                      |
| Anticipated citizen benefits | 694                                                                                                                                     |

## COMMENT ON CAPITAL PROJECTS:

The municipality was allocated an MIG Budget of R 54,163,000 for the financial year 2022/23. The delays in procurement and community disputes resulted in the budget being reduced to R40,218,000.00. In 2022/23FY MIG was allocated R54 163 000.00

T 5.7.1.1

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

No introduction information provided by department

T 5.8.1

| Service Backlogs as at 30 June 2023                                                                                                        |                                       |       |                                        |       |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------|----------------------------------------|-------|
|                                                                                                                                            | *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                                                                                                                                | 5 020                                 |       |                                        | 58%   |
| Waste management                                                                                                                           | 42 980                                | %     |                                        | %     |
| 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

# Chapter 5

| Municipal Infrastructure Grant (MIG)* Expenditure 2022/23 on Service backlogs |                |                    |                |          |                    |                                     |
|-------------------------------------------------------------------------------|----------------|--------------------|----------------|----------|--------------------|-------------------------------------|
|                                                                               |                |                    |                |          |                    | R' 000                              |
| Details                                                                       | Budget         | Adjustments Budget | Actual         | Variance |                    | Major conditions applied by donor ( |
|                                                                               |                |                    |                | Budget   | Adjustments Budget |                                     |
| <b>Infrastructure - Road transport</b>                                        |                |                    |                |          |                    |                                     |
| Roads, Pavements & Bridges                                                    | R25,900,000.00 | R29,561,831.77     | R22,722,657.50 | 88%      | 77%                | N/a                                 |
| Storm water                                                                   | R10,804,082.76 | R0.00              | R9,111,292.60  | 84%      | 0%                 | N/a                                 |
| <b>Infrastructure - Electricity</b>                                           |                |                    |                | %        | %                  | N/a                                 |
| Generation                                                                    |                |                    |                | %        | %                  | N/a                                 |
| Transmission & Reticulation                                                   |                |                    |                | %        | %                  | N/a                                 |
| Street Lighting ( <b>Highmast lights</b> )                                    | R8,750,767.25  | R9,114,799.20      | R9,114,799.20  | 104%     | 100%               | N/a                                 |
| <b>Infrastructure - Water</b>                                                 |                |                    |                | %        | %                  | N/a                                 |
| <b>Other Specify:</b>                                                         |                |                    |                | %        | %                  | N/a                                 |
| Community Hall                                                                | R6,000,000.00  | R6,310,429.95      | R4,655,387.23  | 78%      | 74%                | N/a                                 |
| <b>Total</b>                                                                  |                |                    |                | %        | %                  |                                     |

T 5.8.3

## COMMENT ON BACKLOGS:

The GTLM's annual budget for infrastructure development is unable to address backlogs. MIG, EPWP IG and Own Funding have played a pivotal role in the assistance in addressing backlogs. Key functions that have been addressed were roads, stormwater management and area lighting. The municipality is availing own funds for development of roads infrastructure through EPWP to mitigate the challenge however its coffers are near depletion hence the budget has been reduced and additional own funded projects could not be implemented.

T 5.8.4

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2022/23

| Capital Programme by Project by Ward: 2022/23 |                  |                          |
|-----------------------------------------------|------------------|--------------------------|
|                                               |                  | R' 000                   |
| Capital Project                               | Ward(s) affected | Works completed (Yes/No) |
| <b>Water</b>                                  |                  |                          |
| "Project Name"                                |                  |                          |
| "Project B"                                   |                  |                          |
| <b>Sanitation/Sewerage</b>                    |                  |                          |
|                                               |                  |                          |

# Chapter 5

|                                                  |                              |     |
|--------------------------------------------------|------------------------------|-----|
| <b>Electricity</b>                               |                              |     |
| Construction of highmast lights in various wards | 18, 10, 20, 17, 8, 19, 24, 1 | Yes |
| <b>Halls</b>                                     |                              |     |
| Construction of Mothanthanyaneng Community Hall  | 16                           | No  |
| <b>Roads</b>                                     |                              |     |
| Construction of Maganeng Access Road             | 2                            | No  |
| Construction of Buxton Access Road               | 9                            | No  |
| <b>Stormwater</b>                                |                              |     |
| Construction of Kgatlheng Stormwater Channel     | 13                           | No  |
|                                                  |                              |     |

| Capital Programme by Project by Ward: 2022/23    |                              |                          |
|--------------------------------------------------|------------------------------|--------------------------|
|                                                  |                              | R' 000                   |
| Capital Project                                  | Ward(s) affected             | Works completed (Yes/No) |
| <b>Electricity</b>                               |                              |                          |
| Construction of highmast lights in various wards | 18, 10, 20, 17, 8, 19, 24, 1 | Yes                      |
| <b>Halls</b>                                     |                              |                          |
| Construction of Mothanthanyaneng Community Hall  | 16                           | No                       |
| <b>Roads</b>                                     |                              |                          |
| Construction of Maganeng Access Road             | 2                            | No                       |
| Construction of Buxton Access Road               | 9                            | No                       |
| <b>Stormwater</b>                                |                              |                          |
| Construction of Kgatlheng Stormwater Channel     | 13                           | No                       |
|                                                  |                              |                          |

# Chapter 5

## 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.

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. Limitation of Scope: Contracts for general expenditure, contravention of section 62(1)(b) of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA),
2. BID information submitted after closing date, contravention to SCM regulation 23.
3. Irregular expenditure: Prior year irregular expenditure incorrectly disclosed, contravention of GRAP 1 paragraph .17 and regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act
4. Tender incorrectly awarded - difference in functionality point, SCM regulation 28(1) and regulation 27(2)(f) and as prescribed in terms of the Preferential Procurement Policy Framework Act

#### **Remedial Actions**

1. Management have implemented an internal control that no payment will be made without an order. All payments except for personnels an order must be created before payment, internal memo regarding the process created.
2. The Supply Chain Management Unit has created a checklist for evaluation and adjudication committee to guide what should be submitted. And all payments regarding the tenders will be recorded on irregular expenditure. Also, services have been terminated for the specific tender.
3. Management have implemented an internal control that no payment will be made without an order. All payments except for personnels an order have to be created before payment. Attached internal memo regarding the process.
4. The Supply Chain Management Unit has created a checklist for evaluation and adjudication committee to guide on the evaluation and adjudication of documents. Amount for each year will be added on Irregular Expenditure.

*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*

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

The Greater Taung Local Municipality submitted the Annual Financial Statement on the 31<sup>st</sup> August 2023 in line with section 126 of the Municipal Finance Management Act for auditing by Auditor General. The municipality will be audited from September until the end 2023 and receive the audit report from the auditor general in December.

T 6.0.1

## COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2021/22

### 6.1 AUDITOR GENERAL REPORTS 2021/22 (PREVIOUS YEAR)

| Status of audit report:                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Disclaimer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-Compliance Issues                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Remedial Action Taken                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Prior year misstatements</b><br>Identified During testing performed on expenditure, it was noted that the following invoices were not paid within 30 days, resulting in the invoice to be paid after 87 days.                                                                                                                                                                                                                                                                              | Management will ensure that the invoices are paid within the period of 30 days from the receipt of the invoice. Management will ensure that Suppliers must submit another invoice if the 30 days has passed. Proper review will be conducted on receipt on the invoices/batches                                                                                                                                                                                                                                                                                     |
| <b>COMAF 09: ISS 21 Contingent liabilities</b><br>No comparatives disclosed Through the performance of walk through for contingent liabilities, we have noted that contingent liabilities comparative figures have not been disclosed.                                                                                                                                                                                                                                                        | Proper review will be conducted before submission to AG                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>COMAF 27: ISS 53- Contingent Liabilities: Confirmation not obtained- Contingent liabilities</b><br>We did not receive the signed lawyers' confirmation with the added municipal letter head as requested in RFI86 within the 3 days to responder the policy for the following confirmations:<br>>Morwaagae Attorneys<br>>BG Bojosinyane and Associates<br>>Motshabi & Associates Incorporated<br>>Shuping Attorneys<br>>Molefe Attorneys<br>>Mokhetle Attorneys Inc.<br>>LEEPILE ATTORNEYS | Arrange meeting with all legal firms on our database before end February 2023 and amend the SLA entered into with them to the effect that failure to submit legal confirmations on time will amount to non - performance on their part. Retention clause to be included on the contracts. Variation clause will be effected. Blacklisting clause will be also included in the contract Third party confirmation will also be included on the contract. management will ensure that a close up report is submitted by the law firms when the contract is terminated. |
| <b>COMAF 04- ISS 12 Incomplete irregular expenditure note- Irregular expenditure.</b><br>During the inspection of the irregular expenditure note 47 as per the AFS, we noted that the note was incomplete as it only disclosed R14 427 861 which is the current year amount.                                                                                                                                                                                                                  | Management will ensure that the AFS goes through a thorough review before submission to for audit to ascertain that they represent a fair presentation as required by GRAP. All disclosure notes will be reviewed to ensure they comply with GRAP requirements.                                                                                                                                                                                                                                                                                                     |
| <b>COMAF 04: ISS 13- Non-compliance with sec 62 of MFMA- Irregular, unauthorised and fruitless and wasteful.</b><br>management did not ensure that they prevent unauthorized expenditure, irregular and fruitless and wasteful expenditure occurred in the current year as follows:<br>Unauthorized expenditure- R14 958 589<br>Fruitless and wasteful expenditure- R136 312<br>Irregular expenditure- R14 427 861                                                                            | management will ensure that training is provided to end users, SCM officials and bid committees. Regular review of the SOP will be conducted. Management to make sure that they comply with Section 62 of MFMA by preventing Irregular, unauthorised and fruitless and wasteful expenditure by paying from relevant votes, following SCM policies and to pay within 30 days                                                                                                                                                                                         |

# Chapter 6

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| <p><b>COMAF 04:ISS 14- Non-reporting of Irregular, Fruitless and wasteful and Unauthorised Expenditure.</b></p> <p>During the inspection of the annual financial statements and discussions with the personnel at the municipality we verified that no investigations were being carried by the municipality on irregular, fruitless and wasteful and Unauthorized expenditure for the 2021/22 financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                             | <p>MPAC will be a standing item on the management meetings. A meeting schedule will be drafted between management and MPAC</p>                                                                                                                                  |
| <p><b>COMAF 08: ISS 17- Organogram not reviewed and approved- Non-compliance with MFMA and Municipal.</b></p> <p>The auditor inspected the organizational structure submitted by the municipality and noted that it was the 2020/2021 organizational structure, and also inspected the council resolution register for council resolution no 317/2020. The auditor further inspected the municipality's IDP and noted that it states that the organogram was reviewed in February 2021. It was noted that the organogram currently in place has not been reviewed for the 2021/22 financial year. Furthermore, we have inspected the HR strategy and plan and noted that the plan does not include any strategy on establishment of processes or mechanism to regularly evaluate the staff establishments.</p> | <p>Management will ensure that there is an annual strategic review of the organogram and ensure that it is tabled for approval to council annually. The adopted structure will remain valid for the current financial year.</p>                                 |
| <p><b>COMAF 26: ISS 32- Irregular expenditure- completeness of irregular expenditure.</b></p> <p>During the testing of completeness of irregular expenditure, the following suppliers were noted and traced to the irregular register however, they were not included in the irregular register:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>SCM to make sure that irregular expenditure is monitored and reviewed every month</p>                                                                                                                                                                        |
| <p><b>COMAF 38: ISS 24-Asset register with missing fields-PPE</b></p> <p>During execution phase of the audit, we noted that immovable asset register submitted has the missing fields:</p> <ul style="list-style-type: none"> <li>- Some assets did not have location</li> <li>- Some assets did not have take on date</li> <li>- Some assets were not included in the assets register.</li> <li>- some assets did not have the cost</li> </ul>                                                                                                                                                                                                                                                                                                                                                                | <p>Management will revise the asset register and incorporate the fields as advised by AGSA in order to comply with the regulations.</p>                                                                                                                         |
| <p><b>COMAF 23- ISS 61- PPE-Could not verify the asset (Asset verification)</b></p> <p>During asset verification period, we could not verify/ find the following assets:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>Management will perform asset verification on a quarterly basis and ensure that all assets do exist. Assets that cannot be traced will be identified and reported accordingly.</p>                                                                           |
| <p><b>COMAF 23- ISS 70-Completeness of movable asset-PPE.</b></p> <p>During completeness testing of movable asset, we noted that the following assets were not recorded in the fixed asset register:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Management will perform asset verification on a quarterly basis and ensure that all assets do exist. Assets that cannot be traced will be identified and reported accordingly.</p>                                                                           |
| <p><b>COMAF 40: ISS 29-Insufficient budget for repairs and maintenance.</b></p> <p>During execution phase of the audit, it was noted that municipality did not have sufficient budget as required by MFMA circular 71:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Management takes note of the finding. However, it is not feasible for management to budget the 8% of the value of property, plant and equipment. This alone will wipe out the budget of the municipality.</p>                                                |
| <p><b>COMAF 19: ISS48-SCM quotations: indicators of possible cover quoting.</b></p> <p>The following suppliers with the same house address submitted two different quotations, which resulted in one supplier winning the tender: Payment doc - 'EF013014-0001</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>SCM to make sure that service providers address form part of the checklist</p>                                                                                                                                                                               |
| <p><b>COMAF 19: ISS 73 -Compliance requirement relating to 30% subcontracting was not evaluated- SCM</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>SCM to make sure that 30% evaluated in functionality and compliance. Management to ensure that all conditions in the tender document are adhered to and enforced. Further training will also be provided for all bd committee members and the scm staff.</p> |
| <p><b>COMAF 18: ISS41- Receivables - non-compliance with GRAP 104.</b></p> <p>During the assessment of the disclosure requirements on receivables from exchange and non-exchange transactions it was noted that the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Management will ensure that the AFS goes through a thorough review before submission to for audit to ascertain that they represent a fair presentation as</p>                                                                                                |



# Chapter 6

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                          |
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| following disclosure requirements were not satisfied: Presentation of objectives, policies and processes for managing the risk and methods used to measure risk and any changes thereto from the previous period Disclosure of the summary quantitative data about the exposure to the risk at the end of the reporting period, concentration of risk.                                                                                                                                                                                                                                                                                             | required by GRAP. All disclosure notes will be reviewed to ensure they comply with GRAP requirements.                                                                                                                                                                                                    |
| <b>Other important matters</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                          |
| <b>COMAF 14: ISS 36-Accrued leave:</b><br>Differences noted between leave days taken as per the report and support submitted. During the testing performed on leave pay accrual the following differences were noted:                                                                                                                                                                                                                                                                                                                                                                                                                              | SCM to make sure that service providers address form part of the checklist. Management to ensure that all quotations are checked at different levels by different officials before orders are prepared. To enforce centralization of all SCM processes.                                                  |
| <b>COMAF 19: ISS 72 -Functionality incorrectly calculated-SCM.</b><br>During the audit of the tender GTLM/INFR15/2021/2022 and inspection of the evaluation reports and bid documents submitted by the below bidders differences were noted between the functionality score awarded to the bidders as per the evaluation reports and the auditors recalculated scores.<br>2. Although the differences identified in the functionality scores do not result in anyone being unfairly prejudiced it results in an internal control deficiency which if not addressed may result in non-compliance with SCM regulation 28(1) and PPR regulation 2017. | Management to make sure that they comply with Section 62 of MFMA by preventing Irregular, unauthorised and fruitless and wasteful expenditure by paying from relevant votes, following scm policies and to pay within 30 days                                                                            |
| <b>COMAF 19: ISS 76 -Contract was not awarded to the bidder that scored the highest total number of points- SCM</b><br>During the audit of the tender GTLM/SS11/2021/2022, it was noted that the contract was not awarded to the tenderer who scored the highest points.<br>2. The contract was awarded to Matamba Supply service who scored the second highest points.<br>3. The reason provided by BEC and BAC for not recommending the top bidder was as follows                                                                                                                                                                                | Management to make sure that scores during functionality are verified to make sure that scores are fair to every bidder, especially plant, the municipality will ask for index of plant as some certificate they don't indicate the name of the plant                                                    |
| <b>COMAF 30: ISS 89- Employee related cost - Differences noted on basic salary notches.</b><br>During the audit of employee cost, we noticed that certain employees were put in a different notch in their first year of appointment which resulted in the overstatement of basic salary in the AFS by R18 160,66 which when projected amounts to R1 459 781,34.                                                                                                                                                                                                                                                                                   | In future the advertised remuneration shall be applied                                                                                                                                                                                                                                                   |
| <b>COMAF 30: ISS 91- difference between CTC and annual salary package- Employee related cost.</b><br>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 113 393,28 arises as a result of this non-compliance with applicable regulation                                                                                                                                                                                                       | Mr. Matshane's letter is in the file and will be provided to IA/AG                                                                                                                                                                                                                                       |
| <b>COMAF 35: ISS 93-Misclassification of ESKOM transactions as contract expenditure from security.</b><br>During the testing of contracted services (security services), it was noted that the below transactions were incorrectly classified as contracted services expenditure, as there is no agreement between Eskom and the municipality. Further, Eskom does not provide security services, thus these transactions have been incorrectly classified.                                                                                                                                                                                        | Management will scrutinise the ledger and identify all ESKOM transactions that incorrectly classified or posted in security expenditure votes.<br><br>Reclassification journal will then be processed to correct the misclassification. The journal will be reviewed by AFS Manager and approved by CFO. |
| <b>COMAF 33: ISS 96-Inaccuracies in amounts recorded in the GL and VAT account.</b><br>During the testing of contracted services (security services), it was noted that the below transactions were either overstated or understated in the general ledger, resulting in differences in the                                                                                                                                                                                                                                                                                                                                                        | Management will perform a vouch audit on the expenditure transactions and ensure that VAT is accurately accounted for, where applicable.                                                                                                                                                                 |



# Chapter 6

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| amounts in the GL vs invoice, thus, also affecting the VAT account. The details of the transactions are as follows:                                                                                                                                                                                                                                                                                              | Where there are incorrect applications of VAT, the correcting journals will be processed and reviewed by AFS Manager and Approved by CFO.                                                                                                                       |
| <b>COMAF 29: ISS 97- basic salary Prior year finding- Employee related cost.</b><br>The opening balance of employee related cost is misstated by the amount not adjusted of the prior year audit finding.                                                                                                                                                                                                        | Management did the adjustment of this prior period error. This is in relation to the danger allowance which was adjusted, and the supporting information was submitted in the audit file to AGSA for audit.                                                     |
| <b>COMAF 22: ISS 111: Contracted services: Limitation of scope of the goods received notes.</b><br>During the testing of contracted services (maintenance and remaining population), I could not obtain confirmation that the goods supplied by the supplier were indeed received by the municipality. The below is a summary of the goods receipts note we could not obtain from the client for audit purposes. | Management will ensure monthly bank reconciliations are performed and that the list of reconciling items and the related support is kept in the audit file for audit.                                                                                           |
| <b>COMAF 22: ISS 117-Contracted services – Invoices not stamped as received.</b><br>During the testing of contracted services (other population), it was noted that the invoices related to the below transactions were not stamped as received by the municipality, thus, the auditor could not determine whether or not the transaction payment was made within 30 days.                                       | Management to ensure that all invoices are stamped before payment. This will be checked and verified through segregation of duties                                                                                                                              |
| <b>COMAF 39: ISS 71- Cash and cash equivalents- limitation of scope.</b><br>Received a summary of the bank reconciliations, but the listing of reconciling items which was supposed to be on the audit file was not submitted. The following differences were noted in testing cash and cash equivalents.                                                                                                        | Management will ensure monthly bank reconciliations are performed and that the list of reconciling items and the related support is kept in the audit file for audit.                                                                                           |
| <b>COMAF 04: ISS 9 Understand the entity's internal controls-No competency assessments performed.</b><br>During the planning of the audit, we have noted that the competency assessments for the following finance officials at middle management were not performed, contrary to the requirements of the Regulation:<br>1. SCM Manager<br>2. Budget and Treasury Manager                                        | Budget and Treasury Manager has registered, attending and will be completing in 2023                                                                                                                                                                            |
| <b>COMAF 04: ISS 10- Understanding entity's internal controls-No performance assessments were performed.</b><br>During the planning of the audit, we have noted that no performance reviews (by an evaluation panel) were performed for all the managers including section 57 employees during the 2020/21 financial year.                                                                                       | Performance Evaluation of senior managers will be done, and evaluation report will be submitted to council end of February 2023.<br>All employees to sign performance agreement by end February 2023                                                            |
| <b>COMAF 10: ISS 18 - Internal control deficiency - No segregation of duties for approval of inventory requisition.</b><br>Order number 27667 for inventory with a value of R287,820.00 was approved by Mr Chuene as Head of Department as well as Municipal Manager. This indicates that there is no segregation of duties as the same person approved on behalf of two different positions.                    | To ensure that the delegation of duties are reviewed and implemented correctly. In cases where the MM is not around a different director would sign on behalf of the MM.                                                                                        |
| <b>COMAF 15: ISS 22- Internal control deficiency - No controls in place for outsourced service providers to transfer skills to municipal employees.</b><br>There is no clause in the agreement with Munsoft Consultants that requires them to transfer skills to the entity's employees.                                                                                                                         | Management to review the contract to ensure that the transfer of skills clause was included as part of the service level agreement.                                                                                                                             |
| <b>COMAF 16: ISS 25-Consumer Deposits: Inconsistencies noted with disclosure in terms of the prior-period adjustment.</b><br>Upon inspection of the AFS, we noted for consumer deposits in terms of the prior year adjustments there are inconsistencies in the disclosure thereof. Please take note of the inconsistencies identified:                                                                          | Management will ensure that the AFS goes through a thorough review before submission to for audit to ascertain that they represent a fair presentation as required by GRAP. All disclosure notes will be reviewed to ensure they comply with GRAP requirements. |
| <b>COMAF 16: ISS 28-Transfers and Subsidies- incomplete.</b>                                                                                                                                                                                                                                                                                                                                                     | To ensure that the delegation of duties are reviewed and implemented correctly. In cases where the MM                                                                                                                                                           |

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| During the reconciliation of the supporting schedule (List of successful Applicants for 2021/2022 financial year) to the transfers and subsidies expenditure amount we noted the following:                                                                                                                                                                                                                                | is not around a different director would sign on behalf of the MM.                                                                                                                                                                                     |
| <b>COMAF 16: ISS 54-Unauthorised expenditure: Differences noted between budget and actual amount.</b><br>A difference was noted between the total budgeted expenditure amount as per unauthorised expenditure calculation and the budgeted expenditure amount as per Approved budget as follows:                                                                                                                           | Management will ensure that the unauthorised expenditure calculations are in line with the approved budget.                                                                                                                                            |
| <b>COMAF 16: ISS 59-Journals Misstatement: Bulk Purchases.</b><br>The auditor was unable to confirm the accuracy of the following journals passed under bulk purchases, due to limitations placed on the scope of my work by the Municipality.                                                                                                                                                                             | Management will ensure that all journals and their related supporting documentations are kept in the audit file.                                                                                                                                       |
| <b>Limitation: Journals-Travel-Local.</b><br>During the testing of travel-local journals, due to limitations placed on the scope of my work by the municipality, the following journal(s) could not be verified:                                                                                                                                                                                                           | Management will ensure that all journals and their related supporting documentations are kept in the audit file.                                                                                                                                       |
| <b>ISS.86-COMAF 23- ISS 86-Non-submission of information - RFI 80 (PPE).</b><br>The following data filed journals together with supporting documentations were not submitted. The information was requested in RFI 80 which was issued on 03 November 2022 and was due on 09 November 2022:                                                                                                                                | Management will ensure that all journals and their related supporting documentations are kept in the audit file.                                                                                                                                       |
| <b>COMAF 03-Iss 6- Limitation of scope- PPE and Inventory.</b><br>The following data filed information requested in RFI 08 which was issued on 07 September 2022 and was due on 12 September 2022 is still outstanding:                                                                                                                                                                                                    | Resolved                                                                                                                                                                                                                                               |
| <b>Predetermined objectives</b>                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                        |
| <b>COMAF 13: ISS 26- AoPO - Differences noted between APR and project files.</b><br>When we were performing walkthroughs for Basic service delivery and infrastructure development, limitation of scope was noted as the portfolio of evidence file did not contain the support for the reported achievement as per annual performance report. Please see below indicator:                                                 | Thorough review of the actual performance reported and portfolio of evidence in the annual performance report before submission to the Auditor General on the 31 August 2023                                                                           |
| <b>COMAF 13: ISS - AoPO- Completeness of KPIs.</b><br>During the audit of predetermined objectives under the scoped in key performance are (Basic service delivery-KPA 1), we have noted that the following general key performance indicators are not included in the basic service delivery performance area:<br>- Services relating to water<br>- Services relating to sanitation<br>- Services relating to electricity | General Key performance indicators in line with section 43 of the municipal planning regulation will be included in the planning document of the municipality (SDBIP) in 2022/23 financial year                                                        |
| <b>Procurement and Contract Management</b>                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                        |
| <b>COMAF 19: ISS 75 -Incorrect CIDB grading on Bid invitation-SCM.</b><br>We identified that the CIDB grading requirements indicated on the bidding document for the tender GTLM/INFR16/2021/2022 were not in accordance with the tender value range.                                                                                                                                                                      | Management to make sure that they comply with CIDB requirements by always referring to the gradings and budget before the advert can be approved to make sure that the CIDB grading level is fine and the description is relevant.                     |
| <b>COMAF 34: ISS 108-SCM: contract management - payments made above contract amount.</b><br>The payment made to the following supplier was above the contract amount                                                                                                                                                                                                                                                       | Management to make sure that monitoring of payment is done regularly to prevent exceeding the budgeted amount.                                                                                                                                         |
| <b>Receivables</b>                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                        |
| <b>COMAF 18: ISS 46: Credit control and debt collection not implemented.</b><br>During testing performed it was noted that the municipality has not complied with the requirements as set out in terms of the requirements in terms of the Municipal Systems Act, Municipal Finance Management                                                                                                                             | To implement the Credit Control Policy by doing the following where we cannot cut services: To ensure that we send regular reminders for customers demanding payments. To appoint an additional Debt Collector Company to assist Du Plessis & Viviers. |

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| Act and the credit control and debt collection policy, as they have not implemented any discontinuance of services or legal action against all debtors whose accounts are overdue including debtors who have not been making regular payments.                                                                                                                | Door to Door visits to houses of which the owners are deceased to meet tenants and to make arrangements for them to start paying. Ensure that updated contact details appear in the Billing System for SMS and email deliveries. |
| <b>COMAF 18: ISS 60-Receiveables from exchange transactions - Other receivables - Incorrect classification.</b><br>During testing performed on other receivables - receivables from exchange transactions, it was noted that supporting documentation could not be obtained for the amount constituting other receivables for the following debtors selected: | Management will ensure that supporting documentation for all transactions is kept and filed in the audit file.                                                                                                                   |
| <b>Revenue</b>                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                  |
| <b>COMAF 20: ISS 49-Revenue- Differences between billing report and AFS.</b><br>During testing of service charges differences were noted between the billing report and the AFS amount.                                                                                                                                                                       | it will be ensured that the correct billing report is used to do the monthly reconciliations. will further engage with MUNSOFT to give us guidance on the report to be used.                                                     |
| NB: All findings are well addressed in the Post Audit Action Plan                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                  |

## COMPONENT B: AUDITOR-GENERAL OPINION 2022/23 (CURRENT YEAR)

### 6.2 AUDITOR GENERAL REPORT 2022/23

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| <b>Status of audit report:</b>                                                                                                                                                                                                                                                                                          | Qualified                                                                                                                                                                                                                                                                        |
| <b>Non-Compliance Issues</b>                                                                                                                                                                                                                                                                                            | <b>Remedial Action Taken</b>                                                                                                                                                                                                                                                     |
| <b>ISS.3-COMAF 4 UIFW Investigation</b><br>The Accounting Officer and senior managers did not refer matters of Unauthorized, irregular, fruitless and wasteful expenditure to be investigated by MPAC                                                                                                                   | A full report in respect of UIFW was submitted to MPAC during the year under review for investigation and evidence to that effect is available and was furnished to the AG, However the accounting officer will again submit the same report to MPAC                             |
| <b>ISS.31Limitation of Scope: Contracts for general expenditure</b><br>The following quotations / Bidding documents have not been submitted for the following suppliers for the following transaction                                                                                                                   | Management have implemented an internal control that no payment will be done without an order. All payments except for personnels an order have to be created before payment. Attached internal memo regarding the process.                                                      |
| <b>ISS.41-COMAF 16 Issue: 41 - General Expenditure</b><br>During the testing of general expenses for 2021/22 financial year, the following transactions were not relating to the year of 2021/22review                                                                                                                  | Management will ensure that cut off procedures/tests are performed on all expenditure items to confirm that accounting transactions are recorded in the correct accounting period.                                                                                               |
| <b>ISS.15-COMAF 9 Contracted services - Differences between General Ledger and invoice amount</b><br>During the audit of contracted services, a difference of R75 122,53 was noted , as stated above due to the difference between GL and the invoices. Details are as follows;                                         | Management will ensure that cut off procedures/test are performed on all expenditure items to confirm that accounting transaction are recorded in the correct accounting                                                                                                         |
| <b>ISS.46-COF 6AOPO_ SDBIP not having all required components per MFMA circular No13 _ Compliance</b><br>Reference to the table of contents and the revised SDBIP various annexures, however the related information is not included within the revised SDBIP                                                           | Management will ensure that all components in line with circular 13 are included in the Top Layer SDBIP<br><br>Management will ensure that templates that are user friendly are developed and used internally to comply with other legislation                                   |
| <b>ISS.10-COMAF 12BID information submitted after closing date.</b><br>During execution phase of the audit, we noted that the tender nr GTLM/INFR12/2022/2023 had a closing date of 27 September 2022. However, we noted the winning bidder's documentations were certified after the closing date of 27 September 2022 | Supply Chain Management Unit have created a checklist for evaluation and adjudication committee to guide what should be submitted. And all payments regarding the tenders will be recorded on irregular expenditure. Also services have been terminated for the specific tender. |

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| <p>1. ID document - certified on 01 October 2022<br/>2. Sworn affidavit for BBBEE - certified on 01 October 2022</p> <p>This is an indication that the bid file of the supplier was submitted after the closing date. Therefore, the supplier should have been disqualified on bid compliance.</p> <p>Tshwaro construction<br/>During execution phase of the audit, we noted that the tender nr GTLM/INFR14/2022/2023 had a closing date of 29 September 2022. However, we noted the winning bidder's documentation was certified after the closing date of 29 September 2022.</p> <p>1. Proof of residence SAPS affidavit - Certified on 19 October 2022</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>ISS.2-COMAF 3 Audit committee</b><br/>1. Review of the coverage and scope between external and internal audit to avoid duplication of work and promote possible cost savings from the alignment of the two functions.</p>                                                                                                                                                                                                                                                                                                                                                                                                                               | Internal Audit to engage with external auditors when developing the 3 year rolling plan to avoid duplication of efforts                                                                                                                                                                                                                                                                                                                                                                   |
| <p><b>ISS.7-COMAF 2 Differences on comparatives – High level review of AFS.</b><br/>During the high-level review of AFS submitted for audit on 31 August 2023, we noted the below differences on comparative figures:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                     | No journals will be processed, only disclosure note 40 will be aligned to the balance on the face of the statement of financial performance                                                                                                                                                                                                                                                                                                                                               |
| <p><b>ISS.19-COMAF 7 Property, plant and equipment - Prior period error</b><br/><br/>1. Difference between comparative amount and the amount as per prior year audited AFS does not agree to amount as per restatement in the prior period error note 40:<br/><br/>2. The amounts included in the narration for period error does not agree to the amount in the prior period error note:<br/><br/>3. There is no supporting documentation to the journals processed to adjust the comparative amount of 165 198.</p>                                                                                                                                         | Management requests to amend the narration in the AFS under note 40 for PPE                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>ISS.42 COMAF 18 The use of consultants</b><br/>There is no clause in the agreement with Munsoft Consultants that requires them to transfer skills to the entity's employees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Management will ensure that the transfer of skill clause is included in all consulting services provided to the municipality going forward                                                                                                                                                                                                                                                                                                                                                |
| <p><b>ISS.6 COMAF 12 No performance assessment</b><br/>Management has not set up a functional structure to implement the process reviewing all managers and section 57 manager's performance contracts.<br/>Impact<br/>Non- compliance with (Municipal System Act) 32 of 2000</p>                                                                                                                                                                                                                                                                                                                                                                             | All outstanding Individual Performance Evaluation of section 56 Managers will be finalized by end March 2024. Mid year Performance review for Managers and employees will be done before end March 2024                                                                                                                                                                                                                                                                                   |
| <p><b>ISS.21 COMAF 8 Irregular expenditure: Prior year irregular expenditure incorrectly disclosed</b><br/>The following differences on irregular expenditure note 46 were identified between the auditors recalculation of prior year amounts and the comparative amounts as per the current year financial statements:</p>                                                                                                                                                                                                                                                                                                                                  | <p>The irregular expenditure register will be reviewed by CFO on a monthly basis.</p> <p>Management will compare the irregular expenditure register total amount to the amount on the disclosure to the financial statements and ensure they agree.</p> <p>Management have implemented an internal control that no payment will be done without an order. All payments except for personnels an order have to be created before payment. Attached internal memo regarding the process</p> |
| <p><b>ISS.24 COMAF 9 Differences identified on vat receivable - prior period error [AR]</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Monthly VAT reconciliations will be performed, and differences will be addressed timeously.                                                                                                                                                                                                                                                                                                                                                                                               |

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| During the testing of vat receivables as disclosed on prior period error note, we identified difference between the auditee calculations and auditors recalculation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Regular reviews of the reconciliations will be performed by management.                                                                                                                                                |
| <b>ISS.8 COMAF 5 PPE - Differences on lead schedule - Unresolved</b><br>During the testing of property, plant and equipment identified the following differences between the fixed asset register and the financial statements:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Correction on the impairment calculation will be processed as a prior period error.<br><br>Regular calculations will be done and review performed by management.                                                       |
| <b>ISS.43-COMAF 15 - APOPO Relevant service delivery indicators was not included within the SDBIP.</b> Contrary to the above we noticed that the following relevant service delivery indicators was not included within the SDBIP for Greater Taung Local Municipality for 2022/23<br>1. The percentage/ number of households with access to basic level of water, sanitation, electricity and solid waste removal;<br>2. the percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan;<br>Management did not ensure that all relevant indicators for services delivery are included within the SDBIP.<br>Relevant indicators are not planned, managed or reported on to ensure basic services that impacts the ordinary citizens are priorities and the correct level of services are delivered. | All General Key Performance Indicators as stipulated in the regulations will be included in the 2023/2024 revised top and technical SDBIP and will be sent to council for approval in February 2024                    |
| <b>ISS.33-COMAF 12 Tender incorrectly awarded - difference in functionality point. a)</b><br>During the audit of the tender (GTLM/INFR052022/2023) and inspection of the evaluation reports and bid documents submitted by Mgugwana Junior Multi JV, differences were noted between the functionality score awarded to the bidders as per the evaluation reports and the auditors recalculated scores.<br><br>b) differences identified in the functionality scores has resulted in Mgugwana Junior Multi JV being incorrectly awarded the tender. see report for details Non-compliance with Paragraph 6(8) of the Preferential Procurement Regulations 2017 resulting in irregular expenditure of R9 650 000.00                                                                                                                                                                                                               | Supply Chain Management Unit have created a checklist for evaluation and adjudication committee to guide on the evaluation and adjudication of documents. Amount for each year will be added on Irregular Expenditure. |
| <b>ISS.30-COMAF 10 Differences identified - Impairment on Receivables.</b><br>During testing of impairment for receivable exchange and no exchange transactions, we noted differences between the auditee's and auditor's recalculation. A summary of the difference is below;<br>Please find attached an excel detailed working of the differences.<br>Cause<br>Management did not ensure appropriate review allowance for impairment by ensuring that the provision is calculated correctly.<br>Impact<br>The above-mentioned finding results in misstatements in receivable from exchange and non-exchange transactions.                                                                                                                                                                                                                                                                                                     | "Correction on the impairment calculation will be processed as a prior period error.<br><br>Regular calculations will be done, and review performed by management."                                                    |



# Chapter 6

## AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: 2022/23



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

#### Qualified opinion

1. I have audited the financial statements of the Greater Taung Local Municipality set out on pages 172 to 278, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Greater Taung Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2001 (DoRA).

#### Basis for qualified opinion

#### VAT receivable

3. I was unable to obtain sufficient appropriate audit evidence for VAT receivable due to inadequate reconciliations performed between the VAT statements of account and the accounting records. I was unable to confirm this VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment relating to the VAT receivable of R3 470 245 (2022: R12 376 399) as disclosed in note 5 to the financial statements was necessary.

#### General expenses

4. During 2022, general expenses had been overstated by R4 413 529 due to transactions recorded in the incorrect period. My audit opinion on the financial statements for the period ended 30 June 2021 was modified accordingly. 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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## Irregular expenditure

5. Section 125 of the Municipal Finance Management Act 56 of 2003 (MFMA) requires the disclosure of irregular expenditure incurred. 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 R340 000 610 (2022: R322 801 479) as disclosed in note 46 to the financial statements.

## Context for opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
7. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Emphasis of matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Unauthorised and fruitless and wasteful expenditure

10. As disclosed in note 44 to the financial statements, fruitless and wasteful expenditure of R2 780 673 was incurred in the current year and fruitless and wasteful expenditure of R2 648 841 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.
11. As disclosed in note 46 to the financial statements, unauthorised expenditure of R31 650 023 was incurred in the current year and the unauthorised expenditure of R219 228 317 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.

## Restatement of corresponding figures

12. As disclosed in note 40 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

## Other matter

13. I draw attention to the matter below. My opinion is not modified in respect of this matter.

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## Unaudited disclosure notes

14. 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

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. 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 has no realistic alternative but to do so.

## Responsibilities of the auditor-general for the audit of the financial statements

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
20. I selected the following key performance areas (KPA) presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.



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| Key Performance Area                                | Page numbers | Purpose                                                                                                                     |
|-----------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------|
| KPA 1: Basic Service and Infrastructure Development | 90-93        | Eradicate backlog in order to improve access to services and ensure proper operations and maintenance                       |
| KPA 4: Municipal Financial Viability and Management | 95-97        | To improve overall financial management in the municipality by developing and implementing appropriate systems and controls |

21. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
22. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
23. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
24. I did not identify any material findings on the reported performance information for the selected key performance areas.

## Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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## Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Financial statements, performance and annual report

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

## Expenditure management

31. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by payments for security in excess of the contract amounts.
32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R131 832, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 27 758 407, as disclosed in note xx to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by expenditure incurred in excess of the vote.

## Consequence management

34. 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(2)(a) of the MFMA..

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## Human resource management

35. I was unable to obtain sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure and evaluate performance of staff were developed and adopted, as required by section 67(1)(d) of the MSA..

## Conditional grants

36. Performance in respect of programmes funded by the Library grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 5 of 2022).

## Other information in the annual report

37. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
38. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
39. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
40. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material 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 were 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 were

# Chapter 6

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.



AUDITOR GENERAL

Rustenburg  
30 November 2023



T 6.2.3

## COMMENTS ON AUDITOR-GENERAL'S OPINION 2022/2023

The municipality received a qualified audit opinion in the current financial year. The qualification consisted of 3 qualification paragraphs, namely VAT Reconciliation, General Expenditure, and Irregular expenditure which were mainly caused by lack of adequate reviews on the annual financial statements and lack of consequences to address unauthorised and irregular expenditure. However there has been an improvement (Reduction) in the number of qualification areas and an unqualified audit opinion on Performance Information as most of the prior year qualifications were adequately addressed by means of an appropriate post audit action plan (PAAP).

The qualification opinion is not a desirable one and we will continue working hard to change the narrative. There is also a need to continue with training in order to capacitate the current staff do be at the level that would see us reducing the use of consultants.

T 6.2.5

# GLOSSARY

## GLOSSARY

|                                          |                                                                                                                                                                                                                                                               |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accessibility indicators</b>          | Explore whether the intended beneficiaries are able to access services or outputs.                                                                                                                                                                            |
| <b>Accountability documents</b>          | 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. |
| <b>Activities</b>                        | 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> ”.                                                                                            |
| <b>Adequacy indicators</b>               | The quantity of input or output relative to the need or demand.                                                                                                                                                                                               |
| <b>Annual Report</b>                     | 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.           |
| <b>Approved Budget</b>                   | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.                                                                                                            |
| <b>Baseline</b>                          | 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.                                                          |
| <b>Basic municipal service</b>           | 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.                                        |
| <b>Budget year</b>                       | The financial year for which an annual budget is to be approved – means a year ending on 30 June.                                                                                                                                                             |
| <b>Cost indicators</b>                   | The overall cost or expenditure of producing a specified quantity of outputs.                                                                                                                                                                                 |
| <b>Distribution indicators</b>           | The distribution of capacity to deliver services.                                                                                                                                                                                                             |
| <b>Financial Statements</b>              | 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.                                                                      |
| <b>General performance indicators</b>    | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.                                                                           |
| <b>Impact</b>                            | The results of achieving specific outcomes, such as reducing poverty and creating jobs.                                                                                                                                                                       |
| <b>Inputs</b>                            | 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.                                                                     |
| <b>Integrated Development Plan (IDP)</b> | Set out municipal goals and development plans.                                                                                                                                                                                                                |
| <b>National Key performance areas</b>    | <ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> </ul>                                                                                                                                     |

# GLOSSARY

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <ul style="list-style-type: none"> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Outcomes</b>                                    | 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".                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Outputs</b>                                     | 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.                                                                                                                                                                                                                                                                                                                             |
| <b>Performance Indicator</b>                       | 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)                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Performance Information</b>                     | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Performance Standards:</b>                      | 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.                                                                                                                                                         |
| <b>Performance Targets:</b>                        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Service Delivery Budget Implementation Plan</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Vote:</b>                                       | <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>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</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</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                 |                                      |                                | No                                 | %                                       |
| Tumisang Gaoraelwe                                       | FT                    | Mayor                                | 11/ANC                         | 18                                 | 11%                                     |
| Grace Moipolai                                           | FT                    | Speaker                              | ANC                            | 20                                 | 0                                       |
| Masego Mokua                                             | FT                    | Chiefwhip                            | ANC                            | 20                                 | 0                                       |
| Itumeleng Maribe                                         | FT                    | Infrastructure                       | 20/ANC                         | 16                                 | 20%                                     |
| Nontetho Tafane                                          | FT                    | Corporate Governance & Communication | ANC                            | 19                                 | 5%                                      |
| Mosetsanagape Mosinkiemang                               | FT                    | Community Service                    | ANC                            | 19                                 | 5%                                      |
| Thandiwe Sebe                                            | FT                    | LED                                  | ANC                            | 20                                 | 0%                                      |
| Mika Moeti                                               | FT                    | Finances                             | F4SD                           | 18                                 | 11%                                     |
| Amogelang Matuane                                        | FT                    | Spatial Planning & Human Settlements | EFF                            | 16                                 | 25%                                     |
| Linda Mabengwane                                         | FT                    | ICT                                  | EFF                            | 20                                 | 0%                                      |
| Tebogo Monchonyane                                       | FT                    | Planning & Development               | AICM                           | 19                                 | 5%                                      |
| Caroline Olifant                                         | PT                    | Planning & Development               | 01/ANC                         | 20                                 | 0                                       |
| Tumo Tabe                                                | PT                    | ICT                                  | 02/ANC                         | 19                                 | 5                                       |
| Tebogo Gaorengwe                                         | PT                    | Planning & Development               | 03/ANC                         | 20                                 | 0                                       |
| Kagiso Pudule                                            | PT                    | Planning & Development               | 04/ANC                         | 20                                 | 0                                       |
| Onkarabile Tong                                          | PT                    | Infrastructure                       | 05/ANC                         | 20                                 | 0                                       |
| Mmokwa Seakgamoriri                                      | FT                    | MPAC                                 | 06/F4SD                        | 19                                 | 5%                                      |
| Mmoloki Mojaki                                           | PT                    | Community Services                   | 07/ANC                         | 20                                 | 5%                                      |
| Ntesang Montewa                                          | PT                    | Infrastructure                       | 08/ANC                         | 19                                 | 5%                                      |
| Monene Sekwenyane                                        | PT                    | Corporate Governance & Communication | 09/ANC                         | 19                                 | 5%                                      |
| Olebogeng Ipeleng                                        | PT                    | Corporate, MPAC & Communication      | 10/ANC                         | 18                                 | 11%                                     |
| Lerato Babuseng                                          | PT                    | Community Services                   | 12/ANC                         | 18                                 | 11%                                     |
| Kealeboga Seboko                                         | PT                    | Finance                              | 13/ANC                         | 20                                 | 0%                                      |
| Mothusiotsele Mojanaga                                   | PT                    | Spatial Planning & Human Settlement  | 14/ANC                         | 18                                 | 11%                                     |
| Seepapitso Seepamere                                     | PT                    | LED                                  | 15/ANC                         | 17                                 | 18%                                     |



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|                              |    |                                      |         |    |     |
|------------------------------|----|--------------------------------------|---------|----|-----|
| Tefo Moraladi                | PT | ICT                                  | 16/ANC  | 18 | 11% |
| Bontsi Chubane               | PT | Infrastructure                       | 17/ANC  | 18 | 11% |
| Gladys Melamu                | PT | ICT                                  | 18/ANC  | 14 | 42% |
| Michael Makwati              | PT | Corporate Governance & Communication | 19/ANC  | 20 | 0   |
| Tebogo Molale                | PT | Spatial Planning & Human Settlement  | 21/ANC  | 19 | 5%  |
| Ikgopoleng Lekoma            | PT | Finance                              | 22/ANC  | 20 | 0%  |
| Boitshwarelo Pusho           | PT | LED                                  | 23/ANC  | 19 | 5%  |
| Kagelelo Moeng               | PT | ICT                                  | 24/ANC  | 19 | 5%  |
| Boniswa Nkewu                | PT | LED                                  | PR/EFF  | 18 | 11% |
| Loeto Modise                 | PT | ICT                                  | PR/EFF  | 19 | 5%  |
| Keitumetse Rooibattjie       | PT | Finance                              | PR/EFF  | 16 | 30% |
| Gideon Lephoi                | PT | Corporate Governance & Communication | PR/EFF  | 19 | 5%  |
| Margaret Mmokwa              | PT | Infrastructure                       | PR/EFF  | 18 | 11% |
| Oratile Segosapelo           | PT | Planning & Development               | PR/EFF  | 19 | 5%  |
| Gladwin Kesemolotse          | PT | Spatial Planning & Human Settlement  | PR/EFF  | 19 | 5%  |
| Vuyiseka Zonke               | PT | Planning & Development               | PR/EFF  | 15 | 33% |
| Bakang Mase                  | PT | Community Services                   | PR/EFF  | 19 | 5%  |
| April Sephula                | PT | Spatial Planning & Human Settlement  | PR/AICM | 19 | 5%  |
| Salvation De Koker           | PT | Corporate Governance & Communication | PR/AIC  | 16 | 30% |
| Mosadiotsile Morapedi-Letele | PT | Infrastructure                       | PR/PA   | 10 | 50% |
| Edward Boemo                 | PT | LED                                  | PR/NFP  | 18 | 11% |
| Sam Nape                     | PT | Community Services                   | PR/DA   | 19 | 5%  |
| Gaolatlhe Tshipo             | PT | LED                                  | PR/ACDP | 17 | 18% |

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 Tumisang Gaoraelwe (Mayor) | 15                        | 14         | 01             | 0               |
| Cllr Mosetsanagape Mosinkiemang |                           | 14         | 01             | 0               |
| Cllr Thandiwe Sebe              |                           | 15         | 0              | 0               |
| Cllr Itumeleng Maribe           |                           | 13         | 02             | 0               |
| Cllr Nontetho Tafane            |                           | 15         | 0              | 0               |
| Cllr Tebogo Monchonyane         |                           | 15         | 0              | 0               |
| Cllr Linda Mabengwane           |                           | 15         | 0              | 0               |
| Cllr Mika Moeti                 |                           | 14         | 1              | 0               |
| Cllr Amogelang Matuane          |                           | 15         | 0              | 0               |



# APPENDICES

## 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 Committee                                                  | Deals with all issues relating to community (refuse removal, Land fill sites, cemeteries, Libraries and recreational facilities) and all LED matters |
| 3. Infrastructure ,                                                              | Roads & Storm water, Sewerage, Sanitation, Electricity                                                                                               |
| 4. Planning & Development Committee                                              | Municipal Council Planning 7& Related matters                                                                                                        |
| 5. Corporate Service Committee                                                   | All HR matters, by-laws, policies, Council supports.                                                                                                 |
| 6. ICT Committee                                                                 | Responsible for all IT related matters                                                                                                               |
| 7. Communication                                                                 |                                                                                                                                                      |
| 8. Human Settlement                                                              | To facilitate the development of sustainable and integrated human settlements in GTLM                                                                |
| Ta                                                                               |                                                                                                                                                      |

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

| Third Tier Structure                    |                                         |
|-----------------------------------------|-----------------------------------------|
| Directorate                             | Director/Manager (State title and name) |
| Municipal Manager                       | Mr. Andrew Makuapane                    |
| Chief Financial Officer                 | Mr. Mphiwa Chuene                       |
| Corporate Services                      | Ms. Dikagisho Mokoma                    |
| Land Use Planning And Human Settlements | Mr. Andrew Makaupane                    |
| Community Social Services               | Mr. Taelo Makgolo                       |
| Infrastructure                          | Mr. Ofentse Mogapi                      |
| T C                                     |                                         |

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## 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          |
| 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          |

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| New No | Function As Per Government Gazette No 6847 - 24 Dec 2010                                                                        | Function Assigned | Done By GTLM |
|--------|---------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------|
| 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   | Caroline Olifant       | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 2   | Tumo Tabe              | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 3   | Tebogo Gaorengwe       | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 4   | Kagiso Pudule          | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 5   | Onkarabile Tong        | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 6   | Mmokwa Seakgamoriri    | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 7   | Mmoloki Mojaki         | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 8   | Ntesang Montewa        | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 9   | Monene Sekwenyane      | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 10  | Olebogeng Ipeleng      | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 11  | Tumisang Gaoraelwe     | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 12  | Lerato Babuseng        | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 13  | Kealeboga Seboko       | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 14  | Mothusiotsile Mojanaga | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 15  | Seepapitso Seepamere   | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 16  | Tefo moraladi          | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 17  | Bontsi Chubane         | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 18  | Gladys Melamu          | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 19  | Michael Makwati        | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 20  | Itumeleng Maribe       | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 21  | Tebogo Molale          | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 22  | Ikgopoleng Lekoma      | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 23  | Boitshwarelo Pusho     | Yes                              | 12                                                        | 12                                                             | 0                                                         |
| 24  | Kagelelo moeng         | Yes                              | 12                                                        | 12                                                             | 0                                                         |

# APPENDICES

## 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        | 29 819        |
| Households without minimum service delivery | 13,732        | 30,894        | 5,527         | 0             | 12 774        |
| Total Households*                           | <b>42 593</b> | <b>42 593</b> | <b>42 593</b> | <b>42 593</b> | <b>42 593</b> |
| <i>*Including informal settlements</i>      |               |               |               |               | <i>T F.2</i>  |

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2022/23

### REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

#### INTRODUCTION

The Audit and Performance Committee (APC) was established as an independent Committee, in terms of Section 166 of the MFMA Act No. 56 of 2003.

We are pleased to present herewith our annual report for the financial year ended 30 June 2023.

#### INTERNAL AUDIT & THE AUDIT AND PERFORMANCE COMMITTEE

Internal auditing, as an independent and objective assurance and consulting activity, provides value adding support to improve the operations within the Greater Taung Local Municipality (GTLM). It assists the GTLM to accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of the organisation's governance, risk management and internal controls.

Internal Audit (IA) implemented its annual risk-based audit plan for the 2022/23 period as part of a three-year rolling plan, after consultation with management and approval by the Audit and Performance Committee. There were (12) assurance audits planned for the current year. Eight (8) were completed, which translates to 67% completion of the approved 2022/23 Internal Audit annual plan. All audit engagements and other work of Internal Audit were executed in accordance with the International Professional Practice Framework of Internal Audit (IPPF), as issued by the Institute of Internal Auditors

#### 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 convened when necessary. The members of the Audit and Performance Committee are all independent of the Municipality and convened meetings during the 2022/23 financial year as follows:

| Name of Member     | Capacity / Position                              | Number of meetings attended |
|--------------------|--------------------------------------------------|-----------------------------|
| Mr. A. Nchoe       | Chairperson ( <i>Resigned 28 November 2022</i> ) | 11                          |
| Ms. L. Ralikonyana | Member                                           | 13                          |
| Mr. R. Rantao      | Member                                           | 14                          |
| Mr. D. Matshoba    | Member ( <i>Chairperson 10 February 2023</i> )   | 14                          |

## 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.

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 the charter and has discharged all its responsibilities as contained therein.

### The Audit and Performance 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.
- Performed its oversight responsibilities over the internal audit function and internal audit activities as well as to monitor the progress of internal audit against the internal audit plan.
- Reviewed the audits conducted by Internal Audit
- Reviewed quarterly risk management reports
- Tabled its quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.
- Rendered ad-hoc assistance to the Municipal Public Accounts Committee (MPAC) on matters referred to MPAC by Council for investigation.

## ASSESSING INTERNAL AUDIT EFFECTIVENESS

The Committee reviews internal audit quality throughout the year with an emphasis on auditing governance, methodology, independence, scope of work and outputs. One of the yardsticks for measuring the effectiveness and performance of the Internal Audit function is to evaluate the performance of the individual internal audit projects against the risk-based internal audit annual operational plan.

For the 2022/23 financial year, the Internal Audit Unit completed 8 out of 12 Audits (67%) of the planned internal audit projects, largely due to human resources capacity constraints. The approved Internal Audit human resource's structure had two (2) vacancies, i.e., a Senior Internal Auditor and an Internal Auditor.

## **ADEQUACY 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. To monitor implementations of corrective actions, Internal Audit performs follow-up audits on the findings that were previously raised, and the APC considered all the reports issued by the various assurance providers e.g. Internal and External auditors, Risk Committee, etc. and noted management's actions in addressing the identified control weaknesses.

The committee is concerned with the lack of implementation of the recommendations of both internal and external audit. From the various reports provided by Internal Auditors, as well as the audit report of the Auditor-General South Africa (AGSA) it was noted that matters were reported indicating deficiencies in the system of internal controls in areas pertaining to compliance with laws and regulations.

Management is urged to set a tone regarding internal control matters and invoke consequence management where non-compliance is detected.

## **COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS**

The committee has reviewed the in-year management and quarterly reports submitted in terms of the Municipal Finance Management Act. The APC also noted management's policies and procedures designed to ensure compliance with the applicable laws and regulations. The APS further noted the external auditor's report highlighting that there were instances of non-compliance that were identified.

The following still need attention:

- The general quality of the annual Financial Statements;
- Expenditure management;
- Procurement & contract management; and
- Consequence management.

## **RISK MANAGEMENT**

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, internal control, as well as the prevention and detection of fraud. Internal Audit was guided by the risk profile provided by management, as well as critical audit areas and management's inputs in the formulation of its three-year strategic and annual plans.

# APPENDICES

The risk register is updated quarterly to ensure that all the major risks, including emerging risks facing the municipality, are effectively managed with the help of the District Risk Management Shared Service who are permanent invitees to the meetings of the Audit and Performance Committee where quarterly reports are presented. The APC reports on risk management matters to Council.

## **PERFORMANCE MANAGEMENT**

The Committee has reviewed the in-year performance reports and performance results reported by management. The usefulness and reliability of the key performance indicators and the quality of information reported is still a challenge and needs improvement.

## **EVALUATION OF ANNUAL FINANCIAL STATEMENTS**

The Annual Financial Statements for the financial year ended 30 June 2023 were prepared and submitted for audit purposes on 31 August 2023. The role of the Audit and Performance Committee in relation to the review of the Annual Financial Statements was undermined due to the poor status of accounting records as identified throughout various quarterly reviews in the financial year. Management also didn't afford APC sufficient time to review the financial statements before they could be submitted to the AGSA for audit.

## **AUDITOR GENERAL'S REPORT**

The committee has reviewed the independence and objectivity of the external auditors and noted that there were no non-audit services rendered by them during the year. To ensure that there are no unresolved issues, the Audit Committee met with the AGSA to discuss its audit report. APC also reviewed management's responses to the findings raised in the management report. Continuous oversight will be exercised to ensure that the unresolved findings are adequately addressed.

The Audit Committee concurs with the final audit opinion and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the view that the audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

## **APPRECIATION**

The APC would like to express its appreciation to the Municipal Manager, management, municipal officials involved in the audit, Internal Audit, AGSA, District Risk Management team and Council for their commitment, cooperation, and contributions to improve control and governance processes of the Municipality.



# APPENDICES

The Committee acknowledges that much work still lies ahead, and the implementation and monitoring of a comprehensive Audit Action Plan, sound financial and performance management, effective internal controls, and commitment from all relevant role players will be needed to improve the audit outcome of the municipality.



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**DUNCAN MATSHOBA**  
**CHAIRPERSON: AUDIT & PERFORMANCE COMMITTEE**  
**GREATER TAUNG LOCAL MUNICIPALITY**

**DATE: 11 JANUARY 2024**

# APPENDICES

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

None

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

None

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests              |                     |                                                                                                          |
|-------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------|
| Period 1 July to 30 June of 2023 (Current Year) |                     |                                                                                                          |
| Position                                        | Name                | Description of Financial interests*<br>(Nil / Or details)                                                |
| (Executive) Mayor                               | T Gaoraelwe         | Tumisang Tebogo Trading, Creative Puzzles, LTP Trading                                                   |
| Member of / Exco                                |                     |                                                                                                          |
|                                                 | S Seepamere         | Bogaletswa Tihapi Services                                                                               |
|                                                 | I Maribe            | Khumo Multi Enterprise                                                                                   |
|                                                 | L Mabengwane        | Problem Solutions Holdings                                                                               |
|                                                 |                     |                                                                                                          |
|                                                 |                     |                                                                                                          |
|                                                 |                     |                                                                                                          |
| Councillor                                      |                     |                                                                                                          |
|                                                 | L Modise            | 619 Modise Trading                                                                                       |
|                                                 | T Molale            | Kwadipane Trading and Projects,                                                                          |
|                                                 | Gladwin Kesemolotse | Sibaco Building, Bacologic Entertainment,                                                                |
|                                                 | Olebogeng Ipeleng   | Desman Enterprise                                                                                        |
|                                                 | T Monchonyane       | Tau ea Rora, Boduma Tau Enterprise, Ruphas Tebogo Monchonyane                                            |
|                                                 | G Tshipo            | Believers Victorious World Ministries                                                                    |
| Municipal Manager                               | K Gabanagosi        | LA Ptre Café, Bone Lwaabo Properties                                                                     |
| Chief Financial Officer                         | MV Chuene           | Mpudule Construction, Taung Development Agency, Nonkic Travels, Boledi ba Phake Trading, Nonkic Pharmacy |
| Deputy MM and (Executive) Directors             |                     |                                                                                                          |
|                                                 | T Baloyi            | Dr KK Agency                                                                                             |
|                                                 | O Mogapi            | D Magcon Consulting                                                                                      |
|                                                 |                     |                                                                                                          |
| Other S57 Officials                             | N Dibelane          | Bubbles Investments, Lethabolame Trading, Kgothatso ya Thebe, Melolelo Trading                           |
|                                                 | B Matebele          | Orefwa Trading                                                                                           |
|                                                 | K Phiritshwane      | Mindful Mind Events, OKP                                                                                 |
|                                                 |                     |                                                                                                          |
|                                                 |                     |                                                                                                          |

\* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A  
T J

# APPENDICES

## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Incorporated in the AFS

## 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 2022/23

| Capital Programme by Project by Ward: 2022/23 |                  |                          | R' 000 |
|-----------------------------------------------|------------------|--------------------------|--------|
| Capital Project                               | Ward(s) affected | Works completed (Yes/No) |        |
| <b>Roads</b>                                  |                  |                          |        |
| Construction of Kokomeng Access Road          | Ward 23          | Yes                      |        |
| <b>Stormwater</b>                             |                  |                          |        |
| Construction of Mase Stormwater Channel       | Ward 3           | Yes                      |        |
| <b>Economic development</b>                   |                  |                          |        |
| None                                          | N/a              | N/a                      |        |
| <b>Community Halls</b>                        |                  |                          |        |
| 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 2023  
Auditor General South Africa

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### General Information

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Legal form of entity</b>                                | Local Municipality                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Nature of business and principal activities</b>         | Service delivery as stipulated in the constitution of the republic of South Africa Act No. 108 of 1996, paragraph 153                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>The following is included in the scope of operation</b> | The municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and participate in national and provincial development programmes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Mayoral committee</b>                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Executive Mayor                                            | Gaoraelwe Tumisang Reginald                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Speaker                                                    | Moipolai Keamogetse Grace                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Chief Whip                                                 | Mokua Evans Masego                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| MPAC chairperson                                           | Seakgamoriri Cornelius Mmokwa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Municipal Councillors                                      | <p>Cllr. Babuseng Patricia Lerato</p> <p>Cllr. Boemo Munismanegape Edward</p> <p>Cllr. Chubane Bontsi Alpheus</p> <p>Cllr. De Koker Kegomoditswe Salvation</p> <p>Cllr. Gaoreng Tebogo Capricorn</p> <p>Cllr. Ipeleng Olebogeng</p> <p>Cllr. Kasemolotse E Gladwin</p> <p>Cllr. Lekoma Okgopoleng Joseph</p> <p>Cllr. Lephoi Gedion Hwayi</p> <p>Cllr. Mabengwane Linda Xavier</p> <p>Cllr. Matuane Jeanette Amogelang</p> <p>Cllr. Mase Bakng Philip</p> <p>Cllr. Maribe Itumeleng Nicholas</p> <p>Cllr. Modise Revonia Loeto</p> <p>Cllr. Moeti Mika Bennet</p> <p>Cllr. Moeng Partick</p> <p>Cllr. Mojaki Mmoloki Salvation</p> <p>Cllr. Monchonyane Ruphas Tebogo</p> <p>Cllr. Molale Mosadiwamarope Mellic</p> <p>Cllr. Montewa Ntesang Maria</p> <p>Cllr. Morapedi Letele Etelmosadiotsile Sylvia</p> <p>Cllr. Mosinkiem NG Mosatsanagape Virginia</p> <p>Cllr. Moraladi Tefo Godfrey</p> <p>Cllr. Mmokwa Seakgamoriri Cornell</p> <p>Cllr. Mmokwa Margaret</p> <p>Cllr. Nape Legaudise Sam</p> <p>Cllr. Nkewu Boniswa Marcia</p> <p>Cllr. Makwati Montanong Micheal</p> <p>Cllr. Olifant Caroline Keolebogile</p> <p>Cllr. Pudule Alfred Kagiso</p> <p>Cllr. Pusho Boitshwarelo</p> <p>Cllr. E Keitumetse Confidence</p> <p>Cllr. Seboko Kealeboga Lenin</p> <p>Cllr. Segasapelo Oratile Isreal</p> |



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### General Information

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | <p>Cllr. Tafane Georginah Nontetho</p> <p>Cllr. Seepamere Seepapitso</p> <p>Cllr. Sephula April</p> <p>Cllr. Sekwenyane Monene Dominicca</p> <p>Cllr. Sebe Thandiwe Philadel</p> <p>Cllr. Tabe Tamo Joshwa</p> <p>Cllr. Tong Onkarabile Alucious</p> <p>Cllr. Tshipo Gaolatlhwe Jeremia</p> <p>Cllr. Zonke Vuyiseka</p> <p>Cllr. Majananga Mothusiotsile David</p> <p>Cllr. Molamu Gladys Seonyatseng</p> |
| <b>Grading of local authority</b>  | Grade 3 Local Municipality                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Chief Finance Officer (CFO)</b> | Mr. Mphiwa Victor Chuene                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Accounting Officers</b>         | <p>Mr. OB Mogapi (Acting Municipal Manager)</p> <p>Mr. KT Gabanakgosi</p> <p>Mr. MA Makuapane (Acting Municipal Manager)</p>                                                                                                                                                                                                                                                                              |
| <b>Registered office</b>           | <p>Municipal Offices</p> <p>Station Street</p> <p>Taung</p> <p>8580</p>                                                                                                                                                                                                                                                                                                                                   |
| <b>Postal address</b>              | <p>Private Bag X 1048</p> <p>Taung Station</p> <p>8580</p>                                                                                                                                                                                                                                                                                                                                                |
| <b>Bankers</b>                     | <p>ABSA Bank</p> <p>Nedbank</p> <p>First National Bank</p>                                                                                                                                                                                                                                                                                                                                                |
| <b>Auditors</b>                    | <p>Auditor General</p> <p>Registered Auditors</p>                                                                                                                                                                                                                                                                                                                                                         |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Index

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

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| Accounting Officer's Report                          | 5        |
| Statement of Financial Position                      | 6        |
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| Statement of Changes in Net Assets                   | 8        |
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#### Abbreviations used:

|          |                                                      |
|----------|------------------------------------------------------|
| LG -SETA | Local Government Sector Education Training Authority |
| GL/TB    | General Ledger / Trial Balance                       |
| GRAP     | Generally Recognised Accounting Practice             |
| ABSA     | Amalgamated Banks of South Africa                    |
| EXCO     | International Accounting Standards                   |
| eNATIS   | National Traffic Information System                  |
| MFMA     | Municipal Finance Management Act                     |
| mSCOA    | Municipal Standard Chart of Accounts                 |
| MPAC     | Municipal Public Account Committee                   |
| UIF      | Unemployment Insurance Fund                          |
| VAT      | Value Added Tax                                      |
| SARS     | South Africa Revenue Service                         |
| FNB      | First National Bank                                  |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting officer's Responsibilities and Approval

---

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officers to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 officers have reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, they are 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 is primarily responsible for the financial affairs of the municipality, he 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 5.

The annual financial statements set out on page 5 to 105, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

---

**Mr. MA Makuapane (Acting Municipal Manager)**

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Officer's Report

---

The accounting officers submit their report for the year ended 30 June 2023.

#### 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 and operates principally in South Africa.

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

Net deficit of the municipality was R 32 332 741 (2022: deficit R 31 218 100).

#### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 770 167 385 and that the municipality's total assets exceed its liability by R 770 354 349.

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 accounting officers continue to procure funding for the ongoing operations for the municipality and grant allocation from the government.

#### 3. Subsequent events

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

#### 4. Auditors

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

The annual financial statements set out on page 5 to 105 have been prepared on the going concern basis and were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

---

Mr. MA Makuapane (Acting Municipal Manager)

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Position as at 30 June 2023

| Figures in Rand                            | Note(s) | 2023               | 2022<br>Restated*  |
|--------------------------------------------|---------|--------------------|--------------------|
| <b>Assets</b>                              |         |                    |                    |
| <b>Current Assets</b>                      |         |                    |                    |
| Inventories                                | 3       | 876 851            | 462 170            |
| Receivables from non-exchange transactions | 4       | 2 174 209          | 2 051 878          |
| VAT receivable from SARS                   | 5       | 3 470 245          | 12 376 399         |
| Receivables from exchange transactions     | 6       | 8 397 007          | 4 596 625          |
| Other receivables                          | 7       | -                  | 22 495             |
| Cash and cash equivalents                  | 8       | 47 782 922         | 82 039 497         |
|                                            |         | <b>62 701 234</b>  | <b>101 549 064</b> |
| <b>Non-Current Assets</b>                  |         |                    |                    |
| Investment property                        | 9       | 12 679 000         | 12 567 000         |
| Property, plant and equipment              | 10      | 776 244 082        | 763 138 763        |
| Intangible assets                          | 11      | 1 856 622          | 2 722 470          |
|                                            |         | <b>790 779 704</b> | <b>778 428 233</b> |
| <b>Total Assets</b>                        |         | <b>853 480 938</b> | <b>879 977 297</b> |
| <b>Liabilities</b>                         |         |                    |                    |
| <b>Current Liabilities</b>                 |         |                    |                    |
| Payables from exchange transactions        | 12      | 40 793 288         | 34 623 044         |
| Consumer deposits                          | 13      | 155 265            | 141 620            |
| Employee benefit obligation                | 14      | 953 000            | 1 230 000          |
| Unspent conditional grants and receipts    | 15      | 2 431 028          | 1 968 419          |
|                                            |         | <b>44 332 581</b>  | <b>37 963 083</b>  |
| <b>Non-Current Liabilities</b>             |         |                    |                    |
| Employee benefit obligation                | 14      | 22 536 000         | 22 075 000         |
| Provisions                                 | 16      | 16 258 006         | 17 366 006         |
|                                            |         | <b>38 794 006</b>  | <b>39 441 006</b>  |
| <b>Total Liabilities</b>                   |         | <b>83 126 587</b>  | <b>77 404 089</b>  |
| <b>Net Assets</b>                          |         | <b>770 354 351</b> | <b>802 573 208</b> |
| <b>Reserves</b>                            |         |                    |                    |
| Water distribution reserve                 |         | 186 964            | 42 729             |
| Accumulated surplus                        |         | 770 167 385        | 802 530 475        |
| <b>Total Net Assets</b>                    |         | <b>770 354 349</b> | <b>802 573 204</b> |

\* See Note 40

# VOLUME II

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Performance

| Figures in Rand                                              | Note(s) | 2023                 | 2022<br>Restated*    |
|--------------------------------------------------------------|---------|----------------------|----------------------|
| <b>Revenue</b>                                               |         |                      |                      |
| <b>Revenue from exchange transactions</b>                    |         |                      |                      |
| Sale of goods                                                | 20      | 681 764              | 623 480              |
| Service charges                                              | 17      | 11 807 667           | 11 754 490           |
| Rental of facilities and equipment                           | 18      | 395 739              | 290 349              |
| Agency services                                              | 19      | 185 229              | 178 051              |
| Other income - LG SETA                                       | 20      | 225 525              | 260 356              |
| Other income                                                 | 21      | 403 776              | 227 190              |
| Interest income - receivables from exchange transaction      | 22      | 2 829 143            | 2 422 579            |
| Interest received - investment                               | 23      | 6 576 947            | 6 176 393            |
| <b>Total revenue from exchange transactions</b>              |         | <b>23 105 790</b>    | <b>21 932 888</b>    |
| <b>Revenue from non-exchange transactions</b>                |         |                      |                      |
| <b>Taxation revenue</b>                                      |         |                      |                      |
| Property rates                                               | 24      | 29 992 685           | 26 213 810           |
| Interest income - receivables from non-exchange transactions | 25      | 1 113 385            | 1 240 525            |
| <b>Transfer revenue</b>                                      |         |                      |                      |
| Government grants & subsidies                                | 26      | 291 120 393          | 261 807 356          |
| Donation received                                            |         | 1 950 000            | -                    |
| <b>Total revenue from non-exchange transactions</b>          |         | <b>324 176 463</b>   | <b>289 261 691</b>   |
| <b>Total revenue</b>                                         | 20      | <b>347 282 253</b>   | <b>311 194 579</b>   |
| <b>Expenditure</b>                                           |         |                      |                      |
| Employee related costs                                       | 27      | (127 012 380)        | (123 656 546)        |
| Remuneration of councillors                                  | 28      | (20 920 268)         | (20 217 448)         |
| Depreciation and amortisation                                | 29      | (44 796 006)         | (44 086 352)         |
| Finance costs                                                | 30      | (2 819 177)          | (2 112 833)          |
| Lease rentals on operating lease                             | 31      | (2 631 718)          | (3 364 283)          |
| Debt Impairment                                              | 32      | (11 761 422)         | (5 906 543)          |
| Bulk purchases                                               | 33      | (4 668 831)          | (4 510 747)          |
| Contracted services                                          | 34      | (79 751 929)         | (67 034 150)         |
| Transfers and Subsidies                                      | 35      | (330 000)            | (300 000)            |
| General Expenses                                             | 36      | (87 873 868)         | (70 958 653)         |
| <b>Total expenditure</b>                                     |         | <b>(382 565 599)</b> | <b>(342 147 555)</b> |
| <b>Operating deficit</b>                                     |         | <b>(35 283 346)</b>  | <b>(30 952 976)</b>  |
| Loss on disposal of assets and liabilities                   |         | (128 855)            | (730 142)            |
| Fair value adjustments                                       | 52      | 112 000              | -                    |
| Actuarial gains/losses                                       | 14      | 2 987 000            | 478 000              |
| Inventories losses/write-downs                               |         | (19 540)             | (12 982)             |
|                                                              |         | <b>2 950 605</b>     | <b>(265 124)</b>     |
| <b>Deficit for the year</b>                                  |         | <b>(32 332 741)</b>  | <b>(31 218 100)</b>  |

\* See Note 40

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Changes in Net Assets

| Figures in Rand                                       | Water<br>distribution<br>reserve | Accumulated<br>surplus / deficit | Total net<br>assets |
|-------------------------------------------------------|----------------------------------|----------------------------------|---------------------|
| Opening balance as previously reported                | 112 068                          | 843 439 210                      | 843 551 278         |
| Adjustments                                           |                                  |                                  |                     |
| Prior year adjustments 40                             | -                                | (9 690 635)                      | (9 690 635)         |
| <b>Balance at 01 July 2021 as restated*</b>           | <b>112 068</b>                   | <b>833 748 575</b>               | <b>833 860 643</b>  |
| Changes in net assets                                 |                                  |                                  |                     |
| Surplus for the year                                  | -                                | (31 218 100)                     | (31 218 100)        |
| Current year movement                                 | (69 339)                         | -                                | (69 339)            |
| Total changes                                         | (69 339)                         | (31 218 100)                     | (31 287 439)        |
| Opening balance as previously reported                | 42 729                           | 802 530 475                      | 802 573 204         |
| Adjustments                                           |                                  |                                  |                     |
| Prior year adjustments 40                             | -                                | (30 349)                         | (30 349)            |
| <b>Restated* Balance at 01 July 2022 as restated*</b> | <b>42 729</b>                    | <b>802 500 126</b>               | <b>802 542 855</b>  |
| Changes in net assets                                 |                                  |                                  |                     |
| Surplus for the year                                  | -                                | (32 332 741)                     | (32 332 741)        |
| Current year movement                                 | 144 235                          | -                                | 144 235             |
| Total changes                                         | 144 235                          | (32 332 741)                     | (32 188 506)        |
| <b>Balance at 30 June 2023</b>                        | <b>186 964</b>                   | <b>770 167 385</b>               | <b>770 354 349</b>  |

Note(s)

The accounting policies on pages 16 to 44 and the notes on pages 45 to 105 form an integral part of the annual financial statements.

\* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long-term loan to a subsidiary company, to the reporting currency.

\* See Note 40

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

| Figures in Rand                                             | Note(s) | 2023                | 2022<br>Restated*   |
|-------------------------------------------------------------|---------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                 |         |                     |                     |
| <b>Receipts</b>                                             |         |                     |                     |
| Taxation                                                    |         | 30 983 739          | 27 923 201          |
| Service charges                                             |         | 10 836 428          | 12 248 057          |
| Grants                                                      |         | 290 211 591         | 258 459 469         |
| Interest income                                             |         | 6 576 947           | 6 176 393           |
| Other cash item                                             |         | 1 892 033           | 1 579 426           |
|                                                             |         | 340 500 738         | 306 386 546         |
| <b>Payments</b>                                             |         |                     |                     |
| Employee costs                                              |         | (149 387 929)       | (145 985 322)       |
| Suppliers                                                   |         | (170 006 377)       | (148 779 327)       |
| Finance costs                                               |         | (171 177)           | (34 308)            |
|                                                             |         | (319 565 483)       | (294 798 957)       |
| <b>Net cash flows from operating activities</b>             | 37      | <b>20 935 255</b>   | <b>11 587 589</b>   |
| <b>Cash flows from investing activities</b>                 |         |                     |                     |
| Purchase of property, plant and equipment                   | 10      | (55 214 325)        | (72 100 211)        |
| Purchase of other intangible assets                         | 11      | -                   | (1 492 463)         |
| Purchase of other receivables                               |         | -                   | (22 495)            |
| Proceeds from sale of other receivables                     |         | 22 495              | -                   |
| <b>Net cash flows from investing activities</b>             |         | <b>(55 191 830)</b> | <b>(73 615 169)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>(34 256 575)</b> | <b>(62 027 580)</b> |
| Cash and cash equivalents at the beginning of the year      |         | 82 039 497          | 144 067 077         |
| <b>Cash and cash equivalents at the end of the year</b>     | 8       | <b>47 782 922</b>   | <b>82 039 497</b>   |

The accounting policies on pages 16 to 44 and the notes on pages 45 to 105 form an integral part of the annual financial statements.

\* See Note 40



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

| Figures in Rand                                             | Note(s) | 2023                | 2022<br>Restated*   |
|-------------------------------------------------------------|---------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                 |         |                     |                     |
| <b>Receipts</b>                                             |         |                     |                     |
| Taxation                                                    |         | 30 983 739          | 27 923 201          |
| Service charges                                             |         | 10 836 428          | 12 248 057          |
| Grants                                                      |         | 290 211 591         | 258 459 469         |
| Interest income                                             |         | 6 576 947           | 6 176 393           |
| Other cash item                                             |         | 1 892 033           | 1 579 426           |
|                                                             |         | 340 500 738         | 306 386 546         |
| <b>Payments</b>                                             |         |                     |                     |
| Employee costs                                              |         | (149 387 929)       | (145 985 322)       |
| Suppliers                                                   |         | (170 006 377)       | (148 779 327)       |
| Finance costs                                               |         | (171 177)           | (34 308)            |
|                                                             |         | (319 565 483)       | (294 798 957)       |
| <b>Net cash flows from operating activities</b>             | 37      | <b>20 935 255</b>   | <b>11 587 589</b>   |
| <b>Cash flows from investing activities</b>                 |         |                     |                     |
| Purchase of property, plant and equipment                   | 10      | (55 214 325)        | (72 100 211)        |
| Purchase of other intangible assets                         | 11      | -                   | (1 492 463)         |
| Purchase of other receivables                               |         | -                   | (22 495)            |
| Proceeds from sale of other receivables                     |         | 22 495              | -                   |
| <b>Net cash flows from investing activities</b>             |         | <b>(55 191 830)</b> | <b>(73 615 169)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>(34 256 575)</b> | <b>(62 027 580)</b> |
| Cash and cash equivalents at the beginning of the year      |         | 82 039 497          | 144 067 077         |
| <b>Cash and cash equivalents at the end of the year</b>     | 8       | <b>47 782 922</b>   | <b>82 039 497</b>   |

The accounting policies on pages 16 to 44 and the notes on pages 45 to 105 form an integral part of the annual financial statements.

\* See Note 40

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|  | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Percentage |
|--|-----------------|-------------|--------------|------------------------------------|--------------------------------------------|------------|
|--|-----------------|-------------|--------------|------------------------------------|--------------------------------------------|------------|

Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

|                                                          |                   |          |                   |                   |                    |         |
|----------------------------------------------------------|-------------------|----------|-------------------|-------------------|--------------------|---------|
| Sale of goods                                            | 860 000           | -        | 860 000           | 681 764           | (178 236)          | -20.73% |
| Service charges                                          | 13 453 150        | -        | 13 453 150        | 11 807 667        | (1 645 483)        | -12.23% |
| Rental of facilities and equipment                       | 704 500           | -        | 704 500           | 395 739           | (308 761)          | -43.83% |
| Agency services                                          | 650 000           | -        | 650 000           | 185 229           | (464 771)          | -71.50% |
| Other income - LG SETA                                   | -                 | -        | -                 | 225 525           | 225 525            | 100%    |
| Other income                                             | 112 679           | -        | 112 679           | 403 776           | 291 097            | 258.34% |
| Interest income - receivables from exchange transactions | 2 791 274         | -        | 2 791 274         | 2 829 143         | 37 869             | 1.36%   |
| Interest received - investment                           | 14 300 000        | -        | 14 300 000        | 6 576 947         | (7 723 053)        | -54.01% |
| <b>Total revenue from exchange transactions</b>          | <b>32 871 603</b> | <b>-</b> | <b>32 871 603</b> | <b>23 105 790</b> | <b>(9 765 813)</b> |         |

##### Revenue from non-exchange transactions

##### Taxation revenue

|                                                              |            |   |            |            |              |         |
|--------------------------------------------------------------|------------|---|------------|------------|--------------|---------|
| Property rates                                               | 42 473 207 | - | 42 473 207 | 29 992 685 | (12 480 522) | -29.38% |
| Interest income - receivables from non exchange transactions | 2 600 000  | - | 2 600 000  | 1 113 385  | (1 486 615)  | -57.18% |

##### Transfer revenue

|                                                     |                    |          |                    |                    |                     |        |
|-----------------------------------------------------|--------------------|----------|--------------------|--------------------|---------------------|--------|
| Government grants & subsidies                       | 292 083 101        | -        | 292 083 101        | 291 120 393        | (962 708)           | -0.64% |
| Donation received                                   | -                  | -        | -                  | 1 950 000          | 1 950 000           | 100%   |
| <b>Total revenue from non-exchange transactions</b> | <b>337 156 308</b> | <b>-</b> | <b>337 156 308</b> | <b>324 176 463</b> | <b>(12 979 845)</b> |        |
| <b>Total revenue</b>                                | <b>370 027 911</b> | <b>-</b> | <b>370 027 911</b> | <b>347 282 253</b> | <b>(22 745 658)</b> |        |

##### Expenditure

|                                            |                      |                     |                      |                      |                     |         |
|--------------------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|---------|
| Employee related costs                     | (125 577 992)        | -                   | (125 577 992)        | (127 012 380)        | (1 434 388)         | -1.15%  |
| Remuneration of councillors                | (21 755 638)         | -                   | (21 755 638)         | (20 920 268)         | 835 370             | 3.84%   |
| Depreciation and amortisation              | (35 226 450)         | (5 741 000)         | (40 967 450)         | (44 796 006)         | (3 828 556)         | 9.35%   |
| Finance costs                              | (603 010)            | -                   | (603 010)            | (2 819 177)          | (2 216 167)         | -78.61% |
| Lease rentals on operating lease           | (3 700 000)          | -                   | (3 700 000)          | (2 631 718)          | 1 068 282           | 40.59%  |
| Debt Impairment                            | (5 274 999)          | -                   | (5 274 999)          | (11 761 422)         | (6 486 423)         | -100%   |
| Bulk purchases                             | (5 000 000)          | -                   | (5 000 000)          | (4 668 831)          | 331 169             | 6.62%   |
| Contracted Services                        | (64 709 550)         | (15 205 800)        | (79 915 350)         | (79 751 929)         | 163 421             | 0.20%   |
| Transfers and Subsidies                    | (700 000)            | -                   | (700 000)            | (330 000)            | 370 000             | 52.86%  |
| General Expenses                           | (82 064 245)         | (15 150 000)        | (97 214 245)         | (87 873 868)         | 9 340 377           | 9.61%   |
| <b>Total expenditure</b>                   | <b>(344 611 884)</b> | <b>(36 096 800)</b> | <b>(380 708 684)</b> | <b>(382 565 599)</b> | <b>(1 856 915)</b>  |         |
| <b>Operating deficit</b>                   | <b>25 416 027</b>    | <b>(36 096 800)</b> | <b>(10 680 773)</b>  | <b>(35 283 346)</b>  | <b>(24 602 573)</b> |         |
| Loss on disposal of assets and liabilities | -                    | -                   | -                    | (128 855)            | (128 855)           | -100%   |
| Fair value adjustments                     | -                    | -                   | -                    | 112 000              | 112 000             | 100%    |
| Actuarial gains/losses                     | -                    | -                   | -                    | 2 987 000            | 2 987 000           | 100%    |
| Inventories losses/write-downs             | -                    | -                   | -                    | (19 540)             | (19 540)            | -100%   |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Cash Basis

|                                                                                                                  | Approved<br>budget | Adjustments         | Final Budget        | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual |
|------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|---------------------|------------------------------------------|-----------------------------------------------------|
| Figures in Rand                                                                                                  |                    |                     |                     |                                          |                                                     |
|                                                                                                                  | -                  | -                   | -                   | 2 950 605                                | 2 950 605                                           |
| <b>Deficit before taxation</b>                                                                                   | <b>25 416 027</b>  | <b>(36 096 800)</b> | <b>(10 680 773)</b> | <b>(32 332 741)</b>                      | <b>(21 651 968)</b>                                 |
| <b>Actual Amount on Comparable<br/>Basis as Presented in the<br/>Budget and Actual<br/>Comparative Statement</b> | <b>25 416 027</b>  | <b>(36 096 800)</b> | <b>(10 680 773)</b> | <b>(32 332 741)</b>                      | <b>(21 651 968)</b>                                 |

#### Reconciliation

Operating lease in budgeted together with other expenditure and the total budget amount forms part of other expenditure as the approved budget. This category is presented separately on the face of the income statement, therefore portion of the budget is moved from other expenditure to operating lease line item. Furthermore, budget amount relating to inventory consumed is added to other expenditure line item where this category is presented in income statement.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual |  |
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|--|
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|--|

Figures in Rand

#### Statement of Financial Position

##### Assets

##### Current Assets

|                                            |             |              |             |            |              |         |
|--------------------------------------------|-------------|--------------|-------------|------------|--------------|---------|
| Inventories                                | 646 221     | 100 000      | 746 221     | 876 851    | 130 630      | 17.51%  |
| Receivables from non-exchange transactions | 16 614 130  | (3 062 856)  | 13 551 274  | 2 174 209  | (11 377 065) | -83.96% |
| VAT receivable from SARS                   | 27 000 000  | (10 142 026) | 16 857 974  | 3 470 245  | (13 387 729) | -79.41% |
| Receivables from exchange transactions     | 4 882 664   | 3 875 537    | 8 758 201   | 8 397 007  | (361 194)    | 4.12%   |
| Cash and cash equivalents                  | 127 916 020 | (18 365 799) | 109 550 221 | 47 782 922 | (61 767 299) | 56.38%  |
|                                            | 177 059 035 | (27 595 144) | 149 463 891 | 62 701 234 | (86 762 657) |         |

##### Non-Current Assets

|                               |                    |                     |                    |                    |                     |        |
|-------------------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------|
| Investment property           | 12 566 542         | -                   | 12 566 542         | 12 679 000         | 112 458             | 0.89%  |
| Property, plant and equipment | 761 019 612        | (7 589 195)         | 753 430 417        | 776 244 082        | 22 813 665          | 3.03%  |
| Intangible assets             | 2 581 359          | -                   | 2 581 359          | 1 856 622          | (724 737)           | 28.08% |
|                               | 776 167 513        | (7 589 195)         | 768 578 318        | 790 779 704        | 22 201 386          |        |
| <b>Total Assets</b>           | <b>953 226 548</b> | <b>(35 184 339)</b> | <b>918 042 209</b> | <b>853 480 938</b> | <b>(64 561 271)</b> |        |

##### Liabilities

##### Current Liabilities

|                                         |           |         |           |            |            |          |
|-----------------------------------------|-----------|---------|-----------|------------|------------|----------|
| Payables from exchange transactions     | (800 001) | 100 000 | (700 001) | 40 793 288 | 41 493 289 | 5933.89% |
| Consumer deposits                       | 109 261   | -       | 109 261   | 155 265    | 46 004     | 42.10%   |
| Employee benefit obligation             | -         | -       | -         | 953 000    | 953 000    | 100%     |
| Unspent conditional grants and receipts | -         | -       | -         | 2 431 028  | 2 431 028  | 100%     |
|                                         | (690 740) | 100 000 | (590 740) | 44 332 581 | 44 923 321 |          |

##### Non-Current Liabilities

|                             |                  |                |                  |                   |                   |         |
|-----------------------------|------------------|----------------|------------------|-------------------|-------------------|---------|
| Employee benefit obligation | -                | -              | -                | 22 536 000        | 22 536 000        | 100%    |
| Provisions                  | 2 957 004        | -              | 2 957 004        | 16 258 006        | 13 301 002        | 449.81% |
|                             | 2 957 004        | -              | 2 957 004        | 38 794 006        | 35 837 002        |         |
| <b>Total Liabilities</b>    | <b>2 266 264</b> | <b>100 000</b> | <b>2 366 264</b> | <b>83 126 587</b> | <b>80 760 323</b> |         |

|                   |                    |                     |                    |                    |                      |  |
|-------------------|--------------------|---------------------|--------------------|--------------------|----------------------|--|
| <b>Net Assets</b> | <b>950 960 284</b> | <b>(35 284 339)</b> | <b>915 675 945</b> | <b>770 354 351</b> | <b>(145 321 594)</b> |  |
|-------------------|--------------------|---------------------|--------------------|--------------------|----------------------|--|

##### Net Assets

##### Net Assets Attributable to Owners of Controlling Entity

##### Reserves

|                         |                    |                     |                    |                    |                      |      |
|-------------------------|--------------------|---------------------|--------------------|--------------------|----------------------|------|
| Revaluation reserve     | -                  | -                   | -                  | 186 964            | 186 964              | 100% |
| Accumulated surplus     | 950 960 284        | (35 284 339)        | 915 675 945        | 770 167 387        | (145 508 558)        |      |
| <b>Total Net Assets</b> | <b>950 960 284</b> | <b>(35 284 339)</b> | <b>915 675 945</b> | <b>770 354 351</b> | <b>(145 321 594)</b> |      |

##### Budget Vs allowance:

The excess of actual revenue over the final budget of 20.73% on sale of goods and services was due to less sale of tender documents than anticipated.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual |
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|

Figures in Rand

Unfavourable rate of R 12.23% on service charges is due to decrease in sale of electricity and very slight increase in other service charges, the municipality has anticipated a higher growth rate.

The municipality experienced an unfavourable rate of 43.83% due to less activities conducted by the community hence few hire charges incurred than anticipated.

No budget was allocated on other income from LG SETA hence 100% favourable variance. Other income shows a favourable rate of 258.34% due to abrupt increase on building plans.

Other income was under-budgeted for and shows a favourable variance of 258%.

Interest income from investments is lower than budgeted about by 54.01% due to the fact that implemented most of its capital projects in 2020 through own funding. The municipality paid over R100m through the two past years for those projects which resulted in a reduction in investment and subsequently the interest on investment.

Property rates and interest income from non-exchange transaction is unfavourable due to incorrect base used during budgeting to estimate future revenue.

Donation received during the year was not anticipated during budgeting time and no budget was allocated to this line of revenue hence favourable variance of 100%.

The municipality did not incur any impairment in current year hence a favourable variance is obtained.

Lease rentals on operating lease is favourable because some of the operating lease contracts expired during the year and converted to month to month basis as well as reduction of ink usage.

Debt impairment reflects unfavourable movement due to additional impairment made on VAT receivables from SARS which was not budgeted for.

Finance costs exceed budgeted by 78.61% due to additional finance charged on employee related costs which were not part of the original of adjustment budget.

Transfer and subsidies is favourable due to the fact that less students were allocated bursaries in current year even though the municipality has anticipated to assist more students this year.

Loss on disposal of assets and liabilities was not anticipated hence unfavourable movement was obtained.

Inventory loss and write-down was not anticipated during preparation of budget hence unfavourable movement obtained. Further the movement is due to increased demand on consumables than anticipated.

Actuarial gain or losses were not budgeted for hence favourable movement obtained.

The municipality anticipated to have less amount of stock at hand by the end of the year and allocated less budget to this section. The actual is higher than budget due to stock and water valuation performed at year end.

Receivables from non-exchange transaction was over budgeted for which was an oversight from management's side. This is further supported by high value of impairment

VAT receivables from SARS was budgeted using the balance reported in previous years as a base. During the year, management engaged a VAT recovery session which led to receipt of millions of Rand which were held in the vat control account.

Cash and cash equivalents shows unfavourable movements the municipality has used most of the funds during the adjustment budget. Repair and maintenance on electricity and vehicles went really high and were adjusted by almost 100%. The adjustment on the budget for security also contributed to low cash than anticipated.

Municipality has a policy of settling all payables within 30 day hence small budget was allocated to trade and other payables

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual |
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|
|--|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|

Figures in Rand

from exchange transactions. Unfavourable is mainly due to increase in leave accruals, bonus accrual and VAT output accruals which was not budgeted for.

Payables from exchange transaction, this was as a result of under budgeting. Most suppliers were also not paid in June as the funds were locked up in our investment.

Consumer deposits increased drastically because of the huge increase in rental deposits than anticipated.

Employee obligation and unspent conditional grant were no budgeted for due to oversight of management.

Revaluation reserves reflects a honourable variance of 100% because it was not included in the original and adjusted budgeted of the municipality.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|                 | Approved<br>budget | Adjustments | Final Budget | Actual amounts<br>on comparable<br>basis | Difference<br>between final<br>budget and<br>actual |
|-----------------|--------------------|-------------|--------------|------------------------------------------|-----------------------------------------------------|
| Figures in Rand |                    |             |              |                                          |                                                     |

#### Cash Flow Statement



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

| Figures in Rand | Note(s) | 2023 | 2022 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

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

The impairment for trade receivables is calculated by determining each customer's collection rate which will be used to calculate expected default rate. The default rate is equal to 100% less average collection rate. Provision for bad debts is derived by taking the default rate multiply by the carrying amount of each customer at the end of year.

##### 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

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 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 16 - 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.

##### 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. The impairment loss on property rates is calculated by taking default rate multiply by the carrying amount excluding balances which are 30 days old. 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.

## Greater Taung Local Municipality

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### Accounting Policies

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

##### Accounting for adjustments to revenue

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

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

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

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

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

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

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

##### Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

#### 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
- 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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.5 Investment property (continued)

##### Fair value

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

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

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

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

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

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

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

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

## Greater Taung Local Municipality

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### Accounting Policies

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

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

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

Property, plant and equipment is carried at 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         |

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

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

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

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

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

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

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

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

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

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



## Greater Taung Local Municipality

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### Accounting Policies

#### 1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

#### 1.8 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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, internally generated | Straight-line       | 1-indefinite        |

#### 1.9 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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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

A financial asset is:

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

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

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

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

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

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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

#### 1.9 Financial instruments (continued)

##### Classification

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

| Class                                      | Category                                   |
|--------------------------------------------|--------------------------------------------|
| Receivables from exchange transactions     | Financial asset measured at amortised cost |
| Receivables from non-exchange transactions | Financial asset measured at amortised cost |
| Cash and cash equivalent                   | Financial asset measured at amortised cost |
| VAT receivables from SARS                  | Financial asset measured at amortised cost |

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

| Class                              | Category                                       |
|------------------------------------|------------------------------------------------|
| Payable from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits                  | Financial liability measured at amortised cost |
| VAT payable to SARS                | Financial liability measured at amortised cost |

#### 1.10 Statutory receivables

##### Identification

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

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

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

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

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

##### Recognition

The municipality recognises statutory receivables as follows:

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

##### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

##### Subsequent measurement

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

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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

#### 1.10 Statutory receivables (continued)

- amounts derecognised.

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

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

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

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

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

In estimating the future cash flows, 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.



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.10 Statutory receivables (continued)

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

#### 1.11 Leases

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

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

##### Operating leases - lessee

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

#### 1.12 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.

#### 1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.13 Cash and cash equivalents (continued)

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

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

#### 1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

#### Designation

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

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

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

## Greater Taung Local Municipality

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### Accounting Policies

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

##### 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.

##### 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.

##### Discount rate

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

##### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the 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.



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.14 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.

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

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

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

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

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

##### Redesignation

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

#### 1.15 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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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

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

Useful life is either:

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

#### 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.

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

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

#### Identification

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

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

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

#### Value in use

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

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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

##### Reversal of an impairment loss

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

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

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

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

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

##### Redesignation

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

#### 1.16 Employee benefits

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

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

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

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

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

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

## Greater Taung Local Municipality

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### Accounting Policies

#### 1.16 Employee benefits (continued)

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

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

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

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

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

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

#### Post-employment benefits

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

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

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



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.16 Employee benefits (continued)

##### Post-employment benefits: Defined contribution plans

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

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

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

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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

#### 1.16 Employee benefits (continued)

##### Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

#### 1.16 Employee benefits (continued)

- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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

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

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

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

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

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.

## Greater Taung Local Municipality

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### Accounting Policies

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#### 1.16 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.

#### 1.17 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.



## Greater Taung Local Municipality

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### Accounting Policies

#### 1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

#### Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

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.

#### 1.18 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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.19 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 services performed to date as a percentage of total services to be performed.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Interest, royalties and dividends

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

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

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

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

#### 1.20 Revenue from non-exchange transactions

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

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

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

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

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

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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Recognition

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

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

##### Measurement

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

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

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.

#### 1.21 Investment income

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

#### 1.22 Borrowing costs

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

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

#### 1.23 Accounting by principals and agents

##### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.



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### Accounting Policies

#### 1.23 Accounting by principals and agents (continued)

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

##### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

##### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

##### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

##### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

#### 1.24 Comparative figures

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

#### 1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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).

## Greater Taung Local Municipality

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### Accounting Policies

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#### 1.26 Fruitless and wasteful expenditure

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

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).

#### 1.27 Irregular expenditure

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

Irregular expenditure 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).

#### 1.28 Segment information

A segment is an activity of an entity:

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

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

#### Measurement

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

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

#### 1.29 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 2022/07/01 to 2023/06/30.

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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.30 Related parties

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

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

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

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

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

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

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

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

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

#### 1.31 Events after reporting date

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

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

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

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

#### 1.32 Change in accounting policy, Accounting estimates & Prior period errors

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. Municipality shall change an accounting policy only if the change:

- is required by a Standard of GRAP; or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.32 Change in accounting policy, Accounting estimates & Prior period errors (continued)

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Change in accounting policy is applied prospectively.

Change change in accounting estimate is applied prospectively

Prior period error are adjusted retrospective.

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

#### 1.33 Value - Added - Taxation

VAT is an indirect tax based on consumption of goods and services in the economy.

GRAP 1.79(i), (j), (l) and (m), requires an entity to separately disclose receivables and payables from exchange and non-exchange transactions on the statement of financial position.

The non-exchange transaction is the transaction concluded between the person or entity imposing the tax (national government) and the consumer of goods and services in the South African economy.

Where an entity sells final goods and services to consumers, it is responsible to collect taxes from its consumers for the goods and services provided. In collecting and remitting VAT to the national government, an entity acts as an agent. Consequently, VAT receivable or payable is deemed to be an exchange rather than a non-exchange transaction.

VAT due to SARS by the VAT vendor is a deemed debt to SARS that results in a deemed debtor-creditor relationship.

For VAT due to be paid to SARS is recognised as a statutory liability using GRAP 19 and VAT due to be received from SARS is recognised as a statutory receivable using GRAP 108.

The VAT accrual account does not represent amounts to be received or paid, but rather amounts that are associated with transactions that are yet to be settled. There is no money to be received or paid to SARS for these amounts as yet. VAT input accruals is recognised as receivable from exchange transactions. VAT output accrual is recognised as payables from exchange transaction.



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|-----------------|------|------|

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

| Standard/ Interpretation:                                                                                  | Effective date:<br>Years beginning on or<br>after | Expected impact:                         |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------------|
| • Guideline: Guideline on Accounting for Landfill Sites                                                    | 01 April 2099                                     | Unlikely there will be a material impact |
| • GRAP 25 (as revised): Employee Benefits                                                                  | 01 April 2099                                     | Unlikely there will be a material impact |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2099                                     | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements                           | 01 April 2099                                     | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments                                                             | 01 April 2025                                     | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality                                                    | 01 April 2023                                     | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020                                                    | 01 April 2023                                     | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements                                                   | 01 April 2023                                     | Unlikely there will be a material impact |

#### 3. Inventories

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Stores, material and fuel         | 504 580        | 214 594        |
| Water for distribution            | 371 261        | 246 566        |
| Unsold properties held for resale | 1 010          | 1 010          |
|                                   | <b>876 851</b> | <b>462 170</b> |

|                                                                        |         |         |
|------------------------------------------------------------------------|---------|---------|
| Carrying value of inventories carried at fair value less costs to sell | 473 850 | 462 171 |
|------------------------------------------------------------------------|---------|---------|

|                                                      |            |           |
|------------------------------------------------------|------------|-----------|
| Inventories recognised as an expense during the year | 10 192 010 | 5 351 712 |
|------------------------------------------------------|------------|-----------|

None of the inventory was written down or reversed in current and prior financial year.

##### Inventory pledged as security

None of the municipal inventory were pledged as security in current and prior year.

##### Water for distribution

|                        |                |                |
|------------------------|----------------|----------------|
| Opening balance        | 246 566        | 246 566        |
| Valuation reserve      | 124 695        | -              |
| <b>Closing balance</b> | <b>371 261</b> | <b>246 566</b> |

#### 4. Receivables from non-exchange transactions

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| <b>Gross balances</b>    |                   |                   |
| Consumer debtors - Rates | 67 892 435        | 61 646 576        |
| Grant receivable         | 15 430 325        | 15 430 325        |
|                          | <b>83 322 760</b> | <b>77 076 901</b> |

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| Figures in Rand                                                  | 2023                | 2022                |
|------------------------------------------------------------------|---------------------|---------------------|
| <b>4. Receivables from non-exchange transactions (continued)</b> |                     |                     |
| <b>Less: Allowance for impairment</b>                            |                     |                     |
| Consumer debtors - Rates                                         | (65 718 226)        | (59 594 698)        |
| Grant receivable                                                 | (15 430 325)        | (15 430 325)        |
|                                                                  | <b>(81 148 551)</b> | <b>(75 025 023)</b> |
| <b>Net balance</b>                                               |                     |                     |
| Consumer debtors - Rates                                         | 2 174 209           | 2 051 878           |
| <b>Rates</b>                                                     |                     |                     |
| Current (0 -30 days)                                             | 759 822             | 712 711             |
| 31 - 60 days                                                     | 433 364             | 431 612             |
| 61 - 90 days                                                     | 415 643             | 407 214             |
| 91 - 120 days                                                    | 401 080             | 392 352             |
| 121 - 365 days                                                   | 8 479 802           | 2 553 634           |
| > 365 days                                                       | 57 402 724          | 57 258 350          |
|                                                                  | <b>67 892 435</b>   | <b>61 755 873</b>   |
| <b>Grant receivables</b>                                         |                     |                     |
| > 365 days                                                       | 15 430 325          | 15 430 325          |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 4. Receivables from non-exchange transactions (continued)

##### Summary of debtors by customer classification

##### Residential

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 306 047           | 304 818           |
| 31 - 60 days         | 285 392           | 273 942           |
| 61 - 90 days         | 273 054           | 258 823           |
| 91 - 120 days        | 261 385           | 248 089           |
| 121 - 365 days       | 1 686 393         | 1 598 883         |
| > 365 days           | 12 001 429        | 11 212 813        |
|                      | <b>14 813 700</b> | <b>13 897 368</b> |

##### Agricultural properties

|                      |                |                |
|----------------------|----------------|----------------|
| Current (0 -30 days) | 1 668          | 20 320         |
| 31 - 60 days         | 1 687          | 13 933         |
| 1 - 90 days          | 3 765          | 11 538         |
| 91 - 120 days        | 1 584          | 9 530          |
| 121 - 365 days       | 115 254        | 41 041         |
| > 365 days           | 122 182        | 664 952        |
|                      | <b>246 140</b> | <b>761 314</b> |

##### Business and Commercial

|                      |                  |                  |
|----------------------|------------------|------------------|
| Current (0 -30 days) | 195 052          | 298 474          |
| 31 - 60 days         | 55 109           | 56 171           |
| 61 - 90 days         | 52 682           | 52 609           |
| 91 - 120 days        | 53 661           | 51 097           |
| 121 - 365 days       | 350 843          | 341 298          |
| > 365 days           | 1 767 963        | 1 777 004        |
|                      | <b>2 475 310</b> | <b>2 576 653</b> |

##### State owned Properties

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 81 782            | 79 123            |
| 31 - 60 days         | 81 583            | 78 741            |
| 61 - 90 days         | 81 384            | 78 388            |
| 91 - 120 days        | 81 185            | 78 015            |
| 121 - 365 days       | 5 915 818         | 532 718           |
| > 365 days           | 43 097 861        | 42 661 480        |
|                      | <b>49 339 613</b> | <b>43 508 465</b> |

##### Vacand Land

|                      |                |                |
|----------------------|----------------|----------------|
| Current (0 -30 days) | 2 661          | 3 186          |
| 31 - 60 days         | 2 674          | 3 205          |
| 61 - 90 days         | 2 671          | 3 247          |
| 91 - 120 days        | 2 673          | 3 250          |
| 121 - 365 days       | 76 783         | 23 154         |
| > 365 days           | 379 213        | 557 793        |
|                      | <b>466 675</b> | <b>593 835</b> |

##### Municipal employees

|                      |        |        |
|----------------------|--------|--------|
| Current (0 -30 days) | 5 373  | 5 660  |
| 31 - 60 days         | 1 028  | 4 600  |
| 61 - 90 days         | 783    | 1 588  |
| 91 - 120 days        | 782    | 1 350  |
| 121 - 365 days       | 5 599  | 9 501  |
| > 365 days           | 42 446 | 50 901 |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                  | 2023                | 2022                |
|------------------------------------------------------------------|---------------------|---------------------|
| <b>4. Receivables from non-exchange transactions (continued)</b> | <b>56 011</b>       | <b>73 600</b>       |
| <b>Reconciliation of allowance for impairment</b>                |                     |                     |
| Balance at beginning of the year                                 | (75 036 711)        | (73 500 141)        |
| Contributions to allowance                                       | (6 111 840)         | (1 524 882)         |
|                                                                  | <b>(81 148 551)</b> | <b>(75 025 023)</b> |



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 4. Receivables from non-exchange transactions (continued)

##### Statutory receivables general information

##### Transaction(s) arising from statute

Property rates are statutory receivables as defined by GRAP 108. Property rates arises from implementation of the requirements of Municipal Property Rates Act No. 6 of 2004.

##### Determination of transaction amount

Property rates values are determined by taking approved tariff rates and multiply it by the market values of properties within municipal jurisdiction as detailed in the general valuation roll.

##### Interest or other charges levied/charged

Applicable interest rate is 10% in current financial year which is consistence to prior year.

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

Statutory receivables are assessed for impairment annually using the collection rate method. This methods involves calculating average collection rate per customer which is determined by taking collection rate for current and prior periods and divide by number of periods being considered. The estimated default rate (impairment rate) is equal to 100% less average collection rate.

##### Additional factors considered for testing impairment of statutory receivables:

- Customers' accounts where a formal arrangement has been made and no payment has been made in current and comparative year.
- Customers who fail to comply with agreed arrangement during current and prior year.
- Customers' accounts handed over to debt collectors and /or power of attorney
- Customers' accounts owing for more than 30days which is the credit period given by the municipality.
- Customers' accounts indicated as inactive on the ledger.
- Customers accounts presented to chief finance officer for consideration to write-off.
- Indigent customers where accounts are outstanding for more than 30 days.

The impairment indicators were determined management using professional judgemental and experience obtained from the past practice and statistics in relation to municipal debt collection.

##### Discount rate applied to the estimated future cash flows

The municipality applies a rate of 10% to all statutory receivables accounts balances older than 30 days. This rate is deemed to be the market value as it takes the effect of inflation and other economic factors into account. For impairment calculations, there was no discounting of expected future costs performed because the receivables balance as per debtors age analysis represents the present value of expected future cash inflows. The receivables age analysis has already factored in the effect of time value of money.

##### Statutory receivables past due but not impaired

Based on the impairment methodology applied by the municipality, all statutory receivables older than 30 days (credit term) are considered for impairments.

##### Statutory receivables impaired

As of 30 June 2023, Statutory receivables of R67 132 613 (2022: R61 043 162) were impaired and provided for.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                         | 2023             | 2022              |
|-----------------------------------------------------------------------------------------|------------------|-------------------|
| <b>4. Receivables from non-exchange transactions (continued)</b>                        |                  |                   |
| The amount of the provision was R(65 718 226) as of 30 June 2023 (2022: R(59 594 698)). |                  |                   |
| The ageing of the impaired statutory receivable is as follows:                          |                  |                   |
| 2 to 4 months                                                                           | 1 643 929        | 1 613 546         |
| Over 4 months                                                                           | 65 488 684       | 59 429 616        |
| <b>5. VAT receivable from SARs</b>                                                      |                  |                   |
| VAT Receivable                                                                          | 3 470 245        | 12 376 399        |
| <b>SARS Account reconciliation:</b>                                                     |                  |                   |
| Balance as per GL/TB                                                                    | 9 867 780        | 18 130 445        |
| SARs Assessments - Provision for bad debts                                              | (6 458 165)      | (5 754 046)       |
|                                                                                         | <b>3 409 615</b> | <b>12 376 399</b> |
| VAT recovery - missed invoices                                                          | 60 630           | (8 266 187)       |
|                                                                                         | <b>3 470 245</b> | <b>4 110 212</b>  |

#### Statutory receivables general information:

Included in the VAT receivables amount is statutory receivable of **R 3,470,245 (2023), R 4,110,211.68 (2022)** which arises from application of Value Added Tax No. 89 of 1991.

#### Transactions arising from statute:

The municipality is required to levy or pay tax at a rate of 15% as per requirements of section 7 of the Value Added Tax Act No. 89 of 1991. VAT amount is based on the supply of good or service by the municipality in the course of furtherance of any enterprises conducted by the municipality.

#### Determination of the transaction amount:

The transaction amount is determined by application of 15% on all taxable supplies incurred by the municipality. The net amount between the amount actually received from sale of taxable goods or services and acquisition of taxable goods or services will be submitted to SARS as the amount receivable/payable. A receivable arises when VAT input amount paid to suppliers is more than VAT output amount received from customers.

#### Interest or other charges levied:

Interest on outstanding taxes/ refunds is charged at a rate of 10.75% (2023)/7.5% (2022).

#### Basis used to assess and test whether statutory receivables is impaired:

Upon declaration, SARS is required by the Act to refund the municipality by the 25th of the following month subsequent to filling of the return. Historically, refunds have been made on time unless if there is an audit of verification process taking place. This guarantees recoverability of the amount declared to SARS and not impairment has been calculated.

#### Discount Rate applied to estimate future cash flows:

No discounting applied as this amount declared to SARs represents the present value of the future cash flows to be received from SARS.

#### Statutory debtors pledged as security:

None of the vat receivables amount has been pledged as collateral security.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 5. VAT receivable from SARs (continued)

##### Currency:

VAT receivable from SARS is presented in rand.

##### Impairment Calculation:

SARs performed an audit of the amount declared by the municipality and disqualifies other invoices submitted for audit. Unfortunately, the list of disqualified invoices was not provided even though the receivable amount is processed in the vat control account waiting for the refund. This process is an indication that part of the vat receivable is irrecoverable, therefore a provision for bad debt has been presented for all SARs assessment transactions and journals. The value of the provision for bad debt is determined by the difference between the total amount declared to SARs less the actual amount received.

##### VAT Recovery:

The Municipality performed an investigation of prior period invoices and noted that some of the invoices paid by the municipality were not Declared to SARs. Prior period invoices with a total of R 8,266,187 were submitted and the full refund was received in the financial year ending 30 June 2023.

##### **VAT receivables age analysis**

|              |                  |                  |
|--------------|------------------|------------------|
| 0 - 30 days  | 1 149 674        | 1 541 659        |
| 31 - 60 days | 2 320 572        | 2 568 553        |
|              | <b>3 470 246</b> | <b>4 110 212</b> |

None of the vat receivables have passed due and not impaired.

#### 6. Receivables from exchange transactions

##### **Gross balances**

|                   |                   |                   |
|-------------------|-------------------|-------------------|
| Electricity       | 3 251 378         | 2 276 375         |
| Water             | 7 552 399         | 6 291 688         |
| Waste water       | 16 732 352        | 14 705 915        |
| Refuse            | 19 073 315        | 17 495 228        |
| Vat input accrual | 4 551 351         | 1 357 432         |
| Housing rental    | 1 881 964         | 1 834 612         |
| Sundry debtors    | 4 917 639         | 5 265 061         |
|                   | <b>57 960 398</b> | <b>49 226 311</b> |

##### **Less: Allowance for impairment**

|                |                     |                     |
|----------------|---------------------|---------------------|
| Electricity    | (2 677 608)         | (1 897 106)         |
| Water          | (7 156 664)         | (5 941 578)         |
| Waste water    | (15 706 894)        | (13 847 131)        |
| Refuse         | (17 625 780)        | (16 281 063)        |
| Housing rental | (1 766 720)         | (1 718 750)         |
| Sundry debtors | (4 629 725)         | (4 944 058)         |
|                | <b>(49 563 391)</b> | <b>(44 629 686)</b> |

##### **Net balance**

|                   |                  |                  |
|-------------------|------------------|------------------|
| Electricity       | 573 770          | 379 269          |
| Water             | 395 735          | 350 110          |
| Waste water       | 1 025 458        | 858 784          |
| Refuse            | 1 447 535        | 1 214 165        |
| Vat input accrual | 4 551 351        | 1 357 432        |
| Housing rental    | 115 244          | 115 862          |
| Sundry debtors    | 287 914          | 321 003          |
|                   | <b>8 397 007</b> | <b>4 596 625</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                              | 2023              | 2022              |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>6. Receivables from exchange transactions (continued)</b> |                   |                   |
| <b>Electricity</b>                                           |                   |                   |
| Current (0 -30 days)                                         | 180 142           | 182 608           |
| 31 - 60 days                                                 | 134 321           | 125 247           |
| 61 - 90 days                                                 | 104 706           | 95 776            |
| 91 - 120 days                                                | 111 872           | 80 850            |
| 121 - 365 days                                               | 958 955           | 556 068           |
| > 365 days                                                   | 1 761 388         | 1 235 831         |
|                                                              | <b>3 251 384</b>  | <b>2 276 380</b>  |
| <b>Water</b>                                                 |                   |                   |
| Current (0 -30 days)                                         | 184 117           | 167 683           |
| 31 - 60 days                                                 | 143 441           | 185 442           |
| 61 - 90 days                                                 | 109 623           | 260 262           |
| 91 - 120 days                                                | 131 257           | 118 146           |
| 121 - 365 days                                               | 1 090 619         | 761 031           |
| > 365 days                                                   | 5 893 343         | 4 799 125         |
|                                                              | <b>7 552 400</b>  | <b>6 291 689</b>  |
| <b>Waste water</b>                                           |                   |                   |
| Current (0 -30 days)                                         | 355 614           | 332 184           |
| 31 - 60 days                                                 | 328 025           | 282 640           |
| 61 - 90 days                                                 | 291 117           | 278 610           |
| 91 - 120 days                                                | 274 715           | 268 920           |
| 121 - 365 days                                               | 2 002 597         | 1 688 907         |
| > 365 days                                                   | 13 480 283        | 11 856 290        |
|                                                              | <b>16 732 351</b> | <b>14 707 551</b> |
| <b>Refuse</b>                                                |                   |                   |
| Current (0 -30 days)                                         | 513 658           | 476 481           |
| 31 - 60 days                                                 | 459 113           | 430 250           |
| 61 - 90 days                                                 | 422 780           | 418 545           |
| 91 - 120 days                                                | 417 920           | 404 986           |
| 121 - 365 days                                               | 2 230 235         | 2 119 648         |
| > 365 days                                                   | 15 029 608        | 13 646 918        |
|                                                              | <b>19 073 314</b> | <b>17 496 828</b> |
| <b>Housing rental</b>                                        |                   |                   |
| Current (0 -30 days)                                         | 31 640            | 32 791            |
| 31 - 60 days                                                 | 30 702            | 31 596            |
| 61 - 90 days                                                 | 30 258            | 31 525            |
| 91 - 120 days                                                | 29 992            | 30 797            |
| 121 - 365 days                                               | 230 516           | 221 003           |
| > 365 days                                                   | 1 528 856         | 1 483 620         |
|                                                              | <b>1 881 964</b>  | <b>1 831 332</b>  |
| <b>Sundry debtors</b>                                        |                   |                   |
| Current (0 -30 days)                                         | 42 654            | 45 482            |
| 31 - 60 days                                                 | 15 738            | 22 656            |
| 61 - 90 days                                                 | 14 794            | 43 873            |
| 91 - 120 days                                                | 19 010            | 19 615            |
| 121 - 365 days                                               | 231 604           | 277 978           |
| > 365 days                                                   | 4 578 937         | 4 862 449         |
|                                                              | <b>4 902 737</b>  | <b>5 272 053</b>  |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                              | 2023              | 2022              |
|--------------------------------------------------------------|-------------------|-------------------|
| <b>6. Receivables from exchange transactions (continued)</b> |                   |                   |
| <b>Summary of debtors by customer classification</b>         |                   |                   |
| <b>Agriculture</b>                                           |                   |                   |
| Current (0 -30 days)                                         | 530               | 5 130             |
| 31 - 60 days                                                 | -                 | 1 050             |
| 61 - 90 days                                                 | 350               | 351               |
| 121 - 365 days                                               | 6 996             | 2 951             |
| > 365 days                                                   | 9 293             | 6 330             |
|                                                              | <b>17 169</b>     | <b>15 812</b>     |
| <b>Government</b>                                            |                   |                   |
| Current (0 -30 days)                                         | 414 345           | 475 988           |
| 31 - 60 days                                                 | 418 457           | 432 508           |
| 61 - 90 days                                                 | 398 845           | 417 343           |
| 91 - 120 days                                                | 368 622           | 366 839           |
| 121 - 365 days                                               | 2 186 114         | 1 802 081         |
| > 365 days                                                   | 4 326 609         | 3 112 904         |
|                                                              | <b>8 112 992</b>  | <b>6 607 663</b>  |
| <b>Business and commercial</b>                               |                   |                   |
| Current (0 -30 days)                                         | 176 760           | 156 091           |
| 31 - 60 days                                                 | 93 275            | 100 308           |
| 61 - 90 days                                                 | 85 310            | 88 522            |
| 91 - 120 days                                                | 83 033            | 72 571            |
| 121 - 365 days                                               | 551 239           | 470 392           |
| > 365 days                                                   | 4 305 678         | 3 165 975         |
|                                                              | <b>5 295 295</b>  | <b>4 053 859</b>  |
| <b>Municipal employees</b>                                   |                   |                   |
| Current (0 -30 days)                                         | 19 212            | 23 368            |
| 31 - 60 days                                                 | 8 501             | 16 354            |
| 61 - 90 days                                                 | 8 726             | 11 254            |
| 91 - 120 days                                                | 8 522             | 10 816            |
| 121 - 365 days                                               | 65 011            | 74 320            |
| > 365 days                                                   | 349 638           | 385 548           |
|                                                              | <b>459 610</b>    | <b>521 660</b>    |
| <b>Residential properties</b>                                |                   |                   |
| Current (0 -30 days)                                         | 519 263           | 561 545           |
| 31 - 60 days                                                 | 533 692           | 513 895           |
| 61 - 90 days                                                 | 580 892           | 591 904           |
| 91 - 120 days                                                | 487 838           | 460 638           |
| 121 - 365 days                                               | 3 574 290         | 3 176 691         |
| > 365 days                                                   | 32 335 991        | 29 297 904        |
|                                                              | <b>38 031 966</b> | <b>34 602 577</b> |
| <b>Sundry debtors</b>                                        |                   |                   |
| Current (0 -30 days)                                         | -                 | 12 417            |
| 31 - 60 days                                                 | -                 | 12 293            |
| 61 - 90 days                                                 | -                 | 17 895            |
| 91 - 120 days                                                | -                 | 11 126            |
| 121 - 365 days                                               | 7 100             | 78 518            |
| > 365 days                                                   | 621 876           | 1 678 641         |
|                                                              | <b>628 976</b>    | <b>1 810 890</b>  |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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|--------------------------------------------------------------|---------------------|---------------------|
| <b>6. Receivables from exchange transactions (continued)</b> |                     |                     |
| <b>Vacant land</b>                                           |                     |                     |
| Current (0 - 30 days)                                        | 1 742               | 2 688               |
| 31 - 60 days                                                 | 1 687               | 1 422               |
| 61 - 90 days                                                 | 1 693               | 1 322               |
| 91 days - 120 days                                           | 1 343               | 1 323               |
| 121 - 365 days                                               | 31 031              | 19 673              |
| >365 days                                                    | 234 185             | 235 989             |
|                                                              | <b>271 681</b>      | <b>262 417</b>      |
| <b>Reconciliation of allowance for impairment</b>            |                     |                     |
| Balance at beginning of the year                             | (44 629 686)        | (42 205 091)        |
| Contributions to allowance                                   | (4 933 705)         | (2 424 595)         |
|                                                              | <b>(49 563 391)</b> | <b>(44 629 686)</b> |

#### Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions has been pledged as security in current and prior year.

#### Credit quality of receivables from exchange transactions

The carrying amount of receivables which represents maximum exposure to credit risk is **R 8,370,457 (2023)**, R 4,594,447 for 2022. This represents all customer accounts balances older than 30 days as per debtors books.

Municipal credit terms requires all customers accounts to be settled within 30 days, therefore all customer balances less than or equal to 30 days old are not due. No impairment calculated for all balances less than or equal to 30 days old.

None of the customer accounts has passed due and terms have been renegotiated.

None of the municipal financial assets is measured at fair value, therefore no exposure to market risk.

#### Receivables from exchange transactions past due but not impaired

All customer accounts passed due and not settled in full has been considered for impairment in accordance with the municipal impairment methodology.

#### Receivables from exchange transactions impaired

As of 30 June 2023, receivables from exchange transactions of R 53 394 152 (2022: R 46 638 607) were impaired and provided for.

The amount of the provision was R 49 563 390 as of 30 June 2023 (2022: R 44 629 686).

The ageing of the receivables from exchange transaction impaired is as follows:

|               |            |            |
|---------------|------------|------------|
| 2 to 4 months | 4 009 523  | 4 063 104  |
| Over 4 months | 48 076 805 | 42 575 503 |

The carrying amount of receivables from exchange transaction are denominated in the following currencies:

|      |           |           |
|------|-----------|-----------|
| Rand | 8 397 007 | 4 596 625 |
|------|-----------|-----------|



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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|-----------------|------|------|
|-----------------|------|------|

#### 7. Other receivables

|                      |   |        |
|----------------------|---|--------|
| Unallocated deposits | - | 22 945 |
|----------------------|---|--------|

Unallocated deposits includes overpayments made to ENATIS in 2022 and an amount received for an insurance claim relating to an employee who was involved in an accident in 2023. The amount received is to be paid to the beneficiaries upon submission of supporting documentation required.

#### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                   |                   |
|---------------------|-------------------|-------------------|
| Bank balances       | 102 538           | 2 590 342         |
| Short-term deposits | 47 680 384        | 79 449 155        |
|                     | <b>47 782 922</b> | <b>82 039 497</b> |

#### Cash and cash equivalents pledged as collateral

None of the cash and cash balance has been pledged as security in current and comparative years.

#### The municipality had the following bank accounts

| Account number / description                          | Bank statement balances |                   | Cash book balances |                   |
|-------------------------------------------------------|-------------------------|-------------------|--------------------|-------------------|
|                                                       | 30 June 2023            | 30 June 2022      | 30 June 2023       | 30 June 2022      |
| ABSA Cheque Account-2650560046                        | 196 630                 | 2 601 285         | 102 538            | 2 590 342         |
| ABSA Fixed Deposit Account-2065098656                 | 87 040                  | 81 659            | 87 040             | 81 659            |
| ABSA Fixed Deposit Account-2064601519                 | 3 926 544               | 3 683 783         | 3 926 544          | 3 683 787         |
| ABSA Fixed Deposit Account-2063813884                 | 1 204 402               | 16 182 123        | 1 204 402          | 16 182 123        |
| ABSA Fixed Deposit Account-2063507897                 | 9 249 935               | 8 678 051         | 9 249 935          | 8 678 051         |
| ABSA Fixed Deposit Account-2063813842                 | 5 623 611               | 5 275 928         | 5 623 611          | 5 275 928         |
| ABSA Fixed Deposit Account-2063484566                 | 11 845 922              | 11 113 540        | 11 845 922         | 11 113 540        |
| ABSA Fixed Deposit Account-2066023614 (9377261863)    | 357 021                 | 20 058 734        | 357 021            | 20 058 734        |
| ABSA Fixed Deposit Account-2065986332                 | 2 983 457               | 2 799 003         | 2 983 457          | 2 799 003         |
| Standard 32 Day Deposit Call Account-048560065004     | 1 091 160               | 1 017 652         | 1 091 160          | 1 017 652         |
| FNB Fixed Deposit - 74857681785                       | 4 106 228               | 3 848 386         | 4 106 228          | 3 848 386         |
| Nedbank 365 Day Prime Select-03/7767500223/000135-141 | 901 848                 | 839 866           | 901 848            | 839 866           |
| Nedbank 365 Day Prime Select-03/7767500223/000133-139 | 2 798 747               | 2 606 395         | 2 798 747          | 2 606 395         |
| Nedbank 365 Day Prime Select-03/7767500223/000134-140 | 3 119 212               | 2 904 836         | 3 119 212          | 2 904 836         |
| Nedbank 365 Day Prime Select-03/7767500223/000132-138 | 155 922                 | 145 206           | 155 922            | 145 206           |
| Nedbank 365 Day Prime Select-03/7767500223/000131-137 | 115 114                 | 107 202           | 115 114            | 107 202           |
| Nedbank 365 Day Prime Select-03/7767500223/10030-136  | 92 725                  | 86 352            | 92 725             | 86 352            |
| Nedbank 365 Day Prime Select-03/7767500223/000001     | 21 586                  | 20 430            | 21 586             | 20 430            |
| <b>Total</b>                                          | <b>47 877 104</b>       | <b>82 050 431</b> | <b>47 783 012</b>  | <b>82 039 492</b> |



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 9. Investment property

|                     | 2023       |                                                     |                | 2022       |                                                     |                |
|---------------------|------------|-----------------------------------------------------|----------------|------------|-----------------------------------------------------|----------------|
|                     | Cost       | Accumulated depreciation and accumulated impairment | Carrying value | Cost       | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 12 679 000 | -                                                   | 12 679 000     | 12 567 000 | -                                                   | 12 567 000     |

#### Reconciliation of investment property - 2023

|                     | Opening balance | Fair value adjustments | Total      |
|---------------------|-----------------|------------------------|------------|
| Investment property | 12 567 000      | 112 000                | 12 679 000 |

#### Reconciliation of investment property - 2022

|                     | Opening balance | Total      |
|---------------------|-----------------|------------|
| Investment property | 12 567 000      | 12 567 000 |

#### Pledged as security

None of the investment property has been pledged as collateral security in current and prior year.

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.

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Property, plant and equipment

|                        | 2023                 |                                                     |                    | 2022                 |                                                     |                    |
|------------------------|----------------------|-----------------------------------------------------|--------------------|----------------------|-----------------------------------------------------|--------------------|
|                        | 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              | 75 068 748           | (59 524 858)                                        | 15 543 890         | 74 004 642           | (57 699 308)                                        | 16 305 334         |
| Plant and machinery    | 29 267 017           | (18 351 214)                                        | 10 915 803         | 26 774 378           | (15 837 918)                                        | 10 936 460         |
| Furniture and fixtures | 9 587 910            | (7 649 594)                                         | 1 938 316          | 9 187 009            | (6 302 998)                                         | 2 884 011          |
| Motor vehicles         | 36 168 852           | (27 512 786)                                        | 8 656 066          | 34 590 277           | (22 108 657)                                        | 12 481 620         |
| IT equipment           | 6 297 882            | (3 101 816)                                         | 3 196 066          | 4 902 834            | (2 124 910)                                         | 2 777 924          |
| Infrastructure         | 806 830 549          | (326 448 753)                                       | 480 381 796        | 765 491 897          | (304 784 259)                                       | 460 707 638        |
| Community              | 308 443 951          | (112 531 338)                                       | 195 912 613        | 300 232 127          | (102 885 883)                                       | 197 346 244        |
| <b>Total</b>           | <b>1 331 364 441</b> | <b>(555 120 359)</b>                                | <b>776 244 082</b> | <b>1 274 882 696</b> | <b>(511 743 933)</b>                                | <b>763 138 763</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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

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

|                        | Opening<br>balance | Additions         | Disposals        | Transfers<br>received | Transfers           | Other<br>Movement | Donation<br>received | Depreciation        | Total              |
|------------------------|--------------------|-------------------|------------------|-----------------------|---------------------|-------------------|----------------------|---------------------|--------------------|
| Land                   | 59 699 532         | -                 | -                | -                     | -                   | -                 | -                    | -                   | 59 699 532         |
| Buildings              | 16 305 334         | 1 305 442         | (68 648)         | 1 286 691             | (1 286 691)         | -                 | -                    | (1 998 238)         | 15 543 890         |
| Plant and machinery    | 10 936 460         | 2 492 639         | -                | -                     | -                   | -                 | -                    | (2 513 296)         | 10 915 803         |
| Furniture and fixtures | 2 884 011          | 400 901           | -                | -                     | -                   | -                 | -                    | (1 346 596)         | 1 938 316          |
| Motor vehicles         | 12 481 620         | -                 | (13 848)         | -                     | -                   | (1)               | 1 950 000            | (5 761 705)         | 8 656 066          |
| IT equipment           | 2 777 924          | 1 464 875         | (46 359)         | -                     | -                   | -                 | -                    | (1 000 374)         | 3 196 066          |
| Infrastructure         | 460 707 638        | 41 338 644        | -                | 19 261 782            | (19 261 782)        | 9                 | -                    | (21 664 495)        | 480 381 796        |
| Community              | 197 346 244        | 8 211 824         | -                | 22 530 360            | (22 530 360)        | -                 | -                    | (9 645 455)         | 195 912 613        |
|                        | <b>763 138 763</b> | <b>55 214 325</b> | <b>(128 855)</b> | <b>43 078 833</b>     | <b>(43 078 833)</b> | <b>8</b>          | <b>1 950 000</b>     | <b>(43 930 159)</b> | <b>776 244 082</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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

##### Reconciliation of property, plant and equipment - 2022

|                        | Opening balance    | Additions         | Disposals        | Transfers received | Transfers           | Other movement   | Depreciation        | Total              |
|------------------------|--------------------|-------------------|------------------|--------------------|---------------------|------------------|---------------------|--------------------|
| Land                   | 59 699 532         | -                 | -                | -                  | -                   | -                | -                   | 59 699 532         |
| Buildings              | 18 145 114         | -                 | -                | 180 400            | -                   | -                | (2 020 180)         | 16 305 334         |
| Plant and machinery    | 10 599 920         | 2 803 300         | -                | -                  | -                   | 19 200           | (2 485 960)         | 10 936 460         |
| Furniture and fixtures | 3 519 989          | 686 106           | -                | -                  | -                   | (1 758)          | (1 320 326)         | 2 884 011          |
| Motor vehicles         | 12 628 977         | 5 343 844         | -                | -                  | -                   | -                | (5 491 201)         | 12 481 620         |
| IT equipment           | 2 316 951          | 1 486 783         | (77 076)         | -                  | -                   | -                | (948 734)           | 2 777 924          |
| Infrastructure         | 436 544 446        | 45 718 531        | -                | 45 140 842         | (45 132 194)        | (244 180)        | (21 319 807)        | 460 707 638        |
| Community              | 191 096 090        | 16 061 647        | (653 066)        | 18 780 116         | (18 904 951)        | 64 778           | (9 098 370)         | 197 346 244        |
|                        | <b>734 551 019</b> | <b>72 100 211</b> | <b>(730 142)</b> | <b>64 101 358</b>  | <b>(64 037 145)</b> | <b>(161 960)</b> | <b>(42 684 578)</b> | <b>763 138 763</b> |

##### Pledged as security

None of property plant and equipment assets were pledged as collateral security in current and prior year.

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

|                                 | Infrastructure Assets | Community Assets | Buildings   | Total             |
|---------------------------------|-----------------------|------------------|-------------|-------------------|
| Opening balance                 | 18 448 357            | 18 802 812       | -           | 37 251 169        |
| Additions/capital expenditure   | 41 258 776            | 7 775 711        | 1 286 691   | 50 321 178        |
| Transfers to completed projects | (19 261 782)          | (22 530 360)     | (1 286 691) | (43 078 833)      |
|                                 | <b>40 445 351</b>     | <b>4 048 163</b> | <b>-</b>    | <b>44 493 514</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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

##### Reconciliation of Work-in-Progress 2022

|                                 | Infrastructure assets | Community assets  | Buildings      | Total             |
|---------------------------------|-----------------------|-------------------|----------------|-------------------|
| Opening balance                 | 17 862 020            | 21 546 116        | 100 000        | 39 508 136        |
| Additions/capital expenditure   | 45 718 531            | 16 061 647        | -              | 61 780 178        |
| Transfers to completed projects | (45 132 194)          | (18 904 951)      | -              | (64 037 145)      |
|                                 | <b>18 448 357</b>     | <b>18 702 812</b> | <b>100 000</b> | <b>37 251 169</b> |

Below is the list of projects taking longer to complete than anticipated:

| Project number         | Project name                         | 2023             | 2022             |
|------------------------|--------------------------------------|------------------|------------------|
| SCM/INFRA04/2018/2019  | Taung sport facility refurbishment   | -                | 4 839 062        |
| KVM/GTLM/PSF/PC01      | Pudmore sport facility refurbishment | -                | 2 954 512        |
| SCM/INFR24/2016/2017   | Manthe LED HUB economic              | -                | 2 123 479        |
| GTLM/INFRA12/2020/2021 | Paving : Pudimore                    | 5 551 466        | -                |
|                        |                                      | <b>5 551 466</b> | <b>9 917 053</b> |

##### Expenditure incurred to repair and maintain property, plant and equipment

##### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

|                     |            |            |
|---------------------|------------|------------|
| Contracted services | 29 428 221 | 22 534 945 |
|---------------------|------------|------------|

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.

## Greater Taung Local Municipality

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#### 11. Intangible assets

|                          | 2023      |                                                     |                | 2022      |                                                     |                |
|--------------------------|-----------|-----------------------------------------------------|----------------|-----------|-----------------------------------------------------|----------------|
|                          | Cost      | Accumulated amortisation and accumulated impairment | Carrying value | Cost      | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 5 302 039 | (3 445 417)                                         | 1 856 622      | 5 302 039 | (2 579 569)                                         | 2 722 470      |

#### Reconciliation of intangible assets - 2023

|                          | Opening balance | Other changes, movements | Amortisation | Total     |
|--------------------------|-----------------|--------------------------|--------------|-----------|
| Computer software, other | 2 722 470       | (1)                      | (865 847)    | 1 856 622 |

#### Reconciliation of intangible assets - 2022

|                          | Opening balance | Additions | Amortisation | Total     |
|--------------------------|-----------------|-----------|--------------|-----------|
| Computer software, other | 2 631 781       | 1 492 463 | (1 401 774)  | 2 722 470 |

#### Pledged as security

None of the intangible assets was pledged as security during current and comparative year.

## Greater Taung Local Municipality

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|--------------------------------------------------------------------------------|---------------------|---------------------|
| <b>12. Payables from exchange transactions</b>                                 |                     |                     |
| Trade payables                                                                 | 9 359 360           | 6 518 450           |
| Payments received in advanced - contract in process                            | 160 661             | 232 684             |
| Bonus accrual                                                                  | 3 298 860           | 3 155 162           |
| Retention liability                                                            | 9 382 495           | 8 862 705           |
| Accrued leave pay                                                              | 12 686 829          | 11 908 498          |
| Salary control account                                                         | 809 535             | 3                   |
| Deposits received                                                              | 656 400             | 20 339              |
| Agent fees                                                                     | 36 901              | -                   |
| VAT output accrual                                                             | 4 402 247           | 3 925 203           |
|                                                                                | <b>40 793 288</b>   | <b>34 623 044</b>   |
| <b>13. Consumer deposits</b>                                                   |                     |                     |
| Electricity                                                                    | 20 171              | 24 426              |
| Builders deposits                                                              | 75 092              | 71 092              |
| Rental deposits                                                                | 60 002              | 46 102              |
|                                                                                | <b>155 265</b>      | <b>141 620</b>      |
| <b>14. Employee benefit obligations</b>                                        |                     |                     |
| The amounts recognised in the statement of financial position are as follows:  |                     |                     |
| <b>Carrying value</b>                                                          |                     |                     |
| Medical aid fund liability                                                     | (18 284 000)        | (17 861 000)        |
| Long service award liability                                                   | (5 205 000)         | (5 444 000)         |
|                                                                                | <b>(23 489 000)</b> | <b>(23 305 000)</b> |
| Non-current liabilities                                                        | (22 536 000)        | (22 075 000)        |
| Current liabilities                                                            | (953 000)           | (1 230 000)         |
|                                                                                | <b>(23 489 000)</b> | <b>(23 305 000)</b> |
| Changes in the present value of the defined benefit obligation are as follows: |                     |                     |
| <b>Long Service Award:</b>                                                     |                     |                     |
| Opening balance                                                                | 5 444 000           | 4 709 000           |
| Current service costs                                                          | 515 000             | 478 000             |
| Finance costs                                                                  | 538 000             | 422 000             |
| Benefits paid                                                                  | (1 113 000)         | -                   |
| Actuarial gain/loss                                                            | (179 000)           | (165 000)           |
|                                                                                | <b>5 205 000</b>    | <b>5 444 000</b>    |
| <b>Medical Aid Fund:</b>                                                       |                     |                     |
| Opening Balance                                                                | 17 861 000          | 15 492 000          |
| Current service costs                                                          | 1 121 000           | 1 041 000           |
| Finance costs                                                                  | 2 110 000           | 1 641 000           |
| Benefits paid                                                                  | -                   | (109 000)           |
| Actuarial gains or loss                                                        | (2 808 000)         | (204 000)           |
|                                                                                | <b>18 284 000</b>   | <b>17 861 000</b>   |



## Greater Taung Local Municipality

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#### 14. Employee benefit obligations (continued)

##### Net expense recognised in the statement of financial performance

|                                           |                |                  |
|-------------------------------------------|----------------|------------------|
| Current service cost - long service award | 515 000        | 478 000          |
| Current service cost - medical aid fund   | 1 121 000      | 1 041 000        |
| Finance costs - Long service award        | 538 000        | 422 000          |
| Finance costs - medical aid fund          | 2 110 000      | 1 641 000        |
| Actuarial loss- long service award        | (179 000)      | (165 000)        |
| Actuarial loss- medical aid fund          | (2 808 000)    | (313 000)        |
| Expected return on plan assets            | (1 113 000)    | -                |
|                                           | <b>184 000</b> | <b>3 104 000</b> |

##### Calculation of actuarial gains and losses

|                                               |                  |                  |
|-----------------------------------------------|------------------|------------------|
| Actuarial (gains) losses – long service award | (179 000)        | (165 000)        |
| Actuarial (gains) losses – medical aid fund   | 2 808 000        | (313 000)        |
|                                               | <b>2 629 000</b> | <b>(478 000)</b> |

##### Key assumptions used - Medical aid fund

Assumptions used at the reporting date:

|                                                 |         |         |
|-------------------------------------------------|---------|---------|
| Health care costs                               | 8,17 %  | 8,46 %  |
| Discount rates used                             | 12,57 % | 11,85 % |
| Net of health care cost inflation discount rate | - %     | 3,13 %  |
| Maximum subsidies inflation                     | 5,75 %  | 5,97 %  |
| Net of maximum subsidy inflation discount rate  | 5,75 %  | 5,55 %  |

|                                                  |                                                          |
|--------------------------------------------------|----------------------------------------------------------|
| Average age                                      | 62 years                                                 |
| Average retirement age                           | SA85-90                                                  |
| Mortality post employment                        | PA(90) -1 with 1% mortality improvement<br>p.a from 2010 |
| Proportion with a spouse dependant at retirement | 60%                                                      |
| Continuation of membership at retirement         | 70%                                                      |

## Greater Taung Local Municipality

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#### 14. Employee benefit obligations (continued)

##### Sensitivity analysis on medical aid obligation:

|                        |          |
|------------------------|----------|
| Average age            | 62 years |
| Average retirement age | SA85-90  |

##### Summary of the eligible employees - 30 June 2023:

|                                              | Female | Male | Total |  |
|----------------------------------------------|--------|------|-------|--|
| Number of in-service members                 | 82     | 91   | 173   |  |
| Number of in-service non-members             | 32     | 64   | 96    |  |
| Total employees                              | 114    | 155  | 269   |  |
| Average age                                  | 44.1   | 46.2 | 45.3  |  |
| Average past service                         | 10.8   | 11.4 | 11.1  |  |
| Proportion with a spouse dependant (members) | 18%    | 47%  | 32%   |  |

##### Sensitivity Analysis on the Accrued Liability (R Millions)

| Assumption Change            | Change | Eligible Employee | Continuation Member | Total  | %    |
|------------------------------|--------|-------------------|---------------------|--------|------|
| Central assumptions          | 16.382 |                   | 1.902               | 18.284 |      |
| Health care inflation rate   | +1%    | 18.065            | 1.990               | 20.055 | 10%  |
|                              | -1%    | 14.497            | 1.795               | 16.292 | -11% |
| Discount rate                | +1%    | 14.147            | 1.752               | 15.899 | -13% |
|                              | -1%    | 19.170            | 2.075               | 21.245 | 16%  |
| Post-employment mortality 2% | +1 yr  | 16.014            | 1.854               | 17.868 | -    |
|                              | -1 yr  | 16.742            | 1.949               | 18.691 | 2%   |
| Average retirement age       | -1 yr  | 17.833            | 1.902               | 19.735 | 8%   |
| Membership continuation      | -10%   | 14.143            | 1.902               | 16.045 | -12% |

##### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

| Assumption Change            | Change | Current-Svc. Cost | Interest Cost | Total      | %    |
|------------------------------|--------|-------------------|---------------|------------|------|
| Central assumptions          |        | 1,121,000         | 2,110,000     | 23,231,000 |      |
| Health care inflation rate   | +1%    | 1,248,000         | 2,313,000     | 3,561,000  | 10%  |
|                              | -1%    | 967,000           | 1,872,000     | 2,839,000  | -    |
| Discount rate                | +1%    | 939,000           | 1,966,000     | 2,409,000  | 10%  |
|                              | -1%    | 1,356,000         | 2,274,000     | 3,630,000  | 12%  |
| Post-employment mortality 2% | +1 yr  | 1,096,000         | 2,058,000     | 3,154,000  | -    |
|                              | -1 yr  | 1,147,000         | 2,161,000     | 3,308,000  | 2%   |
| Average retirement age       | -1 yr  | 1,141,000         | 2,274,000     | 3,415,000  | 6%   |
| Membership continuation      | -10%   | 972,000           | 1,847,000     | 2,819,000  | -13% |

## Greater Taung Local Municipality

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#### 14. Employee benefit obligations (continued)

##### Summary of the eligible employees - 30 June 2022

|                                              | Female | Male | Total |
|----------------------------------------------|--------|------|-------|
| Number of in-service members                 | 82     | 91   | 173   |
| Number of in-service non-members             | 32     | 64   | 96    |
| Total employees                              | 114    | 155  |       |
| 269                                          |        |      |       |
| Average age                                  | 44.1   | 46.2 | 45.3  |
| Average past service                         | 10.8   | 11.4 | 11.1  |
| Proportion with a spouse dependant (members) | 17%    | 47%  | 33%   |

##### Sensitivity Analysis on the Accrued Liability (R Millions)

| Assumption Change            | Change | Eligible | Continuation | Total  | %     |
|------------------------------|--------|----------|--------------|--------|-------|
|                              |        | Employee | Member       |        |       |
| Central assumptions          | 16.253 |          | 1.608        | 17.861 |       |
| Health care inflation rate   | +1%    | 17.898   | 1.676        | 19.574 | 10%   |
|                              | -1%    | 14.336   | 1.519        | 15.855 | -11%  |
| Discount rate                | +1%    | 13.889   | 1.468        | 15.357 | -14%  |
|                              | -1%    | 19.243   | 1.772        | 21.015 | 18%   |
| Post-employment mortality 2% | +1 yr  | 15.858   | 1.567        | 17.425 | -     |
|                              | -1 yr  | 16.641   | 1.648        | 18.289 | 2%    |
| Average retirement age       | -1 yr  | 17.639   | 1.608        | 19.247 | 8%    |
| Membership continuation      | -10%   | 14.037   | 1.608        | 15.645 | -12%- |

##### Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2022

| Assumption Change            | Change | Current-Svc. Cost | Interest Cost | Total     | %    |
|------------------------------|--------|-------------------|---------------|-----------|------|
| Central assumptions          |        | 1,041,000         | 1,641,000     | 2,682,000 |      |
| Health care inflation rate   | +1%    | 1,175,000         | 1,825,000     | 3,000,000 | 12%  |
|                              | -1%    | 890,000           | 1,439,000     | 2,329,000 | -    |
| 13%                          |        |                   |               |           |      |
| Discount rate                | +1%    | 871,000           | 1,538,000     | 2,409,000 | 10%  |
|                              | -1%    | 1,260,000         | 1,756,000     | 3,016,000 | 12%  |
| Post-employment mortality 2% | +1 yr  | 1,015,000         | 1,600,000     | 2,615,000 | -    |
|                              | -1 yr  | 1,066,000         | 1,681,000     | 2,747,000 | 2%   |
| Average retirement age       | -1 yr  | 1,089,000         | 1,783,000     | 2,872,000 | 7%   |
| Membership continuation      | -10%   | 902,000           | 1,439,000     | 2,341,000 | -13% |

## Greater Taung Local Municipality

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#### 14. Employee benefit obligations (continued)

##### Sensitivity analysis on long service award:

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

|                                             | - %     | - %     |
|---------------------------------------------|---------|---------|
| Discount rate                               | 11,20 % | 11,00 % |
| General earnings inflation rate (long term) | 6,49 %  | 7,00 %  |
| Net effective discount rate                 | 4,42 %  | 3,00 %  |

##### 30 June 2023

Average retirement age 62 years

Average retirement age SA85-90

Sensitivity Analysis on the Unfunded Accrued Liability:

| Assumptions                     | Change | Liability | % Change |
|---------------------------------|--------|-----------|----------|
| Central assumptions             |        | 5,205,000 |          |
| General earnings inflation rate | +1%    | 5,495,000 | 6%       |
|                                 | -1%    | 4,939,000 | -5%      |
| Discount rate                   | +1%    | 4,932,000 | -5%      |
|                                 | -1%    | 5,507,000 | +6%      |
| Average retirement age          | +2yrs  | 5,685,000 | +9%      |
|                                 | -2yrs  | 4,608,000 | +11%     |
| Withdrawal rates                | x2     | 4,266,000 | -18%     |
|                                 | x0.5   | 5,821,000 | +12%     |

##### Sensitivity Analysis on Current-Service (CSC) and Interest Costs for year ending 30/06/2023

| Assumption                      | Change | CSC     | Interest cost | Total     | % Change |
|---------------------------------|--------|---------|---------------|-----------|----------|
| Central assumptions             |        | 515,000 | 538,000       | 1,053,000 |          |
| General earnings inflation rate | +1     | 553,000 | 572,000       | 1,125,000 | 7%       |
|                                 | -1     | 480,000 | 508,000       | 988,000   | -6%      |
| Discount rate                   | +1     | 483,000 | 553,000       | 1,036,000 | -1%      |
|                                 | -1     | 550,000 | 521,000       | 1,071,000 | 2%       |
| Average retirement age          | +2 yrs | 519,000 | 589,000       | 1,148,000 | 9%       |
|                                 | -2yrs  | 466,000 | 476,000       | 942,000   | 11%      |
| Withdrawal rates                | x2     | 382,000 | 427,000       | 809,000   | 23%      |
|                                 | x0.5   | 610,000 | 613,000       | 1,223,000 | 16%      |

## Greater Taung Local Municipality

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#### 14. Employee benefit obligations (continued)

##### 30 June 2022:

|                        |          |
|------------------------|----------|
| Average retirement age | 62 years |
| Average retirement age | SA85-90  |

##### Sensitivity Analysis on the Unfunded Accrued Liability:

| Assumptions                     | Change | Liability | % Change |
|---------------------------------|--------|-----------|----------|
| Central assumptions             |        | 5,444,000 |          |
| General earnings inflation rate | +1%    | 5,749,000 | +6%      |
|                                 | -1%    | 5,166,000 | -5%      |
| Discount rate                   | +1%    | 5,154,000 | -5%      |
|                                 | -1%    | 5,767,000 | +6%      |
| Average retirement age          | +2yrs  | 5,931,000 | +9%      |
|                                 | -2yrs  | 4,867,000 | +11%     |
| Withdrawal rates                | x2     | 4,430,000 | -19%     |
|                                 | x0.5   | 6,124,000 | +12%     |

##### Sensitivity Analysis on Current-Service (CSC) and Interest Costs for year ending 30/06/2022

| Assumption                      | Change | CSC     | Interest cost | Total     | % Change |
|---------------------------------|--------|---------|---------------|-----------|----------|
| Central assumptions             |        | 478,000 | 422,000       | 900,000   |          |
| General earnings inflation rate | +1     | 517,000 | 449,000       | 966,000   | 7%       |
|                                 | -1     | 444,000 | 398,000       | 842,000   | -6%      |
| Discount rate                   | +1     | 447,000 | 440,000       | 887,000   | -1%      |
|                                 | -1     | 513,000 | 402,000       | 915,000   | 2%       |
| Average retirement age          | +2 yrs | 519,000 | 461,000       | 980,000   | 9%       |
|                                 | -2yrs  | 432,000 | 372,000       | 804,000   | 11%      |
| Withdrawal rates                | x2     | 349,000 | 335,000       | 684,000   | 24%      |
|                                 | x0.5   | 572,000 | 481,000       | 1,053,000 | 17%      |

#### 15. Unspent conditional grants and receipts

##### Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| Department of sport - library grant         | 1 173 799        | 1 102 463        |
| Local government financial management grant | 750 594          | 360 257          |
| Municipal infrastructure grant              | 935              | (1)              |
| Local government - disaster funds           | 505 700          | 505 700          |
|                                             | <b>2 431 028</b> | <b>1 968 419</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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|----------------------------------------------------------------|------------------|------------------|
| <b>15. Unspent conditional grants and receipts (continued)</b> |                  |                  |
| <b>Movement during the year</b>                                |                  |                  |
| Balance at the beginning of the year                           | 1 968 419        | 5 313 732        |
| Additions during the year                                      | 60 569 000       | 46 028 416       |
| Income recognition during the year                             | (60 106 391)     | (49 373 729)     |
|                                                                | <b>2 431 028</b> | <b>1 968 419</b> |

### 16. Provisions

#### Reconciliation of provisions - 2023

|                              | Opening Balance | Additions   | Total      |
|------------------------------|-----------------|-------------|------------|
| Environmental rehabilitation | 17 366 006      | (1 108 000) | 16 258 006 |

#### Reconciliation of provisions - 2022

|                              | Opening Balance | Additions | Total      |
|------------------------------|-----------------|-----------|------------|
| Environmental rehabilitation | 16 847 000      | 519 006   | 17 366 006 |

There are currently five landfill sites operated by the Greater Taung Local Municipality. The sites are located within the Greater Taung Local Municipal area namely Revilo landfill site, Taung landfill site, Pudimore 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 provision, the key assumptions used for valuation includes inflation rate at 7.21% (2022:6.71), 10 year period, average projection of the South Africa government bond yield of 3% as at 30 June 2023.

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 2022 and 2023. No movement arising from the passage of time and the effect of any changes 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 and the best estimate by discounting future cash flows at a discount of 10.78%.

### 17. Service charges

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Sale of electricity             | 3 438 355         | 3 587 069         |
| Sale of water                   | 1 285 512         | 1 198 520         |
| Solid waste                     | 4 135 468         | 4 117 811         |
| Sewerage and sanitation charges | 2 948 332         | 2 851 090         |
|                                 | <b>11 807 667</b> | <b>11 754 490</b> |

### 18. Rental of facilities and equipment

#### Facilities and equipment

|                      |         |         |
|----------------------|---------|---------|
| Rental of facilities | 395 739 | 290 349 |
|----------------------|---------|---------|

### 19. Agency services

|                     |         |         |
|---------------------|---------|---------|
| Commission received | 185 229 | 178 051 |
|---------------------|---------|---------|

## Greater Taung Local Municipality

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|---------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>20. Revenue</b>                                                                                |                    |                    |
| Sale of goods                                                                                     | 681 764            | 623 480            |
| Service charges                                                                                   | 11 807 667         | 11 754 490         |
| Rental of facilities and equipment                                                                | 395 739            | 290 349            |
| Agency services                                                                                   | 185 229            | 178 051            |
| Other income - LG SETA                                                                            | 225 525            | 260 356            |
| Other income                                                                                      | 403 776            | 227 190            |
| Interest income - receivables from exchange transactions                                          | 2 829 143          | 2 422 579          |
| Interest received - investment                                                                    | 6 576 947          | 6 176 393          |
| Property rates                                                                                    | 29 992 685         | 26 213 810         |
| Interest income - receivables from non-exchange transactions                                      | 1 113 385          | 1 240 525          |
| Government grants & subsidies                                                                     | 291 120 393        | 261 807 356        |
| Donations received                                                                                | 1 950 000          | -                  |
|                                                                                                   | <b>347 282 253</b> | <b>311 194 579</b> |
| <b>The amount included in revenue arising from exchanges of goods or services are as follows:</b> |                    |                    |
| Sale of goods                                                                                     | 681 764            | 623 480            |
| Service charges                                                                                   | 11 807 667         | 11 754 490         |
| Rental of facilities and equipment                                                                | 395 739            | 290 349            |
| Agency services                                                                                   | 185 229            | 178 051            |
| Other income - LG SETA                                                                            | 225 525            | 260 356            |
| Other income                                                                                      | 403 776            | 227 190            |
| Interest income - receivables from excahneg transactions                                          | 2 829 143          | 2 422 579          |
| Interest received - investment                                                                    | 6 576 947          | 6 176 393          |
|                                                                                                   | <b>23 105 790</b>  | <b>21 932 888</b>  |
| <b>The amount included in revenue arising from non-exchange transactions is as follows:</b>       |                    |                    |
| <b>Taxation revenue</b>                                                                           |                    |                    |
| Property rates                                                                                    | 29 992 685         | 26 213 810         |
| Interest income - receivables from none exchange transactions                                     | 1 113 385          | 1 240 525          |
| <b>Transfer revenue</b>                                                                           |                    |                    |
| Government grants & subsidies                                                                     | 291 120 393        | 261 807 356        |
| Donation received                                                                                 | 1 950 000          | -                  |
|                                                                                                   | <b>324 176 463</b> | <b>289 261 691</b> |
| <b>21. Other income</b>                                                                           |                    |                    |
| Adminstration handling fees                                                                       | 55 438             | 103 430            |
| Commision : Handling fees                                                                         | 100 361            | 107 063            |
| Inspection fees                                                                                   | 12 670             | 16 478             |
| Insurance refunds                                                                                 | 235 307            | 219                |
|                                                                                                   | <b>403 776</b>     | <b>227 190</b>     |
| <b>22. Interestincome - receivables from exchange transactions</b>                                |                    |                    |
| Interest on overdue accounts                                                                      | 2 829 143          | 2 422 579          |
| <b>23. Investment income - investments</b>                                                        |                    |                    |
| <b>Interest revenue</b>                                                                           |                    |                    |
| Bank                                                                                              | 6 576 947          | 6 176 393          |



## Greater Taung Local Municipality

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|-------------------------------|----------------------|----------------------|
| <b>24. Property rates</b>     |                      |                      |
| <b>Rates received</b>         |                      |                      |
| Residential properties        | 3 467 258            | 2 819 677            |
| Commercial properties         | 4 369 697            | 3 880 241            |
| State owned properties        | 22 050 963           | 18 856 824           |
| Agriculture and farms         | 104 767              | 657 068              |
|                               | <b>29 992 685</b>    | <b>26 213 810</b>    |
| <b>Valuations</b>             |                      |                      |
| Residential properties        | 480 356 555          | 440 416 555          |
| Commercial properties         | 148 676 000          | 147 296 000          |
| State owned properties        | 1 222 867 000        | 1 222 867 000        |
| Municipal properties          | 61 985 000           | 106 381 000          |
| Agricultural properties       | 2 022 008 000        | 2 022 014 000        |
| Public worship                | 12 605 000           | 10 220 000           |
| Public service infrastructure | 7 171 000            | 7 164 000            |
| Multi purpose center          | 4 130 000            | 6 200 000            |
| Vacant land                   | 11 301 000           | 6 461 000            |
|                               | <b>3 971 099 555</b> | <b>3 969 019 555</b> |

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.

### 25. Interest income - receivables from non - exchange transactions

|                        |           |           |
|------------------------|-----------|-----------|
| Interest - Receivables | 1 113 385 | 1 240 525 |
|------------------------|-----------|-----------|

# VOLUME II

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                              | 2023               | 2022               |
|------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>26. Government grants &amp; subsidies</b>                                                                                 |                    |                    |
| <b>Operating grants</b>                                                                                                      |                    |                    |
| Equitable share                                                                                                              | 231 374 257        | 212 433 627        |
| Library grant                                                                                                                | 978 729            | 998 342            |
| Financial management grant                                                                                                   | 2 349 406          | 2 875 515          |
| Extended public works programm grant                                                                                         | 2 255 000          | 1 707 416          |
|                                                                                                                              | <b>236 957 392</b> | <b>218 014 900</b> |
| <b>Capital grants</b>                                                                                                        |                    |                    |
| Municipal infrastructure grant                                                                                               | 54 163 001         | 43 792 456         |
|                                                                                                                              | <b>291 120 393</b> | <b>261 807 356</b> |
| <b>Conditional and Unconditional</b>                                                                                         |                    |                    |
| Included in above are the following grants and subsidies received:                                                           |                    |                    |
| Conditional grants received                                                                                                  | 59 746 136         | 49 373 729         |
| Unconditional grants received                                                                                                | 231 374 257        | 212 433 627        |
|                                                                                                                              | <b>291 120 393</b> | <b>261 807 356</b> |
| <b>Equitable Share</b>                                                                                                       |                    |                    |
| In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. |                    |                    |
| <b>Department of sport and library grant</b>                                                                                 |                    |                    |
| Balance unspent at beginning of year                                                                                         | 1 102 463          | 1 097 805          |
| Current-year receipts                                                                                                        | 1 051 000          | 1 003 000          |
| Conditions met - transferred to revenue                                                                                      | (977 794)          | (998 342)          |
|                                                                                                                              | <b>1 175 669</b>   | <b>1 102 463</b>   |
| Conditions still to be met - remain liabilities (see note 15).                                                               |                    |                    |
| <b>Extended public works program grant</b>                                                                                   |                    |                    |
| Current-year receipts                                                                                                        | 2 255 000          | 1 704 842          |
| Conditions met - transferred to revenue                                                                                      | (2 255 000)        | (1 704 842)        |
|                                                                                                                              | <b>-</b>           | <b>-</b>           |
| <b>Financial management grant</b>                                                                                            |                    |                    |
| Balance unspent at beginning of year                                                                                         | 360 257            | 135 771            |
| Current-year receipts                                                                                                        | 3 100 000          | 3 100 000          |
| Conditions met - transferred to revenue                                                                                      | (2 349 406)        | (2 875 514)        |
| Amount withheld                                                                                                              | (360 000)          | -                  |
|                                                                                                                              | <b>750 851</b>     | <b>360 257</b>     |
| Conditions still to be met - remain liabilities (see note 15).                                                               |                    |                    |
| <b>Municipal infrastructure grant</b>                                                                                        |                    |                    |
| Balance unspent at beginning of year                                                                                         | (1)                | 3 574 455          |
| Current-year receipts                                                                                                        | 50 893 082         | 40 218 000         |
| Conditions met - transferred to revenue                                                                                      | (54 163 000)       | (43 792 456)       |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                          | 2023               | 2022       |
|----------------------------------------------------------|--------------------|------------|
| <b>26. Government grants &amp; subsidies (continued)</b> |                    |            |
|                                                          | <b>(3 269 919)</b> | <b>(1)</b> |

Conditions still to be met - remain liabilities (see note 15).

#### Local government disaster fund

|                                      |         |         |
|--------------------------------------|---------|---------|
| Balance unspent at beginning of year | 505 700 | 505 700 |
|--------------------------------------|---------|---------|

Conditions still to be met - remain liabilities (see note 15).

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                    | 2023               | 2022               |
|--------------------------------------------------------------------|--------------------|--------------------|
| <b>27. Employee related costs</b>                                  |                    |                    |
| Basic                                                              | 83 024 326         | 78 039 209         |
| Bargain council                                                    | 37 551             | 35 321             |
| Bonus                                                              | 5 375 225          | 5 533 770          |
| Medical aid - company contributions                                | 6 811 508          | 6 237 248          |
| UIF                                                                | 680 909            | 664 858            |
| Acting allowance                                                   | 1 165 188          | 1 329 702          |
| Leave pay provision charge                                         | 1 940 695          | 1 349 714          |
| Defined contribution plans                                         | 12 237 233         | 11 382 147         |
| Travel, motor car, accommodation, subsistence and other allowances | 6 926 686          | 5 700 510          |
| Overtime payments                                                  | 5 632 200          | 4 357 475          |
| Long-service awards                                                | 536 501            | 740 213            |
| Standby allowance                                                  | 2 013 396          | 1 653 995          |
| Housing benefits and allowances                                    | 179 083            | 291 915            |
| Group life insurance                                               | 50 179             | 45 319             |
| Uniform and protective clothing allowance                          | -                  | 5 918 000          |
| Cellphone and telephone allowance                                  | 401 700            | 377 150            |
|                                                                    | <b>127 012 380</b> | <b>123 656 546</b> |

Include in the employee related costs above is the salaries and allowances of executive directors as shown below:

#### Remuneration of municipal manager

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration                             | 792 363          | 1 371 485        |
| Car Allowance                                   | 166 000          | 250 086          |
| Acting allowance                                | 45 128           | -                |
| Contributions to UIF, medical and pension funds | 3 239            | 2 125            |
| Cell phone allowance                            | 5 000            | 12 000           |
| Other allowances                                | 385 365          | -                |
| Housing                                         | 3 035            | 49 508           |
|                                                 | <b>1 400 130</b> | <b>1 685 204</b> |

#### Remuneration of chief finance officer

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration                             | 1 204 391        | 1 149 564        |
| Car Allowance                                   | 185 257          | 31 785           |
| Contributions to UIF, medical and pension funds | 2 125            | 2 125            |
| Cell phone allowance                            | 13 500           | 12 000           |
| Other allowance                                 | 37 713           | 53 050           |
|                                                 | <b>1 442 986</b> | <b>1 248 524</b> |

#### Remuneration of executive directors - Social services

|                                                 |                  |                  |
|-------------------------------------------------|------------------|------------------|
| Annual Remuneration                             | 638 090          | 1 059 000        |
| Car Allowance                                   | 91 423           | 150 000          |
| Contributions to UIF, medical and pension funds | 159 120          | 2 125            |
| Cell phone allowance                            | 7 000            | 12 000           |
| Other allowance                                 | 116 064          | 23 500           |
|                                                 | <b>1 011 697</b> | <b>1 246 625</b> |

#### Remuneration of executive directors - Spatial planning

|                                                 |         |         |
|-------------------------------------------------|---------|---------|
| Annual Remuneration                             | 823 875 | 774 888 |
| Car Allowance                                   | 255 635 | 241 465 |
| Accommodation, travel and incidental allowance  | -       | 44 000  |
| Contributions to UIF, medical and pension funds | 2 125   | 2 125   |

# VOLUME II

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                | 2023              | 2022              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>27. Employee related costs (continued)</b>                                                                                                                  |                   |                   |
| Overnight allowance                                                                                                                                            | 13 500            | 10 977            |
| Cell phone allowance                                                                                                                                           | 75 679            | 12 000            |
| Acting allowance                                                                                                                                               | 22 547            | 95 455            |
|                                                                                                                                                                | <b>1 193 361</b>  | <b>1 180 910</b>  |
| <b>Remuneration of executive directors - Corporate services</b>                                                                                                |                   |                   |
| Annual Remuneration                                                                                                                                            | 926 904           | 880 159           |
| Car Allowance                                                                                                                                                  | 57 931            | 22 507            |
| Contributions to UIF, medical and pension funds                                                                                                                | 2 125             | 2 125             |
| Accommodation, travel and incidental costs                                                                                                                     | 8 986             | 1 649             |
| Other                                                                                                                                                          | 15 168            | 40 000            |
|                                                                                                                                                                | <b>1 011 114</b>  | <b>946 440</b>    |
| <b>Remuneration of directors - infrastructure</b>                                                                                                              |                   |                   |
| Annual Remuneration                                                                                                                                            | 1 038 089         | 983 592           |
| Car Allowance                                                                                                                                                  | 109 860           | 84 000            |
| Performance Bonuses                                                                                                                                            | 81 966            | 81 966            |
| Contributions to UIF, medical and pension funds                                                                                                                | 2 125             | 2 125             |
| Cell phone allowance                                                                                                                                           | 13 500            | 12 000            |
| Acting allowance                                                                                                                                               | 11 661            | -                 |
| Other allowance                                                                                                                                                | 26 804            | 52 623            |
|                                                                                                                                                                | <b>1 284 005</b>  | <b>1 216 306</b>  |
| <b>28. Remuneration of councillors</b>                                                                                                                         |                   |                   |
| Executive major                                                                                                                                                | 945 105           | 1 003 857         |
| Mayoral committee members                                                                                                                                      | 6 219 145         | 5 792 730         |
| Speaker                                                                                                                                                        | 764 421           | 849 730           |
| Councillors                                                                                                                                                    | 11 896 327        | 11 250 702        |
| Chief Whip                                                                                                                                                     | 763 058           | 693 269           |
| MPAC chairperson                                                                                                                                               | 332 212           | 627 160           |
|                                                                                                                                                                | <b>20 920 268</b> | <b>20 217 448</b> |
| <b>Additional information</b>                                                                                                                                  |                   |                   |
| The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa. |                   |                   |
| <b>29. Depreciation and amortisation</b>                                                                                                                       |                   |                   |
| Property, plant and equipment                                                                                                                                  | 43 930 159        | 42 684 578        |
| Intangible assets                                                                                                                                              | 865 847           | 1 401 774         |
|                                                                                                                                                                | <b>44 796 006</b> | <b>44 086 352</b> |
| <b>30. Finance costs</b>                                                                                                                                       |                   |                   |
| Trade and other payables                                                                                                                                       | 171 177           | 34 308            |
| Employee obligations                                                                                                                                           | 2 648 000         | 2 078 525         |
|                                                                                                                                                                | <b>2 819 177</b>  | <b>2 112 833</b>  |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2023             | 2022              |                |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-------------------|----------------|-------------------|
| <b>31. Lease rentals on operating lease</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                  |                   |                |                   |
| <b>Plant and equipment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                   |                |                   |
| Contractual amounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2 254 118        | 2 948 533         |                |                   |
| <b>Lease rentals on operating lease - Other</b>                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |                   |                |                   |
| Contractual amounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 377 600          | 415 750           |                |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>2 631 718</b> | <b>3 364 283</b>  |                |                   |
| <b>32. Debt impairment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                   |                |                   |
| Debt impairment                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 11 761 422       | 5 906 543         |                |                   |
| Provision for bad debts expense amount reported in prior year has been restated by an amount of R 432,475.43 (increase) to correct the error identified on the calculation schedule for the period ending 30 June 2022. An additional provision for bad debt of R 1,370,313.00 was raised to account for SARs assessments as per statement of account. The significant increase in debt impairment is due to high default rate by customers in current year compared to last financial year. |                  |                   |                |                   |
| <b>33. Bulk purchases</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |                   |                |                   |
| Electricity - Eskom                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4 668 831        | 4 510 747         |                |                   |
| <b>Electricity losses</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |                   |                |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Number<br>2023   | Number<br>2022    |                |                   |
| Units purchased                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1 960 734        | 2 261 344         | 4 666 547      | 4 510 796         |
| Units sold                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (2 011 425)      | (2 063 935)       | (4 485 478)    | (4 095 376)       |
| <b>Total loss</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>(50 691)</b>  | <b>197 409</b>    | <b>181 069</b> | <b>415 420</b>    |
| Percentage Loss:                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |                   |                |                   |
| Loss with distribution                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | - %              | 9 %               | 3 %            | 3 %               |
| <b>34. Contracted services</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                  |                   |                |                   |
| <b>Outsourced Services</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |                   |                |                   |
| Burial Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  | 1 884             |                | 74 094            |
| Business and Advisory                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                  | 735 333           |                | 1 211 167         |
| Catering Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  | 2 594 164         |                | 1 987 549         |
| Security Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  | 37 016 151        |                | 33 339 379        |
| <b>Consultants and Professional Services</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                  |                   |                |                   |
| Business and Advisory                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                  | 7 417 339         |                | 6 166 404         |
| Legal Cost                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  | 2 069 892         |                | 1 503 345         |
| <b>Contractors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                  |                   |                |                   |
| Catering Services                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  | 20 852            |                | 71 465            |
| Employee Wellness                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  | 950               |                | 4 200             |
| Maintenance of Buildings and Facilities                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                  | 161 522           |                | 863 153           |
| Maintenance of Equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  | 1 131 757         |                | 267 316           |
| Maintenance of Unspecified Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                  | 28 134 942        |                | 21 404 476        |
| Sports and Recreation                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                  | 467 143           |                | 141 602           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  | <b>79 751 929</b> |                | <b>67 034 150</b> |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                   | 2023              | 2022              |
|-----------------------------------|-------------------|-------------------|
| <b>35. Transfer and subsidies</b> |                   |                   |
| <b>Other subsidies</b>            |                   |                   |
| Bursaries (Non-Employee)          | 330 000           | 300 000           |
| <b>36. General expenses</b>       |                   |                   |
| Advertising                       | 4 018 099         | 3 709 261         |
| Auditors remuneration             | 5 205 057         | 5 961 855         |
| Bank charges                      | 219 265           | 181 463           |
| Consumables                       | 10 396 434        | 5 351 712         |
| Donations                         | 524 460           | 104 400           |
| Hire                              | 1 598 945         | 979 534           |
| Insurance                         | 1 805 120         | 2 464 757         |
| Indigent relief                   | 9 084 286         | 9 701 341         |
| Conferences and seminars          | 147 258           | 117 287           |
| IT expenses                       | 10 742 445        | 9 465 390         |
| Skills Development Levy           | 1 182 867         | 1 185 070         |
| Motor vehicle expenses            | 582 322           | 399 162           |
| Fuel and oil                      | 7 647 270         | 6 716 119         |
| Printing and stationery           | 3 503             | 54 431            |
| Protective clothing               | 1 034 404         | 389 687           |
| Permits                           | 1 360             | 1 240             |
| Subscriptions and membership fees | 1 656 929         | 1 489 385         |
| Telephone and fax                 | 3 899 810         | 2 522 033         |
| Travel - local                    | 4 996 677         | 2 900 747         |
| Title deed search fees            | 33 637            | 181 646           |
| Electricity                       | 16 694 069        | 10 771 093        |
| Utilities - Other                 | -                 | 70 697            |
| Remuneration of ward committees   | 4 098 000         | 3 913 500         |
| Landfill site provision expense   | (1 108 000)       | 519 006           |
| Workman's compensation fund       | 946 143           | 513 379           |
| Bursaries (employees)             | 804 892           | 649 995           |
| Learnerships and Internships      | 1 658 616         | 148 540           |
| Servitudes and land surveys       | -                 | 495 923           |
|                                   | <b>87 873 868</b> | <b>70 958 653</b> |



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                                                                                                                                                                                                                                                                                   | 2023              | 2022              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>37. Cash generated from operations</b>                                                                                                                                                                                                                                                                                                         |                   |                   |
| Deficit                                                                                                                                                                                                                                                                                                                                           | (32 332 741)      | (31 218 100)      |
| <b>Adjustments for:</b>                                                                                                                                                                                                                                                                                                                           |                   |                   |
| Depreciation and amortisation                                                                                                                                                                                                                                                                                                                     | 44 796 006        | 44 086 352        |
| Gain on sale of assets and liabilities                                                                                                                                                                                                                                                                                                            | 128 855           | 730 142           |
| Fair value adjustments                                                                                                                                                                                                                                                                                                                            | (112 000)         | -                 |
| Debt impairment                                                                                                                                                                                                                                                                                                                                   | 11 761 422        | 5 906 543         |
| Movements in retirement benefit assets and liabilities                                                                                                                                                                                                                                                                                            | 277 000           | 804 000           |
| Movements in provisions                                                                                                                                                                                                                                                                                                                           | (1 108 000)       | 519 006           |
| Inventory losses or write-downs                                                                                                                                                                                                                                                                                                                   | (19 540)          | (12 982)          |
| Less donation recieved                                                                                                                                                                                                                                                                                                                            | (1 950 000)       | -                 |
| Other non-cash items                                                                                                                                                                                                                                                                                                                              | 40 417            | 40 170            |
| <b>Changes in working capital:</b>                                                                                                                                                                                                                                                                                                                |                   |                   |
| Inventories                                                                                                                                                                                                                                                                                                                                       | (414 681)         | 184 050           |
| Receivables from exchange trasnactions                                                                                                                                                                                                                                                                                                            | (3 800 382)       | 7 835 555         |
| Receivables from non-exchange transactions                                                                                                                                                                                                                                                                                                        | (122 331)         | 468 866           |
| Less debt impairment                                                                                                                                                                                                                                                                                                                              | (11 761 422)      | (5 906 543)       |
| Payables from exchange transactions                                                                                                                                                                                                                                                                                                               | 6 170 244         | (4 558 933)       |
| VAT receivable from SARS                                                                                                                                                                                                                                                                                                                          | 8 906 154         | (3 986 265)       |
| Unspent conditional grants and receipts                                                                                                                                                                                                                                                                                                           | 462 609           | (3 345 313)       |
| Consumer deposits                                                                                                                                                                                                                                                                                                                                 | 13 645            | 37 686            |
| Other receivables                                                                                                                                                                                                                                                                                                                                 | -                 | 3 355             |
|                                                                                                                                                                                                                                                                                                                                                   | <b>20 935 255</b> | <b>11 587 589</b> |
| <b>38. Commitments</b>                                                                                                                                                                                                                                                                                                                            |                   |                   |
| <b>Authorised capital expenditure</b>                                                                                                                                                                                                                                                                                                             |                   |                   |
| <b>Already contracted for but not provided for</b>                                                                                                                                                                                                                                                                                                |                   |                   |
| • Property, plant and equipment                                                                                                                                                                                                                                                                                                                   | 9 787 160         | 13 764 521        |
| <b>Total capital commitments</b>                                                                                                                                                                                                                                                                                                                  |                   |                   |
| Already contracted for but not provided for                                                                                                                                                                                                                                                                                                       | 9 787 160         | 13 764 521        |
| <b>Total commitments</b>                                                                                                                                                                                                                                                                                                                          |                   |                   |
| <b>Total commitments</b>                                                                                                                                                                                                                                                                                                                          |                   |                   |
| Authorised capital expenditure                                                                                                                                                                                                                                                                                                                    | 9 787 160         | 13 764 521        |
| This committed expenditure relates to plant and equipment and will be financed grant and available internal cash resources.                                                                                                                                                                                                                       |                   |                   |
| <b>Operating leases - as lessee (expense)</b>                                                                                                                                                                                                                                                                                                     |                   |                   |
| <b>Minimum lease payments due</b>                                                                                                                                                                                                                                                                                                                 |                   |                   |
| - within one year                                                                                                                                                                                                                                                                                                                                 | -                 | 1 417 004         |
| Operating lease payments represent rentals payable by the municipality for Printing Machines leased from Dido Digital Document Pty Ltd. Lease payements are made as per invoice and progress report. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable. |                   |                   |
| <b>Rental expenses relating to operating leases</b>                                                                                                                                                                                                                                                                                               |                   |                   |
| Minimum lease payments                                                                                                                                                                                                                                                                                                                            | 2 631 718         | 3 364 283         |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                                                                          | 2023                                      | 2022  |
|------------------------------------------------------------------------------------------|-------------------------------------------|-------|
| <b>39. Related parties</b>                                                               |                                           |       |
| Relationships                                                                            |                                           |       |
| Accounting Officers                                                                      | Refer to accounting officers' report note |       |
| <b>Related party balances</b>                                                            |                                           |       |
| <b>Loan accounts - Owing (to) by related parties</b>                                     |                                           |       |
| Councillors - OI Segosapelo                                                              | 7 517                                     | 7 928 |
| The balance relate to an amount for services owed by once councillor as at 30 June 2023. |                                           |       |
| [                                                                                        |                                           |       |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 39. Related parties (continued)

##### Remuneration of management

Management class: Councillors

2023

| Name               | Basic salary | Car Allowance | Cell Phone Allowance | Total |
|--------------------|--------------|---------------|----------------------|-------|
| Cllr.Babuseng MC   | 2 918        | -             | -                    | 2 918 |
| Cllr.Balebanye OJ  | 2 918        | -             | -                    | 2 918 |
| Cllr.Diphoko GS    | 2 918        | -             | -                    | 2 918 |
| Cllr.Leshoe MF     | 2 918        | -             | -                    | 2 918 |
| Cllr.Maila LE      | 2 918        | -             | -                    | 2 918 |
| Cllr.Malepe J      | 6 920        | -             | -                    | 6 920 |
| Cllr.Mamapula KL   | 2 918        | -             | -                    | 2 918 |
| Cllr.Kgosimore RK  | 6 920        | -             | -                    | 6 920 |
| Cllr.Matshwe T     | 6 920        | -             | -                    | 6 920 |
| Cllr.Mocumi KB     | 2 918        | -             | -                    | 2 918 |
| Cllr.Mokgobo MR    | 2 918        | -             | -                    | 2 918 |
| Cllr.Mongale RA    | 6 920        | -             | -                    | 6 920 |
| Cllr.Morweng TS    | 2 918        | -             | -                    | 2 918 |
| Cllr.Mothibesi SD  | 2 918        | -             | -                    | 2 918 |
| Cllr.Motshabi MI   | 2 918        | -             | -                    | 2 918 |
| Cllr.Ncweng ME     | 2 918        | -             | -                    | 2 918 |
| Cllr.Ntasi NE      | 6 920        | -             | -                    | 6 920 |
| Cllr.Olifant MKI   | 2 918        | -             | -                    | 2 918 |
| Cllr.Pitso JT      | 2 918        | -             | -                    | 2 918 |
| Cllr.Ratake MJ     | 2 918        | -             | -                    | 2 918 |
| Cllr.Sebolai KL    | 2 918        | -             | -                    | 2 918 |
| Cllr.Sedupane BJ   | 3 819        | -             | -                    | 3 819 |
| Cllr.Seemelo HD    | 2 918        | -             | -                    | 2 918 |
| Cllr.Seisho KG     | 2 918        | -             | -                    | 2 918 |
| Cllr.Seleke RO     | 5 881        | -             | -                    | 5 881 |
| Cllr.Tladi EH      | 7 381        | -             | -                    | 7 381 |
| Cllr.Tlhaganyane T | 2 918        | -             | -                    | 2 918 |

## Greater Taung Local Municipality

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#### 39. Related parties (continued)

|                         |         |         |        |         |
|-------------------------|---------|---------|--------|---------|
| Cllr.Tokwe LC           | 2 918   | -       | -      | 2 918   |
| Cllr.Nomadolo HN        | 2 918   | -       | -      | 2 918   |
| Cllr.Gaobusiwe GW       | 6 920   | -       | -      | 6 920   |
| Cllr.Pico JM            | 2 918   | -       | -      | 2 918   |
| Cllr.Gezane BG          | 6 920   | -       | -      | 6 920   |
| Cllr.Lepedi MC          | 6 920   | -       | -      | 6 920   |
| Cllr.Menyatso A         | 2 918   | -       | -      | 2 918   |
| Cllr.Mongale OV         | 6 920   | -       | -      | 6 920   |
| Cllr.Motlhabane NC      | 2 918   | -       | -      | 2 918   |
| Cllr.Totong DG          | 9 230   | -       | -      | 9 230   |
| Cllr.Babuseng PL        | 216 249 | 69 641  | 41 700 | 327 590 |
| Cllr.Boemo ME           | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Chubane BA         | 285 890 | -       | 41 700 | 327 590 |
| Cllr.DE Koker KS        | 288 808 | -       | 41 700 | 330 508 |
| Cllr.Gaoraelwe TR       | 906 323 | -       | 41 700 | 948 023 |
| Cllr.Gaorengwe TC       | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Ipeleng O          | 216 249 | 69 641  | 41 700 | 327 590 |
| Cllr.Kesemoletshe G     | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Lekoma IJ          | 216 249 | 69 641  | 41 700 | 327 590 |
| Cllr.Lephoi GH          | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Mabengwane LX      | 677 552 | -       | 41 700 | 719 252 |
| Cllr.Matuane JA         | 519 429 | 165 043 | 41 700 | 726 172 |
| Cllr.Mase BP            | 239 123 | 46 767  | 41 700 | 327 590 |
| Cllr.Maribe IN          | 680 470 | -       | 41 700 | 722 170 |
| Cllr.Modise LRL         | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Moeti MB           | 515 427 | 165 043 | 41 700 | 722 170 |
| Cllr.Mokua EM           | 525 960 | 151 592 | 41 700 | 719 252 |
| Cllr.Moipolai KG        | 725 639 | -       | 41 700 | 767 339 |
| Cllr.Moeng PK           | 227 601 | 58 289  | 41 700 | 327 590 |
| Cllr.Mojaki MS          | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Monchonyane RT     | 512 509 | 165 043 | 41 700 | 719 252 |
| Cllr.Molale MMT         | 216 249 | 69 641  | 41 700 | 327 590 |
| Cllr.Montewa NM         | 216 249 | 69 641  | 41 700 | 327 590 |
| Cllr.Morapedi-Letele MS | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Mosinkiemang MV    | 680 470 | -       | 41 700 | 722 170 |
| Cllr.Moraladi TG        | 285 890 | -       | 41 700 | 327 590 |
| Cllr.Mmokwa M           | 288 808 | -       | 41 700 | 330 508 |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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#### 39. Related parties (continued)

|                     |                   |                  |                  |                   |
|---------------------|-------------------|------------------|------------------|-------------------|
| Cllr.MMokwa SC      | 501 519           | 161 728          | 41 700           | 704 947           |
| Cllr.Nape LS        | 216 249           | 69 641           | 41 700           | 327 590           |
| Cllr.Nkewu BM       | 250 814           | 35 075           | 41 700           | 327 589           |
| Cllr.Makwati MM     | 274 198           | 11 692           | 41 700           | 327 590           |
| Cllr.Olifant CK     | 219 167           | 69 641           | 41 700           | 330 508           |
| Cllr.Pudule AK      | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Pusho B        | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Rooibaatjie KC | 285 890           | -                | 41 700           | 327 590           |
| Cllr. Seboko KL     | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Segosapelo OI  | 221 925           | 63 965           | 41 700           | 327 590           |
| Cllr. Tafane GN     | 677 552           | -                | 41 700           | 719 252           |
| Cllr.Seepamere S    | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Sephula MA     | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Sekwenyane MD  | 216 249           | 69 641           | 41 700           | 327 590           |
| Cllr.Sebe TP        | 515 427           | 165 043          | 41 700           | 722 170           |
| Cllr.Tabe TJ        | 285 890           | -                | 41 700           | 327 590           |
| Cllr.Tong OA        | 216 249           | 69 641           | 41 700           | 327 590           |
| Cllr.Tshipo GJ      | 288 808           | -                | 41 700           | 330 508           |
| Cllr.Zonke V        | 239 123           | 46 767           | 41 700           | 327 590           |
| Cllr.Mojanaga MD    | 262 506           | 23 384           | 41 700           | 327 590           |
| Cllr.Molamu GS      | 285 890           | -                | 41 700           | 327 590           |
| Payroll adjustments | (12 000)          | -                | 56 423           | 44 423            |
|                     | <b>16 975 903</b> | <b>1 886 200</b> | <b>2 058 023</b> | <b>20 920 126</b> |

#### 2022

| Name               | Basic salary | Car allowance | Cell phone allowance | Total   |
|--------------------|--------------|---------------|----------------------|---------|
| Cllr. Babuseng MC  | 73 012       | 24 339        | 15 866               | 113 217 |
| Cllr.Balebanye OJ  | 73 012       | 24 339        | 15 866               | 113 217 |
| Cllr.Diphoko GS    | 73 012       | 24 339        | 15 866               | 113 217 |
| Cllr. Gaoraelwe TR | 97 350       | -             | 15 866               | 113 216 |
| Cllr. Leshoe MF    | 73 012       | 24 339        | 15 866               | 113 217 |
| Cllr. Maila LE     | 97 350       | -             | 15 866               | 113 216 |
| Cllr. Malepe J     | 173 034      | 57 678        | 15 866               | 246 578 |

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 39. Related parties (continued)

|                       |         |        |        |         |
|-----------------------|---------|--------|--------|---------|
| Cllr. Mamapula KL     | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Maribe IN       | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Matshwe TE      | 176 908 | 53 804 | 15 866 | 246 578 |
| Cllr. Mmakwa M        | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Mocumi KB       | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Moipolai KG     | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Mokgobo MR      | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Mongale RA      | 173 034 | 57 678 | 15 866 | 246 578 |
| Cllr. Morweng TS      | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Mosinkiemang MV | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Mothibedi SD    | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Motshabi MI     | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Ncweng ME       | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Ntasi NE        | 230 712 | -      | 15 866 | 246 578 |
| Cllr. Olifant MKI     | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Pitso JT        | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Ratake MJ       | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Sebe TP         | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Sebolai KL      | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Sedupane BJ     | 157 390 | -      | 15 866 | 173 256 |
| Cllr. Seemelo HD      | 156 170 | -      | 15 866 | 172 036 |
| Cllr. Seisho KG       | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Seleke RO       | 147 041 | 49 015 | 15 866 | 211 922 |
| Cllr. Tshipo GJ       | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Tladi EH        | 246 093 | -      | 15 866 | 261 959 |
| Cllr. Tlhaganyane T   | 95 716  | 1 635  | 15 866 | 113 217 |
| Cllr. Tokwe LC        | 73 012  | 24 339 | -      | 97 351  |
| Cllr. Totong DG       | 13 077  | -      | 15 866 | 28 943  |
| Cllr. De Koker KS     | 156 170 | -      | 15 866 | 172 036 |
| Cllr. Kgosiimore RK   | 173 034 | 57 678 | 15 866 | 246 578 |
| Cllr. Moeti MB        | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Nomadolo HN     | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Gaobusiwe GW    | 173 034 | 57 678 | 15 866 | 246 578 |
| Cllr. Matuane JA      | 230 712 | -      | 15 866 | 246 578 |
| Cllr. Pico JM         | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Gezane BG       | 173 034 | 57 678 | 15 866 | 246 578 |
| Cllr. Lepedi MC       | 173 034 | 57 678 | 15 866 | 246 578 |

## Greater Taung Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 39. Related parties (continued)

|                          |         |        |        |         |
|--------------------------|---------|--------|--------|---------|
| Cllr. Menyatso A         | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Mongale OV         | 173 034 | 57 678 | 15 866 | 246 578 |
| Cllr. Mothibi LJ         | 73 012  | 24 339 | 15 866 | 113 217 |
| Cllr. Motlhabane NC      | 97 350  | -      | 15 866 | 113 216 |
| Cllr. Totong DG          | 280 542 | -      | 15 866 | 296 408 |
| Cllr. Babuseng PL        | 136 625 | 39 732 | 28 742 | 205 099 |
| Cllr. Boemo ME           | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Chubane BA         | 176 357 | -      | 28 742 | 205 099 |
| Cllr. De Koker KS        | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Gaoraclwe TR       | 552 412 | -      | 28 742 | 581 154 |
| Cllr. Gaorengwe TC       | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Ipeleng O          | 159 329 | 17 028 | 28 742 | 205 099 |
| Cllr. Kesemolotse G      | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Lekoma JJ          | 170 681 | 5 676  | 28 742 | 205 099 |
| Cllr. Lephoi GH          | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Mabengwane LX      | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Matuane JA         | 350 694 | 67 255 | 28 742 | 446 691 |
| Cllr. Mase BP            | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Maribe IN          | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Modise LRL         | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Moeti MB           | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Mokua EM           | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Moipolai KG        | 445 813 | -      | 28 742 | 474 555 |
| Cllr. Moeng PK           | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Mojaki MS          | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Monchonyane RT     | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Molale MMT         | 170 681 | 5 676  | 28 742 | 205 099 |
| Cllr. Montewa NM         | 170 681 | 5 676  | 28 742 | 205 099 |
| Cllr. Morapedi-Letele MS | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Mosinkiemang       | 417 949 | -      | 28 742 | 446 691 |
| Cllr. Moraladi TG        | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Mmokwa M           | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Mmokwa SC          | 360 135 | 26 362 | 28 742 | 415 239 |
| Cllr. Nape LS            | 142 300 | 34 056 | 28 742 | 205 098 |
| Cllr. Nkewu B.M          | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Makwati MM         | 176 357 | -      | 28 742 | 205 099 |
| Cllr. Olifant CK         | 142 300 | 36 898 | 25 900 | 205 098 |



## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 39. Related parties (continued)

|                      |                   |                  |                  |                   |
|----------------------|-------------------|------------------|------------------|-------------------|
| Cllr. Pudule AK      | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Pusho B        | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Rooibaatjie KC | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Seboko KL      | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Tafane GN      | 417 949           | -                | 28 742           | 446 691           |
| Cllr. Seepamere S    | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Sephula MA     | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Sekwenyane MD  | 165 005           | 11 352           | 28 742           | 205 099           |
| Cllr. Sebe TP        | 377 596           | 40 353           | 28 742           | 446 691           |
| Cllr. Tabe TJ        | 176 357           | 2 842            | 25 900           | 205 099           |
| Cllr. Tong OA        | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Tshipo GJ      | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Zonke V        | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Mojanaga MD    | 176 357           | -                | 28 742           | 205 099           |
| Cllr. Molamu GS      | 136 218           | -                | 22 200           | 158 418           |
| Cllr. Segosapelo OI  | 176 350           | -                | 28 742           | 205 092           |
|                      | <b>16 800 604</b> | <b>1 287 886</b> | <b>2 128 958</b> | <b>20 217 448</b> |

#### 40. 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

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

| Figures in Rand                            |      | 2023                   | 2022                             |                                        |                   |               |
|--------------------------------------------|------|------------------------|----------------------------------|----------------------------------------|-------------------|---------------|
| 40. Prior-year adjustments (continued)     |      |                        |                                  |                                        |                   |               |
| 2022                                       |      |                        |                                  |                                        |                   |               |
|                                            | Note | As previously reported | Correction of prior period error | Correction of prior-prior period error | Re-classification | Restated      |
| Receivables from non-exchange transactions |      | 2 040 191              | 11 687                           | -                                      | -                 | 2 051 878     |
| VAT receivable from SARs                   |      | 14 659 670             | (1 370 313)                      | (4 383 733)                            | 3 470 775         | 12 376 399    |
| Receivables from exchange transactions     |      | 3 612 792              | 543 408                          | -                                      | 440 425           | 4 596 625     |
| Cash and cash equivalents                  |      | 82 544 086             | (504 589)                        | -                                      | -                 | 82 039 497    |
| Property, plant and equipment              |      | 762 973 565            | 165 198                          | -                                      | -                 | 763 138 763   |
| Payables from exchange transactions        |      | (24 434 689)           | (744 192)                        | (5 532 963)                            | (3 911 200)       | (34 623 044)  |
| Accumulated surplus                        |      | (814 389 192)          | 1 898 801                        | 9 916 696                              | -                 | (802 573 695) |
|                                            |      | 27 006 423             | -                                | -                                      | -                 | 27 006 423    |

### Statement of financial performance

| <b>2022</b>                                |      |                        |                                  |                   |                    |
|--------------------------------------------|------|------------------------|----------------------------------|-------------------|--------------------|
|                                            | Note | As previously reported | Correction of prior period error | Re-classification | Restated           |
| Depreciation and amortisation              |      | 43 946 169             | 140 183                          | -                 | 44 086 352         |
| Finance costs                              |      | 2 089 071              | 4 340                            | 19 423            | 2 112 834          |
| Lease rentals on operating lease           |      | 3 133 306              | 230 977                          | -                 | 3 364 283          |
| General expenditure                        |      | 69 131 487             | 188 410                          | 1 639 240         | 70 959 137         |
| Debt Impairment                            |      | 4 154 191              | 1 752 352                        | -                 | 5 906 543          |
| Bulk purchase                              |      | 4 493 372              | 17 375                           | -                 | 4 510 747          |
| Contracted Services                        |      | 68 884 599             | (191 786)                        | (1 658 663)       | 67 034 150         |
| Sale of goods                              |      | (730 519)              | -                                | 107 039           | (623 480)          |
| Services charges                           |      | (11 769 948)           | -                                | 15 458            | (11 754 490)       |
| Other income                               |      | (104 693)              | -                                | (122 497)         | (227 190)          |
| Interest income - investments              |      | (6 178 861)            | 2 468                            | -                 | (6 176 393)        |
| Loss on disposal of assets and liabilities |      | (817 960)              | 164 894                          | -                 | (653 066)          |
| <b>Surplus for the year</b>                |      | <b>176 230 214</b>     | <b>2 309 213</b>                 | <b>-</b>          | <b>178 539 427</b> |

### Cash flow statement

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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

##### 2022

|                                          | Note | As previously reported | Correction of prior period error | Restated             |
|------------------------------------------|------|------------------------|----------------------------------|----------------------|
| Cash flow from operating activities      |      |                        |                                  |                      |
| Taxation                                 |      | 29 616 580             | (1 693 379)                      | 27 923 201           |
| Interest income                          |      | 6 178 861              | (2 468)                          | 6 176 393            |
| Payments - employee related costs        |      | (140 670 177)          | (5 315 145)                      | (145 985 322)        |
| Payments - suppliers                     |      | (139 508 953)          | (9 270 374)                      | (148 779 327)        |
| Payments - finance costs                 |      | (2 089 071)            | 2 054 763                        | (34 308)             |
|                                          |      | <b>(246 472 760)</b>   | <b>(14 226 603)</b>              | <b>(260 699 363)</b> |
| Cash flow from investing activities      |      |                        |                                  |                      |
| Purchase of property plant and equipment |      | (72 019 811)           | (80 400)                         | (72 100 211)         |

Cash received from property rates was not calculated properly in the previous year. The impact of movement in opening balance was not factored in the calculation and the amount presented was not supported by any calculations. A proper calculation has been made in current year which resulted to a decrease on cash received from property rates by R 1 693 379 compared to prior year reported figure.

Further interest received from bank account presented in prior year was understated by R 2 468 hence an adjustment was made to correct this error.

There was no proper calculation to support the amount disclosed in prior year audited annual financial statements as this was performed at the end and when time was not on the municipal side. A proper calculation has been made which led to increase of payments made to employees and staff by R 5 315 145. The new figure is aligned to the payroll reports for the year.

Payment to suppliers was understated due compared to payment report schedule for the year. Detailed calculation was performed and adjustment of R 9,270,374 increase on payments to suppliers.

Finance costs presented in the cash for last year included non cash interest charged in provisions. This was eliminated to account for cash items only which led to a decrease on cash paid to finance cost by R 2,054,763.

Additional acquisition was omitted in prior year and the amount presented was understated by R 80,400. Additions amount has been restated to cater for this omission.

#### VAT Receivables

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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

VAT component is made up of three elements which are vat input accrual, vat output accrual and vat receivable. Vat input accrual arises from transactions incurred by the municipality to acquire goods or services and no payment has been made to those suppliers at the end of the year. This is classified as receivables from exchange transaction and must be present as such on the financial statement. VAT output accrual arises from sales transaction made by the municipality of which not payment has been received from customers at the end of the financial year. This is classified as payable from exchange transaction and must be presented as such in the annual financial statements. VAT receivables relates to an amount declared to SARs which is waiting to be refunded. This is classified as a statutory receivable in terms of GRAP108 and requirements of this accounting standard applies. VAT amount was presented as one amount in prior year audited annual financial statement. This was in contradiction with accounting standard requirements, therefore a split has been made to correct this error. VAT output accrual amount of R 3,911,200 has been classified to payables from exchange transactions and vat input accrual of R 440, 425 has been classified to receivables from exchange transactions. This re-classification increased vat receivable amount by R 3,470,775. The above mentioned transactions were re-classified by mapping respective vote numbers to payables from exchange transaction and receivables from exchange transaction respectively.

The municipality assessed vat receivables for impairment by comparing the amount declared to SARs for refund to the actual amount received from SARs. All the SARs assessments shows an indication that such portion of the declared amount is irrecoverable, therefore a provision for bad debts has been made. A total of R 5,754,046 has been raised as provision for bad debt on vat receivable of which R 1,370,313 relates to financial year ending 30 June 2022 and R 4,383,733 is for prior years before comparative period.

#### Payables from exchange transactions

The amount for accruals was processed excluding VAT by error. Payables from exchange transactions have been adjusted to account for the VAT which led to an increase of R 734,437.38 compared to prior year audited amount.

An error was detected whereby an advance payment liability balance disclosed from prior years was not agreeing to the supporting schedule. An assessment of the past three years supporting schedule was performed which shows the same variance throughout, therefore a total of R 18,137.71 (decrease) in payables was processed against retained surplus.

Management identified interest relating to supplier which was not recorded on the system. A total of R 4,322 (increase in payables was recorded to correct this omission.

Vat output accrual was mapped from vat receivable balance as disclosed in prior year to trade payables and accruals which led to an increase of R 3,911,200. This amount was further adjusted by a total of R 14 000,00. (increase) to raise additional output vat as per schedule and supporting documentation.

Municipality identified prior period invoices relating to retention which were not recorded. Further investigation confirmed that these invoices were capitalised into the project and retention liability was subsequently reversed against retained surplus by mistake. This has been rectified which led to R 5,510,338.89 increase on retention.

Management identified invoices relating to retention liability which were not captured on the accounting system. The total amount of R 40,761.78 increase on retention was processed against work in progress.

#### Finance costs

A total of R R 4,340 relating to interest on suppliers was completely omitted in prior year and correction has been made which increased total finance costs by that amount. Furthermore, prior year interest on outstanding suppliers' accounts was processed together with general expenditure and re-classification made led to an increase in finance costs by this amount. Total prior period adjustment is R 23,763 increase in finance costs.

#### Lease rentals on operating lease

An invoice relating lease rental was omitted in prior year even though it was paid for which led to an increase in lease rentals on operating lease by R 230,977 (vat excl).

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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

##### Cash and cash equivalents

Management identified two invoices for fuel and operating lease which were not captured on the system. These transactions have been captured on cash book to correct the omission which led to a total decrease of R 483,104.33 on cash book balance.

An expenditure relating to bulk purchase incurred in prior year was incorrectly reversed in the cash book. Upon investigation, it was identified that this is a valid transaction and must be recorded on the system. The total invoice amount is R 20,000.00 including vat. Cash and cash equivalent balance has been decreased by R 20,000 to account for this error.

The contra entry increased the bulk purchase expenses by R 17,391.30 and vat input accrual by R 2,608.70.

Interest income from investment recorded in prior year was overstated by an amount of R 2,468.04 compared to the bank statement amount. A reversal has been made which decreased the cash and cash equivalent by R 2,468.04. During the preparation of annual financial statement, management discovered that some rental deposits refunded were not captured on the system. This was effected on the system and resulted to a decrease on cash book amount by R984

The net decrease in cash and cash equivalents is R 504,589.

##### Debt Impairment

Provision for bad debts presented in prior year was understated by an amount of R 432,475 due to calculation error in the provision for bad debt schedule used for the year ending 30 June 2022. This error has been corrected which resulted to an increase in debt impairment by this amount.

VAT receivable balance presented in prior year includes SARs assessments for prior periods. All the assessment and journals are irrecoverable according to South African Revenue Service's audit. This has been provided for which led to an increase in debt impairment of R 1,370,313.

During preparation of prior year annual financial statement, management erroneously mapped the vote number for gross amount under provision for impairment. This distorted the balance presented in prior year and this account number has been mapped to gross rental receivables to correct the error. This has an effect of R 50,436 decrease in debt impairment.

The overall impact of the adjustments on debt impairment is ( 1,370,313+432,475-50,436) = **R 1,752,352 (increase)**.

##### Property plant and equipment

During the year, management identified a project completed in previous year which were not capitalised. This resulted to R 1,156,143.71 increase in cost of community assets and decrease in construction working in progress. No depreciation was calculated on this project since it was complete at year end. The cost of the old sport facility was disposed which led to R 1,690,040 decrease in cost of community assets as well as R 1,595,795 decrease in accumulated depreciation. This results to loss on disposal of R 91,044 ( decrease in assets). Management identified prior year invoices which were not captured on the system. This error was corrected which led to an increase in work in progress by R 221,869.00. Two projects were discontinued in prior years, however the carrying amount was still reflecting on the fixed asset register. These were written off to retained surplus and the sum of R 400,467 decrease in construction work in progress was recorded. During preparation of GRAP compliance fixed asset register, it was noted that an amount of R 231,391(decrease) on the system does not relate to any asset on the fixed asset register. This amount was processed to retained surplus to align fixed asset register and fixed asset register.

An error occurred in prior year whereby several assets were disposed without sufficient supporting documentation. This transaction was nullified and all journals were reversed. The total costs of these assets is R 3,507,004 and accumulated depreciation of R 3,146,829. Associated loss on disposal is R 360,175. Prior year audited amounts have been restated resulting to a net increase of R 360,175 on movable assets.

Prior year depreciation expense for buildings presented in the audited financial statements was understated by R 156,752.79 compared to final fixed asset register for the municipality. Correction was made which led to increase in depreciation expense and accumulated depreciation by such amount.

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

##### Service charges

Income received from connection fees was incorrectly mapped under services charges in prior year instead of other income. A total of R 15,458 was re- mapped to other income.



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

##### Receivables from non-exchange transactions

A formula error occurred during calculation of provision for bad debts for the period ending 30 June 2022. Prior year provision for bad debts amount has been re-calculated and compared to audited amounts. A correction of R 11,687 decrease in provision for bad debts has been processed to correct the error.

##### Receivables from exchange transactions

An error was identified on the formulas used to calculate prior year provision for bad debts. Re-calculation schedule resulted to an increase in provision for bad debts by R 444,163.

An account number IA00101000300300100100000000000000001 relating to rental gross amount was incorrectly mapped to provision for bad debts and this has been mapped to the correct section in current year. A decrease in provision for bad debts by R 70,563.16 was noted.

The correction resulted to a total prior period adjustment on receivable from exchange transaction by **(R 444,163 - R 70,563) = R 373,600 (decrease)**.

In addition, an amount of R 440,425 (increase) relating to vat input accrual which was previously mapped to from vat receivable.

Furthermore, vat input on accrued liability was processed which increased the vat input accrual by R 734,437.38.

During preparation of financial statement for the period ending 30 January 2023, it was discovered that an amount of R 265,622.62 relating to operating lease rental was not processed on the system. VAT amount of R 34,646.43 was processed during the correction which increased the vat input accrual.

Review of prior year expenditure shows that some invoices were processed including vat input in the expenditure vote. A total of R 129,135.67 (increase) was processed to separate vat input accrual and expenditure. In addition R 14,000 was re-classified to VAT output as per the supporting schedule. One invoice relating to bulk water was missed in prior year and correction of it resulted to an increase in vat input accrual by R 2,608.00.

Total prior period adjustment on vat input accruals is the sum of **(R 734,437.38 + R 34,646.43 + R 129,135.67 + R 14,000.00 + R 2,608) = R 914,829 (increase)**.

##### General expenses and contracted services

General expenditure transactions were incorrectly classified as contracted services and finance cost in prior year. A total of R 1,658,663.00 was re-classified from contracted services which led to an increase in general expenses by such amount. Furthermore an amount of R 19,423 relating to interest charged on supplier's outstanding account was moved to finance costs line item. The overall impact of this correcting is an increase in general expenses and finance cost by R 1,658,663 and R 19,423 respectively and decrease in contracted service by R 1,658,663. Management received an invoice dated 18th May 2021 on 23 July 2021, however this transaction was accounted for on this transaction was accounted for on the receipt date instead of the invoice date. A correction was made to decrease legal costs in contracted services by R 88,300.00 increased accruals by the same amount. Additionally, it was noted that some expenditure transactions were accounted for including vat input accrual. A correction was made which led to decrease on prior audited amount by R 103,231.77 and R 25,903.90 in contracted services and general expenditure respectively. An invoice relating to fuel and oil was omitted in prior year. This was corrected which led to increase in prior year audited amount by R 217,481.71.

##### Loss on disposal of assets

The municipality disposed assets in prior year without council approval. This was condemned and all the disposed assets has to be reversed on the system. This led to a decrease in loss on disposal by R 255,937.00.

Old part of the refurbished sport field was derecognised as per auditors recommendation in prior year which led to an increase in loss on disposal by R 91,042.83. ]

The above mentioned adjustments resulted to a decrease of R 164,894.17 compared to prior year audited amounts.

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#### 41. 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.

| At 30 June 2023                       | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---------------------------------------|------------------|-----------------------|-----------------------|--------------|
| • Payables from exchange transactions | 40 793 288       | -                     | -                     | -            |
| • Consumer deposits                   | 155 265          | -                     | -                     | -            |
| • Employee obligations                | 953 000          | -                     | -                     | -            |
| • Unspent conditional grants          | 2 431 028        | -                     | -                     | -            |
| At 30 June 2022                       | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| • Payables from exchange transactions | 34 623 044       | -                     | -                     | -            |
| • Consumer deposits                   | 141 620          | -                     | -                     | -            |
| • Employee obligations                | 1 230 000        | -                     | -                     | -            |
| • Unspent conditional grant           | 1 968 419        | -                     | -                     | -            |

##### 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 collection rate during each financial year as well as other economic factors affecting people within the municipal demarcations.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument                       | 2023       | 2022       |
|--------------------------------------------|------------|------------|
| Receivables from exchange transactions     | 8 397 007  | 4 596 625  |
| Receivables from non-exchange transactions | 2 174 209  | 2 051 878  |
| Cash and cash equivalents                  | 47 782 922 | 82 039 497 |

##### Market risk

##### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

#### 42. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 770 167 385 and that the municipality's total liabilities exceed its assets by R 770 354 349.

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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#### 42. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officers continue to procure funding for the ongoing operations for the municipality. Below are some of the conditions used to assess going concern during the year:

Continued culture of non-payment by customers - currently, the municipality has experienced a collection rate of 81% in 2023/79% (2022) which is higher than prior year. Further improvement in collection rate is anticipated which will improve liquidity position and ability to settle municipal obligations as they fall due.

Unfavourable economic conditions affects consumer spending and ability to settle their accounts on time. The municipality has implemented settlement discounts for those who pay on time to counter the negative impact of the economy.

Re-curring financial loss for the past three years. Management noted that approximately 30% of the expenditure is coming from non-cash items such as depreciation and impairment which does not have any impact on the cash base of the municipality. The impact of losses is immaterial to affect going concern of the municipality.

Working capital ratio is favourable and the municipality's current assets exceeds current liability in current and comparative year.

The municipality is not exposed to any loan obtained from financial institutions.

There are no negative financial ratios which can pose threat to the going concern of the municipality.

Need to source new funds - the municipality is fully funded by grants and equitable shares supplemented by collections from services rendered to community, there is no need to seek additional source of funds.

The municipality do not have plans to dispose majority of its assets in current and future years.

The municipality still receive grants from the government as detailed DORA. The following funds has been allocated to the municipality:

|                                                   | 2024               | 2023               |
|---------------------------------------------------|--------------------|--------------------|
| Equitable shares                                  | 243 432 000        | 231 374 000        |
| Financial management grant                        | 3 100 000          | 3 100 000          |
| Extended Public Works Program                     | 2 255 000          | 2 255 000          |
| Municipal infrastructure grant                    | 56 517 000         | 54 163 000         |
| Library grant                                     | -                  | 1 051 000          |
| Integrated national electrification program grant | 177 415 000        | -                  |
|                                                   | <b>482 719 000</b> | <b>291 943 000</b> |

Based on the assessment performed above, management is of the opinion that municipality is a going concern and financial statements has been prepared on that basis

#### 43. Events after the reporting date

Management is not aware of any event after the end of the reporting period that provide evidence of conditions that existed at the end of the reporting period which requires an adjustment or disclosure to the annual financial statements.

#### 44. Fruitless and wasteful expenditure

|                                                              |                  |                  |
|--------------------------------------------------------------|------------------|------------------|
| Opening balance as previously reported                       | 2 648 841        | 2 512 529        |
| Add: Fruitless and wasteful expenditure identified - current | 131 832          | 136 312          |
| <b>Closing balance</b>                                       | <b>2 780 673</b> | <b>2 648 841</b> |

Fruitless and wasteful expenditure is presented inclusive of VAT

## Greater Taung Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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|-----------------------------------------------------------|------------------------------------------------------|----------------|----------------|
| <b>44. Fruitless and wasteful expenditure (continued)</b> |                                                      |                |                |
| <b>Details of fruitless and wasteful expenditure</b>      |                                                      |                |                |
|                                                           | <b>Disciplinary steps taken/criminal proceedings</b> |                |                |
| Interest charged - Eskom                                  | To be investigated                                   | 60 669         | 49 587         |
| Interest charged -ABSA Bank                               | To be investigated                                   | 17 010         | -              |
| Accommodation inflated prices                             | To be investigated                                   | 8 000          | 17 695         |
| Accident                                                  | To be investigated                                   | 46 153         | 69 030         |
|                                                           |                                                      | <b>131 832</b> | <b>136 312</b> |

#### Amount recovered

None of the fruitless and wasteful expenditure amounts were recovered in current and comparative year.

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#### 44. Fruitless and wasteful expenditure (continued)

##### Amount written-off

None of the fruitless and wasteful expenditure amounts were written-off in current and comparative year.

#### 45. Unauthorised expenditure

|                                              |                    |                    |
|----------------------------------------------|--------------------|--------------------|
| Opening balance as previously reported       | 234 331 929        | 199 427 696        |
| Add: Unauthorised expenditure - current      | 27 758 407         | 14 958 589         |
| Add: Unauthorised expenditure - prior period | -                  | 19 945 644         |
| <b>Closing balance</b>                       | <b>262 090 336</b> | <b>234 331 929</b> |

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

|          |                   |                   |
|----------|-------------------|-------------------|
| Non-cash | 18 569 383        | 11 047 852        |
| Cash     | 9 189 024         | 23 856 381        |
|          | <b>27 758 407</b> | <b>34 904 233</b> |

##### Analysed as follows: non-cash

|                                                   |                   |                   |
|---------------------------------------------------|-------------------|-------------------|
| Depreciation and amortisation                     | 9 570 005         | 8 860 353         |
| Finance charges                                   | 2 216 167         | 812 833           |
| Loss on disposal of property, plant and equipment | 128 855           | 730 142           |
| Provision of impairment                           | 6 486 422         | 631 544           |
| Water losses                                      | 19 540            | 12 982            |
| Gains or losses                                   | 148 395           | -                 |
|                                                   | <b>18 569 384</b> | <b>11 047 854</b> |

Prior year unauthorised expenditure was mistated because incorrect budget was used to calculate prior period unauthorised balance. This has resuted to a correction of R 19 945 644 (increase) to the balance audited in prior year.

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|----------------------------------------------------------------------------------|-------------------|-------------------|
| <b>45. Unauthorised expenditure (continued)</b>                                  |                   |                   |
| <b>Unauthorised expenditure: Budget overspending – per municipal department:</b> |                   |                   |
| Sports and recreation                                                            | 4 733 162         | -                 |
| Planning and development                                                         | 3 657 266         | -                 |
| Community and social services                                                    | -                 | 6 905 133         |
| Waste management                                                                 | 6 826 692         | -                 |
| Road transport                                                                   | 7 023 986         | 7 590 532         |
| Finance and administration                                                       | 2 630 621         | 13 041 783        |
| Water management                                                                 | 2 886 681         | 7 366 786         |
|                                                                                  | <b>27 758 408</b> | <b>34 904 234</b> |

#### 46. Irregular expenditure

|                                           |          |          |                    |                    |
|-------------------------------------------|----------|----------|--------------------|--------------------|
| Opening balance as previously reported    | -        | -        | 322 801 479        | 251 495 092        |
| Correction of prior period error          | -        | -        | -                  | 20 223 878         |
| <b>Opening balance as restated</b>        | <b>-</b> | <b>-</b> | <b>322 801 479</b> | <b>271 718 970</b> |
| Add: Irregular Expenditure - current      | -        | -        | 17 199 131         | 14 427 861         |
| Add: Irregular Expenditure - prior period | -        | -        | -                  | 36 654 648         |
| Less: Amount recoverable - current        | -        | -        | -                  | -                  |
| Less: Amount recoverable - prior period   | -        | -        | -                  | -                  |
| Less: Amount written off - current        | -        | -        | -                  | -                  |
| Less: Amount written off - prior period   | -        | -        | -                  | -                  |
| <b>Closing balance</b>                    | <b>-</b> | <b>-</b> | <b>340 000 610</b> | <b>322 801 479</b> |

Irregular expenditure is presented inclusive of VAT

Irregular expenditure presented above arises from non-compliance with Supply Chain Management policies and laws and regulation. None of the irregular expenditure has been written-off, condoned or recovered.

Prior year irregular expenditure amount was understated by a total of R 176,951. This relates to services supplied as a result of additional scope.

Municipality omitted disclosing irregular expenditure note in prior year. Current year annual financial statements have been restated to incorporate the omission.

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Incidents/cases identified/reported in the current year include those listed below:

|                                                 | Disciplinary steps taken/criminal proceedings                                                                                  |            |            |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Supplier chain management policies not followed | The incident has been reported to portfolio committee meeting and no disciplinary or criminal proceedings have been taken yet. | 17 199 131 | 14 427 861 |

#### Cases under investigation

Listed below are cases under investigation:

|           |                    |                    |
|-----------|--------------------|--------------------|
| 2018/2019 | 13 512 054         | 13 512 054         |
| 2019/2020 | 92 949 081         | 92 949 081         |
| 2020/2021 | 31 225 876         | 31 225 876         |
| 2021/2022 | 14 427 861         | -                  |
|           | <b>152 114 872</b> | <b>137 687 011</b> |

All reports have been submitted to MPAC for investigations. All Irregular expenditure for 2022/2023 financial year have been submitted to Portfolio Committee, EXCO and Council.

An amount of R 17,199,131.12 relating to 2022/2023 was submitted to portfolio, EXCO and Council.

## Greater Taung Local Municipality

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#### Amount recovered

None of the irregular expenditure balance was recovered in current or prior year.

#### Amount written-off

None of the irregular expenditure amounts have been approved for write-off in current and prior year because investigation process has not started.

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#### 47. Contingencies

##### H Seleke (defendant) Vs Greater Taung Local Municipality (Plaintiff) Case No. CIV APP MG 04/2018.

Litigation is in the process against the municipality relating to a dispute regarding ownership of ERF332 Taung CBD. The matter was heard on the 9th of September 2022 and will be re-enrolled for hearing and final judgment once the proceedings are closed. This matter is handled by BG Bojosinyane and Associates. The probability of losing the case is not known and estimated financial exposure is R 150,000 in 2023, and R 150,000 in 2022.

##### Greater Taung Local Municipality & CN345/2015 Telkom SA Ltd

Plaintiff is suing the municipality for a sum of R 50 535.44. There is no movement in this case and estimated financial exposure is unknown for both current and prior year.

##### Greater Taung Local Municipality C/N M223/2020

Greater Taung local municipality suing North West Development Corporation (SOC) LTD and TA Melku for illegal construction or erection of a building on erf 334 within the Taung CBD without having submitted the building plans for the purpose of their approval by the municipality. The financial exposure is unknown for current and past year. No movement in the case.

##### Lentikile Abel Makgale (defendant) Vs Greater Taung Local Municipality (plaintiff), Case No. 1292/2019

The municipality and the traditional community 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. Lentikile Makgale (defendant) has served the municipality with their plea and counter claim. Municipal attorneys have served and filled the 1st and 2nd plaintiff discovery affidavit. Municipal Attorneys has also requested the defendants discovery affidavit. The matter will be settled at court. This matter is handled by Shuping Attorneys. The municipality has a good claim against the defendant and prospects of success are high. The parties have entered into a settlement agreement to finalise the matter. The estimated financial exposure is R 450,000.00 in 2023, and R 450,000.00 in 2022. There is no claim amount attached to this case.

##### A.J. Lebona & Another V Greater Taung Local Municipality (Case No. 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. On the 7 of July 2022 the court granted interim order. Mr and Mrs Lebona have failed to comply with the court order. An application for the re-enrolment of the matter was set down for hearing on the 27 October 2022. the matter was placed for hearing to obtain final judgment and order. This matter is handled by BG Bojosinyane and Associates. The probability of losing the case is unknown and estimated financial exposure is R 60,000.00 in 2023, and R 60,000. in 2022.

##### Greater Taung Local Municipality Vs BG Bojosinyane & Associates:

Dispute between the municipality and the attorneys over unpaid invoices. The claims are expected to exceed R 1,641,058 when initiated. The probability of the case is still unknown as at year end.

##### B. Sebitloane (defendant) Vs Greater Taung Local Municipality (plaintiff) Case no.Mr Kgomo/KG.G0013/CIV

Rescission of an order dismissing the review application. The Municipality has made an application to the Labour Court to have an appeal to be reinstated after the court ruled in favour of the respondents. Reconstruction of Records was held on the 30 March 2023 Klerksdorp South African Local Bargaining Council. This matter is handled by Kgomo Attorneys Inc. The probability of losing the case is unknown and estimated financial exposure is R269,997.57 in 2023, and R 269,997.57 in 2022. There is no claim amount attached to this case in current and prior year.

##### Public Protector (defendant) Vs Greater Taung Local Municipality (plaintiff) Case No.Mr Kgomo/KG.G0004/CIV

Review to set aside implementation by the public protector. The first and second Respondents have withdraw their Notice of intention to Oppose the review application instituted by the Applicant dated 12 December 2018 at the high court of South Africa, Gauteng division Pretoria. This matter is handled by Kgomo Attorneys Inc. The probability of losing the case is unknown and estimated financial exposure is R 97,340.00 in 2023, and R 97,340.00 in 2022. There is no claim amount attached to this case in current and prior year. Matter pending, awaiting date of hearing.

##### Thalami Lekhotla Construction (defendant) Vs Greater Taung Local Municipality (plaintiff) Case No.Mr Kgomo/KG009/CIV

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. This matter is handled by Kgomo Attorneys Inc. The probability of losing the case is unknown and estimated financial exposure is R 350,000 in 2023, and R 350,000 in 2022. The claim amount is R 2095,891.99. The matter pending served with jointer application.



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#### 47. Contingencies (continued)

##### **Cedar Point Venture (defendant) Vs Greater Taung Local Municipality (plaintiff) Case No. Mr. Kgomo/G0083/CIV**

Claim for damages for an alleged development of an Ostrich farm. This matter is handled by Kgomo Attorneys Inc. The probability of losing the case is unknown and estimated financial exposure is R 230,000 in 2023, and R 230,000 in 2022. The claim amount is R 2,096,681.16. The matter is pending and has been removed from the roll.

##### **PholoPholo (defendant) Vs Greater Taung Local Municipality (plaintiff) Case No. Mr Kgomo/KG.G001/CIV**

Mr.Pholo's claim was dismissed by the CCMA because he could not prove dismissal.He has now filed an application for review in the Labour Court. This matter is handled by Kgomo Attorneys Inc. The probability of losing the case is unknown and estimated financial exposure is R4,000.00 in 2023, and R 4,000.00 in 2022. There is no claim amount attached to this case in current and prior year. The case is still pending.

##### **Bakang Ezekiel Sebelego Vs Greater Taung Local Municipality.**

The matter relates to motor vehicle collision with the municipality. The pleading are closed and municipal attorneys are waiting for the plaintiff to set down. There are high probability of winning the matter as the collision is not at the negligence of the municipality. Estimated financial exposure for each claim in prior and current year: the fees amounted to on R14 000.00

##### **Lebolicious Logistics (defendant) Vs Greater Taung Local Municipality (defendant) Case No. 112/2021**

Claim arising from tender contract for an amount of R 105 195. This matter is handled by BG Bojosinyane and Associates. The probability of losing the case is not known yet and estimated financial exposure is R 230 000 in 2023, and R 230 000 in 2022.

##### **Augosi Kegomoditswe (defendant) Vs Greater Taung Local Municipality & Thenolo Tsinyane (plaintiff) Case No. 110/2022**

A claim for motor vehicle collision between the plaintiff motor vehicle and the Municipal vehicle. The said collision occurred on the 22 August 2022. The plaintiff did not respond to our special plea and plea.our Attorneys are in the process to uphold the special plea. This matter is handled by Leepile Attorneys. The probability of losing the case is highand estimated financial exposure is R 14,000.00 in 2023, and R 14,000.00 in 2022. There is no claim amount attached to this claim for prior and current year.

##### **Grace Moipolai & Greater Taung Local Municipality (defendant) Vs Modisaotsile Morapedi Letele & all councilors of other political parties(plaintiff) Case No.**

Reconsideration application to the urgent order by honourable mahlangu AJ dated 11 July 2022. made ex tempore order that the reconsideration application is moot and ordered that the applicant pay the costs. Attorney are in a process of film notice of appeal in term of rule 49 (1) (b) of the uniform rules. The high court( North West Division, Mahikeng ) granted the applicant for leave to appeal on the 17 March of 2023. This matter is handled by Leepile Attorneys. The probability of losing the case is high and estimated financial exposure is R 200,000.00 in 2023, and R 200,000.00 in 2022.

#### 48. Comparative figures

Certain comparative amounts have been reclassified or restated to account for prior period errors identified.

#### 49. Additional disclosure in terms of Municipal Finance Management Act

##### **Skills development levy**

|                                 |             |             |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 1 182 866   | 1 185 069   |
| Amount paid - current year      | (1 182 866) | (1 185 069) |
|                                 | -           | -           |

##### **Contribution to organised local government**

|                               |          |          |
|-------------------------------|----------|----------|
| Current year subscription/fee | 37 551   | 35 320   |
| Amount paid-current           | (37 551) | (35 320) |
|                               | -        | -        |

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#### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Audit fees

|                                 |                 |                 |
|---------------------------------|-----------------|-----------------|
| Opening balance                 | (19 140)        | (19 140)        |
| Current year subscription / fee | 5 205 057       | 5 961 855       |
| Amount paid - current year      | (5 205 057)     | (5 961 855)     |
|                                 | <b>(19 140)</b> | <b>(19 140)</b> |

##### PAYE and UIF

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 20 406 003   | 21 586 554   |
| Amount paid - current year      | (20 406 003) | (21 586 554) |
|                                 | -            | -            |

##### Pension and Medical Aid Deductions

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 17 927 741   | 16 642 696   |
| Amount paid - current year      | (17 927 741) | (16 642 696) |
|                                 | -            | -            |

##### VAT

|                    |                  |                   |
|--------------------|------------------|-------------------|
| VAT receivable     | 9 928 480        | 18 130 445        |
| Bad debt provision | (6 458 165)      | (5 754 046)       |
|                    | <b>3 470 315</b> | <b>12 376 399</b> |

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

| 30 June 2023            | Outstanding<br>less than 90<br>days<br>R | Outstanding<br>more than 90<br>days<br>R | Total<br>R |
|-------------------------|------------------------------------------|------------------------------------------|------------|
| Councillor - Segosapelo | 1 612                                    | 5 904                                    | 7 516      |
| 30 June 2022            | Outstanding<br>less than 90<br>days<br>R | Outstanding<br>more than 90<br>days<br>R | Total<br>R |
| Councillor - Segosapelo | 542                                      | 7 386                                    | 7 928      |

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#### 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 accounting officer and includes a note to the annual financial statements.

The municipality incurred costs without following all requirements stipulated in the supply chain management policy. Detailed register of these costs together with supporting documentation can be accessed at the municipal premises on request. Deviations incurred are mainly due to exceptional cases such as payments of employee's tuition fees and access paid to insurance company. Below is the breakdown of deviations incurred in current and prior year:

|                   |         |         |
|-------------------|---------|---------|
| Exceptional cases | 656 249 | 593 655 |
|-------------------|---------|---------|

#### 51. Segment information

##### General information

##### Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: community and public safety, economic and environmental services, municipal governance and finance as well as trading service. The segments were organised around the type of service delivered and the target community. Management uses these same segments for determining strategic objectives. Segment has not been aggregated.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

##### Aggregated segments

The municipality operates in North West province South Africa. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

##### Types of goods and/or services by segment

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#### 51. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2023

|                                          | Community<br>and public<br>safety | Economic and<br>environmental<br>services | Municipal<br>governance<br>and finance | Trading<br>Services | Total               |
|------------------------------------------|-----------------------------------|-------------------------------------------|----------------------------------------|---------------------|---------------------|
| <b>Revenue</b>                           |                                   |                                           |                                        |                     |                     |
| Revenue from non-exchange transactions   | 22 488 284                        | 26 559 364                                | 267 688 537                            | 7 440 278           | 324 176 463         |
| Revenue from exchange transactions       | 35 644                            | 41 904                                    | 8 453 323                              | 14 574 950          | 23 105 821          |
| <b>Total segment revenue</b>             | <b>22 523 928</b>                 | <b>26 601 268</b>                         | <b>276 141 860</b>                     | <b>22 015 228</b>   | <b>347 282 284</b>  |
| <b>Entity's revenue</b>                  |                                   |                                           |                                        |                     | <b>347 282 284</b>  |
| <b>Expenditure</b>                       |                                   |                                           |                                        |                     |                     |
| Operating leases                         | -                                 | -                                         | 2 631 717                              | -                   | 2 631 717           |
| Contracted services                      | 1 348 542                         | 1 836 647                                 | 59 676 185                             | 16 890 553          | 79 751 927          |
| Depreciation and amortisation            | 10 761 903                        | 20 336 061                                | 11 487 817                             | 2 210 223           | 44 796 004          |
| Employee related costs                   | 12 110 678                        | 29 409 455                                | 57 811 049                             | 27 681 198          | 127 012 380         |
| Finance costs                            | -                                 | 538 000                                   | 171 177                                | 2 110 000           | 2 819 177           |
| Actuarial gains or loss                  | -                                 | -                                         | (2 987 000)                            | -                   | (2 987 000)         |
| Operating costs                          | 835 272                           | 8 014 321                                 | 60 782 653                             | 18 241 621          | 87 873 867          |
| Remuneration of councillors              | -                                 | -                                         | 20 920 268                             | -                   | 20 920 268          |
| Transfers and subsidies                  | -                                 | -                                         | 330 000                                | -                   | 330 000             |
| Bad debts write-off                      | -                                 | -                                         | 11 761 422                             | -                   | 11 761 422          |
| Disposal of fixed and intangible assets  | 68 648                            | 46 358                                    | 13 847                                 | -                   | 128 853             |
| Fair value adjustment                    | -                                 | -                                         | (112 000)                              | -                   | (112 000)           |
| Water losses                             | -                                 | -                                         | -                                      | 19 540              | 19 540              |
| Bulks purchases                          | -                                 | -                                         | -                                      | 4 668 831           | 4 668 831           |
| <b>Total segment expenditure</b>         | <b>25 125 043</b>                 | <b>60 180 842</b>                         | <b>222 487 135</b>                     | <b>71 821 966</b>   | <b>379 614 986</b>  |
| <b>Total segmental surplus/(deficit)</b> | <b>(2 601 115)</b>                | <b>(33 579 574)</b>                       | <b>53 654 725</b>                      | <b>(49 806 738)</b> | <b>(32 332 702)</b> |

## Greater Taung Local Municipality

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### Notes to the Annual Financial Statements

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|                                                                 | Community and public safety | Economic and environmental services | Municipal governance and finance | Trading Services    | Total               |
|-----------------------------------------------------------------|-----------------------------|-------------------------------------|----------------------------------|---------------------|---------------------|
| <b>51. Segment information (continued)</b>                      |                             |                                     |                                  |                     |                     |
| <b>Assets</b>                                                   |                             |                                     |                                  |                     |                     |
| Current assets                                                  | (62 001 816)                | (11 937 351)                        | 244 128 031                      | (107 487 625)       | 62 701 239          |
| Non-current assets                                              | 22 451 630                  | 116 969 376                         | 584 539 158                      | 66 819 532          | 790 779 696         |
| <b>Total segment assets</b>                                     | <b>(39 550 186)</b>         | <b>105 032 025</b>                  | <b>828 667 189</b>               | <b>(40 668 093)</b> | <b>853 480 935</b>  |
| <b>Total assets as per Statement of financial Position</b>      |                             |                                     |                                  |                     | <b>853 480 935</b>  |
| <b>Liabilities</b>                                              |                             |                                     |                                  |                     |                     |
| Current liability                                               | 34 389 382                  | (54 415 242)                        | (35 136 825)                     | 9 877 392           | (45 285 293)        |
| None-current liabilities                                        | -                           | -                                   | (38 794 006)                     | -                   | (38 794 006)        |
| <b>Total segment liabilities</b>                                | <b>34 389 382</b>           | <b>(54 415 242)</b>                 | <b>(73 930 831)</b>              | <b>9 877 392</b>    | <b>(84 079 299)</b> |
| <b>Total liabilities as per Statement of financial Position</b> |                             |                                     |                                  |                     | <b>(84 079 299)</b> |

Material additions of assets to segments comes from work in progress as presented below::

|                              | Community & Public Safety | Economic & Environmental Service | Municipal governance & Finance |
|------------------------------|---------------------------|----------------------------------|--------------------------------|
| Work in progress             | 41 258 776                | 7 775 711                        | 1 286 691                      |
| <b>Prior year additions:</b> |                           |                                  |                                |
| Work in progress             | 45 718 531                | 16 061 647                       |                                |
| <b>2022</b>                  |                           |                                  |                                |

| Community and Public Safety | Economic and environmental services | Municipal governance and finance | Trading Services | Total |
|-----------------------------|-------------------------------------|----------------------------------|------------------|-------|
|-----------------------------|-------------------------------------|----------------------------------|------------------|-------|

## Greater Taung Local Municipality

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#### 51. Segment information (continued)

##### Revenue

|                                        |                   |                   |                    |                   |                    |
|----------------------------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| Revenue from non-exchange transactions | 16 420 880        | 24 028 214        | 242 774 849        | 6 037 748         | 289 261 691        |
| Revenue from exchange transactions     | 39 184            | 67 194            | 7 629 693          | 14 196 818        | 21 932 889         |
| <b>Total segment revenue</b>           | <b>16 460 064</b> | <b>24 095 408</b> | <b>250 404 542</b> | <b>20 234 566</b> | <b>311 194 580</b> |

##### Expenditure

|                                         |                   |                   |                    |                   |                    |
|-----------------------------------------|-------------------|-------------------|--------------------|-------------------|--------------------|
| Bulk purchases                          | -                 | -                 | -                  | 4 510 747         | 4 510 747          |
| Contracted services                     | 1 242 174         | 1 145 870         | 51 249 719         | 13 396 387        | 67 034 150         |
| Depreciation and amortisation           | 1 863 426         | 18 502 753        | 11 647 995         | 12 072 178        | 44 086 352         |
| Employee related costs                  | 10 913 744        | 27 976 896        | 56 137 742         | 28 628 162        | 123 656 544        |
| Finance costs                           | -                 | 1 641 000         | 471 833            | -                 | 2 112 833          |
| Disposal of fixed and Intangible assets | 91 043            | -                 | 639 099            | -                 | 730 142            |
| Water loss                              | -                 | -                 | -                  | 12 982            | 12 982             |
| Fair value adjustment                   | -                 | -                 | (478 000)          | -                 | (478 000)          |
| Irrecoverable debts written off         | -                 | -                 | 5 906 543          | -                 | 5 906 543          |
| Operating lease                         | -                 | -                 | 3 364 282          | -                 | 3 364 282          |
| Remuneration of councillors             | -                 | -                 | 20 217 449         | -                 | 20 217 449         |
| Transfer and subsidies                  | -                 | -                 | 300 000            | -                 | 300 000            |
| Operating costs                         | 1 073 341         | 2 562 462         | 66 768 304         | 554 542           | 70 958 649         |
| <b>Total segment expenditure</b>        | <b>15 183 728</b> | <b>51 828 981</b> | <b>216 224 966</b> | <b>59 174 998</b> | <b>342 412 673</b> |

|                                          | Community and Public Safety | Economic and environmental services | Municipal governance and finance | Trading Services    | Total               |
|------------------------------------------|-----------------------------|-------------------------------------|----------------------------------|---------------------|---------------------|
| <b>Total segmental surplus/(deficit)</b> | <b>1,276,335</b>            | <b>(27,733,572)</b>                 | <b>34,179,578</b>                | <b>(38,940,432)</b> | <b>(31 218 093)</b> |

##### Assets

|                                                            |                     |                   |                    |                     |                    |
|------------------------------------------------------------|---------------------|-------------------|--------------------|---------------------|--------------------|
| Current Assets                                             | (45 857 090)        | (11 730 098)      | 254 274 966        | (95 138 714)        | 101 549 064        |
| Non current assets                                         | 23 319 662          | 111 363 459       | 589 123 001        | 54 622 111          | 778 428 233        |
| <b>Total segment assets</b>                                | <b>(22 537 428)</b> | <b>99 633 361</b> | <b>843 397 967</b> | <b>(40 516 603)</b> | <b>879 977 297</b> |
| <b>Total assets as per Statement of financial Position</b> |                     |                   |                    |                     | <b>879 977 297</b> |

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|                                                                 | Community<br>and Public<br>Safety | Economic and<br>environmental<br>services | Municipal<br>governance<br>and finance | Trading<br>Services | Total               |
|-----------------------------------------------------------------|-----------------------------------|-------------------------------------------|----------------------------------------|---------------------|---------------------|
| <b>51. Segment information (continued)</b>                      |                                   |                                           |                                        |                     |                     |
| <b>Liabilities</b>                                              |                                   |                                           |                                        |                     |                     |
| Current liabilities                                             | 15 737 502                        | (22 268 987)                              | (33 487 604)                           | 2 056 008           | (37 963 081)        |
| Non-current liabilities                                         | -                                 | -                                         | (39 441 006)                           | -                   | (39 441 006)        |
| <b>Total segment liabilities</b>                                | <b>15 737 502</b>                 | <b>(22 268 987)</b>                       | <b>(72 928 610)</b>                    | <b>2 056 008</b>    | <b>(77 404 087)</b> |
| <b>Total liabilities as per Statement of financial Position</b> |                                   |                                           |                                        |                     | <b>(77 404 087)</b> |
| <b>52. Fair value adjustments</b>                               |                                   |                                           |                                        |                     |                     |
| Investment property (Fair value model)                          | 112 000                           | -                                         |                                        |                     |                     |



# VOLUME II