

**WALTER SISULU LOCAL MUNICIPALITY**

# **ANNUAL REPORT**

**2021/22**

*Botho Humanity Ubuntu*



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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;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.



WALTER SISULU  
LOCAL MUNICIPALITY  
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# Chapter 1

## CHAPTER 1– MAYOR’SFOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD



It is a great pleasure to table this Annual Report for the year ended on 30 June 2022 to the Council and the entire Walter Sisulu community. Let me first take this opportunity to express gratitude to all the residents for entrusting me with this great responsibility of leading and championing development.

This is one of the most important reports that we table to Council and all our communities to provide accountability of all the work done by the municipality during the reporting period and it is important to note that we were elected to this council towards the Mid-Term of the 2021/2022 financial year. In my inaugural speech on the 24<sup>th</sup> of November 2021 as newly elected mayor, I committed to ensure our streets are clean, refuse is collected and street lights are on. These are the basic services a local municipality like ours must get right and can be judged on whether it can fulfil its legislative obligation.

The 2021/2022 financial year ended with great strides towards this commitment made. We have ticked the boxes on cleaning our towns and ensuring that refuse is collected according to the schedule. This is after we have procured two refuse collection trucks that compliant with environment and waste management regulations. We are optimistic that by the end of the 2022/2023 financial year, we would have ticked all the boxes in terms of this commitment.

We have also focused on infrastructure development especially in our townships as part of making them viable in fronts including economic development. In this regard we are working hard to ensure all our road infrastructure in our township is up to standard and we do away with gravel roads. I made it clear in my inaugural speech that we cannot achieve service delivery without administrative stability in the institution, which can only be achieved by filling key critical positions at the top echelon of our administration, and the only vacancy was that of the Municipal Manager. It has since been filled with a capable and experienced administrator. This give us hope that our administration will now be steered towards a direction where it will be fully effective in implementing our Integrated Development Plan and bringing stability to our financial position.

We aspire to improve the audit opinion and this can be done if we as councillors, are effective in performing our oversight responsibilities to ensure good governance and sound financial management. We are also intrigued by the level of commitment shown by our communities to work towards a common purpose of developing their areas. They have also shown us that they understand their role of keeping us accountable to them. Lastly, I once again as I did many platforms commit to work with all our stakeholders and civil society formations in our endeavour to build better Walter Sisulu community.

*Botho – Humanity - Ubuntu*

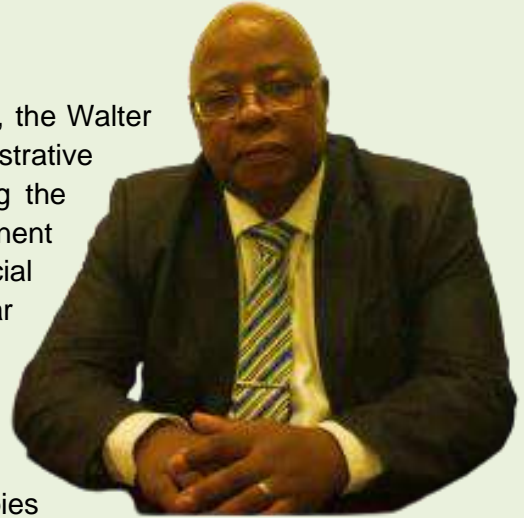
**Councillor; VD Davids - Mayor of Walter Sisulu Local Municipality**

*Signature*

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

Since its inception in 2016 to the end of the period under review, the Walter Sisulu Local Municipality (WSLM) has experienced some administrative turbulence, which resulted in at least six (6) persons occupying the position of Municipal Manager and Accounting Officer, in a permanent or acting capacity. Similarly, the critical position of Chief Financial Officer has had four (4) persons occupying it, over the six (6) year period. This abnormal turnover in these critical positions often has a bearing in the functioning and performance of a municipality, as WSLM was characterised by a collapse of systems in various administrative aspects, epitomised, inter alia, by poor audit outcomes and the spiralling Eskom debt. Currently, WSLM occupies the unenviable second spot in Eastern Cape municipalities indebted to Eskom, with the debt having breached the R500 million threshold in October 2022. The growth of the debt by more than 500% over the six-year period is testament to the turbulence of past years, and the collapse in the municipality's revenue management and collection systems has not augured well for the proper management and servicing of the debt.



On a more positive note, I am pleased by the strides that are being made in reorganising the municipality's administrative systems exemplified, inter alia, by the finalisation of the long outstanding placement of staff into the revised organisational structure of the new entity. I also wish to acknowledge the role played by various organs of state, notably the Provincial Treasury, the provincial Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association and the Joe Gqabi District Municipality and to no lesser extent the Senqu and Elundini Local Municipalities, who have been instrumental in our quest to become a true model of a municipality as envisaged in the Constitution of RSA.

Thus, the adverse audit opinion received by the municipality, which is a bad audit report by any stretch of imagination, must be viewed in its historical context – a municipality that has, over its existence, garnered 83% audit disclaimers, and thus this opinion being a step in the right direction. It is my view that a firm foundation has been laid for the municipality to achieve improved audit outcomes in the future.

The municipality's financial health has always been, and remains perilous. The municipality is grossly underperforming in key financial ratios, with the current ratio for the year under review performing at 0,42 times (norm 1,5 – 2 times), the cost coverage ratio at 0,06 months (norm 1 – 3 months) and the debtors collection rate as at December 2022, performing at 76% (norm – 95%).

At the service delivery front, the municipality continues to suffer from poor planning and implementation of projects. Projects like the Maletswai resealing project, the Burgersdorp Sports Facility, Maizefield Landfill site in Maletswai and others remain a blot in our quest to shake off the ignominy of poor performance. Strides are being made to unlock these projects and to resource areas that would lend credence to the municipality's performance.

During the short period that I have been with the municipality, from 1 April 2022, I have sensed a high level of expectation from members of the community and community organisations. An expectation of things changing for the better. A desire on the part of the community to work with the municipality to improve the functioning of the municipality, so that the municipality can, in turn, be an agent of hope and a vehicle for their socio-economic development. The employees have been welcoming, the management cohort and council very supportive. This positive attitude from all angles has reinforced my desire to work with all to improve the trajectory of the municipality, and I am thus eternally grateful to all.

A handwritten signature in cursive script, appearing to read 'Signature'.

**MUNICIPAL MANAGER**  
**KHAYA GASHI**



## **1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

The Walter Sisulu Local Municipality is making a concerted effort in ensuring that it fulfills mandatory obligation of delivering basic services to the majority of people, which includes Senior citizens, middle class, business community including the indigent within the constraints of limited resources. In spite of the progress the municipality has made, there are some blockages, which inhibit the maximum delivery of services, which include inter-alia obsolete infrastructure and financial constraints. The services are not all reaching people due to continuous population growth.

### **LOCALITY**

The Walter Sisulu Local Municipality is a Category B municipality located in the west of the Joe Gqabi District in the Eastern Cape Province, south of the Orange River and Gariep Dam. The Orange River separates Walter Sisulu from both the Northern Cape and Free State Provinces. It was established by the amalgamation of the Gariep and Maletswai Local Municipalities in August 2016.

The Walter Sisulu Local Municipality has fairly diverse vegetation and is home to three distinct vegetation types, one of which – Eastern Mixed Nama Karoo – is recognised as a nationally significant biome. Mountains, hills and valleys characterize it. This area is well known for its stock farming, of which sheep production is one of the dominating sectors. The streams and rivers team with fish, trout being a common species. Rock foundations have beautiful artwork made years ago by the founders of the area – the Khoisan.

A thermal springs resort, named Aliwal Spa, is located within the municipal area and produces salty water, rich in minerals, from underground.

Electricity services is rendered by the municipality to 75% households of which the 15% is rendered by Eskom and this is one of the major contributions to municipal economy and the 89% of the household are living electrified.

The Municipality is also collecting refuse in 98% of households of our municipality with limited resources and is collected on weekly basis. Roads and storm water drainage infrastructure is improving from dilapidated infrastructure and this is because of current prioritization by council and the function is mostly funded through MIG funding and internal generated funding. Through the MIG and other sources of funding the municipality is improving in Local Economic Development, the municipality has registered SMME's and the municipality assisted them in developing stall in the previous financial year so that they can be safe WSLM is one of the struggling municipalities because of the high levels of unemployment and hence high numbers of indigent.



**CHAPTER 1 – MUNICIPAL FUNCTION**

The functions of the municipality are listed in the table below

<b>Function</b>	<b>District Municipality</b>	<b>Local Municipality</b>
Air pollution	X	
Building regulations		X
Child Care facilities		X
Electricity reticulation		X
Fire Fighting	X as per regulations	
Local Tourism	X as per whitepaper	X
Municipal airports		X
Municipal Planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		X
Stormwater		X
Trading regulations		X
Water(potable)	X	
Sanitation	X	
Schedule 5 part b		X
Beaches and amusement facilities		X
Billboards and the display of advertising public places		X
Cemeteries, Crematoria and funeral Parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		X
<b>Function</b>	<b>District Municipality</b>	<b>Local Municipality</b>

Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
Additional agency functions performed		
Licensing of vehicles		X
Primary Health Care		January 2011 moved to Provincial Department of Health
Roadmaintenance	X	X

## Population Details

Ages	Male	Female	Grand total		Ages	Male	Female	Grand total
00– 04	4436	4585	9021		45– 49	1698	2113	3811
05– 09	4229	4223	8452		50– 54	1504	1858	3362
10– 14	3731	3660	7391		55– 59	1318	1576	2894
15– 19	3620	3608	7228		60– 64	985	1285	2270
20– 24	3570	3560	7130		65– 69	696	802	1498
25– 29	3191	3460	6651		70– 74	493	784	1277
30– 34	2734	2762	5496		75– 79	282	484	766
35– 39	2402	2616	5018		80– 84	138	384	522
40– 44	1957	2182	4139		85+	160	388	548

**SOURCE: STATSS.A**

### 1.1.1 EDUCATION PROFILE

A key dimension that directly influences the potential employability of community members is their educational background and level of skills that they possess. The level of education and skills within a region impacts on many factors, including: the productive efficiency of investments (e.g. health, capital), employment potential, the gender gap and productivity and income levels. Education is therefore acknowledged as being inextricably linked to the economic development of an area and to a growing middle class. The educational levels in Walter Sisulu municipal area are as follows:

- The proportion of the population in Walter Sisulu Local Municipality with no schooling is 12.5%
- 19% of the population has a Grade 12/Matric
- 8.5% having higher education levels

There is a large proportion of the population who are unable to be fully economically active members of the community due to their employability. This impacts negatively on income levels of the community and reduces the potential for economic growth. This poor level of education could be due to lack of facilities as well the isolated nature of many people in the rural areas. Another could be the lack of employment opportunities for more skilled workers, Which reduces the incentives for further study. Skilled people are more likely to leave the area to look for work or higher paying work elsewhere, reducing the skills available in the area.

### 1.1.2 OCCUPATION PROFILE

The unemployment and employment levels within the Walter Sisulu Local Municipality are important to investigate, because the income generated from employment is used to purchase goods and services. In addition, high levels of unemployment are generally associated with poor socio-economic conditions and poverty and currently the municipality is dominated by indigent household, more than half of the municipal households are indigent.

Out of the grand total of twenty-one thousand eight hundred and seventy-four (21, 874) household head, only 34% of the household heads are employed whilst the biggest number of household heads are unemployed, discouraged work seekers and are not economically active in the society.

### 1.1.3 SYNTHESIS

From the socio-economic assessment conducted it is evident that the population is relatively better off than other households living in our district, however the local economy is unable to create enough jobs to absorb the working aged people. In addition to this although the population of Walter Sisulu is relatively well educated (compared with other areas in the province) most employment is in unskilled, elementary occupations, which is indicative of low levels of income.

<b>Municipal area</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Discouraged work-seeker</b>	<b>Other not economically active</b>	<b>Not applicable</b>
Walter Sisulu	28500	6170	3104	19273	29477

This further undermines the ability of the local economy to grow. Population growth in Walter Sisulu is growing, as there are many government departments that are relocating to this region.

There are still those with specialized and scarce skills that are relinquishing the municipality in search of employment in other areas. This is a negative trend, particularly if higher skilled people are leaving the municipality. A positive trend is that most households have access to basic services and infrastructure, e.g. Electricity, Water and Houses.

<b>SOCIO-ECONOMIC STATUS 2011</b>			
<b>Year</b>	<b>Year2</b>	<b>Year1</b>	<b>Year0</b>
Housing Backlog as proportion of current demand	4,5%	4.5	4.5
Unemployment Rate	38%	38%	38%
Proportion of households with no income	10,9%	10.9%	10.9%
Proportion of population in low- skilled Employment	25,2%	25.2%	25.2%
HIV/AIDS Prevalence	11%	11%	11%
Illiterate people older than 14 years	12.5%	12.5%	12.5%

#### Households in Walter Sisulu from 2011

<b>YEARS</b>	<b>Population</b>	<b>NO. OF HOUSEHOLDS</b>
2011	77477 (2016 Community Survey 87 263)	21874 (23706 h/h- Community Survey 2016)

**Source:** Statistics S.A, 2011

<b>KEY STATISTICS FOR WALTER SISULU</b>	
Population	77477
Females aged 5-14	12 468
Males aged 5-14	12 396

Settlement Type	2011
Formal	90%
Informal	10%
Females aged15-34	13 390
Males aged15-34	13 115
Number of households	21 874

**Source:** Statistics S.A,2011

The municipality has some opportunities and challenges which include inter-alia:-

**Challenges:** High rate of unemployment, the ageing infrastructure, Lower educational levels, HIV/AIDS, Shortage of houses, Lack of skills and low income.

**Opportunities:** Large percentage of youth, Orange River and access to National Road (N6).

This large percentage of youth should be capacitated with skills in order for them to improve the livelihood of their communities by using the available natural assets for the present and future generation. The municipalities should also support the people financially and with skills for the sustainability of their projects to create more job opportunities. Aliwal Spa, Lake Gariep and JL DE bruin Dam revitalisation project to expand the tourism potential. The growing pass rate in High School of the area, which simply indicates the high usage of, limited resources in the area and the quality of educators in the Municipality.

## 1.2. SERVICE DELIVERY OVERVIEW

Service delivery is about delivering government services as effectively as possible to the satisfaction and delight of its citizens. 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.

It is national government policy that no household should be left without basic services because it cannot afford either the capital or the recurring monthly costs of accessing basic services. In line with this policy, National government has therefore committed to subsidizing both the capital and operating costs of a free basic level of services for all households who cannot afford to pay.

In compliance with the aforementioned policy the municipality has made a tremendous progress in providing the basic services to the people including the indigents. The key service delivery improvements are highlighted below: -

18 996 households have access to potable water; Refuse Collection; and

19 249 households have access to electricity services and the municipality managed to recruit 6999 indigent household by June 2020

The main challenges that hinder the optimum delivery of these key services are the lack of finance and the obsolete infrastructure.

- Future commitments to initiatives for improving service delivery
- To accelerate the pace for service delivery, the municipality has designed and adopted the following strategic objectives: -
- Development of sector plans dealing with various service infrastructure requirements, including the possible funding mechanisms necessary to address the basic service backlogs;
- Accessing the consolidated MIG funds allocated to the municipality annually for projects to roll-out basic service infrastructure to poor communities;
- Creative application of the housing subsidy administered by the Department of Human Settlements for low-cost and middle-income housing to support roll-out of infrastructure at basic level;
- Efficient utilization of the municipality's equitable share of nationally raised revenue to fund their current costs of this free basic service provision in their communities; and
- Improvement of municipal rates collections and application of a cross-subsidized system of rates determination to ensure distribution of value across the various sectors active within the local municipality.

### 1.3. FINANCIAL HEALTHOVERVIEW

The Municipal Systems Act 32 of 2000 requires a municipality to include a financial plan, including a 3-year budget, in the annual Integrated Development Plan. In essence this financial plan is a medium-term strategic framework on how the municipality plans to deliver services, within financial means. The Council's strategic objective of service delivery includes the persistence of the acceptable levels of service as well as the improvement in those areas where it lacks acceptable levels. The balancing act is to achieve these objectives with available financial resources, and to always consider the effect to tariff adjustments on the community at large, and specifically the poor.

Walter Sisulu has challenges around the amount of income available to deliver services. Due to the population size they receive only a small amount of equitable share. This is coupled with the fact that municipality have urban areas with old infrastructure, which is of a high level of service, but which still needs to be maintained and not drawing in much income from the sale of services to these communities.

The Municipality have not managed to implement revenue management systems around levying rates on the commercial farmland and this has negatively affected revenue. Challenges around the spending of funds in the municipality, which has been more towards the previously disadvantaged, has meant that maintenance of some of the higher-level services in other area shave deteriorated beyond reasonable repair. This will impact on the ability of the municipality to attract and or retain commercial enterprises that could generate income for the municipality.



### 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipality has a total of number 578 inclusive of EPWP and interns. The municipality started a staff placements process, which needs to be finalized and then be able to determine the vacancy rate of the municipality. Depicted below is the summary of the Walter Sisulu Local Municipality employees. Full time staff complement: MM/Section 56 and Line Managers

Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
Municipal Manager	1	1	0
Directors s56	5	5	0
Sectional Heads/ Line Managers	26	21	5
<b>Total</b>	<b>32</b>	<b>27</b>	<b>5</b>

#### Public Works

Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
General Manager	1	1	0
Manager	1	0	1
Supervisors	3	2	0
General assistants	47	31	43
Truck Drivers	1	1	0
Temporary Staff	0	0	0

## Staff complement in the Technical Services

### Electricity

No	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Manager	1	1	0
2	Senior electrician	2	2	0
3	Electricians	6	2	4
4	Semi-Skilled Electricians	6	2	4
5	Streetlights repairer	0	0	0
6	Temporary staff	0	0	2
7	Assistant Electrician	4	0	4
	<b>Total</b>	<b>19</b>	<b>7</b>	<b>14</b>

Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
General Manager	1	1	0
Manager	1	1	0
Supervisors	6	5	1
Toolmen	4	4	0

Linesman	1	1	0
Shift workers	17	3	14
Drivers	12	12	0
Operators	6	6	0

### Technical Staff Registered with Professional Bodies

Technical Service (e.g. water, electricity etc....)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Electricity	1	0	0	1
Building	1	0	0	1

**Staff level of education and skills**

Total number of staff	Number of staff without Grade12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
351 (exclusive of 227 casual & contract employees)	179	72	100

**Trends on total personnel expenditure**

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)
2021/22	578	70 694 974	109 227 318

**List of pension and medical aids to which employees belong**

Names of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint	96	Key Health	1
SAMWU Provident Fund	112	Samwu med	48
SALA Pension Fund	141	Bonitas	51
Municipal Pension Fund	0	LAHealth	17
		Hosmed	7
		Discovery	11
<b>Total</b>	<b>349</b>		<b>135</b>

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR-GENERAL REPORT 2021/2022

The Walter Sisulu Municipality audit opinions for the last five (5) financial years clearly indicate that the Municipality must focus on leadership and internal control issues on the other matters that the Auditor-General focuses on during its audits. The Walter Sisulu Municipality regressed on the Audit outcome from the Auditor-General. The basis of regression are due to various findings pertaining to limitation of scope, disclosure of irregular expenditure, fruitless and wasteful expenditure, etc. Table below outlines the audit opinion over the preceding financial years:

#### Financial year Audit Opinion:

2017/18	2018/19	2019/20	2020/21	2021/22
Disclaimer	Disclaimer	Qualified	Disclaimer	Adverse

A turnaround plan through audit action plan contained as volume IV of this document is prepared for the positive change to be accomplished the Municipality will have to ensure it has good leadership, oversight functions from Council, the Municipal Public Accounts Committee (MPAC) and the Audit and Performance Audit Committee. Internal controls procedures, document management systems and policies to contribute to the positive

achievements. An action plan is a management tool to address unsolved audit findings. The Auditor- General report on the 2021/22 Financial Year is presented as follows:

## Report of the auditor-general to the Eastern Cape Provincial Legislature and Council on Walter Sisulu Local Municipality

### Report on the audit of the financial statements

#### Adverse opinion

1. I have audited the financial statements of the Walter Sisulu Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget with 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, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the financial statements do not present fairly, in all material respects, the financial position of the Walter Sisulu Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

#### Basis for adverse opinion

##### Property, plant and equipment

3. The municipality did not recognise property, plant and equipment in accordance with the requirements of GRAP 17, *Property, plant and equipment*, as some assets were subsequently measured at fair value while the municipality is at cost model. Consequently, property, plant and equipment was overstated for the current and prior year. I could not determine the correct cost and the extent of property, plant and equipment as it was impracticable to do so.
4. I was unable to obtain sufficient appropriate audit evidence that property, plant and equipment for the current year had been properly accounted for. This was due to the poor status of the accounting records which did not enable the physical verification of assets. Some amounts in the asset register also differed from those in the financial statements. I was unable to confirm the property, plant and equipment balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment disclosed at R1 018,1 billion (2021: R1 024,9 billion) in the statement of financial position.

##### Investment property

5. The municipality did not recognise investment property in accordance with the requirements of GRAP 16, *Investment property*, as some assets were subsequently measured at fair value while the municipality is at cost model. Consequently, investment property was overstated for the current and prior year. I could not determine the correct cost and the extent of investment property held as it was impracticable to do so. Consequently, I was unable to determine

whether any adjustment was necessary to investment property disclosed at R263,1 million (2021: R236,4 million) in the statement of financial position.

#### Heritage assets

6. The municipality did not recognise heritage assets in accordance with the requirements of GRAP 103, *Heritage assets*, as some assets were subsequently measured at fair value while the municipality is at cost model. Consequently, heritage assets was overstated for the current and prior year. I could not determine the correct cost and the extent of heritage assets as it was impracticable to do so.
7. I was unable to obtain sufficient appropriate audit evidence that heritage assets for the current year had been properly accounted for. This was due to the poor status of the accounting records which did not enable the physical verification of assets. I was unable to confirm the heritage assets balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to heritage assets disclosed at R45,5 million (2021: R45,5 million) in the statement of financial position.

#### Receivables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions and the related allowance for impairment due to the poor state of the accounting records. I could not confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R157,3 million (2021: R78 million) in the financial statements.

#### Receivables from non-exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions and the related allowance for impairment due to the poor state of the accounting records. I could not confirm the receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions stated at R45,9 million (2021: R34,6 million) in the financial statements.

#### Payables from exchange transactions

10. The municipality did not recognise all items of payables from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*. The water and sanitation liability was recorded more than once in the accounting records for both the current and prior year. As a result, payables from exchange transactions was overstated and the accumulated surplus understated by R14,1 million (2021: R29,6 million).

#### VAT receivable

11. The municipality did not recognise all items of value-added tax (VAT) in accordance with GRAP 1, *Presentation of financial statements*. Input VAT was incorrectly accounted for, which resulted in the VAT receivable being understated and the accumulated surplus being overstated by R17,4 million. In addition, a prior period error was identified in the current year.



Consequently, the corresponding figure for the VAT receivable disclosed in note 12 to the financial statements was understated by R12,9 million while the prior year surplus and accumulated surplus were overstated by the same amount.

#### Revenue from exchange transactions

12. The municipality did not recognise interest received, as required by GRAP 9, *Revenue from exchange transactions*. The interest received was calculated using incorrect rates. As a result, service charges was overstated by R27,2 million and receivables from exchange transactions overstated by R27,2 million in the financial statements.
13. I was unable to obtain sufficient appropriate audit evidence that revenue from exchange transactions had been properly accounted for due to the poor state of the accounting records. Substantive evidence for agency fees was also not submitted for auditing in the prior year. I was unable to confirm the revenue from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figure of revenue from exchange transactions stated at R175,9 million in the statement of financial performance.

#### Unauthorised expenditure

14. The municipality did not identify and correctly disclose all unauthorised expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The municipality incorrectly calculated unauthorised expenditure in the current year by using the incorrect budget, resulting in the current year unauthorised expenditure being understated by R52,1 million. In addition, the municipality incorrectly calculated unauthorised expenditure for the comparative figure, which resulted in both current and prior year unauthorised expenditure being overstated by R4,5 million.

#### Irregular expenditure

15. The municipality did not identify and disclose all irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Payments made in contravention of supply chain management (SCM) requirements resulted in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that should have been disclosed as it was impractical to do so. Accordingly, I could not determine the adjustment required to the irregular expenditure disclosed at R8,7 million in note 48 to the financial statements.

#### Fruitless and wasteful expenditure

16. The municipality did not identify and disclose all fruitless and wasteful expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Interest incurred on overdue accounts and penalties on late payments resulted in fruitless and wasteful expenditure. In addition, the municipality incorrectly recorded transactions that did not meet the requirements of fruitless and wasteful expenditure in the financial statements. I was unable to determine the full extent of the fruitless and wasteful expenditure that should have been disclosed as it was impractical to do so.



17. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure due to the status of the accounting records. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R248,8 million (2021: R214,9 million) in note 47 to the financial statements.

#### Commitments

18. The municipality did not account for commitments in terms of GRAP 17, *Property, plant and equipment*. The municipality did not disclose commitments that were in progress before year-end and incorrectly recognised some commitments with incorrect values. Consequently, commitments as disclosed in note 38 to the financial statements was understated by R4,7 million.

#### Contingent liabilities

19. The municipality did not recognise contingent liabilities in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets*, as some contingent liabilities did not meet the standard requirements or some were not recognised in the financial statements. Consequently, contingent liabilities as disclosed in note 39 to the financial statements was overstated by R141,6 million (2021: R145 million).

#### Distribution loss

20. The municipality did not identify and disclose electricity losses in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. The disclosure in note 32 to the financial statements only refers to the number of units but not the cost of the units. Consequently, electricity distribution losses as disclosed in note 32 to the financial statements was understated.

#### Prior period error

21. The municipality did not disclose previous period errors, as required by GRAP 3, *Accounting policies, estimates and errors*. The amount of the correction for each financial statement item affected was either disclosed at incorrect values or not disclosed in the financial statements. In addition, I was unable to obtain sufficient appropriate audit evidence for the prior period errors disclosed, as supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in notes 41 and 42 to the financial statements.

#### Comparison of budget and actual amounts

22. The municipality did not disclose the statement of comparison of budget and actual amounts in the financial statements, as required by GRAP 24, *Presentation of budget information in the financial statements*. The municipality used incorrect budget figures or other statement figures to prepare the statement of comparison of budget and actual amounts, which resulted in the following misstatements:

- Statement of financial position – R528 846 002

- Statement of financial performance – R7 936 850
- Cash flow statement – R13 911 109

23. In addition, no explanations were provided for some material differences between budgeted and actual figures in the statement of comparison of budget and actual amounts.

### Financial instruments

24. The municipality did not disclose financial instruments in accordance with GRAP 104, *Financial instruments* in note 37 to the financial statements, as the municipality used incorrect figures from face of the financial statements. As a result, financial instruments was overstated by R7,9 million. In addition, the municipality restated the comparative figures for financial instruments in the current year's financial statements. Consequently, the corresponding figure for financial instruments as disclosed in note 37 to the financial statements was understated by R23,1 million.

### Cash flow statement

25. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities for both the current and prior year restated figures. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities as stated at R31,1 million (2021: R17,5 million) in the financial statements.

26. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities for both the current and prior year restated figures. I was not able to determine the full extent of the errors in the net cash flows from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from investing activities as stated at R17,2 million (2021: R17,7 million) in the financial statements.

27. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from financing activities for both the current and prior year restated figures. I was not able to determine the full extent of the errors in the net cash flows from financing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from financing activities as stated at R0,3 million (2021: R1,1 million) in the financial statements.

### Reportable segments

28. The municipality did not disclose reportable segments as required by GRAP 18, *Segment reporting*. The municipality has material segments that meet the disclosure requirements. I was unable to determine the full extent of the required disclosure. Consequently, I was unable to determine the full extent of the reportable segment as it was impractical to do so.



### Corresponding figures: revenue from non-exchange transactions

29. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for property rates in the financial statements. As described in note 25 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the revenue from non-exchange transaction corresponding figure stated at R137,9 million in the financial statements.

### Corresponding figures: general expenditure

30. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for general expenditure in the financial statements. As described in note 33 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the general expenditure corresponding figure stated at R53,2 million in the financial statements.

### Corresponding figures: Finance costs

31. In the prior year, the municipality did not recognise expenditure in accordance with GRAP 1, *Presentation of financial statements*. The finance costs were not all recorded in the financial statements. As a result, finance costs disclosed in the statement of financial performance was understated by R7,9 million and payables from exchange transactions disclosed in the statement of financial performance was overstated by the same amount.

### Context for the opinion

32. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

33. 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.

34. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### Material uncertainty relating to financial sustainability

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

36. I draw attention to note 44 to the financial statements, which indicates that there is uncertainty over the municipality's ability to continue as a going concern due to its current liabilities exceeding its current assets. As stated in note 44, these events or conditions, along with the other matters as set out in note 44, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

### **Other matters**

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

### **Unaudited disclosure notes**

38. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

### **Unaudited supplementary schedules**

39. The supplementary information set out on pages ... to ... does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

### **Responsibilities of the accounting officer for the financial statements**

40. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the MFMA and 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.
41. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

42. 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.



43. 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

### Introduction and scope

44. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
45. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
46. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2022:

Objective	Pages in the annual performance report
KPA 2: basic service delivery and infrastructure development	x – x

47. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
48. The material findings on the usefulness and reliability of the performance information of the selected objective are as follows:

### Basic service delivery and infrastructure development

#### Various indicators

49. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against targets for the indicators listed below as reported in the annual performance report. This was due to limitations placed on the scope of my work and

management not ensuring that actions planned and executed were supported by adequate evidence. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Indicator	Annual target
Number of Kilometers (Km) of gravelled roads maintained	50 km
Number of Kilometers (Km) of stormwater maintained	35 km

### Various indicators

50. The achievements below were reported in the annual performance report for the listed indicators. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to a lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements.

Indicator	Reported achievement
Number of Square meter (m2) of potholes maintained	1 430,76m2
Number of Kilometers (Km) of gravelled roads maintained	17,70km
Number of Kilometers (Km) of stormwater maintained	8,3km

### Other matter

51. I draw attention to the matter below.

#### Achievement of planned targets

52. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the underachievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 49 to 50 of this report.

## Report on the audit of compliance with legislation

### Introduction and scope

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

54. The material findings on compliance with specific matters in key legislation are as follows:

### Annual financial statements

55. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving an adverse audit opinion.

### Expenditure management

56. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. Most of the disclosed unauthorised expenditure was caused by interest on late payments to creditors and inadequate budgeting for debt impairment and depreciation of assets.

57. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed did not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. Most of the disclosed irregular expenditure was caused by invalid deviations, insufficient quotes obtained, and SCM processes not followed.

58. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. Most of the disclosed fruitless and wasteful expenditure was caused by interest incurred on overdue accounts and penalties on late payments.

59. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

### Consequence management

60. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

61. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.



62. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### Asset management

63. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
64. An adequate management, accounting and information system was not in place to account for assets, as required by section 63(2)(a) of the MFMA.

#### Revenue management

65. An adequate management, accounting and information system was not in place to account for revenue, as required by section 64(2)(e).
66. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

#### Strategic planning and performance management

67. The performance management system and related controls were inadequate as they did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

#### Procurement and contract management

68. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
69. The preference point system was not applied in some procurement of goods and services above R30 000, as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.
70. Some invitations to tender for procurement of commodities designated for local content and production did not stipulate the minimum threshold for local production and content, as required by the preferential procurement regulation 8(2) of 2017.
71. The performance of some contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
72. Contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.



## Other information

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

## Internal control deficiencies

77. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
78. Leadership did not adequately perform their oversight responsibilities relating to the general control environment as evidenced by repeat issues raised during the audit. Leadership's tolerance for control deviations was also evident in the application of the municipality's own SCM policy as deviations from this policy were identified. In addition, leadership did not exercise consequence management where there were deviations from internal control requirements.
79. The financial disciplines relating to the daily, weekly and monthly processing and reconciliation of transactions were not embedded as a culture in the control environment of the municipality. This resulted in inaccurate, incomplete and inadequate financial and performance reporting.
80. Risk management activities were not designed and implemented to mitigate high and pervasive risks of material misstatements at the municipality. Management did not give the internal audit unit adequate support to provide assurance on internal controls. Consequently, the adequacy of the work of the audit committee was negatively affected.

## Material irregularities

81. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### Material irregularities identified during the audit

82. The material irregularities identified are as follows:

#### Landfill site not properly managed, resulting in pollution

83. Disposal activities, site operations and treatment processes at the maize field waste landfill site, which is under the municipality's control, did not always comply with licence conditions. These include the minimum requirements for waste disposal by landfill, such as landfill operation, landfill operation monitoring and rehabilitation, closure and end-use.

84. All waste types, including those not allowed in terms of the licence, were disposed at the site. This caused significant pollution and the degradation of the environment, which could lead to serious health, safety and injury risks to site workers and nearby communities.

85. I notified the accounting officer of the material irregularity on 4 August 2022 and invited him to make a written submission on the actions taken. The accounting officer has already started dealing with the matter through the following actions taken or in progress:

- Two specialised waste vehicles to be used for collection of waste were bought and received in April 2022.
- The application for the closure of the site is in progress, through the service provider appointed by the national department.
- The appointment of landfill access controller personnel is in progress.
- A landfill compactor acquired through a National Treasury transversal contract is anticipated to be received by 31 December 2022.
- The appointment of a service provider to maintain the landfill site is in progress.
- The appointment of a service provider to identify land for a new landfill site is in progress.

86. The matter will be followed up during the next audit.

### Material irregularities in progress

87. I identified another material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer. This material irregularity will be included in the next year's auditor's report.



East London

30 November 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

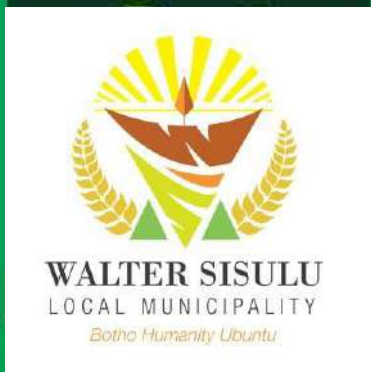
3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

#### 1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	





# Chapter 2

## **CHAPTER 2 – GOVERNANCE**

### **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

Walter Sisulu Local Municipality (WSLM) is established by Section 12 Notice promulgated by the Department of Local Government and Traditional Affairs (COGTA) in the Eastern Cape. Walter Sisulu Local Municipality is a Category B Municipality (Local Municipality) and comprises 22 (17) Councillors, including the Mayor and the Speaker; 14 Councillors represent the African National Congress (ANC), 6 Councillors represent the Democratic Alliance (DA), 1 Councillor represents the Economic Freedom Fighters (EFF) and 1 Councillor represents the Maletswai Civic Association (MCA). Of the 22(17) Councillors, 11 are Ward Councillors for the respective wards, with the remaining 11 being Proportional Representative Councillors of their respective political parties in Council. In the beginning of the financial year in question the ANC had 15 councillors, one councilor died and the ward was won by DA and hence the year ended with 14 councillors for the ANC. WSLM is comprised of five towns namely; Aliwal North, Jamestown, Burgersdorp, Steynsburg and Venterstad. The municipal sit is Burgersdorp, unit managers manage Jamestown, Steynsburg and Venterstad administrative units and Aliwal North does not have a unit manager.

Below is a categorization of the 22 Councillors according to party representation in Council:

- Twelve (12) African National Congress Councillors (ANC)
- Five (5) Democratic Alliance Councillors (DA)
- One (3) Economic Freedom Front Councillors (EFF)
- Two (2) Maletswai Civic Association Councillors: (MCA)

## **2.1 POLITICAL GOVERNANCE**

2.1.1 The following councillors are appointed on a proportional basis:

2.1.1.1	Cllr V Davids	-	Mayor
2.1.1.2	Cllr NMathetha		
2.1.1.3	CllrYZweni		
2.1.1.4	Cllr ETheron		
2.1.1.5	Cllr VSchoeman		
2.1.1.6	CllrV Mnana		
2.1.1.7	Cllr M Jan		
2.1.1.8	Cllr W Ndzeku		
2.1.1.9	Cllr E Pretorius		
2.1.1.10	Cllr M Botha		

The Committees of council are constituted as follows:

### **2.1.2 Corporate Services Committee**

2.1.2.1	CllrY Zweni	-	Chairperson
2.1.2.2	CllrW Nodwele		
2.1.2.3	CllrB Hukwe		
2.1.2.4	CllrN Moyo		
2.1.2.5	Cllr I London		

### **2.1.3 Technical Services Committee**

2.1.3.1	CllrVDavids	-	Chairperson
2.1.3.2	Cllr N Moyo		
2.1.3.3	Cllr B Hukwe		
2.1.3.4	CllrW Moeti		
2.1.3.5	Cllr M Nel		

### **2.1.4 Financial Services**

2.1.4.1	CllrMBotha	-	Chairperson
2.1.4.2	CllrK Mathunya		
2.1.4.3	CllrT Matlotlo		
2.1.4.4	Cllr M Jan		
2.1.4.5	Cllr V Busakwe		



### **2.1.5 Community Services**

2.1.5.1	CllrE Pretorius	-	Chairperson
2.1.5.2	Cllr T Matlotlo		
2.1.5.3	Cllr ETheron		
2.1.5.4	Cllr B George		
2.1.5.5	Cllr W Nodwele		

### **2.1.6 Municipal Public Accounts Committee (MPAC)**

2.1.6.1	Cllr Z Wele - (Chairperson)
2.1.6.2	CllrW Nodwele
2.1.6.3	CllrV Busakwe
2.1.6.4	CllrB George
2.1.6.5	CllrV Schoeman

### **2.1.7 Ethics & Rules Committee**

2.1.7.1	Cllr S Mathetha - (Chairperson)
2.1.7.2	CllrVDavids
2.1.7.3	CllrY Zweni
2.1.7.4	Cllr W Ndzeku
2.1.7.5	CllrSchoeman
2.1.7.6	CllrW Moeti
2.1.7.7	Cllr V Mnana

### **2.1.8 Performance Committee**

2.1.8.1	CllrM Nel - (Chairperson)
2.1.8.2	CllrB George
2.1.8.3	CllrW Nodwele
2.1.8.4	CllrK Mathunya
2.1.8.5	Cllr N Moyo

### **2.1.9 Women Caucus**

2.1.9.1	CllrN Moyo - (Chairperson)
2.1.9.2	CllrY Zweni
2.1.9.3	CllrVDavids
2.1.9.4	CllrMBotha

2.1.9.5 Cllr ETheron

**2.1.10 Planning and Economic Development**

2.1.10.1 Cllr V Davids - Chairperson

2.1.10.2 Cllr. W Moeti

2.1.10.3 Cllr Y Zweni

2.1.10.4 CllrM Botha

2.1.10.5 Cllr V Busakwe

**2.1.11 Representatives to Joe Gqabi District Municipality**

2.1.11.1 CllrVDavids

2.12.2 Cllr S Mathetha

2.12.3 CllrETheron

All section 79 portfolio heads work as part time councilors. The legislative and executive authority vests in the municipal council.

*Photos*



**POLITICAL STRUCTURE**

**MAYOR**

Cllr V Davids



**SPEAKER**

Cllr: Nalisile Mathetha



**CHIEF WHIP**

Cllr Y Zweni

**MAYORAL COMMITTEE/EXECUTIVE COMMITTEE**

- Cllr V Davids
- Cllr Y Zweni
- Cllr M Botha
- Cllr E Pretorius



COUNCILLOR JAGODA BOTHA

Executive Committee Member  
for Finance



COUNCILLOR VANA DAVIDS

Executive Committee Member  
for Technical Services



COUNCILLOR EUSEBIO PRETORIUS

Executive Committee Member  
for Community Services



COUNCILLOR NALISILE MATHETHA

Executive Committee Member  
for Corporate Services


## POLITICAL DECISION-TAKING





The Committees of council are established in terms of section 79 of the Municipal Structures Act, Act 117 of 1998. The Municipality has a Collective Executive System combined with a Ward Participatory System. The former allows for the exercise of executive authority through an Executive Committee in which executive leadership is collectively vested, and the latter allows for matters of concern to the wards to be dealt with by Ward Committees established by the wards.

Within the context of the above, the Mayor and Speaker both hold office as full-time public office bearers; this enables the Mayor to provide political leadership and direction to the municipal bureaucrats and the Speaker, as Chairperson of Council, to ensure oversight, accountability, integrity, discipline of office, and the efficient running of Council meetings.

The main function of the standing committees is to consider matters relevant to their respective directorates and make recommendations to council for approval. Standing committees also exercise oversight role over the performance of their directorates.

### 2.1 ADMINISTRATIVE GOVERNANCE

<i>Photos</i>	<b>TOP ADMINISTRATIVE STRUCTURE</b>	<b>Function</b>
	<b>TIER 1</b>	
	<b>MUNICIPAL MANAGER</b> Title Mr K Gashi	
	<b>DEPUTY MUNICIPAL MANAGER:</b> Title (Name) N/A	
	<b>DEPUTY MUNICIPAL MANAGER:</b> Title (Name) N/A	
	<b>TIERS 2 AND 3</b>	
	<b>DIRECTOR:</b> Title Mr Z Pungwani Director: Community Services	

	<b>DIRECTOR: title Mrs</b> R Godson Director: Corporate Services
	<b>DIRECTOR: Title Mr</b> T Mosompa Director: Technical Services
	<b>DIRECTOR: Title Mr</b> Y Ngqele Chief Financial Officer
	<b>DIRECTOR: title Mr.</b> V Barnes Director: Planning and Economic Development

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

Co-operative government means that the three spheres of government should work together (co-operate) to provide citizens with a comprehensive package of services. The Constitution states that the three spheres have to assist and support each other, share information and coordinate their efforts. The implementation of policies and government programs require close co-operation between the spheres of government.

In Walter Sisulu Local Municipality the working relations between the Sector Departments and municipality are cordial. Whilst some Departments attend the IDP Representative forum, others do not. Staff members who lacked the requisite authority to take decisions on behalf of their Departments represented some of those who attended. This is an area that requires much attention as it has a potential to paralyze the effectiveness of the IDP representative forum. The Departments submit their plans to the municipality so that they can be implemented in collaboration with the municipality.

## **NATIONAL INTERGOVERNMENTAL STRUCTURE**

All the programs that are developed by the Municipality derived from the laws and policies that are passed by the National and provincial governments. The local development strategies in Walter Sisulu Municipal Integrated Development Plan are aligned to the National and Provincial development policies.

The Joe Gqabi District Municipality (JGDM) in the following Provincial IGR cluster meetings represents the Walter Sisulu Municipality:

- Governance and Administration Cluster
- Social needs Cluster and
- Economic Growth and Infrastructure

## **RELATIONSHIPS WITH MUNICIPAL ENTITIES**

- District Performance practitioner's forum
- District IDP and Budget Rep Forum

## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

The Walter Sisulu Municipality process plan is aligned to JGDM's district Framework plan-this ensures District alignment of the Intergrated Development Plan. The District Municipality (Joe Gqabi) bilateral conventions with sector departments, and municipalities to have the same opinion on intergraded procedures, and to facilitate configuration between District Municipality, Local Municipality and Provincial Departments in respect of programmes and projects. The Municipality is represented in the Joe Gqabi District IDP Representative forum (consisting of all local municipalities in JGDM, government Departments and other keystakeholders). At this consultative forum meeting, discussions revolve around needs assessment, areas of prioritization, objectives, alignment of projects and accountability issueswithin the context of planning and implementation processes. The Municipality is also represented in the following District Inter-Governmental Relations (IGR) structures: -

- District Inter-Governmental Mayors Forum  
In both Political and Technical Meetings
- Chief Financial Officer Forum
- District Wide Corporate Service Working Group
- District Health Advisory Council, and
- District Social Needs Cluster
- District Performance practitioner's forum
- District IDP and Budget Rep Forum

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **WARD COMMITTEE'S ARE ESTABLISHMENT AND FUNCTIONALITY**

Consistent with the provision participatory democracy, council adopted that regulates the establishment and functionality of the ward committees. Subsequent to the adoption of ward committee policy, council established 11 ward committees, which are constituted by various interest groups in the ward.

Council has set aside approximately R 1, 200,000 for the reimbursement of ward committee stipend. Furthermore, council has appointed a Public Participation Officer whose task is to ensure that public participation in the affairs of the municipality. Ward Committees are sitting as per their calendar of events unless there are pressing issues that would require special meetings. These ward committees consist of interest groups that are drawn from the active community-based structures in the ward.

In strengthening the functionality of ward committees council provided induction workshop and many other trainings to the sharpen understanding of ward committee on local government work.

The Municipality utilised ward committees and Community Development workers, special programmes forums, IDP and budget forums for public participation. The municipality also ensures the ward community consultation through Community Based Planning and constant report backs.

## **PUBLIC PARTICIPATION PROGRAMME AND LOCAL PRINT AND ELECTRONIC MEDIA**

To limit the language barrier that could cause the public not to participate fully in matters of government, four languages are being utilised in communicating with the public namely, (English, Afrikaans, Xhosa and S Sotho). Nonetheless, there is still a challenge because the Municipality is not publishing its documents in all four official languages. IDP Budget outreach programmes are conducted before and after the draft IDP and Budget has been finalized for comment by the public. The Ward Committees, CDW's, Public Participation Officer and ward councillors assist in mobilisation of communities towards ward meetings. Community needs are processed to various government departments through IDP Representative Forum.

To ensure effective participation the following structures were entrusted with the following tasks:

- **Municipal Manager** – To co-ordinate participation by all structures
- **Council** – To ensure the democratic involvement of people in government
- **Steering Committee** – To serve as a resource to the representative forum by advising and integrating the forum input.
- **IDP and Budget Representative Forum**: to serve as a public forum for debates where various interests groups influenced government decisions. This forum seeks to facilitate a culture of accountability and a platform to share information with other sector departments in preparation for a coordinated planning

## **PUBLIC MEETINGS**

Ward committees were established immediately after the elections in November 2021 election. They were established and inducted in April 2022.

## **COMMUNITY DEVELOPMENT WORKERS PERFORMANCE MONITORING**

Masiphathisane/War Rooms is a consultative platform where all Government spheres, Provincial Departments and all community organizations within a ward meet to resolve issues affecting communities and community organisations. This platform was established in all eleven wards and are presided upon by Ward Councilors and the CDW's as the secretariat of



these meetings. The War rooms are currently not functioning due to lack of resources and will be revived in the new financial year.

## COMMUNICATION STRATEGY

A Marketing and Communication Strategy has been developed for Walter Sisulu Local Municipality and will be tabled to Council for approval thereof. The Strategy will be a roadmap for the enhancement of national government's message and call to the "Back to Basics" approach. It will also ensure that a participatory democracy amongst the citizens of Walter Sisulu Local Municipality is strengthened, so that they participate fully in the affairs of government. As part of the Communication Strategy, Environmental Scanning is done bi-annually and a Customer Satisfaction Survey done continuously.

Our Communication Strategy is there to strengthen the integration of communication and to ensure coherent messaging through mechanisms including Masiphathisane War Rooms, Local Communication Fora, and communication support to other government departments operating in the Walter Sisulu municipal area. More significantly, the Communication Strategy is for ensuring that the communication gap between the local community and the municipality's political structures, political office bearers and administration is narrowed.

## WARD COMMITTEES

No.	Ward Areas	Committee Meetings	General Meetings
1	Venterstad, Oviston, Sunnyside, Nozizwe & Lyciumville	10	8
2	Khayamnandi, Westdene and Greenfield	10	8
3	Burgersdorp town, Mzamomhle, Masakhane & Kroonvlei	10	8
4	Mzamomhle & Eureka	8	8
5	Thembisa, Burgersdorp town and Steynsburg town	10	8
6	Area 13, Block H1 & Vula Vala	10	1

7	Eggili sites, Vula Vala, block F, Zwelitsha, Dukathole Block C & D, Graded, part of town, Block E & Pola Park	9	1
8	Block G (Vergenoeg), Block H2 and Police Station Portion	8	1
9	White City, Hilton, Springs, Aliwal North town, Birds Eye View, Pola Park	7	6
10	Joe Gqabi, Soul City and Hongerbuild	10	8
11	Arborview, Springs, Jamestown & Masakhane, farming community	5	1
	<b>Total</b>	<b>97</b>	<b>50</b>

## IDP PARTICIPATION AND ALIGNMENT

As part of enabling the community an opportunity to participate in the decision making processes of the municipality numerous mechanisms were employed. There were 8 mayoral Imbizos held with communities in the 11 wards that constitute the municipality. After each session of Imbizo, an action plan is drawn up for all the matters raised by the members of the community. The Mayor and Chairpersons of standing committees then monitor the implementation of the plan and on a quarterly basis a report is presented to the Council.

<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>
Does the municipality have impact, outcome, input, and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes

Were the four-quarter aligned reports submitted within stipulated time frames?	Yes
* <i>Section 26 Municipal Systems Act 2000</i>	
T 2.5.1	

## **COMPONENT D: CORPORATE GOVERNANCE**

### **RISK MANAGEMENT**

The Municipality has adopted a risk management policy wherein the Municipal Manager, the Chief Financial Officer and other key members of the senior management will proactively, purposefully and regularly identify and define current as well as emerging business, financial and operational risks and either simultaneously or with due expedition identify appropriate and cost effective methods of obviating or managing these risks.

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### **ANTI-CORRUPTION AND FRAUD**

Council has approved the Anti- Corruption and Fraud Strategy as one way of strengthening its fight against these twin social ills. As a build up to its adoption and a way of raising employees' awareness about the existence of such policies, a workshop was held comprising municipal officials and employees. The strategy will be reviewed every year. Furthermore, to demonstrate the seriousness of the council to fight fraud and corruption, a committee comprising 5 members will be established to monitor advice and compile reports on the implementation of the anti-fraud and corruption Strategy. A Disciplinary Board has been established to assist Council with the implementation of the objectives outlined in the Anti-Corruption and Fraud Strategy.

### **SUPPLYCHAINMANAGEMENT**

### **BY-LAWS**

The municipality approved 29 By-Laws that were approved in 2018 and public consultation was made. Of the 29 By – laws, 7 were promulgated and now the municipality is busy sourcing funds to promulgate the rest of the by – laws. Whilst waiting for the promulgation of all By-law, By-laws, regulations and resolutions applicable in the respective areas of the disestablished municipalities immediately prior to the effective date, continue to apply in such areas from the effective date, subject to any amendment or repeal by the Council of the new municipality. (Section 12 Notices). S

## **WEBSITES**

WSLM website needs to be upgraded. Currently it is managed at the district level and the municipality is using district resources for its document. The municipality need to capacitate staff members to manage it.

## **PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

The municipality performs Customer Satisfaction Surveys once per annum, as well as conducts environmental scans bi-annually to assess the community's satisfaction with the municipality's service delivery performance. The platforms below are also available for the public to contribute their inputs on their satisfaction, or lack thereof, pertaining to the municipality's service delivery.

### **(A) suggesting boxes**

A suggestion box can be found in each of the municipal offices - Jamestown, Aliwal North, Burgersdorp, Steynsburg and Venterstad. The Municipality has developed a functional website where people are encouraged to submit their complaints, suggestions and compliments on the performance of the municipality and on service delivery.

### **(B) Social Media**

The Municipality has active social media platform, Facebook used to engage with the public, as well as to manage complaints raised on a daily basis by the community. The social media platform predominantly used for the purpose of Complaints Management is the Municipality's Facebook page. The page is checked daily (weekdays) for complaints and all posted reports are escalated to the relevant department for attendance.



## PROVISION STRATEGY

The Municipality should provide basic services like electricity to its community for the following consumers as one of the requirements of the Constitution of South Africa to deliver basic services to its Industrial consumers, Commercial consumers and households within the municipal area of jurisdiction. The municipality has a role of maintaining a sustainable supply and quality of electricity for its community in a healthy and safe way without endangering the lives of those who consume it.

Service Objectives  <i>Service Indicators</i>	Outline Service Targets	Year 1		Year 2	
				Target	
		Target	Actual	Current year	*Following Year
Eradicate current backlogs and improved access to municipal services	Percentage of street lights maintained	100% streetlights maintained	100% streetlights maintained	1 Report	1 Report
	Percentage Faults attended to within 24 hours of reporting	100% Faults attended to within 24 hour	100% Faults attended to within 24 hour	1Report	1 Report
	The percentage Of households with access to basic levels of electricity	100% households with access to basic levels of electricity	100% Households with access to basic levels of Electricity	100 %	100%

The municipality is entitled to ensure that requirements for availability of supply based on the individual household load growth, developments around and inside the municipal area are met. The municipality have to do feasibility studies in assessing the electricity needs in our area so that the Electricity Master Plan could be drawn up, this was undertaken by the appointed professional service provider. The consultants had to compile the Master plan to meet the electricity needs of the Walter Sisulu community reflecting the following on their

reports:

To enhance electricity service delivery, WSLM have changed 100% of electricity meters that were found and reported to be faulty, meter audits were carried out on an ongoing process and faulty meters were replaced with new meters. Faulty kiosks and/or distribution boxes that are the main connection between the municipal network and the customer are repaired and kept locked to prevent vandalism or interruption of supply to consumers. Network maintenance is carried out as per the monthly planners derived and prepared from the inspections carried out on the network.

To enhance revenue collection the municipal consumers were disconnected for non-payment, but due to the National Lockdown pronounced by the President on 26 March 2020 no further cut off were done and all consumers were reconnected, this challenged the debt collection process greatly. Households that are registered on the institution's Indigent register receive the free 50kW of electricity per month and all the repairs and maintenance done on their electricity dispensers or faults are then claimed from the equitable share.

Part of the municipal role in electricity service delivery, is to ensure that there is sufficient public lighting to prevent /minimize crime activities in and around our residential and business areas. Street light maintenance are been done daily within the municipality through a daily report system and site inspections.

The electrical losses for 2020/21 financial years are recorded at 18% the department has since employed serious measures to ensure substantial reduction. Meter audits were being performed on monthly bases to minimize electrical losses and fines were issued to defaulters for tampering.

The municipal area is serviced by Walter Sisulu Local Municipality and Eskom, Eskom is mostly servicing townships (Nozizwe, Mzamomhle, Khayamnandi, Masakhane) WSLM is servicing towns and some of the townships (Burgersdorp, Venterstad & Oviston, Aliwal North, and Jamestown).

The MIG projects were all implemented toward the end of the financial year the paved road project in ward 2 in Steynsburg was almost finished and under LED hawkers stall were made and distributed as per the plan.



**WALTER SISULU**  
LOCAL MUNICIPALITY  
*Botho Humanity Ubuntu*

# Chapter 3



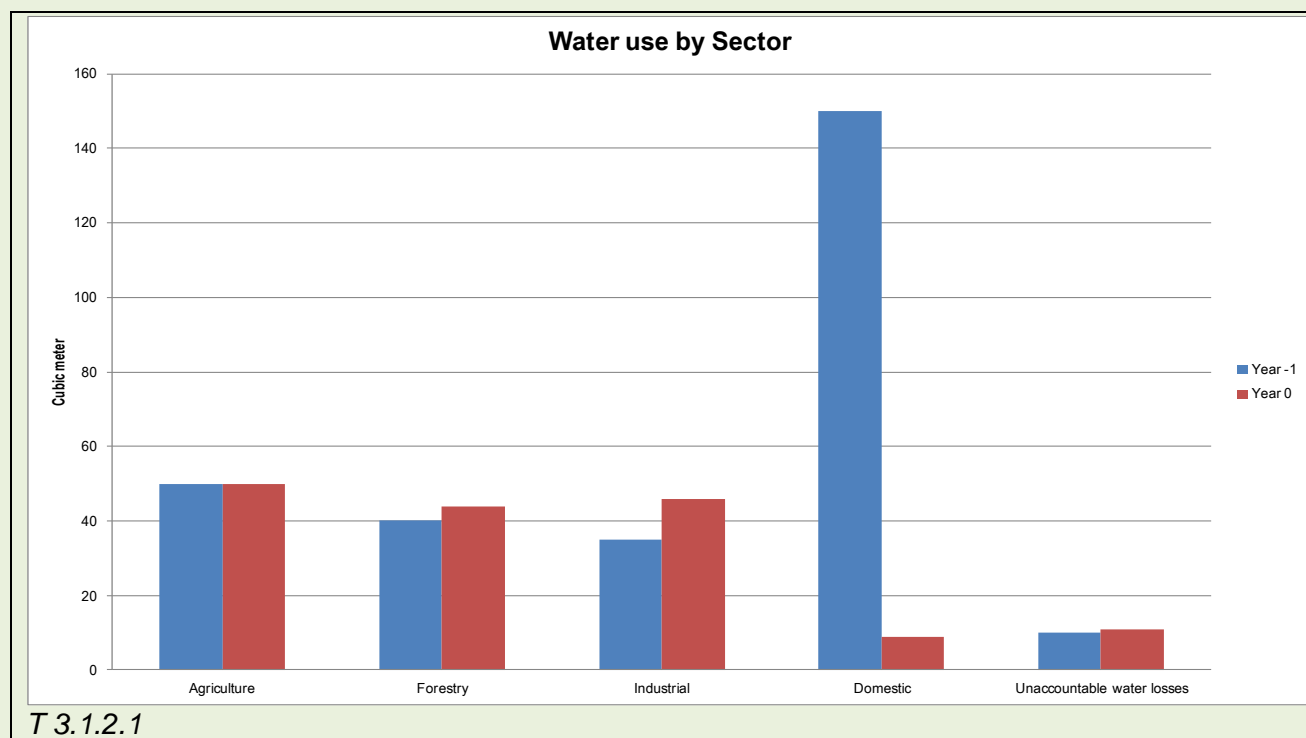
## COMPONENT A: BASIC SERVICES

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

### WATER PROVISION

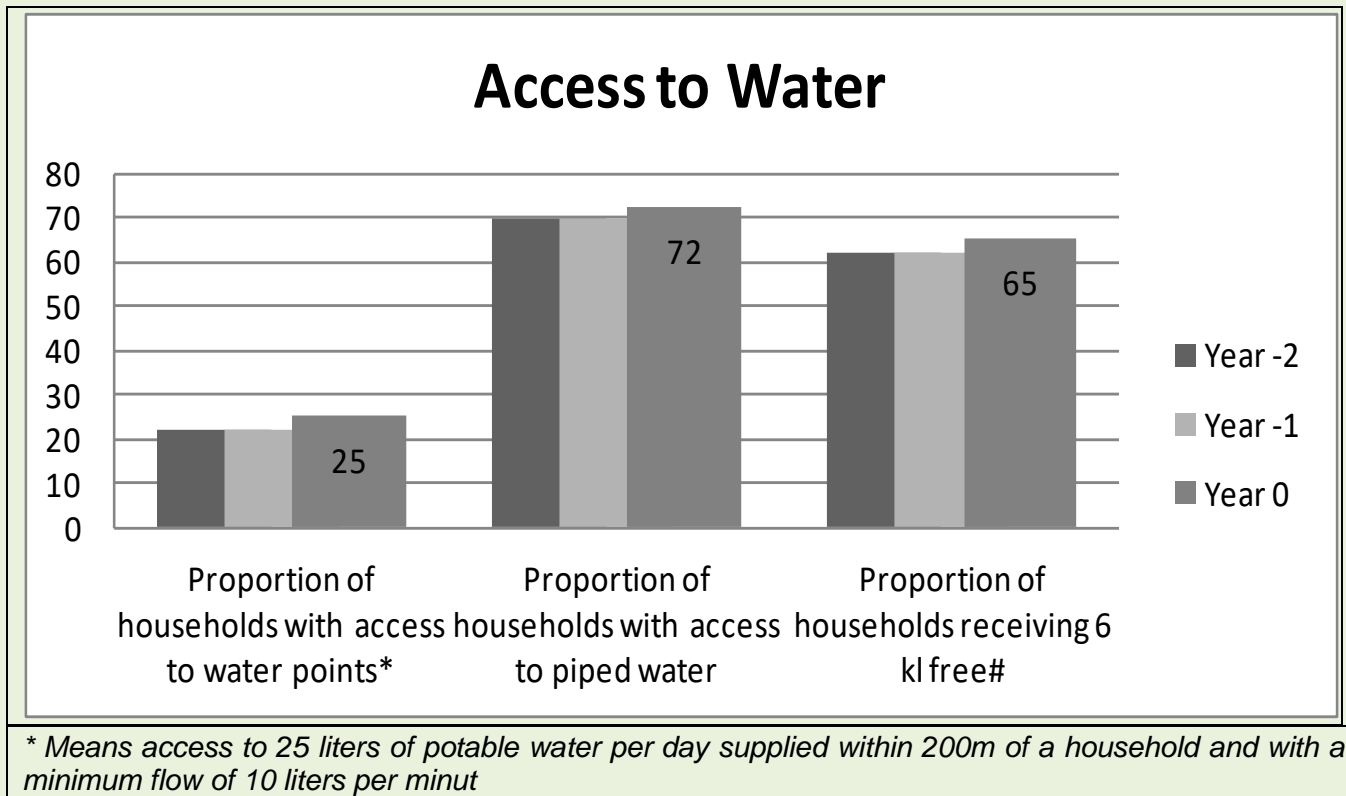
The Joe Gqabi District Council is responsible for water services within the Municipality and therefor the WSL would not have information on this service.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11
					T 3.1.2



Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<b>Water: (above min level)</b>				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling )	486	486	465	546
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1,990	1,898	1,576	1,879
<i>Minimum Service Level and Above Percentage</i>	80%	80%	76%	79%
<b>Water: (below min level)</b>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486	486	486
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	486	486	486
<i>Below Minimum Service Level Percentage</i>	20%	20%	24%	21%
<b>Total number of households*</b>	<b>2,476</b>	<b>2,384</b>	<b>2,062</b>	<b>2,365</b>
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.1.4





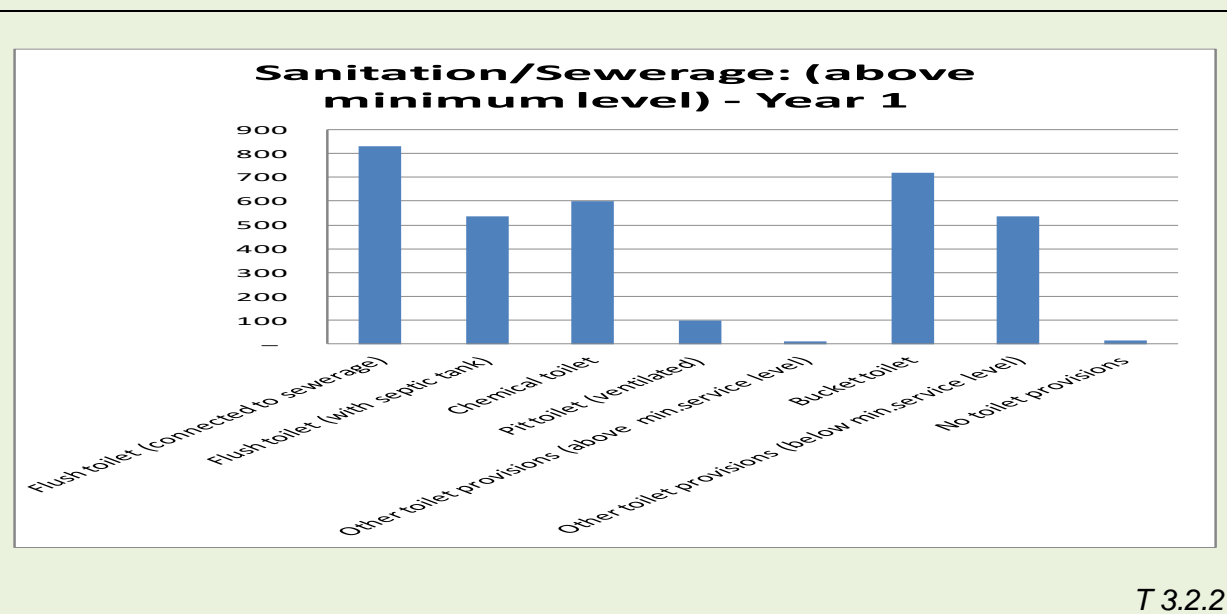
Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.1.7					

Financial Performance Year 0: Water Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.1.8					

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.1.9					

## WASTE WATER (SANITATION) PROVISION

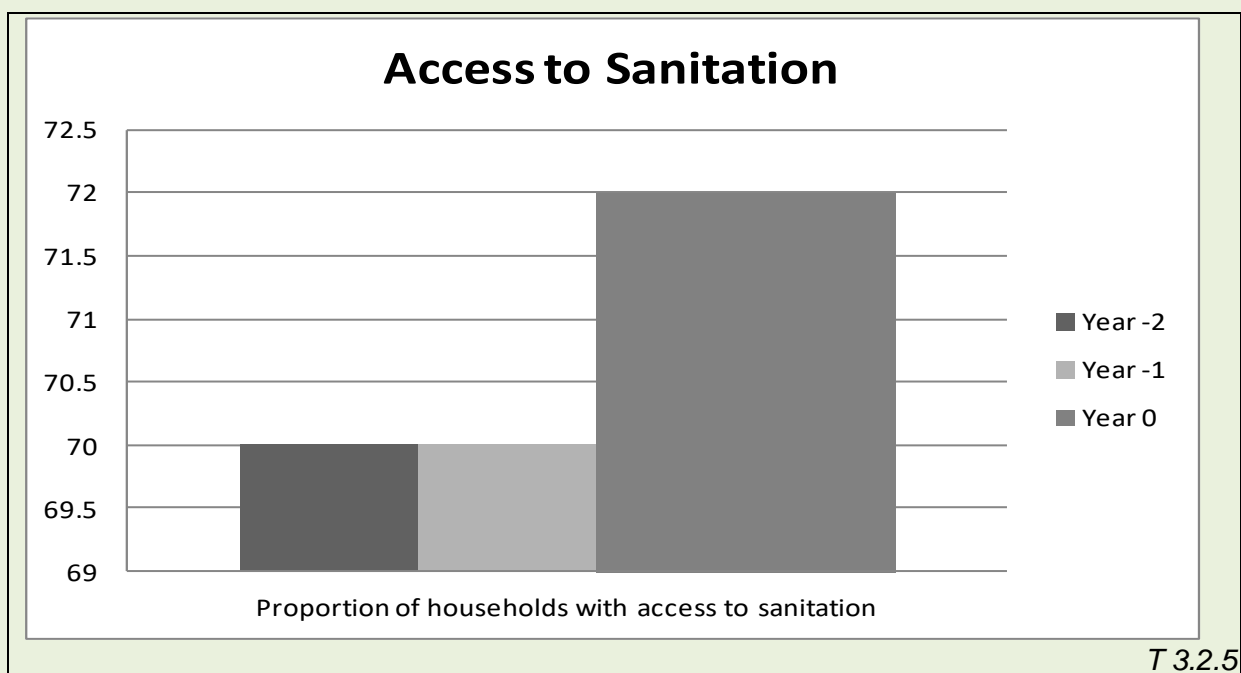
The Joe Gqabi District Council is responsible for wastewater services within the Municipality and therefore the WSL would not have information on this service.



Sanitation Service Delivery Levels				
Description	Year -3	Year -2	Year -1	*Households Year 0
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2,325	2,236	1,851	2,178
<i>Minimum Service Level and Above Percentage</i>	68.9%	59.9%	55.5%	63.1%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1,047	1,498	1,485	1,271
<i>Below Minimum Service Level Percentage</i>	31.1%	40.1%	44.5%	36.9%
<b>Total households</b>	<b>3,372</b>	<b>3,734</b>	<b>3,336</b>	<b>3,449</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	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.2.4



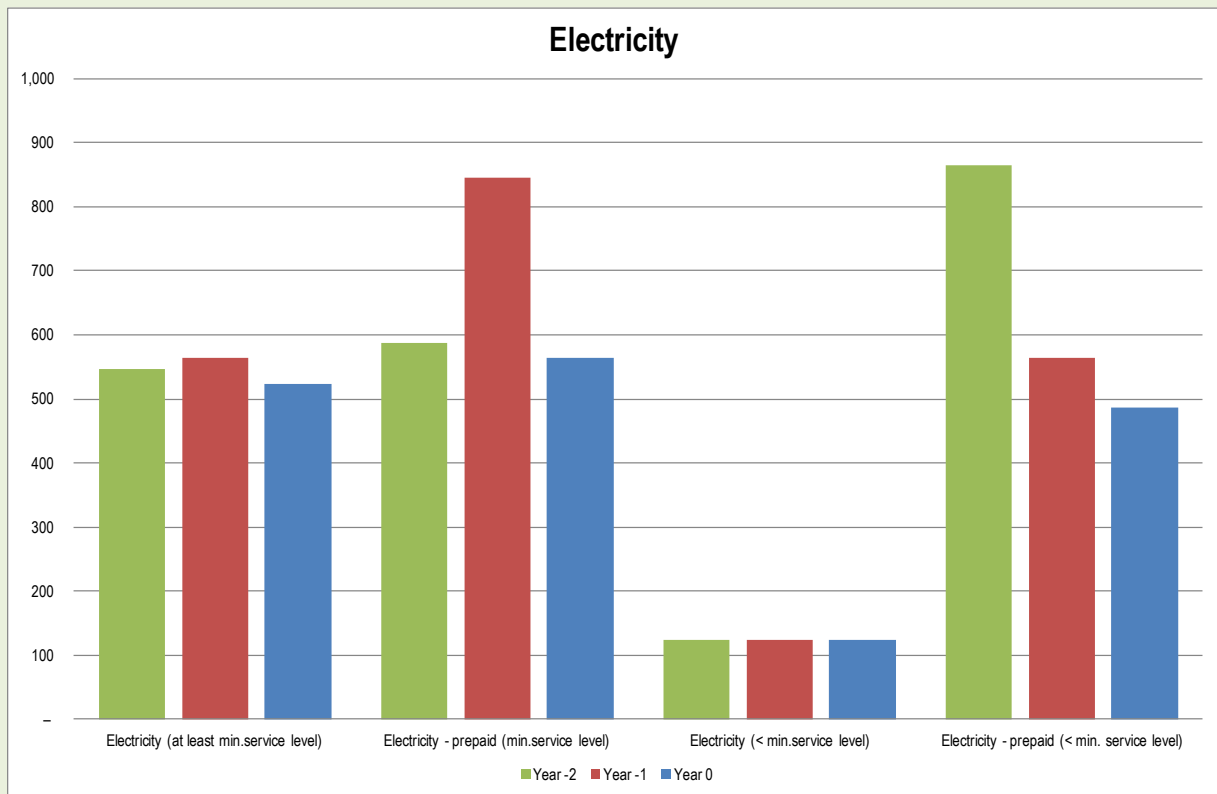
[illegible]

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
					T 3.2.7

Financial Performance Year 0: Sanitation Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.2.8

Capital Expenditure Year 0: Sanitation Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.2.9

## ELECTRICITY



Electricity Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<b><u>Energy: (above minimum level)</u></b>				
Electricity (at least min.service level)	655	547	565	523
Electricity - prepaid (min.service level)	565	587	846	565
Minimum Service Level and Above sub-total	1,220	1,134	1,411	1,088
Minimum Service Level and Above Percentage	52.8%	52.8%	66.3%	62.1%
<b><u>Energy: (below minimum level)</u></b>				
Electricity (< min.service level)	112	123	124	124
Electricity - prepaid (< min. service level)	955	865	565	487
Other energy sources	24	26	28	54
Below Minimum Service Level sub-total	1,091	1,014	717	664
Below Minimum Service Level Percentage	47.2%	47.2%	33.7%	37.9%
<b>Total number of households</b>	2,310	2,147	2,127	1,753
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Households Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						T 3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.3.5									



Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.3.6

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.3.7

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.3.8

**WASTE MANAGEMENT**

<b>Solid Waste Service Delivery Levels</b>				
<b>Description</b>	<b>Households</b>			
	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>
<b><i>Solid Waste Removal: (Minimum level)</i></b>				
Removed at least once a week	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above sub-total</i>	2,895	2,685	2,846	2,235
<i>Minimum Service Level and Above percentage</i>	50.9%	47.1%	51.5%	44.8%
<b><i>Solid Waste Removal: (Below minimum level)</i></b>				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
<i>Below Minimum Service Level sub-total</i>	2,790	3,015	2,678	2,755
<i>Below Minimum Service Level percentage</i>	49.1%	52.9%	48.5%	55.2%
<b>Total number of households</b>	<b>5,685</b>	<b>5,699</b>	<b>5,523</b>	<b>4,991</b>
				<i>T 3.4.2</i>

<b>Households - Solid Waste Service Delivery Levels below the minimum</b>						
<b>Description</b>	<b>Households</b>					
	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>		
	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>	<b>Original Budget No.</b>	<b>Adjusted Budget No.</b>	<b>Actual No.</b>
<b>Formal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
						<i>T 3.4.3</i>



Employees: Solid Waste Magement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					

T3.4.6

Financial Performance Year 0: Solid Waste Management Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.4.8

Capital Expenditure Year 0: Waste Management Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.4.9

## **HOUSING**

### **PROVISION STRATEGY**

The role of Walter Sisulu Local Municipality with regard to housing delivery is to:

- a) Ensure that inhabitants of its area of jurisdiction have access to adequate housing.
- b) Ensure that services in respect of electricity, roads, storm water drainage and transport are provided in a manner which is economically efficient;
- c) Identify and designate land for housing development
- d) Initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction through:
  - Beneficiary identification
  - Completion of housing application forms
  - Beneficiary verification
  - Signing off happy letters
  - Hand over completed houses to rightful beneficiaries
- e) Provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers
- f) Plan and manage land use and development.

### **MEASURES TO IMPROVE HOUSING PROVISION PERFORMANCE**

Civil society organizations such as NGO's, Labour unions, employer organizations and business organizations play a prominent role.

### **PROJECTS ON THE BUSINESS PLAN**

- Dukathole 172 (45 Units)
- Dukathole 172(8 Military Veterans Units)
- Dukathole 140 (Accruals & Retention)
- Hilton 94 Housing Project (59 Services & Units)
- Burgersdorp 130(123)



- JGDM Disaster (12 + 20) = 22 UNITS
- Gariep 50 (20 Destitute)
- Steynsburg 530 (Ceiling & Electricity – 200 Units)
- Dukathole 188 Phase 2 (57 Units)
- Jamestown 250 (Planning Activities)
- Dukathole 743 (Title Deeds)
- Joe Gqabi 1087 Rectification (52 Units)
- Venterstad 500 (69 Units)
- Burgersdorp 955 (15 Units)

### CHALLENGES IN CURRENT (2021/22 FY) HOUSING PROJECTS

- Beneficiary administration on previous rectification projects which now on IRDP instrument.
- Beneficiary nomination conflict issues Electrical infrastructure to:
- Burgersdorp 30 Destitute - The electrification of the area, has been negotiated with Eskom, and it is anticipated that the units will be electrified before the end of December 2019.
- Dukathole 140, 172 and Hilton 94. Has been done by municipality and all the households that re currently constructed has access to electricity provision.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	560000	350000	62.5%
Year -2	654000	450000	68.8%
Year -1	654000	500000	76.5%
Year 0	684000	540000	78.9%
			<i>T 3.5.2</i>

[illegible]

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
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Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
					T 3.5.4

Financial Performance Year 0: Housing Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
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Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
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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 3.5.5

Capital Expenditure Year 0: Housing Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.5.6

## FREE BASIC SERVICES AND INDIGENT SUPPORT

As part of its overall strategy to alleviate poverty in South Africa the government has put in place a policy for the provision of a free basic level of municipal services. Electricity has been prioritized as a free basic service for the poor. In realising this principle, the National Indigent Policy Guidelines determines that municipalities must provide free basic services to the indigent people in a sustainable manner.

The following are classified as free basic services to poor households, per month:-

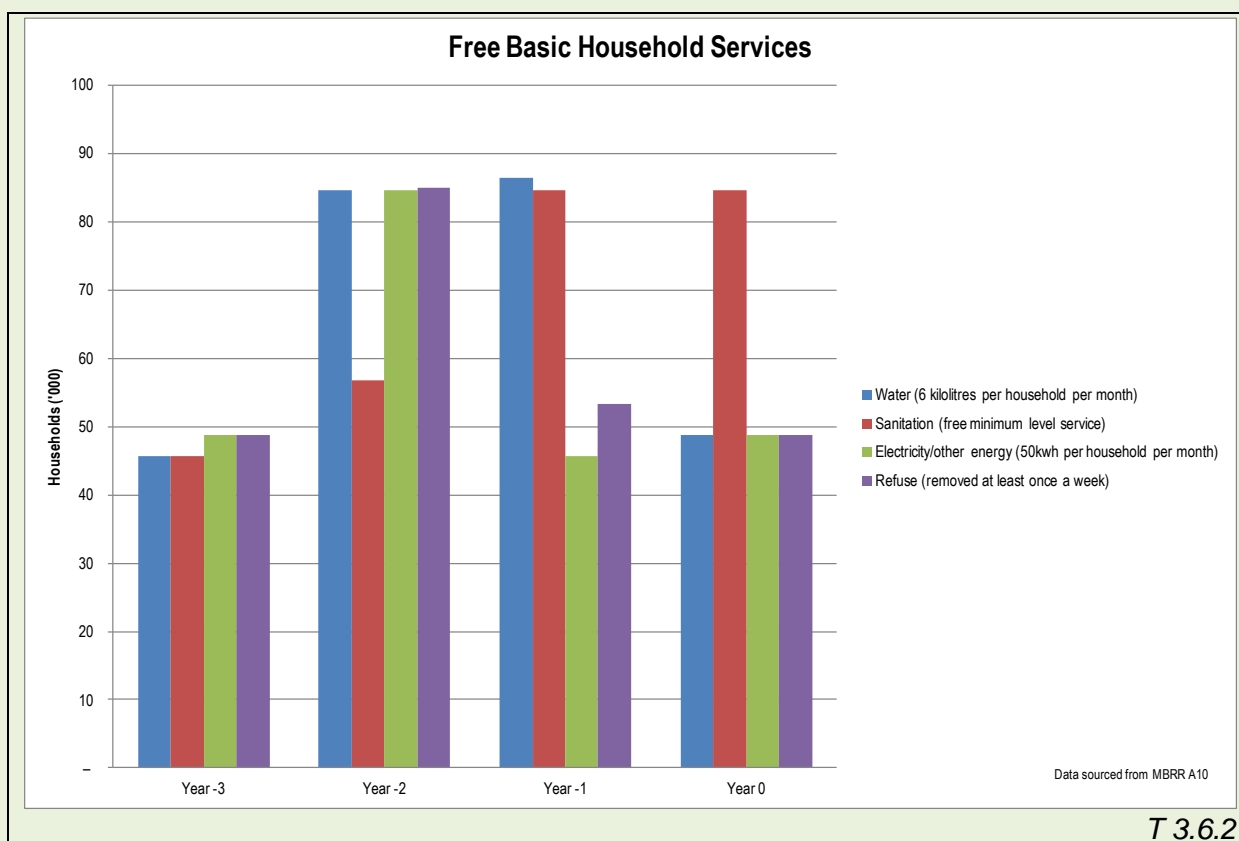
- Free basic electricity - 50 kilowatts electricity for grid-based h/holds;
- Subsidy amount of R 166.60 for refuse removal
- Removal - DEDEA committed to grant subsidies to all indigent household for refuse removal;

In compliance with the prescribed policy the municipality is providing free or subsidized basic service for 6999 households who would normally struggle to pay their accounts. There is an Indigent Policy where qualifying applicants must register for FBS at the municipality and endorsed by their designated councillors (ward councillors). After lodging the application it will be assessed and approved. An income declaration or proof of registration as an unemployed person, support the indigent application.

The table hereunder gives a reflection of the number of qualifying poor households over the past year and the actual financial implication.

Description	No H/H	Equitable Share	Equitable Share Print
Refuse removal	6999	6 407 119	6 429 848
Electricity	4528	4 562 823	7 126 854

A free Basic service in terms of electrical supply is still a challenge to those receiving electricity in the commercial farming and rural areas.



Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	100,000	18,000	12,000	67%	10,000	56%	13,000	72%	7,000	39%
Year -1	103,000	18,500	13,000	70%	11,000	59%	14,500	78%	8,000	43%
Year 0	105,000	19,000	15,000	79%	12,000	63%	16,100	85%	9,000	47%

**T 3.6.3**

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%

**T 3.6.4**





## COMPONENT B: ROAD TRANSPORT

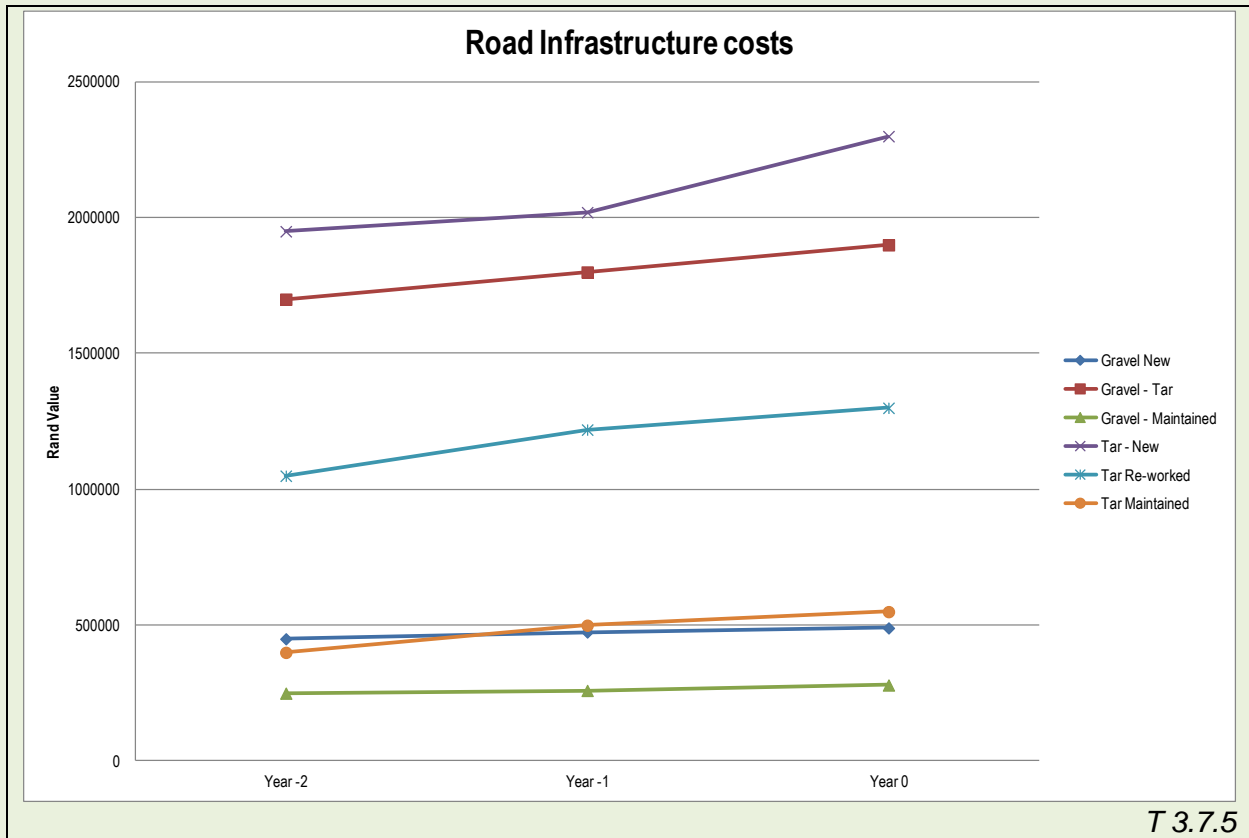
This component includes: roads; transport; and waste water (stormwater drainage).

### ROADS

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				<i>T 3.7.2</i>

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
Year -2	85	10	23	18	100
Year -1	98	14	25	15	120
Year 0	114	20	30	25	140
					<i>T 3.7.3</i>

Cost of Construction/Maintenance						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2	450000	1700000	250000	1950000	1050000	400000
Year -1	475000	1800000	260000	2020000	1220000	500000
Year 0	490000	1900000	280000	2300000	1300000	550000
						<i>T 3.7.4</i>



[illegible]

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.7.7

Financial Performance Year 0: Road Services					
R' 000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.7.8

Capital Expenditure Year 0: Road Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.7.9

## **TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)**

### **ROAD WORTHINESS AND LICENSING**

The municipality has a Vehicle Testing Station in Aliwal North, Burgersdorp, which provides a road worthy, and vehicle licensing service. Furthermore, the municipality has 11 fulltime traffic officers *i.e.* 1 Vehicle examiners, 4 Drivers License Examiners, 5 Traffic Officers, 2 Learners License Examiners, 2 Management Representatives, 1 Chief Traffic Officer and 1 Superintended (some of the staff is multi- skilled and therefore perform other duties as per the instruction of the Director). Moves are afoot to enhance the performance level of the staff as it has demonstrated an ability to augment municipal revenue. The municipality on an agent basis does this service.

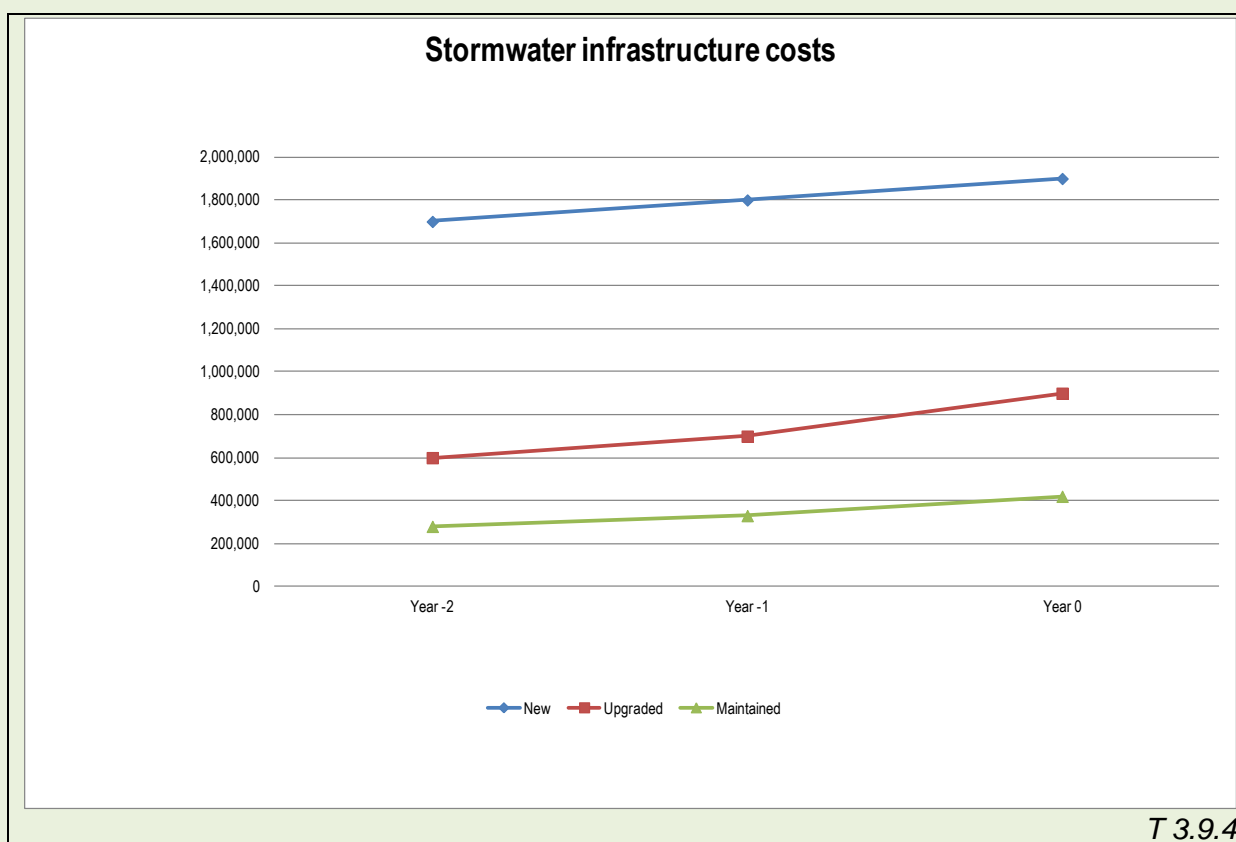
### **WASTE WATER (STORMWATER DRAINAGE)**

The Walter Municipality Road maintenance strategy is improving gradually. Since the Municipality improved its planning, the road maintenance programme has improved, the road maintenance programme comprises of storm water maintenance. Within the technical services department there is a division called PWD (Public Works Division) 100% focusing on roads maintenance and storm water maintenance. Key function of this division amongst other function is to ensure that water surface run off is channeled to appropriate storm water so that road surface is not damaged or doesn't deteriorate at an abnormal rate.

Dedicated number of employees within the Public Works division is 100% focusing on storm water maintenance especially after the resealing of street budget was exhausted all personnel in the resealing was put to storm water maintenance team. As a result about 9km of storm water was cleaned, with storm water catch pits cleaned as well. The intervention is done on an ongoing basis where flooding occurs during heavy rainfalls.

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				<i>T 3.9.2</i>

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	1,700,000	600,000	280,000
Year -1	1,800,000	700,000	330,000
Year 0	1,900,000	900,000	420,000
			<i>T 3.9.3</i>



<b>Stormwater Policy Objectives Taken From IDP</b>									
<b>Service Objectives</b>	<b>Outline Service Targets</b>	<b>Year -1</b>		<b>Year 0</b>			<b>Year 1</b>	<b>Year 3</b>	
		<b>Target</b>	<b>Actual</b>	<b>Target</b>		<b>Actual</b>	<b>Target</b>		
<b>Service Indicators</b>		<b>*Previous Year</b>		<b>*Previous Year</b>	<b>*Current Year</b>		<b>*Current Year</b>	<b>*Current Year</b>	<b>*Following Year</b>
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective xxx</b>									
<b>Development of fully integrated stormwater management systems including wetlands and natural water courses</b>	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. \* 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; \*\*Current Year' refers to the targets set in the Year 0 Budget/IDP round. \*\*\*Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.9.5



Employees: Stormwater Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.9.6					

Financial Performance Year 0: Stormwater Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.9.7					

Capital Expenditure Year 0: Stormwater Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.9.8					

WSLM is maintaining storm water on a weekly basis as there are teams established for the function. Municipality constructed a 500m paving project in Steynsburg ward 2 and also the storm water was done. In terms of this function municipality need to apply for funding as this need major services to be able to maintain properly especially in Burgersdorp, Aliwal North CBD's, Mountain View in Burgersdorp and in Khayamnandi location in Steynsburg. Generally the performance of this function in our municipality is doing fairly well.

## **COMPONENT C: PLANNING AND DEVELOPMENT**

### **PLANNING**

The Municipality is responsible for the provision of IDP and Budget development, LED, housing and town planning services. It contracts the services of Town Planning Consultants to provide layout plans for new residential areas and for other land use needs such as commercial, industrial, institutional, recreational and tourism. The municipality developed its 5-Year IDP in 2016 and is doing its reviewed annually. WSLM does not have LED strategy and currently sourcing funding to develop one.

### **MEASURES TO IMPROVE PLANNING PERFORMANCE**

Moreover, the municipality is in the process of reviewing the spatial development framework plan to keep in line with changing circumstances. All town planning will be done within the confines of the framework plan.

The following applications were processed for land use changes:

• Rezoning	11
• Sub-division	4
• Consent use	8
• Departures	21
• Township establishments (formalization of informal areas)	1

**Annual performance as per key performance indicators in housing and town planning services**

Indicator name	Total number of household /customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the year under review	Number of HH/customer reached	Percentage of achievement during the year
Percentage of households living in informal settlements	2340	2340	2340	2340	100%
Percentage of informal settlements that have been provided with basic services	2340	2340	2340	2340	100%
Percentage of households informal housing that conforms to the minimum building standards for residential Houses	19534	19534	19534	19534	100%

[illegible]

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
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Financial Performance Year 0: Planning Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.10.5					

Capital Expenditure Year 0: Planning Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.10.6					

## LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

### Status on developing the LED strategy:

- The process to develop the Walter Sisulu Local Economic Development Strategic Plan using community-based planning approach is underway and the process plan indicates that the plan will be in place by end June 2023.

### Local Economic Development Unit:

- Local Economic Development Sub-Directorate (unit) is strategically located in the Office of the Municipal Manager and there only 2 officials dedicate to coordinating this function. Walter Sisulu LM is currently in a process of placing staff as per the new staff establishment (organogram) and trust is that this process will also benefit the local economic development practice.

### The availability of a LED expertise:

- The current staff component has limited and varying expertise in local economic development practices (expertise are aligned to the capacity and ability of a staff member – what he or she can do in the practice).

-

### LED stakeholder forum functionality (number of meetings held):

A number of engagement sessions were held with a variety of stakeholders across the length and breadth of the municipality and can be classified as follows:

STAKEHOLDER	NUMBER OF MEETINGS
Youth	4
Tourism	2
Agriculture	2
Women	2
Construction	5
Liquor traders	4

Hawkers	2
Unemployed	7

Funding opportunities of LED activities (indicative figures on Donors/funders and types of programme):

Programme	Donor	Funding	Jobs Created
Waste Management & EPWP	Department of Economic Development, Environmental Affairs and Tourism (DEDEAT)	R2-million	66
Mass Youth Training	Department of Environmental Affairs (DEA)	R1-million	100
Tourism Monitors	National Department of Tourism	R1-million	6
Tourism Information Management System	National Department of Tourism	R1-million	3
Municipal Infrastructure Improvement	National Treasury (DORA Allocation)	R20-million	100
<b>TOTAL:</b>		<b>R 29.2 MILLION</b>	<b>332</b>

## PROGRESS TOWARDS ACHIEVING THE LED KEY OBJECTIVE

### Improve public and market confidence:

The Walter Sisulu Local Municipality has no consolidated Spatial Development Framework (SDF), the two erstwhile municipalities had outdated SDFs. The process is underway to start the development of a new SDF. As it is a case, the formulation of the Spatial Development Framework is a legal requirement, in which, every municipality must adhere to as part of the integrated development processes (refer to section 26 Municipal Systems Act).



It is the principal instrument for forward planning and decision making on land development in the entire municipal area. This framework identifies certain structuring elements, such as nodal points, corridors to guide and inform future planning in Maletswai. However, the current SDF requires a major overhaul and the municipality is in the process of seeking funding to develop a new SDF in order to meet its current developmental obligation.

**Red tape reduction: (Turn-around time for licensing and other business related services):**

Walter Sisulu LM is yet to streamline its policies to reduce red tape in service delivery, a number of complaints have been received on the length of time 'we' take to process applications, payments, and other requirements.

**Investments and trading by-laws:**

Walter Sisulu LM has no investment policy. We do have Street Trading and Liquor Trading By-Laws, gazetted in the 2 erstwhile municipalities, the new by-laws have been sent for promulgation and Gazetting.

The local liquor traders have complained about these by-laws, for, they affect their business operations. The municipality has been commended for its steadfastness in enforcing the liquor trading by-law, it is said crime has gone down, some businesses have closed down and a number of jobs have been lost.

**Exploit comparative and competitive advantage for industrial activities**

**Agriculture:**

The main type of farming in our municipal area is stock farming, namely, sheep, goat and cattle and there is limited crop farming (potatoes, maize, cabbage, onion, etc.) taking place. This sector is very labour intensive and thus has created about +/- 2000 jobs opportunities (through commercial farmers) and there are about 150 small scale farmers operating from fifteen (15) communal farms and others have leased from established farmers.

Tunnel farming has been identified as an opportunity for growth in the agricultural sector and it is being piloted in Maletswai and is being practiced at a small scale and also the game farming is also seen to have greater opportunities of growth for the area. The sector is facing a number of challenges that hampers effort for development, namely: water shortage, poor infrastructure, stock theft, high costs of productions, lack of start-up capitals and human capacity building. Agricultural Training Centre (Farmers Support Centre) is now complete, operational and it is based in Maletswai.

### **Manufacturing:**

Production is mostly agro-processing such as grain products, dairy products and animal feeds in our area.

### **Construction:**

The construction sector is currently being driven by the demand for housing, roads and maintenance, office and business space. The largest government projects in construction include the construction of houses, upgrading government office space and infrastructure such as the roads upgrades and maintenance. Here are the major projects taking place:

- Buffelspruit Nature Reserve Revitalisation
- Maletswai Composting Facility
- R58 upgrading and maintenance
- Provincial Government Office Complex (Phase 2)
- Internal roads paving
- Water and Sanitation Infrastructure
- Low Cost Housing
- Middle to High Income housing development (private sector project)
- Construction of a new main campus for the Ikhala Public TVET College

## **Trade:**

There are approximately 420 small and medium enterprises operating and majority are retail businesses. The local trade sector has about 15% enterprises categorised as formal businesses namely national chain/franchise businesses such as Pick `n Pay, Shoprite, U- Save, Jet, Shoprite, Friendly Grocer, Spar, Lewis Store, Fruit & Veg, Wimpy, Steers, Premix, OK Mini-market and others, this therefore means the local economy is largely driven by microand small business enterprises. A number of locally owned enterprises have expanded, local business people invested in new ventures and thus creating a number of job opportunities.

Maletswai (formerly known as Aliwal North) is the regional trade and business services center(district economic hub) and it also a service center to small towns in Free State (Rouxville, Bethulie, Zastron, Smithfield, Goedemoed and nearby farming communities).

## **Transportation and Communication:**

The popular mode of transport is the public transport (minibus taxis) and it is estimated that 75% of the total population uses taxis particularly between towns, to major towns and cities. The local taxi associations are affiliates to the provincial UNCEDO Taxi Alliance and there are approximately 60 registered taxi operators.

There are a number of unregistered or freelance approximately public transport operators. There are approximately 60 job opportunities created by this industry. There are eight (13) fuel service stations in the municipal areas: seven (7) are located in Maletswai, two (2) in James Calata, three (3) in Burgersdorp, one (1) in Steynsburg and one (1) in Venterstad – servicing the local and transient market. Some of these service stations operates 24 hours and others close around 19h00.

## **Finance and Banking Services**

There are 6 main commercial banks operating in our areas, namely: ABSA, First National Bank, Standard Bank, Capitec Bank, Ned bank and African Bank (in have walk-in branches in Maletswai) and 1 to 3 banks will have walk-in outlets in Burgersdorp. The Post Bank is not operating, yet, as a fully-fledged banking facility.

The key market segments that the financial and business services in the area target are public servants, farmers and agricultural workers, low income earners, elderly, local businesses and the youth/student market. Venterstad and Jamestown does not have any banking institution, they only have 1 or 2 ATM's.

### **Tourism:**

There are approximately 90 tourism products operating and can be categorised as follows: self-catering chalets, guest farms, guest houses, bed & breakfast, hotels, lodges, restaurants, foods outlets and tea & gift shops, etc. The local industry can cater for approximately 900 'quality' beds and services (the highest in the district) and accounts for about 180 permanent job opportunities. Not all establishments are graded and not all are graded under the South African Tourism Grading Council, others are graded by the AA Accommodation Services.

### **Enterprise support and business development:**

Enterprise and business development support is not a mandate of the municipality rather that of SEDA, ECDC and ECRDA, so most customers are referred to the three (3) state owned entities. Some community members approach the LED Unit to assist with the following services:

- Business Idea Generation (feasibility)
- Business Plan Evaluation
- Development of pre-business plan
- Business Advice (financial management, administration, business administration, legalities, etc.)
- Business entity registration (advice on options)

- Tender advice
- Business profiling

**Public and private partnerships established:**

- None.

**Number of new formal SME established within the municipality:**

- Eleven (11).

**Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships:**

- There are about 332 EPWP jobs opportunities created.

**Support Social Investment Program**

- Number of active cooperatives = +/- 30
- Non-governmental Organisations = +/- 2
- Community based organisations = +/- 20
- Small Business Associations = +/- 6
- Women Associations = +/- 7
- Youth Associations = +/-10

**Unemployment database:** It is difficult to keep an up-to-date data base of the unemployed, for when they are employed they don't report. We rely on the database of the Department of Labour and a list of unemployed people in each of the 11 wards (generated when there are job opportunities) of which they are not a true picture; however the Census 2011 estimates that the unemployment rate is at **25.2%**.

**MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)****Annual performance as per key performance indicators in LED**

<b>No.</b>	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year (absolute figure)</b>	<b>Achievement percentage during the year</b>
1	Percentage of LED Budget spent on LED related activities.	0%	0%	0%
2	Number of LED stakeholder forum held	4	6	150%
3	Percentage of SMME that have benefited from a SMME support program	6	12	200%
4	Number of job opportunities created through EPWP	250	332	130%
5	Number of job opportunities created through PPP	0	0	0
6	LED Strategy aligned to the Provincial and National LED Strategy/Framework Developed	0	0	0
7	LED Strategy Implementation Plan developed and	0	0	0
8	Resourced			
9	Number of municipal LED Intergovernmental platforms convened	0	0	0

10	Number of work opportunities created through CWP	400	470	115%
11	Number of job opportunities created through other municipal initiatives such as infrastructure projects etc.	0	0	0
12	Number of jobs created through other government initiatives	600	700	115%
13	Number of jobs created through private/business sector initiatives	N/A	N/A	N/A
14	Red – tape reduction programme implemented	0	0	0
15	5 year investment retention and attraction strategy plan implemented	0	0	0

## CHALLENGES REGARDING LED STRATEGY IMPLEMENTATION

We have no LED Strategic Plan in place however challenges are:

- Absence of an LED Strategic Plan
- Limited internal financial resources for projects
- Need for additional capacity (HR)
- Additional expertise (skill development and/or resource development).
- Technology (software to collate and analyses LED data)
- Internal understanding of Local Economic Development.

## WHAT NEEDS TO BE DONE?



- Develop a new and comprehensive LED Strategy
- Availability of internal dedicated funding to support LED specific initiatives;
- Human Capital capacitating building and development;
- Funding to acquire tools (software) useful for collating and analysing data relevant to economic development;
- Funding for training of communities, Councillors and officials on understanding LED; and
- Additional staff capacity to improve performance.

Economic Activity by Sector			
			R '000
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	2	1.5	1.5
Mining and quarrying	6	5	2
Manufacturing	56	58	63
Wholesale and retail trade	45	51	52
Finance, property, etc.	51	48	52
Govt, community and social services	23	25	25
Infrastructure services	34	38	41
Total	217	226.5	236.5
			T 3.11.2

Economic Employment by Sector			
			Jobs
Sector	Year 1 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	20,000	25,000	30,000
Mining and quarrying	400,000	435,000	372,000
Manufacturing	320,000	300,000	270,000
Wholesale and retail trade	190,000	200,000	210,000
Finance, property, etc.	275,000	255,000	235,000
Govt, community and social services	300,000	310,000	320,000
Infrastructure services	400,000	430,000	450,000
Total	1905000	1955000	1887000
			T 3.11.3

<b>Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)</b>				
<b>Total Jobs created / Top 3 initiatives</b>	<b>Jobs created</b>	<b>Jobs lost/displaced by other initiatives</b>	<b>Net total jobs created in year</b>	<b>Method of validating jobs created/lost</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	
Total (all initiatives)				
Year -2				
Year -1				
Year 0				
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				
<i>T 3.11.5</i>				

<b>Job creation through EPWP* projects</b>		
	<b>EPWP Projects</b>	<b>Jobs created through EPWP projects</b>
<b>Details</b>	<b>No.</b>	<b>No.</b>
Year -2	40	2,000
Year -1	50	2,900
Year 0	66	4,500
<i>* - Extended Public Works Programme</i>		<i>T 3.11.6</i>

[illegible]

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.11.8

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.11.9

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					

T 3.11.10

## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### **LIBRARIES**

This service largely remains a competency of the province and the Municipality performs agency function. In Walter Sisulu Municipality, there are eight (8) libraries, namely

1. Venterstad;
2. Steynsburg;
3. Burgersdorp;
4. Mzamomhle;
5. Martin Luther King Jnr
6. Eureka
7. Aliwal North and;
8. Jamestown.

Internet connection is available in all libraries but the challenge becomes the old infrastructure of our computers. There is no service in all other towns however; there is a consistent outcry from community members to have more libraries in the townships and Internet connections. Library campaigns were conducted during the period under review.

### **MUSEUMS AND MONUMENTS**

Volunteers privately run the museums. The Municipality contributed by leasing out buildings at a nominal rate and regularly do maintenance of the building Premises when required. There are monuments in all towns except for Jamestown of the Municipality that were funded by DSRAC and the municipality contributed with land and maintenance.

### **ARCHIEVES - CORPORATE**

The Registry Procedure Manual of council has been approved by the Department of Sports, Recreation, Arts and Culture.

## COMMUNITY HALLS

The municipality has a competence for amenities and community facilities like halls. The community halls are used for different purposes by various organisations to hold meetings, recreational programmes, private functions, events and community meetings. Whilst the aims and objectives of having community halls owned by the municipality is to ensure that community functions are held in decent public facilities which are accessible to all but these facilities remain fiscally responsible so to recoup the running costs. So far, there has been the lack of adequate funds to constantly maintain and offer security services to our community halls. The municipality has in the recent past noted a high level of vandalism to all community facilities, including community halls. As a result, the state of our community halls is deteriorating at an alarming rate. Two community halls' roofs in Mzamomhle and Oviston respectively, have collapsed and are now in disuse due to lack of funds on the part of council to revamp them. Insurance claims were lodged with our insurers but the both for Mzamomhle and Oviston were declined on technical grounds. A technical assessment on the state of our community halls need to be commissioned so to avert possible collapse due to lack of maintenance.

***The community halls in Walter Sisulu Local Municipality area are listed below:-***

Ward no	Area based current status	Need identified
Ward 1	Venterstad Community Hall	Revamping of the entire building
	Nozizwe Community Hall	Repairs, fencing and General Maintenance of the building
	Oviston Hall	Fixing of the roof and revamping the building on its entirety
	Lyciumville Community Hall	Repairs and maintenance
	Venterstad Sports Ground Hall	Repairs and maintenance
Ward 2	Khayamnandi Community Hall	Repairs and maintenance
	Steynsburg Town Hall	Repairs and maintenance
Ward 3	Masakhane Community Hall	Revamping and extension of the hall. The hall needs additional chairs and Tables

Ward 4	Mzamomhle Community Hall	The roof was blown away by wind. There an urgent need to repair the hall to its original form
Ward 5	Thembisa Community Hall	Implementation of phase two which includes expanding and fitting of curtains and air conditioning
	Eureka Community Hall	Hall is severely vandalized and needs revamping
Ward 7	Greenslade Community Hall	The hall needs revamping, additional chairs and tables
	Mzingisi Bilisho Community Hall	The hall needs revamping and additional chairs and tables
Ward 8	Joe Slovo Community Hall	Additional Chairs needed
Ward 9	Hilton Community Hall	The hall requires revamping, maintenance of the fence and requires additional chairs and tables.
Ward 10	Joe Gqabi Community Hall	The hall requires minor revamping and maintenance of the toilets, additional chairs and tables.
Ward 11	Burgersdorp Rugby Hall	The hall requires minor revamping, installation of air conditioning facility, curtains fitting and ceiling fitting

The Library function is very well in the municipality as it recruits members on daily basis and host its library campaigns very well. In Burgersdorp the library work hand in gloves with old age in promoting reading culture

### 3.13 CEMETORIES AND CREMATORIIUMS

#### INTRODUCTION TO CEMETORIES & CREMATORIIUMS

The Municipality has a total of 20 cemeteries and 5 of these cemeteries are in operation. Two cemeteries, are still fairly new, namely Jamestown and Aliwal North. The other cemeteries in Burgersdorp, Steynsburg and Venterstad are nearing closure. There is a need to prioritize the development of new cemetery site in all of the aforementioned towns. The Municipality has a functional Electronic Cemetery Management System linked to Sebata FMS. The challenge experienced during the year under review was the fencing of the cemeteries and theft of fencing to all of our cemeteries. There are simmering illegal burials in some of our cemeteries and the absence of fulltime caretakers to our cemeteries creates



more challenges.

## **Crematorium**

The Municipality has one Crematorium that is within our jurisdiction.

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### **3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

The Department of Social Development is active in the municipal area. They provide the following services:

- Treatment and prevention of substance abuse through educational programmes, rehabilitation and home based interventions
- Care of older persons within residential care-Old Age Homes.
- Crime prevention and support to children and youth at risk /in trouble with the law and adult offenders.
- Promote socio –economic empowerment and integration programmes of people with disabilities.
- Child care and protective services
- Pre - school
- Victim empowerment that facilitate reduction of gender disparities and incidents of domestic violence
- HIV and AIDS programmes to care and support infected and affected individuals, groups and families.
- Sustainable livelihood programmes looking at poverty reduction among poor households through food security, income generation and women and youth. Programmes
- Community capacity building through capacitating NPO's.

Service Objectives  <i>Service Indicators</i>	Outline Service Targets	Year 1		Year 2	
		Target	Actual	Target	Actual
Promote a culture of participatory and good governance.	Number of Special Programmes coordinated	5	5	7	5
Contribute to the fight against HIV/Aids	Number of Local Aids Council (LAC) meetings convened	4	0	4	0

## COMPONENT E: ENVIRONMENTAL PROTECTION

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

### POLLUTION CONTROL

The Municipality collects refuse once a week from households. Business refuse is collected on a regular basis in line with the refuse collection programme for business. Special collection is performed upon special requests and the payment is done as per the special request. The Municipality had Greening and Beatification programme for removal of illegal dumping, where a group of unemployed individuals were employed on contract to remove illegal dumping. Public education outreaches were conducted to educate communities on waste management. The appointed and trained Municipal Peace Officers enforced the by laws, warnings were issued to individuals who dumped illegally.

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

Areas of biodiversity conservation are indicated on the illustration (below), including natural Landscape, cultivated lands and plantations. A large portion of Walter Sisulu Municipality has near natural landscape.

The municipality has the following environmental opportunities:

- Scenic beauty of the area;
- Areas for prioritized intervention;
- Increased land care;
- Increased awareness around better land management practices (especially in agriculture and urban management);
- Increased investment in environmental protection and conservation; and
- Infrastructure maintenance especially roads should correlate to the climatic and topographic conditions of the area.

## **COMPONENT F: HEALTH**

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

### **CLINICS**

There are 11 clinics in Walter Sisulu Local Municipality, in Burgersdorp there is Mzamomhle Clinic, Eureka Clinic, Thembisa Clinic and Burgersdorp Town Clinic, in Venterstad there is Nozizwe, Steynsburg is Khayamnandi Clinic, in Aliwal North there is Maletswai Clinic, Block H clinic, Hilton Clinic and Poly Clinic one in Jamestown. In addition, there are two Home Base Care Centers in Aliwal North and one in Jamestown. The priority health programmes are HIV and AIDS, TB and mother and child services. There are community-based initiatives aimed at prevention of disease and promotion of healthy lifestyles. The district area is implementing the 5 priority health promotion campaigns of nutrition, substance abuse, tobacco, use of healthy environments and risks. In view of the above, primary health care services are the function of the Provincial Department of Health. This has then resulted in all clinics in Walter Sisulu being taken over by the provincial department.

### **Challenges**

Venterstad requires a 24-hour clinic; this has been raised in all Mayoral and Ward meetings of the councilor. There is only one clinic that services all Venterstad, Oviston and farm areas. Thembisa Township in Burgersdorp also requires a Building for a clinic; currently they operate in the same building used by the Town Clinic, which is a challenge to the community

because of distance.

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### **3.18 AMBULANCE SERVICES**

This function is performed by the department of health

Ambulances Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Ambulance turnaround time (Timeout to patients and back to medical facility)	Average turnaround time in rural areas	T0 min on average	A0 min on average	T1 min on average	T1 min on average	A1 min on average	T2 min on average	T5 min on average	T5 min on average
	Average turnaround time in urban areas	T0 min on average	A0 min on average	T1 min on average	T1 min on average	A1 min on average	T2 min on average	T5 min on average	T5 min on average

Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. \*'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; \*'Current Year' refers to the targets set in the Year 0 Budget/IDP round. \*'Following Year' refers to the targets set in the Year 1 Budget/IDP round.

Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

T 3.18.3

Employees: Ambulances					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
					T 3.18.4

Financial Performance Year 0: Ambulances					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.18.5

Capital Expenditure Year 0: Ambulances					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.18.6

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

The inspection of food and abattoirs is the competency of the District Municipality because it had Environmental Health Practitioners and no negative reports were submitted concerning the functioning of the abattoir.

Health Inspection and Etc Policy Objectives Taken From IDP									
Service Objectives  <div>Service Indicators</div> <div>(i)</div>	Outline Service Targets  <div>(ii)</div>	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year <div>(iii)</div>	<div>(iv)</div>	*Previous Year <div>(v)</div>	*Current Year <div>(vi)</div>	<div>(vii)</div>	*Current Year <div>(viii)</div>	*Current Year <div>(ix)</div>	*Following Year <div>(x)</div>
Service Objective xxx									
								</	



Employees: Health Inspection and Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0.5	17%
7 - 9	6	6	6	1.5	25%
10 - 12	7	7	7	1	14%
13 - 15	9	9	9	2.2	24%
16 - 18	11	11	11	0.9	8%
19 - 20	18	18	18	1	6%
Total	55	55	55	7.1	13%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.19.4					

Financial Performance Year 0: Health Inspection and Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.19.5					

Capital Expenditure Year 0: Health Inspection and Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
T 3.19.6					

## **COMPONENT G: SECURITY AND SAFETY**

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

### **POLICE**

There are six fully staffed and capacitated police stations in municipal area. The crime rate is relatively low especially in contrast to other places in the province. The working relations between the SAPS and municipality are very sound. The provincial Department of Safety and Liaison plays an active role in assessing the effectiveness of Policing in municipal area. The municipality is also an active member of a Community Safety Forums, which play oversight over the SAPS.

### **FIRE**

The Joe Gqabi District Municipality operates a fire control unit in Walter Sisulu Municipality. The Municipality work together with the District Municipality whenever fire occurs. There are fire units in the Municipality that are operated by the District Municipality in Aliwal North and Burgersdorp.

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

There were no disasters that were declared during this period. The control of public nuisance was implemented in line with the By-law.

## **COMPONENT H: SPORT AND RECREATION**

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites. The portion of the MIG funding for 2020/21 was partly used for the development of Burgersdorp sport field. The municipality is having more than 2 sport ground in the entire municipality. These sport fields, some needs renovations and some need to be redone totally. WSLM is partaking in the JGDM Mayoral tournament that takes place annually through its local teams and are part of preparations.

## **COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES**

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

## **EXECUTIVE AND COUNCIL**

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

Subsequent to its election in August 2016, the Council established its 79 Committees including the Municipal Public Accounts Committee with a view to strengthening its oversight role over the performance of the Administration. The IDP was developed for the 5 years period, IDP and Budget process plan for 2019/20 financial years was approved and its implementation is being monitored and report thereon discussed by the budget steering committee chaired by the Mayor.

Monitoring of capital projects was improved by ensuring that councilors formed part of the project steering committees.

The council received monthly budget statements, implementation of the Supply Chain Management Reports, debt collection, implementation of council's resolution and SDBIP reports at the ordinary council meetings. These reports were interrogated, and appropriate recommendations made to the relevant standing committee and or administration for implementation.

As a way of improving public participation in the affairs of the municipality, the council facilitated the election of the ward committees by various ward-based stakeholders in 2016/17, developed a policy to regulate their functioning.

The draft and final IDPs and Budgets were adopted within the prescribed statutory time frame after consultation with communities through public participation programmes and issuance of public invitation through the print media. This was followed by the approval of the SDBIP and signing of the performance agreements of the section 56 Managers and Municipal Manager.

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## **FINANCIAL SERVICES**

The financial services department has a mandate of improving the financial viability of the municipality by ensuring that all services rendered are accurately billed and collected timely. One of its main objectives is to ensure that expenditure incurred is within the budget and all suppliers are paid within the prescribed timeframe. Its overall responsibility is to ensure that all internal controls are operating effectively throughout the year and ultimately enable a proper recording system that will result in a clean audit report.

Top financial service delivery priorities are as follows:

- Expand and protect municipal revenue base;
- Compliance with prescribed legislative framework and accounting standards;
- Ensure efficient, effective and economical monetary management for a healthy financial position;
- Manage, control and maintain all municipal assets;
- Reduce red-tape;
- Maintain and update the current financial management system;
- Provide effective and efficient ICT services

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## **HUMAN RESOURCE SERVICES**

Every year Council approves Human Resource policies that provide the municipality with mechanisms to manage risks by staying up to date with current trends in employment standards and legislation. These policies are framed in a manner that the municipality's vision and objectives is achieved at all levels at the same time with no deviation from their main objective.

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives  <div>Service Indicators (i)</div>	Outline Service Targets  (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.26.4

Financial Performance Year 0: Human Resource Services					
R' 000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.26.5

Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					

T 3.26.6

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## **INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

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

According to the 2011 census more than 80% of the population have access either to a private telephone or one nearby but there is still a section of the population that has no access to a telephone. Urban areas receive the best service. Parts of the commercial farming areas and rural areas are provided with telephone services based on radio linkages to towers, driven by solar panel technology. The reliability of this service is sometimes a problem as spares are not always available, there is market for the solar panels resulting in theft, the service cannot effectively cope with Internet, and it is affected by weather conditions (especially cold). It must be noted that most communities (99%) have access to telecommunication either in the form of landlines , phones or cell phones.

[illegible]



Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
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Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4					

Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
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 3.27.5					

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.27.6					

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## **PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES**

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

### **COMPONENT J: MISCELLANEOUS**

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

### **COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

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

### **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

MFMA Circular No. 13 of the Local Government: Municipal Finance Management Act, No. 53 of 2003 describes the SDBIP as follow –

“The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like.”

## 2021/2022 ORGANISATIONAL PERFORMANCE SCORECARD

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations to this Act maintains in this regard, that a Municipality must set performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives. Each year, as required by Section 12 (1) of the Regulations to the Municipal Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.




The municipal scorecard (SDBIP), consolidates service delivery targets set by Council / Senior Management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic objectives.



The following section reflects the annual performance of the Municipality's against planned targets versus actual performance as per the SDBIP for the period 1 July 2021 to 30 June 2022. The table below demonstrates a summary scorecard of the annual performance by the WSLM in the financial year 2021/22. This table illustrates the same scenario as depicted in the table above:




KEY PERFORMANCE AREA (KPA)	TOTAL NUMBER OF PLANNED TARGETS	TOTAL NUMBER ACTUAL ACHIEVED TARGETS	TOTAL NUMBER NOT ACHIEVED TARGETS	PERCENTAGE (%) ACHIEVED PER KPA
Municipal Transformation and Institutional Development	29	25	4	86%
Basic Service Delivery	33	16	17	48%
Local Economic Development	14	11	3	79%
Financial Viability	29	8	21	28%
Good Governance and Public Participation	34	14	20	41%
<b>TOTAL KPA FOR 2021/22 FY</b>	<b>139</b>	<b>74</b>	<b>65</b>	<b>53%</b>

Note: High level summary of performance comparison for the 2019/20, 2020/2021 & 2021/2022 financial years:





# KPA1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

IDP STRATEGIC OBJECTIVE	REFERENCE NUMBER	DEPARTMENT	KEY PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET 2020/21	ANNUAL ACTUAL TARGET 2020/21	ANNUAL PLANNED TARGET 2021/22	ANNUAL ACTUAL TARGET 2021/22	POE REQUIRED	SNAPSHOT	DEVIATION EXPLANATION	CORRECTIVE MEASURE
Resilient and resource efficient municipality	MTOD 2021/22-01	Corporate Services	Number of organograms approved by Council	1	1	1	1	Council Resolution and Approved Organogram		N/A	N/A
	MTOD 2021/22-02	Corporate Services	The number of people from employment equity target groups employed in the level of management in compliance with a municipality's approved employment equity plan	4	7	1	2	Advert Report Approved municipal employment equity plan		Over achievement was due to placement of the IDP and Revenue Manager	N/A
	MTOD 2021/22-03	Corporate Services	The number of people employed in line with the approved organogram and employment equity plan	5	9	5	6	Advert Quarterly appointment reports Employment equity plan Approved organogram		Over achievement was due to the additional position of a general manager was a replacement position that was advertised	N/A

Resilient and resource efficient municipality	MTOD 2021/22-04	Corporate Services	Number of Corporate Services Policy reviewed and workshopped	40	40	40	45	Attendance register, workshop report		Over achievement due to new policies that were introduced as per relevant legislation, namely. <ul style="list-style-type: none"> <li>▪ OHS Policy, Access to Information Manual,</li> <li>▪ Registry Procedure Manual,</li> <li>▪ Internship Policy,</li> <li>▪ Work from home COVID-19 Policy</li> </ul>	N/A
	MTOD 2021/22-05	Corporate Services	Percentage (%) placement of staff as per the policy	50%	25%	50%	25%	Placement Report		Finalization of the review of the organizational structure was approved on the 15th June 2022	Implementation of staff placement as per the approved organizational structure will be concluded by the 30th September 2022




	MTOD 2021/22-06	Corporate Services	Number of Workplace SkillsPlan (WSP) submitted to LGSETA	1	1	1	1	Workplace Skills Plan Proof of submission		N/A	N/A
	MTOD 2021/22-07	Corporate Services	Number of institutional skillsaudits conducted	1	1	1	1	Skills audit memorandum Completed skills audit forms Report		N/A	N/A
Resilient and resource efficient municipality	MTOD 2021/22-08	Corporate Services	Number of training programmes implemented inline with the workplace skillsplan	N/A	N/A	2	2	Training reports		N/A	N/A




	MTOD 2021/22-13	Corporate Services	Number of HR awareness workshop conducted	1	4	2	2	Notice/Invitation Attendance register Report Information leaflets		N/A	N/A
	MTOD 2021/22-14	Corporate Services	Number of leave reconciliations conducted	4	4	4	4	Leave register, Quarterly reconciliation report		N/A	N/A
	MTOD 2021/22-15	Corporate Services	Number of closed files boxed and stored	600	600	600	689	Closed file register		Assistance was provided by the Provincial Archives for a week where more files were closed and stored	N/A
Ensure effective and efficient governance	MTOD 2021/22-16	Corporate Services	Number of applications submitted in relation to disposal of closed boxed files	4	4	4	4	Application submitted to Provincial Archives		N/A	N/A







Ensure effective and efficient governance										
	MTOD 2021/22-19		MTOD 2021/22-18				MTOD 2021/22-17			
	Corporate Services	Number of Ordinary Council meetings supported	4	4	4	4	Minutes/ attendance register		N/A	N/A
	Corporate Services	Number . of Special Council meetings	2	4	2	5	Approved Minutes / Attendance register		The increase of Special Council meetings was due to the new elected Council that was inaugurated in November 2021, which most meetings were electing the new council committee and approved its business case documents.	N/A
MTOD 2021/22-20	Corporate Services	Percentage (%) of Corporate Council resolutions implemented	N/A	N/A	100%	100%	Updated corporate services council resolution register		N/A	N/A
	Corporate Services	Number of Council resolution register developed and distributed to other departments	N/A	N/A	4	4	Council Resolutions register Circulation communicate		N/A	N/A


	MTOD 2021/22-21	Corporate Services	Number of EXCO meetings conducted	4	8	4	8	Minutes Attendance register		The increase of EXCO meetings was due to the new elected Council that was inaugurated in November 2021, meetings were scheduled prior the council meetings to submit recommendations to every sitting of a council meeting	N/A
	MTOD 2021/22-22	Corporate Services	Number of MPAC meetings conducted	4	4	4	3	Minutes Attendance register		The Municipal Public Accounts Committee meetings only started after the Council Committees were elected on the 24 November 2021.	That all Municipal Public Accounts Committee meeting will be held in line with the approved Annual Works Plan of the Committee as from the 01 July 2022.
	MTOD 2021/22-23	Corporate Services	Number of Top Management meetings conducted	12	9	4	4	Minutes Attendance register		N/A	N/A

Ensure effective and efficient governance	MTOD 2021/22-24	Corporate Services	Number of Calendar of events developed	1	1	1	1	Approved Events Calendar		N/A	N/A
	MTOD 2021/22-25	Corporate Services	Number of risk assessment performed	4 Risk Assessment	3 Risk Assessment	4	3	Updated Risk Register		Only 3 risk assessment was performed by the office of Risk due to the capacity issues	Support has been requested from Cogta and we are waiting for secondment from the Department of Treasury and CoGTA in the 1 <sup>st</sup> Quarter of 2022/23 FY
	MTOD 2021/22-26	Corporate Services	Percentage (%) of audit findings addressed	100%	100%	100%	100%	Updated Audit Action Plan and Evidence		N/A	N/A

Quality infrastructure that supports livable community	MTOD 2021/22-27	Corporate Services	Number of reports on Implementation of the ICTPlan	1	1	4	4	ICT Plan ICT Report		N/A	N/A
	MTOD 2021/22-28	Corporate Services	Number of ICT steering committee meetings conducted	4	3	4	4	Minutes, Attendance register		N/A	N/A
	MTOD 2021/22-29	Corporate Services	Number of ICT risk assessments conducted	4	3	4	4	Detailed ICT risk assessment register Invitations Attendance Register		N/A	N/A

## KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

IDP STRATEGIC OBJECTIVE	REFERENCE NUMBER	DEPARTMENT	KEY PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET 2020/21	ANNUAL ACTUAL TARGET 2020/21	ANNUAL PLANNED TARGET 2021/22	ANNUAL ACTUAL TARGET 2021/22	POE REQUIRED	SNAPSHOT	DEVIATION EXPLANATION	CORRECTIVE MEASURE
To increase the household access to electricity connections by 100% in 2022	ELECTRICITY SECTION BSD 2021/22 - 01	Technical Services	Number of infrastructure development maintenance plans developed	N/A	N/A	1	0	Approved Infrastructure Maintenance Plan		Challenges with the Capacity within the unit lacking	Use PSPs to help with the development of the plan and implement in the 3 <sup>rd</sup> Quarter of 2022/23 financial year
		Technical Services	Percentage (%) of faulty streetlights reported and resolved	100%	100%	100%	70%	Works Order Forms Fault registers Monthly Reports		Challenges were due to none availability of resources such as the cherry picker	Process term contract in terms of supply of materials and plant
		Technical Services	Percentage of electrical faults reported and resolved	100%	100%	100%	100%	Works Order Forms fault registers and Monthly Reports		N/A	N/A
		Technical Services	Percentage (%) of electricity losses per quarter	10%	0%	10%	12%	Report on Energy in kWh measured at the Eskom offtake divided by energy distributed		It 12% due more than 10% planned due to Incorrect billing, own consumption not deducted, technical losses not deducted,	Ensure Installation of bulk metering in all the substation in the 2 <sup>nd</sup> Quarter of 2022/23 FY by the 30 <sup>th</sup> of September 2022.

								throughout the municipal network		missing customers	
		Technical Services	Percentage (%) of planned electrical maintenance performed	2	2	100%	75%.	Notice and Work Order Forms		Planned maintenance should be executed	Maintenance plan should guide planned maintenance of the infrastructure. Available NERSA compliant budget will guarantee 100% of planned electrical maintenance
		Technical Services	Number of illegal connection inspections reported and attended too	12	20	48	36	investigation report and register on fines issues		If meter audits are conducted and no illegal ortempering found, it should not be punitive ifno tempering is found	In 2022/23 financial year meter audits willbe the KPI instead of illegalconnections. Meter audits can discover tempering and illegal connections
		Technical Services	Percentage (%) of householdswith access to basic levels of electricity	100%	87.35%	100%	97.75%	Bill Report and STATS Report		Budget not available to electrify 533 households forthe financial year.	INEP budget allocation for the financial year 2022/23 has beencommitted to the municipality and the Units will be connected starting the 2 <sup>nd</sup> - 4 <sup>th</sup> Quarter 2022/23 financial year.

Manage and Implement building control regulation

BUILDING INSPECTORATE BSD 2021/22-02



IPED	Process Building Plans - % of building plans finalized within statutory timeframe (30 days) in accordance with NBRBSA - 103/1977	30 days	30 days	80%	85%	Building plan register received and approved building plan		N/A	N/A
IPED	Percentage of notices issued within 7 days for buildings without approved building plans	100%	100%	100%	30%	Investigation report notices issued		Due to shortage of required staff, tool of trade and no vehicle for section to conduct inspections and absence of peace officers	Procurement of required staff such as peace officers as per the approved organogram of 15 June 2022 and the new budget will allow us to purchase the required equipment. A new bakkie has been allocated to the PED Section to improve service performance.
Technical Services	Number of municipal buildings maintained	2	14	10	10	Works Order Forms completion certificates and Monthly Reports		N/A	N/A

To upgrade and maintain Municipal Roads	PUBLIC WORKS BDS 2021/22 -03	Technical Services	Number of Square meter (m²) of potholes maintained	700 m²	200 m²	350m²	1430.76m²	Works Order Forms completion certificates and Monthly Reports		The availability of materials affects the teams output. Where there is no tar and stone the team used gravel, hence the extra area covered	N/A
		Technical Services	Number of Kilometers (Km) of graveled roads maintained	50km	6.89km	50km	17.70km	Works Order Forms completion certificates and Monthly Reports		Challenges were due to the availability of Plant. There is only one grader working. No blades for the other plant.	Ensure Procurement of required blades for both the graders and do the engine service in the 1 <sup>st</sup> Quarter of 2022/23 FY
		Technical Services	Number of Kilometers (Km) of stormwater maintained	12km	1.966km	35km	8.3KM	Works Order Forms completion certificates Monthly Reports		Challenges were due to the availability of required staff and. shortage of tools and equipment.	Procure required tools and arrange planning the use of tipper truck and TLB (Equipment) from community services in the 1 <sup>st</sup> Quarter of 2022/23 FY. Procure staff as per approved organogram






To upgrade and maintain Municipal Roads




PUBLIC WORKS BDS BSD 2021/22 -03



Technical Services	Percentage capital budgets spent on MIG Projects	100%	99%	100%	99%	Payment certificate progress report		R5 893m was re-gazette (taken away from municipality), therefore equal to R13 830m was the available reallocated budget of 71% from the original budget	Ensure that the budget is spent in full by appointing early for implementation to ensure spending
Technical Services	Number of EPWP and other capital job opportunities created	100	274	88	120	Employee attendance register Appointment letters		EPWP Job creation is reported on all conditional grant and not EPWP alone	N/A
Technical Services	Number of project steering committee meeting held	4	4	4	4	Minutes Attendance register		N/A	N/A
Technical Services	Number of Departmental risk assessments conducted	N/A	N/A	4	2	Updated risk assessment and register		Resignation of the Risk Manager created challenges for the municipality to perform certain duties such as strategic risk	Cogta to assist with the development of the risk register in 1st Quarter 2022/23 FY and include the risk assessment in the calendar of events

		Technical Services	Percentage audit findings addressed	100%	67%	100%	75%	Updated Audit Action Plan and evidence		Findings were not addressed as required	Ensure that audit findings are continuously monitored and addressed
		Technical Services	Percentage of Council resolutions implemented	N/A	N/A	100%	100%	Updated Council Resolution Register		N/A	N/A
Eradicate current infrastructure backlogs and improve access to municipal services	TRAFFIC - BSD/COMM 2021/22 -01	Community Services	Number of traffic fines issued	939	939	1060	1667	Copies of fines issued		An increase of traffic volume during the long weekends contributed to additional law enforcement activities	N/A
		Community Services	Number of Roadblocks conducted	4	6	4	4	Approved operational Plan		N/A	N/A



		Community Services	Number of vehicle checks conducted on stop and go	750	3129	1400	4626	Stop and check register		An increase of traffic volume during the long weekends contributed to additional law enforcement activities	N/A
Eradicate current infrastructure backlogs and improve access to municipal services	WASTE MANAGEMENT - BSD/COMM2021/22 -02	Community Services	Number of households with access to basic levels of solidwaste removal	98%	98%	23 903	23 903	Approved schedule of households eligible for refuse collection		N/A	N/A
		Community Services	Number of illegal dumpingsites removed	10	75	50	65	Inspection report, before and after picturesremoval report		Over achieved due to assistance received from EPWP & CWP participants (i.e., Pick It Up Project & Greening & Beautification project	N/A
		Community Services	Number of waste management awareness's conducted	11	19	11	18	Attendance registers Report		Support received from EPWP & CWP participants enhanced the performance of the department.(i.e., Pick It Up Project & Greening & Beautification project)	N/A



		Community Services	Number of landfill sites planned for construction (AlwalNorth & Burgersdorp) Geotechnical Investigation	N/A	N/A	2	0	EIA/Geo Technical report		There were delays in appointing a consultant from the panel of professional service providers.	SCM has commenced with the process. A PSP will be appointed on the 1st Quarter of 2022/2023 whereafter the EIA/GEO and an investigation will be conducted.
Eradicate current infrastructure backlogs and improve access to municipal services	MUNICIPAL AMENITIES - BSD/COMM2021/22 -03	Community Services	Number of sports fields maintained	6	5	6	9	Inspection report, before and after pictures Quarterly reports		Over achieved due to assistance by Rugby club to maintain Hilton rugby field.	N/A
		Community Services	Number of parks and open spaces maintained	15	15	15	18	Inspection report, before and after pictures Monthly reports		Over achieved due to assistance of the CWP to maintain open spaces and parks.	N/A

ENSURE GOOD GOVERNANCE		Community Services	Number of new cemetery sites identified in Burgersdorp & Steynsburg	N/A	N/A	2	0	EIA/Geo Technical report		The delays on SCM processes that hampered implementation of the project.	SCM has commenced with the process. A PSP will be appointed in the 1st Quarter of 2022/2023 whereafter the EIA/GEO and an investigation will be conducted.
		Community Services	Number of cemeteries maintained	12	5	12	14	Inspection report, before and after pictures and Quarterly reports		Over achieved due to assistance received from EPWP & CWP participants (i.e., Pick it Up project & Greening & Beautification project)	N/A
	COMMUNITY SERVICES BSD/COMM 2021/22-04	Community Services	Number of library Service Level Agreements signed with DSRAC	1	1	1	1	Signed Service Level Agreement		N/A	N/A

ENSURE GOOD GOVERNANCE	COMMUNITY SERVICES BSD/COMM 2021/22-04	Community Services	Percentage audit findings addressed	100%	0%	100%	52%	Updated Audit Action Plan and evidence		1. Submission of Licence for closure for Maizefield landfill site could not be timeously submitted to DEDEAT by appointed service provider. 2. SCM delays on procurement of PSP hampered progress.	Ensure that All audit findings that could not be carried out in year under review, must be implemented in the next financial year 2022/23.
		Community Services	Number of departmental Risk assessments conducted	4	3	4	4	Risk register		N/A	N/A



### KPA 3: LOCAL ECONOMIC DEVELOPMENT


IDP STRATEGIC OBJECTIVE	REFERENCE NUMBER	DEPARTMENT	KEY PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET 2020/21	ANNUAL ACTUAL TARGET 2020/21	ANNUAL PLANNED TARGET 2021/22	ANNUAL ACTUAL TARGET 2021/22	POE REQUIRED	SNAPSHOT	DEVIATION EXPLANATION	CORRECTIVE MEASURE
To facilitate for creation of labour intensive job opportunities in public sector led initiatives	LED21/01	PED	Number of labour intensive job opportunities created	N/A	N/A	150	276	Project information Signed employment register 10% sample signed employment contract		The additions came from other projects that were implemented by government and parastatals in the locality, e.g. SANRAL, Department of Public Works.	N/A
To provide developmental support to informal and small enterprises	LED21/02	PED	Number of small and medium enterprise capacity building training sessions organised	N/A	N/A	4	4	Capacity building concept Attendance register		N/A	N/A




To provide developmental support to informal and small enterprises		PED	Number of small and medium enterprises provided with financial and non-financial supported	N/A	N/A	20	65	Beneficiary profiles Informal Small Enterprise Support register		Many funding opportunities were presented during the implementation of governments economic recovery strategy, which were also accompanied with non- financial support.	N/A
		PED	Number of vulnerable groups' enterprise development support given	N/A	N/A	1	0	Project concept note Enterprise profile Assistance support acknowledge ment letter Progress report		No dedicated opportunities were available to advocate/lobby for such support	Look for opportunities that will assist the vulnerable group by the 2 <sup>nd</sup> Quarter of the 2022/23 FY. Ensure that KPI development are not reliant on external stakeholders.



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To promote locally manufactured products and services	LED21/04	PED	Number of service specific development support acquired	N/A	N/A	2	2	Concept note Beneficiary support request letter Reports		N/A	N/A
To engage with stakeholders on municipal economic development	LED21/05	PED	Number of LED Roundtables sessions held	N/A	N/A	4	3	Invitations Agenda Attendance register Report		A roundtable dedicated to the military veterans could not take place on the 2 <sup>nd</sup> instance due to a grievance they have with or against the municipality.	A roundtable session will be set with the military veterans in the 1 <sup>st</sup> quarter of 2022/23 financial year.


		PED	Number of economic sector specific meetings held	N/A	N/A	8	11	Attendance register Report Minutes Invites		The LM have a variety stakeholder in anumber of sectors, that are operational in the locality. Each with their own challenges and demands from the municipality. Furthermore, high costs are associated with meetings where one would want stakeholders from five town to converge in one venue, hence we opted to splitthe are in two and convene these sessions as such.	N/A
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To develop and manage strategic development projects	LED21/06	PED	Number of developmental project concept notes or business plan generated	N/A	N/A	4	4	MM's directive Project proposal communication Project implementation plan Reports		N/A	N/A
		PED	Number of project development grant funding received	N/A	N/A	4	4	Project proposal communication Grant agreement Grant application Project plan		N/A	N/A
		PED	Number of strategic development project managed successfully	N/A	N/A	6	6	Project description Project activities Project periodic Progress		N/A	N/A




		PED	Number of developmental projects concept notes or business plan generated	N/A	N/A	5	5	Project description Project beneficiaries Reports		N/A	N/A
Informal and small enterprise development	LED21/07	PED	Number of business trading permits processed (approved)	N/A	N/A	300	301	Filled business permit Application forms Register of approved permits		As part of the requirements for the funding opportunities presented in the economic recovery strategy, applications from SMME's (formal or informal) should be accompanied by the necessary supporting documents, including a business trading permit	N/A

KEY PERFORMANCE AREA 4: FINANCIAL MANAGEMENT AND VIABILITY											
IDP STRATEGIC OBJECTIVE	REFERENCE NUMBER	DEPARTMENT	KEY PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET 2020/21	ANNUAL ACTUAL TARGET 2020/21	ANNUAL PLANNED TARGET 2021/22	ANNUAL ACTUAL TARGET 2021/22	POE REQUIRED	SNAPSHOT	DEVIATION EXPLANATION	CORRECTIVE MEASURE
Ensure Good Governance	FV 2021/22-01	Finance Services	Number of repeat audit findings	N/A	N/A	36	36	AG Management Report		N/A	N/A
Ensure Good Governance	FV 2021/22-02	Finance Services	Percentage of administrative staff who have declared their financial interests	N/A	N/A	100%	100%	Declaration Forms		N/A	N/A
Enhance the Revenue	FV 2021/22-03	Finance Services	Percentage of all qualifying households in the municipal area classified as indigents	N/A	N/A	80%	28%	Indigent Register		Indigent register was updated and more households were classified as indigent.	Regular update of Indigent Register for qualifying households.
Enhance the Revenue	FV 2021/22-04	Finance Services	Percentage expenditure of the municipality's operating budget on free basic services to indigent households	N/A	N/A	40%	8%	Service Subsidies		Data on indigent households inaccurate	Registration of indigent households has been conducted with data support from SASSA, Home Affairs and SARS.






A funded and balanced municipal budget	FV 2021/22-05	Finance Services	Capital Expenditure to Total Expenditure Ratio	N/A	N/A	47%	6%	Section 71 Report		Delay is due to projects that are still undergoing procurement processes	The procurement process to be done urgently to ensure an improvement on capital expenditure will be reported in the 1 <sup>st</sup> Quarter of 2022/23
Manage the Assets of the municipality	FV 2021/22-06	Finance Services	Impairment of PPE, Investment Property and Intangible Assets	N/A	N/A	44%	4%	Section 71 Report		Impairment is only reviewed at the end of the financial year	Impairment will be reviewed at the end of the financial year.
Manage the Assets of the municipality	FV 2021/22-07	Finance Services	Repairs and Maintenance as a % of PPE and Investment Property	N/A	N/A	11%	1%	Section 71 Report		The municipality cannot afford to fund the maintenance backlog	An Asset Care Plan is developed with support from DBSA
Enhance the Revenue	FV 2021/22-08	Finance Services	Revenue Collection Rate	N/A	N/A	75%	68%	Section 71 Report		Revenue data not fully captured on the Financial Management System	With Prepaid revenue data included, the collection rate is 86%.

Enhance the Revenue	FV 2021/22-09	Finance Services	Bad Debts Written Off as % of Provision for Bad Debts	N/A	N/A	30%	36%	Annual Financial Statements		The intention was to convert all resident to prepaid meters before a decision for write off could be made	Convert the residents to prepaid meters so that the quantification of write off can be implemented. Technical services to convert prepaid meters by 4 <sup>th</sup> Quarter 2022
Enhance the Revenue	FV 2021/22-10	Finance Services	Net Debtors Days	N/A	N/A	30 days	104 Days	Credit Control Report		The credit control policy is not fully implemented Due to resources	Ensure that the Pending appointment of Debt Collection Function is obtained in 2022/23 FY
A funded and balanced municipal budget	FV 2021/22-11	Finance Services	Cost Coverage Ratio	N/A	N/A	0 months	1 months	Annual Financial Statement		Cost of services is too high in relation to revenue	Reduce losses and introduce cost reflective tariffs






A funded and balanced municipal budget	FV 2021/22-12	Finance Services	Current Ratio	N/A	N/A	1.5	0.29	Annual Financial Statements		Current assets are very low even the component of debtors is not immediately recoverable	Development of financial recovery plan by Treasury
A funded and balanced municipal budget	FV 2021/22-13	Finance Services	Cost of Capital as % of Total Operating Expenditure	N/A	N/A	0%	5%	Annual Financial Statements		Due to staff capacity challenges	Completion of staff placement and recruitment
Enhance the Revenue	FV 2021/22-14	Finance Services	Total Debt / Total Operating Revenue	N/A	N/A	45%	208%	Annual Financial Statements		Inability to settle Eskom debt	Pay the current invoices and enter into an affordable payment agreement with Eskom
Enhance the Revenue	FV 2021/22-15	Finance Services	Net Operating Surplus Margin	N/A	N/A	5%	-24%	Annual Financial Statements		Cost of trading higher than revenue	Cost reflective tariffs

Enhance the Revenue	FV 2021/22-16	Finance Services	Net Surplus/Deficit Electricity	N/A	N/A	10%	-23%	Annual Financial Statements		Challenge is that Tariffs are not cost reflective and high electrical losses	Development and implementation of cost reflective tariffs and reduction to electrical losses. Eliminate maintenance backlogs
Enhance the Revenue	FV 2021/22-17	Finance Services	Net Surplus/Deficit Refuse	N/A	N/A	-0%	-80%	Annual Financial Statements		Challenge is that Tariffs are not cost reflective	Development and implementation of cost reflective tariffs
Enhance the Revenue	FV 2021/22-18	Finance Services	Electricity Distribution Losses	N/A	N/A	0%	12%	Annual Financial Statements		Losses are due to penalties from Eskom and the electrical losses	Ensure that Eskom invoices are paid and the municipality enters in payment agreement. Infrastructure to install meter reading and ensure implementation of inspections
Enhance the Revenue	FV 2021/22-19	Finance Services	Revenue Growth (%)	N/A	N/A	4%	8%	Annual Financial Statements		Over achieved due to able to bill more for service charges	N/A





Enhance the Revenue	FV 2021/22-20	Finance Services	Revenue Growth (%) Excluding Capital Grants	N/A	N/A	4%	6%	Annual Financial Statements		Over achieved due to able to bill more for service charges	N/A
A funded and balanced municipal budget	FV 2021/22-21	Finance Services	UIFW Expenditure/Total Operating Expenditure	N/A	N/A	0%	63%	UIFW Council Items		Due to weak control and staff capacity challenges	Completion of staff placement and recruitment
A funded and balanced municipal budget	FV 2021/22-22	Finance Services	Remuneration as % of Total Operating Expenditure	N/A	N/A	40%	33%	Annual Financial Statements		Achievement due to delayed placement process	N/A
A funded and balanced municipal budget	FV 2021/22-23	Finance Services	Contracted Services % of Total Operating Expenditure	N/A	N/A	1%	7%	Annual Financial Statements		Over achievement was due to Acceleration of term contracts	N/A
A funded and balanced municipal budget	FV 2021/22-24	Finance Services	Own Funded Capital Expenditure to Total Capital Expenditure	N/A	N/A	25%	16%	Section 71 Report		Only a small portion of own funds is received as oppose to capital expenditure incurred	Strengthen internal controls and collect more revenue.


Enhance the Revenue	FV 2021/22-25	Finance Services	Own Source Revenue to Total Operating Revenue	N/A	N/A	57%	40.23%	Section 71 Report		Not yet collecting as much as we should be.	Pending appointment of Debt Collection Function in the 1 <sup>st</sup> Quarter 2022/23
A funded and balanced municipal budget	FV 2021/22-26	Finance Services	Actual Capital Expenditure/Budget Capital Expenditure (%)	N/A	N/A	100%	60%	Section 71 Report		Full capital budget not spent as procurement processes are still in progress.	Capacitation of service delivery department responsible based on the approved organogram on the 15 June 2022
A funded and balanced municipal budget	FV 2021/22-27	Finance Services	Actual Operating Expenditure/Budgeted Operating Expenditure	N/A	N/A	100%	100%	Section 71 Report		N/A	N/A
A funded and balanced municipal budget	FV 2021/22-28	Finance Services	Actual Operating Revenue/Budget Operating Revenue	N/A	N/A	90%	93%	Section 71 Report		Implementation of Special focus on the revenue collection	N/A
A funded and balanced municipal budget	FV 2021/22-29	Finance Services	Actual Service Charges and Property Rates Revenue/Budget Service Charges and Property Rates Revenue	N/A	N/A	95%	88%	Section 71 Report		Public service infrastructure was not collected accordingly	Ensure that the municipality has cost reflective rates and public service infrastructure is collected for revenue

## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

IDP STRATEGIC OBJECTIVE	REFERENCE NUMBER	DEPARTMENT	KEY PERFORMANCE INDICATOR	ANNUAL PLANNED TARGET 2020/21	ANNUAL ACTUAL TARGET 2020/21	ANNUAL PLANNED TARGET 2021/22	ANNUAL ACTUAL TARGET 2021/22	POE REQUIRED	SNAPSHOT	DEVIATION EXPLANATION	CORRECTIVE MEASURE
Ensuring Public Participation	GG 2020/21 -22-01	Office of the MM	Number of Local Communications Forums established	1	0	1	0	Register, Invite		None attendance by the departments	Conduct one on one sessions with managers of the departments in the 1st Quarter of 2022/23 FY
		Office of the MM	Number of media releases	4	4	8	19	Media releases		There were more municipal programmes to communicate during the period under review	N/A
		Office of the MM	Number of internal news bulletin produced	N/A	N/A	8	29	Internal news bulletin		There were more municipal programmes to communicate during the period under review	N/A

		Office of the MM	Number of community Environmental Scans conducted	9	9	4	4	EVS Report		N/A	N/A
		Office of the MM	Number of newsletters produced	N/A	N/A	2	2	Newsletters produced		N/A	N/A
		Office of the MM	Number of Talk to your Mayor Radio Programme	9	9	4	1	Register, Invite		Talk to Your mayor could not be achieved because budget was utilized for livebroadcast of the State of the Municipal Address (SOMA)	Planned for SOMA broadcast budget allocation in the 2022/23 financial year



Ensuring Public Participation	GG 2021/22 -02	Office of the MM	Number of public Participation Forum meetings held	4	4	4	1	Invite, attendance register Report		The forums were conducted in March in preparation for Ward Committee establishment and Quarter was used to establish Ward Committees	Ward committees are now fully established and target will be implemented as planned
		Office of the MM	Number of local stakeholder database updated	1	1	1	1	Advert and updated stakeholder/database register		N/A	N/A
		Office of the MM	Number Ward Committee meetings held	44	44	132	35	Invite, attendance register		Ward Committee were only fully functional in June 2022 after their establishment	Ward committees are now fully functional and target will be implemented as planned in 2022/23 FY
		Office of the MM	Number Community Public Participation awareness	44	22	44	26	Report and attendance register		Ward Committee were only fully functional in June 2022 after their establishment	Ward committees are now fully functional and target will be implemented as planned



Ensuring good governance	GGV/2021/22 - 03	Office of the MM	Number of Public Participation and CDW Round Table meetings held	N/A	N/A	4	4	Invite, attendance register and report		N/A	N/A
		Office of the MM	Number of internal audit reports produced	4	11	6	15	Internal audit reports		Overachieved 21 internal audit reports in 2021/22 financial year under review were issued due to Pro-activeness reactivity of IA team and ad hoc projects.	N/A
		Office of the MM	Number of audit Committee meetings coordinated	4	4	4	6	Minutes and Attendance register		Overachieved 8 audit committee meetings were held in 2021/22 FY due to the fact that there were special audit committee meetings for ad hoc issues that needed to be discussed at the audit committee	N/A






		Office of the MM	Number of quarterly risk monitoring reports	4	3	4	0	Quarterly risk monitoring reports		Resignation of the Risk Manager created challenges for the municipality to perform certain duties such as strategic risk	The risk register has been developed with assistance of COGTA.
		Office of the MM	Number of reports issued on monitoring of Compliance register	4	3	4	0	Compliance register		Nothing to report as per compliance register	The compliance register has been developed with assistance of COGTA.
		Office of the MM	Strategic risk assessment performed	1	1	1	0	Internal Audit Reports		Resignation of the Risk Manager created challenges for the municipality to perform certain duties such as strategic risk	Will be implemented on the approval of risk register as prepared by COGTA in June 2022 for financial year 2022/23
		Office of the MM	Number of risk committee meetings coordinated	4	3	4	0	Minutes and Attendance register		Risk Committee not currently functional due to the capacity within the section. The resignation of	The internal capacity of the section has been improved through training by COGTA for the 2022/23 financial year



										the Manager Risk has far reached implication hence the request from COGTA second an employee whilst building internal capacity.	
		PED	Number of Service Delivery and Budget Implementation Plan reports submitted to MM	4	4	4	2	SDBIP Report		The SDBIP was incorrectly developed to have 4 SDBIP reports instead of 2 which is initial and mid-year review.	Ensure that the KPI is captured correctly in terms of the annual target.
Ensuring Public Participation	GG2021/22 -04	PED	Number of Annual Report developed and submitted to the MM	1	1	1	1	Approved Annual Report		N/A	N/A
		PED	Number of Annual Performance Report submitted to the MM	1	1	1	1	Approved Annual Performance Report		N/A	N/A

		PED	Number of Mid- year Performance Report submitted to the MM	1	1	1	1	Approved Mid- year Performance Report		N/A	N/A
		PED	Number of IDP representative meetings held	1	1	1	1	Approved IDP		N/A	N/A
Ensure public participation	GG2021/22 -05	PED	Number of IDP representative meetings held	2	2	2	2	Minutes and Attendance register		N/A	N/A


		Office of the MM	Number of Mayoral Outreaches/Imbizo	2	2	2	0	Minutes and Attendance register		The establishment of Ward committee has delayed the process of Mayoral Imbizo as Ward Committees form an integral part of the Imbizo when Mayor is consulting communities.	Ensure that the imbizos are held as planned as the ward committees are now established
		Office of the MM	Number of updates on priority issues raised during Mayoral Outreach programme	1	1	2	1	Updated Priority list and evidence		The establishment of Ward committee has delayed the process of Mayoral Imbizo as Ward Committees form an integral part of the Imbizo when the mayor is consulting communities.	Ensure that the imbizos are held as planned as the ward committees are now established

		Office of the MM	Number of Local Aids Council meetings held	4	0	4	0	Invite and register		The LOC hasnot been established in WSLM	The LOC will be established in the first quarter of 2022/23 FY for the new Council chaired by Mayor or delegated Councilor
Contribute to the fight against HIV/ Aids	GG2021/22 -06	Office of the MM	Number of internal HIV/AIDS awareness programmes held	2	1	2	0	internal memorandum, register		The incumbent has since been suspended. The employee was the only one appointed to perform the function once the employee was suspended it inevitable rendered section dysfunctional.	To Fasttrack the disciplinary processes pending against the affected employees. The current organizational structure makes provision for three SPU officers, this will assist going forward
		Office of the MM	Number of Health awareness programmes held	3	0	8	1	Invite, register and report		The planned awareness was affected by non-committal by DOH	The programmes will be linked to the DOH for purpose of resources in the 2022/23 FY

Ensuring Public Participation	GG2021/22-07	Office of the MM	Number of mainstreaming database updated	1	1	1	1	Newspaper notice and update database		N/A	N/A
		Office of the MM	Number of youthday celebrations	N/A	N/A	1	0	Invite, register and report		The SPU Coordinator was transferred by appointment to another position due placement or recruitment process which then rendered the section dysfunctional. No one was available to perform the function related to SPU.	The approved organogram 15 June 2022 makes provisions for additional 3 SPU personnel to improve performance of the section with aim to achieve target by the 3rd Quarter 2022/23
		Office of the MM	Number of Women's day celebration programmes held	1	1	1	0	Invitation Attendance Report		The SPU Coordinator was transferred by appointment to another position due placement or recruitment process which then rendered the section dysfunctional.	The approved organogram 15 June 2022 makes provisions for additional 3 SPU personnel to improve performance of the section with aim to achieve target by the 3rd

										No one was available to perform the function related to SPU.	Quarter 2022/23
		Office of the MM	Number of Special Programmes Awareness campaigns held	1	1	8	3	Invitation Attendance register Report		The SPU Coordinator was transferred by appointment to another position due placement or recruitment process which then rendered the section dysfunctional. No one was available to perform the function related to SPU.	The approved organogram 15 June 2022 makes provisions for additional 3 SPU personnel to improve performance of the section with aim to achieve target by the 3rd Quarter 2022/23
		Office of the MM	Number of International Day of People with disabilities celebrations	N/A	N/A	1	0	Invitation Attendance Report		The SPU Coordinator was transferred by appointment to another position due placement or recruitment process which then rendered the section dysfunctional. No one was	The approved organogram 15 June 2022 makes provisions for additional 3 SPU personnel to improve performance of the section with aim to achieve target by the 3rd



										available to perform the function related to SPU.	Quarter 2022/23
		Office of the MM	Number of Municipal Administrative Units functionalityreports	2	2	4	4	Quarterly reports		N/A	N/A



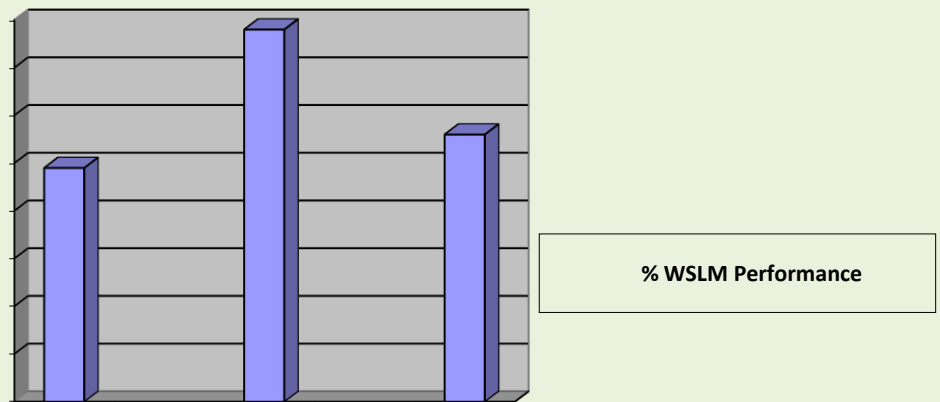
## REPORT

An attempt has been made to comply with legislative prescripts in terms of the structure and content of the report. The report has covered the actual performance of the municipality in the prior year, targets and actual performance for the year under review. The reasons have been provided where there has been a deviation from the target.

In order to ensure alignment with the Integrated Development Plan, the strategic objectives as encapsulated in the IDP have been imported to the Annual Performance Report. An attempt has also been made to ensure alignment with the SDBIP by reporting against all targets determined therein.

Note: High level summary of performance comparison for the 2019/20, 2020/2021 & 2021/2022 financial years

- FY 2019/20 = 49%
- FY 2020/21 = 78%
- FY 2021/22 = 53%





**WALTER SISULU**  
LOCAL MUNICIPALITY  
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# Chapter 4

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

An attempt has been made to comply with legislative prescripts in terms of the structure and content of the report. The report has covered the actual performance of the municipality in the prior year, targets and actual performance for the year under review. The reasons have been provided where there has been a deviation from the target. In order to ensure alignment with the Integrated Development Plan, the strategic objectives as encapsulated in the IDP have been imported to the Annual Performance Report. An attempt has also been made to ensure alignment with the SDBIP by reporting against all targets determined therein.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -1	Year 0			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	26,485	26,485	23,572	23,572	%
Waste Water (Sanitation)	8,541	8,541	8,285	8,285	%
Electricity	12,355	12,355	10,254	10,254	%
Waste Management	14,232	14,232	13,235	13,235	%
Housing	6,542	6,542	5,496	5,496	%
Waste Water (Stormwater Drainage)	5,643	5,643	5,530	5,530	%
Roads	5,643	5,643	5,530	5,530	%
Transport	5,322	5,322	4,470	4,470	%
Planning	1,254	1,254	1,003	1,003	%
Local Economic Development	2,516	2,516	2,063	2,063	%
Planning (Strategic & Regulatory)	12,546	12,546	10,413	10,413	%
Local Economic Development	2,355	2,355	2,190	2,190	%
Community & Social Services	4,565	4,565	3,698	3,698	%
Environmental Protection	5,649	5,649	4,971	4,971	%
Health	5,649	5,649	4,971	4,971	%
Security and Safety	5,649	5,649	4,971	4,971	%
Sport and Recreation	5,649	5,649	4,971	4,971	%
Corporate Policy Offices and Other	5,649	5,649	4,971	4,971	%
<b>Totals</b>	<b>136,240</b>	<b>136,240</b>	<b>120,592</b>	<b>120,592</b>	<b>–</b>

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
<b>Total</b>	<b>121</b>	<b>25</b>	<b>20.66</b>
<p>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>			

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%
<p>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</p>			

T 4.1.3

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### POLICIES

Policy	Completed	Reviewed	Date of Adoption
1.Affirmative Action	2016	2021	May 2021
2.Attraction and Retention	2016	2021	May 2021
3. Code of Conduct for Employees	2016	2021	May 2021
4.Delegations, Authorisation Responsibility	2016	2021	May 2021
5.Disciplinary Code and Procedures	2016	2021	May 2021
6. Essential Services	2016	2021	May 2021
7.Employee Assistance/Wellness	2016	2021	May 2021
8.Employee Equity	2016	2021	May 2021
9.Exit Management	2016	2021	May 2021
10.Grievance Procedure	2016	2021	May 2021
11.HIV/AIDS	2016	2021	May 2021
12.Human Resource and Development	2016	2021	May 2021
13.Information Technology	2016	2021	May 2021
14.Job Evaluation	2016	2021	May 2021
15.Leave	2016	2021	May 2021
16.OHS	2016	2021	May 2021
17.Official Housing	2016	2021	May 2021
18.Official Journey	2016	2021	May 2021
19.Official Transport	2016	2021	May 2021
20.Official Working Hours and Overtime	2016	2021	May 2021
21.Organisational Rights	2016	2021	May 2021
22.Payroll Deduction	2016	2021	May 2021
23.Performance Management and Development	2016	2021	May 2021
24.Recruitment, Selection and Appointment	2016	2021	May 2021
25.Remuneration Scales and Allowances	2016	2021	May 2021
26.Resettlement	2016	2021	May 2021
27.Smoking	2016	2021	May 2021
28.Skills Development	2016	2021	May 2021
29.Special Skills	2016	2021	May 2021
30.Work Organisation	N/a	N/A	N/A
31.Uniforms and Protective Clothing	2016	2021	May 2021
32.Other			

## INJURIES, SICKNESS AND SUSPENSIONS

The municipality only had 3 Injuries and 4 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	60	5	8%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
<b>Total</b>	<b>60</b>	<b>5</b>	<b>8%</b>	<b>12</b>	<b>60</b>

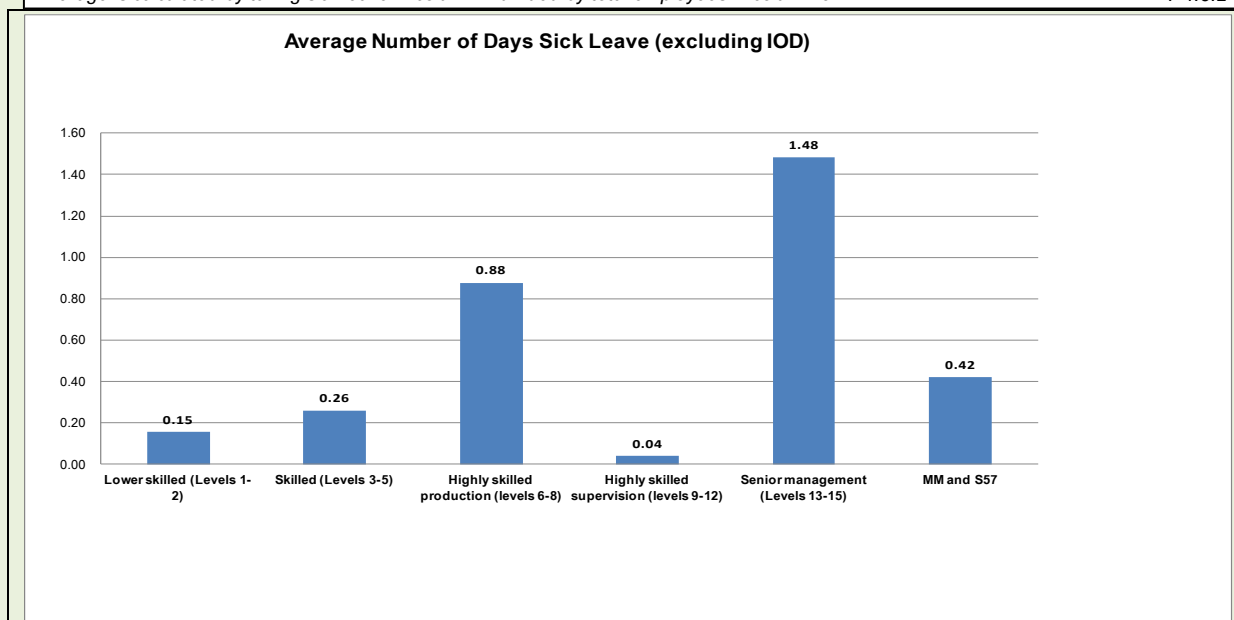
T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0.15	30
Skilled (Levels 3-5)	40			22	0.26	
Highly skilled production (levels 6-8)	136			58	0.88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0.04	31
Senior management (Levels 13-15)	230			11	1.48	
MM and S57	65			8	0.42	
<b>Total</b>	<b>501</b>	<b>93%</b>	<b>12</b>	<b>155</b>	<b>3.23</b>	<b>61</b>

\* - Number of employees in post at the beginning of the year

\*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2



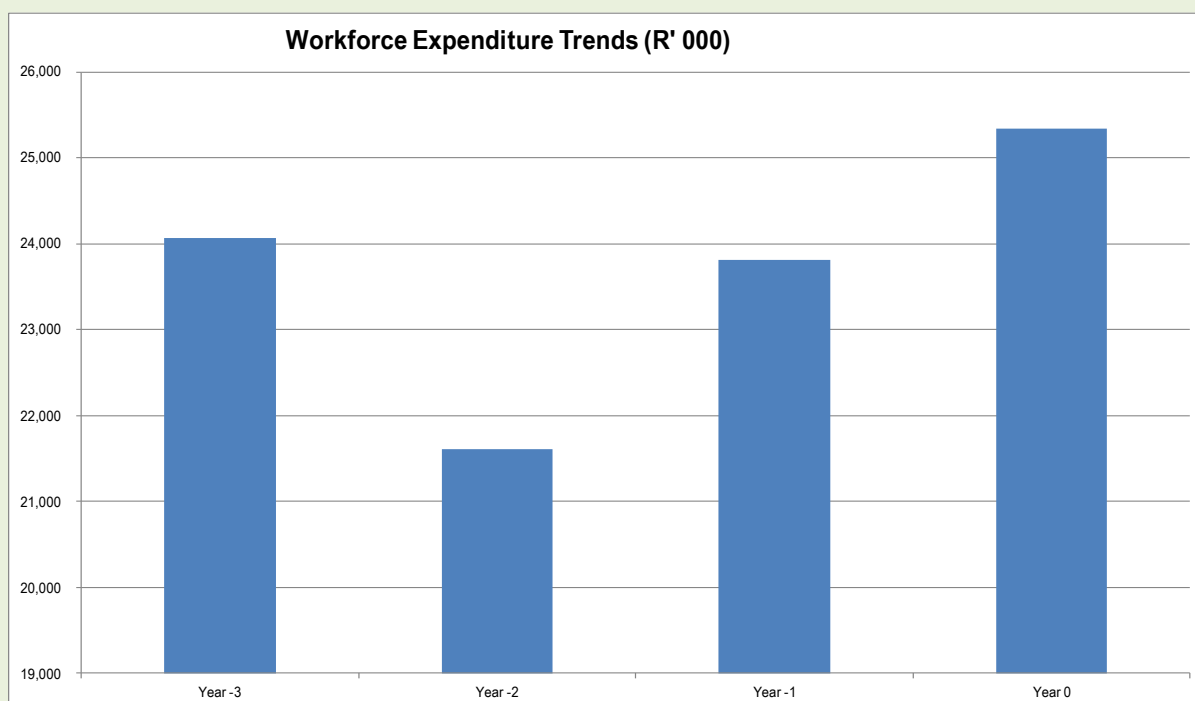
## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### SKILLS DEVELOPMENT AND TRAINING

Occupational level	Number of trainings attended	Actual end of the year	Target
MM and s57	0	0	0
Councillors, Senior Officials and Managers	5	5	5
Professionals	4	4	4
Skilled	1	1	1
Semi-skilled	1	1	1
Unskilled	1	1	1

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### EMPLOYEE EXPENDITURE





# Chapter 5



**WALTER SISULU**  
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Walter Sisulu Municipality recognized total revenue amounting to R319 million during the year under review. This amount includes revenue recognized on the utilization of both operating and capital grant of R76.5million and R13.1 million respectively. The income raised from rates and service charges was R149.7million and represents about 46.% of the total revenue for the year.

The total expenditure incurred for the same period under review was R369 million which resulted in a deficit of R49.5 million. This also reflects an unfavorable variance, which ultimately means that the municipality has incurred unauthorized expenditure. Walter Sisulu Municipality's financial sustainability is not favorable due to the fact that its current liabilities are in excess of the current assets thus creating a liquidity problem in the short-term. This means that the municipality has to employ more strategies in terms of ensuring that there is cost containment measures in place as well as an improvement in terms of revenue resources. The funded budget remains a key responsibility of the institution so as to avoid unauthorized expenditure going forward.

Employee Related Costs and Bulk Purchases continue to have a significant contribution to the overall expenditure and amounted to R106.5 million and R128.3million, respectively. Depreciation and Amortization charges are the major non-cash flow expense of approximately R25.6million allocated in the annual statement of financial performance.

This chapter comprises four components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Cash Flow Management and Investment
- Component D: Other Financial Matters

## STATEMENTS OF FINANCIAL PERFORMANCE

### Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

### Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	149,725,356	148,672,233
Rental of facilities and equipment	21	2,113,605	2,463,012
Interest received (trading)		24,609,123	16,731,026
Agency services	23	279,837	3,946,873
Licences and permits	24	2,430,703	2,073,710
Other Income		2,857,428	2,078,781
<b>Total revenue from exchange transactions</b>		<b>182,016,052</b>	<b>175,965,635</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	48,862,327	43,385,772
<b>Transfer revenue</b>			
Government grants & subsidies	26	88,725,239	94,294,680
Fines, Penalties and Forfeits	22	350,199	293,845
<b>Total revenue from non-exchange transactions</b>		<b>137,937,765</b>	<b>137,974,297</b>
<b>Total revenue</b>		<b>319,953,817</b>	<b>313,939,932</b>
<b>Expenditure</b>			
Employee related costs	27	(106,528,646)	(103,644,194)
Remuneration of councillors	28	(8,503,597)	(8,307,182)
Depreciation and amortisation	29	(25,663,994)	(25,729,108)
Finance costs	30	(35,869,004)	(14,286,055)
Debt Impairment	31	(9,980,465)	(27,376,902)
Bulk purchases	32	(128,380,522)	(106,094,076)
Fair value adjustments	34	(295,873)	(943,516)
Actuarial losses		(1,095,986)	(918,367)
General Expenses	33	(39,555,691)	(53,217,202)
Repairs and Maintenance		(11,954,676)	(5,407,039)
Operating Grant expenditure		(1,664,382)	(2,390,000)
<b>Total expenditure</b>		<b>(369,492,836)</b>	<b>(348,313,641)</b>
<b>Deficit for the year</b>		<b>(49,539,019)</b>	<b>(34,373,709)</b>

[illegible]

**Walter Sisulu Local Municipality**  
Financial Statements for the year ended June 30, 2022

**Statement of Comparison of Budget and Actual Amounts**

**Budget on Cash Basis**

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	326,476	-	326,476	487,658	161,182	Note 56
Receivables from exchange transactions	31,387,845	(186,082)	31,201,763	163,897,547	132,695,784	
Receivables from non-exchange transactions	59,261,944	(59,261,944)	-	45,956,329	45,956,329	Note 56
VAT receivable	-	-	-	21,885,019	21,885,019	Note 56
Cash and cash equivalents	3,908,559	(3,908,559)	-	24,449,261	24,449,261	Note 56
	<b>94,884,824</b>	<b>(63,356,585)</b>	<b>31,528,239</b>	<b>256,675,814</b>	<b>225,147,575</b>	
<b>Non-Current Assets</b>						
Biological assets that form part of an agricultural activity	4,312,900	(4,312,900)	-	3,073,511	3,073,511	Note 56
Investment property	146,783,601	(146,783,601)	-	263,169,096	263,169,096	Note 56
Property, plant and equipment	527,290,917	(512,875,167)	14,415,750	1,018,111,534	1,003,695,784	Note 56
Intangible assets	398,786	(398,786)	-	3,019,705	3,019,705	Note 56
Heritage assets	2,984,705	(2,984,705)	-	45,552,560	45,552,560	Note 56
	<b>681,770,909</b>	<b>(667,355,159)</b>	<b>14,415,750</b>	<b>1,332,926,406</b>	<b>1,318,510,656</b>	
<b>Total Assets</b>	<b>776,655,733</b>	<b>(730,711,744)</b>	<b>45,943,989</b>	<b>1,589,602,220</b>	<b>1,543,658,231</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	528,555	-	528,555	1,025,913	497,358	Note 56
Payables from exchange transactions	71,312,099	(128,736,000)	(57,423,901)	574,325,320	631,749,221	
Consumer deposits	2,352,444	-	2,352,444	2,404,472	52,028	Note 56
Employee benefit obligation	2,119,580	-	2,119,580	14,035,198	11,915,618	Note 56
Unspent conditional grants and receipts	-	-	-	2,325,132	2,325,132	Note 56
	<b>76,312,678</b>	<b>(128,736,000)</b>	<b>(52,423,322)</b>	<b>594,116,035</b>	<b>646,539,357</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	5,129,311	-	5,129,311	927,264	(4,202,047)	Note 56
Employee benefit obligation	-	-	-	34,420,000	34,420,000	Note 56
Provisions	-	-	-	43,944,297	43,944,297	Note 56
	<b>5,129,311</b>	<b>-</b>	<b>5,129,311</b>	<b>79,291,561</b>	<b>74,162,250</b>	
<b>Total Liabilities</b>	<b>81,441,989</b>	<b>(128,736,000)</b>	<b>(47,294,011)</b>	<b>673,407,596</b>	<b>720,701,607</b>	
<b>Net Assets</b>	<b>695,213,744</b>	<b>(601,975,744)</b>	<b>93,238,000</b>	<b>916,194,624</b>	<b>822,956,624</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	695,213,744	(601,975,744)	93,238,000	909,617,405	816,379,405	Note 56

## Financial Statements for the year ended June 30, 2022

### Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

[illegible]

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		54,039,564	32,838,801
Sale of goods and services		105,370,942	115,638,538
Grants		88,396,190	68,000,211
Other receipts		14,059,431	16,509,308
		<u>261,866,127</u>	<u>232,986,858</u>
<b>Payments</b>			
Employee costs		(105,679,770)	(111,951,375)
Suppliers		(92,904,745)	(91,313,563)
Finance costs		(32,083,922)	(12,203,369)
		<u>(230,668,437)</u>	<u>(215,468,307)</u>
<b>Net cash flows from operating activities</b>	36	<u>31,197,690</u>	<u>17,518,551</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	<u>(17,276,232)</u>	<u>(17,743,501)</u>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(301,401)	(179,730)
Finance lease payments		-	(1,467,212)
<b>Net cash flows from financing activities</b>		<u>(301,401)</u>	<u>(1,131,541)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>13,620,057</u>	<u>(1,356,491)</u>
Cash and cash equivalents at the beginning of the year		10,829,204	12,185,695
<b>Cash and cash equivalents at the end of the year</b>	14	<u>24,449,261</u>	<u>10,829,204</u>

The accounting policies on pages 13 to 40 and the notes on pages 41 to 85 form an integral part of the financial statements.





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LOCAL MUNICIPALITY  
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Walter Sisulu Local Municipality  
Financial statements  
for the year ended June 30, 2022

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June

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### Legal form of entity

EC145-Walter Local Municipality

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality provides functions as included in Schedule 4B and Schedule 5B of the Constitution. It should however be noted that the Water and Sanitation function, which is generally allocated to Category B municipalities, are performed by the District Municipality.

### Nature of business and principal activities

Walter Sisulu Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

### Mayoral committee

Cllr VD Davids

Cllr MC Botha

Cllr Y Zweni Cllr

E Pretorius

Mayor

Cllr VD Davids - Appointed 9 Nov 2021

Councillors

Cllr Sikweyiya - Mayor - Terminated 8 Nov 2021

Cllr Ngubo - Chief whip Terminated 8 Nov 2021 Cllr Mathetha - Speaker Appointed 9 Nov 2021 Cllr Zweni - Chief Whip Appointed 9 Nov 2021

Cllr Nkunzi - Chairperson of MPAC Terminated 8 Nov 2021 Cllr Botha - Appointed 9 Nov 2021

Cllr De Jongh - Terminated 8 Nov 2021 Cllr Lekobane - Terminated 8 Nov 2021 Cllr Mangali - Terminated 8 Nov 2021 Cllr Mqokwana - Terminated 8 Nov 2021

Cllr Mokhoabane - Terminated 8 Nov 2021 Cllr BK George - Appointed 9 Nov 2021 Cllr JML Lottering - Appointed 9 Nov 2021 Cllr Mathunya - Appointed 9 Nov 2021

Cllr Moeti - Appointed 9 Nov 2021 Cllr Nel - Appointed 9 Nov 2021

Cllr Schoeman - Appointed 9 Nov 2021 Cllr LA Falasi - Terminated 8 Nov 2021 Cllr Solani - Terminated 8 Nov 2021 Cllr Theron - Appointed 9 Nov 2021

Cllr Van Heerden - Terminated 8 Nov 2021 Cllr Jan - Appointed 9 Nov 2021

Cllr Nodwele - Appointed 9 Nov 2021 Cllr Hukwe - Appointed 9 Nov 2021 Cllr Busakwe - Appointed

9 Nov 2021 Cllr Wele - Appointed 9 Nov 2021 Cllr Matlotlo - Appointed 9 Nov 2021 Cllr Moyo -

Appointed 9 Nov 2021 Cllr London - Appointed 9 Nov 2021 Cllr Mnana - Appointed 9 Nov 2021 Cllr

Pretorius - Appointed 9 Nov 2021 Cllr Tau - Appointed 9 Nov 2021

Cllr Bangisa - Terminated 8 Nov 2021 Cllr Ndzeke - Terminated 8 Nov 2021



# Walter Sisulu Local Municipality

Financial Statements for the year ended June

## General Information

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<b>Grading of local authority</b>	Category B
<b>Chief Finance Officer (CFO)</b>	Y Ngqele
<b>Accounting Officer</b>	K Gashi
<b>Registered office</b> Burgersdorp9744	1 Jan Greyling Street
<b>Bankers</b> Aliwal North	First National Bank
<b>Auditors</b> Chartered Accountants (S.A.)Registered Auditors	Auditor General South Africa (AGSA)
<b>Attorneys</b> Horn Kumm Fouche	Mbabane Maswazi & Mkosana Inc

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June

### Index

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

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Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
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Statement of Comparison of Budget and Actual Amounts	9 - 11
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#### Abbreviations used:

INEP	integrated National Electrification Grant Programme
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
CFO	Chief Finance Officer
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the 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 financial statements and was given unrestricted access to all financial records and related data.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The 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 we are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2022 and were signed by:

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**K Gashi**  
**Municipal Manager**

# Walter Sisulu Local Municipality

Financial Statements for the year ended June

## Statement of Financial Position as at June 30, 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	487,658	347,278
Receivables from exchange transactions	10&13	157,320,326	78,021,713
Receivables from non-exchange transactions	11&13	45,956,329	34,696,778
VAT receivable	12	21,885,019	22,247,891
Cash and cash equivalents	14	24,449,261	10,829,204
		<b>250,098,593</b>	<b>146,142,864</b>
<b>Non-Current Assets</b>			
Biological assets that form part of an agricultural activity	3	3,073,511	3,369,384
Investment property	4	263,169,096	263,487,338
Property, plant and equipment	5	1,018,111,534	1,024,989,215
Intangible assets	6	3,019,705	3,235,845
Heritage assets	7	45,552,560	45,552,560
		<b>1,332,926,406</b>	<b>1,340,634,342</b>
<b>Total Assets</b>		<b>1,583,024,999</b>	<b>1,486,777,206</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	16	1,025,913	297,882
Payables from exchange transactions	18	574,325,320	474,765,390
Consumer deposits	19	2,404,472	2,163,582
Employee benefit obligation	8	14,035,198	11,482,939
Unspent conditional grants and receipts	15	2,325,132	4,131,240
		<b>594,116,035</b>	<b>492,841,033</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	16	927,264	1,956,696
Employee benefit obligation	8	34,420,000	31,375,763
Provisions	17	43,944,297	40,264,584
		<b>79,291,561</b>	<b>73,597,043</b>
<b>Total Liabilities</b>		<b>673,407,596</b>	<b>566,438,076</b>
<b>Net Assets</b>		<b>909,617,403</b>	<b>920,339,130</b>
Accumulated surplus		909,617,403	920,339,130
<b>Total Net Assets</b>		<b>909,617,403</b>	<b>920,339,130</b>

\* See Note 42 & 41

# Walter Sisulu Local Municipality

Financial Statements for the year ended June

## Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	149,725,356	148,672,233
Rental of facilities and equipment	21	2,113,605	2,463,012
Interest received (trading)		24,609,123	16,731,026
Agency services	23	279,837	3,946,873
Licences and permits	24	2,430,703	2,073,710
Other Income		2,857,428	2,078,781
<b>Total revenue from exchange transactions</b>		<b>182,016,052</b>	<b>175,965,635</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	48,862,327	43,385,772
<b>Transfer revenue</b>			
Government grants & subsidies	26	88,725,239	94,294,680
Fines, Penalties and Forfeits	22	350,199	293,845
<b>Total revenue from non-exchange transactions</b>		<b>137,937,765</b>	<b>137,974,297</b>
<b>Total revenue</b>		<b>319,953,817</b>	<b>313,939,932</b>
<b>Expenditure</b>			
Employee related costs	27	(106,528,646)	(103,644,194)
Remuneration of councillors	28	(8,503,597)	(8,307,182)
Depreciation and amortisation	29	(25,663,994)	(25,729,108)
Finance costs	30	(35,869,004)	(14,286,055)
Debt Impairment	31	(9,980,465)	(27,376,902)
Bulk purchases	32	(128,380,522)	(106,094,076)
Fair value adjustments	34	(295,873)	(943,516)
Actuarial losses		(1,095,986)	(918,367)
General Expenses	33	(39,555,691)	(53,217,202)
Repairs and Maintenance		(11,954,676)	(5,407,039)
Operating Grant expenditure		(1,664,382)	(2,390,000)
<b>Total expenditure</b>		<b>(369,492,836)</b>	<b>(348,313,641)</b>
<b>Deficit for the year</b>		<b>(49,539,019)</b>	<b>(34,373,709)</b>

\* See Note 42 & 41

# Walter Sisulu Local Municipality

Financial Statements for the year ended June

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	397,383,259	397,383,259
Adjustments		
Correction of errors 41	537,569,646	537,569,646
<b>Balance at July 1, 2020 as restated*</b>	<b>934,952,905</b>	<b>934,952,905</b>
Changes in net assets		
Prior period adjustment	19,759,934	19,759,934
Net income (losses) recognised directly in net assets	19,759,934	19,759,934
Surplus for the year	(34,373,709)	(34,373,709)
Total recognised income and expenses for the year	(14,613,775)	(14,613,775)
	(14,613,775)	(14,613,775)
<b>Restated* Balance at July 1, 2021</b>	<b>920,339,132</b>	<b>920,339,132</b>
Changes in net assets		
Surplus for the year	(49,539,019)	(49,539,019)
Other movements	38,817,290	38,817,290
Total changes	(10,721,729)	(10,721,729)
<b>Balance at June 30, 2022</b>	<b>909,617,403</b>	<b>909,617,403</b>
Note(s)		

\* See Note 42 & 41

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June

### Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		54,039,564	32,838,801
Sale of goods and services		105,370,942	115,638,538
Grants		88,396,190	68,000,211
Other receipts		14,059,431	16,509,308
		<u>261,866,127</u>	<u>232,986,858</u>
<b>Payments</b>			
Employee costs		(105,679,770)	(111,951,375)
Suppliers		(92,904,745)	(91,313,563)
Finance costs		(32,083,922)	(12,203,369)
		<u>(230,668,437)</u>	<u>(215,468,307)</u>
<b>Net cash flows from operating activities</b>	36	<b>31,197,690</b>	<b>17,518,551</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(17,276,232)	(17,743,501)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(301,401)	(179,730)
Finance lease payments		-	(1,467,212)
<b>Net cash flows from financing activities</b>		<b>(301,401)</b>	<b>(1,131,541)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,620,057</b>	<b>(1,356,491)</b>
Cash and cash equivalents at the beginning of the year		10,829,204	12,185,695
<b>Cash and cash equivalents at the end of the year</b>	14	<b>24,449,261</b>	<b>10,829,204</b>

The accounting policies on pages 13 to 40 and the notes on pages 41 to 85 form an integral part of the financial statements.

\* See Note 42 & 41

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Approved budget		Adjustments	Final Budget	Actual amounts	Difference	Reference
			on comparable basis		between final budget and actual	
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	138,011,332	16,533,516	<b>154,544,848</b>	149,725,356	<b>(4,819,492)</b>	Note 56
Rental of facilities and equipment	5,061,644	(2,159,144)	<b>2,902,500</b>	2,113,605	<b>(788,895)</b>	Note 56
Interest received (trading)	13,878,545	13,831,955	<b>27,710,500</b>	24,609,123	<b>(3,101,377)</b>	Note 56
Agency services	2,857,320	722,110	<b>3,579,430</b>	279,837	<b>(3,299,593)</b>	Note 56
Licences and permits	4,199,068	11,478,711	<b>15,677,779</b>	2,430,703	<b>(13,247,076)</b>	Note 56
Miscellaneous other revenue	5,644,904	(1,041,114)	<b>4,603,790</b>	2,857,428	<b>(1,746,362)</b>	Note 56
<b>Total revenue from exchange transactions</b>	<b>169,652,813</b>	<b>39,366,034</b>	<b>209,018,847</b>	<b>182,016,052</b>	<b>(27,002,795)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	33,025,707	38,786,354	<b>71,812,061</b>	48,862,327	<b>(22,949,734)</b>	Note 56
<b>Transfer revenue</b>						
Government grants & subsidies	89,724,561	(11,455,711)	<b>78,268,850</b>	88,725,239	<b>10,456,389</b>	Note 56
Fines, Penalties and Forfeits	370,811	-	<b>370,811</b>	350,199	<b>(20,612)</b>	Note 56
<b>Total revenue from non-exchange transactions</b>	<b>123,121,079</b>	<b>27,330,643</b>	<b>150,451,722</b>	<b>137,937,765</b>	<b>(12,513,957)</b>	
<b>Total revenue</b>	<b>292,773,892</b>	<b>66,696,677</b>	<b>359,470,569</b>	<b>319,953,817</b>	<b>(39,516,752)</b>	
<b>Expenditure</b>						
Personnel	(101,794,266)	(11,196,986)	<b>(112,991,252)</b>	(106,528,646)	<b>6,462,606</b>	Note 56
Remuneration of councillors	(9,972,227)	1,533,797	<b>(8,438,430)</b>	(8,503,597)	<b>(65,167)</b>	Note 56
Depreciation and amortisation	(18,029,337)	(29,605,418)	<b>(47,634,755)</b>	(25,663,994)	<b>21,970,761</b>	Note 56
Finance costs	(686,779)	(10,013,221)	<b>(10,700,000)</b>	(35,869,004)	<b>(25,169,004)</b>	Note 56
Debt Impairment	(6,320,153)	(3,179,847)	<b>(9,500,000)</b>	(9,980,465)	<b>(480,465)</b>	Note 56
Bulk purchases	(71,894,000)	(58,106,000)	<b>(130,000,000)</b>	(128,380,522)	<b>1,619,478</b>	Note 56
General Expenses	(54,470,688)	348,110	<b>(54,122,578)</b>	(53,174,749)	<b>947,829</b>	Note 56
<b>Total expenditure</b>	<b>(263,167,450)</b>	<b>(110,219,565)</b>	<b>(373,387,015)</b>	<b>(368,100,977)</b>	<b>5,286,038</b>	
<b>Operating deficit</b>	<b>29,606,442</b>	<b>(43,522,888)</b>	<b>(13,916,446)</b>	<b>(48,147,160)</b>	<b>(34,230,714)</b>	
Fair value adjustments	-	-	-	(295,873)	<b>(295,873)</b>	
Actuarial gains/losses	-	-	-	(1,095,986)	<b>(1,095,986)</b>	
	-	-	-	<b>(1,391,859)</b>	<b>(1,391,859)</b>	
<b>Deficit before taxation</b>	<b>29,606,442</b>	<b>(43,522,888)</b>	<b>(13,916,446)</b>	<b>(49,539,019)</b>	<b>(35,622,573)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>29,606,442</b>	<b>(43,522,888)</b>	<b>(13,916,446)</b>	<b>(49,539,019)</b>	<b>(35,622,573)</b>	
<b>Reconciliation</b>						



# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments on comparable basis	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	326,476	-	<b>326,476</b>	487,658	<b>161,182</b>	Note 56
Receivables from exchange transactions	31,387,845	(186,082)	<b>31,201,763</b>	163,897,547	<b>132,695,784</b>	
Receivables from non-exchange transactions	59,261,944	(59,261,944)	-	45,956,329	<b>45,956,329</b>	Note 56
VAT receivable	-	-	-	21,885,019	<b>21,885,019</b>	Note 56
Cash and cash equivalents	3,908,559	(3,908,559)	-	24,449,261	<b>24,449,261</b>	Note 56
	<b>94,884,824</b>	<b>(63,356,585)</b>	<b>31,528,239</b>	<b>256,675,814</b>	<b>225,147,575</b>	
<b>Non-Current Assets</b>						
Biological assets that form part of an agricultural activity	4,312,900	(4,312,900)	-	3,073,511	<b>3,073,511</b>	Note 56
Investment property	146,783,601	(146,783,601)	-	263,169,096	<b>263,169,096</b>	Note 56
Property, plant and equipment	527,290,917	(512,875,167)	<b>14,415,750</b>	1,018,111,534	<b>1,003,695,784</b>	Note 56
Intangible assets	398,786	(398,786)	-	3,019,705	<b>3,019,705</b>	Note 56
Heritage assets	2,984,705	(2,984,705)	-	45,552,560	<b>45,552,560</b>	Note 56
	<b>681,770,909</b>	<b>(667,355,159)</b>	<b>14,415,750</b>	<b>1,332,926,406</b>	<b>1,318,510,656</b>	
<b>Total Assets</b>	<b>776,655,733</b>	<b>(730,711,744)</b>	<b>45,943,989</b>	<b>1,589,602,220</b>	<b>1,543,658,231</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	528,555	-	<b>528,555</b>	1,025,913	<b>497,358</b>	Note 56
Payables from exchange transactions	71,312,099	(128,736,000)	<b>(57,423,901)</b>	574,325,320	<b>631,749,221</b>	
Consumer deposits	2,352,444	-	<b>2,352,444</b>	2,404,472	<b>52,028</b>	Note 56
Employee benefit obligation	2,119,580	-	<b>2,119,580</b>	14,035,198	<b>11,915,618</b>	Note 56
Unspent conditional grants and receipts	-	-	-	2,325,132	<b>2,325,132</b>	Note 56
	<b>76,312,678</b>	<b>(128,736,000)</b>	<b>(52,423,322)</b>	<b>594,116,035</b>	<b>646,539,357</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	5,129,311	-	<b>5,129,311</b>	927,264	<b>(4,202,047)</b>	Note 56
Employee benefit obligation	-	-	-	34,420,000	<b>34,420,000</b>	Note 56
Provisions	-	-	-	43,944,297	<b>43,944,297</b>	Note 56
	<b>5,129,311</b>	-	<b>5,129,311</b>	<b>79,291,561</b>	<b>74,162,250</b>	
<b>Total Liabilities</b>	<b>81,441,989</b>	<b>(128,736,000)</b>	<b>(47,294,011)</b>	<b>673,407,596</b>	<b>720,701,607</b>	
<b>Net Assets</b>	<b>695,213,744</b>	<b>(601,975,744)</b>	<b>93,238,000</b>	<b>916,194,624</b>	<b>822,956,624</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	695,213,744	(601,975,744)	<b>93,238,000</b>	909,617,405	<b>816,379,405</b>	Note 56

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Property rates	25,291,396	-	25,291,396	-	(25,291,396)	Note 56
Service charges	123,463,882	-	123,463,882	-	(123,463,882)	Note 56
Grants	89,724,561	(9,813,700)	79,910,861	-	(79,910,861)	Note 56
Other revenue	18,104,247	-	18,104,247	-	(18,104,247)	
	<b>256,584,086</b>	<b>(9,813,700)</b>	<b>246,770,386</b>		<b>- (246,770,386)</b>	

##### Payments

Suppliers and employees	(164,412,230)	-	(164,412,230)	-	164,412,230	Note 56
Finance costs	(686,779)	-	(686,779)	-	686,779	Note 56
Transfers and grants	(324,951)	-	(324,951)	-	324,951	
	<b>(165,423,960)</b>	<b>-</b>	<b>(165,423,960)</b>		<b>- 165,423,960</b>	

<b>Net cash flows from operating activities</b>	<b>91,160,126</b>	<b>(9,813,700)</b>	<b>81,346,426</b>		<b>- (81,346,426)</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(29,286,519)	-	(29,286,519)	-	29,286,519	Note 56
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#### Cash flows from financing activities

Repayment of other financial liabilities	245,000	-	245,000	(179,730)	(424,730)	
Finance lease payments	-	-	-	(1,467,212)	(1,467,212)	

<b>Net cash flows from financing activities</b>	<b>245,000</b>	<b>-</b>	<b>245,000</b>	<b>(1,646,942)</b>	<b>(1,891,942)</b>	
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Net increase/(decrease) in cash and cash equivalents	62,118,607	(9,813,700)	52,304,907	(1,646,942)	(53,951,849)	Note 56
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Cash and cash equivalents at the beginning of the year	12,185,694	-	12,185,694	12,185,695	1	Note 56
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<b>Cash and cash equivalents at the end of the year</b>	<b>74,304,301</b>	<b>(9,813,700)</b>	<b>64,490,601</b>	<b>10,538,753</b>	<b>(53,951,848)</b>	
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### Reconciliation



# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

Figures in Rand	Note(s)	2022	2021
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### 1. Presentation of Financial Statements

The 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 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.

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

These 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. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

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 financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

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

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

##### **receivables / Held to maturity investments and/or loans and receivables**

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

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

##### **Impairment testing**

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

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

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

##### **Post-retirement benefits**

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

##### **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.

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

##### **Recognition and Derecognition of Land**

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow [The Community occupied the Land and the Municipality does not expect to derive any future benefits as long as the land is illegally occupied ]

Additional information is disclosed in Note 4.

#### **1.5 Biological assets that form part of an agricultural activity**

A biological asset is a living animal or plant, while agricultural produce is the harvested product of the biological asset. The entity recognises biological assets or agricultural produce when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

Where the Municipality acquires a biological asset through a non-exchange transaction, the biological asset is also measured at its fair value less cost to sell.

A gain or loss arising on initial recognition of biological assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets is included in surplus or deficit for the period in which it arises.

Agricultural produce harvested from the Municipality's biological assets is measured at its fair value less costs to sell at the point of harvest.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

#### **1.6 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.
- to meet service delivery objectives,.

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 at its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

### **1.6 Investment property (continued)**

Where investment property 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, its deemed cost is the carrying amount of the asset(s) given up.

#### **Cost model**

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised. carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

<b>Item</b>	<b>Useful life</b>
Property - land	indefinite
Property - buildings	25-30 years

Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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.

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

### **1.7 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 on its acquisition date.

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 Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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

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

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. Spare parts and stand by equipment which are expected to be used for more than one period are included in 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. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

Subsequent to initial recognition, items of Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

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

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis. .

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

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Item	Depreciation method	Average useful life
Buildings	Straight-line	25-30
Motor vehicles	Straight-line	5-15
Office equipment	Straight-line	1-20
Infrastructure	Straight-line	7-50
Community	Straight-line	25

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



### **1.7 Property, plant and equipment (continued)**

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.

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 33).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

### **1.8 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 Site restoration and dismantling cost (continued)**

If the related asset is measured using the revaluation model:

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

### **1.9 Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. An

asset is identifiable if it either:

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

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

The Municipality recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	5-10

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Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.10 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost..

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

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 1.10 Employee benefits (continued)

#### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance

### 1.11 Financial instruments

#### Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### Subsequent Measurement

Financial instruments are categorised as follow:

- a) Financial instruments at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- b) Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

### **1.11 Financial instruments (continued)**

- c) Financial instruments at fair value comprise of financial assets or financial liabilities that are:
- i) derivatives;
  - ii) combined instruments that are designated at fair value;
  - iii) instruments held for trading;
  - iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
  - v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

#### **Impairment and uncollectability of financial assets**

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

Financial assets measured at cost:

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

#### **Derecognition of financial instruments:**

Financial assets:

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities:

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

#### **Offsetting of financial instruments:**

### **1.11 Financial instruments (continued)**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **Key terms and definitions applicable to Financial Instruments:**

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

### 1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

### Classification

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

#### Class

Receivables from Exchange and Non-Exchange transactions  
Cash equivalent

#### Category

Financial asset measured at amortised cost  
Cash and  
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

Other Financial liabilities (Loan and Finance lease)  
Payables from Exchange transaction  
Taxes and transfers payable

#### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost



### **1.12 Statutory receivables**

#### **Identification**

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

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

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

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

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

#### **Recognition**

The municipality recognises statutory receivables as follows:

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

#### **Initial measurement**

The municipality initially measures statutory receivables at their transaction amount.

#### **Subsequent measurement**

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

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

#### **Derecognition**

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

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

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

### **1.13 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.



### **1.13 Inventories (continued)**

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 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.

### **1.14 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.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

### **1.15 Employee benefits**

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

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

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

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

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

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

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

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

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

#### **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.

### **1.15 Employee benefits (continued)**

#### **Post-employment benefits**

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

Post-employment benefit plans are formal or informal arrangements under which 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.

#### **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.

### **1.15 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.

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

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

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

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

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

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

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

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

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 financial statements do not differ materially from the amounts that would be determined at the reporting date.

#### **1.15 Employee benefits (continued)**

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

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

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

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

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

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

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

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

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

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

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

### **1.15 Employee benefits (continued)**

#### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

#### **Other post retirement obligations**

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### **1.15 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.

#### **Provision for Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end, capped at a maximum of 48 days, and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods, if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### **Staff Bonuses Accrued**

Liabilities for staff bonuses are recognised as they are accrued to employees. The liability at year-end is based on bonus accrued at year-end for each employee.

### **1.16 Provisions and contingencies**

Provisions are recognised when:

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

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

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

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.



#### **1.16 Provisions and contingencies (continued)**

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

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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

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

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

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

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



#### **1.16 Provisions and contingencies (continued)**

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

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

#### **1.17 Commitments**

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

#### **1.18 Revenue from exchange transactions**

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

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

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

#### **Measurement**

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

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).

### **1.18 Revenue from exchange transactions (continued)**

#### **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 .

#### **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.

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

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

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

### **1.19 Revenue from non-exchange transactions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Recognition**

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

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

#### **Measurement**

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

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

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.

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

#### **Taxes**

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied. The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer. The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system. Taxation revenue are not grossed up for the amount of tax expenditures.

#### **Transfers**

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

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

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

#### **Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

### **1.20 Investment income**

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

### **1.21 Borrowing costs**

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

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

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 1.22 Expenditure

The Municipality has the following expenditure classifications:

- Employee related costs
- Remuneration of councillors
- Depreciation and amortisation
- Finance costs
- Debt Impairment
- Bulk purchases
- Transfers and Subsidies
- Loss on disposal of assets and liabilities
- Fair value adjustments
- Actuarial losses
- General Expenses
- Repairs and Maintenance
- Operating Grant expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners

Expenditure is recognised when the asset is consumed or there is an incurrence of a liability

### 1.23 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.24 Fruitless and wasteful expenditure

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

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

### 1.25 Irregular expenditure

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

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

### 1.26 Segment information

A segment is an activity of an entity:

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

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

### **1.26 Segment information (continued)**

#### **Measurement**

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

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

### **1.27 Budget information**

The approved budget covers the fiscal period from 01/07/2020 to 30/06/2021.

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

### **1.28 Related parties**

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

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

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

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 financial statements.

#### **1.29 Events after reporting date**

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

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

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

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

## Notes to the Financial Statements

Figures in Rand	2022	2021
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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 July 1, 2022 or later periods:

##### **Guideline: Guideline on Accounting for Landfill Sites**

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

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

An effective date for the guideline has not yet been determined.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 25 (as revised): Employee Benefits**

##### **Background**

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

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

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

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

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

##### **Key amendments to GRAP 25**

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

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



## **Notes to the Financial Statements**

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### **2. New standards and interpretations (continued)**

The effective date of these revisions have not yet been set. April 1, 2009.

The municipality expects to adopt the revisions for the first time in the 2008/2009 financial statements. It

is unlikely that the revisions will have a material impact on the municipality's financial statements.

#### **iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction**

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

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

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

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

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

The effective date of these revisions have not yet been set. April 1, 2009.

The municipality expects to adopt the revisions for the first time in the 2008/2009 April 1, 2009.

It is unlikely that the revisions will have a material impact on the municipality's financial statements.

#### **Guideline: Guideline on the Application of Materiality to Financial Statements**

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities.

The municipality expects to adopt the guideline for the first time in the 2008/2009 financial statements. It

is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 104 (as revised): Financial Instruments**

## Notes to the Financial Statements

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

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The municipality expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions. The impact of this standard is currently being assessed.

#### **iGRAP 21: The Effect of Past Decisions on Materiality Background**

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

- Do past decisions about materiality affect subsequent reporting periods?
- Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of these interpretation have not yet been set. April 1, 2023.

The municipality expects to adopt the interpretation for the first time in the 2022/2023 April 1, 2023.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

#### **GRAP 2020: Improvements to the standards of GRAP 2020**

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

## **Notes to the Financial Statements**

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### **2. New standards and interpretations (continued)**

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, to maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

#### **GRAP 5 – Borrowing Costs**

- For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate
  - Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

#### **GRAP 13 – Leases**

- Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26
- Clarify that these arrangements may also be assessed in accordance with GRAP 21

#### **GRAP 16 – Investment Property**

- Clarify that GRAP 21 may be applied to assess investment property for impairment
- Include heading “Classification of property as investment property” (par 6 and 7) & delete existing headings
- Investment property under construction (within scope of GRAP 16)
  - Added heading “Guidance on initially measuring self-constructed investment property at fair value”
  - Added clarification that investment property is measured at fair value at earliest of:
    - o completion of construction or development; or
    - o when fair value becomes reliably measurable
- Clarify requirements on transfers to and from Investment property
  - Change in use involves an assessment on whether:
    - o property meets, or ceases to meet definition of investment property and
    - o evidence exists that a change in use has occurred
  - List of examples of a change in use is regarded as non-exhaustive

#### **GRAP 17 – Property, Plant and Equipment**

- Delete example indicating that quarries and land used for landfill may be depreciated in certain instances
  - Land has an unlimited useful life and cannot be consumed through its use

#### **GRAP 20 – Related Party Disclosures**

- Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party
  - Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity
  - If an entity obtains management services from another entity (“the management entity”) the entity is not required to apply the requirements in paragraph .35 to the remuneration paid or payable by the management entity to the management entity’s employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions
  - Management services are services where employees of management entity perform functions as “management” as defined

#### **GRAP 24 – Presentation of Budget Information in Financial Statements**

- Terminology amended
  - Primary financial statements amended to “financial statements” or “face of the financial statements”

#### **GRAP 31 – Intangible Assets**

- Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired
  - Both under cost model or revaluation model

#### **GRAP 32 – Service Concession Arrangements: Grantor**

- Clarify disclosure requirement for service concession assets
  - Disclose carrying amount of each material service concession asset recognised at the reporting date

## **Notes to the Financial Statements**

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### **2. New standards and interpretations (continued)**

#### **GRAP 37 – Joint Arrangements**

- Application guidance clarified
  - When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

#### **GRAP 106 – Transfer of Functions Between Entities Not Under Common Control**

- When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages
  - Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation

#### **Directive 7 – The Application of Deemed Cost**

- Clarify that bearer plants within scope of Directive

The effective date of these improvements is April 1, 2023.

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

is unlikely that the improvements will have a material impact on the municipality's financial statements.

**Walter Sisulu Local Municipality**  
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Figures in Rand	2022	2021
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**3. Biological assets that form part of an agricultural activity**

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - Fair Value	3,073,511	-	3,073,511	3,369,384	-	3,369,384

**Reconciliation of biological assets that form part of an agricultural activity - 2022**

	Opening balance	Gains or losses arising from changes in fair value	Increase/Decrease due to physical changes	Total
Biological assets - Fair Value	3,369,384	903,702	(1,199,575)	3,073,511

**Reconciliation of biological assets that form part of an agricultural activity - 2021**

	Opening balance	Gains or losses arising from changes in fair value	Increase/Decrease due to physical changes	Total
Biological assets - Fair Value	4,312,900	(1,016,716)	73,200	3,369,384

**Non-financial information**

**Quantities of each biological asset**

Springbuck	220	348
Blesbuck	130	353
Black Wildebeest	67	122
Gemsbuck	21	23
Redhartebeest	70	177
Eland	6	10
Zebra	36	55
Ostrich	5	6
Buffalo	26	25
Mountain Reedbuck	8	4
	<b>589</b>	<b>1,123</b>

All biological assets are classified as consumable and are held for sale.

All biological assets are located in the Aliwal North Nature Reserve, the Aliwal North Spa and Burgersdorp Nature Reserve. The primary activities revolving around biological assets are as follows:

Ensure that the game life in the municipal area are conserved for future generations.

Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the purchase of game, resulting in an inflow of resources to the municipality.

Due to the unwillingness of insurance companies to carry the risk and potential losses relating to biological assets, the financial risk is managed as follows:

Regular inspection and maintenance of boundary fences to manage movement of biological assets.

**Walter Sisulu Local Municipality**  
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30, 2022

Figures in Rand	2022	2021
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**3. Biological assets that form part of an agricultural activity (continued)**

**Methods and assumptions used in determining fair value**

Fair values were determined based on market-related prices using the Department of Agriculture, Western Cape, Game pricing schedule. This pricing schedule is generally accepted as a reliable source of the latest market trends and demands.

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Figures in Rand

**4. Investment property**

2022	2021					
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated depreciation and accumulated impairment	Carrying value	
Investment property	265,078,550	(1,909,454)	263,169,096	265,078,550	(1,591,212)	263,487,338

**Reconciliation of investment property - 2022**

	Openingbalance	Depreciation and impairment	Total
Investment property	263,487,338	(318,242)	263,169,096

**Reconciliation of investment property - 2021**

	Openingbalance	Depreciation and impairment	Total
Investment property	263,805,581	(318,243)	263,487,338

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.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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Figures in Rand

**5. Property, plant and equipment**

	2022			2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	352,633,085	-	352,633,085	352,633,085	-	352,633,085
Buildings	69,727,027	(14,457,937)	55,269,090	69,727,027	(12,048,281)	57,678,746
Motor vehicles	20,253,094	(2,878,656)	17,374,438	11,016,216	(2,627,894)	8,388,322
Infrastructure	556,398,674	(110,761,542)	445,637,132	556,316,530	(92,141,142)	464,175,388
Community	65,092,910	(9,219,405)	55,873,505	65,092,910	(7,652,957)	57,439,953
Other property, plant and equipment	7,127,583	(2,464,457)	4,663,126	8,190,491	(3,502,265)	4,688,226
Work In Progress	77,742,954	-	77,742,954	69,571,248	-	69,571,248
Capitalised Restoration Cost	26,836,115	(17,917,911)	8,918,204	26,836,115	(16,421,868)	10,414,247
<b>Total</b>	<b>1,175,811,442</b>	<b>(157,699,908)</b>	<b>1,018,111,534</b>	<b>1,159,383,622</b>	<b>(134,394,407)</b>	<b>1,024,989,215</b>



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**5. Property, plant and equipment (continued)**

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

	Opening balance	Additions	Depreciation and impairment	Total
Land	352,633,085	-	-	352,633,085
Buildings	57,678,746	-	(2,409,656)	55,269,090
Motor vehicles	8,388,322	9,797,937	(811,821)	17,374,438
Infrastructure	464,175,388	82,144	(18,620,400)	445,637,132
Community	57,439,953	-	(1,566,448)	55,873,505
Other property, plant and equipment	4,688,226	834,919	(860,019)	4,663,126
Work In Progress	69,571,248	8,171,706	-	77,742,954
Capitalised Restoration Cost	10,414,247	-	(1,496,043)	8,918,204
	<b>1,024,989,215</b>	<b>18,886,706</b>	<b>(25,764,387)</b>	<b>1,018,111,534</b>

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**5. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2021**

	Opening balance	Additions	Depreciation and impairment	Total
Land	352,633,085	-	-	352,633,085
Buildings	60,088,402	-	(2,409,656)	57,678,746
Motor vehicles	7,049,159	1,900,222	(561,059)	8,388,322
Infrastructure	482,447,289	348,499	(18,620,400)	464,175,388
Community	59,006,401	-	(1,566,448)	57,439,953
Other property, plant and equipment	4,254,771	1,190,714	(757,259)	4,688,226
Work In Progress	55,267,182	14,304,066	-	69,571,248
Capitalised Restoration Cost	11,910,291	-	(1,496,044)	10,414,247
	<b>1,032,656,580</b>	<b>17,743,501</b>	<b>(25,410,866)</b>	<b>1,024,989,215</b>

**Depreciation rates**

The depreciation methods and average useful lives of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	25-30
Roads and Storm Water	Straight-line	7-50
Electricity	Straight-line	20-45
Recreation Grounds and facilities	Straight-line	25-30
Cemetery	Straight-line	25-30
Office equipment and tools	Straight-line	1-10
Motor vehicle and implements	Straight-line	7-15

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

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

### Property, plant and equipment in the process of being constructed or developed

#### Cumulative expenditure recognised in the carrying value of property, plant and equipment

Electricity	8,650,864	8,549,618
Community	33,068,783	33,068,783
Roads	53,602,747	46,843,367
	<b>95,322,394</b>	<b>88,461,768</b>

#### Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Upgrading of Dukathole internal streets	5,896,766	5,896,766
Electrification of 392 stands in Aliwal North	3,760,735	3,760,735
Fencing of Joe Gqabi and Joe Slovo Community Halls	170,000	170,000
Renovation at Mzamomhle Hall	43,537	43,537
	<b>9,871,038</b>	<b>9,871,038</b>

#### Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Sauer Park - Synthetic Track	397,800	397,800
Sarah Morosi - Sportsfield	14,270,891	14,270,891
	<b>14,668,691</b>	<b>14,668,691</b>

### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Total
Opening balance	56,549,149	56,549,149
Additions/capital expenditure	6,860,626	6,860,626
	<b>63,409,775</b>	<b>63,409,775</b>

### Reconciliation of Work-in-Progress 2021

Included within	Included within	Infrastructure	Community	Buildings	Total
Opening balance	11,177,848		31,023,698	43,537	42,245,083
Additions/capital expenditure	14,215,511		1,147,295	-	15,362,806
Disposal	-		-	(43,537)	(43,537)
Transferred to completed items	(1,015,203)		-	-	(1,015,203)
	<b>24,378,156</b>		<b>32,170,993</b>	<b>-</b>	<b>56,549,149</b>

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Figures in Rand	2022	2021
<b>5. Property, plant and equipment (continued)</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment</b>		
<b>Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance</b>		
General expenses	11,517,715	5,407,039

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.

## Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

### Notes to the Financial Statements

Figures in Rand

#### 6. Intangible assets

2022	2021					
Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value Valuation	Cost /	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software, other	6,900,620	(3,880,915)	3,019,705	6,675,376	(3,439,531)	3,235,845

#### Reconciliation of intangible assets - 2022

	Openingbalance	Additions	Amortisation	Total
Computer software, other	3,235,845	225,244	(441,384)	3,019,705

#### Reconciliation of intangible assets - 2021

	Openingbalance	Additions	Amortisation	Total
Computer software, other	239,905	3,437,324	(441,384)	3,235,845

Intangible Assets consist only of software.

No intangible asset were assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date.

There are no contractual commitments for the acquisition of intangible assets.

#### Pledged as security

No Intangible assets are pledged as security for any liabilities.

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Notes to the Financial Statements

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### 6. Intangible assets (continued)

#### Restricted title

There are no intangible assets whose title is restricted.

# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Notes to the Financial Statements

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### 7. Heritage assets

2022 Cost / Valuation	2021					
	Accumulated impairment losses	Carrying value Valuation	Cost /	Accumulated impairment losses	Carrying value	
Historical monuments	45,552,560	-	45,552,560	45,552,560	-	45,552,560

### Reconciliation of heritage assets 2022

	Openingbalance	Total
Historical monuments	45,552,560	45,552,560

### Reconciliation of heritage assets 2021

	Openingbalance	Total
Historical monuments	45,552,560	45,552,560

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<b>7. Heritage assets (continued)</b>		
<b>Heritage assets which fair values cannot be reliably measured</b>		
<b>Details of Heritage Assets</b>		
Block House	3,175,200	3,175,200
Jubilee Fountain	900,000	900,000
Taal Mountain	550,000	550,000
Voortrekkerdrif	150,000	150,000
Light of Century	300,000	300,000
Cencontrion Camp Kerkhof	9,877,760	9,877,760
Durban Street Cemetry	1,450,000	1,450,000
Old Cemetry by the river	1,490,000	1,490,000
Fort at Nature Reserve	3,175,200	3,175,200
Fort on Bronepad	4,644,200	4,644,200
Fort behind the hospital	3,175,200	3,175,200
SA War Memorial Site	1,250,000	1,250,000
Freedom Square	650,000	650,000
Kerkplein Museum	5,775,000	5,775,000
Joe Gqabi Statue	950,000	950,000
Museum -Old library	3,720,000	3,720,000
Frere Bridge	960,000	960,000
Jamestown Museum	3,360,000	3,360,000
	<b>45,552,560</b>	<b>45,552,560</b>

**Restrictions on heritage assets**

There are no restrictions on realisability of heritage assets or remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase , construct or develop Heritage Assets or for repairs, maintenance or enhancements.

**Pledged as security**

There are no heritage assets pledged as security for any liabilities.

**8. Employee benefit obligations**

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

<b>Carrying value</b>		
Opening balance	(42,858,702)	(37,740,829)
Movement for the year	(5,596,496)	(5,117,873)
	<b>(48,455,198)</b>	<b>(42,858,702)</b>
Non-current liabilities	(34,420,000)	(31,375,763)
Current liabilities	(14,035,198)	(11,482,939)
	<b>(48,455,198)</b>	<b>(42,858,702)</b>

The Movement for Post retirement medical benefits is reconciled as follows:

<b>Post Retirement Medical Benefits</b>		
Opening Balance	25,600,622	22,658,426
Current service cost	1,243,982	1,089,040
Interest cost	2,870,595	3,005,120
Payments made	(1,346,978)	(895,270)
Actuarial (gain)/loss	1,229,779	(256,694)
	<b>29,598,000</b>	<b>25,600,622</b>



# Walter Sisulu Local Municipality

Financial Statements for the year ended June  
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Figures in Rand	2022	2021
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## 8. Prepayments (continued)

### Net expense recognised in the statement of financial performance

Current service cost	1,243,982	1,089,040
Interest cost	2,870,595	3,005,120
Actuarial (gains) losses	1,229,779	(256,694)
Payments made	(1,346,978)	(895,720)
	<b>3,997,378</b>	<b>2,941,746</b>

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	139	139
In-service (employee) non-members	192	206
Continuation members (e.g. Retirees, widows, orphans)	22	19
	<b>353</b>	<b>364</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	13,892,000	12,916,738
In-service non-members	4,270,000	4,277,860
Continuation members	11,436,000	8,406,024
	<b>29,598,000</b>	<b>25,600,622</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- KeyHealth
- LA Health
- HOSMED
- SAMWUMED

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.83 %	11.39 %
Health Care Cost Inflation Rate	8.44 %	7.88 %
Net Effective Discount Rate	3.13 %	3.25 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as bootstrapping.

### Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

### Normal retirement age

The normal retirement age for employees of the municipality is 65 years.

### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

**Walter Sisulu Local Municipality**  
Financial Statements for the year ended June  
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**8. Prepayments (continued)**

**Sensitivity analysis**

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in medical inflation would have the following effects:

		One percentage
<b>point increase point decrease</b>		
Employer's accrued liability	34,315,000	25,777,000
Employer's service cost (year following)	1,519,000	999,000
Employer's interest cost (year following)	3,998,000	2,988,000

The effect of a one percent increase and decrease in the discount rates is as follows

	One percentage	One percentage
<b>point increase point decrease</b>		
Employer's accrued liability	25,912,000	34,201,000
Employer's service cost (year following)	1,015,000	1,496,000
Employer's interest cost (year following)	3,258,000	3,648,000
<b>Long service awards</b>		
Opening Balance	5,855,073	5,024,079
Current service cost	494,053	430,813
Interest cost	461,170	369,903
Payments made	(239,503)	(587,723)
Actuarial (gain)/loss	(133,793)	618,001
	<b>6,437,000</b>	<b>5,855,073</b>

**Net expense recognised in the statement of financial performance**

Current service cost	494,053	430,813
Interest cost	461,170	369,903
Actuarial (gains) losses	(133,793)	618,001
Payments made	(239,503)	(587,723)
	<b>581,927</b>	<b>830,994</b>

**The following employees are eligible for long service awards**

In-service (employee) members	331	345
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**The liability in respect of past service has been estimated to be as follows:**

In-service members	6,437,000	5,855,073
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**Key assumptions used**

Assumptions used at the reporting date:

Discount rates used	10.81 %	8.17 %
General earnings inflation rate (long-term)	7.33 %	4.64 %
Net Effective Discount Rate	3.24 %	2.39 %
Average retirement age	62.00	62.00

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 8. Prepayments (continued)

The discount rate used is a composite of all government bonds and is calculated using a technique known as bootstrapping.

#### Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

#### Normal retirement age

The normal retirement age for employees of the municipality is 65 years.

#### Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

#### Sensitivity analysis

Assumed salary increase rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in salary inflation would have the following effects:

One percentage point increase point decrease	One percentage	
Employer's accrued liability	6,793,000	6,111,000
Employer's service cost (year following)	670,000	595,000
Employer's interest cost (year following)	705,000	632,000

The effect of a one percent increase and decrease in the discount rates is as follows

point increase point decrease	One percentage	One percentage
Employer's accrued liability	6,101,000	6,810,000
Employer's service cost (year following)	599,000	666,000
Employer's interest cost (year following)	689,000	642,000

### 9. Inventories

Consumable Stores	487,658	347,278
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**Walter Sisulu Local Municipality**  
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**10. Receivables from exchange transactions**

Consumer debtors - Electricity	101,872,319	51,173,414
Consumer debtors - Refuse	20,846,002	12,687,706
Consumer debtors - Other Arrears	24,306,365	3,864,953
Consumer debtors - JGDM	10,295,640	10,295,640
	<b>157,320,326</b>	<b>78,021,713</b>

No receivables are pledged as security for any liabilities.

**11. Receivables from non-exchange transactions**

Other receivables	(556,488)	2,153,713
Consumer debtors - Rates	44,824,265	30,779,626
Consumer debtors - Other (Specified)	1,688,552	1,763,439
	<b>45,956,329</b>	<b>34,696,778</b>

**Statutory receivables included in receivables from non-exchange transactions above are as follows:**

Property rates	37,865,066	25,932,689
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<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>8,091,263</b>	<b>8,764,089</b>
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<b>Total receivables from non-exchange transactions</b>	<b>45,956,329</b>	<b>34,696,778</b>
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No receivables are pledged as security for any liabilities.

**12. VAT receivable**

VAT	21,885,019	22,247,891
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The VAT balance consists of the following:

**VAT Receivable**

VAT Control	2,524,538	5,558,646
Input VAT	60,240,661	61,594,002
Output VAT	(40,958,844)	(45,916,085)
	<b>21,806,355</b>	<b>21,236,563</b>

**13. Consumer debtors disclosure**

**Gross balances**

Consumer debtors - Rates	81,144,531	52,270,142
Consumer debtors - Electricity	126,563,470	80,480,817
Consumer debtors - Refuse	105,854,065	43,395,057
Consumer debtors - Other Arrears	72,366,477	115,846,268
Consumer debtors - JGDM	10,295,640	10,295,640
Consumer debtors - Other (Specified)	1,688,552	1,763,439
	<b>397,912,735</b>	<b>304,051,363</b>

**Walter Sisulu Local Municipality**  
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<b>13. Consumer debtors disclosure (continued)</b>		
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(36,320,266)	(21,490,516)
Consumer debtors - Electricity	(24,691,151)	(29,307,403)
Consumer debtors - Refuse	(85,008,063)	(30,707,351)
Consumer debtors - Other Arrears	(48,060,112)	(111,981,315)
	<b>(194,079,592)</b>	<b>(193,486,585)</b>
<b>Net balance</b>		
Consumer debtors - Rates	44,824,265	30,779,626
Consumer debtors - Electricity	101,872,319	51,173,414
Consumer debtors - Refuse	20,846,002	12,687,706
Consumer debtors - Other Arrears	24,306,365	3,864,953
Consumer debtors - JGDM	10,295,640	10,295,640
Consumer debtors - Other (Specified)	1,688,552	1,763,439
	<b>203,833,143</b>	<b>110,564,778</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Rates-Debtors	25,763,634	13,164,352
<b>Financial asset receivables included in consumer debtors above</b>	<b>178,069,509</b>	<b>97,400,426</b>
<b>Total consumer debtors</b>	<b>203,833,143</b>	<b>110,564,778</b>
<b>Rates</b>		
Current (0 -30 days)	2,590,067	5,218,894
31 - 60 days	2,207,599	-
61 - 90 days	1,972,398	2,633,347
91 - 120 days	74,374,467	44,417,902
Less: Impairment	(36,320,266)	(21,490,517)
	<b>44,824,265</b>	<b>30,779,626</b>
<b>Electricity</b>		
Current (0 -30 days)	15,167,132	12,630,763
31 - 60 days	7,001,436	-
61 - 90 days	6,854,259	7,440,644
91 - 120 days	97,540,643	60,409,410
Less: Impairment	(24,691,151)	(29,307,403)
	<b>101,872,319</b>	<b>51,173,414</b>
<b>Refuse</b>		
Current (0 -30 days)	1,773,061	3,269,490
31 - 60 days	1,696,497	-
61 - 90 days	1,509,124	1,742,890
91 - 120 days	100,875,384	38,382,666
Less: Impairment	(85,008,064)	(30,707,340)
	<b>20,846,002</b>	<b>12,687,706</b>

**Walter Sisulu Local Municipality**  
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<b>13. Consumer debtors disclosure (continued)</b>		
<b>Other Arears</b>		
Current (0 -30 days)	2,991,753	8,803,164
31 - 60 days	3,224,032	(7,726,465)
61 - 90 days	2,674,364	(5,537,648)
91 - 120 days	63,476,329	120,307,217
Less: Impairment	(48,060,113)	(111,981,315)
	<b>24,306,365</b>	<b>3,864,953</b>
<b>Consumer Debtor-JGDM</b>		
> 365 days	10,295,640	10,295,640
<b>Other (specify)</b>		
> 365 days	1,688,552	1,763,439
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(184,099,128)	(174,563,037)
Contributions to allowance	(9,980,465)	(9,536,091)
	<b>(194,079,593)</b>	<b>(184,099,128)</b>

**14. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	-	18,434
Bank balances	8,680,478	7,265,676
Short-term deposits	15,768,783	3,545,094
	<b>24,449,261</b>	<b>10,829,204</b>

**The municipality had the following bank accounts**

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2022	June 30, 2021	June 30, 2020
First National Bank - Main Account - 6247 6326 965	8,588,635	7,255,948	910,031	8,674,281	7,255,948	1,158,041
ABSA Bank - Aliwal North Branch - 1750 14 1125	6,197	9,727	15,022	6,197	9,727	15,022
ABSA 32 Day Notice - Acc 92 7883 5880	1,039,146	94,561	10,668,628	1,039,146	94,561	-
ABSA Call Account - Acc 92 7435 2868	417,300	314,848	305,476	417,300	314,848	-
First National Bank Call Account - Acc 62 4822 13247	14,298,017	3,144,058	10,210	14,298,017	3,144,058	-
ABSA 32 Day Notice - Acc 50 6434 4937	2,348	2,342	2,340	2,348	2,342	-
ABSA 32 Day Notice - Acc 9064489631	7,744	7,720	7,710	7,744	7,720	-
<b>Total</b>	<b>24,359,387</b>	<b>10,829,204</b>	<b>11,919,417</b>	<b>24,445,033</b>	<b>10,829,204</b>	<b>1,173,063</b>

**Walter Sisulu Local Municipality**  
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<b>15. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
National Government (MIG)	-	212,616
National Government (INEP)	-	1,593,492
Provincial Government (Other Grants)	835,246	835,246
District Municipality (JGDM)	1,489,886	1,489,886
	<b>2,325,132</b>	<b>4,131,240</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	4,131,240	11,614,125
Additions during the year	88,396,190	14,403,780
Income recognition during the year	(90,202,298)	(21,886,665)
	<b>2,325,132</b>	<b>4,131,240</b>
The nature and extent of government grants recognised in the financial statements are an indication of other forms of government assistance from which the municipality has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 26 for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.		
<b>16. Other financial liabilities</b>		
<b>At amortised cost</b>		
Bank loan	1,953,177	2,254,578
Terms and conditions		
Interest is calculated at 5.00% interest rate and the loan will be fully redeemed on 30 September 2027		
<b>Non-current liabilities</b>		
At amortised cost	927,264	1,956,696
<b>Current liabilities</b>		
At amortised cost	1,025,913	297,882

**Walter Sisulu Local Municipality**  
Financial Statements for the year ended June  
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**17. Provisions**

**Reconciliation of provisions - 2022**

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	40,264,584	3,679,713	43,944,297

**Reconciliation of provisions - 2021**

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	36,893,964	3,370,620	40,264,584

**Environmental rehabilitation provision**

The provision relates to the rehabilitation of the Landfill site. The operation, licencing, management and closure of landfill sites in South Africa is highly regulated.

Currently, landfill sites are regulated under the Waste Act, that is binding on all spheres of government, and any person that undertakes an activity that produces waste or involves the handling of waste. The Waste Act should be read with the National Environmental Act, Act No. 107 of 1998 that provides the legislative framework for environmental protection.

The Minimum Requirements establish a framework for all technical aspects of the licencing, operation, management, rehabilitation, monitoring and closure of the landfill site.

Closure is the final step in the operation of the landfill site. The rehabilitation of the landfill site is required to ensure that the site is environmentally acceptable after the landfill site has stopped receiving waste.

Although certain sites have been issued with closure licences, it is estimated that no site will be rehabilitated within 1 year from reporting date and thus there are no short term portion associated with this provision.

The timing of the outflow of resources relating this provision is uncertain, but management expects the timing to be in line with the legal requirements subsequent to the expected closure date of the site as indicated below:

**Landfill site**

Aliwal North - Rehabilitation date 2026	27,601,779	27,601,779
Burgersdorp - Closure licence has been issued	7,702,739	7,702,739
Jamestown - Rehabilitation date 2032	19,006,712	19,006,712
Steynsburg - Rehabilitation date 2028	10,456,993	10,456,993
Venterstad - Closure licence has been issued	4,899,350	4,899,350
	<b>69,667,573</b>	<b>69,667,573</b>

**18. Payables from exchange transactions**

Trade payables	527,766,749	434,192,995
Payments received in advance	15,510,338	22,337,180
Retentions	3,245,558	2,901,762
Joe Gqabi District Municipality (Water and Sanitation)	14,678,375	14,678,375
Deposits received	180,500	180,500
Unallocated Deposits	12,249,678	2,312
Prepaid Electricity	679,787	457,931
Interest Accrued	14,335	14,335
	<b>574,325,320</b>	<b>474,765,390</b>

**19. Consumer deposits**

Electricity	2,404,472	2,163,582
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**19. Consumer deposits (continued)**

The carrying amount of consumer deposits are in line with the fair value. The outstanding balance does not attract any interest.

**20. Service charges**

Sale of electricity	130,248,270	130,152,957
Refuse removal	19,477,086	18,519,276
	<b>149,725,356</b>	<b>148,672,233</b>

**21. Rental of facilities and equipment**

**Premises**

Premises	1,956,850	2,398,704
Hall hire	128,080	57,359
	<b>2,084,930</b>	<b>2,456,063</b>

**Facilities and equipment**

Rental of facilities	28,675	6,949
	<b>2,113,605</b>	<b>2,463,012</b>

**22. Fines, Penalties and Forfeits**

Meter Tempering	49,345	44,193
Overdue Books Fines	399	-
Traffic Fines	300,455	249,652
	<b>350,199</b>	<b>293,845</b>

**23. Agency services**

Management Fees	279,837	3,946,873
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**24. Licences and permits**

Licence and permit Fees	2,430,703	2,073,710
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Figures in Rand	2022	2021
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**25. Property rates**

**Rates received**

Property rates	48,862,327	43,385,772
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**Valuations**

Albert RD	3,062,329,906	2,064,474,790
Aliwal North	2,749,261,470	2,668,010,797
Aliwal North RD	2,511,542,814	1,182,486,419
Burgersdorp	974,453,914	799,847,052
Colesburg RD	286,513,800	173,578,273
Dukathole	424,285,601	424,011,409
Jamestown	199,002,826	164,994,607
Khayamnandi	102,081,600	102,096,005
Middleburg RD	600,000	600,000
Molteno RD	11,500,000	11,500,000
Mzamomhle	264,158,301	264,158,300
Odendaalstroom	456,900	456,900
Oviston	100,674,008	100,626,008
PHILIPPOLIS RD	1,050,000	1,050,000
Steynsburg RD	1,192,059,424	1,261,855,309
Venterstad	250,971,263	232,160,628
Wodehouse RD	1,687,091,830	809,364,748
Steynsburg	245,626,228	-
	<u>4,063,659,885</u>	<u>0,261,271,245</u>

Valuations on land and buildings are performed every 4-5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis and monthly. The monthly rates are payable on due and annual rates are payable before 30 September, interest is levied at the prime Interest at prime plus 1% per annum

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of Property Rates Act.

**Property rates**

Residential properties	0.00981970	0.00945111
Residential properties mixed use	0.01866945	0.01796867
Commercial/Business properties	0.01150814	0.01058907
Industrial properties	0.01150814	0.01107617
Public Service Infrastructure properties (25% of Residential properties)	0.00245493	0.00236278
Agricultural properties used for agricultural purposes	0.00140032	0.00134776
Agricultural properties used for commercial/industrial purposes/wind farm/solar	0.00140032	0.00134776
Agricultural properties used for eco-tourism, conservation	0.00140032	0.00134776
Agriculture trading in or hunting of game	0.00532785	0.00512786
Agricultural properties not used for any purpose/ purpose	0.02197714	0.02115220
Agriculture farms used for private Towns	-	0.02115220
unknown to the municipality	0.02197714	-
State-owned properties	0.02197714	0.02115220
State-owned properties that provide regional or district wide services	0.02197714	-
State-owned properties that provide provincial or national services	0.02197714	-
Vacant properties	0.02489397	0.02395955
	<u>-</u>	<u>-</u>

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<b>26. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	64,368,000	72,408,000
Expanded Public Works Program (EPWP)	1,328,000	1,190,000
Greening and Beautification	-	442,525
Financial Management Grant (FMG)	2,100,000	2,000,000
National Treasury Audit Fees Grant -1%	4,608,060	2,162,856
Skills Development Fund	162,130	135,915
Library Grant	2,000,000	2,000,000
Municipal Infrastructure Grant	986,150	708,400
	<b>75,552,340</b>	<b>81,047,696</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	13,056,466	13,246,984
Integrated National Electricity Programme	116,433	-
	<b>13,172,899</b>	<b>13,246,984</b>
	<b>88,725,239</b>	<b>94,294,680</b>

**Conditional and Unconditional**

Included in above are the following grants and subsidies received:

Conditional grants received	24,357,239	21,886,680
Unconditional grants received	64,368,000	72,408,000
	<b>88,725,239</b>	<b>94,294,680</b>

**Equitable Share**

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury

**Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year	212,616	1,345,310
Current-year receipts	13,830,000	14,168,000
Conditions met - transferred to revenue	(14,042,616)	(13,955,384)
Returned to National Revenue Fund	-	(1,345,310)
	<b>-</b>	<b>212,616</b>

Conditions still to be met - remain liabilities (see note 15).

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

**Integrated National Electrification Programme (INEP)**

Balance unspent at beginning of year	1,593,492	4,787,182
Conditions met - transferred to revenue	(1,593,492)	-
Returned to National Revenue Fund	-	(3,193,690)
	<b>-</b>	<b>1,593,492</b>

Conditions still to be met - remain liabilities (see note 15).

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

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<b>26. Surrender of surpluses (continued)</b>		
<b>Other Grants (Including Housing Grant)</b>		
Balance unspent at beginning of year	835,246	3,991,747
Current-year receipts	-	2,000,000
Conditions met - transferred to revenue	-	(2,442,526)
Written off	-	(2,713,975)
	<b>835,246</b>	<b>835,246</b>
Conditions still to be met - remain liabilities (see note 15).		
Other Grants include Spatial Development Plan, 1218 Link Houses, Area 5 services, Jamestown 858 Houses, Land Survey Management, LED Garden Project Jamestown, Greening and Beautification Grant.		
<b>Joe Gqabi District Municipality Grant</b>		
Balance unspent at beginning of year	1,489,886	1,489,886
Conditions still to be met - remain liabilities (see note 15).		
The grant is allocated for the following purposes:		
- Street refurbishment Aliwal North		
- Fencing of Community Hall		
- Sports track upgrading		
During the current financial year no expenditure was incurred in respect of the Grant.		
<b>Financial Management Grant (FMG)</b>		
Current-year receipts	2,100,000	2,000,000
Conditions met - transferred to revenue	(2,100,000)	(2,000,000)
	-	-
Conditions still to be met - remain liabilities (see note 15).		
The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
<b>Expanded Public Works Program (EPWP)</b>		
Current-year receipts	1,328,000	1,190,000
Conditions met - transferred to revenue	(1,328,000)	(1,190,000)
	-	-
<b>National Treasury Audit Fees Grant -1%</b>		
Current-year receipts	4,608,060	2,162,856
Conditions met - transferred to revenue	(4,608,060)	(2,162,856)
	-	-
<b>Skills Development Fund</b>		
Current-year receipts	162,130	135,915
Conditions met - transferred to revenue	(162,130)	(135,915)
	-	-

**Walter Sisulu Local Municipality**  
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Figures in Rand	2022	2021
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**26. Surrender of surpluses (continued)**

Conditions still to be met - remain liabilities (see note 15).

The skills Development Grant is utilised to cover expenditure relating to training.

**Library Grant**

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

The Library Grant is used for maintaining the local libraries in the municipal area.

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<b>27. Employee related costs</b>		
Basic	72,804,763	72,912,337
Bonus	5,355,254	5,091,939
Medical aid - company contributions	4,140,659	3,170,686
UIF	12,341,875	11,390,739
SDL	866,858	1,600,975
Other payroll levies	342,679	97,019
Leave pay provision charge	2,110,317	559,294
Travel, motor car, accommodation, subsistence and other allowances	3,733,976	2,814,113
Overtime payments	2,521,683	2,724,361
Long-service awards	211,876	423,617
Acting allowances	287,789	410,976
Housing benefits and allowances	301,933	248,060
Cellphone allowance	(141,086)	677,678
Standby allowance	406,088	719,686
Long-term benefits - incentive scheme	1,243,982	802,714
	<b>106,528,646</b>	<b>103,644,194</b>
<b>Remuneration of municipal manager - F.K.P Ntlemeza</b>		
Annual Remuneration	187,598	760,783
Travel and subsistence, telephone, motor car, housing and other allowances	78,979	460,625
Contributions to UIF, SDL and Council levy	2,974	-
Leave Pay	195,425	-
Pension Fund	22,223	-
	<b>487,199</b>	<b>1,221,408</b>
<b>Remuneration of Municipal Manager - K Gashi (Appointed 1 April 2022)</b>		
Annual Remuneration	222,644	-
Travel and subsistence, telephone, motor car, housing and other allowances	76,791	-
Contributions to UIF, SDL and Council levy	3,147	-
Pension Fund	30,000	-
	<b>332,582</b>	<b>-</b>
<b>Remuneration of Chief Finance Officer - Y Ngqele</b>		
Annual Remuneration	640,334	640,333
Car Allowance	291,311	377,136
Contributions to UIF, Medical and Pension Funds	10,343	-
Other	113,373	-
	<b>1,055,361</b>	<b>1,017,469</b>
<b>Remuneration the Director of Community Servives - Z E Phungwani</b>		
Annual Remuneration	682,706	737,206
Travel and subsistence, telephone, motor car, housing and other allowances	287,628	280,264
Bonus	78,147	-
Contributions to UIF, SDL and Council levy	10,763	-
Acting allowance	30,835	-
	<b>1,090,079</b>	<b>1,017,470</b>

**Walter Sisulu Local Municipality**  
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Figures in Rand	2022	2021
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**27. Employee related costs (continued)**

**Remuneration of the Director Technical Services - TP Mosompa**

Annual Remuneration	610,823	509,112
Travel and subsistence, telephone, motor car, housing and other allowances	321,619	245,511
Contributions to UIF, SDL and Council levy	11,293	-
	<b>943,735</b>	<b>754,623</b>

**Remuneration of the Director of Corporate Services - R Godsson**

Annual Remuneration	595,567	446,764
Travel and subsistence, telephone, motor car, housing and other allowances	449,577	316,338
Contributions to UIF, SDL and Council levy	12,162	-
	<b>1,057,306</b>	<b>763,102</b>

**Remuneration of the Director of IPED Services - VE Barnes**

Annual Remuneration	559,921	-
Travel and subsistence, telephone, motor car, housing and other allowances	294,344	-
Contributions to UIF, SDL and Council levy	10,352	-
	<b>864,617</b>	<b>-</b>

**28. Remuneration of councillors**

Councillors	6,755,522	6,647,617
Travelling Allowance	797,600	330,272
Telephone Allowance	950,475	1,329,293
	<b>8,503,597</b>	<b>8,307,182</b>

**Additional information**

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

**29. Depreciation and amortisation**

Property, plant and equipment	24,533,931	24,849,807
Investment property	318,242	318,242
Intangible assets	811,821	561,059
	<b>25,663,994</b>	<b>25,729,108</b>

**30. Finance costs**

Non-current borrowings	-	96,574
Trade and other payables	28,752,157	3,381,524
Provisions	3,785,082	3,370,620
Employee benefits	3,331,765	7,437,337
	<b>35,869,004</b>	<b>14,286,055</b>

**31. Debt impairment**

Debt impairment	9,980,465	27,376,902
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**Walter Sisulu Local Municipality**  
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Figures in Rand	2022	2021
<b>32. Bulk purchases</b>		
Electricity - Eskom	128,380,522	106,094,076
<b>Electricity losses</b>		
Units purchased (Kwh)	85,884,645	86,870,686
Units sold	(68,618,498)	(69,615,636)
<b>Total loss</b>	<b>17,266,147</b>	<b>17,255,050</b>
<b>33. General expenses</b>		
Advertising	286,265	357,165
Auditors remuneration	7,100,970	7,325,523
Bank charges	336,204	441,666
Cleaning	2,609,859	1,163,636
Commission paid	1,227,653	787,174
Consulting and professional fees	2,035,579	6,983,189
Consumables	(140,380)	31,600
Electricity	198,733	2,841,383
Fuel and oil	1,732,585	3,513,444
General Expenditure	9,116,596	12,685,826
Hire	39,250	-
Insurance	2,565,065	2,409,294
License fees	917,075	478,423
Magazines, books and periodicals	1,240	304,936
Operating Grant Expenditure	1,580,485	2,390,000
Postage and courier	-	(9,639)
Printing and stationery	54,537	551,640
Projects from own funds	-	132,379
Protective clothing	33,087	(370,956)
Repairs and maintenance	11,853,217	5,407,039
Security (Guarding of municipal property)	2,880,807	3,250,144
Subscriptions and membership fees	609,701	4,064,475
Telephone and fax	3,445,247	3,167,703
Training	498,800	701,257
Travel - local	4,020,691	1,984,751
Valuation Costs	171,483	422,189
	<b>53,174,749</b>	<b>61,014,241</b>
<b>34. Fair value adjustments</b>		
Biological assets - (Fair value model)	(295,873)	(943,516)
<b>35. Auditors' remuneration</b>		
Fees	7,100,970	7,325,523



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<b>36. Cash generated from operations</b>		
Deficit	(49,539,019)	(34,373,709)
<b>Adjustments for:</b>		
Depreciation and amortisation	25,663,994	25,729,108
Fair value adjustments	295,873	943,516
Finance costs - Finance leases	3,785,082	3,370,620
Debt impairment	9,980,465	27,376,902
Movements in retirement benefit assets and liabilities	5,596,496	5,007,873
Movements in provisions	3,679,713	3,370,620
<b>Changes in working capital:</b>		
Inventories	(140,380)	(20,802)
Receivables from exchange transactions	(79,298,613)	-
Receivables (Exchange and non-exchange)	(9,980,465)	(76,536,947)
Other receivables from non-exchange transactions	(11,259,551)	-
Payables from exchange transactions	133,616,441	43,457,743
VAT	362,872	26,865,374
Unspent conditional grants and receipts	(1,806,108)	(7,482,885)
Consumer deposits	240,890	(188,862)
	<b>31,197,690</b>	<b>17,518,551</b>

**37. Financial instruments disclosure**

**Categories of financial instruments**

**2022**

**Financial assets**

	At amortised cost	Total
Trade and other receivables from exchange transactions	163,897,547	163,897,547
Other receivables from non-exchange transactions	41,495,772	41,495,772
Cash and cash equivalents	24,774,166	24,774,166
	<b>230,167,485</b>	<b>230,167,485</b>

**Financial liabilities**

	At amortised cost	Total
Other financial liabilities	1,953,177	1,953,177
Trade and other payables from exchange transactions	578,312,915	578,312,915
Taxes and transfers payable (non-exchange)	3,802,192	3,802,192
	<b>584,068,284</b>	<b>584,068,284</b>

**2021**

**Financial assets**

	At amortised cost	Total
Trade and other receivables from exchange transactions	91,731,151	91,731,151
Other receivables from non-exchange transactions	30,374,797	30,374,797
Cash and cash equivalents	10,829,204	10,829,204
	<b>132,935,152</b>	<b>132,935,152</b>

**Financial liabilities**

**Walter Sisulu Local Municipality**  
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**37. Financial instruments disclosure (continued)**

	At amortised cost 3,802,192	Total
Other financial liabilities		3,802,192
Trade and other payables from exchange transactions	440,715,405	440,715,405
Taxes and transfers payable (non-exchange)	4,131,240	4,131,240
	<b>448,648,837</b>	<b>448,648,837</b>

**38. Commitments**

**Authorised capital expenditure**

**Already contracted for but not provided for**

• Property, plant and equipment	8,947,362	23,582,946
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**Total capital commitments**

Already contracted for but not provided for	8,947,362	23,582,946
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This committed expenditure relates to property and will be financed by available bank facilities and government grants.

**Walter Sisulu Local Municipality**  
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<b>39. Contingencies</b>		
<b>Contingent liabilities</b>		
The municipality has been served with summons on 3 November 2021, per case number 307/21, by a plaintiff whose motor vehicle collided with a pothole. The matter is still pending and there have been no further developments. The municipality intends to defend the matter.	50,617	-
The municipality was served with summons on 9 July 2021, per case number 2056/21, by a plaintiff in respect of professional services rendered by the plaintiff and allegedly not paid by the municipality. The municipality is defending the matter	8,695,711	-
The municipality was served with summons on 16 February 2022 per case number 25/22 by a plaintiff whose vehicle suffered damaged as a result of a collision with another vehicle, and the plaintiff imputes the cause of the accident to potholes and general poor road maintenance by the municipality. The municipality will be defending this matter.	68,036	-
A bidder who lost a bid as a service provider has approached the High Court in Makhanda seeking to review the tender award, per case number 977/21. The municipality is defending the matter.	801,922	801,922
This is a matter in which is pending before the Supreme Court of Appeal in Mangaung. As a result of the persistent failure of the Walter Sisulu Local Municipality to diligently survive and finally pay off its account with Eskom, Eskom issued a notice to discontinue supply of electricity to the town of Maletswai. The appellant, who operates a food manufacturing business in Maletswai, approached the High Court in Makhanda, per case number 00016/2018, citing Eskom as the first responded and the municipality as the second respondent. The municipality did not enter a plea to defend the matter. The High Court ruled against the prayer of the appellant, who has now approached the SCA to review the High Court decision.	145,000,000	145,000,000
Summons were served on the municipality on 3 November 2021, per case number W345, by a plaintiff who alleges to have injured herself when she accidentally fell in a hole inside a community owned by the municipality. The municipality is defending the matter.	11,899,000	-
The plaintiff summonsed the municipality, per case number 57/2020, claiming damages for alleged injuries after a sidewalk fall. The municipality is defending the matter.	1,900,000	1,900,000
Nomagwayi Developers filed a lawsuit against the erstwhile Maletswai Local Municipality for failure to honour the tripartite agreement to avail 420 erven for low cost housing project in Aliwal North, claiming loss of income anticipated from conveyancing fees. The municipality was successful. Although the plaintiff took the matter on appeal, there have been no further developments and the matter is now considered prescribed.	-	3,000,000
	<b>168,415,286</b>	<b>150,701,922</b>

The municipality investigated the prior year contingent liabilities disclosed and found errors in the cases disclosed. As such the prior year was restated. Please refer to note 41 for a description of the restatement.

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 40. Related parties

Relationships	
Accounting Officer	Refer to Accounting Officer's Responsibilities and
Approval	
Members of key management (Including to the Accounting Officer)	Refer to Employee Related Cost note 30
Councillors	Refer to Remuneration of councillors Note 31

Related parties are defined in the accounting policies.

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

Other related parties transactions relates to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given. The provision for doubtful debts is not made as the municipality is not owed by the supplier and no bad debts expense was recognised on these related parties.

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 27 and 28.

Walter Sisulu Local Municipality provides a site in Obbiebron Flats to Joe Gqabi Development Agency at no cost to the entity

### 41. Prior period errors

1. The long term loan from DBSA was not reconciled with the loan confirmation from DBSA resulting in differences between the confirmation and Annual Financial Statements. The municipality has reconciled the liability as at 30 June 2021 which resulted in the following corrections: Increase in Long term liabilities by R515 400, increase in finance charges by R96 574, decrease in General expenses by R203 907, decrease in Payables from Exchange transactions by R37 753 and the decrease in Opening Accumulated Surplus by R584 980.
2. There were errors on the engineer's report valuing the provision for rehabilitation of landfill sites. A new engineer was appointed in 2022 and the corrections were made retrospectively in accordance with GRAP 3. The corrections resulted in the increase in Provisions by R6 293 732, Increase in Property, plant and equipment by R911 049, increase in Depreciation for the year by R822 773, increase in Finance costs by R1 986 113, and decrease in Opening Accumulated Surplus by R2 573 797.
3. The municipality investigated the prior year contingent liabilities disclosed and found errors in the cases disclosed. As such the prior year was restated. The correction resulted in the decrease in Contingent liabilities by R378 078.
4. The municipality investigated the entire 2021 expenditure population for possible irregular expenditure. Various irregular expenditure that was not previously disclosed were identified. The correction resulted in the increase in irregular expenditure by R9 556 012.
5. The Fixed asset register was recompiled due to material errors on the previous asset register. The correction results in the increase in Investment Property by R104 625 543, increase in Property, plant and equipment by R465 683 015, increase in heritage assets by R42 567 855, and the decrease in depreciation by R25 676 282.
6. A difference of R3 272 986 was identified between the bank statement and general ledger due to an incorrect journal processed to bank and cash. The correction results in the increase in cash and cash equivalents and trade payables by R3 272 986.
7. The receivables balance was reconciled with the debtors age analysis and differences were corrected. The correction results in the increase in receivables from exchange transactions by R39 107 188, increase by R6 093 094, increase in service charges by R1 913 101 and the decrease in debt impairment by R30 061 246.

The correction of the error(s) are disclosed in note 42.

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

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### 42. Prior-year adjustments

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

#### Statement of financial position

##### 2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Other financial liabilities		(1,739,177)	(477,647)	(37,753)	(2,254,577)
		-	-	37,753	37,753
Provisions		(33,970,852)	(6,293,732)	-	(40,264,584)
Investment Property		150,995,942	104,625,543	-	255,621,485
Property, plant and equipment		535,732,214	465,683,015	-	1,001,415,229
Receivables from exchange transactions		52,623,963	39,107,188	-	91,731,151
Receivables from non-exchange transactions		24,281,703	6,093,094	-	30,374,797
VAT receivable		50,306,544	25,211	-	50,331,755
Cash and cash equivalents		7,556,217	3,272,987	-	10,829,204
Heritage assets		2,984,705	42,567,855	-	45,552,560
Payables from exchange transactions		(411,884,177)	(28,831,228)	-	(440,715,405)
Consumer deposits		(2,373,873)	210,291	-	(2,163,582)
		<b>374,513,209</b>	<b>625,982,577</b>		<b>- 1,000,495,786</b>

#### Statement of financial performance

##### 2021

	Note	As previously reported	Correction of error	Restated
Finance costs		12,203,368	2,082,687	14,286,055
General Expenses		46,512,898	(37,882)	46,475,016
Depreciation and amortisation		47,548,179	(25,676,282)	21,871,897
Service charges		(145,153,760)	(1,913,101)	(147,066,861)
Debt Impairment		48,050,690	(30,061,246)	17,989,444
<b>Surplus for the year</b>		<b>9,161,375</b>	<b>(55,605,824)</b>	<b>(46,444,449)</b>

### 43. Risk management

#### Financial risk management

The municipality is potentially exposed to the following risks:

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

Figures in Rand	2022	2021
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### 43. Risk management (continued)

#### 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.

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

2022 years	Within 1 Year	Two to five years	After five years
Annuity Loans	405,559	1,547,618	-
Payables from exchange transactions	541,051,083	-	-
	<b>541,456,642</b>	<b>1,547,618</b>	<b>-</b>
2021	Within 1 Year	Two to five years	After five years
Annuity Loans	405,559	1,622,236	608,339
Payables from exchange transactions	413,563,244	-	-
	<b>413,968,803</b>	<b>1,622,236</b>	<b>608,339</b>

#### Market risk

##### Interest rate risk

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.

The following balances are exposed to interest rate fluctuations:

#### Heading

Cash and Cash Equivalents (Excluding Cash on Hand)	24,774,166	10,829,204
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The long term liability from DBSA is not included in above table as it has a fixed interest rate.

The 2021 balances have been restated to remove the long term liability and include trade payables. Potential

effect of changes in interest rates on surplus and deficit for the year/period:

0.5% increase in interest rates is R216 334 (2021: R 216 334)

1% decrease in interest rates is R 432 662 (2021: R 432 662)

#### Currency risk

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

The financial instruments of the municipality is not directly exposed to any currency risk.

**Walter Sisulu Local Municipality**  
Financial Statements for the year ended June  
30, 2022

Figures in Rand	2022	2021
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**43. Risk management (continued)**

**Price risk**

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

The Municipality is not exposed to other price risk.

**44. Going concern**

We draw attention to the fact that at June 30, 2022, the municipality had an accumulated surplus (deficit) of R 909,617,403 and that the municipality's total liabilities exceed its assets by R 909,617,403.

The 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 Municipality currently operates in a very severe fiscal environment requiring a number of austerity and cost containment measures to be implemented as it currently cannot service its short term debt and financial commitments from its current available cash resources and allocated Government Grants.

The 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.

Although the Financial Statements have been prepared on a going concern basis it should be noted that there is uncertainty over the municipality's ability to continue as a going concern due to its current liabilities exceeding current assets. The municipality may not be able to meet its short term obligations.

**45. Events after the reporting date**

No events after the reporting date requiring adjustment or disclosure.

**46. Unauthorised expenditure**

Opening balance as previously reported	130,880,648	374,814,374
Add: Unauthorised expenditure - current	25,838,281	116,305,926
Less: Amount recovered - current		(360,239,652)
<b>Closing balance</b>	<b>156,718,929</b>	<b>130,880,648</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

**The over expenditure incurred by municipal departments during the year is attributable to the following categories:**

Non-cash	25,838,281	60,553,032
Cash	-	50,007,511
	<b>25,838,281</b>	<b>110,560,543</b>

**Analysed as follows: non-cash**

Depreciation and amortisation	25,838,281	31,710,894
Provision of impairment	-	28,842,138
	<b>25,838,281</b>	<b>60,553,032</b>

**Walter Sisulu Local Municipality**  
Financial Statements for the year ended June  
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Figures in Rand	2022	2021
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**46. Unauthorised expenditure (continued)**

**Analysed as follows: cash**

Bulk purchases	-	40,041,552
General expenditure	-	3,419,496
Employee related costs	-	(4,995,063)
Finance charges	-	11,541,526
	-	<b>50,007,511</b>

**Unauthorised expenditure: Budget overspending – per municipal department:**

Executive and Council	-	(601,613)
Office of the Municipal Manager	-	(3,375,219)
Budget and Treasury Office	25,517,015	54,162,119
Technical Services	-	40,684,483
Corporate Services	-	4,693,181
Community Services	-	16,766,143
Planning & Development	321,267	(1,768,551)
	<b>25,838,282</b>	<b>110,560,543</b>

**Recoverability steps taken/criminal proceedings**

The unauthorised expenditure is being investigated.

**Disciplinary steps taken/criminal proceedings**

No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

**47. Fruitless and wasteful expenditure**

Opening balance as previously reported	214,957,462	107,358,265
Add: Fruitless and wasteful expenditure identified - current	33,904,601	240,932
Less: Amount written off - current	-	107,358,265
<b>Closing balance</b>	<b>248,862,063</b>	<b>214,957,462</b>

Fruitless and wasteful expenditure is disclosed inclusive of VAT



# Walter Sisulu Local Municipality

Financial Statements for the year ended June 30, 2022

## Notes to the Financial Statements

Figures in Rand	2022	2021
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### 47. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure

#### Disciplinary steps taken/criminal proceedings

Late payment interest	Under investigation	33,904,601	240,932
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### 48. Irregular expenditure

Opening balance as previously reported	75,116,999	122,566,109
Add: Irregular expenditure - current	8,712,298	29,257,355
Less: Amount written off - current	-	(76,706,465)
<b>Closing balance</b>	<b>83,829,297</b>	<b>75,116,999</b>

Incidents/cases identified/reported in the current year include those listed below:

#### Disciplinary steps taken/criminal proceedings

SCM Procedures not followed on i.e Insufficient quotes	None at this stage	90	5,573,240
Suppliers whose tax affairs are not in order	None at this stage	4	185,575
Deviation not valid	None at this stage	5	95,242
MBD4 Declaration not provided	None at this stage	32	2,858,241
		<b>131</b>	<b>8,712,298</b>

# Walter Sisulu Local Municipality

Financial Statements for the year ended June  
30, 2022

Figures in Rand	2022	2021
<b>49. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance		- 8,201,801
<b>Audit fees</b>		
Opening balance	3,901,415	6,438,830
Current year subscription / fee	7,851,210	5,177,170
Credit Note	-	(304,668)
Amount paid - current year	(5,861,487)	(5,216,017)
Interest on Outstanding Audit Fees	235,710	302,990
Interest waived by Audit General	-	(334,034)
National Treasury Rebates Received	(4,007,009)	(2,162,856)
	<b>2,119,839</b>	<b>3,901,415</b>
<b>PAYE and UIF</b>		
Current year subscription / fee	13,720,452	13,518,220
Amount paid - current year	(13,724,628)	(13,518,220)
	<b>(4,176)</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	2,172,267	-
Current year subscription / fee	57,480,648	23,644,002
Amount paid - current year	(24,349,853)	(21,471,735)
Amount paid - previous years	(2,172,267)	-
	<b>33,130,795</b>	<b>2,172,267</b>
<b>VAT</b>		
VAT receivable	21,885,019	22,247,891

All VAT returns have been submitted by the due date throughout the year.

# Walter Sisulu Local Municipality

## Financial Statements for the year ended June 30, 2022

Figures in Rand 2022 2021

### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2022:

June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	TotalR
Cllr V Busakwe	778	15	793
Cllr B Hukwe	77	1	78
Cllr M Jan	7,236	1,264	8,500
Cllr M Jan	2,283	1,728	4,011
Cllr I London	6,125	350	6,475
Cllr I London	9,210	191	9,401
Cllr WM Moeti	22,589	1,574	24,163
Cllr TD Matlotlo	728	1,124	1,852
Cllr V Mnana	1,903	304	2,207
Cllr V Mnana	17,065	1,461	18,526
Cllr WC Nodwele	60,915	1,825	62,740
Cllr WC Nodwele	1,654	264	1,918
Cllr VD Davids	131,353	4,082	135,435
Cllr Y Zweni	3,537	656	4,193
	<b>265,453</b>	<b>14,839</b>	<b>280,292</b>

June 30, 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	TotalR
			359
Cllr N Ngubo	-	359	
Cllr Y Zweni	-	599	599
Cllr M Solani	-	419	419
Cllr L Nkunzi	-	250	250
Cllr DM Jam	2,592	59	2,651
Cllr MNE Jordaan	83,622	646	84,268
Cllr DF Hartkopf	-	2,335	2,335
Cllr DU Plessis	-	230	230
Cllr MW Mokhoabane	1,256	1,834	3,090
	<b>87,470</b>	<b>6,731</b>	<b>94,201</b>

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

## Walter Sisulu Local Municipality

Financial Statements for the year ended June  
30, 2022

### 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 municipal council and includes a note to the financial statements.

Walter Sisulu LM have incurred expenditure by not following the Supply Chain Management policy during the year. Three quotations were not obtained as per the SCM policy for various services. These procurement resulted to Deviations shown below.

<b>Deviation</b>	2022	2021
Impractical to follow SCM process	460,745	974,080
Emergency	3,021,093	1,276,592
Single provider	1,742,290	713,550
	<b>5,224,128</b>	<b>2,964,222</b>



**WALTER SISULU**  
LOCAL MUNICIPALITY  
*Botho Humanity Ubuntu*

**ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022**  
**COMPONENT C: AUDIT RESPONSE PLAN**

**AUDIT ACTION PLAN – 2021-22**

## Audit Action Plan

No	COAF NO	Component	Audit finding	Action to be Implemented/ Corrective measures	Responsible Official	CY Opinion	Priority	Start date	Progress	Target date	Progress to date/ status	Included in Restatement Plan	Supporting Evidence	Progress Update
1	34	Heritage assets valued using incorrect GRAP standard	Heritage assets valued using incorrect GRAP standard	The asset register will be adjusted and the correct GRAP standard will be applied.	Chief Financial Officer		High	01-Dec-22	Management has started working on the population of assets, the application of the correct GRAP standard is been implemented.	15-Jan-23	%	Yes	FAR	
2	70	Heritage Assets not verified	During the audit of property, plant and equipment a sample of assets were selected for verification; however, the verification process could not be finalized as the following selected assets could not be verified.	Management will ensure that access to all assets selected for verification are presented to the auditors	Chief Financial Officer		High	01-Dec-23	Management has verified these to confirm existed. Will await for the auditors when they come again for the re verification of these assets.	30-Mar-23	%	Yes	Verification report	
3	68	PPE:WIP not verified	During the audit of property, plant and equipment a sample of assets were selected for verification, however, the verification process could not be finalized as the majority of the selected assets could not be verified.	Management will ensure that access to all assets selected for verification are presented to the auditors	Chief Financial Officer		High	29-Mar-23	Management has verified these to confirm existed. Will await for the auditors when they come again for the re verification of these assets.	30-Mar-23	%	Yes	Verification report	

4	71	PPE: Infrastructure assets not verified	During the audit of property, plant and equipment a sample of assets were selected for verification, however, the verification process could not be finalized as the majority of the selected assets could not be verified.	Management will ensure that access to all assets selected for verification are presented to the auditors	Chief Financial Officer		High	29-Mar-23	Management has verified these to confirm existed. Will await for the auditors when they come again for the re verification of these assets.	30-Mar-23	%	Yes	Verification report	
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5	33	<p>Property, plant and equipment valued using incorrect GRAP standard</p>	<p>While auditing the assets of the Municipality it was noted that the directive 7 was used to determine the values of the asset in the year under review. The directive is only applicable where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on the transfer date or the merger date. In the year under review, the Municipality was not adopting the standard of GRAP and therefore the first requirement is not met. The second criteria which allows the use of directive is during the merger date. The merged entity is allowed to apply the directive within the period of two year from the merger date. In the case of the Walter Sisulu Local Municipality, the merger took place in 2016/17 financial year and therefore the allowable period lapsed at the end of 2018/19 financial year. The incorrect use of directive provide a material misstatement on the valuation of property plant and equipment for both current and prior year.</p> <p>Further to the above the municipality cannot indicate which assets on the register were identified and recorded for the first time in the current financial year and which ones were already recognised previously. This has resulted in the auditors not being able to determine what the values of assets which were previously recorded were and the subsequent revised values. We are limited to determine the prior year errors adjusted/restated per asset. As a result we are not able to</p>	<p>The asset register will be adjusted and the correct GRAP standard will be applied.</p>	<p>Chief Financial Officer</p>		High	01-Dec-22	<p>Management has started working on the popualtion of assets, the application of the correct GRAP standard is been implemented.</p>	15-Jan-23	%	Yes	FAR	
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[illegible]

6	98	Property plant and equipment – WIP cut-off	The following item recorded in the asset register had a different date to the date on the supplier invoices: Transaction date: 2021-09-09 FAR 2022-09-09 Supplier: Phumelele Dlomo	The WIP register will be adjusted and the Phumelele Dlomo invoice will be added to the register with the correct date.	Chief Financial Officer		High	01-Dec-22	The asset register has been updated with the correct date.	15-Dec-22	%	Yes	FAR	
7	98	Property plant and equipment – WIP misstatements	The following supplier invoices are not addressed to the Municipality	Management will ensure that invoice that are paid to the municipality the name of the municipality is written on it, instead of only writing the municipalities address and vat number	Chief Financial Officer		High	01-Dec-22	Management ensures that the minimum requirements of an invoices are all included before making a payment.	30-Jun-23	%	Yes	FAR	
8	98	Other Property plant and equipment inaccurate	Amount recorded in the asset register was different to the amount in the supplier invoices	The register will be updated and the amount reflecting on the invoice	Chief Financial Officer		High	01-Dec-22	The asset register has been updated with the correct amount.	01-Dec-22	%	Yes	FAR	
9	35	Investment property valued using incorrect GRAP standard	While auditing the assets of the Municipality it was noted that the directive 7 was used to determine the values of the asset in the year under review. The directive is only applicable where the acquisition cost of an asset is not available on the adoption of the Standards of GRAP or on the transfer date or the merger date. In the year under review, the Municipality was not adopting the standard of GRAP and therefore the first requirement is not met. The second criteria which allows the use of directive is during the merger date. The merged entity is allowed to apply the directive within the period of two year from the merger date. In the case of the Walter Sisulu Local Municipality, the merger took place in 2016/17 financial year and therefore	The asset register will be adjusted and the correct GRAP standard will be applied.	Chief Financial Officer		High	01-Dec-22	Management has started working on the population of assets, the application of the correct GRAP standard is been implemented.	15-Jan-23	%	Yes	FAR	

			<p>the allowable period lapsed at the end of 2018/19 financial year. The incorrect use of directive provide a material misstatement on the valuation of Investment property for both current and prior year.</p> <p>Further to the above the municipality cannot indicate which assets on the register were identified and recorded for the first time in the current financial year and which ones were already recognised previously. This has resulted in the auditors not being able to determine what the values of assets which were previously recorded were and the subsequent revised values. We are limited to determine the prior year errors adjusted/restated per asset. As a result we are not able to test the values of the Investment property as disclosed in the statement of financial position and note 4.</p>											
10	98	Other Property plant and equipment inaccurate	The following item amount recorded in the asset register was different to the amount in the supplier invoices	The register will be updated and the amount reflecting on the invoice	Chief Financial Officer		High	01-Dec-22	The asset register has been updated with the correct amount.	01-Dec-23	%	Yes	FAR	

11	69	PPE: Movable assets not verified	<p>The following list of assets were not verified</p> <p>FY Period Status Barcode Description Make Carrying amount - 202122</p> <p>Assets at Deemed Cost First Time Recognition JXR 940 EC VEHICLE LIGHT DUTY VEHICLE (LDV) NONE 136 330,52</p> <p>Assets at Deemed Cost First Time Recognition EYH146EC VEHICLE LIGHT DUTY VEHICLE (LDV) NONE 136 330,52</p> <p>Assets at Deemed Cost Verified BWK701EC VEHICLE LIGHT DUTY VEHICLE (LDV) HILUX 34 082,63</p> <p>Assets at Deemed Cost Verified DGW094EC VEHICLE LIGHT DUTY VEHICLE (LDV) NONE 13 633,05</p> <p>Assets at Deemed Cost First Time Recognition R1599 TRUCK REFUSE NONE 771 783,16</p> <p>R1 092 159,89</p>	Management will ensure that access to all assets selected for verification are presented to the auditors	Chief Financial Officer		High	01-Dec-22	Management has verified theses to confirm existed. Will await for the auditors when they come again for the re verification of these assests.	30-Mar-23	%	Yes	FAR	
12	30	SCM internal control deficiencies	Through request for information 35 of 2021/22 for evidence of trainings attended by SCM officials of the municipality. Management has submitted an attendance register and report of training attended in October 2020 by one of the SCM officials. The municipality has not ensured that SCM official attend training on a regular basis to reduce the risk of material non-compliance with the prescripts. The municipality is continuing to incur a significant amount of irregular expenditure every year due to non-compliance with SCM regulations.	All the permanent SCM officials have acquired minimum requirements required by National Treasury (CPMD) and the officials are waiting for the introduction of new training programme from Treasury and Skills Development Officer to capacitate them. SCM practinioner will, attend training annually.	Chief Financial Officer	High	High	01-Dec-22	Awaiting for Skills Development Officer	30-Jun-23	%	No	Attendanc e register and cerificates	

13	26	SCM: Award made to state employees	While auditing the SCM, we have noted, through our CAATs data that the municipality did business with the below listed suppliers even though the said suppliers are owned by directors who are in business with the state.	Ensure suppliers complete MBD4 and verification of completed information on the Central Suppliers Database. Send the list of default suppliers to NT for blacklisting	Chief Financial Officer	High	High	01-Jul-22	Implementation of declarations and verification on CSD is WIP	30-Jun-23	%	No	Completed and signed MBD4 and CSD	
14	26	SCM: Procuring goods without obtaining three quotation and/or valid reason for deviating not recorded	While auditing procurement and contract management it was noted that the municipality did not obtain three quotations and did not record reasons why it was impossible to obtain at least three quotations. Below is the list of suppliers where this non-compliance were noted.	All payment vouchers to be attached three quotation before payement is made. To strenghten the internal controls there is one deviation form that is used by the municipality and it signed by the HOD, SCM Manager, CFO and approved by the Accounting Officer	Chief Financial Officer	High	High	01-Jul-22	Approval of deviation before procurement is continous	30-Jun-23	%	No	Approved Deviation Memorandum	
15	26	SCM: Split procurement	It was also noted that the following supplier was appointed twice for the same job on the basis that the location of the job was different. The total amount of the contracts combined is R339 000 which is outside quotation threshold.	Verify Purchase Requisitions before processing. Appointment and sign a services level agreement with a panel of suppliers for electrical maintemance materials and tools to avoid emergency procurement	Chief Financial Officer	High	High	01-Jan-23	Advert has been published and waiting for the closing date of the bid	31-Jan-22	%	No	Approved Deviation Memorandum	

16	26	SCM: Procurement through quotation process instead of competitive bidding	Conlog Solutions was appointed through quotation processes even though the quotation amount was R307 000 which is above the threshold of R200 000 (both SCM policy and SCM regulation chapter 12(1) C are against that.	The municipality will initiate a process of concluding an service level agreement with Conlog as a sole supplier of pre-paid matters	Chief Financial Officer	High	High	WIP	None	30-Jun-23	%	No	Service Level Agreement	
17	26	SCM: Awarding contracts to persons whose tax matters are not in order	While auditing procurement processes and contract management it was not noted that Imbokotho Security Services was appointed and paid an amount of R109 793 even though as per their CSD report attached to the payment voucher they were not tax compliant	All request for quotation must stipulates tax clearance as a compulsory returnable documents	Chief Financial Officer	High	High	WIP	From 01 July 2022 to date	30-Jun-23	%	No	Valid Tax Clearance	
18	26	SCM: Supplier did not declaration interest	While auditing procurement processes and contract management it was noted that Aliwal Dolerite Quarry and Imbokotho Security were appointed and paid without evidence of them declaring the interest.	All service provider to complete MBD 4	Chief Financial Officer	High	High	WIP	Ongoing	30-Jun-23	%	No	Completed and Signed MBD4	

19	26	SCM: Non declaration of interest by suppliers who are in state	While auditing procurement processes and contract management it was noted that the following suppliers we appointed and paid by the Municipality even though they did not declare whether they have interest with the state. See below the details of the said suppliers	Ensure suppliers complete MBD4 and verification of completed information on the Central Suppliers Database. Send the list of default suppliers to NT for blacklisting	Chief Financial Officer	High	High	WIP	Ongoing	30-Jun-23	%	No	Completed and Signed MBD4 and Summary report of CSD	
20	37	SCM: No evidence that the performance of contractor was monitored	The information for contract performance management requested in RFI 25 due on the 09 September 2022 was not submitted for audit purposes. There is no evidence that the performance of the contractors was monitored on a monthly basis and performance measures in place to ensure effective contract management as required in MFMA 116(2)(b) and MFMA 116(2) (c) for the following contracts:	The municipality has since appointed the PMU Manager to monitor the performance and progress in all infrastructure projects. SCM unit will circulate the contract performance monitoring and evaluation to all departments	Chief Financial Officer	High	High	WIP	WIP	30-Jun-23	%	No	Performance rating Sheet	
21	72	SCM: Local Content not applied	During the audit of procurement and contract management, it was noted that the below awards were procured by the municipality in the year under review which are designated products for local content. Through inspection of the bid invitation/ Request for quotation, it was noted that there was no mention of minimum threshold for local content being one of the requirement for the awards.	Management will abide with the AG recommendations and will all the time comply with the local content requirements when procuring commodities designated for local production and content. Review the SCM Policy and give effect to Dti regulation with regard to new regulation	Chief Financial Officer	High	High	WIP	None	30-Jun-23	%	No	Completed and signed MBD 6.2	

22	60	Preferential Procurement Points 2017 system not used	There is no evidence that the preference points system 80/20 which is 80 points for price and 20 points for BBBEE, was considered prior the procurement of the following goods or services as required by the Preferential Procurement Policy Framework Act 2000 and Revised Preferential Procurement Regulations 2017:	Requirements of PPPFA are implemented as required by the Act and supply chain management processes are followed.	Chief Financial Officer	High	High	WIP	Continuous	30-Jun-23	%	No	Matrix / Point scoring sheet	
23	10	VAT receivable not supported by adequate evidence	Based on the audit work performed in the prior year, VAT receivable could not be audited due to the information submitted not auditable. In the current financial year the VAT receivable was restated and the adequate information supporting the restatement could not be provided. Further engagements were held with management on the 08 September 2022 to provide clarity on the information need to support the adjustments, however no submission was made till the date of issuing this communication. In the prior year AFS, VAT receivable was R50 306 544 while in the current year (2021/22 comparatives figure) VAT receivable is R21 236 563.	Management will restate the opening balance and current year	Chief Financial Officer		High	01-Jan-23	Management revised the response and the remaining differences were R12m and 17m  Therefore Management now is investigating J1-J6 as a follow up of the differences and prepare journals	30-Jun-23	%	Yes	Approved and processed Journal	
24	48	VAT accounting policy omitted from financial statement	During the audit of VAT receivable it was noted it is a significant line items and there was no accounting policy in the financial statements that outlines how VAT is accounted for by the municipality.	Management will include the omitted policy on the 2022 adjusted AFS	Chief Financial Officer		High	01-Jan-23	The omitted policy can only be included when the adjusted AFS are being done in January 2023	30-Jun-23	%	Yes	AFS	



25	9	Cash and cash equivalents – Outstanding deposits listing not submitted	Through inspection of the bank statement of the main bank account (FNB account 62476326965), we found that the balance on the 30th of June 2022 was R 8 588 634.58 while the balance as per the cashbook is R 8 674 280.85 which cause a difference of R 85 646.00. According to the reconciliation by the client this amount is due to outstanding deposits. However, the listing and break down of the deposits deposit for auditor's to be able to link trace them to the subsequent bank statements.	The finding was subsequently resolved	Chief Financial Officer		High	09-Dec-22	List of outstanding deposit was provided	09-Dec-22	%	Yes	Journals	Done
26	55	Biological Assets Fair Values Misstated	1. The incorrect fair value was used for both Buffalos and Elands in the asset register. Based on the Verification report submitted to auditors, the auditor noted the following misstatement. The calculation of the auditor and a quantified misstatement for Buffalos and Eland. This misstated can be the representation of all biological assets. 2.The calculation of the auditor compared to the valuations in the asset register values and the misstatement that arise where the difference is noted. 3. What informed the use of Family Group Average price for the biological assets? How was the average price determined for each Biological Asset per Western Cape Department of Agriculture Prices? The auditors calculation of what seems to be reasonable in calculated above in number 2 of this COAF. . Journal misstatement due to incorrect fair values used	The fair value calculations will be recalculated using the family average group (male/+femals)/ Total quaties. The asset register will then be adjusted.	Chief Financial Officer		High	01-Jan-23	Mangement has obtained the information to be used, when recalcuting the fiar values.	15-Jan-23	%	Yes	asset register	

27	95	Deviation note 50 misstate- ments	During the audit of deviation disclosure in note 50, two awards which were not supposed to be included in the deviation register for the year under review were included. One award belong to 2020/21 financial year but was recorded in the current year. The second award did not have a deviation approval memo. Refer below for the detail of these awards:	Ensure that financial statement prepared are free from errors.	Chief Financial Officer	High	High	01-Mar-22	None	30-Jun-23	%	No	UIF&W register	
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28	01	Inadequate User Access Management - SAGE 200 Evolution	<p>1. There was no assurance that users that were created on SAGE 200 Evolution during the period under review were duly authorised as the request form for user with agent ID (144) was not provided.</p> <p>2. Assurance could not be provided that user profile amendments performed in the year under review were duly authorised as the list of user profile amendments was not provided.</p> <p>3. Assurance could not be provided that all users who reset password on SAGE 200 Evolutions during the period under review followed the process of completing a form as the form for user with agent id (54) whose password was reset on the 11 November 2021 was not obtained.</p> <p>4. There were five users whose service was terminated from the Municipality, but still had access to SAGE 200 Evolution system.</p> <p>5. Although user access review form was completed indicating that internal, privileged, remote, and external users functions/access were reviewed, supporting evidence showing step by step of how the review was performed was not provided.</p> <p>6. Assurance could not be provided that the activities of system administrator were not monitored or reviewed during the period under review as the evidence was not provided.</p>	1. Reiview and Implement User Access Procedure manual	Director: Corporate Services		High	15-Jan-22	1. ICT Help desk email address has been created for all user Access management queries. 2. User Access review is done monthly by ICT and HR	31-Jan-23	%	No	1. ICT Help desk emails, Monthly reports. 2. User Access Procedure manual. 3. User Access control Policy	WIP
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29	01	Manager Expenditure Inadequate User Account Management (SAGE 300 - HR)	<p>1. Assurance could not be provided that adequate processes were followed to create users on the SAGE 300 - HR system as the system did not record the creation date of the user thus resulting in system limitation.</p> <p>2. Assurance could not be provide that user profile amendments performed on SAGE 300 - HR system in the year under review were adequately authorised as the list of amendments was not provided for audit purposes.</p> <p>3. Assurance could not be provided that users who had their passwords reset on SAGE 300 - HR system were adequately authorised as the list of password resets was not provided.</p> <p>4. Although user access review form was completed indicating that internal, privileged, remote, and external users functions/access were reviewed, supporting evidence showing step by step of how the review was performed was not provided.</p> <p>5. Assurance could not be provided that the activities of the system were monitored throughout the year as the system administrator reviews evidence was not provided.</p> <p>6. The use of generic user accounts makes it impossible to apportion accountability in the event where unauthorised or unauthorised transactions were processed. The following generic accounts were identified on the system: Name Description Admin Built-in system administrator agent</p>	1. Implement a Change management Policy. 2. Reiview and Implement User Access Procedure manual	Director: Corporate Services	High	15-Jan-22	1. ICT Help desk email address has been created for all user Access management queries. 2. User Access review is done monthly by ICT and HR	31-Mar-23	%	No	1. ICT Help desk emails, Monthly reports. 2. User Access Procedure manual. 3. User Access control Policy. 4. Change management policy	WIP
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30	01	Manager Expenditure Inadequate IT Project	<p>1. Information and Communications Technology (ICT) management had not ensured that IT Project controls were in place within the ICT environment, as such, the following control deficiencies were noted:  The System Upgrade plan for the SAGE200 and SAGE300 systems project was inadequately drawn up such the following could not be verified:</p> <ul style="list-style-type: none"> <li>• The way in which the benefits were to be realised by the new system after implementation had been clearly documented;</li> <li>• That there was alignment between expected benefits and problem statement;</li> <li>• Formal monitoring of the project governance process were followed for the project; and</li> <li>• Status project milestones outlined cannot be determined.</li> </ul>	1. Review and implement ICT Project Management Policy.	Director: Corporate Services		High	15-Jan-22	ICT Project Management Policy approved	31-Mar-23	%	No	ICT Project Management Policy	WIP
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31	01	Manager Expenditure Inadequate IT Governance controls	<p>Information and Communications Technology (ICT) management had not ensured that ICT Governance controls were in place within the ICT environment, as such, the following control deficiencies were noted: 1. The IT Governance framework was not adequately documented, as it did not include the following processes: • IT benefits realisation processes • IT value and performance measurement processes 2. The ICT Plan was not adequately documented, as it did not include the following process • The organisation's goals and objectives pertaining to IT • IT risks to be mitigated • Purpose of the IT environment • The general approach towards technology: • The structure of the IT environment: • Facilities used by IT • Planning guidelines and constraints • Resource requirements • IT Projects identified that needs to be undertaken to drive the implementation of the IT Strategic Goals 3. Assurance could not be provided how far the Municipality is with implementation of the ICT projects, as the evidence that shows how far the Municipality is with implementation of the ICT projects was not submitted for audit purposes. Furthermore, the strategic plan outlined 7 projects that need to be executed in the year under review however only none of these project were implemented. The 2022 budget did not cater for these projects. period under review. (Repeat finding 2020/21 and 2021/22) 4.</p>	1. Review IT Governance Framework to address AG findings as per the recommendation. 2. Implement the adopted ICT Plan to address AG findings as per the recommendation	Director: Corporate Services	High	15-Jan-22	Draft SOP	31-Jan-23	%	No	Approved IT Governance Framework and ICT Plan	WIP
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[illegible]

32	01	<p>Manager Expenditure Inadequate User Account Management (Active Directory)</p> <p>1. N/A User Account Management Policy did not address the following key controls:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities within the user account management process;</li> <li>• Monitoring of system administrator actions on application security level (creation of IDs, user ID maintenance, allocating functions to users etc.)</li> </ul> <p>2. b) Assurance could not be provided that users who requested access on Active Directory during the period under review were duly authorised to gain access as the system generated list of users did not contain the creation dates, therefore user registration could not be tested.</p> <p>3. c) Assurance could not be provided that users who had password reset during the period under review were adequately authorised as the list of password resets was provided.</p> <p>4. d) Assurance could not be provided that terminated employees were timeously removed from Active Directory as the list obtained did not have a unique identifier, therefore user termination could not be tested.</p> <p>5. e) There was no assurance that system administrator activities were monitored during the period under review as the reviews obtained were performed and approved on the 30 June 2021 which was outside the period under review.</p> <p>6. f) There were 22 generic user accounts which included</p>	<p>Development of the SOP that give guidance and segregation of users on the financial system</p>	<p>Director: Corporate Services</p>	<p>High</p>	<p>31-Jan-22</p>	<p>Draft SOP</p>	<p>31-Jan-23</p>	<p>%</p>	<p>No</p>	<p>Approved Financial System Standard Operating Procedure</p>	<p>WIP</p>
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built in Administrator and Guest account.

[illegible]

33	01	Manager Expenditure Inadequate IT Service Continuity controls	<p>1. N/AThe Disaster Recovery Plan (DRP) was not tested at the Municipality during the period under review. 2. Assurance could not be obtained to ensure that backups on SAGE200 and SAGE300 systems were completed successful, as the requested evidence that shows backups were completed successful was not available at the Municipality during the period under review. 3. There were no backup restorations done on SAGE200 and SAGE300 systems at the Municipality during the period under review. 4. The requested evidence that shows backups were transferred to an off-site location was not available at the Municipality during the period under review. 5. Assurance could not be provided that backups via the cloud where protected through an encryption at the Municipality during the period under review.</p>	<p>1. Conduct a Monthly Disaster Recovery tests. 2. Deploy a systematic backups and data restoration. 3. Conduct a Monthly offsite backups</p>	Director: Corporate Services		High	15-Jan-22	Draft SOP	31-Jan-23	%	No	Approved Financial System Standard Operating Procedure	WIP
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34	01	<p>Manager Expenditure Inadequate IT Contract Controls</p>	<p>Information and Communications Technology (ICT) management had not ensured that ICT Governance controls were in place within the ICT environment, as such, the following control deficiencies were noted:</p> <p>1. The IT Governance framework was not adequately documented, as it did not include the following processes:</p> <ul style="list-style-type: none"> <li>• IT benefits realisation processes</li> <li>• IT value and performance measurement processes</li> </ul> <p>2. The ICT Plan was not adequately documented, as it did not include the following process</p> <ul style="list-style-type: none"> <li>• The organisation's goals and objectives pertaining to IT</li> <li>• IT risks to be mitigated</li> <li>• Purpose of the IT environment</li> <li>• The general approach towards technology:</li> <li>• The structure of the IT environment:</li> <li>• Facilities used by IT</li> <li>• Planning guidelines and constraints</li> <li>• Resource requirements</li> <li>• IT Projects identified that needs to be undertaken to drive the implementation of the IT Strategic Goals</li> </ul> <p>3. Assurance could not be provided how far the Municipality is with implementation of the ICT projects, as the evidence that shows how far the Municipality is with implementation of the ICT projects was not submitted for audit purposes. Furthermore, the strategic plan outlined 7 projects that need to</p>	<p>1. Review IT Governance Framework to address AG findings as per the recommendation. 2. Implement the adopted ICT Plan to address AG findings as per the recommendation</p>	<p>Director: Corporate Services</p>	<p>High</p>	<p>15-Jan-22</p>	<p>Approved IT Governance Framework and ICT Plan</p>	<p>30-Mar-23</p>	<p>%</p>	<p>No</p>	<p>Approved IT Governance Framework and ICT Plan</p>	
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be executed in the year under review however only none of these project were implemented. The 2022 budget did not cater for these projects. period under review.(Repeat finding 2020/21 and 2021/22)

4. Assurance could not be provided that IT budget was monitored and reported to an oversight committee such as ICT Steering as the minutes provided did not cover the IT budget.

Lack of oversight over IT spending could result in benefits not being realised.

5. The ICT risk identification process was inadequately done as Internal Audit and "Business" were not involved

6. Assurance could not be provided that IT Risks were monitored and reported to an oversight committee such as ICT Steering as the minutes provided did not cover the IT risks.

Lack of monitoring of IT risks could result in failure to monitor and manage risks that could impact negatively on IT related services and products.

7. Assurance could not be provided that the ICT Charter for IT Steering Committee was for which year as the charter was signed but no dates on it

8. There were three (3) positions that were not filled (vacant).(Repeat finding 2020/21 and 2021/22)

9. There was no process in place to ensure that gaps and changes required to realise target capability has been identified and that skill development plans were used

			to ensure that internal skills are developed at the Municipality during the period under review.(Repeat finding 2020/21 and 2021/22)											
35	91	Landfill sites not properly managed by the municipality	We also noted that Burgersdorp and Venterstad landfills did not have operating licences as they are both licence for closure. These two Landfills were both licenced for closure in July 2014 which is valid for four years from the date of issue	Monitor compliance of all landfill sites owned by the Municipality.	Director: Community Services		High	01-Jan-23		30-Jun-23	%			
36	92	General expenditure occurrence of expenditure not independently confirmed	During the prior year audit of the general expenditure, it was noted that the goods receipt slips supporting the transactions listed below were not signed by the storekeeper/other relevant personnel as confirmation that the goods were received and further were not dated to confirm the date on which the goods were received.	Signed invoices and GRVs by the designated storekeeper to ensure isolation of duties, also ensure that they are dated and further ensure that should errors occur there is someone who may be held accountable so that these are quicker to resolve.	Chief Financial Officer		High	01-Jan-23	Expenditure section is ensuring that the vouchers have a signed GRN attached and the vouchers are reviewed by the manager of the section	30-Jun-23	%	Complete voucher for the current year 2022/23	Filled receipts	
37	58	Expenditure incomplete	We selected transactions from the bank statement and traced the transactions to the invoice register to test the completeness of the invoice register and found that the following invoices have not been included in the invoice register, therefore this invoice register is incomplete.	Ensure completeness by registering all tax Invoices received.	Chief Financial Officer		High	01-Jan-23	Expenditure is reviewing the invoice register and will include the invoices that were not included as per the coaf	30-Jun-23	%	Updated Invoice Register	Complete Invoice Register	

38	41	General expenditure invoices incorrectly recorded	Through the inspection of the following invoices, we found that the following invoice have been incorrectly recorded in the general ledger. Invoice 41108191 was recorded in the incorrect period, the description as per invoice states that this invoice relates to insurance cover for 07 January 2021 to 30 June 2021 which is in the 2021 financial year. An invoice from Lanilogix (PTY) LTD T/A Shield Security for security service INV1040, was expensed in the GL at an amount of R 31 625 which is an amount inclusive of VAT	The finding was subsequently resolved	Chief Financial Officer		High	01-Jan-23	The finding was subsequently resolved	30-Jun-23	%	Updated Invoice Register	Complete Invoice Register	
39	20	Receivables from exchange: Age analysis does not agree with the GL, TB, and AFS	While performing the reconciliation of the Age analysis to General Ledger and Annual Financial Statements for the current year receivables from exchange, a material difference was noted. In trying to resolve the matter, we have engaged the management in various occasions. In some occasion management have agreed to provide a reconciliation that will explain the differences and provide supporting information for the differences noted. On 24 September 2022, a formal email was sent to the management enquiring about the amount of receivable in the GL. However to this date no reconciliation or communication have been received from management in this regard except the Age analysis report for 2021 and 2022 which was forwarded on 28 September 2022.	Process Journals in the GL that were processed in the Caseware	Chief Financial Officer		High	15-Dec-22	Management to get supporting for the journals	31-Jan-23	%	yes	Processed Journals	

40	20	Receivables from non-exchange: Age analysis does not reconcile to the GL, TB and AFS	While performing the reconciliation of the Age analysis to General Ledger and Annual Financial Statements for both current year and prior year receivables from non-exchange, a material difference was noted. In trying to resolve the matter, we have engaged the management in various occasions. In some occasion management have agreed to provide a reconciliation that will explain the differences and provide supporting information for the differences noted. On 24 September 2022, a formal email was sent to the management enquiring about the amount of receivable in the GL. However to this date no reconciliation or communication have been received from the management in this regard except the Age analysis report for 2021 and 2022 which was forwarded on 28 September 2022	Process Journals in the GL that were processed in the Caseware	Chief Financial Officer		High	15-Dec-22	Management to get supporting for the journals	31-Jan-23	%	yes	Porcessed Journals	
41	20	Receivables from exchange & non exchange: GL does not reconcile to the TB and AFS.	As communicated in issue 110 of COAF 59, issue 191 of COAF 125, issue 228 COAF 149 was misstated by R4 795 870. This was due to the following: 1. An adjusting journal of R3 853 914 for agency fees not being submitted for audit purposes 2. Rental income and other income information supporting transactions not submitted for audit purposes.	Process Journals in the GL that were processed in the Caseware	Chief Financial Officer		High	15-Dec-22	Management to get supporting for the journals	31-Jan-23	%	yes	Porcessed Journals	

42	88	Receivables from exchange transactions – JGDM	During the audit of receivables, we requested management to provide the Confirmation from the Joe Gqabi Municipality (JGDM) confirming that an amount of R10 295 640 was payable to Walter Sisulu Local Municipality (WSLM) as of 30 June 2021. Based on audit work performed on the submitted Joe Gqabi Municipality's confirmation we noted that the amount of R10 295 640 was receivables by WSLM as 18 February 2021 not as at year end 30 June 2021.	The council has approved the write off the amount and to pass journal.	Chief Financial Officer		High	08-Dec-22	Council approval	30-Jun-23	%		Council resolution	
43	11	Billing reports/ supporting schedules does not agree with the GL	While performing the reconciliation of the supporting schedule (e.g. billing reports) and the GL for the current year revenue from the exchange, it was noted that the billing reports for service charges does not agree with the general ledger. In trying to resolve the matter, we have engaged the management on 21 September 2022 on the differences noted, as per our engagement management agreed to prepare the reconciliation that will explain the difference and provide supporting information for the differences noted before the end of business day. However subsequent to our engagement management submitted the reconciliation with no supporting information for the differences. We also noted that the billing report submitted were different from the billing that was original submitted to us. Further from the above, management did not submit the schedule for interest received other than	The Journal with supporting evidence has been prepared	Chief Financial Officer		High	15-Dec-22	Journal and supporting document has been prepared	31-Jan-23	%		Monthly billing reconciliation	



			providing the extract from the GL											
44	11	Property rates - Difference between Prior year AFS and prior year amount as per current AFS	The prior year amount of the current financial statements do not agree to the amount as per the prior year audited annual financial statement. The difference of R 6 948 683.00	The Journal with supporting evidence has been prepared	Chief Financial Officer		High	15-Dec-22	Journal and supporting document has been prepared	31-Jan-23	%	N/A	Monthly billing reconciliation	
45	11	Revenue from exchange: Adequate information supporting prior year misstatements not submitted	Adequate information supporting prior year misstatements not submitted	The Journal with supporting evidence has been prepared	Chief Financial Officer		High	15-Dec-22	Journal and supporting document has been prepared	31-Jan-23	%	N/A	Prior year Journal	
46	100	Prior year unresolved findings for revenue from exchange transactions	1. An adjusting journal of R3 853 914 for agency fees not being submitted for audit purposes	The journal with supporting was found and ready for submission	Chief Financial Officer		High	15-Dec-22	Journal and supporting document has been prepared and awaiting for submission	15-Dec-22	%	N/A	Approved journal	
			2. Rental income and other income information supporting transactions not submitted for audit purposes.	The supporting document is available. Ensure supporting document is filed in sequence			High	15-Dec-22	Filing of receipt daily	15-Dec-22	%		Filled receipts	
			3. Revenue from exchange – Other income While performing the completeness testing for other income, the following items could not be traced to the general ledger:	To provide the missing receipt as per list. Ensure prepared manual receipt are filed in sequence daily.			High	15-Dec-22	WIP	15-Dec-22	%		Filled receipts	

47	51	Revenue from exchange-Interest received (trading)	During the audit of interest received from trading the following difference were noted between interest billed as per the statements and amount as per auditor's recalculation.	Ensure monthly billing reconciliations and align the credit control and debts Collection policy with the Finanacial System	Chief Financial Officer		High	15-Dec-22	Billing is done monthly	30-Jun-23	%	N/A	Monthly billing reconciliati on	
48	65	Revenue from exchange difference between AFS and TB	While preparing a reconciliation between the financial statements and the trial balance, differences were identified in the following line items.	A complete reconciliation of financial statements to trial balance has been provided and a listing of these journals have also been prepared.	Chief Financial Officer		High	15-Dec-22	Propared journal	15-Jan-23	%		Reviewed AFS	
49	79	Revenue from non-exchange transactions - INEP revenue incorrectly recognised	During the audit of revenue from non-exchange transactions it was noted that Conditional grant from Integrated National Electrification Programme was recognised as revenue despite the condition of the grant being met by the Municipality. The amount was disclosed as 'condition met' in note 26 of the Financial Statement and unspent grant balance was derecognised as a liability. As per the discussion with the management, this amount comes from R 4 787 182, 07 which was unspent in 2019/20. R3 193 684 of this amount was paid back to the national revenue fund the remaining R1 593 497, 92 was still sitting in the opening balance of unspent conditional grant. In the current year R116 433 met the condition as the expenditure was incurred. The remaining amount of R1 477 059 was still not spent but was derecognised as a liability.	Prepare a reversal journals. The Grant will only be written at year end 2022/23 as it will be meeting the required of prescribed debt.	Chief Financial Officer		High	15-Dec-22	The Journals has been proposed and awaiting for reviewal and approval	15-Jan-23	%	N/A	Year End Journal	

50	65	Revenue from exchange – Rental income	While performing tests on a sample of transactions of rental income, it was noted that some amounts billed to customers are not as per the approved tariff list and lease agreements. This resulted in a total misstatement of R6 103, 62 which was projected to the entire remaining population of Revenue from exchange and gave us a total projected misstatement of R519 984, 71	Property Lease policy will be reviewed and approved by council	Chief Financial Officer		High	31-Dec-22		30-Jun-23	%	N/A	Approved policy	
	66	PPE: Differences between the AFS and the FAR	Limitation differences between the AFS and the fixed asset register	The journal had been prepared and ready for posting.	Chief Financial Officer		High	31-Dec-22		25-Jan-23	%	N/A	Journals	
51	15	Employee related costs - Difference between General ledger and Payroll	Through performance of payroll reconciliation, we found that amount as per General ledger is R106 587 825.78 while the amount as per the payroll is R106 200 318.83 which causes a difference of R387 506.95. According to the reconciliation the difference is due to the differences notes on the separate accounts that make up Employee Related Costs	Investigate and prepare a journal to rectify the differences.	Chief Financial Officer	High	High	01-Jan-23	Payroll is investigating the misclassifications	30-Jun-23	%	Possible journals to correct the misclassifications	Year-end journal	
52	14	Employee related costs: Employees contract not renewed	Through inspection of employee files, it was noted that these employees have contracts that ended and were not renewed, however they were still paid by the municipality as per payslip submitted for audit purposes.	Renew employee related contracts	Director: Corporate Services		High	15-Dec-22		30-Jun-23	%	N/A	Monthly reconciled leaves	

53	67	Employee related costs: Lead schedule differences	The amount as per the Annual Financial Statement does not agree to the amount as per the general ledger. Basic: R 36 984.28 and Other payroll levies: R 918.84	Prepare a year end journal to adjust the differences	Chief Financial Officer	High	High	01-Jan-23	The employee cots GL has been extracted to investigate the difference , payroll is still busy	30-Jun-23	%	Possibe journals to correct the misclassif ications	Year-end journal	
54	30	Audit Action plan inadequate	<p>The municipality received a disclaimer audit opinion for 2020/21 financial year. In addition, there has been a significant number of material non-compliance with prescripts reported. It has been noted that leadership has not drafted an adequate plan to correct all issues raised by Auditor General. As per the action plan submitted for audit the corrective measures are still not adequate as the municipality continued transgressing on the prescripts. This was supported by the below:</p> <p>1. Note 46, 47, 48 of the financial statements relating of Unauthorised, Fruitless and Wasteful and Irregular expenditure. The detail of the notes do show that the municipality has not implemented adequate internal controls to ensure that all precripts are complied with.</p> <p>2. In addition, from the review and audit of 21/22 financial statements submitted significant amount of material misstatements has been identified and reported to management.</p> <p>- Unauthorised expenditure - Fruitless and wasteful expenditure</p>	Continue updating of the audit action plan	Chief Financial Officer		High	2022/1 215	None	31-May-23	%	N/A	Updated Audit Action	

			<ul style="list-style-type: none"> <li>- VAT receivable</li> <li>- Statement of comparison of budget versus actual amounts</li> <li>- Bulk purchases</li> <li>- Financial instruments note</li> <li>- Cashflow statement</li> <li>- Prior period errors notes</li> <li>- Risk management note</li> </ul> <p>Cause Inadequate planning on allocation of responsibilities for audit intervention plan. Impact This may result in financial statements and annual performance report been materially misstatement which will result in the municipality not improving audit outcomes for 2021/22 financial year.</p>											
55	30	No risk assessment performed for 2021/22 financial year	<p>The accounting officer of the municipality is responsible for managing the financial administration of the municipality, and for this purpose take all reasonable steps to ensure -</p> <p>(c) that the municipality has and maintains effective, effecient and transparent systems -</p> <p>(i) of financial and risk management and internal control</p>	Develop a 2022/23 risk assessment register	Chief Financial Officer		High	01-Jan-23	WIP	30-Jun-23	%	N/A	Updated risk register	

56	59	GL not closed off at year end	During the completion of the business process for financial statements, it has been noted that the year-end accounts are not closed off until the finalisation of audit. This may result in transactions of the following being captured in the other year. This was also confirmed through review of 2020-21 financial year GL, it has been discovered that it has transactions for July 2021 which should fall within 2021/22 financial year.	The financial system to be closed at month and year end.	Chief Financial Officer	L	High	01-Jan-23	Management is investigating the prior year GL	30-Jun-23	%	<u>N/A</u>	System administrator	
57	87	Prior period adjustment not supported by adequate information	Per comparison performed between face of the AFS amounts disclosed in the submitted 2021/22 AFS and amounts disclosed on 2020/21 final AFS we noted that the following financial statements line items were restated, however there were no supporting documents provided to support the restatement figures. Some journals were submitted for PPE and Payables, however through discussion with management seeking clarity on those journals management could not assist in linking the below to the journals submitted.	Management will investigate the journal that was submitted to the AG	Chief Financial Officer		High	01-Jan-23	Management has investigated the journal that was submitted to the AG and the effect of the 14m was a decrease ,the system printout shows a debit which decreases the liability , and the liability vote was debited and the accumulated surplus was credited as a contra entry	30-Jun-23	%	Signed journals and supporting evidence	Signed journals and supporting evidence	
58	87	Prior period error note does not agree to the face AFS	During the audit of Prior Period Note 42 it was noted that Note 42 figures do not agree with the figures on the face of the financial statement.	Management will update the working paper and disclosure note	Chief Financial Officer		High	01-Jan-23	Management is preparing the updated working paper and disclosure note	30-Jun-23	%	Updated working paper and disclose note	Note on the AFS	

59	87	Prior period adjustment note incomplete	The following financial statements line items and disclosures that were restated but were not included in the Note 42 of Prior period error adjustment:	Management will update the working paper and disclosure note	Chief Financial Officer		High	01-Jan-23	Management is preparing the updated working paper and disclosure note	30-Jun-23	%	Updated working paper and disclose note	Note on the AFS	
60	5	Non-disclosure of segment information	During the review and audit of financial statements it has been noted that the municipality did not disclose detailed segments of the municipality as required by GRAP 18. The planning documents of the municipality are categorised in segments which allows the municipality to be able to do GRAP 18 disclosure without any challenges.	The management has performed the proposed adjustment	Chief Financial Officer		High	15-Dec-22	WIP	15 janauary 2023	%	N/A	Note on the AFS	

61	1	<p>Environmental: Continued use of landfill site without a license and pollution caused by unlicensed landfill sites</p>	<p>During a site visit the following were identified and confirmed: (a) Solid Waste Management: Waste landfill sites, garden waste transfer facility and illegal dumping (Maletswai Landfill site)</p> <p>Waste disposal is a scheduled function of municipalities and need to be consider as one of the fundamental environmental targets for implementation by a municipality. There is a strong correlation between illegal- and/or inappropriate operation of a site, its environmental impact and subsequent harm to the public. Most environmental impacts are cause by poor site management and operations that result in the contamination of surface and ground water, uncontrolled littering, haphazard dumping causing odor, uncontrolled burning of waste causing release of toxins and providing a nuisance to local residents. The health and safety of all in close proximity of the Waste Landfills or exposed to the undesirable nuisances, are also severely impacted, whereas disposal and treatment do not conform to the license conditions and other waste legislative requirement. (1) Maletswai Waste Landfill Site:</p> <p>Disposal activities, site operations and treatment processes, do not always comply with the license conditions, (including the Minimum Requirements for Waste Disposal by Landfill), with specific reference to sections 10 – 12, which</p>	<p>Municipality will implement the already developed plan to improvement and management of this landfill Environmental monitoring and enforcement will improve to address the various non-compliances to environmental-legislative requirements and - bylaws developed to manage and minimize environmental risks and impacts</p>	Director: Community Services	High	15-Dec-22	WIP			%	Progress reports	
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includes landfill operation, landfill operation monitoring and rehabilitation, closure and end-use). Non-conformance to the norms and standards stipulated in section 67 (1) (f) and (h) of the NEMWA and section 29 (4) of the ECA also incurred.

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62	47	Expenditure compliance: Unauthorised, Irregular, Fruitless and wasteful expenditure not prevented	When assessing the expenditure management for the current year ended 30 June 2022, it was noted that management did not take the reasonable steps to ensure that unauthorised, irregular, fruitless and wasteful expenditure are prevented. Unauthorised as per ASF R 25 838 281, Irregular Expenditure as per AFS R 8 712 298 and Fruitless and wasteful Expenditure as per AFS R 33 904 601	The municipality will implement a reduction strategy issued by National Treasury for UIFW expenditure	Chief Financial Officer	High	High	01-Dec-22	WIP	30-Jun-23	%		MPAC Investigation report	
63	53	Repairs and maintenance invoices not paid within 30 days	Through inspection of the payment vouchers listed below we noticed that some of the invoices were not paid within 30 days of the goods being received	Suppliers are paid within 30 days	Chief Financial Officer		High	01-Jan-23	Going forward management will ensure suppliers are paid within the prescribed period	30-Jun-23	%	Invoice Register and Payment voucher	Invoice register	
64	41	General expenditure invoices not paid within 30 days of receipts	Through inspection of the payment vouchers listed below we noticed that some of the invoices were not paid within 30 days of the goods being received.	Suppliers are paid within 30 days	Chief Financial Officer		High	01-Jan-23	Going forward management will ensure suppliers are paid within the prescribed period	30-Jun-23	%	Invoice Register and Payment voucher	Invoice register	
65	100	Repairs and maintenance receipt of goods could not be confirmed prior year	During the audit of the repairs and maintenance in the prior year, it was noted that the goods receipt slips supporting the transactions listed below were not included or signed by the storekeeper/other relevant personnel as confirmation that the goods were received and further were not dated to confirm the date on which the goods were received. R 315 545.30	Management will ensure that the GRNS are signed	Chief Financial Officer		High	01-Jan-23	Going forward management will ensure that the GRNS are signed	30-Jun-23	%	Complete voucher for the current year 2022/23	Signed and Stamped invoices	

66	17	Repairs and maintenance internal control deficiencies	Through inspection of invoice provided for the below transaction we have identified that the invoices related to the transactions below have been stamped and signed, however these invoices do not state the name of the person who signed the document.	Management will ensure that the GRNS are signed	Chief Financial Officer		High	01-Jan-23	Going forward management will ensure that the GRNS are signed	30-Jun-23	%	Complete voucher for the current year 2022/23	Signed and Stamped invoices	
67	57	Repairs and maintenance differences	We identified a difference between the amount as per the face of the AFS and the TB of R 101 458.93, management provided a breakdown of the repairs and maintenance account which we check against the full GL and we found the issues below Through inspection of the Breakdown that was provided and the GL we found that there are transactions that were excluded from the breakdown but are part of the account in the GL therefore the breakdown is not complete. This will result in a misstatement of R 101 458 for repairs and maintenance	Management will include the repairs and maintenance transactions that were excluded	Chief Financial Officer		High	01-Jan-23	Management has extracted the repairs and maintenance GL and is still busy	30-Jun-23	%	Possible signed journals	Approved Journals	

68	90	Electricity distribution loss not disclosed in the financial statements	Through review of financial statements it has been noted that distribution loss for electricity was not disclosed in the financial statements for both current and prior year. We have estimated that the municipality should have disclosed distribution loss of R17 266 147 for 2021/22 and for 2020/21 we have estimated that distribution loss of R15 434 752.	Losses for electricity will be regularly monitored, recorded and disclosed in the financial statements.	Chief Financial Officer		High	On going		30-Jun-23	%	Yes	Monthly reconciled losses	
69	52	Finance costs comparative figure incomplete in the AFS	1. Through inspection of the prior year GL and the Prior Eskom finance cost we found that we have outstanding Invoices from Eskom that have not been recorded for finance cost. We also noted that the interest amount for Eskom amount to R 7 978 612.93 however according to the AFS Interest from Trade payables amounts to R 3 381 524 from prior year. 2. We further inspected Eskom invoices that contain finance cost in the description and attempted to trace the invoice to the GL and found that invoice amounting to R 769 534.53 could not be traced to the GL therefore we found that there is a misstatement of R 769 534.53. Please refer to the table below.	Record and adjust prior year GL and the Prior Eskom finance cost and outstanding Invoices from Eskom and record for finance cost.	Chief Financial Officer		High	01-Jan-23	Management is updating the register	30-Jun-23	%	Updated registers, updated disclosure notes	complete GL	

70	03	SDBIP KPIs not updated with the Adjustment Budget	The executive summary submitted with the adjustments budget does not indicate how the Adjustment Budget affected Service Delivery and Implementation Plan (SDBIP).	The upcoming budget adjustment 2022/23 will include the correlation between the Adjustment budget and the adjusted SDBIP KPI's to ensure alignment in order to meet the requiremnts of the MBRR Schedule B paragraph 5	Chief Financial Officer		High	01-Feb-23	WIP		22-Feb-23	%	N/A	Approved SDBIP	
71	03	No evidence that SBDIP and Adjustment Budget and additional Resolutions were Published within prescribed number of days	The following issue relates to RFI 6 which was issued on the 01 August 2022 and due on the 04 August 2022. Further engagements were held with management to clarify the kind of information, still no submission subsequent to that. There municipality did not provide evidence of whether the Adjustment Budget and SDBIP and additional resolutions were made public within the prescribed period as required by the regulation.	Management will ensure that the Adjustment budget 2022/23 and additional resloutions are made public within five working days in order to comply with the MFMA: Municipal budget and reporting reg 26(1), 26(2)(c),	Director: Planning		High	28-Feb-23	WIP		02-Mar-23	%	N/A	Approved SDBIP	

72	43	Limitation of Scope AoPo Business Process	<p>The finding relates to the Request for Information (RFI 36) AoPO business process: Indicators measurement The auditor noted that supporting evidence was not included in the POE File for the following:</p> <p>Number Key Performance Indicator Target Issue</p> <p>1 Number of sports fields maintained 6 No supporting evidence</p> <p>2 Number of parks and opened spaces maintained 15 No supporting evidence</p> <p>3 Percentage (%) of households with access to basic levels of electricity. 100% No supporting evidence</p> <p>4 Number of cemeteries maintained 12 No supporting evidence</p> <p>5 Number of library service level agreements signed with DSRAC 1 No supporting evidence</p> <p>6 Number of households with access to basic levels of solid waste removal 23903 No supporting evidence</p> <p>7 Number of illegal dumping sites removed 50 No supporting evidence</p> <p>8 Number of waste management awareness's conducted 11 No supporting evidence</p> <p>9 Number of Roadblocks conducted 4 No supporting evidence</p> <p>10 Number of vehicle checks conducted on stop and go 1400 No supporting evidence</p>	Supporting evidence to be included in the POE File	Chief Financial Officer		High	01-Jan-23	WIP		30-Jun-23	%	N/A	POEs	
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73	89	AOPO: Measures taken to improve performance not corroborated by adequate evidence	On submission of RFI 90 which requested evidence of the action taken by the municipality, management any supporting documents except for the excel document of the actions. As per RFI the actions should be supported by evidence to support the measures taken.	Development a performance system that will allow collection of data for reporting in the manner that it could be verified.	Director: Corporate Services		High	15-Dec-22	WIP		30-Jun-23	%	N/A	POEs	
74	80	AOPO: Differences between APR and supporting documents	There are differences between the actual reported information on the APR and actual supporting evidence submitted for the indicators and targets	Management should ensure that the planning documents, i.e SDBIP and aligned with reporting documents, i.e APR, this will make the flow of information and accountability by management easily achievable. Performance agreements must be signed by each manager	Director: Corporate Services		High	15-Dec-22	WIP		30-Jun-23	%	N/A	POEs	

75	85	AOPO: Difference between POE File and the APR	During the audit of Audit of predetermined objectives, the auditor identified the between the evidence submitted in POE files and the Annual Performance Report (APR).	An investigation of the correct procedure or process to be followed will be done as there are different views between the service provider that prepared the annual financial statements and the experts	Director: Corporate Services		High	15-Dec-22	WIP	30-Jun-23	%	N/A	APR and POE	
76	44	Commitments register doesn't agree to Annual Financial Statement's disclosure note	During the audit work performed in Commitments, it was noted that the amount disclosed on the Annual Financial Statements does not agree to the amount on the Commitments Register. Preliminary Amounts per Commitments Register R11 623 827.00 Amounts per Annual financial statements R8 947362.00 Difference R 2 676 465.00	Implementation of a review policy for registers	Chief Financial Officer	High	High	01-Dec-22	Currently performing corrective adjustments on the restatements of AFS and updating commitments register	15-Dec-22	%	Updated Commitment Register	100% Complete Commitment Register	
77	76	Commitments register incomplete	During the audit work performed in Commitments the following contracts were noted which were not included in the commitment register and therefore understating the committed amount.	Implementation of control measures to ensure that all records are accurately disclosed on the Annual Financial Statements.	Chief Financial Officer	High	High	01-Dec-22	Currently performing corrective adjustments on the restatements of AFS and updating commitments register	15-Dec-22	%	Updated Commitment Register	100% Complete Commitment Register	
78	76	Commitments with no acceptance letters that are signed	During the audit work performed in Commitments the validity and existence of the commitment for the listed service providers could not be confirmed as there was no evidence (signed appointment letters) that service providers had accepted the appointment.	Implement control measures to ensure that all records are kept readily available, are valid and complete.	Chief Financial Officer	High	High	01-Dec-22	WIP	30-Jun-23	%	Signed appointment letters	Signed letter commitment	



79	54	Contingent liabilities: The matter does not meet GRAP 19 requirements	During the audit of contingent liabilities it was identified that the municipality disclosed a contingent liability of Pioneer Foods amounting to R145 000 000. However the court documents submitted for audit purposes does not reflect a possible liability from the case. The documents rather show clarity seeking and request of service level agreement and other documents between the municipality and Eskom which indicates that electricity shall be reduced when certain amount of usage is reached by the municipality. The documents submitted which were reviewed by auditors do not reflect any amount being claim againsts the municipality.	Obtain the consumer debtors listing and by matching the debtor to support identify items that do not have supporting documents. Obtain council resolution for the writeoff all the consumer debtors with no support.	Manicipal Manager		High	15-Dec-22	WIP	30-Jun-23	%		GRAP compliance contingent liabilities	
80	75	Contingent liabilities misstatements	1. The following case was confirmed Horn Kumm Fouche the municipality external legal representative however it was not disclosed in the financial statements: Claimant: Nomarwayi developers (SA) Pty Ltd - Case Number 2195/2011 Amount R 3 000 000.00 2. The following case was confirmed with two difference amount by Mbabane and Maswazi Inc the external legal representative of the municipality, however the municipality disclosed one amount. Refer to the below amount not included in the financial statements Claimant; Inzalo Enterprise - case number 977/2021: Amount R 3 500 000.00	Identifying contingent liabilities and have regular updates from external legal representatives.	Manicipal Manager		High	15-Dec-22	WIP	30-Jun-23	%	NO	GL extract and supporting schedule	

81	29	Remunerati on of Councillors - Presentation and Disclosure not in accordance with GRAP 20	<p>As per inspection of note 28 of the AFS only the following is disclosed for Remuneration of Councillors: 28. Remuneration of councillors 2022</p> <p>2021Councillors 6 755 522      6 647 617Travelling allowance 797 600      330 272Telephone Allowance 950 475      1 329 293 8 503 597      8 307 182</p> <p>The municipality did not disclose detail of political designation that can clearly be identified, distinguished and disclosed separately like the following•Mayor•Speaker•Chief Whip•Members of Mayoral Committees (No name but the total amount)•Other councillors</p>	Management will update the note and include it on the adjusted financial statements	Chief Financial Officer	High	High	15-Dec-22	WIP	30-Jun-23	%	Updated working paper with th disclosure note	GRAP 20 Compliant disclosure	
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82	83	Internal capacity at municipality	<p>Per inspection of 2021/22 Gap Analysis submitted by the Municipality the following was noted:</p> <p>1. That an inadequate staff capacity has been identified as one major reason for making use of consultants in the Preparation GRAP Compliant Annual Financial Statements and Fixed Asset Register - Mubesko Afrika.</p> <p>2. That lack of ability and personnel capacity by Municipality's revenue unit to perform VAT reconciliation and returns is identified as one major reason for use of consultant for VAT returns – Maximum Profit Recovery Pty Ltd.</p> <p>However, per inspection of Municipality's list of finance department staff and per the results of our testing of employee costs we have neither identified unfilled vacancies in the finance department nor any other situation that would have led to the Municipality's inadequacy of staff capacity.</p> <p>Furthermore, there is no evidence of steps taken since the previous periods to capacitate the Municipality with the right and suitably qualified staff to bridge the gaps of inadequate staff problems.</p> <p>The above consultants were appointed to address needs/ requirements that are permanent/ continuous in nature and for which position exists in the Municipality.</p> <p>It therefore appears that the use of consultants is not in line with MFMA prescripts, and the amount paid to the above</p>	Establishment of working methods to develop and maintain internal capacity so that work that could have done internally can indeed be done internally in future.	Director: Corporate Service	High	01-Jan-22	WIP	30-Jun-23	%	YES	Apporved Organisational Structure
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consultants may result in  
financial loss.

83	83	Material misstatements and control deficiencies identified on the work of consultants	<p>For the following consultants' area of responsibilities, non-compliance and deficiencies were identified on the work of consultants:</p> <p>1. Mubesko Tsholo Consortium - Preparation GRAP Compliant Annual Financial Statements: Material misstatements were identified on various line items of the financial statements due to the consultants not ensuring AFS are prepared in line with GRAP requirements.</p> <p>- Measures used for performance monitoring are considered to be insufficient as they failed to detect under-performance of the consultant as the work performed is unsatisfactory.</p> <p>2. Mubesko Tsholo Consortium</p> <p>- Misstatement was identified where the prepared Fixed Asset Register does not agree to Annual Financial Statements.</p> <p>- Measures used for performance monitoring are considered to be insufficient as they failed to detect under-performance of the consultant as the work performed is unsatisfactory.</p>	Appointed consultants must be regularly monitored, and they correctly apply GRAP and MFMA requirements and information system internal controls are appropriately implemented	Chief Financial Officer		High	15-Dec-22	<p>This finding goes together with COAF 40 where a draft proposal was submitted with the response to the COAF 41.</p> <p>Therefore finding has already been addressed above</p> <p>Mangement waiting for the signed council resolution</p>	30-Jun-23	%	YES	Reduction plan	
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84	83	Lack of evidence of training and transfer of skills from consultants to employees	<p>In relation to the following consultants:1. Mubeko Afrika - Preparation GRAP Compliant Annual Financial Statements and Fixed Asset Register. 2. Maximum Profit Recovery Pty Ltd – Provision of VAT services3. Simba Solutions – Provision of Internal Auditing servicesThe respective Service Level Agreements outline transfer of skills as one of the objectives/deliverables to be met, however, there is no evidence of the clear plan as to how this would be affected: There has been no evidence of the following key elements of transfer of skills</p> <p>1. No details employees to be trained; specified skills to be transferred and Monitoring and evaluation arrangements.2. No specified measures to monitor transfer of skills in the project implemented.3. There has been no evidence such as attendance registers and training manuals for training attended or transfer of function/ role from the consultant to employees.</p>	Appointed consultants implement an active clear programme of transferring skills to Municipality employees to reduce dependence on consultants.	Chief Financial Officer		High	15-Dec-22	The finding was already raised in COAF 40 & 42 and will be resolved by the signed Council Resolution approving the write off	30-Jun-23	%	YES	Attendance register and consultant reports	
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85	83	Inadequate performance management and monitoring of consultants	<p>1. Per inspection of 2021/22 of submitted information by the Municipality for use of consultants it was noted that the Municipality does not monitor the performance of consultants on a monthly basis as required by MFMA and as indicated in the Service Level Agreement signed.</p> <p>2. Monitoring report submitted by the Municipality indicated that Mubeko Afrika's performance was satisfactory, however, AGSA have identified audit findings, some of which are material and significant. This is indicative of the fact that whatever monitoring process the Municipality is following is failing to detect under performance by the consultants.</p> <p>3. There has not been evidence of any monitoring and or conclusion on monitoring conducted on work of Maximum Profit Recovery Pty Ltd since its appointment on 30 June 2022.</p>	Appointed consultants are regularly monitored on monthly basis in accordance with MFMA and Service Level Agreements signed with consultant, and they correctly apply GRAP and MFMA requirements and information system internal controls are appropriately implemented.	Director: Planning		High	15-Dec-22	Management has reviewed the auditors conclusion and has prepared a journal that will also be included in the restatement approach	30-Jun-23	%	YES	Contract performance monitoring tool	
86	63	Differences on leave days taken on leave schedule and employee file	The leave days between employee and files and the schedule to not agree. The issue is identified in the movement refer to table below.	Monthly updates and reconcile employee file and leave taken	Director: Corporate Service		High	15-Dec-22	WIP	30-Jun-23	%	Yes	Updating and reviewed leave schedule	

87	56	Employee benefits: Differences between leave taken as per employee file and leave taken as per leave schedule.	The leave days between employee and files and the schedule to not agree. The issue is identified in the movement refer to table below.	Monthly updates and reconcile employee file and leave taken	Director: Corporate Service		High	15-Dec-22	WIP	30-Jun-23	%	Yes	Updating and reviewed leave schudule	
88	62	Incorrect calculation of Bonus provision for 2021 not corrected	As communicated in COAF 98 during the audit of prior financial year the following leave transactions were not correctly calculated The bonus provision for employees was calculated with the 2020 basic salary amount and not that of the 2021 financial year:	Process prior year adjustment journal	Director: Corporate Service	Y	High	15-Dec-22	WIP	30-Jun-23	%	NO	Reviewed bonus	
89	61	Leave pay provision incorrectly calculated for employees. Difference between the basic salary on the payslip & the leave pay schedule – Prior year	Management did not ensure that the above line items are supported by accurate and valid supporting information.	Process prior year adjustment journal	Director: Corporate Service		High	15-Dec-22	WIP	30-Jun-23	%	NO	Reviewed Leave payment	
90	61	Difference between Leave pay schedule days and employee file leave day – prior year	Management did not ensure that the above line items are supported by accurate and valid supporting information.	Monthly updates and reconcile employee file and leave taken	Director: Corporate Service		High	15-Dec-22	WIP	30-Jun-23	%	YES	Reviewed Leave payment	



91	46	FWE - Transactions do not qualify to be fruitless and wasteful expenditure	The following transactions incurred by the municipality were due to normal operations of the municipality. The transactions were not incurred in vain and could not have been prevented by the municipality. Therefore, do not qualify to be classified as fruitless and wasteful expenditure:	Goods receipt slips are signed by the designated storekeeper	Chief Financial Officer		High	Ongoing	Expenditure is cleaning up files and is returning files with issues back to the relevant sections. The GRNS are being signed and attached to the payments vouchers	30-Jun-23	%	NO	Reviewed UIF&W expenditure listing	
92	08	Fruitless expenditure incorrectly adjusted	The prior year closing balance for fruitless and wasteful expenditure was adjusted, however there is not register to support the changes. In addition, the current year opening and closing balance was adjusted without a register with transactions to support those adjustments.	Management will update the prior year register	Chief Financial Officer	High	High	30-Jan-23	The adjusted register was already submitted to the AG, the note will be updated on the adjusted AFS	30-Jun-23	%	Updated Register	Adjusted UIF&W expenditure schedule	
93	08	Fruitless and wasteful expenditure additions from prior year not adjusted for misstatement	Based on the audit work performed in the prior year, fruitless and wasteful disclosure note was materially misstated due to the figure disclosed being understated. This resulted in fruitless and wasteful expenditure being qualified in the audit report. The municipality neither made the necessary adjustment in the current financial year nor in the comparative figure. Below are the transactions of interest incurred from Eskom for the following months on these accounts is not included in the Fruitless and wasteful register:	distribution losses will be disclosed in the AFS. Check meters will be procured to monitor electricity procured and billed.	Chief Financial Officer	High	High	30-Jan-23	The adjusted register was already submitted to the AG, the note will be updated on the adjusted AFS	30-Jun-23	%	Updated Register	Adjusted UIF&W expenditure schedule	

94	77	Irregular expenditure misstatements	During the audit work performed in current year Irregular Expenditure, the following differences between amount per invoice and amount per 2022 irregular expenditure register were noted. Accuracy	Management will implement a review for registers or schedules where they will perform independent recalculations and review of the total amounts to ensure that schedules or registers agree to supporting documents and Annual Financial Statements.	Chief Financial Officer	High	High	01-Dec-22	Currently performing corrective adjustments on the restatements of AFS and updating irregular register	30-Jun-23	%	Updated Irregular register	Adjusted UIF&W expenditure schedule	
95	86	Irregular expenditure – Irregular expenditure disclosed incomplete	We have identified that the expenditures listed below are indeed irregular expenditure which has been identified under procurement and contract management but have not been included in the irregular expenditure register.	Management will revisit the entire population and ensure all irregular expenditure is included in the register. Contracts will be reviewed and all that were non compliant with Scm regulations and policy will be included in the register.	Chief Financial Officer	High	High	01-Dec-22	The management identified irregular from the entire population on transactions then updated irregular expenditure register.	30-Jun-23	%	Updated Irregular register	Adjusted UIF&W expenditure schedule	
96	04	Unauthorised expenditure register does not agree with the AFS	The unauthorised expenditure register submitted for the audit does not agree to the amount disclosed in the AFS. The amount in the AFS for unauthorised expenditure incurred during the year is R25 838 281 whereas in the register the amount was calculated to be R24 254 722. There is a difference of R1 583 559.	Management will recalculate the unauthorised expenditure and provide the GL, TB per votes for easy of reference and recalculation.	Chief Financial Officer		High	15-Dec-22	Awaiting for final AFS	15-Jan-23	%	N/A	Adjusted UIF&W expenditure schedule	
97	04	Unauthorised expenditure disclosed incorrectly calculated	During the audit of unauthorised expenditure as disclosed in note 46 of the 2021/22 financial statements, the following differences were identified:	The unauthorised aligned to the requirements of GRAP	Chief Financial Officer		High	15-Dec-22	Awaiting for final AFS	15-Jan-23	%	N/A	Adjusted UIF&W expenditure schedule	

98	04	Unauthorised expenditure: Opening balance could not be tested (Limitation)	The opening balance for unauthorised expenditure could not be audited as it was qualified in the prior year due to the GL not having vote numbers. Further to the discussion with management in the current financial year, the information submitted was not of auditable nature. This matter remained a limitation. Therefore the opening balance could not be confirmed as being accurate and complete.	The prior adjustments will be done	Chief Financial Officer		High	15-Jan-22	Awaiting for final AFS	30-Jun-23	%	YES	Adjusted UIF&W expenditure schedule	
99	23	Risk management disclosure note incomplete	During the audit of note 43 to the financial statements, noted that the credit risk was not assessed by the auditee and not disclosed how this risk is managed.	Development and risk management register and mitigation strategy	Municipal Manager		High	Ongoing	No Register	30-Jun-23	%	NO	Risk register	
100	25	Financial instrument amounts inaccurate	The financial instruments disclosure does not agree to the amounts disclosed on the face of the financial statements. The following difference were identified:	Management must perform independent reviews of the financial statement before submitting for audit.	Chief Financial Officer		High	Ongoing	WIP	30-Jun-23	%	NO	Reviewed AFS	
101	13	Budget vs Actual Statements material differences not explained and figures not reconciling with other statements	During the audit of the Statement of Comparison of Budget and Actual Amounts the following were identified:1. The statement does not have explanation for variances, reference is made to note 56 which is not in the annual financial statements.2. Differences were identified as follows: Statement of Financial PositionStatement of Financial Performance Statement of Cash Flow	Management will adjust the AFS to ensure Financial Performance and Position and cash flow fairly presented and agrees to the General Ledger and the statement of composition of budget vs actuals will be completed with reason for variances	Chief Financial Officer		High	15-Dec-22	The adjustment has been proposed by management and awaiting for the reinstatement of the AFS.	15 January 2023	%	NO	Section 71 report	

102	47	Consequence management compliance: Unauthorised, Irregular, Fruitless and wasteful expenditure not investigated	The evidence submitted indicate that investigation of unauthorised, irregular, fruitless and wasteful expenditure incurred in the previous years to determine if any person is liable for the expenditure as required by MFMA.	The management consolidate UIF&W expenditure incurred in the previous financial years and prepare a submission to further investigation.	Chief Financial Officer	High	High	01-Jul-22	Draft schedule of UIF&W in WIP	30-Jun-23	%	No	Council Resolution and MPAC Investigations	
103	31	Statement of changes in net assets: Statement not correctly disclosed	During the audit of the statement of changes in net assets, the following differences were identified:	Prepare a year end journal to adjust the differences	Chief Financial Officer		High	Ongoing	The management identified irregular from the entire population on transactions then updated irregular expenditure register.	30-Jun-23	%	YES	Year-end Journal	
104	32	Additional disclosure in terms of Municipal Finance Management Act misstated	During the audit of other MFMA disclosures note (note 49) the following differences were identified:	Management will ensure that the face of the AFS and notes agrees.	Chief Financial Officer		High	15-Dec-22	Irregular expenditure is adjusted by all the procurement above R200 000 which SCM processes were not followed	15-Jan-23	%	YES	Year-end Journal	
105	28	Payables from exchange transactions differences between supporting accounting records	Through inspection of the TB, we found that the total of the amount for payables from exchange transaction as per the financial statement and the amount as per the TB do not agree. We found that there is a total difference of R 14 089 068.59, however we could not identify the line items with the difference due to the GL not being mapped in a manner that would allow us to allocate the different accounts to the line items as per the AFS.	Review of financial statements in order to avoid misstatements of this nature.	Chief Financial Officer		High	30-Jan-23	Management is investigating the journal that was submitted to the AG for audit to verify the effect of the journal	30-Jun-23	%	Yes	Year-end Journal	

106	64	Payables from exchange transactions prior year adjusted with no supporting schedules	Through inspection of the prior year AFS and the prior year working paper we found that the prior year amount in the current AFS for Payables from exchange transactions has been overstated.	Management must perform independent reviews of the financial statement before submitting for audit.	Chief Financial Officer		High	30-Jan-23	Management is investigating the journal that was submitted to the AG for audit to verify the effect of the journal	30-Jun-23	%	Yes	Prior Year-end Journal	
107	49	Related party incorrect disclosure	The municipality included a note that it provides a site in Obbiebron Flats to Joe Gqabi Development Agency at no cost to the entity, which does not meet the definition of a related party as the entity does not have control or joint control over the municipality and the municipality does not have a control over it.	Ensure that related parties note include only the related parties that meet the definition per GRAP 20.	Chief Financial Officer		High	Ongoing	The management identified irregular expenditure from the entire population on transactions then updated irregular expenditure register. The confirmation of adverts for all tenders are done	30-Jun-23	%	No	GRAP 20 Compliant disclosure	
108	24	Cash Flow Statement	The Statement of Cash Flow disclosure the following differences were identified for the 2022 and the 2021 financial years	CCG is in the process of mapping the financial system to correctly populate	Chief Financial Officer		High	01-Dec-22	Work in progress	01-Dec-23	%	Yes	C7 schedule	

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustment s Budget
<b><u>Operating Cost</u></b>						
Water						
Waste Water (Sanitation)						
Electricity	119 654	93 000	165 477	154 196	66%	-7%
Waste Management	40 541	20 455	41 038	29 492	44%	-28%
Housing	1 907	2 023	3 312	1 980	-2%	-40%
Component A: sub-total	162 102	115 478	209 827	185 668	61%	-12%
Waste Water (Stormwater Drainage)						
Roads	33524	2 965	1 363	992	-67%	-27%
Transport						
Component B: sub-total	33524	2965	1363	992	-67%	-27%
Planning	3 709	4 237	2 797	4 212	-1%	51%
Local Economic Development						
Component B: sub-total	3 709	4 237	2 797	4 212	-1%	51%
Planning (Strategic & Regulatory )						
Local Economic Development						
Component C: sub-total	0	0	0	0	0%	
Community & Social Services	5611	22 157	47949	34 361	55%	-28%
Enviromental Protection						
Health						
Security and Safety	5 394	8 172	316	241	-97%	-24%
Sport and Recreation	2 417	4 525	35 029	34 025	652%	-3%
Corporate Policy Offices and Other	97 014					17,53%
Component D: sub-total	110 436	34 854	83 294	68 627	97%	-18%
<b>Total Expenditure</b>	<b>309 771</b>	<b>157 534</b>	<b>297 281</b>	<b>259 499</b>	<b>65%</b>	<b>-13%</b>

## 5.1 GRANTS

R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	89 687	87 519	81 626	81 626		
Equitable share	72 408	64368	64368	64368	100%	100%
Municipal Infrastructure Grant	13954	19723	13830	13830	70%	100%
INEP	-			-		
Levy replacement	135			-		
Other transfers/grants [insert description]	3190	3428	3428	3428	100%	100%
<b>Provincial Government:</b>	4 604	2 000	2 000	2 000		
Health subsidy	-			-		
Housing	-			-		
Ambulance subsidy	-			-		
Sports and Recreation	2 000			-		
Other transfers/grants [insert description]	2604	2000	2000	2000	100%	100%
<b>District Municipality:</b>	0	0	0	0		
[insert description]	0					
<b>Other grant providers:</b>	0	0	0	0		
[insert description]						
<b>Total Operating Transfers and Grants</b>	94 291	89 519	83 626	83 626	93%	100%
<b>Grants Received From Sources Other Than Division of Revenue Act (DoRA)</b>						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<b>Private Sector / Organisations</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						T 5.2.3

## ASSET MANAGEMENT

Asset Management Policy has been approved by council and is implemented in conjunction with the supply chain management policy. The policy was drafted in accordance with the guidelines of the Municipal Finance Management Act as the statutory framework. It points out the fact that the principal objective of the policy is to enable the Municipality to meet its service delivery objectives efficiently and effectively. The responsibilities of the accounting officer with regards to assets are noted on the policy. The policy predominantly covers the following significant areas:

Outlines the definitions or terms used in the policy, Recognition of fixed assets, Asset management system, Roles and responsibilities in respect of asset management, Format of fixed asset register, Classification of fixed assets, Safekeeping of assets, Identification of fixed assets, Capitalization criteria, Maintenance plans, Deferred maintenance, General maintenance of fixed assets, Depreciation of fixed assets, Rate of depreciation, Method of depreciation, Amendment of asset lives and diminution in the value of fixed assets, Alternative methods of depreciation in specific instances, Carrying values of fixed assets, Revaluation of fixed assets, Verification of fixed assets, Writing off of fixed assets, Replacement norms, Insurance of fixed assets, Biological assets, Procedure in case of loss, theft, destruction, or impairment of fixed assets, etc.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset1				
Name	Reasiling of streets in Maletswai			
Description	Infrastructure Asset- Roads and storm water			
Asset Type	Property, Plant and Equipment-Immovable			
Key Staff Involved	Technical services			
Staff Responsibilities				
Asset Value	Year-3	Year-2	Year-1	Year0
			994 764.76	11 162 506.72
Capital Implications	Assets still under Work in progress			
Future Purpose of Asset	Service delivery-bettering the streets of Maletswai			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset2				
Name	Construction of Nozizwe Venterstad paved roads with stormwater control			
Description	Infrastructure asset-Roads and Stormwater			
Asset Type	Property, Plant and Equipment-Immovable			
Key Staff Involved	Technical services			
Staff Responsibilities				
Asset Value	Year-3	Year-2	Year-1	Year0
				3 442 432.01
Capital Implications	Project is still under work in progress			



Future Purpose of Asset	Services delivery-bettering the streets of Venterstad for the residents			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset3				
Name	Upgrading of gravel streets in Mzamomhle_Burgersdorp			
Description	Infrastructure asset-Roads and Stormwater			
Asset Type	Property, Plant and Equipment-Immovable			
Key Staff Involved	Technical services			
Staff Responsibilities				
Asset Value	Year-3	Year-2	Year-1	Year0
				1 235 170.81
Capital Implications	Project is still under work in progress			
Future Purpose of Asset	Services delivery-bettering the streets of Mzamohle for the residents			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
				T5.3.2

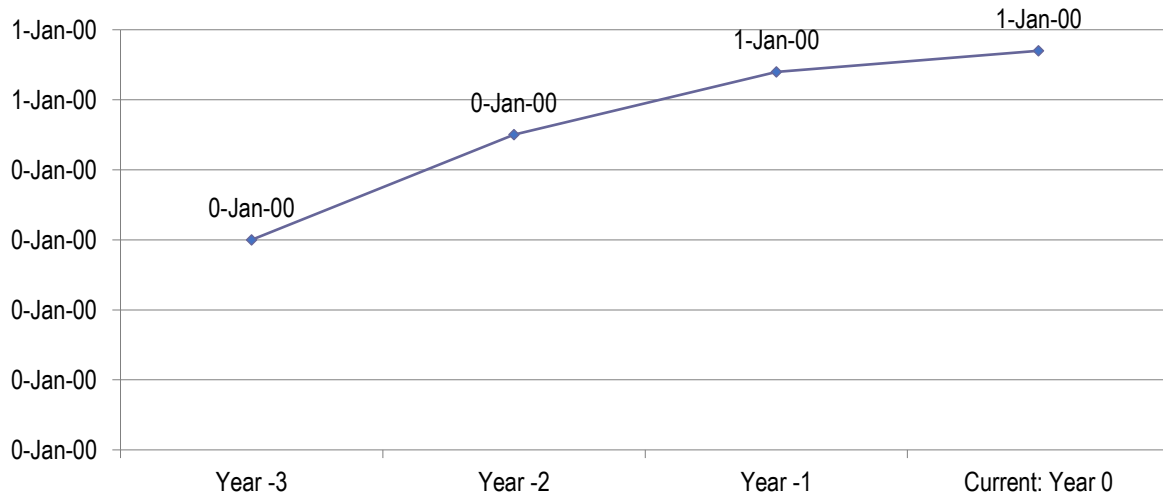
Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	5 240 950	21 916 153	11 954 676	55%
				T 5.3.4

#### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Repairs and Maintenance is a mechanism in place to restore or maintain all assets in a condition that will maximize the economic benefits arising from the use of the affected assets. However, repair and maintenance costs are directly related to the age of the assets and the care there on.

Our assets are, in the majority, classified as old and therefore would require constant repairing. An amount of R11.9 million was incurred in the period under review. The major areas that were repaired during the year were Buildings, Vehicles & Implements, Electricity Reticulation and Streets and Stormwater.

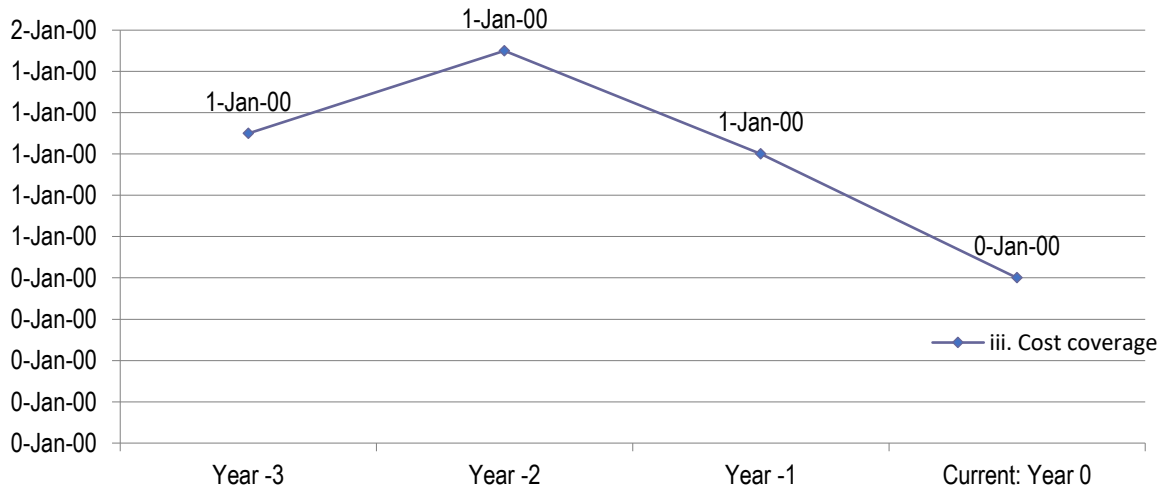
## Liquidity Ratio



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

Data used from MBRR SA8

## Cost Coverage

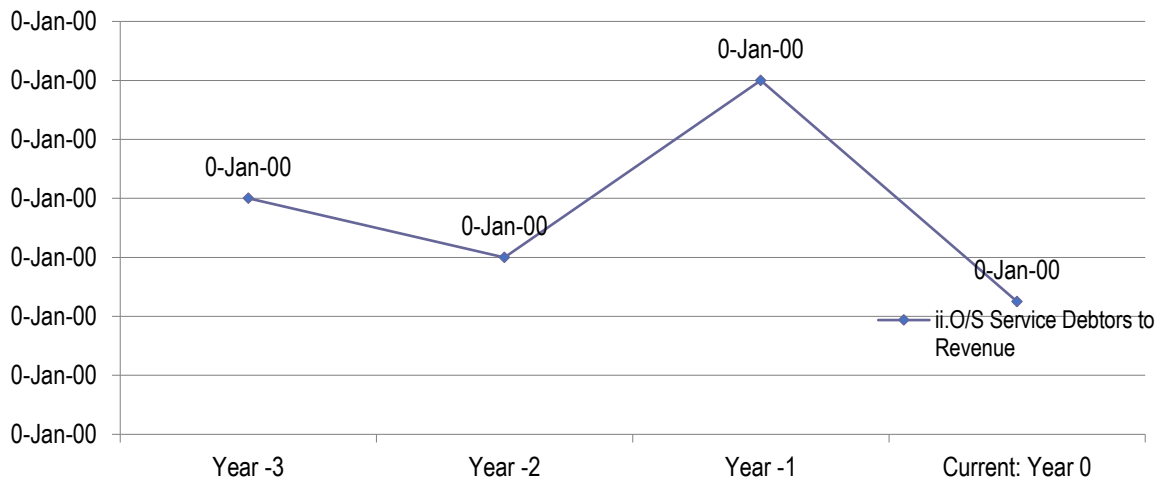


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

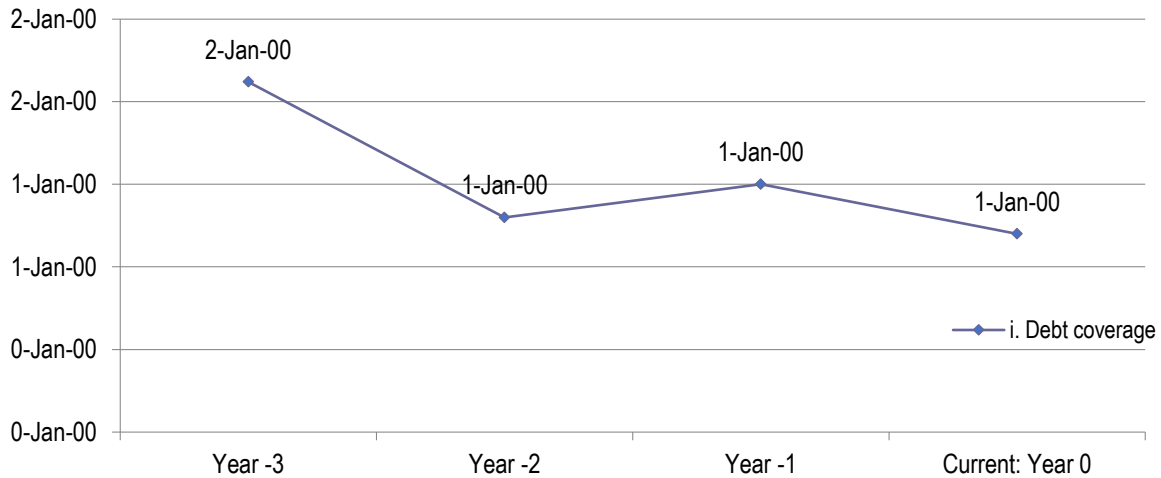
## Total Outstanding Service Debtors



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

## Debt Coverage

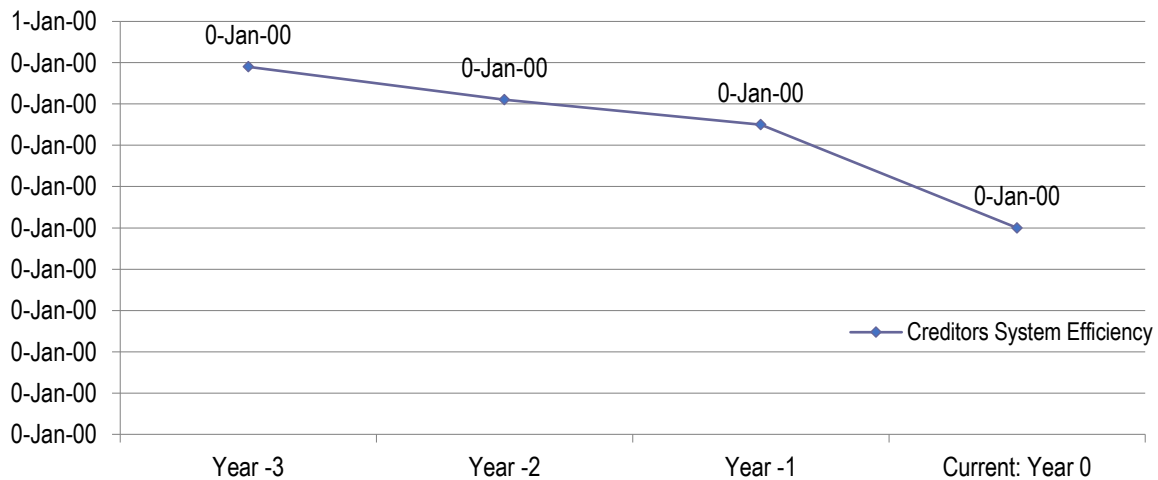


Debt Coverage– The number of times debt payments can be accomodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accomodated by the municipality

Data used from MBRR SA8

T 5.4.4

## Creditors System Efficiency

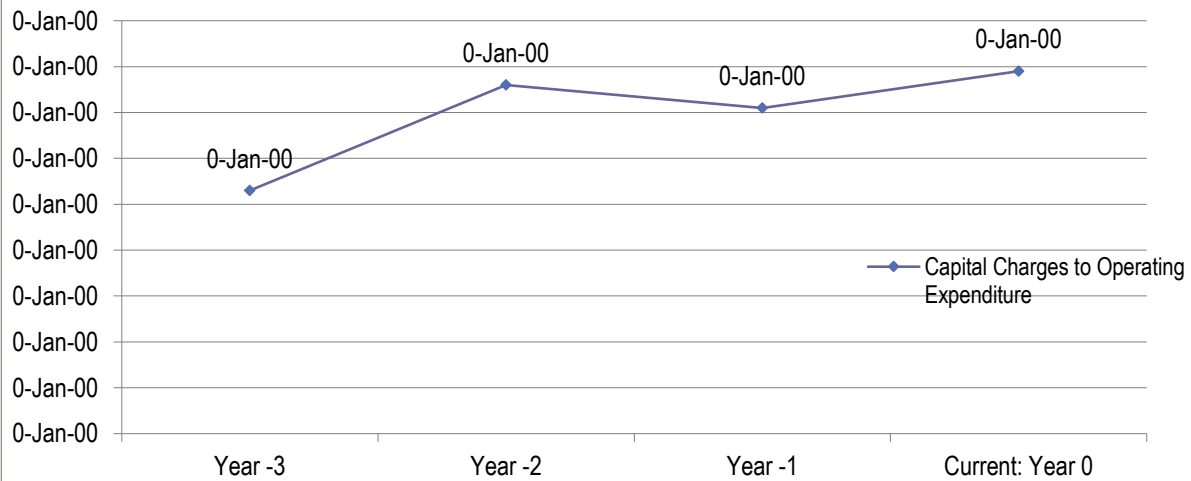


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

## Capital Charges to Operating Expenditure

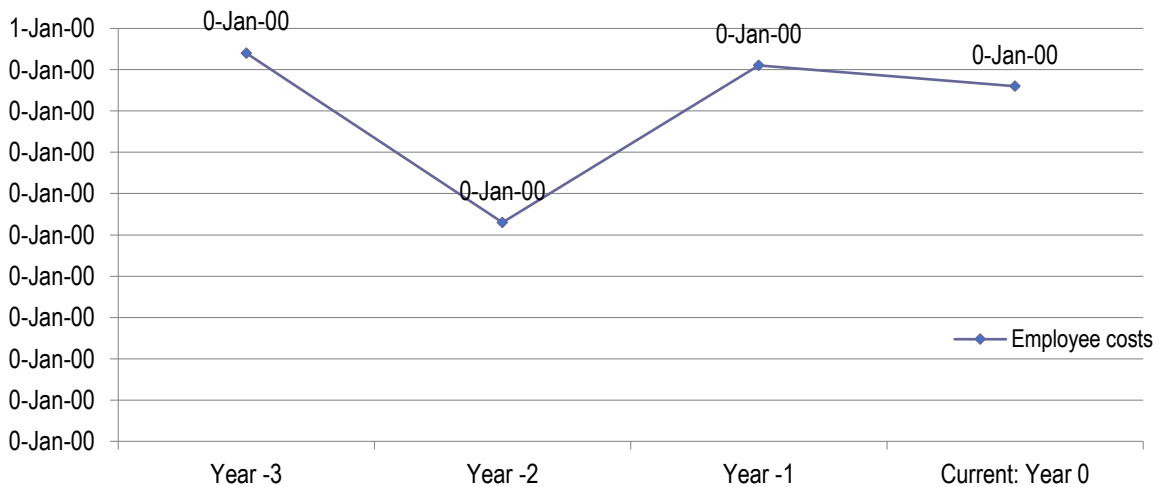


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

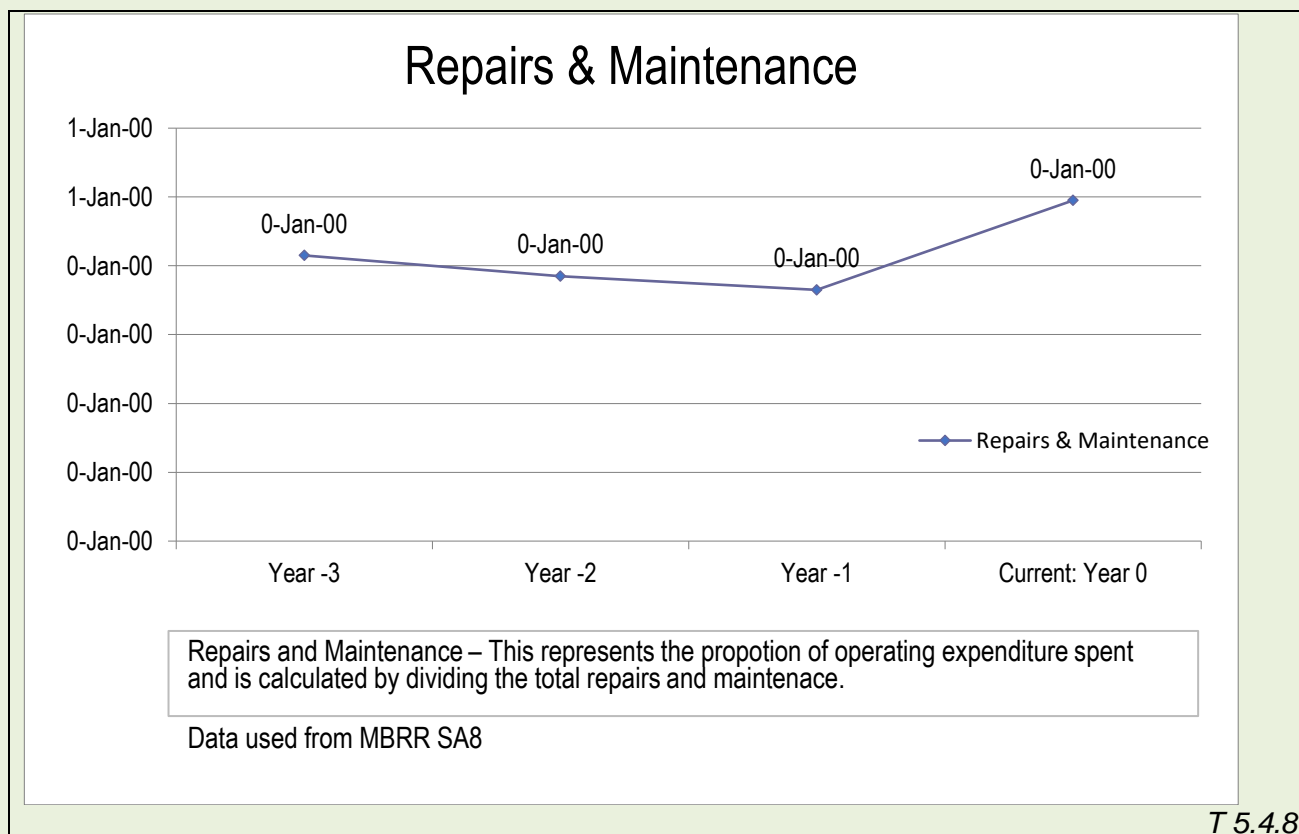
## Employee Costs



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



#### COMMENT ON FINANCIAL RATIOS:

Liquidity is a reflection of the municipality's ability to meet its short-term obligations when they fall due. The municipality's ability to convert current assets into cash to meet the current liabilities that are convertible into cash within a period of twelve months or less from the end of the financial year is assessed by its liquidity ratios. These include current assets to current liabilities ratio, which measures the extent to which total current assets can meet the corresponding total current liability.

Current ratio is 0.42 (1:2.37) indicating that the value of total current assets at year-end is not adequate to settle the total outstanding debts for the same period. This means that the total value of current assets could only pay up to 42% of the total value of current liabilities.

The other ratio that assesses the municipality's liquidity is the acid test ratio, which specifically excludes inventory as an asset that can be easily converted into cash. This ratio reflects that current asset to current liabilities is at 1:238, meaning that the total value of current assets at year-end can only cover 42% of total current liabilities for the same period.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

#### **Equitable Share**

The Equitable Share is the unconditional share of the revenue that is raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

#### **Finance Management Grant**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Program (e.g. salary costs of the Financial Management Interns). This grant was received and well spent by the municipality. It is also used for the capacitation of the Finance department

#### **Municipal Infrastructure**

The grant was used to construct roads and storm water infrastructure and building of sport infrastructure. The projects were Nozizwe Access road in Venterstad ward 1, Maletswai paving project in Jamestown ward 11 and upgrading of Burgersdorp sport ground

#### **Integrated National Electrification Grant**

The municipality is the recipient of this grant, the grant this year was used for the electrification of Soul City area and Electrification of 392 units in Aliwal North.

#### **Expanded Public Works Program (EPWP)**

This program is aimed at providing poverty income relief through the creation of temporary work opportunities. Community members were employed for Labour work in the implementations of infrastructure projects under the EPWP.

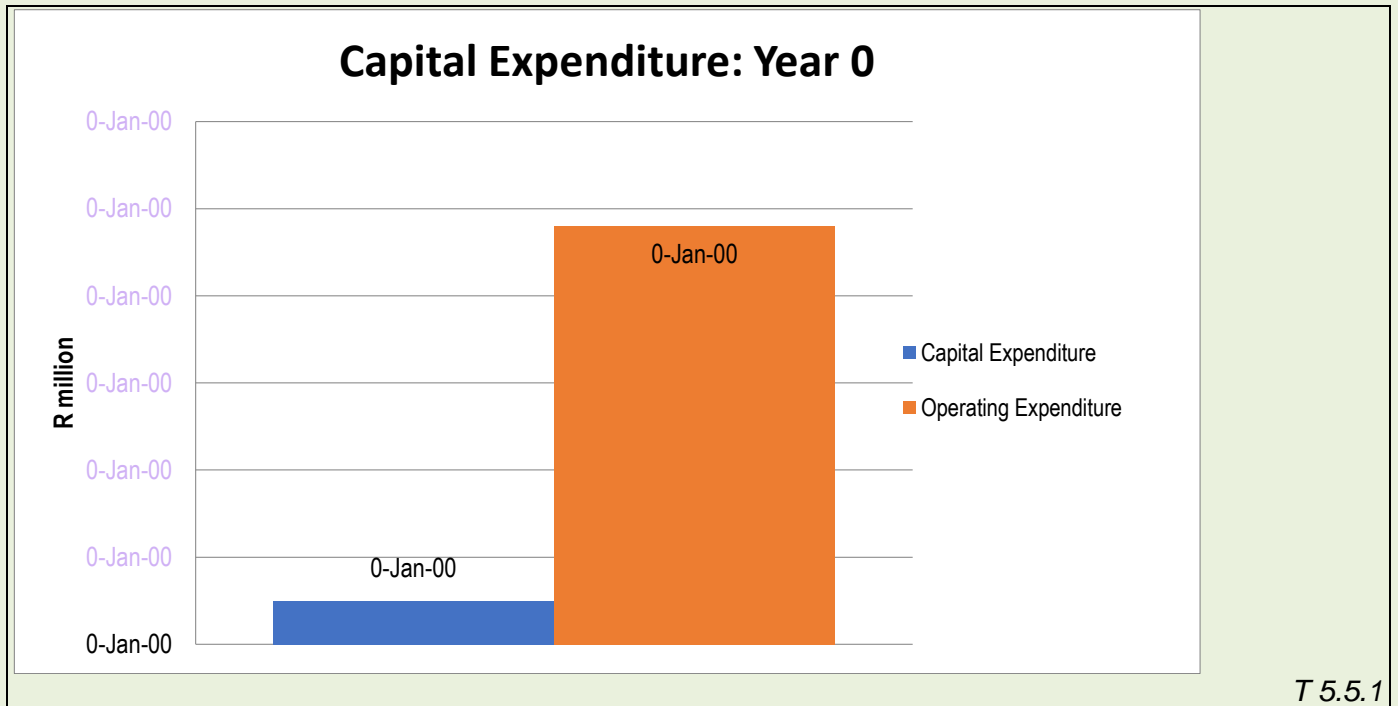
#### **Department of Environmental Affairs and Tourism**

The grant is utilised to protect, conserve and enhance our environment, natural and heritage assets and resources

#### **Other grants**

Various grants were received from other spheres of government and includes for example the following: Spatial Development Framework, Skills Development Grant, etc.

*T 5.5.0*



## SOURCES OF FINANCE



R' 000						
Details	Year -1	Year 0				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
<b>Source of finance</b>						
External loans						
Public contributions and donations						
Grants and subsidies	18 144 307,77	23 801 000	22 872 500	13 408 390	-3,90%	-43,66%
Other	381 091,23	1 800 000	1 800 000	3 665 952	0,00%	103,66%
<b>Total</b>	<b>18525399</b>	<b>25601000</b>	<b>24672500</b>	<b>17074342,47</b>	<b>-3,90%</b>	<b>60,00%</b>
<i>Percentage of finance</i>						
External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants and subsidies	97,9%	93,0%	92,7%	78,5%	100,0%	-72,8%
Other	2,1%	7,0%	7,3%	21,5%	0,0%	172,8%
<b>Capital expenditure</b>						
Water and sanitation						
Electricity						
Housing						
Roads and storm water						
Other						
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0,00%</b>	<b>0,00%</b>
<i>Percentage of expenditure</i>						
Water and sanitation						
Electricity						
Housing						
Roads and storm water						
Other						
T5.6.1						

COMMENT ON SOURCES OF FUNDING:

T 5.6.1.1

**CAPITAL SPENDING ON 5 LARGEST PROJECTS**

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - Name of Project					
B - Name of Project					
C - Name of Project					
D - Name of Project					
E - Name of Project					
* Projects with the highest capital expenditure in Year 0					
<b>Name of Project - A</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - B</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - C</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - D</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
<b>Name of Project - E</b>					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
					T 5.7.1

COMMENT ON CAPITAL PROJECTS:

T 5.7.1.1

## BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

#### Major challenges in electricity and remedial actions

*The major problems regarding electricity are the infrastructure upgrading and high replacements costs. The transformers services have never been done in many years, and as a result it makes the continuous supply of electricity to be unpredictable. High rate of vandalism within these areas of infrastructure also contributes of repairs and maintenance of these services.*

*Major challenges are regarding funding to upgrade from gravel roads to surfaced roads. The maintenance of potholes and crocodile cracking with limited funding is also a major challenge.*

*Major challenges in waste management services and remedial action*

*The major challenges in waste management are the following:*

*Damaged incinerator at the landfill site makes it impractical to burn waste in line with the permit.*

*Sickly staff that is frequently booked off duty.*

*Major challenges in housing and town planning services and remedial actions*

*Shortage of land*

*Informal settlements*

*Back yard dwelling*

*Lack of capacity of appointed developers*

*Town Planning Consultants have been appointed; the spatial development framework plan is adopted by Council and has already been reviewed once. Remedial actions are done on a need as we go basis in between the bi-annual reviews.*

*Major challenges in spatial planning services and remedial actions*

*Shortage of land for development*

*Low capacity infrastructure.*

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
<b>Infrastructure - Road transport</b>				%	%	
Roads, Pavements & Bridges	18 580 000	22 972 500	15 440 954	%	%	
Storm water				%	%	
<b>Infrastructure - Electricity</b>				%	%	
Generation				%	%	
Transmission & Reticulation	5 241 000			%	%	
Street Lighting				%	%	
<b>Infrastructure - Water</b>				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
<b>Infrastructure - Sanitation</b>				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
<b>Infrastructure - Other</b>				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
<b>Other Specify:</b>				%	%	
Furniture and Office Equipment	1 760 000	1 790 000	602 442	%	%	
Machinery and Equipment	20 000		1 030 947	%	%	
				%	%	
<b>Total</b>	<b>25 601 000</b>	<b>24 762 500</b>	<b>17 074 343</b>	<b>%</b>	<b>%</b>	
<p>* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</p>						T 5.8.3

## COMMENT ON BACKLOGS:

T 5.8.4

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other		189 255	189 255	132 790
Government - operating		55 894	55 894	69 479
Government - capital		23 801	23 801	20 861
Interest		8 163	8 163	1 090
Dividends				
<b>Payments</b>				
Suppliers and employees	(242 734)	(237 607)	(237 607)	(176 817)
Finance charges	(10 272)	(5 430)	(5 430)	(22 906)
Transfers and Grants	(80)	(8 376)	(8 376)	(30)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(253 086)</b>	<b>25 701</b>	<b>25 701</b>	<b>24 467</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE		101	101	16
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				(118)
<b>Payments</b>				
Capital assets		(25 601)	(25 601)	(16 437)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>–</b>	<b>(25 500)</b>	<b>(25 500)</b>	<b>(16 538)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits		100	100	114
<b>Payments</b>				
Repayment of borrowing		(211)	(211)	(639)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>–</b>	<b>(111)</b>	<b>(111)</b>	<b>(525)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(253 086)</b>	<b>89</b>	<b>89</b>	<b>7 404</b>
Cash/cash equivalents at the year begin:		21 658	21 658	6 036
Cash/cash equivalents at the year end:		21 747	21 747	13 440
Source: MBRR A7				T 5.9.1

## BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

*Borrowing serves as the finance bridge on any shortfall on which the municipality is funded for by any sphere of government and is not able to generate the funds from its internal sources. Council makes use of the bank facility with FNB to fund the purchase of capital assets as well as DBSA. There are no other loan facilities exercised by the municipality*

*T 5.10.1*

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
<b><u>Municipality</u></b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Municipality Total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	0	0	0
<i>T 5.10.2</i>			

*T 5.10.3*

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

**COMMENT ON BORROWING AND INVESTMENTS:**

All investments whether in the form of loans (in cash or kind) made by the municipality but not to one or more of the organizations set out above and all grants (in cash or kind) made to any form of organization.

Due to the fact that the municipality is not funded by shareholders or investors but by public funds through government grants and subsidy, accumulated surplus will therefore be regarded as employment of capital, augmented by external funding from Development Bank of Southern Africa (DBSA) and commercial institutions, required to meet operational requirements. The municipality is not heavily indebted and is therefore not at risk of failure to obtain further external funding should a need arise in the near future.

T 5.10.5

**PUBLIC PRIVATE PARTNERSHIPS****PUBLIC PRIVATE PARTNERSHIPS**

*Walter Sisulu Municipality does not have any public-private partnership agreements in place during the year under review*

T 5.11.1

**COMPONENT D: OTHER FINANCIAL MATTERS****SUPPLY CHAIN MANAGEMENT****SUPPLY CHAIN MANAGEMENT**

*The municipality has developed a supply chain management policy that conforms to the requirements or guidelines of the National Treasury Regulations. The policy was revised and implemented in 2018 after taking into consideration the changes on the revised regulations and circulars published in 2017. Although the policy was work-shopped to all councillors and management staff, the full implementation thereon remains a challenge. Due to the municipal geographical situation, which is on the far northern end of the Eastern Cape with low economic activity, significant procurement from local suppliers is always a challenge. The local suppliers and contractors are often out of stock and resources to deliver the orders requested by the municipality.*

*All committee membership recommended by the policy is in place and none of the councillors serves in any of the committees. Management has embarked on a drive to capacitate its staff by enrolling all qualifying staff members on accredited courses. The municipality is in the process of establishing the Infrastructure delivery and procurement management so as to frastract and comply on the MFMA circular no 106 .*

*The Auditor General's remarks on the supply chain management are contained in the audit report; however, there was an emphasis in relation to irregular expenditure incurred due to non-compliance with the policy. An audit action has been developed on how to address these findings*



## GRAP COMPLIANCE

### GRAP COMPLIANCE

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

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognized Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

*T 5.13.*



**WALTER SISULU**  
LOCAL MUNICIPALITY  
*Botho Humanity Ubuntu*

# Chapter 6

## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

### INTRODUCTION

In terms of Section 188 (1)(b) of the Constitution of the Republic of South Africa 1996 (Act 108 of 1996), the functions of the Auditor-General include auditing and reporting on the accounts, financial statements and financial management of all municipalities. Section 45 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000), stipulates that the results of performance management must be audited annually by the Auditor-General.

The Auditor-General conducted the audit of this municipality. The financial statements were submitted to them within the prescribed timeframes as determined by Section 126 (1)(a) of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003).

### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

Auditor-General Report on Financial Performance Year 2020/2021	
Audit Report Status*:	Disclaimer audit opinion
Non-Compliance Issues	Remedial Action Taken

<p>The municipality presented fairly, in material respect.</p> <ul style="list-style-type: none"> <li>▪ Property, Plant and Equipment (PPE) – Limitation of scope</li> <li>▪ Investment Property- Limitation of Scope</li> <li>▪ Receivable from exchange transactions – Limitation of Scope</li> <li>▪ Receivable from non-exchange transactions – Limitation of Scope</li> <li>▪ Taxes – Limitation of Scope</li> <li>▪ Payables from exchange transaction – Limitation of Scope</li> <li>▪ Government grants and Subsidies revenue – Operating</li> <li>▪ Bulk purchases -Limitation of Scope</li> <li>▪ Irregular expenditure</li> </ul>	None
<b>Internal Control Deficiencies</b>	<b>Remedial Action Taken</b>
<ul style="list-style-type: none"> <li>▪ Internal control are limited to the significant internal control deficiencies.</li> <li>▪ Leadership did not adequately oversee the internal control environment by repeated findings during audit.</li> <li>▪ No progress in respect of financial disciplines relating to the daily, weekly and monthly reconciliation.</li> <li>▪ Risk management activities were not adequately designed and implemented to mitigate high and pervasive risks of material misstatement</li> </ul>	None

<b>Auditor-General Report on Financial Performance Year 2021/2022</b>	
<b>Audit Report Status*:</b>	<b>Adverse audit opinion</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
<p>The municipality presented fairly, in material respect.</p> <ul style="list-style-type: none"> <li>▪ Property, Plant and Equipment (PPE) – Limitation of scope</li> <li>▪ Investment Property- Limitation of Scope</li> <li>▪ Receivable from exchange transactions – Limitation of Scope</li> <li>▪ Receivable from non-exchange transactions – Limitation of Scope</li> <li>▪ Taxes – Limitation of Scope</li> <li>▪ Payables from exchange transaction – Limitation of Scope</li> <li>▪ Government grants and Subsidies revenue – Operating</li> <li>▪ Bulk purchases -Limitation of Scope</li> <li>▪ Irregular expenditure</li> </ul>	None
<b>Internal Control Deficiencies</b>	<b>Remedial Action Taken</b>
<ul style="list-style-type: none"> <li>▪ Internal control are limited to the significant internal control deficiencies.</li> <li>▪ Leadership did not adequately oversee the internal control environment by repeated findings during audit.</li> <li>▪ No progress in respect of financial disciplines relating to the daily, weekly and monthly reconciliation.</li> <li>▪ Risk management activities were not adequately designed and implemented to mitigate high and pervasive risks of material misstatement</li> </ul>	None

Emphasis of matters	Remedial Action Taken
<ul style="list-style-type: none"> <li>As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statement of the municipality at, and for the ended, 30 June 2021</li> </ul>	None

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

**The audited financial statements for financial year 2020/21** - have been attached report in Volume II  
T 6.2.3

#### COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

**Delete Directive note once comment is completed** - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.  
T 6.2.4

#### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) ..... Dated  
T 6.2.5

## 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 Key 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 "what we use to do the work". 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> <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><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## APPENDICES

## APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

<b>Councillor, Committees Allocated and Council Attendance</b>					
<b>Council Members</b>	<b>Full Time / Part Time</b>	<b>committee Allocated</b>	<b>Ward and/or Party Represented</b>	<b>Percentage Council Meetings Attendance</b>	<b>Percentage Apologies for non-attendance</b>
	<b>FT/PT</b>			<b>%</b>	<b>%</b>
Cllr NS Mathetha	FT	<ul style="list-style-type: none"> <li>▪ Members' Interests, Rules &amp; Ethics</li> </ul>	ANC	100	0
Cllr B Khweyiya	FT	<ul style="list-style-type: none"> <li>▪ Infrastructure Services Committee</li> <li>▪ Women Caucus</li> <li>▪ IPED</li> </ul>	ANC	67	33
Cllr V Davids	PT	<ul style="list-style-type: none"> <li>▪ Corporate Services</li> <li>▪ Members' Interests, Rules &amp; Ethics</li> <li>▪ Performance Committee</li> <li>▪ Women Caucus</li> <li>▪ IPED</li> </ul>	ANC	94.4	5.6
Cllr M Solani	PT	<ul style="list-style-type: none"> <li>▪ IPED</li> <li>▪ Financial Services Committee</li> <li>▪ Members' Interests, Rules &amp; Ethics</li> </ul>	ANC	89	11
Cllr N Ngubo	PT	<ul style="list-style-type: none"> <li>▪ Community Services Committee</li> <li>▪ Members' Interests, Rules &amp; Ethics</li> <li>▪ Women Caucus</li> <li>▪ IPE</li> </ul>	ANC	100	0
Cllr Z Mqokrwana	PT	<ul style="list-style-type: none"> <li>▪ Good Governance Committee</li> <li>▪ Corporate Services Committee</li> </ul>	ANC	100	0
Cllr L Nkunzi	PT	<ul style="list-style-type: none"> <li>▪ MPAC</li> <li>▪ Community Services Committee</li> <li>▪ Monitoring &amp; Evaluation Committee</li> </ul>	ANC	94.4	5.6
Cllr Z Mangali	PT	<ul style="list-style-type: none"> <li>▪ Performance Committee</li> <li>▪ Financial Services Committee</li> <li>▪ Corporate Services Committee</li> <li>▪ Women Caucus</li> </ul>	ANC	89	11
Cllr Y Zweni	PT	<ul style="list-style-type: none"> <li>▪ Women Caucus</li> <li>▪ Infrastructure Services Committee</li> <li>▪ Performance Committee</li> </ul>	ANC	94.4	5.6

Cllr MW Mokhoabane	PT	<ul style="list-style-type: none"> <li>▪ Infrastructure Services Committee</li> <li>▪ Community Services Committee</li> <li>▪ MPAC</li> <li>▪ Good Governance</li> </ul>	ANC	100	0
Cllr K Mathunya	PT	<ul style="list-style-type: none"> <li>▪ Financial Services Committee</li> <li>▪ Monitoring &amp; Evaluation Committee</li> </ul>	ANC	100	0
Cllr W Moeti	PT	<ul style="list-style-type: none"> <li>▪ Infrastructure Services Committee</li> </ul>	ANC	100	0
Cllr BK George	PT	<ul style="list-style-type: none"> <li>▪ Community Services Committee</li> <li>▪ MPAC</li> </ul>	ANC	100	0
Cllr M Botha	PT	<ul style="list-style-type: none"> <li>▪ Financial Services Committee</li> <li>▪ Women Caucus</li> <li>▪ IPED</li> </ul>	Democratic Alliance	100	0
Cllr E Theron	PT	<ul style="list-style-type: none"> <li>▪ Good Governance Committee</li> <li>▪ Women Caucus</li> </ul>	Democratic Alliance	78	22
Cllr A Van Heerden	PT	<ul style="list-style-type: none"> <li>▪ Community Services Committee</li> <li>▪ MPAC</li> <li>▪ Women Caucus</li> </ul>	Democratic Alliance	94.4	5.6
Cllr MDR Nel	PT	<ul style="list-style-type: none"> <li>▪ Infrastructure Services Committee</li> <li>▪ Members' Interests, Rules &amp; Ethics</li> <li>▪ Performance Committee</li> </ul>	Democratic Alliance	100	0
Cllr D De Jongh	PT	<ul style="list-style-type: none"> <li>▪ Corporate Services Committee</li> </ul>	Democratic Alliance	89	11
Cllr M Lekobane	PT	<ul style="list-style-type: none"> <li>▪ Performance Committee</li> <li>▪ Women Caucus</li> </ul>	Democratic Alliance	83	17
Cllr M Lottering	PT	<ul style="list-style-type: none"> <li>▪</li> </ul>	Democratic Alliance	89	11
Cllr V Schoeman	PT	<ul style="list-style-type: none"> <li>▪ Monitoring &amp; Evaluation</li> <li>▪ Financial Services Committee</li> <li>▪ MPAC</li> <li>▪ Members' Interests, Rules &amp; Ethics</li> </ul>	Economic Freedom Fighters (EFF)	78	22
Cllr L Falasi	PT	<ul style="list-style-type: none"> <li>▪ Members' Interests, Rules &amp; Ethics</li> <li>▪ Women Caucus</li> </ul>	Maletswai Civic Association	89	11

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Municipal Committees	Purpose of Committee	Composition
<b>Section 80 Committee</b>	The Section 80 Committees assist the Executive Mayor and Executive Mayoral Committee in respect of Community Services, Financial Services, Corporate & IGR Services and Local Economic Development & Tourism. This Committee has no statutory powers and reports to the Executive Mayoral Committee.	Councillors
<b>Audit &amp; Audit Performance Committee</b>	In terms of section 166 of the MFMA. To advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality relating to matters listed in the MFMA, section 166.	Independent members
<b>Municipal Public Accounts Committee (MPAC)</b>	In assisting the council with its oversight function, a Municipal Public Accounts and Oversight Committee was established in terms of section 79 of the Municipal Structures Act (Act 117 of 1998). Section 129(4)(b) of the MFMA. The MPAC also serves as the Oversight Committee of the Annual Report.	Councillors and invitees

<b>Training Committee</b>	In terms of the Skills Development Act (Act 97 of 1998). To promote skills development in the workplace.	Councillors, Management and Union member
<b>Employment Equity</b>	In terms of the Employment Equity Act. To promote equal opportunities and fair treatment to all in the workplace.	Councillors, Management and Union member
<b>Local Labour Forum -LFF</b>	According to the SALGBC Main Collective Agreement to promote sound Labour Relations.	Councillors, Management and Union member
<b>Health &amp; Safety Committee -OHS</b>	In terms of the Occupational Health and Safety Act (Act 85 of 1993). To promote a healthy and safe working environment for employee and community	Officials
<b>Section 32 Committee</b>	It is an ad hoc committee, appointed by Council, to investigate unauthorised, irregular or fruitless and wasteful expenditure.	Councillors
<b>Alleged Breaches Committee</b>	It is a special committee established by Council to assist in the discipline of Councillors.	Councillors
<b>IDP Steering Committee</b>	To monitor the IDP process plan and IDP related processes and inputs.	Councillors and Officials

<b>Risk Management Committee</b>	The Risk Management Committee serves as a forum to assist the accounting officer in addressing its oversight requirements of risk management and evaluating and monitoring the municipality's performance with regards to risk management.	Municipal Manager, Directors, IDP Manager, Performance Management, Member of the Audit and Performance Audit Committee Invitees: Internal Audit and CRO
<b>Disciplinary Board</b>	It is an ad hoc committee established accordance to the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings	Head Internal Audit, Chairperson of Audit Committee, Senior official Responsible for legal, Representation of Provincial and National Treasury
<b>Budget Steering Committee</b>	To provide technical assistance to the mayor in discharging the Responsibilities set out in section 53 of the Act (MFMA)	Chairperson Finance Portfolio Committee & CFO and Management

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

The third tier of the municipality is regarded as the middle management. This level, only 6 are on contract and 15 are permanent

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	*Head: Internal Auditor (CAE) – Ms. Nomonde Gedze
	IDP – Mr. Wiseman Nodwele
Directorate: Finance	*Head: Expenditure, Income - N/A
	Head: Financial Services – Mr. Yimile Ngqele
	Manager: SCM (Acting) – Mr. Sakhele Mankayi
Directorate: Corporate Services	Legal Advisor - Vacant
	Manager: Human Resources – Mr. Solly Mashiya
	Manager: ICT – Mr. Bongani Tshatshu
	*Head: Committee Services, Records Manager and Councilor Support – Ms. Stella Mdwaba
Directorate: Community Services	*Manager: Municipal Health - Vacant
	Manager: Environmental Management – N/A
	Social Development Officer: Vacant
Directorate: Technical Services	Manager: Emergency Services – N/A
	Manager: Roads Services – Joseph Mosenene

## APPENDIX D – FUNCTIONS OF MUNICIPALITY

Function	District Municipality	Local Municipality
Air pollution	X	
Building regulations		X
Child Care facilities		X
Electricity reticulation		X
Fire Fighting	X as per regulations	
Local Tourism	X as per white paper	X
Municipal airports		X
Municipal Planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		X
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
Schedule 5 part b		X
Beaches and amusement facilities		X
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		X



Function	District Municipality	Local Municipality
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
Additional agency functions performed		
Licensing of vehicles		X
Primary Health Care		January 2011 moved to Provincial Department of Health
Road maintenance	X	X

## APPENDIX E – WARD REP

Ward Name	Name of Ward	Committee	Number of	Number of	Number of
(Number)	Councillor and	established (Yes/No)	monthly	Monthly	quarterly
	Elected Ward		Committee	Reports	(Monthly)
	committee		meetings	Submitted	Public ward
	members		held during	To	Meetings held
			the year	Speakers	During the
				Office on	financial year
				Time	
One (1)	Cllr ZD Mangali	Yes	Please	Please	Please refer
			refer below	refer below	below for
			for details	for details	details
	AB Mbeka				

	EN Makasi		Yes					
	D Gxalaba		Yes					
	R Labuschagne							
	TF Thompson		Yes					
	NT Gcuku							
	M Nthsinga		Yes					
	M Alexander							
	NS Lidziya		Yes					
<b>Two (2)</b>	<b>ClIr Z Mqokrwana</b>	<b>Yes</b>	Please refer	Please refer	Please refer			
				below for	below for		below for details	
				details	Details			
	M Notyeke							
	R Bentley							

	SB Phike							
	L Futshane							
	MJ Notyeke							
	M Gxekwa							
	VR Kamana							
	S Tyokolo							
	N Xelegu							

Ward Name	Name of	Ward	Committee	Number of	Number	of		Number of
(Number)	councillor	and	e	monthly	Monthly			quarterly
	elected	Ward	established	Committee	Reports			(Monthly)
	committee		d (Yes/No)	meetings	Submitted			Public ward
	members			held during	To			Meetings held
				the year	Speakers			During the
					Office	on		financial year

					Time			
			Yes					
Three (3)	Cllr M Nel		Yes	Please refer	Please refer			Please refer
				below for	below for			below for details
				details	details			
	N Tsobileyo		Yes					
	A Makhoba		Yes					
	N Makhoba		Yes					
	N Ntlozi		Yes					
	N Ramashala		Yes					
	S Mnikina		Yes					
	S Silwana		Yes					

	P Mohapi		Yes				
	N Mngxuma		Yes				
	L Malangeni		Yes				
<b>Four (4)</b>			<b>Yes</b>	Please refer	Please refer		Please refer
	<b>Cllr MN Solani</b>			below for	below for		below for details
				details	Details		
	GLZ Mzenene						
	B Jotina						
	VP Kolanisi						
	L Diniso						
	S Mpande						
	T Mbi						
	P Khanzi						

	F Geza							
	M Khweyiya							
<b>Five (5)</b>			<b>Yes</b>	Please refer	Please refer			Please refer
	<b>Cllr L Nkunzi</b>			below for	below for			below for details
				Details	details			
	Z Wele		Yes					
	S Silo		Yes					
	G Jika		Yes					
	A Redeiro							
	N Ganyaza		Yes					

Ward Name	Name of	Ward	Committee	Number of	Number	of		Number	of
(Number)	councillor	and	E	Monthly	monthly			quarterly	
	elected	Ward	Establishe	Committee	reports			(Monthly)	

		committee		d (Yes/No)	meetings	submitted		Public ward
		members			held during	to		Meetings held
					the year	Speakers		During the
						office	on	financial year
						time		
		M Ramokepa						
		L Shoba		Yes				
		MJ Nkothani		Yes				
		T Moleka						
		L Anderson		Yes				
<b>Six (6)</b>		<b>Cllr N</b>		Yes	Please refer	Please refer		Please refer



		Ngubu(caretaker)		below for	below for			below for details	
				Details	details				
		N Ganyaza		Yes					
		M Ramokepa		Yes					
		L Noyo		Yes					
		M Magopheni		Yes					
		L Masina		No					
		A Madikwa		Yes					
		M Kwinana		Yes					
		T Matlotlo		Yes					
		M Nzongeni		Yes					
		T Bango							
<b>Seven (7)</b>		Cllr V Davids		<b>Yes</b>	Please refer	Please refer		Please refer	

		(Caretaker)			below for	below for			below for details	
					details	details				
		SB Mpela		Yes						
		RF Monaheng		Yes						
		S Stragon		Yes						
		S Tyongo		Yes						
		LE Mbuli		Yes						
		KH Mathunya		Yes						
		NE Matyunjwa		Yes						
		NG Mqela-		Yes						
		Ntshobodi								

Ward Name	Name of	Ward	Committe	Number of	Number	of		Number	Of
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(Number)	councillor	and	E	monthly	monthly			quarterly	
	elected	Ward	establishe	Committee	reports			(Monthly)	
	committee		d (Yes/No)	meetings	submitted			public	Ward
	members			held during	to			meetings	Held
				the year	Speakers			during	The
					office	on		financial year	
					time				
<b>Eight (8)</b>	Cllr V Davids		<b>Yes</b>	Please refer	Please refer			Please refer	
	(Caretaker)			below for	below for			below for details	
				details	details				
	N Meje		Yes						
	N Malgas		Yes						
	S Mawonga								

	T Gaba		Yes						
	N Paul		Yes						
	M Liwani		Yes						
	Stuurman		Yes						
	S Jaza		Yes						
	M Mbele		Yes						
	M Mtabane		Yes						
	F Makisi (CDW)		Yes						
<b>Nine (9)</b>			Yes	Please refer	Please refer			Please refer	
				below for	below for			below for details	
				details	details				
	P Letuka		Yes						

	E Pretorius		Yes						
	M Kula		Yes						
	S Ruiters		Yes						
	S Wood		Yes						
	N Ndulula		Yes						
	N Pretorius		Yes						
	TA Sithukuza		Yes						
<b>Ten (10)</b>	Cllr MW		<b>Yes</b>	Please refer	Please refer			Please refer	
	Mokhoabane			below for	below for			below for details	
				details	details				
	PC Seleke		Yes						
	BS Dumsela		Yes						

Ward Name	Name of	Ward	Committee	Number of	Number	of		Number	Of
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(Number)	councillor	and	E	monthly	monthly			quarterly	
	elected	Ward	establishe	Committee	reports			(Monthly)	
	committee		d (Yes/No)	meetings	submitted			public	Ward
	members			held during	to			meetings	Held
				the year	Speakers			during	The
					office	on		financial year	
					time				
	T Matlotlo		Yes						
	L Marhawule		Yes						
	D Morake		Yes						
	A Motlhokoa		Yes						
	Z Ngantweni		Yes						
	S Kolomba		Yes						

Eleven (11)	Cllr NS Mathetha	Yes	Please refer	Please refer		Please refer
	(Caretaker)		below for	below for		below for details
			details	details		
	NS Nkani	Yes				
	N Thulelo	Yes				
	R Ntintili	Yes				
	W Tamane	Yes				
	M Boyana	Yes				
	Baatyi	Yes				
	B Mafo	Yes				
	T Sdindi	Yes				
	PS Olifant	Yes				

## APPENDIX F – WARD INFORMATION

	Jul-	Aug-	Sep-	Oct-	Nov-	Dec-	Jan-	Feb-	Mar-	Apr-	May-	Jun-
	2021	2021	2021	2021	2021	2021	2022	2022	2022	2022	2022	2022
WARD 1												
Cllr ZD Mangali	1	1	1	1	1	1	1	1	1	0	1	
AB Mbeka	0	1	0	0	0	1	1	1	1	0	1	
EN Makasi	1	0	0	1	1	1	1	1	1	0	1	
DT Gxalaba	1	0	0	1	1	1	1	1	1	0	1	
T Mncayi	0	0	0	0	0	0	0	0	0	0	0	
TF Thompson	1	1	0	1	1	1	1	1	1	0	1	
NT Gcuku	0	0	0	0	0	0	0	0	0	0	0	
MB Ntominga	0	1	0	1	0	0	0	0	0	0	0	
M Alexander	0	0	0	0	0	0	0	0	0	0	0	
NS Lidziya	1	1	0	1	0	1	1	1	1	0	1	
M Ntshinga	0	0	0	0	0	1	1	1	1	0	1	



## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during year 20/21	Recommendation adopted (enter yes), If not adopted (provide explanation)
12/10/2020	To NOTE the report with recommendations that the final version of the report with amendments be tabled to the Committee by 19th October 2020.	yes
12/10/2020	To NOTE the report with recommendations and addition that issues pertaining SDBIP be submitted through the office of the internal Audit.	yes
19/10/2020	a) The Annual Performance Information report was noted and acknowledged the 48% achievement by the Audit and Performance Committee; and	yes
	b) The Manager responsible for Performance to rework on deviation explanation column by not mentioning lockdown most of the time so that the report can make sense	yes
	c) Management need to plan ahead on how to achieve the KPI's for 2020/21	
19/10/2020	The Audit and Performance Committee noted and acknowledged the Draft Annual Financial Statement	Yes
19/10/2020	Audit and Performance Committee noted and acknowledged the tabling of Annual Performance and the Review on Annual Financial Statements by the Internal Auditor	Yes
30/11/2020	<b>PRESENTATION FROM AUDITOR GENERAL:-</b> That in the near future the Auditor General should submit their audit strategy before the commencement of the meeting in order for the committee to have time for review and make their inputs and comments.	Yes
30/11/2020	1. That the Audit and Performance Management Committee noted the progress report against the Internal Audit Plan as presented by the CAE.	Yes
	2. Internal audit plan to be shared with the members of the Audit and Performance Management Committee	Yes
	3. Reports issued by internal audit to management after discussions to be shared to the Audit and Performance Management Committee to avoid taking time being read before the meeting	Yes

30/11/2020	1 That in the next Audit and Performance Management Committee the General Manager for Technical Services must submit an Infrastructural Project Plan for MIG projects versus the work done	Yes
	2. Together with a Standard Operational Plan or Procedures (SOP's) for all sections within the Technical department.	No director did not submit SOP for audit review
	3. The Technical Services to give the progress report on the owners of illegal connections in order for the municipality to recoup revenue loss from the illegal connections.	No director did not submit the report on illegal connections
	4. The Director has to give a detailed report of the installation of meters for Eskom willing and Joe Gqabi District Municipality water and sanitation pumps where it is installed or which area and also who does the reading on the monthly basis for capturing by Finance (Revenue section).	No meters not installed as yet to be able to calculate distribution losses and willing agreement
30/11/2020	That all directors to commit to assist the Risk section so that they can be able to finalise the operational plan and compliance register	Yes
30/11/2020	1. It was also resolved that all Director Technical or infrastructure services to sign the performance contract as this could lead to non-compliance with the relevant regulation or Act.	Yes
	2. The Directors were urged not to use the Covid as the excuses of not achieving the targets. Valid explanation need to be documented as to why the target was not achieved.	Yes
30/11/2020	<b>Finance:</b> The Chairperson requested the municipality to be dedicated in order to produce reliable reports	Yes
	2. Mr. Marsberg seconded by Ms Dukuza recommended to Council note and accept all items presented.	Yes
	3. SCM section to have reports as per the required Laws and regulation and to also report to National Treasury as expected.	Yes
30/11/2020	<b>Corporate Services:</b> That the Chairperson noted with appreciation to receive ICT reports for the first time.	yes
	2. That all ICT policies before they are presented to Council should be submitted to the Audit and Performance Management Committee for considerations	yes
	3. That the municipality should ensure that ICT vacancies are filled and the existing staff be capacitated in order for the municipality to meet its objective. Also due to the financial migration to the new financial management system.	yes
30/11/2020	<b>Community Services</b> 1. Handover report to the new Director Corporate Services	Yes

	2. That the updated report on leases be distributed to all members and not wait for the next sitting of the Audit and Performance Management Committee Meeting.	Yes
	3. The report should be detailed with names of the staff that have been placed and those that were not placed.	Yes
	4. The timeframe for the placement process when is going to be finalised.	Yes
	5. The Community Services to have business processes and standard operating procedures for all the section within the Community services section	Yes
<b>23/03/2021</b>	<p>PROGRESS REPORT ON IMPLEMENTATION OF STANDARD CHART OF ACCOUNTS (MSCOA)</p> <p>It was Resolved THAT:</p> <ol style="list-style-type: none"> <li>1. To NOTE the report with recommendations</li> <li>2. The report must focus more on expenditure</li> </ol>	Yes
<b>23/03/2021</b>	<p>PRESENTATION OF AUDIT ACTION PLAN IA &amp; AG</p> <p>Noting that:-</p> <ol style="list-style-type: none"> <li>1. The committee resolved to note the report with recommendations and addition that in the next meeting the Directors must submit their recommendations.</li> <li>2. That the report be updated and circulated to all Committee members within the next seven days.</li> </ol>	Partial presented to Ac on quarterly basis
<b>21/06/2021</b>	<p>1. Audit and Performance Management Committee made a reminder on the resolution that was taken by the Audit and Performance Management Committee 19/20 financial year.</p> <p>a) That the Council support unit must assist the AC for secretariat purposes.</p>	Yes
<b>21/06/2021</b>	1. Audit and Performance Management Committee proposed to accept the below mentioned documents and submit them to Council for approval	Yes
	a) Remuneration Policy for Audit and Performance Committee members 2021/22 be submitted to council	
	b) Audit and Performance Management Committee Terms of reference 2021/22	
	c) Risk Management Committee Charter	
	d) Risk Management Policy 2021/22 and 2022/23	
	e) Risk Management Implementation Plan	
	f) Fraud and Prevention Policy Plan	

	g) Compliance Policy	
	Audit and Performance Committee Terms of reference 2021/22	
21/06/2021	<p>1. That the Chairperson of the Audit and Performance Management Committee submit an item to Council on documents to be approved for the financial year of 2021/22.</p> <p>2. That an Internal Audit Plan be noted and a Special Audit and Performance Management Committee Meeting to be arranged in July 2021 to present the Internal Audit Plan for 2021/22 financial year.</p> <p>3. That the Internal Audit Charter and the Internal Audit Methodology for 2021/22 be accepted by the Committee and be submitted to Council.</p> <p>4. That the Municipal Manager to do a follow up on issues raised by Internal Audit Section and report back in the next Audit and Performance Management Committee Meeting.</p>	Yes
21/06/2021	<p>a. To approve Risk Management Policy two financial years 2021/22 and 2022/23;</p> <p>b. To approve Compliance Policy;</p> <p>c. To approve Fraud prevention Policy;</p> <p>d. To approve Risk Management Implementation Plan;</p> <p>e. To approve Risk Management Remuneration Policy be recommended to council for approval; and</p> <p>f. To consider the appointment of the relief of Risk Management Manager.</p>	Yes
21/06/2021	<p>REPORT ON LEASE OF WSLM PROPERTIES:-1. The Audit Committee and Performance Committee recommended to Council to handover the tenants owing more than 90 days to the attorneys; and</p> <p>2. The Audit Committee and Performance Committee noted the report.</p>	No the Director disconnected electricity to the tenants that are owing the municipality more than 60 days and up
21/06/2021	<p>REPORT ON WASTE MANAGEMENT REFUSE REMOVAL PLAN:-The Audit and Performance Management Committee to note the quarterly 3 report submitted.</p>	Yes
21/06/2021	<p>PROGRESS REPORT ON CURRENT PROJECTS- PERFORMANCE:-1. That the Audit and Performance Management Committee notes the report from the Infrastructure Services Department.</p> <p>2. That the Infrastructure Services Department submit a detailed report on all the projects that are in the operational projects to the Audit and Performance Management Committee in the next meeting.</p>	Yes
21/06/2021	<p>SUMMARY REPORT ON LITIGATION REGISTER:-That the Corporate Services Department to submit a proper breakdown information on contingency liability in the next Audit and Performance Management Committee.</p>	Yes

### **Objective of having Audit Committee**

As foundation of good governance, audit committees are positioned to provide an objective assessment of whether or not public resources are responsibly and effectively managed. They also promote accountability and integrity, as well as improvement in the operations of government and municipalities.

### **The role of the Audit Committee**

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

Section 166 of the MFMA requires that each municipality and municipal entity must have an Audit Committee. The Audit Committee is an independent advisory body that must a) advice the municipal council, the political office-bearers, the accounting officer and the management of the municipality or municipal entity 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;
- • compliance with the Act, the annual Division of Revenue Act and any other applicable legislation;
- • performance evaluation; and
- • any other issues referred to it by the municipality or municipal entity
- 

b) review the annual financial statements to provide the Council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

c) Respond to the council on any issues raised by the Auditor-General in the audit report;

d) carry out such investigations into the financial affairs of the municipality or municipal entity as the Council of the municipality, or in the case of a municipal entity, the Council of the parent municipality or the board of directors of the entity, may request and

e) Perform such other functions as may be prescribed. In addition to these legislated duties, as required by King III, the audit committee should:

- • oversee annual/integrated reporting;
- • ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- • satisfy itself of the expertise, resources and experience of the company's finance function;
- • be responsible for overseeing of internal audit;
- • be an integral component of the risk management process;
- • oversee the external audit process;
- • Report to council and stakeholders on how it has discharged its duties

#### **The role of the municipality to Audit Committee**

The municipality provides secretariat duties through council support to the Audit committee.

#### **Audit committee members**

WSLM had 4 Members for the current year under review that serves as the Audit and Performance Committee. The AC met 5 times as required per Section 166 of MFMA 56 of 2003(4) (a) (b). Council appointed the members of the AC. All members are not employed by council.

Below list of Audit and Performance members:

- Mr AF Bothma Chairperson
- Mr Luvuyo Mabombo
- Ms Welekazi Dukuza
- Mr H Marsberg (late)

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

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
PHUMELELA DLOMO CONTRACTORS (PTY) LTD	IN-SITU Recycling /Resealing of Streets inMaletswai Aborview,Springs & City Centre	1-Sep-20	when compete	n/a	11,996
NCO ELECTRICAL CC	Joe Gqabi 296 Units, Upgrading and/or Refurbishment of Substation: Maletswai	24-Dec-19	when compete	n/a	8,123
ERMSA ELECTRICAL HOLDINGS(PTY) LTD	Electrification of Dukathole Area in Maletswai(392 Stands)	11-Dec-18	when compete	n/a	4,369
HAMSA CONSULTING ENGINEERS(PTY) LTD	Consulting Services Eletrification ProgrammeProject	9-Oct-19	when compete	n/a	1,498
UMZIWOKHANYO ENTERPRISE(PTY) LTD	Development and Construction of HawkersStalls	5-Dec-19	when compete	n/a	1,005
R. MAHANGE AND ASSOCIATES(PTY) LTD	Provision of Professional EngineeringServices for Electrification Project	18-Sep-18	when compete	n/a	746
CCG Systems	PROVISION OF FINANCIAL MANAGEMENT SYSTEM	3-Nov-20	SLA	n/a	11,991
SINGA TEL (PTY) LTD t/a NET 15	SUPPLY, INSTALLATION AND MAINTENANCE OF AN INTEGRATED TELECOMMUNICATION SYSTEM	3-Sep-20	SLA		1,983
SKY METRO EQUIPMENT	SUPPLY AND DELIVERY OF PHOTOCOPY MACHINES	18-Sep-18	SLA		746
					T H.1

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

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose	(a) Service Indicators	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
(i)	(b) Service Targets (ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)

Note: This statement should include no more than the top four priority indicators. \*'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; 'Current Year' refers to the targets set in the Year 0 Budget/IDP round. 'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.



# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

All Section 56 Managers and Councillors disclosed their financial interest and all of them had nil meaning that there was no one with financial interest.

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

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council		-	-	2,163	100%	100%
Vote 2 - Office of The Municipal Manager		-	1	0	100%	100%
Vote 3 - Budget and Treasury		76,534	89,448	145,902	91%	63%
Vote 4 - Corporate Service		319	315	136	-57%	-57%
Vote 5 - Technical Service		119,559	117,257	99,551	-17%	-15%
Vote 6 - Community Service		107,585	88,003	55,869	-48%	-37%
Vote 7 - Institutional Planning and Economic Development		-	0			
Vote 8		-	0			
Vote 9		-	0			
Vote 10		-	0			
Vote 11		-	0			
Vote 12		-	0			
Vote 13		-	0			
Vote 14		-	0			
Vote 15		-	0			
<b>Total Revenue by Vote</b>	<b>-</b>	<b>304</b>	<b>295</b>	<b>304</b>	<b>0</b>	<b>0</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						TK.1

## APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	31,227	42,728	32,728	36,437	-17%	10%
Service charges - electricity revenue	108,087	118,582	110,880	126,634	6%	12%
Service charges - water revenue	-	-	-	-	0%	0%
Service charges - sanitation revenue	-	-	-	-	0%	0%
Service charges - refuse revenue	19,054	31,711	10,837	18,519	-71%	41%
Rental of facilities and equipment	2,631	3,232	4,868	2,463	-31%	-98%
Interest earned - external investments	-	1,120	1,574	-	100%	100%
Interest earned - outstanding debtors	12,790	10,100	11,100	16,878	40%	34%
Dividends received	-	-	-	-	0%	0%
Fines, penalties and forfeits	752	389	357	294	-32%	-21%
Licences and permits	941	2,146	4,041	2,074	-4%	-95%
Agency services	2,596	3,117	2,470	3,947	21%	37%
Transfers and subsidies	91,238	68,426	78,734	94,295	27%	17%
Other revenue	3,228	3,574	14,069	2,079	-72%	-577%
Gains	9,435	99	99	-	100%	100%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>281,978</b>	<b>285,224</b>	<b>271,757</b>	<b>303,620</b>	<b>6.06%</b>	<b>10.49%</b>
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						T K.2

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Municipal Systems Improvement	1,600	-	-	-100%	100%	
<b>Other Specify:</b>						
Financial Management Grant	2,000	2,000	2,000	0%	0%	
EPWP	1,190	1,190	1,190	0%	0%	
Sport and Recreation	2,000	2,000	2,000	0%	0%	
<b>Total</b>						
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						T L

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

### APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
<b>Infrastructure: Road transport - Total</b>	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community - Total</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							

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## APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	-	-		-	-	-	-
Generation							
Transmission & Reticulation							
Street Lighting							
<b>Infrastructure: Water - Total</b>	-	-		-	-	-	-
Dams & Reservoirs							
Water purification							
Reticulation							
<b>Infrastructure: Sanitation - Total</b>	-	-		-	-	-	-
Reticulation							
Sewerage purification							
<b>Infrastructure: Other - Total</b>	-	-		-	-	-	-
Waste Management							
Transportation							
Gas							
Other							
<b>Community</b>	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-		-	-	-	-
Buildings							
Other							
Table continued next page							

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Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0		Actual Expenditure	Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget		FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-		-	-	-	-
Housing development							
Other							
<b>Other assets</b>	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
<b>Agricultural assets</b>	-	-		-	-	-	-
List sub-class							
<b>Biological assets</b>	-	-		-	-	-	-
List sub-class							
<b>Intangibles</b>	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-		-	-	-	-
<b>Specialised vehicles</b>	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Electricity</b>					
Joe Gqabi 296 Units, Upgrading and/or Refurbishment of Substation: Aliwal North	8,123	8,123	5,623	-44%	-44%
Electrification of Dukathole Area in Aliwal North (392 Stands)	4369	4369	3603	-21%	-21%
<b>Community</b>					
Development and Construction of Hawkers Stalls	870	1005	1015	1%	14%
<b>Roads and Stormwater</b>					
IN-SITU Recycling /Resealing of Streets in Aliwal North Aborview, Springs & City Centre	11996	11996	11483	-4%	-4%
					T N



Capital Programme by Project: Year 0					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
<b>Sanitation/Sewerage</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Electricity</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Housing</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Refuse removal</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Stormwater</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Economic development</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Sports, Arts &amp; Culture</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Environment</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Health</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>Safety and Security</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
<b>ICT and Other</b>					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 0			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
<b>Water</b>			
"Project A"			
"Project B"			
<b>Sanitation/Sewerage</b>			
<b>Electricity</b>			
<b>Housing</b>			
<b>Refuse removal</b>			
<b>Stormwater</b>			
<b>Economic development</b>			
<b>Sports, Arts &amp; Culture</b>			
<b>Environment</b>			
<b>Health</b>			
<b>Safety and Security</b>			
<b>ICT and Other</b>			
			<i>TO</i>

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
<b>Schools (NAMES, LOCATIONS)</b>				
<b>Clinics (NAMES, LOCATIONS)</b>				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				TP

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

<b>Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)</b>		
<b>Services and Locations</b>	<b>Scale of backlogs</b>	<b>Impact of backlogs</b>
<b>Clinics:</b>		
<b>Housing:</b>		
<b>Licencing and Testing Centre:</b>		
<b>Reservoirs</b>		
<b>Schools (Primary and High):</b>		
<b>Sports Fields:</b>		
		<i>T Q</i>

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

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous and future years
* Loans/Grants - whether in cash or in kind				TR

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		

