

MARULENG LOCAL MUNICIPALITY

Wildlife Haven

**2023-24
ANNUAL REPORT**

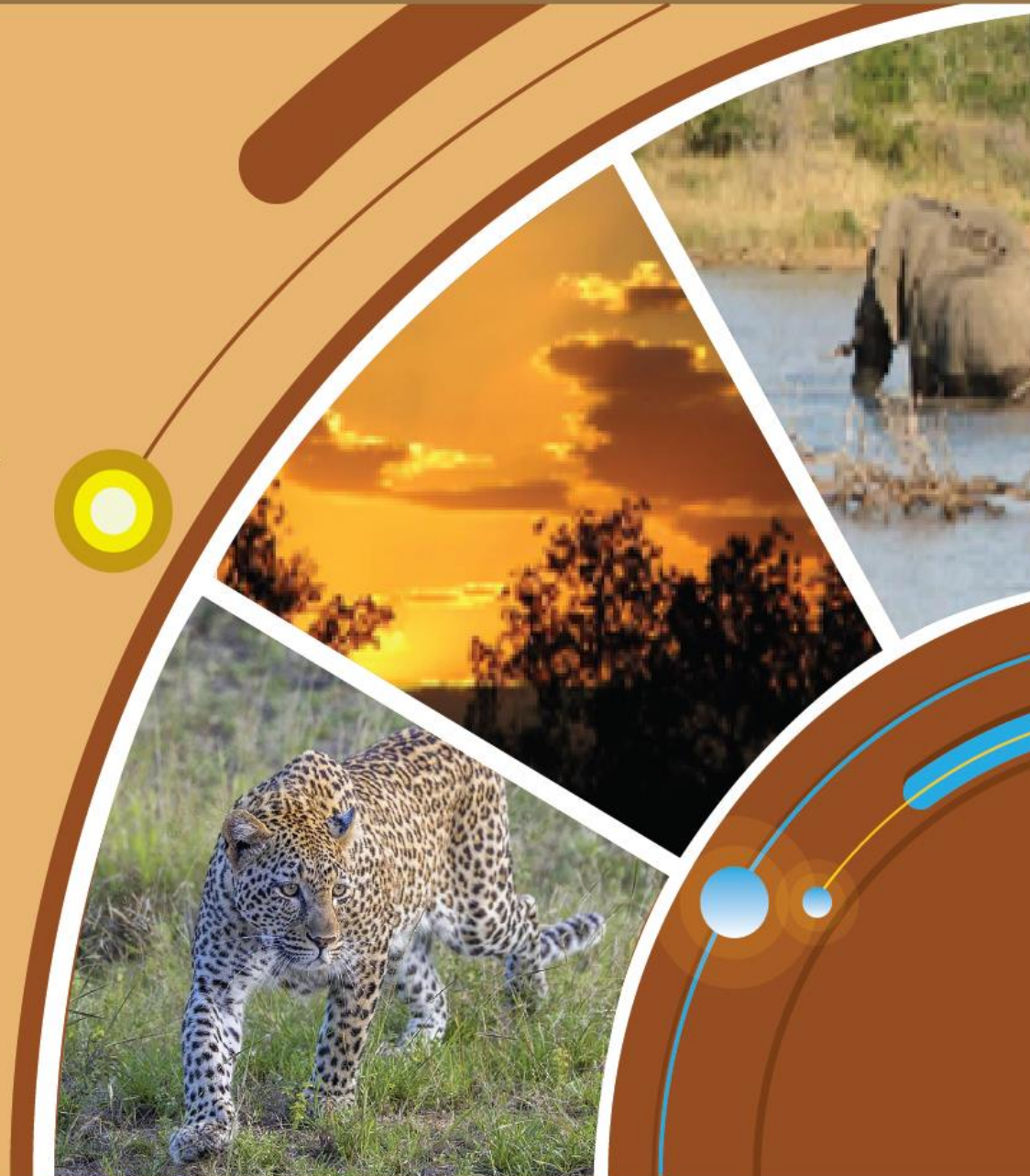


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ABBREVIATIONS

| ACCRONYM | MEANING |
|-----------------|---|
| AGSA | Auditor General of South Africa |
| COGHSTA | Cooperative Governance , Human Settlement and Traditional Affairs |
| CWP | Community Works Programme |
| DEFF | Department of Environment Forestry and Fishery |
| ECD | Early Childhood Development |
| EPWP | Expanded Public Works Programme |
| ESKOM | Electricity Supply Commission |
| EXCO | Executive committee |
| FBE | Free basic electricity |
| GIS | Geographic information system |
| FY | Financial year |
| GRAP | Generally recognised accounting practices |
| HIV | Human Immunodeficiency Virus |
| KM | Kilometre |
| KPA | Key performance area |
| KPI | Key performance indicator |
| K2C | Kruger to canyon |
| KWh | Kilowatt hour |
| ICT | Information and Communication Technology |
| IDP | Integrated development plan |
| LED | Local economic development |
| LUMS | Land use management scheme |
| MFMA | Municipal finance management act |
| MEC | Member of Executive Council |
| MPAC | Municipal public accounts committee |
| MIG | Municipal infrastructure grant |
| MLM | Maruleng Local Municipality |
| MSCOA | Municipal standard chart of accounts |

| | |
|----------------------|---|
| MTREF | Medium Term Revenue Expenditure Framework |
| MSA | Municipal Systems Act |
| MSCOA | Municipal Standard Chart of Accounts |
| m² | Square metre |
| OHS | Occupational health safety |
| OPEX | Operational Expenditure |
| PCF | Provincial Coordination Council |
| OTP | Office Of The Premier |
| PMS | Performance management system |
| PR | Proportional Representative |
| SALGA | South Africa Local Government Association |
| SCM | Supply Chain Management |
| SEDA | Small Enterprise Development Agency |
| SEFA | Small Enterprise Finance Agency |
| SCM | Supply chain management |
| SDBIP | Service delivery and budget implementation plan |
| SDF | Spatial Development Framework |
| SPLUMA | Spatial Planning and Land Use Management Act |
| Stats SA | Statistic South Africa |
| S71 | Section 71 report of the MFMA |
| RDP | Reconstruction Development Program |
| % | Percentage |

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I. INTRODUCTION

Performance Management is a process that measures the implementation of the organization's strategy. It is also a management tool used to plan, monitor, and measure and review performance indicators. The goal is to ensure the efficiency, effectiveness, and impact of the service delivery by the municipality. A Municipality's Performance Management System is the primary mechanism to monitor, review, and improve the implementation of its Integrated Development Plan (IDP). It helps gauge the progress made in achieving the objectives set out in the IDP. Additionally, a municipality's PMS must facilitate increased accountability, learning, improvement, provide early warning signals, and support decision-making.

The performance management system monitors actual performance against set targets and contractual obligations. Effective service delivery relies on the close integration of the IDP, effective utilization of all resources, and the performance management system across all functions at the organizational and individual levels. This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000. It further accounts on performance for the Lower Layer of SDBIP.

In accordance with the performance management framework the Mayor approved the SDBIP on 25 June 2023. The SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the SDBIP include indicators required by legislation, indicators that will assist to achieve objectives adopted in the IDP and indicators that measure service delivery responsibilities. The actual performance achieved in terms of the KPI's was reported on quarterly and mid-year basis.

II. LEGISLATIVE REQUIREMENTS

The constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

- the promotion of efficient, economic and effective use of resources,
- accountable public administration,
- to be transparent by providing information,
- to be responsive to needs of the community, and

- to facilitate a culture of public service and accountability amongst staff.

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

Section 32 of the Municipal Staff Regulations indicates that all staff members of a municipality should participate in a Performance Management and development system, excluding certain staff mentioned in the regulation. It also indicates that the performance and development system must be collaborative, transparent and fair and should be applied in a consultative, supportive and non-discriminatory manner which enhances organisational efficiency, effectiveness and accountability.

In addition, Regulation 7 (1) of the Local Government Planning Management Regulations, 2001, states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted and managed, including determining the roles and different role players.” Performance management is not only relevant to the organisation, but also to the individual employed in the organisation as well as the external service providers and municipal entities. This framework inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46 (1) of the Systems Act (Act 32 of 2000) a municipality must prepare for each financial year a performance report reflecting the municipality’s and service provider’s during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate measures that were or are taken to improve performance.

1. CHAPTER 1: MAYOR'S FOREWORK AND EXECUTIVE SUMMARY

1.1. FOREWORD BY THE MAYOR



This Annual Report serves as an account of the performance of the municipality for the year 2023/2024 in terms of the annual performance targets set in the Service Delivery and Budget Implementation Plan (SDBIP) and Annual Financial Statement. The report is presented in terms of Section 127, Act 56 of 2003 of the Municipal Finance Management Act. These service delivery targets as well as development targets that are articulated through the DSBIP are based on the strategic objectives set out in the approved Integrated Development Plan (IDP). Accordingly, this annual report provides all key stakeholders with a tool to assess the overall performance of the municipality. Council will be able to hold the Executive political leadership accountable, while the Executive political leadership will also be able holding the municipal top management accountable. Similarly, it presents the Municipal Council with the opportunity to give feedback to the community on progress made towards realizing the community aspirations expressed in the IDP.

It gives an overview of the efforts we directed towards improving municipality's 14 wards. With the 2023/24 budget, we continued directing substantial resources away from non-core expenditure items towards service delivery related infrastructure development. As an expression of the commitment to improving service delivery, despite challenges encountered, the Annual Report aims to reflect on the progress made in executing the mandate of the municipality. Some of the achievements reported include:

- Extending of refuse removal to 20 020 rural households
- Paving of 1.73km of the targeted 6.2km
- Surfacing 3.62km of the targeted 3.9km
- Rehabilitating 6.744 km of the targeted 2.65km
- Maintenance of 1 308 km gravel roads
- Spending 83% (R95,879,784/R79,734,920) of MIG allocation after receiving an additional MIG grant on the basis of good performance
- Spending 84% (R225,159,299/R200,812,299) of capital expenditure

- Basket of free basic services to indigent households
- 349 jobs were created through EPWP program

The municipality in 2023/24 financial year has allocated 48.2% of its total budget to capital projects that would improve service delivery. However, the municipality continued to function within a constraint's environment owing largely to the national load shedding which impacted negatively on its ability to collect revenue. Together with other public and private sectors the municipality has identified the following catalytic projects to mitigate its low revenue base, amongst others:

- Hoedspruit east gate international license
- Solar plant
- Hoedspruit township establishment
- New mall in Hoedspruit

- Hoedspruit private hospital (80% completion)

- The Oaks mall

- Metz police station

- R40 road intersection

The Annual Report demonstrates that during the year under review the municipality continued to strive towards realizing its vision of the powerhouse of socio-economic development through sustainable and integrated agriculture and tourism. It also provides a comprehensive yet an honest account of performance of the municipality, highlighting key achievements as well as rationale for the under-achievement in instances where there has been under-performance by the municipality

The plan for this current council is to maintain continuity on making the lives of our people better by empowering the poor of the poorest and giving dignity to our communities. As a public servant who have been entrusted with the humbling responsibility of working in a government that serves our people, may we remember the words of our struggle hero Nelson Mandela **“what counts in life is not the mere fact that we have lived. It is what difference we have made to the lives of others that will determine the significant of the life we lead.”**

CLLR MUSOLWA T.C

MAYOR

1.2. EXECUTIVE SUMMARY BY ACTING MUNICIPAL MANAGER



The Municipal Systems Act (2000), Section 46 as amended require the municipality to compile annual performance report which should be the reflection of progress made by the municipality towards achieving targets set in the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP is the annual performance plan of the municipality which provides quarterly performance targets and key performance indicators per key municipal performance areas. This report is meant to communicate the performance of the municipality on the implementation of all planned programmes as per the approved budget by Council for the year under review.

This report was further compiled as per the requirements of the Municipal Finance Management Act 56 of 2003 which requires the Accounting Officer to report to the Mayor at the end of each quarter on the Municipality's performance in implementing the SDBIP. In accordance with legislative requirement, this Draft Annual Performance Report covering the period 1 July 2023 to 30 June 2024 has been prepared in order to highlight the extent to which the SDBIP was implemented. It is necessary to indicate that what was planned during the reporting period emanates from the strategic objectives with specified performance indicators and targets. The report also ensures that accountability is upheld, and all stakeholders of the municipality are informed of the decisions that were taken in this period under review.

This Annual Report present a consolidated report on progress made by the municipal departments towards achieving the service delivery targets set according to eight Development Objectives as stipulated in our 2023/2024 Integrated Development Plan and the 2023/2024 SDBIP:

- Promote integrated human settlement and agrarian reforms
- Improve community well-being through accelerated service delivery
- Build capable institution and administration
- Sound financial management

- Putting people first
- Promote local economic development
- Develop partnerships
- Promote intergovernmental relationship and coordination

It is prudent for the municipality to strive within its financial and administrative capacity, to achieve the objectives of Local Government enshrined in section 152 (1) of the Constitution of the Republic of South Africa. The 2023/24 Draft Annual Report reflects the strategic focus of the municipality and provides both financial and non-functional performance of Maruleng Local Municipality. Council approved the 2023/24 Reviewed IDP accompanied by the Medium -Term Expenditure Revenue Framework (MTREF) in May 2023. The Reviewed IDP outlined plans for the financial year, while MTREF provided resources for the accomplishment of the IDP objectives. The IDP and the MTREF was operationalized, monitored and evaluated through the SDBIP, which serves as a management tool.

The municipality has made commendable progress in improving the delivery of services in our areas of jurisdiction. The municipality is engaged in a medium to long term plan to improve the quality-of-service delivery in a form of improving timeliness and acceptable downtimes in terms of service disruption. It is worth mentioning that the report would reflect more on the following **Key Performance Areas of Local Government**:

- Spatial Rational;
- Basic Service Delivery and Infrastructure Development;
- Local Economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation; and
- Municipal Transformation and Organizational Development.

In conclusion on behalf of management and staff, we appreciate the community willingness to see the municipality improving its governance systems and accelerate quality service at a required speed for better lives of all. Further applaud the working relations with municipal organized labour i.e. SAMWU and IMATU during the period under review.

DR. S.S SEBASHE

ACTING MUNICIPAL MANAGER

1. MUNICIPAL OVERVIEW

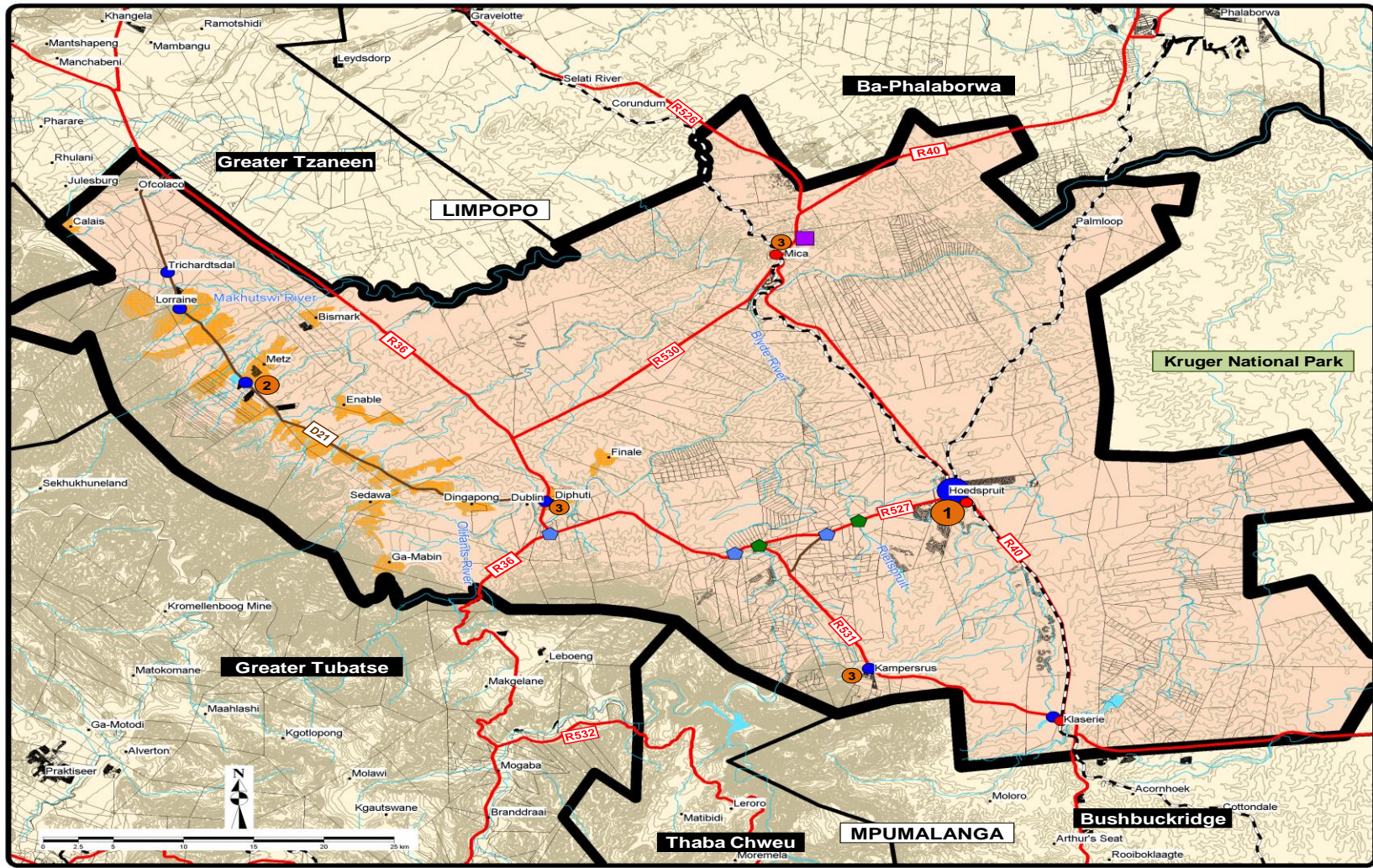
1.1 LOCATION

Provincial Context

The Maruleng Local Municipality is one of the five local municipalities of the Mopani District Municipality (MDM) of Limpopo province. MLM is located on the south eastern part of Limpopo province. The map below demonstrates the location of the municipality from the provincial context.

Municipal context

Covering an area of 3247km² and situated in the southeastern part, MLM shares the border with Kruger National Park to the east, Ba- Phalaborwa and Greater Tzaneen to the north, Lepelle Nkumpi to the west, Tubatse and Bushbuckridge to the south and the scenic Drakensburg escapement to the south. MLM is a category B municipality's that falls under the jurisdiction of Mopani District Municipality. Hoedspruit town doubles as the municipality's administration and economic hub. Due to its centrality and proximity to the magnificent Kruger National Park, (home to the largest species of the big five, Elephant, Lion, Rhino, Leopard and Buffalo). MLM has carved itself as a top-notch tourism hub. This explains why over years, tourism and agriculture have been undoubtedly the local economy's catalytic drivers. Apart from being a host to K2C one of the country's biggest biospheres reserves, MLM is also home to South African Defence Force Airforce base. The base is located at the Eastgate Airport. This airport links overseas holiday makers with OR Tambo and Cape Town International Airport. Plans are now afoot to secure an Internal Custom License, a development set to boost MLM's tourism sector. Approximately (88.7%) of its population lives in traditional areas, 2.3% lives in urban areas and 9% in farms (Stats SA 2022). Basic services are delivered via municipality's 14 wards.



MARULENG LOCAL MUNICIPALITY

SPATIAL DEVELOPMENT FRAMEWORK

MUNICIPAL SPATIAL STRUCTURE

- Legend**
- Study Area
 - Settlements/Villages
 - Farm Portion
 - Contour
 - River
 - Dam
- Settlement Hierarchy**
- 1st Order Settlement
 - 2nd Order Settlement
 - 3rd Order Settlement
- Business Activity**
- Main Business Node
 - Local Business Node
 - Mining
 - Business along R572
 - Agri-Business Park along R572
- Road Network**
- Primary Road
 - Secondary Road
 - Railway Line
 - Railway Station

1.1.2 Functions

The municipality derives its mandate from section 152 of the Constitution and provides most of its services as stated in the powers and functions of Local Municipalities in the Constitution Schedule A, part B, amongst others:

- Building regulations
- Billboards and the display of advertisement in public places
- Local tourism
- Cleansing (cemeteries etc.)
- Municipal planning
- Roads and storm water management
- Municipal parks and recreation
- Disaster management
- Street lightning
- Refuse removal, refuse dumps and solid waste
- Traffic control and licensing
- Business registration

1.1 .3 Municipal Wards

The municipality is made up of 14 wards as per the new municipal demarcation and section 12 notice by the MEC for Cooperative Governance, Human Settlement and Traditional Affairs. Table 1 below show the municipal wards.

| Wards | Settlements | Total Population | Male | Female |
|--------|---|------------------|-------|--------|
| Ward 1 | Hoedspruit | 5 622 | 2 986 | 2 636 |
| Ward 2 | Kampersus The Willows | 8 255 | 4 075 | 4 180 |
| Ward 3 | Finale The Oaks | 6 861 | 3 083 | 3 778 |
| Ward 4 | Bochabelo Ga-Mametja Sedawa Mahupse | 6 298 | 2 822 | 3 475 |
| Ward 5 | Molalane Santeng Sedawa | 5 927 | 2 648 | 3 279 |
| Ward 6 | Enable Worcester Bismarck | 7 235 | 3 320 | 3 914 |
| Ward 7 | Butswana Turkey 01 Turkey o2 | 6 184 | 2 832 | 3 352 |
| Ward 8 | Turkey 03 | 7 669 | 3 421 | 4 248 |

| | | | | |
|--------------|----------------------------------|---------------|---------------|---------------|
| | Turkey 04 Makgaung | | | |
| Ward 9 | Metz | 6 366 | 2 884 | 2 523 |
| Ward 10 | Madeira Sofaya | 6 648 | 2 902 | 3 741 |
| Ward 11 | Hlohlokwe | 8 792 | 3 987 | 4 807 |
| Ward 12 | Lorraine Bellville | 8 259 | 3 798 | 4 460 |
| Ward 13 | Balloon Calais | 6 083 | 2 792 | 3 291 |
| Ward 14 | Kanana Mahlomelong Moshate | 4 659 | 2 062 | 2 597 |
| Total | | 94 857 | 43 576 | 51 281 |

Census 2011

1.1.4 Demographic overview

Demography is the statistical study of human population. It encompasses the study of the size, structure and distribution of these population dynamics constitute a key feature in development planning because one needs to be aware of the composition of the population before embarking on a process of improving lives of the people making up the population. All spheres of government are entrusted with providing services to the people and thereby improving the livelihood of these people. In doing so, a critical analysis of the structure of the population is necessary. It is necessary to know population is predominately young or old. This helps the government in allocating its resources effectively as people of different age groups may at times require different services from government. not only is the different age group important

but also other elements such as size, fertility, mortality, race, health and wellbeing are equally important. The following is a synopsis of the population dynamics of Maruleng municipal area also known as demographic overview.

1.1.4.1 Population size

According to statistics from Stats SA of 2022 the municipality has a population of 128 137 and 31 968 households. Table 2 depicts the growth rate of population and households sizes.

| Population | | | Households | | |
|-------------|-------------|-------------|-------------|-------------|-------------|
| Census 2001 | Census 2011 | Census 2022 | Census 2001 | Census 2011 | Census 2022 |
| 94 383 | 94 857 | 128 137 | 19 668 | 24 470 | 31 968 |

.Source: (Stats SA 2022)

Maruleng municipal area has recorded population growth rate of 1.9% between 2011 and 2022, which is the highest growth in the Province.

1.1.4.2 Age and Gender Composition

Age and gender are the most basic characteristics of a population. Every population has a different age and gender composition. The number of and proposition of males and females in each group have considerable impact on the social and economic situation, both present and future (refer to table 3 below)

| Population | | | Youth (15-34 years) | | |
|------------|--------|---------|---------------------|--------|----------------|
| Male | Female | Total | Male | Female | Total |
| 59 477 | 68 860 | 128 137 | 19 508 | 20 674 | 40 182 (31.3%) |

(Stats SA, 2022)

| Estimated Population by Age and Gender | | | | |
|--|-----------------------|-----------------------|----------------|------------|
| Age Group | Male | Female | Total | Percentage |
| 0-4 | 7 818 | 8 002 | 15 820 | 12.3% |
| 5-14 | 12 777 | 13 244 | 26 021 | 20.3% |
| 15-34 | 19 508 | 20 674 | 40 182 | 31.3% |
| 35-54 | 12 251 | 16 107 | 28 358 | 22.1% |
| 55-64 | 3 999 | 5 351 | 9 350 | 7.2% |
| Over 65 | 3 123 | 12 174 | 15 297 | 11.9% |
| TOTAL | 59 477 (46.4%) | 68 860 (53.6%) | 128 137 | |

Source: (Stats SA 2022)

Group ages between 15-34 years and 35-54 years constitutes about 54 % of the population. This shows a need for the economic strategy to identify development thrusts that would address the need of the economically active people.

1.1.5 SOCIAL ANALYSIS

1.1.5. 1 Employment Profile

Employment status of the municipality

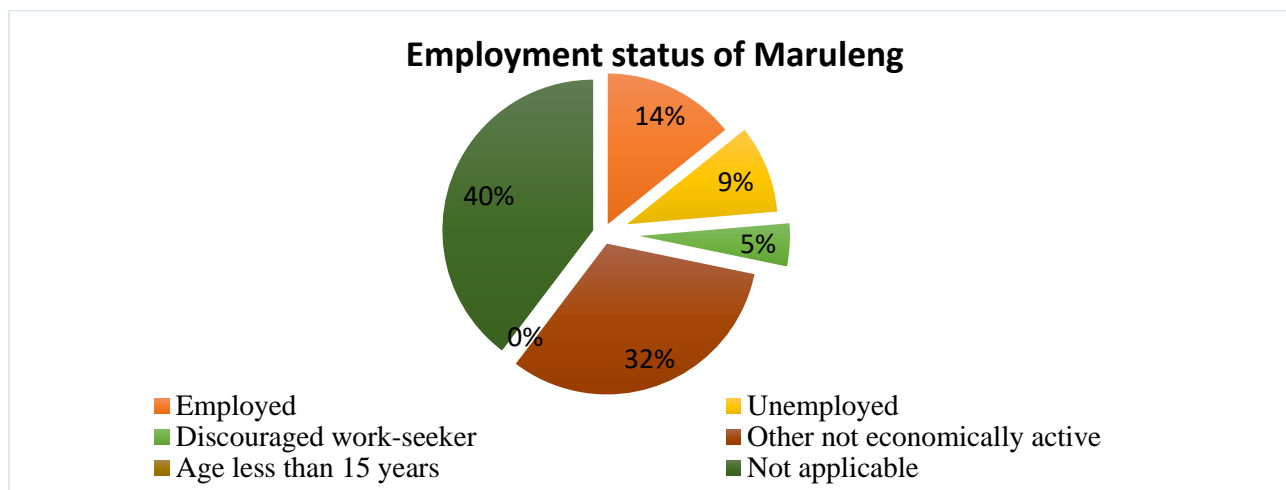


Figure 1: Employment status of the municipality (source, Stats SA Census 2011)

Figure 1 shows that there are 26 798 economically active people in Maruleng Municipality, with 13 142 employed, 8 994 unemployed and 1667 discouraged work seekers. This indicates the need for the strategies to identify some of the development thrusts that are linked to job creation and economic growth.

1.1.5.2 Household income

About 3891 households (15%) in the municipality fall within the category earning below R1500.00 per month and about 32 871 people live on grants.

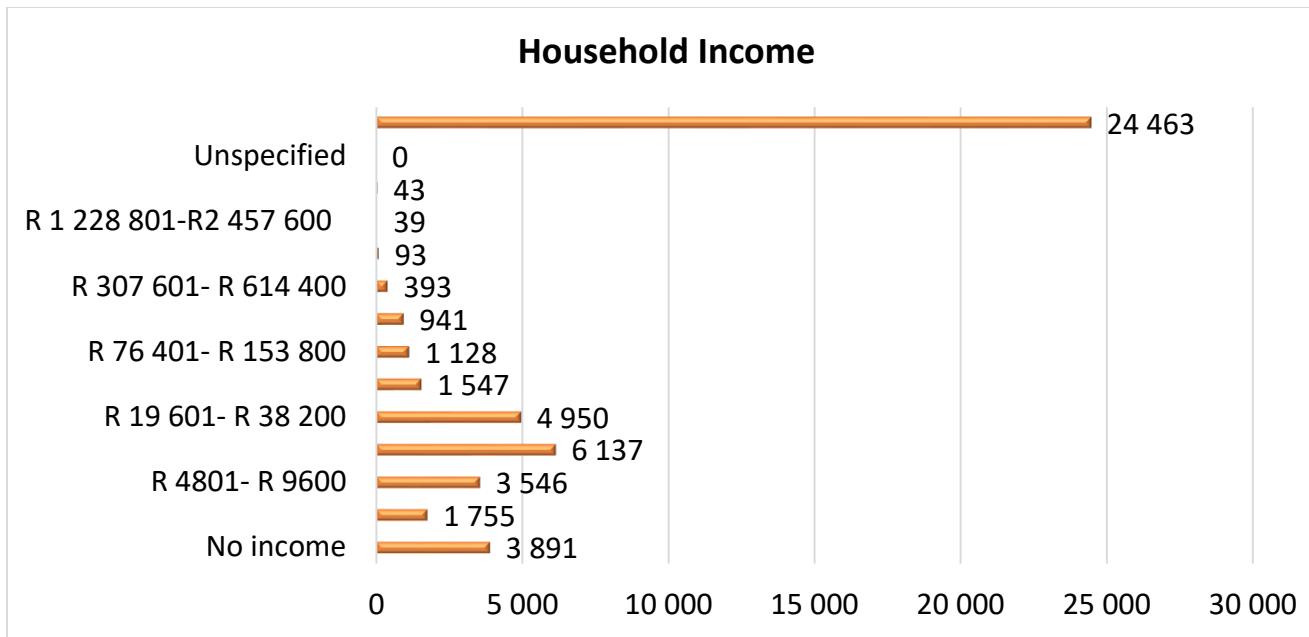


Figure 2: Household Income (Source: Statistics South Africa, Census 2011)

Poverty Levels

| | YEAR | % |
|----------------------|------|------|
| Poverty head count | 2011 | 18.2 |
| | 2016 | 18.3 |
| Intensity of poverty | 2011 | 41.8 |
| | 2016 | 42.7 |

Stats SA (2011 & 2016)

1.1.5.3 Dependency rate

For MLM, the ratio is depicted in the figure below comparing with the other local municipalities within Mopani District.

Figure 6: MLM Dependency Ratio



Source: Statistics South Africa

The reflection above demonstrates that the dependency ratio in MLM is the third highest in the district but has been reducing over a period of time but still at the highest at 65.8%. This situation places a huge burden on the part of the municipality because a large number of its working age group are financially distressed as they have to support their households.

1.1.5.4 Level of Education

Table 6: Level of education by gender

| Level | Number | Male | Female |
|---|--------|-------|--------|
| No schooling | 11 011 | 3 830 | 7 181 |
| Grade 0 | 3 872 | 1 933 | 1 939 |
| Grade 1 (sub A) | 3 177 | 1 618 | 1 559 |
| Grade 7 (Std 5) | 4 279 | 2 186 | 2 093 |
| Grade 8 (Std 6) | 5 867 | 3 035 | 2 832 |
| Grade 10 (Std 8) | 7 841 | 4 379 | 3 462 |
| Grade 12 (Std 10) | 9 811 | 3 996 | 5 815 |
| Diploma with Grade 12 | 805 | 343 | 462 |
| Higher Diploma | 708 | 307 | 401 |
| Bachelor's Degree | 405 | 190 | 215 |
| Bachelor's Degree and Post Graduate Diploma | 176 | 72 | 104 |
| Honours | 211 | 76 | 135 |
| Masters and PhD Degrees | 132 | 69 | 63 |

(Stats SA; Census 2011)

The above table shows that most of the population has no schooling at 20.90%, while 18.50% has grade 12 (in terms of the 2016 Community Survey 16 252 (16.32%) of people above 20 years have grade 12 certificates) and only 7% have higher education. The LED strategy should identify the level of the skills that the community has and identify gaps so that more effort is made to address the skills shortage in the municipal area.

1.1.5.5 People with disabilities in the municipality

There are 3340 people with disability in the municipality. The major challenge facing people with disabilities ranges from lack of skills, lack of employment opportunities as well as assistance devices like wheelchairs, walking sticks, hearing aids etc.

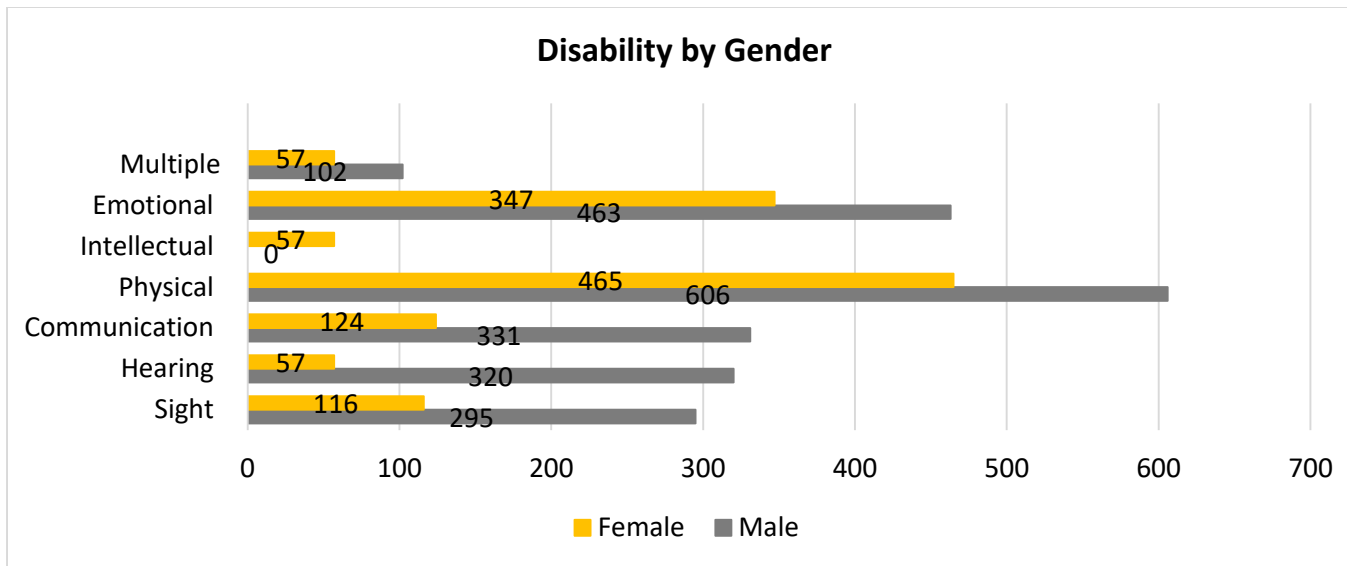


Figure 7: Disability by Gender (Stats SA; Census 2011)

1.2 SERVICE DELIVERY OVERVIEW

The municipality is committed to providing quality and sustainable services by ensuring consistent supply of services. Below is the summary of basic service delivery.

| SUMMARY OF BASIC SERVICE DELIVERY | | | | | |
|-----------------------------------|----------------------|-----------|--------|------------|--------|
| SERVICE | NO. HOUSEHOLDS/TOTAL | ACCESS | | BACKLOG | |
| Water | 31 968 | 15 982 | 49.9% | 15 986 | 50.1% |
| Sanitation | 31 968 | 31 272 | 97.8% | 696 | 2.2% |
| Refuse Removal | 31 968 | 20 020 | 62.6% | 11 948 | 37.4% |
| Electricity | 31 968 | 30 785 | 96.3% | 1 183 | 3.7% |
| Housing | 31 968 | 30 982 | 96.9% | 986 | 3.1% |
| Roads | 563.2 km | 332.417km | 59.02% | 230.783 km | 40.98% |

1.2.1 Public Meetings

The Municipality conducted 2023/24 IDP/Budget public participation as per the schedule below:

| DATE | VENUE | TIME |
|-------------|--------------------------------------|-------|
| 05 May 2023 | Sedawa Community Hall | 10H00 |
| 08 May 2023 | The Oaks Community Hall | 09H00 |
| | Bismarck Home Sweepers Sports Ground | 14H00 |
| 09 May 2023 | Butswana Community Hall | 09H00 |
| | Makgaung Community Hall | 14H00 |
| 10 May 2023 | Hoedspruit Community Hall | 17H00 |
| 11 May 2023 | Hlohlokwe Community Hall | 09H00 |
| | Calais Community Hall | 14H00 |
| 12 May 2023 | Sofaya- Highlanders Sports Ground | 09H00 |
| | Metz Community Hall | 14H00 |

1.2.3 Financial Health Overview

| FINAL OVERVIEW: 2023/24 SUMMARY: STATEMENT OF FINANCIAL PERFORMANCE | | |
|--|----------------|---------------|
| Description | Budget 2023/24 | Actual |
| Total Revenue by Source (Excluding Transfers) | 219,396,461 | 219,396,461 |
| Transfers | 182,867,920 | 247,867,920 |
| Total Revenue by Source (Including Transfers) | 402,264, 381 | 467,264, 381 |
| Loss: Total Expenditure | (295,191,450) | (295,191,450) |
| Equals: surplus/deficit | 172, 360,499 | 172, 360,499 |

1.3 Organizational Development Overview

The Municipal Manager is the head of the organisation supported by 5 Senior Managers. The approved organisational structure provides for six Senior Managers positions (including the positions of Municipal Manager and Chief Finance Officer).

SECTION 54/6 POSITIONS

| Directorate/Department | Filled/Vacant |
|--|---------------|
| Municipal Manager | Filled |
| Chief Finance Officer | Filled |
| Senior Manager Technical Services | Filled |
| Senior Manager Corporate Services | Filled |
| Senior Manager Community Services | Filled |
| Senior Manager Spatial Planning and Economic Development | Filled |

1.4 Auditor –General Report

For the previous financial year (2022/23) the municipality received an unqualified audit opinion. An Action Plan is developed to address the AGSA audit findings. For 2022/2023 there were 59 findings against the municipality from the AGSA. To date 43 of the findings were resolved as reflected below.

| NUMBER OF FINDINGS | IMPLEMENTED NUMBER | % COMPLETED | IN PROGRESS IMPLEMENTED | | YEAR END DISCLOSURES | |
|--------------------|--------------------|-------------|-------------------------|---------------|----------------------|-----|
| | | | NO. | % IN PROGRESS | NO. | % |
| 59 | 43 | 73% | 4 | 7% | 12 | 20% |

1.5 Statutory Annual Report Process

| NO. | ACTIVITY | TIMEFRAME |
|-----|---|-------------------------|
| 1 | Consideration of the next financial year's Budget and IDP process Plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period. | July 2023 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (in-year financial reporting) | |
| 3 | Finalize 4 th quarter Report for the previous financial year | |
| 4 | Submit draft Annual Report including Annual Financial Statements and Performance Report to Auditor-General | August 2023 |
| 5 | Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase | September 2023 |
| 6 | Municipal entities submit draft annual reports to MM (The municipality does not have entities) | |
| 7 | Auditor-General Audits Annual Report including Annual Financial Statements and Performance data. | September- October 2023 |

| NO. | ACTIVITY | TIMEFRAME |
|-----|---|-------------------------|
| 8 | Municipalities receive and start to address the Auditor General's findings | September- October 2023 |
| 9 | Commencement of draft Budget/IDP finalization for the next financial year. Annual Report and Oversight Report to be used as input | |
| 10 | Receive management letter | November 2023 |
| 11 | Auditor-General submit audit opinion | |
| 12 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report | January 2024 |
| 13 | Audited Annual Report is made public and representation is invited | February 2024 |
| 14 | Oversight Committee assesses Annual Report | |
| 15 | Council adopts Oversight report | March 2024 |
| 16 | Council table next financial Budget/IDP and invite public representation | |
| 17 | Oversight report is made public | April 2024 |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Council approve next financial Budget/IDP | May 2024 |
| 20 | Make public approved Budget and IDP | June 2024 |
| 21 | Finalize SDBIP and Performance Agreements for the next financial year | |
| 22 | Make public SDBIP and Performance Agreements | July 2024 |

CHAPTER 2: GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

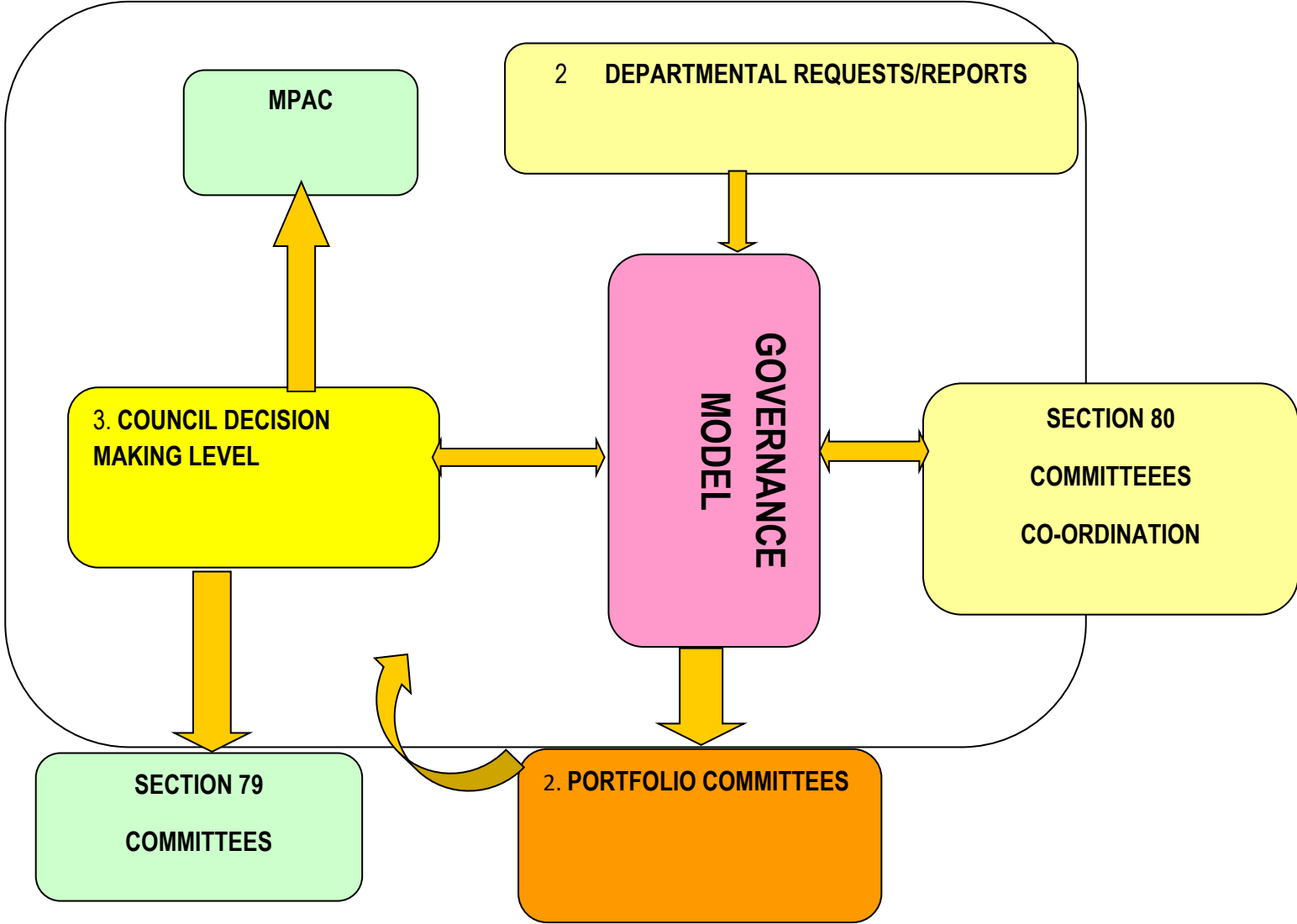
2. INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The executive and legislative authority of a municipality is vested in its Municipal Council. In terms of Section 151 (3) of the Constitution of the Republic of South Africa, a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

Maruleng Local Municipality is a category C Municipality in terms of Section 10 (b) of the Municipal Structure Act which defines the Municipality which defines the Municipality with an Executive System. The municipality has Section 80 Committees, 79 Committees, Executive Committee and Council. The Council is composed of 27 Councillors of which 14 are Ward Councillors and 13 are PR Councillors. Administration is headed by the Municipal Manager who acts as a link between the Political Office Bearers and Administration.

2.1 Political Governance Structure

The Municipal Council is comprised of 27 Councillors and is chaired by the Speaker wherein decisions are taken through Council resolutions as per the recommendations of the Executive Committee. Items are prepared by administration to serve before the Portfolio Committees, Executive Committee and finally before Council with recommendations for either adoption or nothing depending on the nature of the items. The Municipality has Audit Committee which provides opinions and recommendations on financial processes and performance and afford comments to the Oversight Committee on Annual Report. MPAC plays an oversight role of Council.





His Worship: The Mayor Cllr. Musolwa T.C

Functions and Powers: The mayor of the Municipality:

- (a) Presides at the meetings of the Executive Committee.
- (b) Performs duties including ceremonial functions.
- (c) Exercises the powers delegated to the Mayor by the Council and Executive Committee (MSA, Act 1998)
- (d) Tables in the municipal council a process outlining key deadlines for preparation, tabling and approval of IDP/Budget (MFMA 2003: s21 (b));
- (e) Co-ordinates the processes for preparing the annual budget and reviewing the Municipality's Integrated Development Plan (IDP) and budget related policies any revisions of the IDP and budget related policies to ensure that they are mutually consistent and credible (MFMA 2003 :s21 (a));
- (f) Manages the drafting of the municipality's IDP (MSA 200: s30 (a) with effect from 1st July; and
- (g) Tables the Draft IDP/Budget to the municipal council for adoption (MSA 200: s30 (c) read with MFMA 2003: s16 (2).



The Speaker: Cllr. RAGANYA

Functions of the Speaker: The Speaker of the Municipality:

- (a) Presides at meetings of council
- (b) Performs the duties and exercise the powers delegated to the speaker in terms of section 59 of Municipal Structures Act, Act 119 of 1998
- (c) Ensures that the council meets at least quarterly
- (d) Must ensure compliance in the council and council committee with code of conduct set out in Schedule 5; and
- (e) Ensures that council meetings are conducted in accordance with the rules and orders of the council in terms of section 37 of MSA, 119 of 1998



The Chief Whip: Cllr. THOBEJANE H.M

The Chief Whip's delegation: although the position of the Chief Whip and by extension its function(s) is not legislated, the following are the Chief Whip's delegation in terms of the Council Resolution:

- (a) Maintains sound relations between the municipal governing party and various political parties;
- (b) Ensure that relations are constructive and focused on key issues at hand;
- (c) Attends to dispute between political parties;
- (d) Ensure political accountability of councillors to ward committees;
- (e) Ensure quorum at council meetings;
- (f) Advises councillors belonging to various parties to convene party causes as to determine party positions on specific items/motions on the Council's agenda;
- (g) Generally, organizing the work of councillors in the causes; and
- (h) Collaborates on regular basis with the Council Speaker in relation to issues of discipline and conduct of councillors

EXECUTIVE COMMITTEE

The Executive committee comprise of five (5) members and the Mayor serves as the chairperson of Executive committee. The MLM is the category B Municipality with a collective executive system, combined with a ward participatory system.

Functions and powers: The Executive Committee

- ✓ The principal Committee of the Municipal Council which receives reports from other committees of the Council and forward these reports together with recommendations to Council when it cannot dispose of the matter in terms of its delegated powers;
- ✓ Identifies the needs of the municipality;
- ✓ Review and evaluate those needs in order of priority;
- ✓ Recommend strategies, programmes and services to address priority needs through the IDP and revenue estimates and expenditure;
- ✓ Identify key performance indicators (KPI) which are specific to the Municipality and common to local government in general;
- ✓ Evaluate progress against KPI;
- ✓ Review the performance of the Municipality in order to improve the economic efficiency and effectiveness, efficiency of credit control, revenue and debt collection services and implementation of municipal by-laws

Councillors

The MLM has a total of 27 councillors. Of these 14 are ward councillors, while 13 have been appointed on the basis of proportional representation (PR). There are also traditional leaders who participate in the Municipal Council in terms of the government gazette. **Below is the fully list of Ward Councillors and PR list.**

| WARD | WARD COUNCILLOR | GENDER |
|--------|---------------------|--------|
| Ward 1 | Cllr. Du. Preez E.C | Female |
| Ward 2 | Cllr. Letebele S.P | Male |
| Ward 3 | Cllr. Mokgotho D | Male |
| Ward 4 | Cllr. Mashego T.T | Male |
| Ward 5 | Cllr. Masete B.E | Female |
| Ward 6 | Cllr. Sekgobela K.J | Male |
| Ward 7 | Cllr.Monashane S.M | Male |

| WARD | WARD COUNCILLOR | GENDER |
|---------|---------------------|--------|
| Ward 8 | Cllr. Mathaba M.A | Female |
| Ward 9 | Cllr. Makamela R | Male |
| Ward 10 | Cllr. Mokgahla J.J | Male |
| Ward 11 | Cllr.Ntemane S | Male |
| Ward 12 | Cllr. Rammala M.M.S | Female |
| Ward 13 | Cllr. Raganya M.B | Male |
| Ward 14 | Cllr. Shai T.I | male |

PROPOSITIONAL REPRESENTATIVE COUNCILLORS

| NO. | COUNCILLOR | GENDER | PARTY |
|------------|---------------------|---------------|--------------|
| 1 | Cllr. Musolwa T. C | Male | ANC |
| 2 | Cllr. Thobejane M.H | Female | ANC |
| 3 | Cllr. Rakganya B | Female | ANC |
| 4 | Cllr. Rakgoale M.J | Female | ANC |
| 5 | Cllr. Mathole D.I | Male | Warriors |
| 6 | Cllr. Morema M.J | Male | Warriors |
| 7 | Cllr. Moropane L.P | Female | DA |
| 8 | Cllr. Komane M.M | Female | EFF |
| 9 | Cllr. Madike F.M | Female | EFF |
| 10 | Cllr. Malepe P.S | Male | EFF |
| 11 | Cllr. Gerber | Male | FF+ |
| 12 | Cllr. Mabilo B.T | Male | EFF |

2.1.2 POLITICAL DECISION-MAKING

The Municipal Council is chaired by the Speaker. Policy decisions and resolutions are taken by the Council by the Council as per the recommendations of the Executive Committee.

The Mayor and the members of the Executive Committee have a responsibility to ensure that council resolutions are implemented as required by section 44 of the Municipal Structures Act.

The Administration headed by the Municipal Manager and the Senior Managers are responsible for the implementation of council and Executive Committee resolutions. Reports regarding policy matters and non-delegated administrative matters are prepared by the administration with the recommendations from Municipal Manager then submitted to section 80 Committees (Portfolio Committee, Executive Committees where such reports are considered and recommendations are made to Council for final decision making.

2.1.1 Council

Powers of local government are vested in the municipal council and as a result Council has the power to make by-laws (legislative authority) and the powers to put those by-laws into effect (executive authority). Council adopts its own policies, by-laws and takes resolutions to ensure smooth operation of the Municipality and take its own decisions through Council resolutions with recommendations of the Executive Committee.

Council Meetings

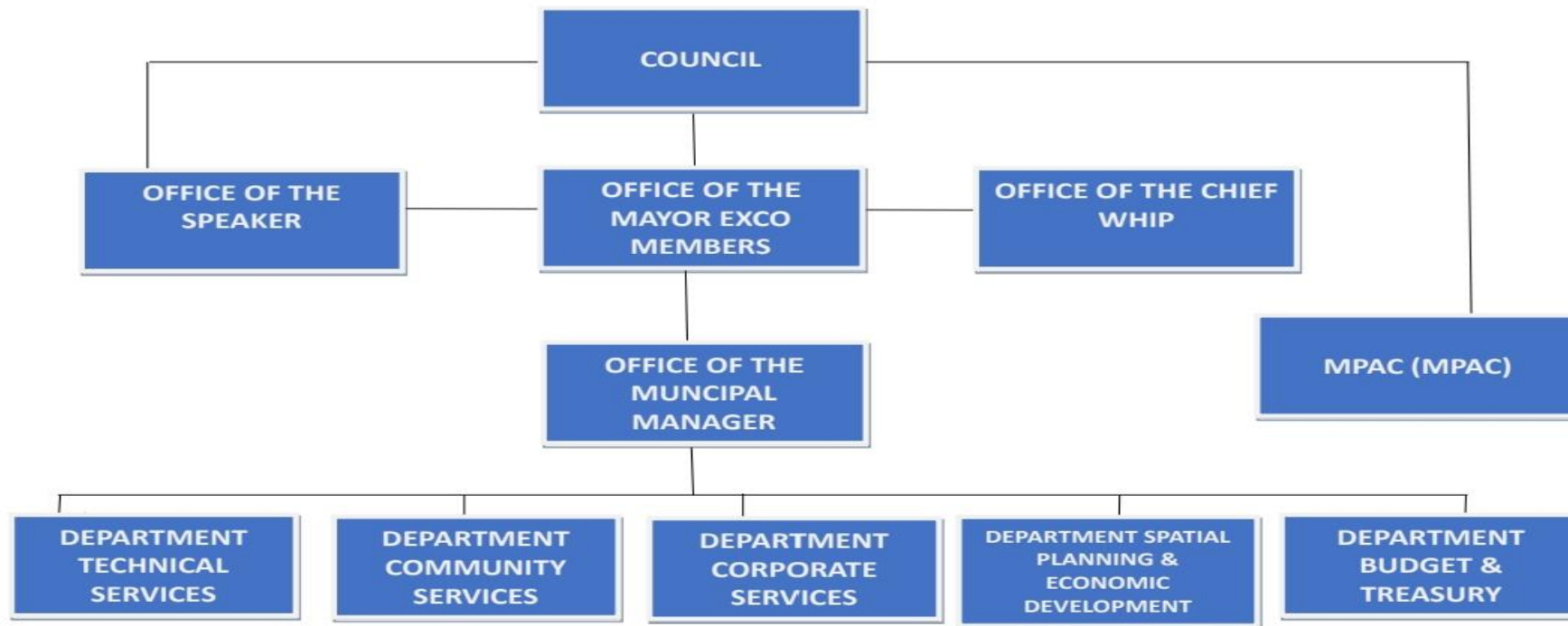
Council is effective and functional and continues to discharge its responsibilities as expected. Table below depicts number of meetings held for the period under review.

| | Ordinary Council Meetings | Special Council Meetings | Total Meetings |
|-----------------------------|---------------------------|--------------------------|----------------|
| Number of meetings: 2023/24 | 4 | 12 | 16 |

2.2 ADMINISTRATION GOVERNANCE STRUCTURE

There is a significant relationship between an IDP and institutional arrangement. The municipality cannot implement its IDP effectively without proper organisational structure. As a result, the Municipality has developed an organisational structure which was approved by Council on 29 May 2022.

Figure 2 below depicts the Top Layer of the Organization Structure





DR. S.S SEBASHE – ACTING MUNICIPAL MANAGER



MR SEBELEBELE T.H – CHIEF FINANCE OFFICER



MS PHASHA D.H – DIRECTOR COMMUNITY SERVICES



MR MUROA M.L- DIRECTOR TECHNICAL SERVICES



MR MATJIYA E- DIRECTOR SPED



DR S.S SEBASHE- DIRECTOR CORPORATE SERVICES

All the senior management positions are filled. The municipality will in the near future appoint a qualified service provider to do develop a comprehensive Human Resource Strategy aligned to the IDP and long-term vision of the Municipality.

The objective of the organizational review are to:

- Diagnose and define the status quo of the municipality, its current structure, systems, processes and its alignment to the vision and the IDP.
- Confirm defined roles and responsibilities for management and key organizational functions.
- Analyse skills and competencies of managerial staff and their placement and utilization.
- Conduct an organizational culture analyses and develop a change management strategy.
- Develop a comprehensive human resource strategy for the municipality to ensure alignment with the IDP and a long-term vision of the municipality.
- analyse internal communication and recommend communication strategies to ensure effectiveness, and
- Conduct financial system compliance analysis with the view to bring control to minimize fraud and corruption,

2.3 COMPONENT B: INTERGOVERNMENTAL RELATIONS

MLM maintains contact communication with National treasury, Provincial departments and also participates in various district, provincial and national programs.

2.3.1 Provincial Governance Structures

Maruleng Local Municipality participates in Premier Coordination Forum (PCF) meetings which comprises of the Premier as the chairperson and members of the Executive Council and all Mayors supported by their heads of Departments and Municipal Managers as well as SALGA. Through the PCF both the provincial and local sphere of government are able to inform and take decisions on policy and development issues that emanate from national, provincial and local government levels.

2.3.2 District Intergovernmental Structures

Besides the PCF Maruleng Local Municipality participates in established Mopani District Municipality Forums. The established forums are important for the purposes of integrated development planning and strengthening governance processes within the district.

The following intergovernmental relations forums that MLM participates in:

- Mayor's Forum
- Speaker's Forum
- Municipal Manager's Forum and other Technical fora
- District MPAC
- District Development Model Forum (District Planning Forum)

2.4 COMPONENT C: PUBLIC ACCOUNTABILITY AND PUBLIC PARTICIPATION

2.4.1 Ward Committees

The municipality has established functional ward committees in its 14 wards and their term of office is linked with the term of current Council.

The functionality of ward committees summarised in the table below

| DESCRIPTION | NUMBER |
|--|--------|
| Number of wards | 14 |
| Number of functional wards | 14 |
| Number of ward committee members | 14 |
| Number of non-functional ward committees | 0 |
| Number of ward committee meetings held | 168 |

2.4.2 Mayoral Imbizos

For the period under review 25 Mayoral imbizos (meetings) were conducted where the Mayor gave feedback on progress made and also received complaints.

2.4.3 Consultation on the IDP Process

The IDP Process Plan was approved by the Maruleng Municipal Council on 28 July 2023. The activities that transpired during Maruleng Municipal IDP review are presented in Table below:

| DATE | STRUCTURE | PURPOSE/ACTIVITY |
|--------------------|--|--|
| 24 July 2023 | IDP Steering Committee | Development of the Process Plan |
| 25 July 2023 | IDP Representative Forum | Presentation of Process Plan |
| 28 July 2023 | Council | Adoption of the Process Plan |
| 10 October 2023 | IDP Steering Committee | Preparation of the Analysis Phase |
| 11 October 2023 | IDP Representative Forum | Presentation of Analysis Phase |
| 17-18 January 2024 | Councillors, Management, Mopani District Municipality, Sector Departments, OTP, private Sector and Traditional Leaders | Strategic Planning Session |
| 22 March 2024 | IDP Steering Committee | Projects Phase |
| 25 March 2024 | IDP Representative Forum | Projects Phase |
| 27 March 2024 | Council | Adoption of the Draft IDP and Budget |
| 22-30 April 2024 | Community public participation meetings | Public participation on draft IDP and Budget |
| 2 May 2024 | IDP Steering Committee | Preparation of the Final IDP and Budget |
| 13 May 2024 | IDP Representative Forum | Presentation of the Final IDP and Budget |
| 16 May 2024 | Council | Adoption of the final IDP and Budget |
| 13 June 2024 | Mayor | Adopting of the SDBIP by the Mayor |
| 30 June 2024 | Senior Managers | Signing of Performance Agreements by Senior Managers |

COMPONENT D: CORPORATE GOVERNANCE

2.5 OVERVIEW OF CORPORATE GOVERNANCE

For 2023/24 financial the following governance systems were established and are functional.

2.5.1 Internal Audit

An internal audit is an independent appraisal function established by management of an organization for the view of internal control system as a service to the organizations. It objectively examines, evaluates, and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient, and effective use of resources.

The municipality has established an independent effective internal audit unit. The primary role of the Internal Audit Unit includes the following:

- Evaluate the adequacy of the system of internal controls.
- Recommend improvements in controls.
- Assess compliance with policies and procedures and sound business practices.
- Assess compliance of laws and contractual obligations

The municipal Internal Audit Unit is led by The Chief Internal Auditor and reports to Audit Committee appointed by the Council.

Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level. The Audit committee is satisfied that the internal audit division during the period under review effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit Plan for 2023/24.

2.5.2. Audit Committee

The audit committee plays a key role in assisting a municipality to fulfil its governance and oversight responsibilities in relation to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions. The municipality has appointed an independent effective Audit Committee. The primary role of the Audit Committee includes the following:

- The primary purpose of a municipality's audit committee is to provide oversight of the financing and other reporting processes, the audit process, the municipality's system of internal controls and compliance with laws and regulations and performance management review
- Two technical committees were established to strength oversight role of the Audit committee, namely technical committee of performance reporting and Technical committee on final statements (reporting)

2.5.2 Risk Management

During the 2023/2024 financial year, the Municipality implemented an enterprise-wide risk management system as required by Section 62 of the Municipal Finance Management Act (Act 56 of 2003). The identification, categorization, rating and mitigation of all risks, were conducted in terms of a Risk Management Framework that is in accordance with the Public Sector Risk Management Framework (National Treasury) as well as the ISO 31 000 standard of the King four Report. To manage its risks, the municipality has risk owners as well action owners and risk champions. As part of report risk management were included in the Senior Managers Performance Plans.

. When conducting the risk assessment, management considered the following Key Performance Areas (KPA's)

- Spatial Rationale
- Basic Service Delivery and Infrastructure Development
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Municipal Transformation and Organizational Development

Municipality identified the below top risks:

| NO. | RISK DESCRIPTION | INHERENT RISK | ACTIONS TO IMPROVE/MITIGATE RISK |
|-----|--|---------------|--|
| 1 | Unstructured and unsustainable settlements. | High | <ul style="list-style-type: none"> ● Township establishment ● Review of Spatial Development Framework ● Engagement with landowners to dispose properties |
| 2 | Inability to deliver basic services to communities | High | <ul style="list-style-type: none"> ● Development of infrastructure maintenance plan ● Adhoc maintenance of the current infrastructure ● Procurement of yellow fleet ● Skilling on job training of technical services departmental officials |
| 3 | Inadequate financial sustainability | High | <ul style="list-style-type: none"> ● Implementation and monitoring of Revenue Enhancement Strategy ● Implementation of Debt Relief Incentive Scheme ● Resuscitate the Revenue Enhancement Committee ● Investigation of historical and current UIFW expenditures ● Revenue enhancement implementation plan |
| 4 | Inadequate provision of safety and security to the communities | High | <ul style="list-style-type: none"> ● Development of comprehensive plans for adherence to environmental management matters ● Appointment of By-law enforcement officer ● Appointment of Manager- Environmental Management System ● Procurement of garden waste truck ● Maintain partnerships with Biosphere and other NGO's |
| 5 | Negative audit opinion | Medium | <ul style="list-style-type: none"> ● Quarterly preparations of financial statements ● MSCOA steering committee established to investigate solutions on interface/integration of systems and accuracy of reporting ● MSCOA road map developed ● Review Annual Financial Statement by the internal Unit and Audit Committee before submission ● Implementation of the AG action plan and internal audit recommendations ● Reporting of AG action plan to Audit Committee and Council |

| | | | |
|----|---|------|---|
| 6 | Poor local economic development | High | <ul style="list-style-type: none"> ● Resuscitation of Tourism and Agriculture forum ● Implementation of LED Strategy |
| 7 | Lack of community involvement in municipal planning processes. | High | <ul style="list-style-type: none"> ● Review and implementation of Public Participation Strategy ● Improving communication methods (Whatsup, Facebook, Twitter etc.) ● Functional ward committees |
| 8 | Unethical organizational culture | High | <ul style="list-style-type: none"> ● Implementation of the ethics framework. ● Implementation of Consequence Management Policy. ● Fraud and corruption awareness campaigns ● Enforcement of UIWF investigation schedule |
| 9 | Ineffective and inadequate information technology infrastructure | High | <ul style="list-style-type: none"> ● Training of Information Technology officials ● Submission of budget inputs to the Budget and Treasury Office for increased allocation of funds for development of System Master Plan and upgrading of ICT infrastructure ● Review of Information Technology Governance documents ● Development of help desk policy |
| 10 | Business Disruptions | High | <ul style="list-style-type: none"> ● Finalisation and implementation of business continuity plan ● Budget for cloud back-ups. ● Cloud back-ups |
| 11 | Unauthorised use/access to the IT systems | High | <ul style="list-style-type: none"> ● Utilization of passwords and user account management policies ● Configuration of laptops before accessing networks ● Personal devices not allowed to connect to municipal network |
| 12 | Inadequate capacity to support the administration of the municipality | High | <ul style="list-style-type: none"> ● Monitoring the implementation of the Work Skill Plan ● Focused and integrated training programs ● Perform skills audit to verify qualifications, trainings attended and skills gap ● Budgeting for Employee Bursary Fund |

2.5.2.1 Risk Management Committee

The Risk Management Committee has been established and chaired by an independent Person. The committee is functional and held 5 meetings for the period under review.

2.5. 3 Performance Management

Management has during the year under review implemented the Council approved the reviewed performance management system which included cascading of performance management to all employees in the municipality. The Chief Internal Auditor has in terms of the Municipal Finance Management Act and Municipal Systems Act regulations on quarterly basis audited and provide assurance on the reported information and submit such to Audit Committee. All system weaknesses were brought to the attention of the Accounting Officer and commitment has been made to improve the system.

2.5.4 Anti-Corruption and Fraud

The municipality is currently using the Premier hotline for reporting of fraud and corruption cases. The municipality has developed the anti-corruption strategy, whose objectives are:

- To prevent and combat fraud and corruption and to related corrupt activities
- To punish perpetrators of corruption and fraud
- To safeguard MLM properties, funds, business and interest

2.5.5 SUPPLY CHAIN MANAGEMENT

2.5.5.1 Establishment of Supply Chain Management Unit

The unit has been established to implement Supply Chain Management policy as per regulation 7 (1) of Supply Chain Management Regulations. The unit operates under the direct supervision of the Chief Finance Officer as required by regulation 7 (3) of the Supply Chain Management.

2.5.5.2 Functionality of Bid Committees

The municipality has established three committees, namely, The Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee in consistence with MFMA 53 of 2003 and Supply Chain Management regulations. The members of the respective committees have been appointed by the Accounting Officer in written. The provincial treasury in the Province has assisted the municipality in training bid committee members. No councillors are members of any committees handling supply chain processes.

2.5.5.3 Supply Chain Management Policy

Supply Chain Management policy was amended to incorporate the requirements of the preferential Procurement regulations as the result of the ruling of the Constitutional Court. The policy was approved in line with the budget policies tabled before the council.

2.5.5.4 Supply Chain Management Reports to the Mayor

All supply chain management quarterly reports were consistently reported to the Mayor as required by regulation 6 (3) of the Supply Chain Management of 27636 dated 30 May 2005 issued by the National which stipulates that” Municipal Manager must within ten (10) days of the end of each quarter, submit a report on the implementation of Supply chain management policy to the Mayor of the Municipality or the board of directors of the municipal entity”

5.2 6 BY-LAWS AND POLICIES

Section 11 (3) of the Municipal Systems Act 32 of 2000 allows a municipality to exercise its legislative and executive authority by developing and adopting policies, passing and implanting its by-laws, as well as monitoring the impact and effectiveness of any policies. While Section 160 (4) of the Constitution states that no by-law may be passed by a Municipal Council unless:

- All members of the Council have been given reasonable notice and
- The proposed by-law has been published for public comments.

A full list of policies and by-laws attached on chapter 5 that deals with human resources.

2.5.6 WBSITES

OVERVIEW OF MUNICIPAL WEBSITES COMPLIANCE

The municipal website is a communication tool that seeks to communicate all municipal information to the public. The municipal website is functional in terms of Section 75 of the MFMA, Municipal website should include the following:

| | |
|--|-----|
| Documents published on the municipality's/entity's website | Yes |
| Current annual and adjustment budgets and all budget related documents | Yes |
| All current budget related policies | Yes |
| The previous annual report (2022/23) | Yes |
| The annual report (2022/23) to be published | Yes |
| All current performance agreements required in terms of sections 54/56 (1) (b) of the MSA and resulting score cards | Yes |
| All service delivery agreements (2023/24) | Yes |
| All long-term borrowings contracts (2023/24) | N/A |
| All supply chain management contracts above a prescribed value (give value) for 2023/24 | Yes |
| All information statement containing a list of assets over a prescribed value that has been disposed of in terms of section 14 (2) or (4) during 2023/24 | N/A |
| Contracts agreed in 2023/24 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | N/A |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2023/24 | Yes |

Access to Municipal Website

www.maruleng.gov.za

All Municipal Oversight Committees

Below is the list of Section 79 oversight committee

| COMMUNITY SERVICES | SPORTS, ARTS & CULTURE | CORPORATE SERVICES | BUDGET & TREASURY | SPATIAL PLANNING & ECONOMIC DEVELOPMENT | TECHNICAL SERVICES |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|--|------------------------------------|
| Cllr. Madike M.M (Chairperson) | Cllr. Mathaba T.A (Chairperson) | Cllr. Mathaba M.A (Chairperson) | Cllr. Mathaba M.A (Chairperson) | . | Cllr. Tshehla M.T (Chairperson) |
| Cllr. Letebele S. P | Cllr. Shai T.I | Cllr. Mokgahla T.J | Cllr. Rakgoale M.J | Cllr. Malepe P.S | Cllr. Rakgoale M. J |
| Cllr. Rakgoale M.J | Cllr. Letebele T | Cllr. Mokgahla T | Cllr. Shai T.I | Cllr. Rammala M.S | Cllr. Gerber WP |
| Cllr. Madike M. F | Cllr. Masete B.E | Cllr. Mabilo T | Cllr. Mokgotho D | Cllr. Sekgobela K.J | Cllr. Rammala M.S |
| Cllr. Maakamela M.R | Cllr. Madike M. F | Cllr. Rammala M.S | | Cllr. Shai T.I | Cllr. Maakamela M.R |
| | | Cllr. Rakgoale M. J | | Cllr. Du Preez C.E | Cllr. Morema T.J |
| MPAC | ETHICS COMMITTEE | RULES COMMITTEE | SPECIAL PROGRAMMES | | |

| Cllr. Raganya S.B (Chairperson) | Cllr. Maakamela M.R (Chairperson) | Cllr. Raganya S.B (Chairperson) | YOUTH | DISABILITY | GENDER |
|------------------------------------|--------------------------------------|------------------------------------|----------------------|------------------|-----------------------------------|
| Cllr. Letebele S.P | Cllr. Rammala M | Cllr. Mokgotho D | Cllr. Monashane S. M | Cllr. Mokgotho D | Cllr. Masete B.E (Chairperson) |
| Cllr. Masete B.E | Cllr. Moropane L | Cllr. Rammalo M.S | | | |
| Cllr. MadikeM. F | Cllr. Diboko D | Cllr. Moropane L.P | | | |
| | Cllr. Mokgotho D | Cllr. Mathole D.I | | | |
| | | | | | |

CHAPTER 3 SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 Water and Waste Water (Sanitation) Provision

Mopani District Municipality is the Water Service Authority whilst the local municipality is the Water Service Provider. It is the responsibility of the district municipality to implement all major projects on water and sanitation. The local municipality is only responsible for maintenance once the projects are operation.

| Basic Service | 20223/24 backlogs | 2023/24 planned interventions | Actual Performance | Comment |
|---------------|-------------------|---|---|--|
| Water | 15 986 | Mametja –Sekororo RWS & upgrading of water reticulation and extension | Phase 1B: the plant 100% complete and serving Oaks & Finale village. Phase 2B the plant is at 35%, pump station at Santeng & pipeline to Sedawa | The backlog is still and serious intervention by MDM is needed |
| Sanitation | 696 | 125 | 112 | Backlog significantly reduced |

3.2 Roads and Storm water Overview

The municipality has the responsibility to provide road services. The total kilometres of roads within Maruleng local municipality is 563.2km which 38km are national roads, 137 km are provincial roads and 250.4km belongs to municipality. 387.05 km roads are tarred which amounts to 59.02 % and the backlog is estimated at 332.417 km. The tables below highlight the categories of roads within Maruleng Local Municipality which was either tarred or paved or unpaved for 2023-24 financial year.

| No. | Road type | Km planned | Actual progress |
|-----|----------------------|---------------------|-----------------------|
| 1 | Paved | 6.2km | 1.73 km |
| 2. | Surfaced | 3.9km | 3.32 km |
| 3. | Rehabilitated | 2.65km | 6.744 km |
| 4. | Bladed (gravel road) | 308km | 1398.8km |
| 5 | Road patched | 3000 m ² | 4462.9 m ² |

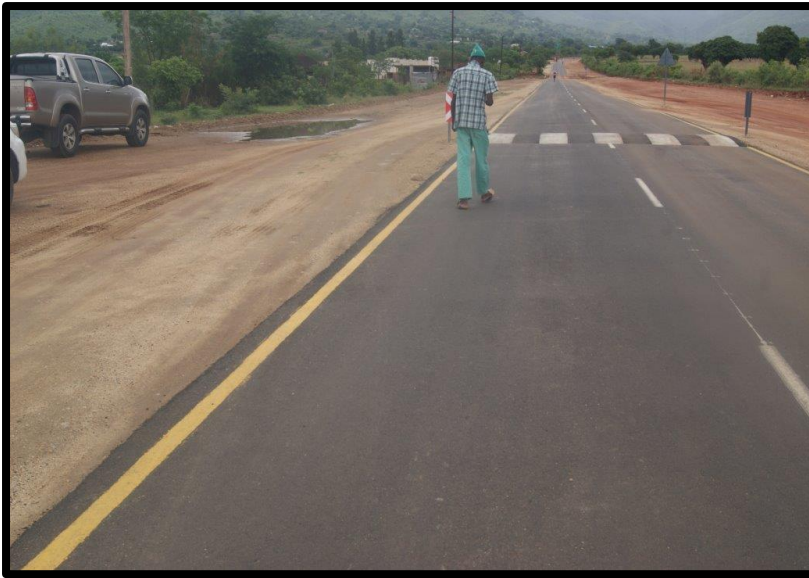
Water from rain or snow storms, known as storm water instead flows over streets, parking lots and roofs and into water body or storm drainage. Storm water runoff is often worsened by human activities, and can contain nitrogen phosphorus pollutants from fertilizers, pets and yard waste. The municipally maintenance teams deal with storm water from time to time. All municipal roads storm water drainages.

3.3 Project Management Unit (PMU)

The Municipality's PMU is responsible for the implementation of capital projects within various departments to ensure that they are handed-over to the users upon completion for functionality purposes.

The table below indicates projects that were implemented for Technical Services Directorate by PMU as part of the Capital Projects in the financial year under review.

- Surfacing of Mabins cross access road
- Surfacing of Sofaya- Mahlomelong access road
- Paving of Scortia internal street
- Paving of Makgaung internal street
- Paving of Mashoshing internal street
- Paving of Sedawa internal street
- Paving of Essex road
- Paving Lorraine-Belville-Nkopedjie access road
- Paving of Madeira access road
- Rehabilitation of Ga- Sekororo access road
- Rehabilitation of Metz access road
- Rehabilitation of Kampersus access road
- Rehabilitation of Lorraine access road
- Fencing of 5 cemeteries
- Installation of solar panels in various municipal buildings
- Construction 3 low level bridges
- Construction of 2 bridges at Balloon access road



MIG EXPENDITURE

| | ORIGINAL BUDGET | ADJUSTED BUDGET | EXPENDITURE |
|---------|-----------------|-----------------|------------------|
| 2022/23 | 30,170,000 | 76,449,952 | 74,920,952 (98%) |
| 2023/24 | 31,372,000 | 95,879,784 | 79,734,920 (83%) |

CAPITAL EXPENDITURE

| | ORIGINAL BUDGET | ADJUSTED BUDGET | EXPENDITURE |
|---------|-----------------|-----------------|-------------------|
| 2022/23 | 149,531,494 | 179,966,275 | 156,929,007 (87%) |
| 2023/24 | 167,916,000 | 225,159,299 | 200,812,299 (89%) |

MAINTENANCE EXPENDITURE

| | ORIGINAL BUDGET | ADJUSTED BUDGET | EXPENDITURE |
|---------|-----------------|-----------------|-----------------|
| 2022/23 | 7,500,000 | 7,200,000 | 4,744,914 (65%) |
| 2023/24 | 6,950,000 | 8,450,000 | 6,880,042 (81%) |

3.4 Electricity

The municipality does not have license to provide electricity. The function resides with ESKOM. However the following new connections were made:

| Basic Service | 20223/24 backlogs | 2023/24 planned interventions | Actual Performance | Comment |
|---------------|-------------------|-------------------------------|--------------------|--|
| Electricity | 3.7% | 554 | 554 | Intervention by ESKOM has significantly reduce electricity backlog |

3.5 Housing

Housing is the competency of the Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA). The municipality is entrusted with overseeing and, facilitation of integrated human settlements. The municipality fulfils the following roles in respect of the provision of housing:

- Provision of serviced land for housing development
- To compile housing needs surveys for housing delivery purposes
- To facilitate development of housing
- To ensure that houses that are built conform to the minimum standards for residential houses

| Percentage of Households with Access to Basic Housing | | |
|---|---|---------------------------|
| Year End | Total Households (Including formal and informal settlements) | % Access to Basic Housing |
| 2023/2024 | 31 968 | 30 982 |

| HOUSING | | | | |
|---|--|----------------|-----------|-----------|
| Service Objective | Service Indicator | Service Target | 2023/2024 | |
| | | | Target | Actual |
| To build 125 housing units for the approved beneficiaries | Number of housing units built for the approved beneficiaries | 125 units | 125 units | 125 units |

In the year under review COGHSTA has constructed 125 RDP standard housing which reduces housing backlog to 3.1%

3.6 Free Basic Services

The municipality has developed and adopted an indigent policy. The municipality only provides free basic electricity and refuse removal while free water and sanitation is the responsibility Mopani District municipality. The following are the criteria or conditions to be met in order to qualify to be registered:

- The applicant must be a natural person
- The gross total monthly income of all persons ordinarily residing at the premises concerned from all sources may not exceed an amount of the combined older persons grant as stipulated in the national budget for two senior citizens or as determined by the council from time to time
- The applicant may not own, either on her/his own or together with other persons, more than one fixed property
- The applicant must ordinarily reside at the premises concerned
- The amount written-off will be reinstated should the owner sell the property

Customers Qualifying For Free Basic Services as follows:

- Indigent households with electricity supplied by ESKOM will receive the first 50kWh units free each month
- All registered indigent households must be on prepaid electricity meter

FREE BASIC SERVICES AND INDIGENT SUPPORT

| Basic Service | 2023/24 planned interventions | Actual Performance | Comment |
|---------------------------|-------------------------------|--------------------|---|
| Free Basic Electricity | 964 households | 587 households | Low turn-out of indigent household during FBE application and registration |
| Free Basic Refuse Removal | 17 955 households | 17 955households | The municipality provided free refuse removal to households that are indigent households because every households receive free basic refuse removal |

3.7 Waste Management

Guided by the National Environmental Management Act and Waste Act read with the Municipality's Integrated Waste Management Plan, the municipality provided refuse removal services daily in town and once a week in every household in proclaimed areas. It is worth mentioning that the municipality has extended refuse removal to 17 995 rural households. Skip bins were placed in a strategy points in villages. The municipality has one licensed landfill site in Worcester. The municipality managed to sustain its refuse collection services with the following refuse vehicles:

- 03 Compactor Trucks
- Garden Waste Truck

3.8 Environmental Education and Awareness

It is worth nothing that that 12 environmental education, awareness and clean-up campaigns were conducted during the period under review. The rendering of these could not have been realized without the support of the Department of Environment, Forestry and Fisheries (DEFF) who had appointed 22 participants and 01 Coordinator under the Presidential Good Green Project who were seconded to MLM to assist the municipality in addressing environmental issues

SIMA (Pty) in partnership with USAID also supported in the municipality in environmental awareness campaigns wherein 64 participants (litter pickers) were trained and appointed for the duration of 12 months. The campaigns focused on the following:

- Wetland protection and restoration
- Waste management at the community level including recycling
- Methods for water source protection (sand mining and pollution)

3.8.1 Landfill Site

The main objectives of waste management is to ensure that waste management services are provided in a manner which prioritises the recovery, re-use or recycling of waste and provides for the treatment and safe disposal as a last resort to ensure that the natural environment is preserved. The covering and spreading of soil is done by service provider on daily basis. The landfill site has been recently transferred to Maruleng Local Municipality by Mopani District Municipality.

3.8 2 Sewerage

The sewerage function is not the function of MLM but the function of Mopani District Municipality.

3.9 Licensing

The municipality is an agent of Department of Transport and Community Services for the issuing of motor vehicle licenses. The municipality retains 20% of the revenue generated from these services which do not cover operational costs to perform the function. The municipality is performing the function of licensing and registering services and the following services were rendered to the community for the period under review.

| SERVICE RENDERED | ISSUED |
|---|---------------|
| Learners licenses | 2 934 |
| Drivers licenses | 7 175 |
| PRDP | 1 693 |
| Duplicate registration certificate | 103 |
| Motor vehicle licenses renewed | 14 979 |
| Motor vehicle licenses registered | 2 721 |
| Business registration certificates applied | 80 |
| Drivers licenses received and captured | 5 458 |
| Drivers licenses cards collected and captured | 5 380 |
| Application for blank temporary permits | 490 |
| Allocation of personalised number plates | 56 |
| Deregistration of licenses | 52 |

COMPONENT D: PLANNING AND DEVELOPMENT

3.10 Planning

Planning and development means a strategic and participatory process to integrate economic, spatial, social, infrastructural, housing, institutional, fiscal, land reform, transport, environmental, water and other strategies or sectoral plans with a view to the optimal allocation of scarce resources to the various sectors. The municipality in the main uses SDF and SPLUMA in spatial planning and development. The MLM through Spatial Planning and Economic Development (SPED) is responsible for overall spatial planning and land use management within the municipal jurisdiction. The following notable achievements were observed during the period under review:

- Commenced with township establishment processes in Hoedspruit after municipality purchased land for mixed residential purposes which will serve as an integrated human settlement.
- Approval of a 200 bed private hospital (first in the municipality)
- Second Mall in Hoedspruit.
- All land use applications with completed required documents were processed within 90 days from the date received
- All building plans applications with completed required documents were processed within 30 days from the date received
- 62 GIS updates were conducted.

3.11. LOCAL ECONOMIC DEVELOPMENT

Promoting local economic development is a material function and object of the MLM according to the directive from the provisions of s152 I of the Constitution (RSA, 1996). Local Economic Development is central to the Integrated Development Plan of a municipality. The LED cuts across all the departments, in simple terms it means what is done by any directorate in the municipality contributes significantly to the growth of local economy. Tourism and Agriculture are the main pillars of the municipality's economic development. The municipality must create conducive environment for small-medium enterprises to be able to operate successfully. The LED unit must also be responsible for advocating policies and by-laws that are favourable to business community and more importantly the SMMEs. Given the challenges of unemployment, poverty and inequality, it is imperative to synchronise all the municipal directorates to bush back those challenges and create a working local economy for the benefit of the citizens in the area. The municipality has an LED strategy in place that is being implemented.

3.11.1 Local Economic Development Forum

The municipality has been able to form partnerships with community structures for the purposes of creating engagement which culminates into inclusive decision making. During the year under review the municipality in partnerships with the following associations and structures among others, LED forum, Tourism association, Agricultural forum, business forums, Hawkers association and Taxi Associations. LED Forum composed of the following structures:

| STRUCTURES | GOVERNMENT DEPARTMENTS |
|----------------------------|---|
| Business Formations | Cooperative Governance Human Settlement and Tradition Affairs |
| Tourism Association | Limpopo Economic Development , Environment and Tourism |
| Agricultural Forum | Office of the Premier |
| Taxi Associations | Mopani District Municipality |
| Hawkers Association | Department of Agriculture |

3.11.2 SMME Support and Trade Development

a) Informal Trade Support

During the year under review the municipality has supported 150 informal traders with registration in LIBRA, mainly for trading permits. Furthermore, the municipality has assisted about 20 informal traders to access SEFA funding from through SEDA for relief purposes.

b) Tourism Development

The municipality has managed to successful monitor the construction of Sepeke Tourism Information Centre which is almost complete which constructed by the Department of Tourism. This centre will serve as one of strategies to support tourism activities. The Tourism information centre will be the centre piece wherein people and tourists will be obtaining information that are related to tourism and the centre will also co-locate the services of SEDA (small enterprise development agency). The municipality also marketed the municipality through exhibitions.

c) SMME Training and Development

During the year under review the Municipality, in collaboration with SEDA has conducted 2 (two) trainings were attended by about 70 SMMEs which focused amongst others the following:

- Project management
- Financial management
- Tendering skills
- SARS compliance

3.11.3 Community Works Programme

During the year under review the municipality coordinated the continued function of CWP (community works program). Community works programme is the concept of government that provides an employment safety net. It supplements livelihoods strategies by providing basic level of income security through work. The programme targets unemployed men and women of working age. Within the municipality the programme has created about 1260 jobs work opportunities since its inception in April 2020.CWP focuses on five sectors, namely.

- Agriculture, which includes community gardens
- School support, provides services such as supervision of homework classes and sports activities, labour for school-based food gardens and other support activities.
- Health and social services, this include cleaning and cooking in vulnerable households, care programmes for orphans and child headed families.
- Infrastructure includes paintings, repairs and buildings.

3.11.3 Expanded Public Works Programme

Given the challenges of unemployment, poverty and inequality, it is imperative to push back the frontiers of poverty and create a working local economy for the benefit of the citizens of the area. For the year under review the municipality has recruited 349 people through EPWP. These EPWP recruits are mostly employed in the basic services in the Community and Technical Services Departments. In community department they do refuse collections and parks beautifications. While in technical services department they do mainly maintenance

3.11. 4.Business Registration

In the year under review business registration and compliance has been done. Since the beginning of 2023/2024 many businesses has registered with the municipality. The function of business registration has been transferred to the municipality by the department of Economic Development. About 150 business certificates has been issued.

3.12 COMPONENT E: COMMUNITY & SOCIAL SERVICES

3.12. 1 Libraries

The municipality play a coordination role on libraries that function belongs Provincial Government under Department of Sports, Arts and Culture. During the year under review the municipality participated at various events which amongst others, library week, world book day, copyright day, library outreach, library awareness week. There are 02 libraries in the municipal area, namely, Hoedspruit library and Metz library.

3.12.2 Bursaries

The municipality adopted Mayoral bursary policy which stipulates the fields of studies which will be catered for through the municipal bursary. The municipality since the introduction of the bursary has awarded a total number of 34 students with bursaries. Out of the total the awarded students 17 have completed their studies and the remaining 17 students are still busy with their studies.

3.12.4 Back to School Campaign

The Mayor of Maruleng Municipality has during the period under review embarked on Back to school campaigns. The following schools were visited:

- Calais secondary school at Calais
- Ngwana Makhutswe secondary school at Sofaya village
- Mantsobele secondary school at Moshate (adopted by the Mayor for 2024)
- Ramatau secondary school at Metz
- Nareng secondary school at Metz
- Mosibudi agricultural school at Hlohlokwe
- Madie secondary school at Willows (adopted by the Mayor for 2024)
- Leoma secondary school at Finale
- Maahlamela secondary at The Oaks
- Hoedspruit Hoerskool at Hoedspruit

The Mayor hosted the Annual School Excellence Awards on the 25th January 2024. The international super star Master KG (Kgagelo Moagi) from Calais and the MEC of Education in Limpopo Province graced this occasion where schools and individual top achievers were recognised for their efforts.

3.12.4 Horticultural Services

3.12.4.1 Parks

The municipality is managing 06 parks namely, in the main office, Kamogelo centre, Park at ABSA shopping centre, hawkers' stalls and traffic station.

3.12.4.2 Cemeteries

The municipality does not have its own cemetery but provide services to the community cemeteries that under the custodian Traditional leaders. For the period under review the municipality fenced has fenced 4 cemeteries.

3.12.4.3 Municipal Buildings

Horticulture extends its services for beautification and landscaping services along the roads and within all municipal buildings including traffic stations, community halls, municipal offices and stadia

-COMPONENT F: ENVIRONMENTAL PROTECTION

3.13. POLLUTION

3.13.1 Environmental Protection

The municipality had during the period under review ensured that the degradation of environment was minimized. The following areas were addressed:

- Mitigation and clearing of illegal dumping
- Ensure municipal projects comply with Environmental Impact Management Regulations
- Ensure protection of Ecosystem
- Management of municipality Biodiversity and Conservation

The municipality also in partnership with K2C initiative implemented environmental monitors and river restoration projects in an attempt to mitigate environmental pollution. The Mayor launched greening initiatives in October 2023 where trees were planted in public places such as ECD centres, schools, and hospital and community halls. Additional skip bins were distributed to Santeng and Balloon villages.

3.14. CHILD CARE, AGED CARE AND SPECIAL PROGRAMMES

Maruleng Local Municipality is responsible to the challenges faced by the marginalised group such as women, youth, children, senior citizens and people living with disabilities.

3.14.1 People Living with Disability

The municipality is constantly in interaction and collaboration with the disability forum to promote the human rights of people living with disabilities and to promote a conducive environment for them to enjoy better life. The following activities were undertaken during the year under review:

- Mayor distributed wheelchairs and buggies to the needy people living with disabilities
- Launched the Local Disability Forum on the 25th of May 2024
- Launched the AIDS Local Council in March 2024

3.14.2 Senior Citizens

The municipality has a functional Elderly Forum. Golden games were held at ward level.

3.14.3 Women

Women were prioritized in all municipal activities and programs.

3.14.4 Gender

The municipality has a functional Gender Forum. 200 young people employed by an NGO called Working for Future.

3.14.5 Youth

Maruleng is a youthful municipality hence the issues of youth were prioritised. About 60% of Maruleng staff are young people. The Youth Forum is Functional. Youth also participates in a number of sporting activities organised by municipality. They also benefit in the employment opportunities, SMMEs development and capital projects implemented in the municipal area. For the period under review the municipality provided transport for the youth to attend Youth Day Celebration hosted by Collins Chabane Municipality and also participated in the Provincial Youth Development Forum..

COMPONENT G: HEALTH

3.15.1 Clinics and Ambulance Services

There are 10 clinics and 1 hospital in the municipality. The municipality has approximately 75% of communities situated within a 20km radius of a clinic. This means that the municipality has 1 clinic for every 6 841 people. The municipality participates in the programs initiated by the department. The rate of HIV/AIDS according to information from the Department is at 22.7% the third highest in the district.

3.15.2 Health Inspection

The function remains with the District Department of Health. The local health inspectors are located at local clinics in the municipal area. The municipality has 1 hospital and about 9 clinics.

COMPONENT F: SECURITY AND SERVICES

3.16 Traffic Services

Maruleng Local Municipality continued during this period under review providing safety of the road users and the following services were priorities in accordance to the National Road Traffic Act of 93/1996 that ensures that all road users are safe on the road.

- Provision of Road safety education
- It also ensured compliance to the road traffic prescripts and or regulations
- Giving support to community during funerals, marathon and VIP escorts
- Responds to all accidents that happens within the boundaries of MLM
- Conducting arrive alive awareness campaigns during Easter weekend and December festive seasons
- Arrive alive awareness campaigns
- Joint road blocks with SAPS
- Road safety awareness campaigns
- Stray animals awareness
- Child traffic education
- Pedestrian safety education
- Monitoring of scholar patrol points
- VIP escort (ministers, Premiers, MECs and Mayors)

The following services on transport or road safety were done.

| Service Rendered | Number |
|----------------------------------|---------------|
| Vehicles stopped | 8 605 |
| Summons issued | 1 510 |
| Road blocks | 20 |
| Road safety campaigns conducted | 6 |
| VIP Escorts | 22 |
| Road side inspection | 8 640 |
| Arrests | 6 |
| Speed operations conducted | 142 |
| Arrive alive campaigns conducted | 2 |

COMPONENT I: SPORTS AND RECREATION

3.17. Sports and Recreation

Former President Nelson Mandela once said that sports has the power to change the world and it has power to inspire and power to unite people in a ways that little else does. Maruleng Local has a dedicated Official responsible for Sports, Arts and Culture. For the period under review the following activities took place.

3.17.1 Arts & Culture Activities

- Mopani District Choral Music competitions took place in May 2024 at the Willows Community Hall and Diphuti primary school based at The Oaks village won the competition
- Maruleng Municipality Cultural Groups participated during the Freedom Day Celebrations at Calais Multi-purpose Sports facility in April 2024
- Local Social Cohesion took place at Hlohlokwe Community Hall.

3.17.2 Sports Activities

- Coordinated a successful Mayor's Tournament graced by big names in sports fraternity in May 2024 in partnership with Maruleng Sports Confederations
- Successful Local Indigenous Games in June 2024
- Supported sports development
- Golden games in March 2024
- Three teams from Calais village received soccer and netball kits from DSAC
- Three local golden grannies where included in Vakhegula-Vakhegula national team which participated in the International Tournament in Maurutius in April 2024
- Several local runners including the Mayor participated in the Comrades Marathon in KZN and other marathons across the province.
- Coordinated Maruleng Sports Federation Activities

3.17.3 Library Services

The following library services were conducted:

- National library week was conducted through display of books in various places such as shopping centres
- Library outreach and awareness campaigns were conducted at various schools and events

3.18. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The municipality has an Information Technology (IT) Sub-Division which is responsible for assisting the municipality by providing a stable information technology infrastructure and optimal functioning of internal application systems to meet the service delivery needs of the community. The key functional areas of the IT Division are:

- Corporate IT governance and strategy
- Servers, network systems & desktop maintenance
- IT infrastructure and application management
- IT disaster recovery and business continuity
- IT security system

The Information and Communication Technology Unit is entrusted with the responsibility to ensure smooth functioning of the information systems in all municipal buildings. The ICT Unit has managed to develop critical IT documents required by AGSA such as IG Governance Framework, IT Strategy Plan and Disaster Recovery Plan. In addition, the ICT Committee was established and functional.

CHAPTER 4: MUNICIPAL ORGANISATIONAL PERFORMANCE

INTRODUCTION

The purpose of this report is to present the Annual Performance Report of Maruleng Local Municipality for the 2023/24 financial year.

LEGISLATION

Annual Performance Report is compiled in line with Section 46 (1) (a) of the Municipal Systems Act, 32 of 2000 which states that:

(1) A Municipality must prepare for each financial year an Annual Performance Report reflecting-

- (a) the performance of the municipality and each external service provider during the financial year;
- (b) a comparison of the performance referred to paragraph (a) with targets set for and performance in the previous year; and
- (c) measures taken to improve performance

(2) An annual report must form part of the municipality's annual report in terms of Section 121 of the Municipal Finance Management Act, Act 53 of 2003.

The Performance of the Municipality is reviewed in terms of paragraph 14 (1) Municipal Planning and Performance Regulations of 2006 which stipulates that:

A municipality's Internal Auditors must-

- (1) On a continuous basis audit the performance measurements of the municipality; and
 - (i) Submit quarterly reports of their audits to the Municipal Manager and Audit Committee.

The following are Municipality's IDP strategic objectives and priorities as per KPAs.

| DCOGTA KPA | Strategic Objectives | Priorities of the municipality |
|-------------------|---|-----------------------------------|
| Spatial Rationale | Promote integrated human settlement and agrarian reform | Integrated human settlement |
| | | Land reform and rural development |

| | | |
|---|---|---|
| Basic Service Delivery | Improve Community well-being through accelerated service delivery | Roads infrastructure development and storm water management |
| | | Waste removal |
| | | Water supply and sanitation |
| | | Community development |
| | | Public transport |
| | | Electricity and energy |
| LED | Promote Local Economic Development Develop Partnerships | Economic development |
| Municipal Financial Viability and Management | Sound financial management | Financial management and revenue enhancement |
| Good Governance and Public Participation | Putting people first Improve intergovernmental function and coordination | Good governance and public participation |
| Municipal Transformation and Organizational Development | Building capable institution and administration | Skills development |

The institutional Performance Management System is a manual system that uses the approved Service Delivery and Budget implementation (SDBIP) as its basis. The Annual Performance Report includes the below listed Key Performance Areas (KPAs)

- Spatial Rationale
- Basic Service Delivery and Infrastructure Development
- Local Economic Development
- Financial Viability and Management
- Good Governance and Public Participation
- Municipal Transformation and Organisational Development

Overall Organizational Performance Report against Targets set in the Service Delivery and Budget Implementation Plan (SDBIP)

| Key Performance Area | Total Number of Targets | Number of Targets Achieved | Percentage Achieved | Number of Targets Not Achieved | Percentage Not Achieved |
|--|-------------------------|----------------------------|---------------------|--------------------------------|-------------------------|
| Spatial Rationale | 6 | 6 | 100% | 0 | 0% |
| Basic Services and Infrastructure Development | 53 | 33 | 60% | 20 | 40% |
| Local Economic Development | 4 | 4 | 100% | 0 | 0% |
| Financial Viability and Management | 24 | 15 | 62.5% | 9 | 37.2% |
| Public Participation and Good Governance | 29 | 26 | 89.6 | 3 | 10.4%+ |
| Institutional Development and Municipal Transformation | 19 | 17 | 89.4% | 2 | 10.6% |
| TOTAL | 135 | 101 | 74.8% | 34 | 25.2% |

A SUMMARY OF COMPARISON OF ANNUAL PERFORMANCE FOR 2022/23 AND 2023/24 FINANCIAL YEARS RESPECTIVELY

| | 2022/23 FINANCIAL YEAR | | | 2023/24 FINANCIAL YEAR | | |
|---|------------------------|-----------|--------------|------------------------|------------|--------------|
| KEY PERFORMANCE AREA | NO. TARGETS | ACHIEVED | NOT ACHIEVED | NO. TARGETS | ACHIEVED | NOT ACHIEVED |
| Spatial Rationale | 4 | 4 | 0 | 6 | 6 | 0% |
| Basic Service Delivery And Infrastructure Development | 44 | 26 | 18 | 53 | 33 | 40% |
| Local Economic Development | 5 | 2 | 3 | 4 | 4 | 0% |
| Financial Viability | 23 | 17 | 7 | 24 | 15 | 37.2% |
| Good Governance And Public Participation | 30 | 26 | 4 | 29 | 26 | 10.4%+ |
| Municipal Transformation And Organization Development | 22 | 18 | 4 | 19 | 17 | 10.6% |
| Total | 128 | 93 | 35 | 135 | 101 | 25.2% |
| | 72.6% | | | 74.8% | | |

The overall performance recorded during the 2023/2024 FY indicates 74.8% **(101 out of 135 indicators)** achievement, which is a better performance compared from the previous year. The municipality's 2023/2024 performance has increased by 2.2% compared to the 2022/2023 financial year performance of **72.6% (93 out of 128)**. Challenges and action plans for the non-achievement have been outlined in the detailed organisational annual performance.

4.1 PERFORMANCE HIGHLIGHTS FOR 2023/24 (STRATEGIC LEVEL- TOP LAYER SDBIP)

KPA 1: SPATIAL RATIONALE

DEVELOPMENT OBJECTIVE: INTEGRATED HUMAN SETTLEMENT AND AGRARIAN REFORM

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|---|--|------------------|----------------|--------------------|----------|----------------------|---------------------------------------|-----------------------------|--------------------------------------|
| SPED 01 | Spatial Development Framework | Ensure that planning and development is informed by the Spatial Development Framework | % of Spatial Development Framework implemented | 100% | 100% | 100% | None | None | None | Achieved | Reports on the implementation of SDF |
| SPED 02 | Update of LUMS (land use applications) | Ensure that Land Use Management Scheme is updated | % of land use applications processed within 90 days from the date received with completed required documents | 100% | 100% | 100% | None | None | None | Achieved | LUMS updated reports |
| SPED 03 | Update of LUMS (building plans) | Ensure that Land Use Management Scheme is updated | % of building plans processed within 30 days from the date submitted with completed required documents | 100% | 100% | 100% | None | None | None | Achieved | Building plans updated reports |

| | | | | | | | | | | | |
|---------|------------------------|---|---|-----|-------------|------|------|------|------|----------|-------------------|
| SPED 04 | Township establishment | Ensure that planning and development is informed by the Spatial Development Framework | % of township application approved by Planning Tribunal | New | 100% | 100% | None | None | None | Achieved | Approval report |
| SPED 05 | Catalytic Projects | Ensure that planning and development is informed by the Spatial Development Framework | Number of Catalytic Projects monitored | New | 8 | 8 | None | None | None | Achieved | Quarterly reports |
| | | Budget (R) | | | OPEX | | | | | | |

KPA 2: BASIC SERVICE DELIVERY

DEVELOPMENT OBJECTIVE: IMPROVE COMMUNITY WELL-BEING THROUGH ACCELERATED SERVICE DELIVERY

4.2.1 FREE BASIC SERVICES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|----------------------------------|--|---|------------------|------------------|--------------------|--------------------|---|---|-----------------------------|--|
| BTO 01 | Free Basic Electricity (NKPI) | Ensure that indigent households are provided with free basic electricity | Number of indigent households with access to free basic electricity | 964 | 869 | 842 | 27 | Incomplete information on the application forms of the 27 captured households indigent on the indigent register | All indigent households captured in the indigent register with all required and complete information on the application forms | Not achieved | Indigent register & ESKOM invoices/ report |
| | | Budget (R) | | | 1,000,000 | 564, 629.19 | 435, 376.81 | | | | Financial report |
| COM 01 | Free Basic Refuse Removal (NKPI) | Ensure that households are provided with free basic refuse removal | Number of households with free access to refuse removal | 17 955 | 17 955 | 17 955 | None | None | None | Achieved | Free basic refuse removal reports |
| | | Budget (R) | | | OPEX | OPEX | OPEX | | | | |

4.2.3 BRIDGES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|----------------------------|-----------------------------------|---|-----------------------|-------------------|--------------------|-------------------|---|---|-----------------------------|----------------------------|
| TECH 01 | Maruleng Low Level Bridges | Construction of low level bridges | Number of low level bridges constructed | Contractors appointed | 3 | 3 | 0 | None | None | Achieved | Completion Certificates |
| | | Budget (R) | | | 12,900,000 | 15,059,648 | -2,159,648 | | | | |
| TECH 03 | Balloon internal streets | Constructions of bridges | Number of bridges constructed | Designs | 2 | 0 | 2 | Contractor not working according to schedule on scope A & B of work | The contractor submitted a catch-up plan. According to the plan the bridges will be completed by the 15 th November 2024 | Not achieved | Certificates of completion |
| | | Budget (R) | | | 32,587,490 | 27,845,293 | 4,742,197 | | | | |

4.2.4 DEVELOPMENT OF ROADS DESIGNS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|---------------|--|----------------------------------|------------------|--------------------|--------------------|------------------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| TECH 02 | Roads Designs | To develop road designs in order to upgrade roads from gravel to pave or surface | Number of road designs developed | 6 | 6 | 6 | None | None | None | Achieved | Designs |
| | | Budget (R) | | | 14,3000,000 | 13,031,263 | 1,268,737 | | | | |

4.2.5 ROADS CONSTRUCTIONS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|-----------------------------------|---|-------------------------------------|------------------|-------------------|--------------------|-------------------|--|---|-----------------------------|----------------------------|
| TECH 06 | Roads & bridges (Paving of roads) | To upgrade roads from gravel to paved roads | Number of kilometres of roads paved | 5.517km | 6.2 km | 1.73km | 4.47km | Delayed start of project caused by objections from the community, high water table and protected trees along alignment of road at Scotia | Appointment of Environmental Compliance Officer to facilitate permission for the removal of protected trees and acceleration of progress on delayed projects by working additional hours and deploying additional resources | Not achieved | Certificates of completion |
| | | Budget (R) | | | 70,538,826 | 57,336,738 | 13,202,087 | | | | |

| | | | | | | | | | | | |
|---------|---|---|---|----------|-------------------|-------------------|------------------|---|---|--------------|----------------------------|
| TECH 04 | Roads & bridges (Surfacing of roads) | To upgrade a road from gravel to surfaced roads | Number of kilometres of roads surfaced | 3.084km | 3.9km | 3.32km | 0.58km | Plants breakdowns | New plants hired and project to be completed by the 30 th of November 2024 | Not achieved | Certificates of completion |
| | | Budget (R) | | | 36,450,000 | 36,258,609 | 191,391 | | | | |
| TECH 05 | Roads & bridges (Rehabilitation of roads) | Ensure that roads are rehabilitated | Number of kilometres of roads rehabilitated | 2.026 km | 2.65 km | 6.744km | 4.094km | Additional done on Metz internal street rehabilitated | None | Achieved | Certificates of completion |
| | | Budget (R) | | | 20,700,000 | 15,848,930 | 4,851,069 | | | | |

4.2.6 ELECTRIFICATION

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|------------------|----------------------------------|---|------------------|------------------|--------------------|------------------|---|---------------------------------------|-----------------------------|---------------------------|
| TECH 07 | High mast lights | Construction of high mast lights | Number of high mast lights constructed | 4 | 1 | 0 | 1 | Project withdrawn and registered through MIG for the 2024/25 financial year | None | Not achieved | Completion certificate |
| | | Budget (R) | | | 100,000 | 0.000 | 100,000 | | | | |
| TECH 08 | Solar | Installation of a solar | Number of municipal buildings with solar installation | New | 3 | 5 | 2 | Sufficient budget to cater for 2 additional buildings | None | Achieved | Certificate of completion |
| | | Budget (R) | | | 3,550,000 | 2,511,838 | 1,038,161 | | | | |

4.2.7 REFUSE REMOVAL

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|---|---|----------------------------|----------------------------|----------------------------|---------------------------|----------------------|---------------------------------------|-----------------------------|---------------------------|
| COM 02 | Refuse removal from households to the landfill site in Worcester | Ensure the provision of refuse removal services | Number of households with access basic refuse removal | 20 020 | 20 020 | 20 020 | None | None | None | Achieved | Waste Management Register |
| COM 03 | | | Number of commercial, institutional and industrial centres with access to refuse removal services | 81 business establishments | 81 business establishments | 84 business establishments | 3 business establishments | Increased clientele | None | Achieved | Waste Management Register |
| | | Budget (R) | | | 9,500 000 | 8,546,412 | 953,587 | | | | |

4.2.8 RECREATIONAL FACILITIES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------------|-----------------------------------|-----------------------------|------------------|------------------|--------------------|----------------|---|---|-----------------------------|---------------------------|
| TECH 10 | Fencing of cemeteries | Ensure that cemeteries are fenced | Number of cemeteries fenced | 3 | 5 | 4 | 1 | The budget meant for 1 cemetery was instead used to fence Makgaung community hall which was in distress | Adherence to the budgeted projects or items | Not achieved | Certificate of completion |
| | | Budget (R) | | | 2,000,000 | 1,898,554 | 101,445 | | | | |

4.2.9 REPAIRS, MAINTENANCE OF ROADS AND BRIDGES AND OTHER MUNICIPAL INFRASTRUCTURES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|----------------------------------|---|--|-----------------------------|----------------------|------------------------|------------------------|---|---------------------------------------|-----------------------------|---|
| TECH 12 | Maintenance of roads and bridges | Ensure appropriate maintenance of roads and bridges | Number of square metres of municipal roads maintained (patching of potholes) | 2 909 989.51 m ² | 3 000 m ² | 4 462.9 m ² | 1 462.9 m ² | More work done as per demand and also work done during weekends | None | Achieved | Maintenance report, maintenance register and pictures |
| TECH 11 | Maintenance of roads and bridges | Ensure appropriate maintenance of roads and bridges | Number of km of municipal roads maintained (bladed) | 308 km | 308km | 1 398.8km | 1 090 .8km | More work done due to availability of graders | None | Achieved | Maintenance report, maintenance register and pictures |
| | | Budget (R) | | | 3,000,000 | 2,451,675 | 548,324 | | | | Invoices |

| | | | | | | | | | | | |
|---------|------------------------------------|---|---|----|----------------|----------------|----------------|--|---|--------------|-------------------------------|
| TECH 14 | Maintenance of municipal buildings | Ensure appropriate maintenance of buildings | Number of municipal buildings routinely maintained | 10 | 19 | 13 | 6 | None availability of maintenance materials | Procure materials used frequently and put them in the store in the next financial year. | Not Achieved | Quarterly Maintenance reports |
| TECH 13 | Maintenance of municipal buildings | Ensure appropriate maintenance of buildings | Number of municipal buildings with major maintenance done (Renovated) | | 2 | 0 | 2 | Insufficient budget | Projects budgeted about R3,000,000 in the 2024/25 FY (Next Financial Year) | Not achieved | Quarterly Maintenance reports |
| | | Budget (R) | | | 750,000 | 130,708 | 619,291 | | | | Invoices |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|---------------------------------|--|---|------------------|------------------|--------------------|---------------|--|---------------------------------------|-----------------------------|-----------------------|
| BTO 02 | Maintenance of vehicles | Ensure appropriate maintenance of vehicles | Number of Vehicles maintained | 28 | 31 | 26 | 5 | Only 26 vehicles required maintenance | None | Not Achieved | Maintenance reports |
| | | Budget (R) | | | 1,500,000 | 1,522,906 | 22,906 | | | | |
| BTO 03 | Machines (TLB, grades & trucks) | Ensure appropriate maintenance of machines | Number of municipal machines maintained | 3 | 3 | 4 | 1 | One of the trucks bought in the current financial year required maintenance. | None | Achieved | Maintenance reports |
| | | Budget (R) | | | 2,500,000 | 2,426,163 | 73,837 | | | | |

| | | | | | | | | | | | |
|---------|-----------------------------|--|--|---|----------------|----------------|----------------|--|---|--------------|---|
| COM 04 | Parks and gardens | Ensure appropriate maintenance of parks | Number of municipal parks maintained | 2 | 2 | 2 | None | None | None | Achieved | Maintenance report, maintenance register and pictures |
| COM 05 | | Ensure appropriate maintenance of gardens | Number of municipal gardens maintained | 4 | 4 | 4 | None | None | None | Achieved | Maintenance report, maintenance register and pictures |
| | | Budget (R) | | | 200,000 | 141,843 | 58,157 | | | | |
| TECH 14 | Maintenance of streetlights | Ensure routine maintenance of streetlights | Number of streetlights maintained | 0 | 148 | 0 | 148 | Delay in delivery cherry picker and the service provider withdrew offer. | Service provider for maintenance of streetlights to be appointed in the 2024/5 FY instead of purchasing of purchasing cherry picker | Not achieved | Maintenance reports |
| | | Budget (R) | | | 150,000 | 0.00 | 150,000 | | | | |

4.3 LOCAL ECONOMIC DEVELOPMENT
DEVELOPMENT OBJECTIVE: LOCAL ECONOMIC DEVELOPMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------|---|---|------------------|------------------|--------------------|---------------|--|---------------------------------------|-----------------------------|---|
| SPED 07 | LED Programs | Ensure that LED programs are supported | Number of LED programs supported | 272 | 120 | 122 | 02 | More clients in need of the services | None | Achieved | Quarterly reports |
| | | Budget (R) | | | 100,000 | 62,020 | 37,980 | | | | |
| SPED 08 | EPWP | Ensure the creation of jobs through Expanded Public Works Program | Number of jobs created through EPWP initiatives | 151 | 150 | 348 | 198 | More jobs were created due to additional MIG funding on capital projects | None | Achieved | Quarterly reports and appointment letters |
| | | Budget (R) | | | 1,295,000 | 1,295,000 | 0.00 | | | | |

KPA 4.4: FINANCIAL VIABILITY

STRATEGIC OBJECTIVE: SOUND FINANCIAL MANAGEMENT

4.4.1 REVENUE ENHANCEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|--|---|--|---|----------------|--------------------|----------|--|--|-----------------------------|------------------------------|
| SPED 09 | Supplementary valuation roll (2023/2024) | Ensure credible valuation roll in place by 30 June 2024 | Number of supplementary valuation roll developed | 1 | 1 | 1 | None | None | None | Achieved | Supplementary valuation roll |
| BT0 09 | Revenue Enhance Strategy | To enhance revenue | Number of revenue enhancement strategy reviewed | 1(2022/23 Enhancement Revenue Strategy) | 1 | 1 | None | None | None | Achieved | Revenue Enhance Strategy |
| BT0 06 | Revenue Collection | Improved financially viability | % of revenue collected monthly | 70% | 80% | 77% | 3% | Some of the farmer owners are not paying their rates and taxes | Appointed external debt collector to assist with debt collection | Not achieved | Quarterly reports |
| | | Budget (R) | | | OPEX | | | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|--------------------------------|--|------------------|----------------|--------------------|----------|---|---|-----------------------------|-----------------------|
| BT0 07 | Cost Coverage | Financially sustainability | Number of acceptable months for municipal sustainability | 14 months | 3 months | 8 months | 5 months | Over performance due to sound expenditure control | None | Achieved | Financial reports |
| BT0 05 | Debt coverage | Improved financially viability | % of debt coverage ratio | 0% | 0% | 0% | None | None | None | Achieved | Financial reports |
| BT0 08 | Outstanding service debtors to revenue | Improved financially viability | % outstanding service debtors to the revenue collected | 44% | 60% | 23% | 37% | Most sector departments do not pay they debts they owe the municipality | Reports are submitted to COGHTSA for intervention | Not achieved | Financial reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.4.2 ASSETS AND INVENTORY MANAGEMENT AND MSCOA

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|---------------------------------|--|--|--|---|---|----------|--|---|-----------------------------|-----------------------|
| BT0 10 | Assets and Inventory Management | Ensure compliance to asset and inventory management policy (GRAP 17) | % compliance to Asset standard (GRAP 17) | 80% compliance to Asset standard (GRAP 17) | 100% compliance to Asset standard (GRAP 17) | 100% compliance to Asset standard (GRAP 17) | None | None | None | Achieved | Quarterly reports |
| BT0 11 | | | Number of assets update schedules | Number of assets update schedule | 12 | 12 | None | None | None | Achieved | Quarterly Reports |
| BT13 | MSCOA | Ensure that budget management is line with MSCOA | % compliance to MSCOA (uniform reporting for municipalities) | 80% | 100% | 90% | 10% | The conversion of the Assets Register is concluded. The system vendor is yet to train users. | Expedite the training of users of the newly converted asset module. | Not achieved | Quarterly Reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.4.3 SUPPLY CHAIN MANAGEMENT AND MFMA REPORTS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|-------------------------|--|---|------------------|----------------|--------------------|----------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| BT0 12 | Supply Chain Management | To fully comply with supply chain Regulation and National Treasury guidelines on procurement processes | % compliance to SCM regulations | 100% | 100% | 100% | None | None | None | Achieved | Quarterly Reports |
| BT0 13 | | | Number of complaint in-year SCM reports submitted on time to council and Treasury | 12 | 12 | 12 | None | None | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.4.4: EXPENDITURE MANAGEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------------|--|---------------------------------|------------------|--------------------|--------------------|-------------------|--|---------------------------------------|-----------------------------|-----------------------|
| BTO 16 | MIG Expenditure | Ensure compliance to MIG expenditure | % compliance to MIG Expenditure | 100% | 100% | 83% | 17% | 100% was spend on initial MIG allocation and 75% was spent on additional funding | Forward planning | Not achieved | Financial Statements |
| | | Budget (R) | | | 95,879,784 | 79,734,920 | 16,144,864 | | | | |
| BTO 15 | Personnel Expenditure | Improved management of municipal grants expenditure on personnel | % of personnel budget spent | 74% | 100% | 92% | 8% | Critical vacant positions not filled | Timeously appointment of personnel | Not achieved | Financial Statements |
| | | Budget (R) | | | 111,112,542 | 111,445,169 | -332,627 | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/234 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------------|---|-------------------------------|------------------|--------------------|--------------------|-------------------|---|--|-----------------------------|-----------------------|
| BTO 17 | Maintenance Expenditure | Improved allocation of maintenance budget | % of maintenance budget spent | 65% | 100% | 81% | 19% | Delay in appointment of service providers | Timeously appointment of service providers | Not achieved | Financial Statements |
| | | Budget (R) | | | 8,450,000 | 6,880,042 | 1,569,958 | | | | |
| BTO 18 | Capital Expenditure | Improved expenditure on capital budget | % of capital budget spent | 87% | 100% | 89% | 11% | Delay in appointment of service providers | Timeously appointment of service providers | Not achieved | Financial Statements |
| | | Budget (R) | | | 225,159,299 | 200,812,999 | 24,347,000 | | | | |

KPA4. 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

DEVELOPMENT OBJECTIVE: GOOD GOVERNANCE

4.5.1: External Auditing

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------|--|--|---|--|---|-------------------------|---|--|-----------------------------|------------------------|
| MM01 | External Auditing | Ensure improved audit opinion | Number of Improved audit opinion | Unqualified audit opinion | 1 (Clean audit opinion) | 0 (unqualified with findings) | 1 (clean audit opinion) | Adjustments on material findings | Implementation and monitoring of the IA and AGSA action plans | Not achieved | Audit Report |
| MM03 | External Auditing | To improve municipal internal controls and systems | % of A-G queries resolved | 93% | 100% | 73% | 27% | Remaining action plan targeted for implementation in July and August 2024 | The remaining findings to be resolved at the end of the audit period | Not achieved | Implementation reports |
| MM02 | | | Submit AG Action Plan to Council by 31 January | Submitted AG Action Plan on the 25 January 2023 | Submit AG Action Plan to Council by 31 January | Submitted AG Action Plan on the 25 January 2024 | None | None | None | Achieved | AG Action Plan |
| | | Budget (R) | | | 5,700,000 | 6,262,042 | -562,042 | | | | |

4.5.2 INTERNAL AUDITING

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------|---|--|------------------|------------------|--------------------|----------------|---|--|-----------------------------|-----------------------|
| MM04 | Internal Auditing | To promote institutional accountability and compliance to PMS Framework | Number quarterly internal audit reports with recommendations generated | 4 | 4 | 4 | None | None | None | Achieved | Quarterly Reports |
| MM07 | | | Number PMS audits conducted | 4 | 4 | 4 | None | None | None | Achieved | Quarterly Reports |
| MM05 | | | Number of audit committee meetings held | 14 | 4 | 17 | 13 | 13 Special meetings held | None | Achieved | Quarterly Reports |
| MM06 | | | % of audit performance committee resolutions implemented | 70% | 100% | 82% | 18% | Resolution register updated upon each meeting | Continuous monitoring of resolutions by management | Not achieved | Quarterly Reports |
| | | | BUDGET (R) | | 1,200,000 | 1,460.260 | 260,260 | | | | |

4.5.3 RISK MANAGEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------|----------------------------|---|------------------|----------------|--------------------|----------|---|---|-----------------------------|-----------------------|
| MM09 | Risk Management | To promote good governance | % implementation of identified risks mitigations | 46% | 100% | 85% | 15% | Actions to mitigate were not adequately budgeted for. | To fully mitigated in the next financial year | Not achieved | Quarterly Reports |
| MM11 | | | Number of institutional risk management committee meetings held | 5 | 4 | 4 | 0 | None | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.5.3 RISK MANAGEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------|----------------------------|---|------------------|----------------|--------------------|----------|----------------------|---------------------------------------|-----------------------------|------------------------|
| MM08 | Risk Management | To promote good governance | Number of Annual review of strategic risks plan | 1 | 1 | 1 | None | None | None | Achieved | Risk Reports |
| MM10 | Risk Management | To promote good governance | Number of risk assessments conducted | 1 | 2 | 2 | None | None | None | Achieved | Risk Assessment Report |
| | | Budget (R) | | | OPEX | | | | | | |

4.5.4 MPAC

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------|--|-----------------------------------|------------------|----------------|--------------------|---------------|--------------------------|---------------------------------------|-----------------------------|--|
| CORP04 | MPAC | Ensure effective oversight on municipal council activities | % of MPAC resolutions implemented | 100% | 100% | 100% | None | None | None | Achieved | MPAC Resolution Register |
| CORP05 | | | Number of MPAC meetings held | 19 | 4 | 16 | 12 | 12 special meetings held | None | Achieved | Quarterly MPAC Reports & attendance register |
| | | Budget (R) | | | 200,000 | 183,332 | 16,668 | | | | |

4.5.5: COUNCIL FUNCTION AND SUPPORT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|------------------------------|--|---|------------------|----------------|--------------------|---------------|--------------------------|---------------------------------------|-----------------------------|------------------------|
| CORP01 | Council Function and Support | Ensure effective oversight on municipal council activities | Number of council sittings supported | 16 | 4 | 16 | 12 | 12 special meetings held | None | Achieved | Quarterly Reports |
| CORP02 | | | Number of scheduled Executive committee meetings held | 17 | 4 | 18 | 14 | 14 special meetings held | None | Achieved | Quarterly Reports |
| CORP03 | | | Number of scheduled portfolio committee meetings held | 47 | 16 | 51 | 35 | 35 special meetings held | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | OPEX | | | | | | |
| MM14 | Communication Strategy | Ensure effective and efficient communication | Number of Communication strategies reviewed | 1 | 1 | 1 | None | None | None | Achieved | Communication Strategy |
| | | Budget (R) | | | 60,000 | 0 | 60,000 | | | | |

4.5.6: PUBLIC PARTICIPATION

DEVELOPMENT OBJECTIVE: PUTTING PEOPLE FIRST

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------------|---|--|------------------|------------------|--------------------|---------------|---|---------------------------------------|-----------------------------|--------------------------------|
| CORP06 | Public Participation | To promote community participation and accountability | Number of public participation meetings (imbizos) held | 14 | 4 | 25 | 21 | Urgent issues arose that needed urgent attention and 14 public participation engagements in different wards for Draft IDP, budget and PMS 2023/24 | None | Achieved | Quarterly Reports |
| CORP07 | | | Number of community feedback meetings held | 75 | 56 | 76 | 20 | Some wards had more feedback meetings to deal with community needs and challenges | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | 2,000,000 | 1,989,962 | 11,038 | | | | |
| CORP08 | Complaints Management | To promote accountability | % of complaints resolved | 100% | 100% | 100% | None | None | None | Achieved | Complaints Management Register |
| | | Budget (R) | | | OPEX | | | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------------|---|---|------------------|------------------|--------------------|----------------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| CORP09 | Ward Committees Support | Ensure effective and efficient functioning of ward committees | Number of functional ward committees | 14 | 14 | 14 | None | None | None | Achieved | Quarterly Reports |
| CORP10 | | | Number of monthly ward committees reports submitted | 168 | 168 | 168 | None | None | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | 3,820,000 | 3,509.513 | 310,487 | | | | |

4.5.7: DISASTER RISK MANAGEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|--|---|------------------|----------------|--------------------|--------------|---|---------------------------------------|-----------------------------|-----------------------|
| COM05 | Disaster Risk Management awareness campaigns | Ensure appropriate response to disaster management | Number of disaster risk management awareness campaigns held | 12 | 4 | 17 | 13 | Additional campaigns held due to high number of house fires | None | Achieved | Quarterly Reports |
| COM06 | Disaster Risk Management relief | | % of disasters affected households provided or supported with relief measures | 100% | 100% | 100% | None | None | None | Achieved | Quarterly Reports |
| COMO4 | Disaster Risk Management | | Number Disaster risks management strategic planning session held | 0 | 1 | 1 | None | None | None | Achieved | Attendance Register |
| | | Budget (R) | | | 350,000 | 342,922 | 7,078 | | | | |

KPA 4. 6: MUNICIPAL TRANSFORMATION AND ORGANIZATION DEVELOPMENT

DEVELOPMENT OBJECTIVE: BUILD CAPABLE INSTITUTION AND ADMINISTRATION

4.6.1 IDP REVIEWS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------------------------|---|---|---|---|---|----------------|--|---------------------------------------|-----------------------------|----------------------------------|
| MM15 | IDP Review | Ensure that IDP/Budget are done within the legislated framework | IDP/Budget approved by Council by 31 May 2024 | IDP/Budget approved by Council on the 28 May 2023 | IDP/Budget approved by Council by 31 May 2024 | IDP /Budget approved by council on the 17May 2024 | None | None | None | Achieved | Council Resolution |
| | | Budget (R) | | | 200,000 | 46,000 | 154,000 | | | | |
| MM16 | IDP Strategic Planning Session | Ensure that IDP strategies are reviewed | Number of strategic planning sessions held | 1 | 1 | 2 | 1 | Management held its own separate session before a joint session with Councillors | None | Achieved | Invitations, attendance register |
| | | Budget (R) | | | 450,000 | 364,672 | 85,328 | | | | |

4.6.2: PERFORMANCE MANAGEMENT SYSTEM

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Corrective Measures | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------|--|--|------------------|----------------|--------------------|----------|---|---|-----------------------------|------------------------|
| MM17 | PMS | Sustain management of performance for S54 &56 Managers | Number of senior managers (section 54 and S56) with signed performance agreements within prescribed timeframe | 3 | 6 | 5 | 1 | Position of Director Technical Services vacant | Director Technical Services appointed and will resume duties on the 1 st of July 2024. | Not achieved | Performance Agreements |
| MM18 | | | Number of formal assessments conducted (S54 & 56) | 1 | 1 | 2 | 1 | 2022/23 annual assessments as well as 2023/24 mid-year assessment conducted | None | Achieved | Assessment Reports |
| CORP11 | PMS | Promote institutional accountability and compliance to PMS framework | % of officials other than S 57 managers with signed performance agreements as per municipal staff regulations | 68% | 100% | 100% | None | None | None | Achieved | Assessments reports |

| | | | | | | | | | | | |
|------|--|---------------------|--|---|-------------|---|------|------|------|----------|--------------------|
| MM19 | | | Number of in-year performance management reports submitted to Council | 4 | 4 | 4 | None | None | None | Achieved | Quarterly Reports |
| MM20 | | | Number of oversight reports on annual adopted within stipulated timeframes | 1 | 1 | 1 | None | None | None | Achieved | Council Resolution |
| | | Budget (R) | | | OPEX | | | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Corrective Measures | Verified Actual Performance | Portfolio of Evidence |
|----------------|-----------------------|-------------------------------|--|------------------|------------------|--------------------|-----------------|---|---|-----------------------------|-----------------------|
| CORP16 | Workplace Skills Plan | Ensure capacitated work force | Number of employees and councillors capacitated in line with work skills plan | 50 | 45 | 82 | 37 | More councillors were enrolled in the MFMP program | None | Achieved | Training Reports |
| CORP17 | | | Amount actual spent (1% of the salary budget of the municipality) in implementing workplace skills plan (NKPI) | 479 998 | 1,500,000 | R602 704 | R897,296 | Service provider appointed and awaiting finalization and signing of service level agreement | Trainings to resume in the next financial year. | Not achieved | Financial Report |
| | | Budget (R) | | | 1,500,000 | R602 704 | R897,296 | | | | |

4.6.4 WORKPLACE SKILLS (PERSONNEL WITH FINANCIAL AND TECHNICAL SKILLS)

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Corrective Measures | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|--|--|------------------|------------------------------------|--|----------|--|---------------------|-----------------------------|-----------------------|
| CORP12 | Workplace skills plan (technical skills) | Ensure that municipalities appoint people with the necessary skills that will enable them to accelerate the delivery of basic services | Number of municipal personnel with technical skills/capacity (technicians and engineers) | 3 | 2(Senior Technician & PMU Manager) | 3(Senior Technician, water Technician & PMU Manager) | 1 | Urgent need arise for water Technician | None | Achieved | Quarterly Reports |
| CORP13 | Workplace skills plan (financial skills) | Strengthen the effectiveness and efficient of municipal minimum competency requirements | Number of municipal personnel with financial minimum competency requirements | 15 | 9 | 15 | 6 | More employees trained than targeted | None | Achieved | Training Reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.6.5 EMPLOYMENT EQUITY

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|--------------------------|---|---|------------------|----------------|--------------------|----------|-----------------------|--|-----------------------------|-----------------------|
| CORP14 | Employment Equity (NKPI) | Ensure that people from equity target group are appointed in the municipality | Number of staff component with disability | 5 | 5 | 4 | 1 | One employee resigned | Employment of employees from this group will be prioritised in the next financial year | Not achieved | EE Reports |
| CORP15 | | | Number of people from employment equity target group employed in the three highest levels of the municipality | 2 | 2 | 2 | None | none | None | Achieved | EE Reports |
| | | BUDGET (R) | | | OPEX | | | | | | |

4. 6.6 PAY ROLL AND OVERTIME MANAGEMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------------------------|---|--------------------------------------|------------------|--------------------|---------------------|-----------------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| CORP18 | Pay Roll Management | Maximize efficiency of payroll management | % accuracy on payroll information | 100% | 100% | 100% | None | None | None | Achieved | Payroll Report |
| | | Budget (R) | | | 111,112,542 | 111, 445,169 | -332,627 | | | | |
| CORP19 | HR Management (Overtime Management) | Ensure compliance of overtime regulation | % compliance to overtime regulations | 100% | 100% | 100% | None | None | None | Achieved | Overtime Report |
| | | Budget (R) | | | 4,300,000 | 4,792,791 | -492,790 | | | | |

4.6.7 LEGAL SERVICES AND LOCAL LABOUR FORUM

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------------|---|--|------------------|------------------|--------------------|-------------------|-----------------------------|---------------------------------------|-----------------------------|-----------------------|
| MM20 | Legal Services | Ensure that the municipality has SLA with all service providers | % of service providers with signed Service Level Agreement | 100% | 100% | 100% | None | None | None | Achieved | SLA Register |
| | | Budget (R) | | | 3,500,000 | 7,214,933 | -3,714,937 | | | | |
| CORP21 | Local Labour Forum | Ensure sound labour practice | Number of Local Forum Meetings held | 9 | 4 | 6 | 2 | 2 special LLF meetings held | None | Achieved | Quarterly Reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.6.8 POLICY AND BY-LAWS DEVELOPMENT AND REVIEWS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|---|--|--|----------------------------------|----------------|--------------------|----------------|--|---------------------------------------|-----------------------------|-------------------------------------|
| CORP23 | Policy development, by-laws and reviews | To ensure implementation of law-enforcement | Number of by-laws developed/ reviewed | 2 (rates & building regulations) | 2 | 2 | 0 | None | None | Achieved | Policy and by-law Register |
| CORP24 | Policies | Providing and improving compliance to municipal regulatory environment | Number of policies developed/ reviewed | 70 | 57 | 70 | 13 | Need arises during the course of the year for the development of additional policies | None | Achieved | Policy and by-law Register |
| CORP22 | Policy workshop | To ensure that policy workshop is held | Number of policy workshops held | 1 | 1 | 2 | 1 | Management held policy workshop in preparation of the workshop for councillors | None | Achieved | Invitations and Attendance Register |
| | | Budget (R) | | | 250,000 | 62,608 | 187,392 | | | | |

DIVISIONAL PERFORMANCE HIGHLIGHTS (SDBIP LOWER LAYER)

KPA 1: SPATIAL RATIONALE

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|-----------------------|---------------------|------------------------------|--------------------------------|-------------------------|-----------------------|---------------------------|-----------------|---|--|------------------------------------|------------------------------|
| SPED10 | Update of GIS | Ensure that GIS is updated | Number of GIS update conducted | 40 | 40 | 62 | 22 | There were more applications that were received that needed capturing | None | Achieved | GIS Quarterly Reports |
| | | BUDGET (R) | | | OPEX | | | | | | |

KPA 2: BASIC SERVICE DELIVERY

8.1 4.PAVING OF ROADS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------------------|---|--|------------------|--------------------|--------------------|------------------|---|--|-----------------------------|---------------------------|
| TECH21 | Scotia internal street | To upgrade a road from gravel to paved road | Number of kilometres of Scotia internal street paved | Designs | 0.8km | 0 km | 0.8km | Delayed start of project caused by objections from the community, high water table and protected tables along alignment of road at Scotia | Community concerns resolved and Environmental Compliance Officer appointed | Not Achieved | Certificate of completion |
| | | BUDGET (R) | | | 8 ,800, 000 | 7,301,177 | 1,498,823 | | | | |
| TECH22 | Makgaung internal street | To upgrade a road from gravel to paved road | Number of kilometres of Makgaung internal street paved | Designs | 0.5km | 0 km | 0.5km | Contractor delayed in submission of contractual documents hence the delay in commencement of the project | Contractor made commitments to speed up construction | Not Achieved | Certificate of completion |
| | | BUDGET (R) | | | 5, 700, 000 | 5,741,664 | 41,664 | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|----------------------------|---|--|----------------------|-------------------|--------------------------|----------------------|---|--|-----------------------------|-----------------------|
| TECH23 | Mashoshing internal street | To upgrade a road from gravel to paved road | Number of kilometres of Mashoshing internal street paved | 0.56km | 1.9km | 1.13km | 0.77km | Hard rocks were encountered and blasted using chemicals but the blasting resulted in cracks | Additional scope of work and project to be completed by the 31 December 2024 | Not Achieved | Progress Report |
| | | BUDGET (R) | | | 12,300,000 | 12,299,314 | 685,98 | | | | |
| TECH24 | Sedawa internal street | To upgrade a road from gravel to paved road | Number of kilometres of road bed of Sedawa internal street completed | Consultant appointed | 0.8km road bed | 2.5km road bed completed | 1.7km road completed | Contractor did additional work | None | Achieved | progress report |
| | | BUDGET (R) | | | 2,000,000 | 2,000,000 | 0.00 | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|---|--|----------------------|--------------------------|--------------------------|----------------------|--|--|-----------------------------|---------------------------|
| TECH25 | Essex road | To upgrade a road from gravel to paved road | Number of kilometres of Essex road paved | Consultant appointed | 0.5km | 0 km | 0.5km | Contractor delayed in submission of contractual documents hence the delay in commencement of the project | Contractor made commitments to speed up construction | Not Achieved | Certificate of completion |
| | | BUDGET (R) | | | 13,000,000 | 12,861,637 | 938,327 | | | | |
| TECH26 | Lorraine – Bellville – Nkopedjie access road | To upgrade a road from gravel to paved road | Number of kilometres of road bed of Lorraine-Bellville-Nkopedjie completed | Consultant appointed | 0.5km road bed completed | 0.9km road bed completed | 0.4km road completed | Contractor did additional work | None | Achieved | Progress report |
| | | BUDGET (R) | | | 1, 000 ,000 | 1,000,000 | 0.00 | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|----------------------|---|---|----------------------|------------------|--------------------|------------------|---|--|-----------------------------|------------------------|
| TECH27 | Madeira access road | To upgrade a road from gravel to paved road | Number of kilometres of road bed of Madeira access road completed | Consulted appointed | 1 km road bed | 0 km road bed | 1 km road bed | Community protest | Community concerns resolved through the Interventions by stakeholders and project underway | Not achieved | Progress report |
| | | BUDGET (R) | | | 5,000,000 | 5,000,000 | 0.00 | | | | |
| TECH28 | Shikwane access road | To upgrade a road from gravel to paved road | Number of kilometres of Shikwane access road paved | Contractor appointed | 2km | 0.6km | 1.4 km | Subsurface water discovered during construction which delay the project | Additional application for funding made from MIG to add subsurface drainage | Not achieved | Completion certificate |
| | | BUDGET (R) | | | 22,738,26 | 17,132,910 | 5,606,915 | | | | |

8.2 ROAD SURFACING

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|---|--|--|------------------|--------------------|--------------------|------------------|---|---|-----------------------------|------------------------|
| TECH15 | Mabins cross access road | To upgrade a road from gravel to surfaced road | Number of kilometres of Mabins cross road surfaced | 2.4km | 1.4km | 1.7km | 0.3km | There was a request from Mameŧja Traditional Authority and community for an additional road to Mameŧja clinic | None | Achieved | Completion certificate |
| | | BUDGET (R) | | | 16,450,000 | 17,756,898 | 1,306,898 | | | | |
| TECH16 | Sofaya to Mahlomelong access road phase 2 | To upgrade a road from gravel to surfaced road | Number of kilometres of Sofaya to Mahlomelong access road surfaced | 0.684km | 2.5km | 1.62km | 0.88km | Plants breakdowns | New plants hired and project to be completed by the 30 th of November 2024 | Not achieved | Completion certificate |
| | | BUDGET (R) | | | 20,000 ,000 | 18,501,710 | 1,498,298 | | | | |

4.8.3 REHABILITATION OF ROADS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|--|------------------------|--|------------------|--------------------|--------------------|----------------|---|---------------------------------------|-----------------------------|---------------------------|
| TECH17 | Rehabilitation of Ga-Sekororo access road | To rehabilitate a road | Number of kilometres of Ga-Sekororo access road rehabilitated | 1.066km | 0.2km | 0.2km | None | None | None | Achieved | Certificate of completion |
| | | BUDGET (R) | | | 5,500,000 | 5,532,694 | 32,694 | | | | |
| TECH18 | Rehabilitation of Metz access road | To rehabilitate a road | Number of kilometres of Metz access road rehabilitated | 2km | 2km | 5.5 km | 3.5km | Additional scope of work for 3.5km done | None | Achieved | Certificate of completion |
| | | BUDGET (R) | | | 8, 100, 000 | 8,083,733 | 16,267 | | | | |
| TECH19 | Rehabilitation of Kampersrus internal street | To rehabilitate a road | Number of kilometres of Kampersrus internal street rehabilitated | 0.180km | 0.45km | 1.044km | 0.594km | Additional scope of work for 0.594km done | None | Achieved | Certificate of completion |
| | | BUDGET (R) | | | 3,000,000 | 2,232,499 | 767,501 | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio Evidence of |
|----------------|--|------------------------|--|----------------------|--------------------|--------------------|----------------|--|---|-----------------------------|-----------------------|
| TECH20 | Rehabilitation of Lorraine access road | To rehabilitate a road | Number of kilometres of road bed of Lorraine access road completed | Consultant appointed | 0.8km road bed | 0 km road bed | 0.8km road bed | There was a delay in appointment of contractors due to the suspension of the Municipal Manager | Expedite completion of the work as the contracted was appointed | Not achieved | Progress report |
| | | BUDGET (R) | | | 4, 100, 000 | 4,078,036 | 21,964 | | | | |

4.8.4 DEVELOPMENT OF DESIGNS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--|---|--|----------------------|------------------|--------------------|------------------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| TECH33 | Lorraine-Belleville-Nkopedji access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Lorraine-Belleville-Nkopedji access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 1,000,000 | 0 | 1,000,000 | | | | |
| TECH34 | Rehabilitation of Lorraine access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Rehabilitation of Lorraine access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 4,100,000 | 4,078,036 | 21,964 | | | | |

| | | | | | | | | | | | |
|--------|----------------------|---|--|----------------------|------------------|------------------|------------------|------|------|----------|---------|
| TECH29 | Bismarck access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Bismarck access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 200,000 | 0 | 200,000 | | | | |
| TECH31 | Molalane access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Molalane access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 2,000,000 | 1,953,228 | 46,722 | | | | |
| TECH30 | Sedawa access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Sedawa access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 2,000,000 | 0 | 2,000,000 | | | | |
| TECH32 | Madeira access road | To develop designs in order to upgrade road from gravel to pave | Number of designs for Madeira access road developed | Consultant appointed | 1 | 1 | None | None | None | Achieved | Designs |
| | | BUDGET (R) | | | 5,000,000 | 5,000,000 | 0.00 | | | | |

4.8.5 REPAIRS, MAINTENANCE OF ROADS AND BRIDES AND OTHER MUNICIPAL INFRASTRUCTURES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|-------------------|---|--|------------------|----------------|--------------------|----------------|--|---------------------------------------|-----------------------------|-------------------------------|
| TECH36 | Electrical assets | Ensure the maintenance of municipal electrical assets | Number of electrical assets maintained | 64 | 300 | 83 | 217 | Only 83 electrical assets required maintenance during the financial year | None | Not achieved | Quarterly Maintenance reports |
| | | Budget (R) | | | 300,000 | 184,990 | 115,009 | | | | |
| COM07 | Speed machine | Ensure the maintenance of speed machines | Number of speed machines maintained | 2 | 2 | 2 | None | None | None | Achieved | Quarterly Maintenance reports |
| | | Budget (R) | | | 50,000 | 27,556 | 22,144 | | | | |
| TECH35 | Roads signs | Erection of road signs | Number of road signs erected | New | 15 | 24 | 9 | Work done internal | None | Achieved | Progress report |
| | | Budget (R) | | | 300,000 | 0 | 300,000 | | | | |

4.8.6 OFFICE EQUIPMENTS

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|------------------|--------------------------------|--------------------------------------|------------------|---|---|--|---|---------------------------------------|-----------------------------|---------------------------|
| CORP28 | IT Equipments | To purchase lap tops | Number of laptops purchased | 50 laptops | 40 laptops | 55 laptops | 15 laptops | Additional requests made and sufficient budget | None | Achieved | Delivery note and invoice |
| | | Budget (R) | | | 2,000,000 | 1,209,392 | 790,608 | | | | |
| CORP29 | Office Furniture | To purchase office furniture | Number of office furniture purchased | 0 | 315x various office furniture purchased | 325x various office furniture purchased | 10x various office furniture purchased | Additional need for 8 of stella 2-way rectangular desk & 2 of stella 4-way rectangular desk | None | Not Achieved | Delivery note and invoice |
| | | Budget | | | 1,000,000 | 821,800 | 178,500 | | | | |
| CORP25 | Air conditioners | Purchasing of air conditioners | Number of air conditioners purchased | 5 | 5 | 6 | 1 | Additional need of an air conditioner | None | Achieved | Delivery note and invoice |
| | | Budget (R) | | | 200,000 | 165,216 | 34,784 | | | | |

| | | | | | | | | | | | |
|--------|---------------------|--|---|-----|--------------------|------------------|------------------|--|--|--------------|---------------------------|
| CORP30 | Office equipment | Office equipment purchasing office equipment | Number of office equipment purchased | 0 | 5 | 2 | 3 | Delay in purchasing the remaining office equipments | Adherence to procurement plan on purchase of office equipments | Not achieved | Delivery note and invoice |
| | | Budget (R) | | | 100,000 | 50,791 | 49,209 | | | | |
| CORP26 | Vehicles | Ensure that vehicles are purchased | Number of vehicles purchase | 0 | 3 | 2 | 1 | Delay of delivery of the cherry picker by the service provider | Cherry picker to be delivered in the next FY | Not achieved | Delivery note and invoice |
| | | Budget (R) | | | 7,500, 000 | 5,650,994 | 1,849,006 | | | | |
| COM08 | Plant and equipment | Purchasing of plant and equipment | Number of plant and equipment purchased | New | 10 | 112 | 102 | The budget was sufficient to purchase additional plant and equipment | None | Achieved | Delivery note and invoice |
| | | Budget (R) | | | 150,000 | 0 | 150,000 | | | | Invoices |
| CORP27 | Software | Regular upgrading of software | Number of softwares upgraded | 3 | 2 (munsoft and VIP | 2 | 2 | None | None | Achieved | Quarterly reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.9 LOCAL ECONOMIC DEVELOPMENT

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------|--|----------------------------------|------------------|----------------|--------------------|---------------|-------------------------------|---------------------------------------|-----------------------------|-----------------------|
| SPED10 | K2C support | Ensure that K2C programs are supported | Number of K2C programs supported | 2 | 2 | 5 | 3 | Additional programs supported | None | Achieved | Quarterly reports |
| | | Budget (R) | | | 100,000 | 24,550 | 97,545 | | | | |
| SPED11 | LED Forums | Ensure that LED forums are supported | Number of LED forums supported | New | 2 | 2 | None | None | None | Achieved | Quarterly reports |
| | | Budget (R) | | | OPEX | | | | | | |

4.10 FINANCIAL VIABILITY (BUDGET & REPORTING)

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|--------------|--|---|--------------------------|----------------|--------------------|----------|----------------------|---------------------------------------|-----------------------------|-----------------------|
| BTO19 | MFMA Reports | To ensure compliance with budget and reporting regulations | Number of S71 reports submitted to the Mayor and Treasury within 10 working days of the start of the month | 12 MFMA Reports | 12 | 12 | None | None | None | Achieved | Monthly reports |
| BTO20 | | | Number of S52 reports submitted to Council within 30 days of the end of each quarter | 4 MFMA Statutory Reports | 4 | 4 | None | None | None | Achieved | Quarterly reports |
| BTO21 | | | Number of S72 reports submitted to Council and provincial treasury after assessment by the accounting officer by 25 January | 1 Mid-year report (S72) | 1 | 1 | None | None | None | Achieved | Mid-year report |
| | | | BUDGET (R) | | OPEX | | | | | | |

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|------------------|--|---|------------------|----------------|--------------------|----------|----------------------|---------------------------------------|-----------------------------|------------------------------------|
| BTO22 | MFMA Reports | To ensure compliance with budget and reporting regulations | Number of annual financial statements submitted to A-G within the prescribed timeframes | 1 | 1 | 1 | None | None | None | Achieved | AFS |
| BTO24 | | | Number of annual performance reports submitted to A-G within the prescribed timeframes | 1 | 1 | 1 | None | None | None | Achieved | APR |
| BTO23 | | | Number of Adjustment Budget reports submitted to Council in terms of S28 | 1 | 1 | 1 | None | None | None | Achieved | Adjusted Budget |
| BT025 | Fleet Management | Ensure effective and efficient utilization of fleet | Number of fleet management reports submitted to council | 12 | 12 | 12 | None | None | None | Achieved | Fleet Management Quarterly Reports |
| | | | BUDGET (R) | | OPEX | | | | | | |

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

4.11. OTHER COUNCIL ACTIVITIES

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2022/23 Baseline | 2023/24 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Portfolio of Evidence |
|----------------|------------------------------|--|---|------------------|------------------|--------------------|-----------------|---|---------------------------------------|-----------------------------|-----------------------|
| CORP31 | Mayoral Bursary Fund | Provide requisite support to needy learners | Number of learners supported | 11 | 11 | 15 | 4 | Budget allowed for awarding to 4 additional deserving learners. | None | Achieved | Quarterly Reports |
| | | | BUDGET (R) | | 1,700,000 | 1,690,805 | 9,195.00 | | | | |
| COM09 | Licensing and administration | Monitor and oversee implementation of daily Licensing | % monitoring of daily licensing | 100% | 100% | 100% | None | None | None | Achieved | Quarterly Reports |
| COM 10 | Traffic and law enforcement | Monitor compliance to Traffic and law enforcement regulation | % compliance to traffic and law enforcement regulations | 100% | 100% | 100% | None | None | None | Achieved | Quarterly Reports |

| | | | | | | | | | | | |
|-------|-------------------------|--|---|------|-------------|------|------|------|------|----------|-------------------|
| | | | | | | | | | | | |
| COM11 | Thusong centre services | ensure that Thusong services delivered are fully operational and effective | % of effectiveness of services provided at Thusong centre | 100% | 100% | 100% | None | None | None | Achieved | Quarterly Reports |
| | | | BUDGET (R) | | OPEX | | | | | | |

4.12 OCCUPATIONAL HEALTH AND SAFETY (OHS)

| Project Number | Project Name | Measurable Objectives | Performance Indicator | 2021/22 Baseline | 2022/23 Target | Actual Performance | Variance | Reasons for variance | Measures taken to improve performance | Verified Actual Performance | Required Portfolio of Evidence |
|-----------------------|---------------------|---|---|-------------------------|-----------------------|---------------------------|-----------------|-----------------------------|--|------------------------------------|---------------------------------------|
| CORP32 | OHS | Ensure safe and healthy working environment | Number of in-year compliance reports on OHS generated | 4 | 4 | 4 | None | None | None | Achieved | Quarterly Reports |
| | | | BUDGET (R) | | 300,000 | 138,548 | 161,416 | | | | |

4.13 PERFORMANCE OF EXTERNAL SERVICE PROVIDERS.

Municipal Systems Act, No.32 of 2000 Section 46 (1) (a) stipulates that a municipality must prepare for each financial year a performance reflecting the performance of the municipality and of each service provider during the financial year. Below is the performance of external service providers during the year under review:

| Service provider | Service Rendered | Appointment Date | Project Status | Tender Amount | Performance Remarks |
|--|--|-------------------------|-----------------------|----------------------|----------------------------|
| Daily double trading 205 cc | Provision of waste removal and landfill site management services for a period of three years | 29/04/2023 | In-progress | 28 945 123,20 | Good |
| DTM consulting | MFMP Training for a period of three years | 09/12/2022 | In-progress | 2 803 125,00 | Good |
| KMT security & events management | Provision of Security Services for period of three years | 30/11/2020 | Completed | 49 972 790,84 | Good |
| KMT security & events management | Provision of Security Services for period of three years | 27/11/2023 | In-progress | 90 002 066,55 | Good |
| Anaka group | Leasing of Photocopying Machines for a period of 3 years | 26/11/2021 | In-progress | 2 967 965,78 | Good |
| Affordable Appraisals and property solutions | General Valuation roll 2023-2028 and Supplementary Valuation Roll | 03/11/2022 | In-progress | 679 490,00 | Good |
| kunene Makopo risk solution | Supply of insurance brokerage for a period of three years | 2022-07-09 | In-progress | 5 202 117,96 | Good |

| | | | | | |
|--|--|------------|-------------|---------------------|------|
| GAAP MASTER | Provision of internal audit services for a period of three years | 03/03/2023 | In-progress | 3 001 263,14 | Good |
| PK Financial services | Appointment of service provider for VAT recovery for a period of three years | 26/04/2021 | In-progress | As per tender rates | Good |
| SEMPRO Consulting | Compilation and review of MSCOA, GRAP Asset register for three years | 04/08/2021 | In-progress | 6 250 000,00 | Good |
| KOTH Properties Consultants | Compilation and maintenance of general valuation roll 2023-2028-30 June | 01/10/2021 | In-progress | 1 180 000,00 | Good |
| Pfukani - Kusile Consulting | Review of Spatial Development | 09/12/2022 | In-progress | 904 482,50 | Good |
| Mampudi Holdings pty ltd | Provision of Electronic performance system | 01/09/2021 | In-progress | 5 931 046,80 | Good |
| CORPMD Consulting | Preparation and Review of Financial Statements | 30/03/2023 | In-progress | 3 770 585,50 | Good |
| Marketing Three Sixty (PTY) LTD/ Fresh Apple | Panel of service providers to do advertising | 11/11/2021 | In-progress | As per tender rates | Good |
| Nsukay Trading | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Martmol Trading | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |

| | | | | | |
|---|---|------------|-------------|---------------------|------|
| Issah Trading | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Makgetsi Construction | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Muvuti Projects | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Sekaka Electrical | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Ndumikamandla Trading | Panel for Road Maintenance Material | 08/12/2022 | In-progress | As per tender rates | Good |
| Gumela General Dealer and Projects | Computer Literacy Training | 20/06/2024 | In-progress | 250 000,00 | Good |
| Gumela General Dealer and Projects | First Aid Training | 20/06/2024 | In-progress | 250 000,00 | Good |
| White Hall Trading and Projects 64 | Supply and Delivery of Personal Protective Clothing for Traffic Officials | 20/06/2024 | In-progress | 295 593,47 | Good |
| BMW South Africa Pty Ltd | Supply and Delivery of vehicle | 28/06/2024 | In-progress | 640 310,00 | Good |
| KVE Trading and Projects (PTY) Ltd | Supply and Delivery of Slasher | 20/06/2024 | In-progress | 95 000,00 | Good |
| CHM Vuwani Computer Solutions (PTY) Ltd | Supply, Delivery and Installation of Server Equipment | 20/05/2024 | In-progress | 249 811,63 | Good |
| Matl Enterprises (PTY) LTD | Supply and Fitment of Vehicle Tyres, Puncture Repair, Wheel Balancing and Alignment | 12/06/2024 | In-progress | - | Good |

| | | | | | |
|-------------------------------------|--|------------|-------------|--------------|------|
| White Hall Trading and Projects 64 | Supply and Delivery of Municipal Branded Materials | 30/05/2024 | In-progress | 197 058,25 | Good |
| Ghonya Trading & Projects (PTY) LTD | Supply and Delivery of Laptops | 10/05/2024 | Completed | 195 000,00 | Good |
| Microsoft office 365 | Microsoft office 365 software | 2022-12-09 | In-progress | 3 431 801,61 | Good |
| Vodacom Business | Supply and Delivery of 35 Mobile Devices and Data Solutions | 2024-05-04 | In-progress | 690 649,75 | Good |
| Mokgofe (PTY) LTD | Fencing of Hlohlokwe Graveyard | 07/06/2024 | Completed | 396 456,00 | Good |
| SDLR (PTY) LTD | Fencing of Turkey Zone 1 Graveyard | 07/06/2024 | Completed | 397 430,00 | Good |
| Lerumo la Batho General Trading | Fencing of The Oaks Graveyard | 07/06/2024 | Completed | 396 456,00 | Good |
| Yullmat (PTY) LTD | Fencing of Makgaung Community Hall | 07/06/2024 | Completed | 398 090,00 | Good |
| Mahlogonolo Trading and Projects | Fencing of Worcester Graveyard | 07/06/2024 | Completed | 398 900,00 | Good |
| Dippression Trading and Projects CC | Supply and Delivery of Water and Sanitation Material | 08/05/2024 | Completed | 1 699 482,65 | Good |
| Pfukani - Kusile Consulting | Ga - Mongatane / Scortia Township Proclamation | 06/02/2024 | Completed | 1 482 350,00 | Good |
| Bolombe 82 Trading and Projects | Supply and Delivery of Garden Waste Removal Truck with Gripper | 06/02/2024 | Completed | 4 498 765,00 | Good |
| Umhlaba Consulting Group | Procurement of Valuation System | 05/06/2024 | In progress | 1 458 626,88 | Good |

| | | | | | |
|--|--|------------|-----------|--------------|------|
| Baduzah Trading Enterprise | Supply and Delivery of Office Furniture | 06/06/2024 | Completed | 996 475,00 | Good |
| Shorts Nissan CC | Supply and Delivery of Tipper Truck | 27/05/2024 | Completed | 1 999 877,60 | Good |
| Ghonya Trading & Projects (PTY) LTD | Supply and Delivery of Laptops | 26/06/2023 | Completed | 990 000,00 | Good |
| Jakhuso Enterprise CC | Supply and Installation of Air Conditioners | 06/11/2023 | Completed | 189 998,33 | Good |
| Marakapula Trading and Projects | Supply and Installation of Curtains and Blinds | 06/11/2023 | Completed | 179 340,00 | Good |
| Mchunu T Squared Trading (PTY) LTD | Supply, Delivery and Fitment New Tyres | 06/11/2023 | Completed | 125 189,22 | Good |
| Mobilicious Trading and Projects (PTY) LTD | Supply and Delivery of Protective Clothing and Footwear for EPWP | 27/06/2024 | Completed | 198 000,00 | Good |
| Lilialethu Trading | Supply and Installation of Solar Energy: Main Building | 21/12/2023 | Completed | 1 166 937,20 | Good |
| Ndzalo Corporation | Supply and Installation of Solar Energy: Traffic and Marikana | 21/12/2023 | Completed | 715 357,50 | Good |
| Semodi Trading (PTY)LTD | Supply and Installation of Solar Energy: Thusong and Butswana | 21/12/2023 | Completed | 763 324,32 | Good |

4.14 Performance of external service providers in terms of section 76 (b) of the MSA, 2000.

| Name of Service Provider | Service Rendered | Appointment Date | Project Status | Tender Amount | Performance Remarks |
|---------------------------------|-------------------------|-------------------------|-------------------------------------|--|----------------------------|
| Daily Double | Waste removal | 29.04.2023 | Daily waste collection (continuous) | R 28 945 123,20 | Good |
| Mopani District Municipality | Water provisioning | 01.01.2010 | Daily provision of water | Maruleng Municipality collects on behalf of Mopani District Municipality | Fair |

4.15 MEASURES TAKEN TO IMPROVE PERFORMANCE

Municipal Systems Act, No.32 of 2000 Section 46 (1) (c) stipulates that a municipality must prepare for each financial year a performance reflecting measures taken to improve performance. Below are the measures to improve performance.

- Implementation of Audit Action Plan.
- Compliance to Procurement Plan.
- Implementation of recommendations from the Internal Audit Unit and Audit Committee.
- Monitoring the implementation of corrective measures taken as per commitments made in the quarterly on the non-performed targets.

4.16 COMPARISON OF 2022/23 AND 2023/24 PERFORMANCE

Municipal Systems Act, No.32 of 2000 Section 46 (1) (b) stipulates that a municipality must prepare for each financial year a performance reflecting the comparison of the performance referred to paragraph (a) with targets set for and performance in the previous year. Below is the comparison of the 2022/2023 and 2023/2024.

A SUMMARY OF COMPARISON OF ANNUAL PERFORMANCE FOR 2022/23 AND 2023/24 FINANCIAL YEARS RESPECTIVELY

| KEY PERFORMANCE AREA | 2022/23 FINANCIAL YEAR | | | 2023/24 FINANCIAL YEAR | | |
|---|------------------------|-----------|--------------|------------------------|------------|--------------|
| | NO.TARGETS | ACHIEVED | NOT ACHIEVED | NO.TARGETS | ACHIEVED | NOT ACHIEVED |
| Spatial Rationale | 4 | 4 | 0 | 6 | 6 | 0 |
| Basic Service Delivery And Infrastructure Development | 44 | 26 | 18 | 53 | 33 | 20 |
| Local Economic Development | 5 | 2 | 3 | 4 | 4 | 0 |
| Financial Viability | 23 | 17 | 7 | 24 | 15 | 9 |
| Good Governance And Public Participation | 30 | 26 | 4 | 29 | 26 | 3 |
| Municipal Transformation And Organization Development | 22 | 18 | 4 | 19 | 17 | 2 |
| Total | 128 | 93 | 35 | 135 | 101 | 34 |
| | 72.6% | | | 74.8% | | |

The overall performance recorded during the 2023/2024 FY indicates 74.8% **(101 out of 135 indicators)** achievement, which is a better performance compared from the previous year. The municipality's 2023/2024 performance has increased by 2.2% compared to the 2022/2023 financial year performance of **72.6% (93 out of 128)**. Challenges and action plans for the non-achievement have been outlined in the detailed organisational annual performance.

The following observations were made from comparative information reflected above:

- Spatial Rationale maintained its 100% status on both financial years
- Basic Services and Infrastructure and Service Delivery the municipality performed at 60% which remains a great concern
- Local Economic development performance performed better for the year under review compared to the previous financial year
- Financial viability and management also regressed in the year under review compared to the previous financial year
- Good Governance and Public Participation performed better in the year under review compared to the previous financial year
- Municipal transformation and organisational development performed better in the year under review compared to the previous financial year

CHAPTER 5: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

5. MUNICIPAL PERSONNEL

The municipality annually develops a Workplace Skills Plan to ensure effectiveness and efficiency within the organization as far as service delivery is concerned. During the budget process the municipality made provision for the training of employees to enhance their skills level.

- The employees are also provided with necessary tools, and the employer ensures that they are working in a safe environment.
- The municipality has an employee programme in place in place, in which employees are being assisted from time to time.
- The municipality has developed and adopted appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel. Administration. These include amongst other policies on recruitment, selection, training, discipline, performance management and the staff retention.
- Inductions are conducted as and when staff is appointed, and workshop for all employees is conducted once every year.
- The municipality reviewed its organisational structure due to the changes in business process and the changing environment.

5.1 Post Establishment Report for the 2023/24 Financial Year

For the period under review the municipality had 267 positions as per the approved organisational structure. 193 filled which amounts to 72.28 % and 74 vacant which represents 27.2 %. These numbers meant that the municipality was able to fulfil its constitutional mandate as reflected below.

| Post Establishment Report for the 2022/23 Financial Year | | | |
|--|---------------------------|----------------------------|----------------------------|
| Department | Total number of positions | Number of filled positions | Number of vacant positions |
| Office of the Municipal Manager | 17 | 12 | 5 |
| Corporate Services | 45 | 39 | 6 |
| Budget and Treasury | 38 | 33 | 5 |
| Community Services | 88 | 54 | 34 |
| Technical Services | 61 | 40 | 21 |
| Spatial Planning and Economic Development | 18 | 15 | 3 |
| TOTAL | 267 | 193 | 74 |

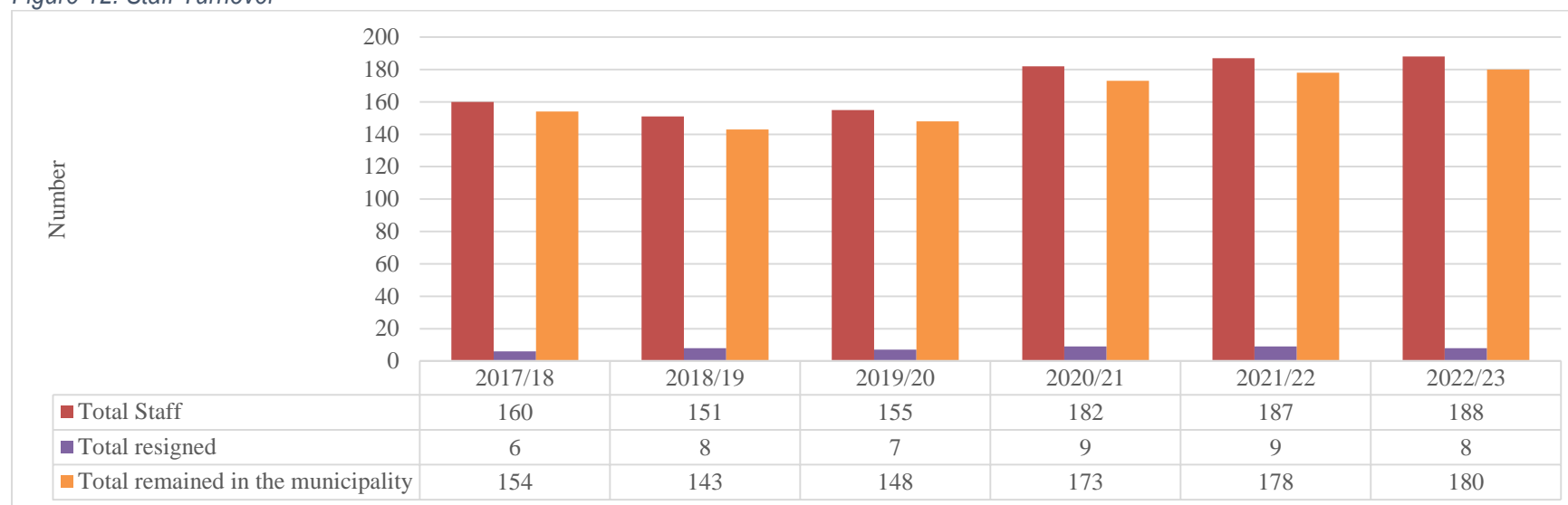
MLM Staff compliment

| Financial Year | Approved Posts | Filled | Vacant | Vacancy rate % |
|----------------|----------------|--------|--------|----------------|
| 2019/20 | 208 | 182 | 26 | 12.5% |
| 2020/21 | 276 | 187 | 89 | 32.14% |
| 2021/22 | 272 | 188 | 84 | 30.88% |
| 2022/23 | 267 | 191 | 76 | 28.46% |
| 2023/24 | 267 | 193 | 74 | 27.72% |

Source: MLM Organizational Structure

The vacancy rate within MLM clearly indicates that the municipality will have the capacity at 72.28% to deliver on its mandate if the data was to be interpreted directly. However, possibilities may arise wherein the structure may not be aligned to the strategy which will hinder the performance of the municipality. The analysis of its human capital assist to review and align the structure with the strategy of the municipality. The one thing that has been proven to be consistent within the municipality, is the ability to retain its staff. The figure below highlight the staff turnover of the municipality.

Figure 12: Staff Turnover



Source: MLM Organizational Structure

The staff turnover was high in 2020/21 and 2021/22 but declined in 2022/23 and 2023/24. In this regard, the municipality is able to retain its institutional memory but it must not allow complacency to creep in as that may compromise capacity. The municipality only witnessed 5 resignations for the period under review.

5.2 Workforce Profile

5.2.1 Occupational Levels

| Occupational Levels | | | | | | | | | | | |
|--|------------|---|---|---|------------|---|---|---|-------------------|----------|------------|
| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | Total |
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top Management | | | | | 1 | | | | | | 1 |
| Senior Management | 3 | | | | 1 | | | | | | 4 |
| Professional Qualified and Experienced Specialists and Mid-Management | 10 | | | | 13 | | | | | 1 | 24 |
| Skilled Technical and Academically Qualified Workers, Junior Management , Supervisors, Foreman and Superintendents | 33 | | | | 26 | | | | | 1 | 60 |
| Semi-Skilled and Discretionary Decision Making | 29 | | | | 26 | | | | | | 55 |
| Unskilled and Defined Decision Making | 28 | | | | 25 | | | | | | 49 |
| Total Permanent | 101 | | | | 91 | | | | | 1 | 193 |
| Temporary Employees | 27 | | | | 43 | | | | | | 70 |
| Grand Total | 130 | | | | 136 | | | | | 1 | 267 |

5.2. 3 Workforce Expenditure

| Category of employees | Total Expenditure | % of expenditure |
|----------------------------|-------------------|------------------|
| S54 & 56 Managers | 4,810,199 | 5,15% |
| Other Employees | 88,556,384 | 94,85% |
| Total employee expenditure | 93,366,583 | |

Senior Managers

| Designation | Annual Remuneration | Car Allowance | Performance Bonus | Other | Acting Allowance | Contributions to UIF, Medical and Pension Fund | Back Pay | Total Package |
|---|---------------------|---------------|-------------------|--------|------------------|--|----------|---------------|
| Municipal Manager | 1,113,168 | 39,068 | 85,900 | 20,340 | 46,229 | 14,589 | | 1,031,350 |
| Chief Finance Officer | 563,855 | 136,616 | -161,152 | 18,645 | - | - | - | 880,268 |
| Director Community Services | 748,295 | 17,036 | 60,130 | 20,340 | | 175,549 | | 1,041,572 |
| Director Corporate Services | 702,397 | 233,890 | - | 20,340 | | 11,936 | | 968,563 |
| Director Spatial Development and Planning | 722,473 | 161,036 | - | 20,340 | - | 58,187 | | 888,526 |

Councillors

| Designation | Annual Remuneration |
|-----------------------------|---------------------|
| Mayor | 967,383 |
| Executive Committee Members | 2,643,454 |
| Speaker | 783,308 |
| Councillors Part Time | 6,859,233 |
| Councillors Full Time | 723,421 |
| Total | 11,976,421 |

5.2.4 Pension Funds

- Municipal Employees Pension Fund (**MEPF**)
- Municipal Gratuity Fund (**MGF**)
- National Fund for Municipal Worker (**NFMW**)
- Consolidated Retirement Fund (**CRF**)

5.2.5 Medical Aid Schemes

- a) LA Health
- b) Key health
- c) Bonitas
- d) SAMWUMED
- e) Hosmed

5.3 Capacitating Municipal Workforce

The Municipality afford employees an opportunity to attend trainings that are provided by sector departments and also training employees to acquire necessary skills from time depending on the availability of budget for trainings. Annually a skill gap analysis is conducted, workplace skills plan developed, and trainings provided in terms of the workplace skills plan. Employees are also continuously sent to workshops, seminars etc. to improve their capacity

IMPLEMENTED TRAININGS

| Name of Intervention | No. of Beneficiaries | Training Provider | Funding | Status |
|----------------------|----------------------|-------------------|-------------|------------|
| MFMP | 28 | DTM Consulting | Own Funding | continuing |

5.4 MFMA IMPLEMENTATION REPORT: MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY

| DESCRIPTION | TOTAL NUMBER OF OFFICIALS EMPLOYED BY MUNICIPALITY | TOTAL NUMBER OF OFFICIALS WITH MINIMUM COMPETENCY |
|----------------------------|--|---|
| Financial officials | 29 | 18 |
| Accounting Officer | 1 | 1 |
| Chief Finance Officer | 1 | 1 |
| Senior Managers & Managers | 3 | 2 |
| Supply chain management | 3 | 3 |
| TOTAL | 37 | 25 |

5.5 INJURIES, SICKNESS AND SUSPENSION

| ITEM | 2022/23 Report |
|-------------------|----------------|
| Injuries | 5 |
| Sick Leaves taken | 542 |
| Suspension | 2 |

5.6 PERFORMANCE REWARDS

An assessment for officials other than S56 managers was conducted for 2021/22 financial year and performance bonuses paid to 162 officials.

5.7 LIST OF ALL POLICIES FOR 2022/23 FINANCIAL YEAR

| NO. | NAME OF THE POLICY | DEPARTMENT | STATUS OF THE POLICY |
|-----|---|----------------------------|----------------------|
| 1 | Supply Chain Management Policy | Budget and Treasury Office | Approved |
| 2 | Credit Control and Debt Collection Policy | Budget and Treasury Office | Approved |
| 3 | Banking and Investment Policy | Budget and Treasury Office | Approved |
| 4 | Tariff Policy | Budget and Treasury Office | Approved |
| 5 | Indigent Policy | Budget and Treasury Office | Approved |
| 6 | Inventory & assets management policy and procedures | Budget and Treasury Office | Approved |
| 7 | Writing off of irrecoverable Debt | Budget and Treasury Office | Approved |
| 8 | Unknown Deposit Policy | Budget and Treasury Office | Approved |
| 9 | Unauthorised , irregular, fruitless and wasteful expenditure policy | Budget and Treasury Office | Approved |
| 10 | Budget policy | Budget and Treasury Office | Approved |
| 11 | Rates policy | Budget and Treasury Office | Approved |
| 12 | Credit control policy | Budget and Treasury Office | Approved |
| 13 | Credit control by-law | Budget and Treasury Office | Approved |
| 14 | Write-off policy | Budget and Treasury Office | Approved |
| 15 | Asset management policy | Budget and Treasury Office | Approved |
| 16 | Fleet management policy | Budget and Treasury Office | Approved |
| 17 | Revenue enhancement policy | Budget and Treasury Office | Approved |

| | | | |
|----|---|--------------------------|----------------|
| 18 | Debt incentive Scheme Policy | Budget & Treasury Office | Approved (new) |
| 19 | Use of Municipal Recreational Facilities | Community Services | Approved |
| 20 | Waste Management Policy | Community Services | Approved |
| 21 | Noise Management Policy | Community Services | Approved |
| 22 | Informal Street Trading By-law | Community Services | Approved |
| 23 | Maruleng Environment Parks, Gardens and Public Open Space | Community Services | Approved |
| 24 | Sports and Recreational Activities Policy | Community Services | Approved |
| 25 | Animal Pound by-law | Community Services | Approved |
| 26 | Library Policy | Community Services | Approved |
| 27 | Cemetery and Crematorium Policy | Community Services | Approved (new) |
| 28 | EPWP Policy | Technical Services | Approved |
| 29 | Communication Strategy | Municipal Manager | approved |
| 30 | Delegation of Powers | Municipal Manager | approved |
| 31 | PMS Framework | Municipal Manager | approved |
| 32 | Gift, Donations and Sponsorship Policy | Municipal Manager | approved |
| 33 | Ethics Management Policy | Municipal Manager | Approved (new) |
| 34 | LIBRA | SPED | Approved |
| 35 | Building Regulations | SPED | Approved |
| 36 | Property Rates Policy and By-Law | SPED | Approved |
| 37 | SPLUMA By-Law | SPED | Approved |
| 38 | LUMS | SPED | Approved |

| | | | |
|----|--|--------------------|----------|
| 39 | Leave Policy | Corporate Services | Approved |
| 40 | Overtime Policy | Corporate Services | Approved |
| 41 | Career Management and Retention Policy | Corporate Services | Approved |
| 42 | Car, Subsistence and Travelling Policy | Corporate Services | Approved |
| 43 | Succession Planning Policy | Corporate Services | Approved |
| 44 | Employees Bursary Policy | Corporate Services | Approved |
| 45 | Community Bursary Policy | Corporate Services | Approved |
| 46 | Recruitment and Selection Policy | Corporate Services | Approved |
| 47 | Cellular Phone Policy | Corporate Services | Approved |
| 48 | OHS Policy | Corporate Services | Approved |
| 49 | Public Training and Development | Corporate Services | Approved |
| 50 | HR Committee Policy | Corporate Services | Approved |
| 51 | Public Participation Strategy | Corporate Services | Approved |
| 52 | Danger Allowance Policy | Corporate Services | Approved |
| 53 | Out of pockets expenses for Ward Committees | Corporate Services | Approved |
| 54 | Guidelines on establishment of Ward Committees | Corporate Services | Approved |
| 55 | Records Management | Corporate Services | Approved |
| 56 | Personal Protective Equipment and Procedures | Corporate Services | Approved |
| 57 | ICT User Account Management Policy | Corporate Services | Approved |
| 58 | Notebook and Laptop Policy | Corporate Services | Approved |
| 59 | Internet Acceptable User Policy | Corporate Services | Approved |

| | | | |
|----|---|--------------------|-----------------|
| 60 | ICT Firewall Policy | Corporate Services | Approved |
| 61 | Electronic Mail Acceptable User Policy | Corporate Services | Approved |
| 62 | ICT Firewall Policy | Corporate Services | Approved |
| 63 | Electronic Mail Acceptable Policy | Corporate Services | Approved |
| 64 | ICT Security Policy | Corporate Services | Approved |
| 65 | ICT Equipment Usage Policy | Corporate Services | Approved |
| 66 | ICT Change Management Policy | Corporate Services | Approved |
| 67 | ICT Procedure and Manual Policy | Corporate Services | Approved |
| 68 | Password Policy | Corporate Services | Approved |
| 69 | Backup Policy | Corporate Services | Approved |
| 70 | Terms of reference for the ICT Steering Committee | Corporate Services | Approved |
| 71 | Sexual Harassment Policy | Corporate Services | Approved (new) |
| 72 | Attendance and Absenteeism Policy | Corporate Services | Approved (new) |
| 73 | Ill Health Policy | Corporate Services | Approved (new) |
| 74 | Organizational Design Policy | Corporate Services | Approved (new) |

CHAPTER 6: FINANCIAL PERFORMANCE

6.1 Financial Health Status

The municipality had total revenue of **R 468 055 082** in 2023/24 when compared to **R 404 666,658** in 2022/23. This marked an increase of **R63 388,424 (3.63%)** when compared to the 2022/23 financial year. The municipal revenue is categorized into internal and external sources. The internal sources of revenue contributed **R 220,187,167** which is **47.04%** of the total revenue while external sources contributed 52.96% of the total revenue at **R247 867 920** i.e. **R151 988 136** (operational revenue) and **R 95 879 784 (MIG allocation for 2023/24 -capital revenue)**.

Total expenditure for the 2023/24 stood at **R 291 929 967** which illustrate an increase of **R39 254 940 (14.42%)** when compared to **R252 675 027** in 2022/23. The distribution of expenditure is **R93 366 583 (31.85%)** for employee's related costs, **R 70 896 487 (23.66%)** on general cost while councillors' remuneration stood at **R11 976 799 (4.10%)**, **contracted services at R 41 886 936 and other expenditures amount to R 73 800 209**. The overall expenditure led to a surplus of **R176 386 562** comparison to a surplus of **R151 755 384** in 2022/23 financial year. It is further recommended that this section be read together with the Annual Financial Statements.

The above information depicts a healthy financial status for the municipality

6.2 STATEMENT OF FINICAL PERFORMANCE

REVENUE

| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
|---|-----------|--------------------|--------------------|
| | Note (s) | 2024 | 2023 |
| Service Charges | 21 | 5,385,733 | 4,923,218 |
| Rental of facilities and equipment | | 410,484 | 431,214 |
| Interest received (trading) | | 470,185 | 770,923 |
| Agency services | 22 | 3,000,479 | 2,966,300 |
| Licenses and permits | 23 | 3,869,919 | 2,860,584 |
| Reversal of impairment of assets | | - | 16,934 |
| Other revenue | 27 | 4,704,684 | 4,712,359 |
| Interest received- investment | 28 | 11,054,983 | 8,336,552 |
| Total revenue from exchange transactions | | 28,923,467 | 25,081,084 |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| Property rates | 29 | 172,692,071 | 126,525,469 |
| Donation of assets | 24 | - | 7,357,196 |
| Fines, penalties and forfeits | 25 | 869,800 | 1,062,500 |
| Interest on receivable | 26 | 17,701,824 | 13,151,462 |
| Transfer Revenue | | | |
| Government grants and subsidies | 30 | 247,867,920 | 231,843,867 |
| Total revenue from non-exchange transactions | | 439,131,615 | 379,940,494 |
| Total revenue | 20 | 468,055,082 | 404,958,578 |

EXPENDITURE

| | Note (s) | 2024 | 2023 |
|--|----------|----------------------|----------------------|
| Employee related costs | 31 | (93,366,583) | (87,345,949) |
| Remuneration of councillors | 32 | (11,976,799) | (11,819,769) |
| Depreciation and amortisation | 33 | (33,443,674) | (27,708,454) |
| Finance costs | 34 | (1,918,767) | (1,429,307) |
| Debt impairment | 36 | (38,440,721) | (25,643,166) |
| Contracted services | 38 | (41,886,936) | (36,425,491) |
| General expenses | 37 | (70,896,487) | (62,302,891) |
| Total Expenditure | | (291,929,967) | (252,302,027) |
| Operating surplus | | 176,125,115 | 151,991,629 |
| Loss on disposal of assets and liabilities | | (277,255) | (1,518,565) |
| Fair value adjustments | 40 | 699,849 | 344,884 |
| Actuarial gains/losses | 9 | (135,026) | 937,436 |
| Impaired loss | | (26,121) | |
| | | 261,447 | (236,245) |
| Surplus for the year | | 176,386,562 | 151,755,384 |

GRANTS

| Details | Dora Allocation 2023/24 | Funds Withheld | Additional Funding | Roll over | Received this year | Expenditure |
|--------------------------------|-------------------------|--------------------|--------------------|-----------|---------------------|--------------------|
| Equitable Shares | 164,988,000 | - | - | - | 164,988,000 | 164,988,000 |
| Finance Management Grant | 1,850,000 | - | - | - | 1,850,000 | 1,850,000 |
| Municipal Infrastructure Grant | 31,372,000 | (2,098,000) | 65,000,000 | - | 95,879,784 | 79,734,920 |
| Expanded Public Works Program | 1,295,000 | - | - | - | 1,295,000 | 1,295,000 |
| Total Received | 199,505,000 | (2,098,000) | 65,000,000 | - | R247 867 920 | 246,572,290 |

(SEE THE ATTACHED AUDITED AFS)

MARULENG LOCAL MUNICIPALITY
(Registration number LIM 335)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

General Information

Legal form of entity Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)

Nature of business and principal activities The provision of services (electricity, water, sanitation and refuse) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

| | |
|-------------|--|
| Mayor | Cllr TC Musolwa |
| Chief whip | Cllr HM Thobejane |
| Speaker | Cllr B Raganya |
| Councillors | Cllr MT Tshetlha (Exco Member) |
| | Cllr MA Mathaba (Exco Member) |
| | Cllr MM Komane (Exco Member) |
| | Cllr TA Mathaba (Exco Member) |
| | Cllr SB Raganya (Mpac Chairperson) |
| | Cllr MR Maakamela (Chairperson Ethics committee) |
| | Cllr BT Mabilo |
| | Cllr KJ Sekgobela |
| | Cllr MJ Rakgoale |
| | Cllr MS Ntemana |
| | Cllr MF Madike |
| | Cllr LP Moropane |
| | Cllr EC Du Preez |
| | Cllr D Mokgotho |
| | Cllr MS Monashane |
| | Cllr BE Masete |
| | Cllr SP Letebele |
| | Cllr PW Gerber |
| | Cllr JT Morema |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Cllr PS Malepe
Cllr MMS Rammala
Cllr DI Mathole
Cllr TJ Mokgahla
Cllr TI Shai

Accounting Officer

NS Hoaeane (Suspended: 01 July 2023 - 22 March 2024)
Dr SS Sebashe (Acting: 22 March 2024)

Chief Financial Officer (CFO)

TH Sebelebele (appointed: 01 August 2023)
MF Sekgobela (Acting: 01 July 2023 - 31 July 2023)

Registered office

Maruleng Municipal Offices
65 Springbok Street
Hoedspruit, 1380

Business address

65 Springbok Street
Hoedspruit, 1380
1380

Postal address

PO Box 627
Hoedspruit

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

General Information

Auditors

Auditor General of South Africa (AGSA)

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Index

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

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MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Index

Abbreviations used:

| | |
|---------|--|
| PAYE | Pay As You Earn |
| VAT | Value Added Tax |
| GRAP | Generally Recognised Accounting Practice |
| EXCO | Executive Committee |
| CA (SA) | Chartered Accountant (South Africa) |
| IPSAS | International Public Sector Accounting Standards |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| Cllr | Councillor |
| AGSA | Auditor General of South Africa |
| SALGA | South African Local Government Association |
| UIF | Unemployment Insurance Fund |
| SARS | South African Revenue Services |
| MBRR | Municipal Budget and Reporting Regulations |
| LIM | Limpopo |
| ASB | Accounting Standards Board |
| WIP | Work In Progress |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Index

| Dept | Department |
|-----------------|---------------------------------|
| MIG | Municipal Infrastructure Grant |
| EPWP | Expanded Public Works Programme |
| MEC | Member of the Executive Council |
| LSA | Long service awards |
| PEMA | Post Employment Medical Aid |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 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 largely dependent on the government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors. .

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer

ML Muroa (Acting)

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2024.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 17 meetings were held, 4 ordinary meetings and 13 special meetings.

| Name of member | Number of meetings attended |
|----------------------------------|------------------------------------|
| TC Modipane CA(SA) (Chairperson) | 17 |
| JM Mabuza | 17 |
| MP Ramutsheli | 16 |
| FJ Mudau | 17 |
| MJ Rabalao | 17 |

Audit committee responsibility

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

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

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting officer of the municipality during the year under review.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the accounting officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

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

Auditor-General of South Africa

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

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Audit Committee Report

Chairperson of the Audit Committee

Date:

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

~~The accounting officer submits his report for the year ended 30 June 2024.~~

1. Review of activities

Main business and operations

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

Net surplus of the municipality is R 176,386,562 (2023: surplus R 154,678,909).

2. Going concern

We draw attention to the fact that on 30 June 2024, the municipality had an accumulated surplus (deficit) of R 1,266,268,029 and that the municipality's total assets exceed its liabilities by R 1,266,268,029.

The annual financial statements have been prepared based on 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.

3. Subsequent events

The accounting officer is not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Accounting Officers' interest in contracts

The accounting officer declares not to have any interest in contracts of the municipality.

5. Accounting policies

The annual financial statements were prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Corporate governance

General

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct laid out in the King Report on Corporate Governance for South Africa 2016. The accounting officer discuss the responsibilities of management in this respect, at management meetings and monitor the municipality's compliance with the code on a three-monthly basis.

Councillors

The council:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
 - Mayor
 - Speaker
 - Executive committee
 - Ordinary councillors.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

~~Corporate governance (continued)~~

Mayor and Municipal Manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The mayor and council perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

Mr TC Modipane was the Chairperson of the audit committee. The audit committee met during the period under review to review matters necessary to fulfil its role. In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors onto the audit committee.

7. Bankers

The municipality banks with Standard Bank of South Africa and Investec Bank.

8. Auditors

Auditor-General of South Africa (AGSA) will continue in office for the next financial period.

Accounting Officer

Mr ML Muroa (Acting)

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

| Figures in Rand | Note(s) | 2024 | 2023 Restated* |
|---|---------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 12 | 145,206 | 120,956 |
| Receivables from exchange transactions | 13 | 1,638,163 | 1,396,919 |
| Receivables from non-exchange transactions | 14 | 48,452,234 | 38,032,938 |
| VAT receivable | 15 | 28,138,989 | 24,185,642 |
| Prepayments | 10 | 783,350 | 376,965 |
| Other receivables | 11 | 2,473,568 | 1,437,348 |
| Cash and cash equivalents | 16 | 170,638,389 | 150,423,957 |
| | | 252,269,899 | 215,974,725 |
| Non-Current Assets | | | |
| Investment property | 3 | 11,180,687 | 10,480,838 |
| Property, plant and equipment | 4 | 1,116,850,369 | 949,973,923 |
| Intangible assets | 5 | 66,862 | 90,611 |
| Heritage assets | 6 | 372,500 | 372,500 |
| | | 1,128,470,418 | 960,917,872 |
| Total Assets | | 1,380,740,317 | 1,176,892,597 |
| Liabilities | | | |
| Current Liabilities | | | |
| Finance lease obligation | 17 | 440,009 | 823,064 |
| Payables from exchange transactions | 7 | 69,084,729 | 63,023,563 |
| Trade and other payables from non-exchange transactions | 8 | 7,976,514 | 4,414,086 |
| Employee benefit obligation | 9 | 707,000 | 794,000 |
| Unspent conditional grants and receipts | 18 | 16,144,864 | 1,605,785 |
| Provisions | 19 | 1,111,213 | 928,281 |
| | | 95,464,329 | 71,588,779 |

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Non-Current Liabilities

| | | | |
|-----------------------------|----|------------|------------|
| Finance lease obligation | 17 | - | 428,964 |
| Employee benefit obligation | 9 | 14,927,000 | 11,140,000 |
| Provisions | 19 | 4,080,959 | 3,853,391 |

19,007,959 15,422,355

Total Liabilities

114,472,288 87,011,134

Net Assets

1,266,268,029 1,089,881,463

~~Accumulated surplus~~

~~1,266,268,029 1,089,881,463~~

Total Net Assets

1,266,268,029 1,089,881,463

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand

Note(s) 2024 2023
Restated*

Revenue

Revenue from exchange transactions

| | | | |
|---|----|-------------------|-------------------|
| Service charges | 21 | 5,385,733 | 4,923,218 |
| Rental of facilities and equipment | | 410,484 | 431,214 |
| Interest received (trading) | | 470,185 | 770,923 |
| Agency services | 22 | 3,000,479 | 2,966,300 |
| Licences and permits | 23 | 3,896,919 | 2,860,584 |
| Reversal of impairment of assets | | - | 16,934 |
| Other revenue | 27 | 4,704,684 | 4,712,359 |
| Interest received - investment | 28 | 11,054,983 | 8,336,552 |
| Total revenue from exchange transactions | | 28,923,467 | 25,018,084 |

Revenue from non-exchange transactions

Taxation revenue

| | | | |
|-------------------------------|----|-------------|-------------|
| Property rates | 29 | 172,692,071 | 126,265,039 |
| Donation of assets | 24 | - | 7,357,196 |
| Fines, penalties and forfeits | 25 | 869,800 | 1,062,500 |
| Interest on receivables | 26 | 17,701,824 | 13,119,970 |

Transfer revenue

| | | | |
|-------------------------------|----|-------------|-------------|
| Government grants & subsidies | 30 | 247,867,920 | 231,843,867 |
|-------------------------------|----|-------------|-------------|

Total revenue from non-exchange transactions **439,131,615** **379,648,572**

Total revenue **468,055,082** **404,666,656**

Expenditure

| | | | |
|-----------------------------|----|--------------|--------------|
| Employee related costs | 31 | (93,366,583) | (87,345,949) |
| Remuneration of councillors | 32 | (11,976,799) | (11,819,769) |

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

| | | | |
|--|----|----------------------|----------------------|
| Depreciation and amortisation | 33 | (33,443,674) | (27,708,454) |
| Finance costs | 34 | (1,918,767) | (1,429,307) |
| Debt Impairment | 36 | (38,440,721) | (25,643,166) |
| Contracted services | 38 | (41,886,936) | (36,425,491) |
| General Expenses | 37 | (70,896,487) | (62,302,891) |
| Total expenditure | | (291,929,967) | (252,675,027) |
| Operating surplus | | 176,125,115 | 151,991,629 |
| Loss on disposal of assets and liabilities | | (277,255) | (1,518,565) |
| Fair value adjustments | 40 | 699,849 | 344,884 |
| Actuarial gains/losses | 9 | (135,026) | 937,436 |
| Impairment loss | | (26,121) | - |
| | | 261,447 | (236,245) |
| Surplus for the year | | 176,386,562 | 151,755,384 |

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus / deficit | Total net assets |
|---|-------------------------------|----------------------|
| Opening balance as previously reported | 938,952,838 | 938,952,838 |
| Adjustments | | |
| Prior year adjustments | (826,759) | (826,759) |
| Balance at 01 July 2022 as restated* | 938,126,079 | 938,126,079 |
| Changes in net assets | | |
| Surplus for the year | 151,755,384 | 151,755,384 |
| Total changes | 151,755,384 | 151,755,384 |
| Restated* Balance at 01 July 2023 | 1,089,881,467 | 1,089,881,467 |
| Changes in net assets | | |
| Surplus for the year | 176,386,562 | 176,386,562 |
| Total changes | 176,386,562 | 176,386,562 |
| Balance at 30 June 2024 | 1,266,268,029 | 1,266,268,029 |
| Note(s) | | |
| | | |
| | | |
| | | |

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand

Note(s) 2024 2023
Restated*

Cash flows from operating activities

Receipts

| | | |
|-------------------------------------|-------------|-------------|
| Property rates and services charges | 157,441,964 | 118,757,907 |
| Grants | 262,406,999 | 218,368,000 |
| Interest income | 11,054,983 | 8,336,552 |
| Other receipts | 5,115,168 | 5,144,605 |
| | 436,019,114 | 350,607,064 |

Payments

| | | |
|----------------|---------------|---------------|
| Employee costs | (102,281,552) | (97,801,245) |
| Suppliers | (111,814,164) | (90,449,075) |
| Finance costs | - | (29) |
| | (214,095,716) | (188,250,349) |

Net cash flows from operating activities 39 **221,923,398** **162,356,715**

Cash flows from investing activities

Purchase of property, plant and equipment 4 (200,812,299) (165,901,579)

Cash flows from financing activities

Finance lease payments (896,667) (779,709)

Net increase/(decrease) in cash and cash equivalents **20,214,432** **(4,324,573)**

Cash and cash equivalents at the beginning of the year 150,423,957 154,748,530

Cash and cash equivalents at the end of the year 16 **170,638,389** **150,423,957**

* See Note 45

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

The accounting policies on pages 22 to 47 and the notes on pages 48 to 108 form an integral part of the annual financial statements.

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

| | | | | | | |
|---|-------------------|---------------------|-------------------|-------------------|--------------------|---|
| Service charges - refuse removal | 5,200,000 | - | 5,200,000 | 5,385,733 | 185,733 | |
| Rental of facilities and equipment | 468,000 | - | 468,000 | 410,484 | (57,516) | |
| Interest received (trading) | 4,940,000 | (1,940,000) | 3,000,000 | 470,185 | (2,529,815) | |
| Agency services | 14,089,000 | (10,089,000) | 4,000,000 | 3,000,479 | (999,521) | A |
| Licences and permits | 2,700,000 | - | 2,700,000 | 3,896,919 | 1,196,919 | B |
| Other revenue | 3,897,000 | 69,000 | 3,966,000 | 4,704,684 | 738,684 | C |
| Interest received - investment | 7,000,000 | 1,500,000 | 8,500,000 | 11,054,983 | 2,554,983 | D |
| Total revenue from exchange transactions | 38,294,000 | (10,460,000) | 27,834,000 | 28,923,467 | 1,089,467 | |

Revenue from non-exchange transactions

Income Taxation revenue

| | | | | | | |
|--------------------------------|-------------|------------|--------------------|-------------|------------------|---|
| Property rates | 132,444,000 | 30,406,000 | 162,850,000 | 172,692,071 | 9,842,071 | E |
| Traffic fines | 759,000 | 550,000 | 1,309,000 | 869,800 | (439,200) | F |
| Interest - outstanding debtors | 9,341,000 | 3,440,000 | 12,781,000 | 17,701,824 | 4,920,824 | G |

Transfer revenue

| | | | | | | |
|-------------------------------|-------------|------------|--------------------|-------------|---------------------|---|
| Government grants & subsidies | 199,505,000 | 64,508,000 | 264,013,000 | 247,867,920 | (16,145,080) | H |
|-------------------------------|-------------|------------|--------------------|-------------|---------------------|---|

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Total revenue from non-exchange transactions **342,049,000** **98,904,000** **440,953,000** **439,131,615** **(1,821,385)**

Total revenue **380,343,000** **88,444,000** **468,787,000** **468,055,082** **(731,918)**

Expenditure

| | | | | | | |
|-------------------------------|---------------|-------------|----------------------|--------------|--------------------|---|
| Employee related costs | (101,015,000) | 948,000 | (100,067,000) | (93,366,583) | 6,700,417 | I |
| Remuneration of councillors | (12,246,000) | 103,000 | (12,143,000) | (11,976,799) | 166,201 | J |
| Depreciation and amortisation | (32,257,000) | - | (32,257,000) | (33,443,674) | (1,186,674) | K |
| Assets impairment | - | - | - | (26,121) | (26,121) | |
| Finance costs | (850,000) | (1,250,000) | (2,100,000) | (1,918,767) | 181,233 | |
| Debt Impairment | (24,500,000) | (4,000,000) | (28,500,000) | (38,440,721) | (9,940,721) | L |
| Contracted Services | (32,510,000) | (8,915,000) | (41,425,000) | (41,886,936) | (461,936) | M |
| General Expenses | (82,211,000) | (4,941,000) | (87,152,000) | (70,896,487) | 16,255,513 | N |

Total expenditure **(285,589,000)** **(18,055,000)** **(303,644,000)** **(291,956,088)** **11,687,912**

Operating surplus **94,754,000** **70,389,000** **165,143,000** **176,098,994** **10,955,994**

Loss on disposal of assets and liabilities (750,000) (750,000) **(1,500,000)** (277,255) **1,222,745** O

Fair value adjustments - - - 699,849 **699,849**

Actuarial gains/losses - - - (135,026) **(135,026)** P

Section 954
(750,000) (750,000) (1,500,000) 287,568 **1,787,568**

Surplus before taxation **94,004,000** **69,639,000** **163,643,000** **176,386,562** **12,743,562**

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement **94,004,000** **69,639,000** **163,643,000** **176,386,562** **12,743,562**

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Statement of Comparison of Cudget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Statement of Financial Position

Assets

Current Assets

| | | | | | | | |
|--|------------|--|-------------|--------------------|-------------|---------------------|----------|
| Inventories | 2,532,000 | | (1,400,000) | 1,132,000 | 145,206 | (986,794) | Q |
| Receivables from exchange transactions | 43,576,000 | | (2,550,000) | 41,026,000 | 1,638,163 | (39,387,837) | R |
| Receivables from non-exchange transactions | 72,843,000 | | 2,550,000 | 75,393,000 | 48,452,234 | (26,940,766) | S |
| VAT receivable | 20,109,000 | | - | 20,109,000 | 28,138,989 | 8,029,989 | T |
| Prepayments | - | | - | - | 783,350 | 783,350 | U |
| Other receivables | 47,000 | | - | 47,000 | 2,473,568 | 2,426,568 | V |
| Cash and cash equivalents | 93,679,000 | | 12,433,000 | 106,112,000 | 170,638,389 | 64,526,389 | W |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|-------------------------------------|----------------------|-------------|-------------------|------------------------------------|--|-----------------------|
| Figures in Rand | | | | | | |
| | 232,786,000 | | 11,033,000 | 243,819,000 | 252,269,899 | 8,450,899 |
| Non-Current Assets | | | | | | |
| Investment property | 11,352,000 | | - | 11,352,000 | 11,180,687 | (171,313) |
| Property, plant and equipment | 1,003,522,000 | | 58,894,000 | 1,062,416,000 | 1,116,850,369 | 54,434,369 X |
| Intangible assets | 417,000 | | - | 417,000 | 66,862 | (350,138) Y |
| Heritage assets | 1,671,300 | | (1,650,000) | 21,300 | 372,500 | 351,200 AJ |
| | 1,016,962,300 | | 57,244,000 | 1,074,206,300 | 1,128,470,418 | 54,264,118 |
| Total Assets | 1,249,748,300 | | 68,277,000 | 1,318,025,300 | 1,380,740,317 | 62,715,017 |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Finance lease obligation | 2,472,500 | | 806,000 | 3,278,500 | 440,009 | (2,838,491) Z |
| Payables from exchange transactions | 76,163,000 | | (2,168,000) | 73,995,000 | 69,084,730 | (4,910,270) AA |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference | |
|---|--------------------|-------------|--------------------|------------------------------------|--|---------------------|-----------|
| Figures in Rand | | | | | | | |
| Trade and other payables from non-exchange transactions | - | | - | - | 7,976,514 | 7,976,514 | AB |
| Consumer deposits | 2,043,000 | | - | 2,043,000 | - | (2,043,000) | |
| Employee benefit obligation | - | | - | - | 707,000 | 707,000 | |
| Unspent conditional grants and receipts | - | | - | - | 16,144,864 | 16,144,864 | AC |
| Provisions | 20,454,000 | | - | 20,454,000 | 1,111,213 | (19,342,787) | |
| Other liability | 1,182,000 | | - | 1,182,000 | - | (1,182,000) | |
| | 102,314,500 | | (1,362,000) | 100,952,500 | 95,464,330 | (5,488,170) | |
| Non-Current Liabilities | | | | | | | |
| Finance lease obligation | 960,000 | | - | 960,000 | - | (960,000) | |
| Employee benefit obligation | - | | - | - | 14,927,000 | 14,927,000 | AD |
| Provisions | 2,736,000 | | - | 2,736,000 | 4,080,959 | 1,344,959 | |
| Other liability | 158,000 | | - | 158,000 | - | (158,000) | |

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Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--------------------------|----------------------|-------------|--------------------|--|---|-------------------|
| Figures in Rand | | | | | | |
| | 3,854,000 | | - | 3,854,000 | 19,007,959 | 15,153,959 |
| Total Liabilities | 106,168,500 | | (1,362,000) | 104,806,500 | 114,472,289 | 9,665,789 |
| Net Assets | 1,143,579,800 | | 69,639,000 | 1,213,218,800 | 1,266,268,028 | 53,049,228 |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Net Assets

Net Assets Attributable to Owners of Controlling Entity

| Reserves | | | | | | |
|---------------------|---------------|------------|----------------------|---------------|-------------------|--|
| Accumulated surplus | 1,143,579,800 | 69,639,000 | 1,213,218,800 | 1,266,268,029 | 53,049,229 | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

| | | | | | | |
|-----------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|----|
| Property rates and service charge | 89,729,000 | 28,456,000 | 118,185,000 | 163,809,856 | 45,624,856 | AE |
| Other revenue | 21,162,000 | (10,019,400) | 11,142,600 | 5,175,751 | (5,966,849) | |
| Interest income | 7,000,000 | 1,500,000 | 8,500,000 | 11,054,983 | 2,554,983 | AF |
| Transfers and subsidies | 197,655,000 | 64,507,000 | 262,162,000 | 262,406,999 | 244,999 | AG |
| | 315,546,000 | 84,443,600 | 399,989,600 | 442,447,589 | 42,457,989 | |

Payments

| | | | | | | |
|---|-------------------|-------------------|----------------------|--------------------|-------------------|----|
| Suppliers and employee costs | (223,011,000) | (14,017,000) | (237,028,000) | (219,830,001) | 17,197,999 | AH |
| Net cash flows from operating activities | 92,535,000 | 70,426,600 | 162,961,600 | 222,617,588 | 59,655,988 | |

Cash flows from investing activities

| | | | | | | |
|---|----------------------|---------------------|----------------------|----------------------|-------------------|----|
| Purchase of property, plant and equipment | (167,916,000) | (57,244,000) | (225,160,000) | (200,812,299) | 24,347,701 | AI |
| Proceeds from sale of property, plant and equipment | (750,000) | (750,000) | (1,500,000) | - | 1,500,000 | |
| Net cash flows from investing activities | (168,666,000) | (57,994,000) | (226,660,000) | (200,812,299) | 25,847,701 | |

Cash flows from financing activities

| | | | | | | |
|---|---------------------|-------------------|---------------------|-------------------|-------------------|--|
| Finance lease payments | - | - | - | (906,412) | (906,412) | |
| Net increase/(decrease) in cash and cash equivalents | (76,131,000) | 12,432,600 | (63,698,400) | 20,898,877 | 84,597,277 | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|--------------------|-------------------|--------------------|--|---|-----------|
| Figures in Rand | | | | | | |
| Cash and cash equivalents at the beginning of the year | 169,810,000 | - | 169,810,000 | 150,718,638 | (19,091,362) | |
| Cash and cash equivalents at the end of the year | 93,679,000 | 12,432,600 | 106,111,600 | 171,617,515 | 65,505,915 | |

Reconciliation

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Material differences between budget and actual amount

Statement of financial performance

A. Agency services

There is a reduction in the number of new vehicles registered at the licensing stations. Some motorists are also opting to renew their motor vehicle licences through the online platforms

B. Licence and permits

The number of learners licence applicants increased due to the new comprised learners licence system.

C. Other revenue

There has been an increase in other revenue particularly from building plans, due to various developments occurring within the jurisdiction of the municipality.

D. Interest earned - external investments

The interest earned was higher than what was anticipated because of the fluctuation in the market and the Municipality not making any withdrawals.

Revenue from non- exchange transactions

E. Property rates

The actual billing is due to monthly Supplementary Valuations that are inclusive of the following, Re- Zoning of properties, Market value adjustments of the under- valued properties, Newly established properties, New developments, Improved properties and illegal use, as well as the implementation of new valuation with effect from 01 July 2023.

F. Traffic Fines

Adherence to work schedule, intensification of law enforcement and had joint operations with other stakeholders e.g. SAPS.

G. Interest received on receivable non- exchange transaction

The municipality experienced an increase in interest as a result of the historical debt recorded by the municipality, particularly from farmers who are not settling their accounts.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

H. Government grants and subsidies Capital

The municipality received additional funding in March 2024 and the money was not fully utilised, the unspent roll over will be utilised after it has been approved by treasury.

Expenses

I. Employee related costs

There was a delay in the appointment of top-level management positions, such as Director Technical Services & other manager positions.

J. Remuneration for councillors

The budget was based on the anticipated Upper Limits however the directive from SALGA to effect the implementation was not

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

]keep

Budget on Accrual Basis

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

Figures in Rand

yet given to the Municipality's by year end.

K. Depreciation, amortisation and impairment of assets

The municipality completed some projects earlier than anticipated due to the receipt of additional funding on MIG.

L. Debt impairment

Inadequate adherence of revenue enhancement strategy resulting in an increase of the provision for doubtful debts. The municipality has an increase in number of debtors whose accounts are in arrears for a period of 120 eays and more.

M. Contracted services

As part of expenditure cost containment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes. As a result thereof, the municipality made savings on some of the line items.

N. Other Expenses

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

O. Loss on disposal of assets and liabilities

The municipality disposed of fewer assets than anticipated.

P. Actuarial losses

The actuarial loss is attributed to unexpected increases in the subsidies, unpredicted movements in the membership profile, and the effect of actual benefits vested being different from what was expected.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

]keep

Budget on Accrual Basis

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

Figures in Rand

Statement of financial position

Q. Inventory

Lots of stock at hand was utilised during 2023/24.

R. Receivables from exchange transactions

The increase in net debtors in receivables from exchange transactions indicates that the municipality collected less revenue than anticipated due to non-payment by some customers.

S. Receivables from non - exchange transactions

The increase in net debtors in receivables from exchange transactions indicates that the municipality collected less revenue than anticipated due to non-payment by some customers.

T. VAT receivable

The VAT receivable balance is due to additional MIG grants received during the year.

U. Prepayment

Insurance and Microsoft annual payments covers a period beyond the financial year end,

V. Other debtors

Salary suspense account was not fully cleared.

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Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

]keep

Budget on Accrual Basis

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

Figures in Rand

W. Cash and Cash equivalent

There was a significant increase in interest earned on investments as no withdrawals were made in the Financial Year, as well as a slight improvement in revenue collection. VAT also showed a slight improvement resulting in an increase in refunds.

X. Property, plant and equipment

The municipality acquired additional assets during the 2023/24 financial year.

Y. Intangible assets

MARULENG LOCAL MUNICIPALITY

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

jsn shapeType

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

Figures in Rand

There was a delay in procurement of IT related software.

Z. Finance Lease Obligation

Delay in securing new finance lease agreements.

AA. Payable from exchange transactions

The municipality ensured compliance with section 65(2)(e) of the MFMA by paying creditors within 30 days.

AB. Payable from non-exchange transactions

This is due to advanced payments made by various consumers.

AC. Unspent conditional grants

The municipality received additional funding of sixty-five million in March 2024 which could not be utilized fully.

AD. Employee benefit obligation

Post medical aid increased in the assumed proportion of in service. Members who continue their medical membership at and after retirement.

Cash flow statements

AE. Property rates, penalties and service charges

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Isn shapeType

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

Figures in Rand

The municipality revenue for property rates was based on the actual budget that was made in 2022/23 financial period. The cash receipts is due to the monthly Supplementary Valuations that are inclusive of the following, Re- Zoning of properties, Market value adjustments of the under- valued properties, Newly established properties, New developments, Improved properties and illegal use .

AF. Transfers and Subsidies The Municipality also had an additional funding of R65 million for Municipal Infrastructure Grant, resulted in an increase in cash flow projects.

AG. Interest

The interest earned was higher than what was anticipated because of the fluctuation in the market and the Municipality not making any withdrawals.

AH. Suppliers and employees

As part of expenditure curtailment measures recommended by National Treasury, the municipality exercised fiscal restraint on a number of operational votes.

AI. Purchase of Property, Plant & Equipment

The municipality acquired additional assets during the 2023/24 financial year.

AJ. Heritage Assets

The budgeting was incorrect as the heritage assets have not changed in the previous year.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

Accounting Policies

| Figures in Rand | Note(s) | 2024 | 2023 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

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

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.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

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.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

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

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 19 - 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.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

Effective interest rate

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

Allowance for doubtful debts

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

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.

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

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

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

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

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

Subsequent measurement - fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

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

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

| Item | Depreciation method | Average useful life |
|------------------|----------------------------|----------------------------|
| Land | Straight-line | Indefinite |
| Community Assets | Straight-line | 5 - 100 years |
| Stormwater | Straight-line | 10 - 60 years |
| Roads | Straight-line | 5 - 100 years |
| LV Network | Straight-line | 10 - 60 years |

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

| | | |
|--------------------------------|---------------|--------------|
| Solid Waste | Straight-line | 5 - 25 years |
| Plant and Machinery | Straight-line | 3 - 15 years |
| IT Infrastructure | Straight-line | 5 - 15 years |
| Computer Equipment | Straight-line | 5 - 10 years |
| Transport Assets | Straight-line | 5 - 15 years |
| Furniture and Office Equipment | Straight-line | 5 - 50 years |

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

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

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

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

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

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

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

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

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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1.8 Intangible assets (continued)

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Depreciation method | Average useful life |
|--------------------------|---------------------|---------------------|
| Licenses and franchises | Straight-line | 2 - 5 years |
| Computer software, other | Straight-line | 5 - 10 years |

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 from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 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.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

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~~1.9 Heritage assets (continued)~~

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Initial measurement

Heritage assets are measured at 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.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

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.

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 from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.10 Financial instruments

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

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

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

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1.10 Financial instruments (continued)

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

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

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

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.

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1.10 Financial instruments (continued)

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

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

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

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.

1.11 Statutory receivables

Identification

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

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

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

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

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1.11 Statutory receivables (continued)

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.

Impairment losses

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

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

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

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

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

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

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

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1.11 Statutory receivables (continued)

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.

1.12 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

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1.12 Leases (continued)

Operating leases - lessee

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

1.13 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.

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are utilized, 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 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.15 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.

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

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

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

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

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

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

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

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

Useful life is either:

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

1.16 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

1.17 Employee benefits

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

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Accounting Policies

1.17 Employee benefits (continued)

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.

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Accounting Policies

1.17 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.

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Accounting Policies

1.17 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.

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1.17 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

Before determining the effect of a curtailment or settlement, the entity re-measures 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 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.

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Accounting Policies

1.17 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.

1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

A contingent asset is a potential economic benefit that is dependent on some future event(s) largely out of the municipality's control.

A contingent liability is a potential liability that may occur in the future, such as pending lawsuits or honoring product warranties.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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.

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, a 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.

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Accounting Policies

~~1.19~~ Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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Accounting Policies

~~1.20 Revenue from exchange transactions~~

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised when the services have been actually rendered 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; 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.

Interest

Revenue arising from the use by others of entity assets yielding interest 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.

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Accounting Policies

~~1.21 Revenue from non-exchange transactions~~

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

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

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

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

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

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

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.

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Accounting Policies

~~1.21 Revenue from non-exchange transactions (continued)~~

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.

Government grants and receipts

- Unconditional grants

Equitable share allocations are recognised in revenue at the start of the financial year.

- Conditional grants and receipts

Conditional grants recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of financial performance.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent where the obligations have not been met, a liability is recognised.

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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.22 Investment income

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

1.23 Borrowing costs

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

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Accounting Policies

1.23 Borrowing costs (continued)

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

1.24 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

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Accounting Policies

1.25 Comparative figures

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

1.26 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).

All write offs and amount recoverable will be as per the council resolutions.

1.27 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).

All amount recoverable will be as per the council resolutions.

1.28 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).

All write offs and amount recoverable will be as per the council resolutions.

1.29 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.

1.30 Budget information

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

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

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

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

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Accounting Policies

~~1.30 Budget information (continued)~~

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.31 Related parties

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

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

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

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

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

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

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

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

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

1.32 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.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|--|--|
| <ul style="list-style-type: none">Guideline: Guideline on Accounting for Landfill Sites | 01 April 2023 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">GRAP 103 (as revised): Heritage Assets | 01 April 2099 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">GRAP 25 (as revised): Employee BenefitsiGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023 01 April 2023 | |
| <ul style="list-style-type: none">Guideline: Guideline on the Application of Materiality to Financial Statements | 01 April 2099 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">GRAP 104 (as revised): Financial Instruments | 01 April 2025 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | Unlikely there will be a material impact |
| <ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | Unlikely there will be a material impact |

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3. Investment property

| | 2024 | | | 2023 | | |
|---------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 11,180,687 | - | 11,180,687 | 10,480,838 | - | 10,480,838 |

Reconciliation of investment property - 2024

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 10,480,838 | 699,849 | 11,180,687 |

Reconciliation of investment property - 2023

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 10,135,954 | 344,884 | 10,480,838 |

Pledged as security

During the financial period ended 30 June 2024, no components of investment property were pledged as security for borrowings or banking facilities.

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

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3. Investment property (continued)

Details of valuation

The valuation was conducted by Mr MM Mbangatha, who hold a National Diploma in Real Estate Property Valuation, he is a registered professional valuer with the South African Council for the Property Valuers.

The Maruleng Local Municipality Property Investment portfolio comprises of 11 vacant land portions and 1 improved property. The valuation techniques and key assumptions applied in the valuation of these properties are as follows:

a) Vacant Land (Undeveloped Land)

The comparable sales approach will be used to determine the value of the vacant land properties. This method is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring an acceptable substitute property. In applying the Comparable Sales Approach it is necessary to investigate the sales of similar type properties that have been sold as well as comparable properties which are on the market.

Assumptions used under the comparable sales.

The valuers had worked on an average selling rate per square meter on the most recent sales within the area where the subject property is located at;

- The desirable number depends on how comparable the sales are. If sales are very similar, located close to the subject property, occurred fairly recently then three to four sales are usually adequate for most valuation assignments.
- Where sales are less similar or you have less confidence in the reliability of the information obtained about the sales, a larger number of comparable properties is usually necessary.
- The overall provincial property growth cited from lightsome is 4% from 2023 to 2024, considering that Polokwane is much bigger with better growth rate an adjusted growth rate of 3% to 4% per year was used for Hoedspruit.

b) Buildings (Improved properties)

Management had adopted the Replacement Cost Model on the Valuation of buildings.

The Replacement Cost Approach is based on the theory that a knowledgeable purchaser would pay no more for a property than the cost of acquiring a similar site, combined with building an acceptable substitute structure. The maximum value of a property can be measured by the total expenditure necessary to reproduce the building, plus the value of an equivalent site. The total expenditure is then reduced to reflect the applicable accrued depreciation and obsolescence of buildings and improvements.

Assumptions used under the comparable sales

- The building erected on Erf 801 Hoedspruit is an industrial type of a structure therefore Property & Construction guide 2023/24 on page 54 of 114 under industrial provides a lower range of R4 600 and an upper range of - R6 800. Lower range was applied on the basis that the building is not a fully fleshed industrial structure and the finishes do not fully qualify as industrial.
 - There are further improvement on the property which includes bricks paving, a common guide used by financial institutions for insurance valuations was sited and used as basis to derive the rate applied.
 - The Palisade Panel Gates and Palisade Fence, three online sources were used to extract the quotes. The necessary adjustments were then made, and an average was applied our calculation.
-

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3. Investment property (continued)

- The main source of the rates applied on the improvements is AECOM Property and Construction Handbook 2023/2024.

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

3. Investment property (continued)

- These Construction Handbooks are used as a guide nationally they are not supplied per province, therefore a valuer uses professional judgement based on further consultation from companies in construction, then after that careful analyses and necessary adjustments for differences in condition, an informed value of an immovable asset is derived.

| | | |
|---|---|---------|
| Rental revenue from investment property | - | 161,017 |
|---|---|---------|

Maintenance of investment property

No significant operating expenditure was incurred on investment property during the 2024 and 2023 financial year.

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3. Investment property (continued)

Amounts recognised in surplus or deficit

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Rental revenue from Investment property

265,182

161,017

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4. Property, plant and equipment

| | 2024 | | | 2023 | | |
|--------------------------------|----------------------|--|----------------------|----------------------|--|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 55,548,529 | - | 55,548,529 | 55,548,529 | - | 55,548,529 |
| Plant and machinery | 12,650,907 | (4,438,962) | 8,211,945 | 12,778,935 | (3,751,772) | 9,027,163 |
| Furniture and office equipment | 6,648,141 | (4,445,960) | 2,202,181 | 5,830,642 | (4,206,207) | 1,624,435 |
| Motor vehicles | 17,757,749 | (6,636,912) | 11,120,837 | 12,503,971 | (5,418,666) | 7,085,305 |
| IT equipment | 6,236,684 | (3,881,452) | 2,355,232 | 5,730,624 | (3,119,016) | 2,611,608 |
| Infrastructure - roads | 635,778,772 | (79,731,330) | 556,047,442 | 563,138,011 | (64,190,670) | 498,947,341 |
| Community assets | 291,685,290 | (145,988,085) | 145,697,205 | 287,275,090 | (134,052,762) | 153,222,328 |
| Work in progress | 272,543,375 | - | 272,543,375 | 194,478,855 | - | 194,478,855 |
| Infrastructure - electrical | 9,814,914 | (7,574,331) | 2,240,583 | 10,035,465 | (7,588,791) | 2,446,674 |
| Other assets | 103,625 | (98,618) | 5,007 | 103,625 | (97,869) | 5,756 |
| Infrastructure - solid waste | 11,211,319 | (1,459,740) | 9,751,579 | 11,762,997 | (891,930) | 10,871,067 |
| Infrastructure - storm water | 54,447,907 | (3,321,453) | 51,126,454 | 16,656,870 | (2,552,008) | 14,104,862 |
| Total | 1,374,427,212 | (257,576,843) | 1,116,850,369 | 1,175,843,614 | (225,869,691) | 949,973,923 |

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Disposals | Transfers | Other changes, movements | Depreciation | Impairment loss | Total |
|--------------------------------|--------------------|--------------------|------------------|---------------|--------------------------------|---------------------|--------------------|----------------------|
| Land | 55,548,529 | - | - | - | - | - | - | 55,548,529 |
| Plant and machinery | 9,027,163 | 23,174 | (31,847) | - | - | (806,545) | - | 8,211,945 |
| Furniture and office equipment | 1,624,435 | 1,037,507 | (31,986) | - | - | (427,775) | - | 2,202,181 |
| Motor vehicles | 7,085,305 | 5,650,994 | (68,015) | - | - | (1,547,447) | - | 11,120,837 |
| IT equipment | 2,611,608 | 1,185,000 | (128,751) | - | - | (1,312,625) | - | 2,355,232 |
| Infrastructure - roads | 498,947,341 | 51,317 | (2,171) | 72,598,357 | - | (15,532,656) | (14,746) | 556,047,442 |
| Community assets | 153,222,328 | - | - | 4,410,392 | - | (11,935,515) | - | 145,697,205 |
| Work in progress | 194,478,855 | 192,864,307 | - | (114,799,787) | - | - | - | 272,543,375 |
| Infrastructure - electrical | 2,446,674 | - | (14,485) | - | - | (180,231) | (11,375) | 2,240,583 |
| Other assets | 5,756 | - | - | - | - | (749) | - | 5,007 |
| Infrastructure - solid waste | 10,871,067 | - | - | - | (212,552) | (906,936) | - | 9,751,579 |
| Infrastructure - storm water | 14,104,862 | - | - | 37,791,038 | - | (769,446) | - | 51,126,454 |
| | 949,973,923 | 200,812,299 | (277,255) | - | (212,552) | (33,419,925) | (26,121) | 1,116,850,369 |

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Annual Financial Statements for the year ended 30 June 2024

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

| | Opening balance | Additions | Disposals | Transfers | Other changes, movements | Depreciation | Impairment loss | Total |
|--------------------------------|--------------------|--------------------|--------------------|--------------|--------------------------|---------------------|-----------------|--------------------|
| Land | 55,548,529 | - | - | - | - | - | - | 55,548,529 |
| Plant and machinery | 9,781,187 | - | (2,783) | - | - | 439 | 837 | 9,027,163 |
| | | | | | | (752,078) | | |
| Furniture and office equipment | 2,044,943 | 27,090 | (15,420) | - | - | (439,350) | 7,172 | 1,624,435 |
| Motor vehicles | 5,666,632 | 2,796,178 | - | - | - | (1,377,505) | - | 7,085,305 |
| IT equipment | 3,677,707 | 80,879 | (22,679) | - | - | (1,133,222) | 8,923 | 2,611,608 |
| Infrastructure - roads | 480,043,944 | - | (1,147,821) | 33,070,834 | - | (13,019,616) | - | 498,947,341 |
| Community assets | 104,010,471 | 3,730,881 | (117,451) | 55,726,361 | - | (10,127,934) | - | 153,222,328 |
| Work in progress | 125,511,614 | 159,266,551 | - | (90,299,310) | - | - | - | 194,478,855 |
| Infrastructure - electrical | 1,263,843 | - | (124,172) | 1,502,115 | - | (195,112) | - | 2,446,674 |
| Other assets | 6,504 | - | - | - | - | (748) | - | 5,756 |
| Infrastructure - solid waste | 12,389 | - | - | - | 11,210,587 | (351,909) | - | 10,871,067 |
| Infrastructure - storm water | 14,480,416 | - | (88,241) | - | - | (287,313) | - | 14,104,862 |
| | 802,048,179 | 165,901,579 | (1,518,567) | - | 11,210,587 | (27,684,787) | 16,932 | 949,973,923 |

Pledged as security

During the financial period ended 30 June 2024, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

Projects which are taking significantly longer periods to complete

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4. Property, plant and equipment (continued)

Included in Work In Progress (WIP) total carrying value are projects which are taking longer to complete. The expenditure incurred to date for these projects are as follows

| | | |
|----------------------------|-------------------|-------------------|
| Indoor sports field | 57,333,607 | 57,333,607 |
| Animal Pounding Facilities | 998,706 | 998,706 |
| Scortia internal street | 996,533 | 996,533 |
| | 59,328,846 | 59,328,846 |

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4. Property, plant and equipment (continued)

Reasons for project delays:

- a) Indoor sports field: The project was on hold due to a litigation between the contract and the municipality, this resulted in delays on completion of the project.
- b) Animal Pounding Facilities: The project is taking longer to complete due the legal dispute between the contractor and the municipality.
- c) Scortia internal street: The Municipality appointed a contractor on the 16th of April 2024 for construction of the project. The project is currently at construction stage.

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.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2024

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5. Intangible assets

| | 2024 | | | 2023 | | |
|--------------------------|---------------------|---|----------------|---------------------|---|-------------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software, other | 1,084,089 | (1,017,227) | 66,862 | 1,084,089 | (993,478) | 90,611 |

Reconciliation of intangible assets - 2024

| | Opening balance | Amortisation | Total |
|--------------------------|--------------------|--------------|--------|
| Computer software, other | 90,611 | (23,749) | 66,862 |

Reconciliation of intangible assets - 2023

| | Opening balance | Amortisation | Total |
|----------------------------------|--------------------|--------------|--------|
| Computer software, other]sa0 | 114,278 | (23,667) | 90,611 |

Pledged as security

MARULENG LOCAL MUNICIPALITY

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During the financial period ended 30 June 2024, no components of intangible assets were pledged as security for borrowings or banking facilities.

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

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6. Heritage assets

| | 2024 | | | 2023 | | |
|-----------------|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Heritage assets | 372,500 | - | 372,500 | 372,500 | - | 372,500 |

Reconciliation of heritage assets 2024

| | Opening balance | Total |
|-----------------|--------------------|---------|
| Heritage assets | 372,500 | 372,500 |

Reconciliation of heritage assets 2023

| | Opening balance | Total |
|-----------------|--------------------|---------|
| Heritage assets | 372,500 | 372,500 |

7. Payables from exchange transactions

| | | |
|-----------------|------------|------------|
| Trade creditors | 15,737,824 | 16,421,697 |
| Retentions | 32,124,652 | 27,473,260 |
| Accruals | 2,769,553 | 2,857,174 |

MARULENG LOCAL MUNICIPALITY

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| | | |
|--|-------------------|-------------------|
| Unknown deposits | 7,026,194 | 5,266,550 |
| Operating lease - deferred liability | 26,844 | 26,844 |
| Other creditors - Dept Roads & Transport | 1,078,271 | 1,364,571 |
| Leave accrued | 7,801,421 | 7,459,896 |
| Bonus accrued | 2,279,678 | 1,913,279 |
| Trade and other payables | 240,292 | 240,292 |
| | 69,084,729 | 63,023,563 |

MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2024

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

8. Trade and other payables from non-exchange transactions

| | | |
|--|-----------|-----------|
| Amounts received in advance - consumer debtors | 7,976,514 | 4,414,086 |
|--|-----------|-----------|

Payments received in advance are non-interest bearing.

9. Employee benefit obligations

Defined benefit plan

The plan is a post-employment medical benefit plan and long service awards..

Post retirement medical aid plan

The employer's post-employment benefit health care liability consists of a commitment to pay a portion of the pensioners' postemployment medical scheme contributions. The liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Long service awards

Long service awards relate to the legal obligation to provide long service leave awards.

Actuarial benefits has been performed on all 181 employees as at 30 June 2024 that are entitled to long services awards. The long service awards liability is not a funded arrangement, i.e no separate assets have been set aside to meet this liability.

Maruleng offers bonuses every five years of completed services from 10 years to 45 years.

The Municipality's long service award policy is in accordance with the Collective Agreement on Conditions of Service for the Limpopo Division, effective from 1 September 2023, which offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

The amounts recognised in the statement of financial position are as follows:

Carrying value

| | | |
|---|---------------------|---------------------|
| Present value of the defined benefit obligation-wholly unfunded | (7,561,000) | (5,115,000) |
| Present value of the defined benefit obligation-partly or wholly funded | (8,073,000) | (6,819,000) |
| | (15,634,000) | (11,934,000) |
| Non-current liabilities | (14,927,000) | (11,140,000) |
| Current liabilities | (707,000) | (794,000) |
| | (15,634,000) | (11,934,000) |

Changes in the present value of the defined benefit obligation are as follows:

| | | |
|--|------------------|------------------|
| Opening balance | 5,115,000 | 4,919,000 |
| Benefits paid | (858,715) | (699,367) |
| Net expense recognised in the statement of financial performance | 3,304,715 | 895,367 |
| | 7,561,000 | 5,115,000 |

MARULENG LOCAL MUNICIPALITY

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9. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

| | | |
|--------------------------|------------------|----------------|
| Current service cost | 461,000 | 463,000 |
| Past service cost | 2,099,000 | - |
| Interest cost | 539,000 | 510,000 |
| Actuarial (gains) losses | 205,715 | (77,633) |
| | 3,304,715 | 895,367 |

Key assumptions used

Assumptions used at the reporting date.

| | | |
|---|--------|--------|
| Discount rates used | 11.21% | 11.32% |
| Expected rate of return on assets | 6.35% | 6.57% |
| Expected rate of return on reimbursement rights | 4.57% | 4.45% |

An employee with five or more years' service with the Municipality, who leaves the service of the Municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro-rata LSA for any uncompleted (five-year) period of service. The pro-rata factor applicable is the number of years of service since an employee's most recent service milestone, divided by five.

Other assumptions

Amounts for the current and previous four years are as follows:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| | R | R | R | R | R |
| Defined benefit obligation | 7,561,000 | 5,115,000 | 4,919,050 | 4,571,000 | 3,150,000 |

An actuarial valuation has been performed in respect of post-employment medical benefits which employees may become entitled to after retirement.

The employee post employment health care liability consists of the commitment to pay a portion of the Pensioners Medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes after the death of the pensioner.

MARULENG LOCAL MUNICIPALITY

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9. Employee benefit obligations (continued)

Post-Employment Medical Aid Obligation

The medical aid contribution is an actuarial calculation which was performed by ARCH Actuarial Consulting, an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment.

The municipality is under no obligation to cover any unfunded benefits.

Changes in the present value of the defined benefit obligation are as follows:

| | | |
|--|------------------|------------------|
| Opening balance | 6,819,000 | 6,457,000 |
| Benefits paid | (72,311) | (71,197) |
| Net expense recognised in the statement of financial performance | 1,326,311 | 433,197 |
| | 8,073,000 | 6,819,000 |

Net expense recognised in the statement of financial performance

| | | |
|--------------------------|------------------|----------------|
| Current service cost | 542,000 | 532,000 |
| Interest cost | 855,000 | 761,000 |
| Actuarial (gains) losses | (70,689) | (859,803) |
| | 1,326,311 | 433,197 |

Key assumptions used

Assumptions used at the reporting date:

| | | |
|---|--------|--------|
| Discount rates used | 12.32% | 12.59% |
| Expected rate of return on reimbursement rights | 4.20% | 4.07% |
| Actual return on reimbursement rights | 7.79% | 8.19% |

Other assumptions

Amounts for the current and previous four years are as follows:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| | R | R | R | R | R |
| Defined benefit obligation | 8,073,000 | 6,819,000 | 6,457,000 | 4,523,000 | 3,763,000 |

10. Prepayments

Prepayments relates to microsoft annual licencing fees and insurance premiums which are paid once a year for a period of 12 month. The prepayment is for months paid which are after year eod.

11. Other receivables

| | | |
|-------------------------|-----------|-----------|
| Salary clearing account | 344,685 | 380,790 |
| Deposits | 1,444,438 | 1,056,558 |
| Accrued interest | 684,445 | - |

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Annual Financial Statements for the year ended 30 June 2024

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| Figures in Rand | 2024 | 2023 |
|-----------------|------|------|
|-----------------|------|------|

| | | |
|--|------------------|------------------|
| 9. Employee benefit obligations (continued) | 2,473,568 | 1,437,348 |
|--|------------------|------------------|

Inter-municipal receivables

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|--|-------------------|-------------------|
| 11. Other receivables (continued) | | |
| Gross debtors | 41,189,586 | 35,867,331 |
| Provision for impairment | (41,189,586) | (35,867,331) |
| | - | - |
| Reconciliation of provision for debt impairment | | |
| Opening balance | 35,867,331 | 28,967,231 |
| Provision for impairment | 5,322,255 | 6,900,100 |
| | 41,189,586 | 35,867,331 |
| 12. Inventories | | |
| Consumables and materials | 145,206 | 120,956 |
| <u>Consumable stores inventory has been maintained throughout the financial year comprising of electrical cables, cleaning materials, materials for water function and stationery.</u> | | |
| Inventory pledged as security | | |
| No inventory is pledged as security. | | |
| Inventory write-downs | | |
| Inventory written down | - | 6,577 |
| It is the municipality's policy to make inventory write-downs for obsolete and expired stock. During the current year, the assessment of inventory for impairment resulted in write downs reported above of R0 (2023: R6,577). | | |
| Inventory expensed | | |
| Opening balance | 120,956 | 149,103 |
| Purchases | 5,390,187 | 3,289,674 |
| Issues/expensed for the year | (5,365,938) | (3,317,821) |
| Closing balance | 145,205 | 120,956 |
| Reconciliation of inventory issued/expensed for the year | | |
| Issues(Materials used for Water Function) | 4,891,368 | 2,802,980 |
| Issues(Consumables) | 474,570 | 514,841 |
| | 5,365,938 | 3,317,821 |
| <u>Inventory issues for the year consists of R474 570 (2023: R514 841) for consumables expensed during the year and water related inventory items amounting to R4 891 368(2023: R2 802 980). The water related inventory issues were subsequently transferred to the Mopani Water Account.</u> | | |
| 13. Receivables from exchange transactions | | |
| Other debtors - sundry debtors | 3,122,912 | 2,850,076 |

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|---|------------------|------------------|
| <hr/> | | |
| 11. Other receivables (continued) | | |
| Trade debtors - Refuse / waste management | 4,714,457 | 3,936,892 |
| Less: Provision for doubtful debts | (6,199,206) | (5,390,049) |
| | 1,638,163 | 1,396,919 |

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|--|--------------------|--------------------|
| 13. Receivables from exchange transactions (continued) | | |
| Aged receivables from exchange transactions | | |
| Current (0 - 30 days) | 571,932 | 510,012 |
| 31 -60 days | 373,154 | 364,852 |
| 61 - 90 days | 142,811 | 44,488 |
| 91 - 120 days | 119,407 | 101,210 |
| 121 days + | 6,630,066 | 5,815,709 |
| | 7,837,370 | 6,836,271 |
| Financial asset receivables included in receivables from exchange transactions above | (6,199,207) | (5,439,352) |
| Total receivables from exchange transactions | 1,638,163 | 1,396,919 |
| Reconciliation of provision for impairment of trade and other receivables | | |
| Opening balance | 5,390,049 | 5,208,532 |
| Provision for impairment | 809,160 | 181,517 |
| | 6,199,209 | 5,390,049 |
| 14. Receivables from non-exchange transactions | | |
| Fines | 2,541,376 | 1,786,399 |
| Other debtors | 49,760,619 | 40,758,782 |
| Consumer debtors - Rates | 197,500,840 | 163,269,555 |
| Provision for impairment | (201,350,601) | (167,781,798) |
| | 48,452,234 | 38,032,938 |
| Receivables from non-exchange: Traffic fines | | |
| Traffic fines | 2,541,376 | 1,786,399 |
| Provision for impairment | (1,948,755) | (1,259,493) |
| | 592,621 | 526,906 |
| Reconciliation of provision for impairment of receivables from non-exchange transactions: Traffic fines | | |
| Opening balance | 1,259,493 | 579,224 |
| Provision for impairment | 689,262 | 680,269 |
| | 1,948,755 | 1,259,493 |
| Receivables from non-exchange transactions: Rates and other | | |
| Rates | 197,500,840 | 163,269,555 |
| Provision for impairment | (156,766,064) | (132,757,548) |
| | 40,734,776 | 30,512,007 |
| Other debtors | 49,760,619 | 40,758,782 |
| Provision for impairment | (42,635,782) | (35,024,250) |

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|---|------------------|------------------|
| 13. Receivables from exchange transactions (continued) | 7,124,837 | 5,734,532 |
| Debtors ageing rates & other debtors | | |

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14. Receivables from non-exchange transactions (continued)

| | | |
|-----------------------|--------------------|--------------------|
| Current (0 - 30 days) | 19,844,284 | 13,128,116 |
| 31 -60 days | 10,362,660 | 7,605,137 |
| 61 -90 days | 8,192,960 | 6,752,281 |
| 91 - 120 days | 7,851,121 | 6,076,744 |
| 121 days + | 201,010,434 | 171,964,064 |
| | 247,261,459 | 205,526,342 |

The other debtors comprise of interest from non-exchange receivables.

Reconciliation of provision for impairment of receivables from non-exchange transactions: rates

| | | |
|--------------------------|--------------------|--------------------|
| Opening balance | 132,757,548 | 122,245,003 |
| Provision for impairment | 24,008,516 | 10,512,545 |
| | 156,766,064 | 132,757,548 |

Reconciliation of provision for impairment of receivables from non-exchange transactions: other debtors

| | | |
|--------------------------|-------------------|-------------------|
| Opening balance | 35,024,250 | 27,707,223 |
| Provision for impairment | 7,611,532 | 7,317,027 |
| | 42,635,782 | 35,024,250 |

15. VAT receivable

| | | |
|-----|------------|------------|
| VAT | 28,138,989 | 24,185,642 |
|-----|------------|------------|

VAT Receivable (Payable) is attributed to

| | | |
|--|-------------------|-------------------|
| VAT Receivable (Payable) - cash portion (VAT Returns submitted to SARS awaiting payment by SARS) | 11,778,301 | 8,862,091 |
| VAT Receivable (Payable) - accrual portion | 16,360,687 | 15,323,551 |
| | 28,138,988 | 24,185,642 |

The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

During the year, the municipality did not make any payments to SARS.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

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14. Receivables from non-exchange transactions (continued)

| | | |
|---------------------|--------------------|--------------------|
| Cash on hand | 710 | 710 |
| Bank balances | 27,609,229 | 17,765,335 |
| Short-term deposits | 143,028,450 | 132,657,912 |
| | 170,638,389 | 150,423,957 |

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16. Cash and cash equivalents (continued)

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2024 | 30 June 2023 | 30 June 2022 | 30 June 2024 | 30 June 2023 | 30 June 2022 |
| Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487 | 27,591,889 | 17,599,088 | 29,976,760 | 27,609,229 | 18,060,016 | 30,416,861 |
| Standard Bank Account: Call deposit Account - Account number: 038579111-02 | 99,491,251 | 92,365,868 | 86,478,965 | 99,491,251 | 92,365,868 | 86,478,965 |
| Investec Bank Account: 32 days notice account - Account number 1100464721500 | 43,537,199 | 40,292,045 | 37,851,994 | 43,537,199 | 40,292,045 | 37,851,994 |
| Total | 170,620,339 | 150,257,001 | 154,307,719 | 170,637,679 | 150,717,929 | 154,747,820 |

17. Finance lease obligation

Minimum lease payments due

| | | | |
|--|------|----------------|------------------|
| - within one year | | 449,649 | 907,712 |
| - in second to fifth year inclusive | jsb0 | - | 438,604 |
| | | 449,649 | 1,346,316 |
| less: future finance charges | | (9,640) | (94,288) |
| Present value of minimum lease payments | | 440,009 | 1,252,028 |

Present value of minimum lease payments due

| | | | |
|-------------------------------------|--|----------------|------------------|
| - within one year | | 440,009 | 823,064 |
| - in second to fifth year inclusive | | - | 428,964 |
| | | 440,009 | 1,252,028 |

| | | | |
|-------------------------|--|----------------|------------------|
| Non-current liabilities | | - | 428,964 |
| Current liabilities | | 440,009 | 823,064 |
| | | 440,009 | 1,252,028 |

The average lease term was 3 years and the average effective borrowing rate was 10% (2023: 10%).

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

| | | | |
|--------------------------------|--|------------|-----------|
| Municipal Infrastructure Grant | | 16,144,864 | 1,605,785 |
|--------------------------------|--|------------|-----------|

Movement during the year

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|--|-------------------|------------------|
| <hr/> | | |
| 16. Cash and cash equivalents (continued) | | |
| Balance at the beginning of the year | 1,605,785 | 15,081,652 |
| Additions during the year | 96,372,000 | 65,170,000 |
| Surrendered to National Treasury during theyear | (2,098,000) | (3,802,000) |
| Income recognition during the year | (79,734,921) | (74,843,867) |
| | 16,144,864 | 1,605,785 |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

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19. Provisions (continued)

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

See note 30 for reconciliation of grants from National/Provincial Government.

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

19. Provisions

Reconciliation of provisions - 2024

| | Opening Balance | Utilised during the year | Movement for the year | Change in discount factor | Total |
|---------------------------------|------------------|--------------------------|-----------------------|---------------------------|------------------|
| Environmental rehabilitation | 3,853,391 | (212,551) | - | 440,119 | 4,080,959 |
| Provision for performance bonus | 928,281 | - | 182,932 | - | 1,111,213 |
| | 4,781,672 | (212,551) | 182,932 | 440,119 | 5,192,172 |

Reconciliation of provisions - 2023

| | Opening Balance | Additions | Movement for the year | Total |
|---------------------------------|------------------|------------------|-----------------------|------------------|
| Environmental rehabilitation | - | 3,853,391 | - | 3,853,391 |
| Provision for performance bonus | 1,117,292 | - | (189,011) | 928,281 |
| | 1,117,292 | 3,853,391 | (189,011) | 4,781,672 |
| Non-current liabilities | | | 4,080,959 | 3,853,391 |
| Current liabilities | | | 1,111,213 | 928,281 |
| | | | 5,192,172 | 4,781,672 |

Environmental rehabilitation provision

The landfill rehabilitation provision is intended for the rehabilitation of the current operational sites which are evaluated at each year-end to reflect the best estimate at reporting date. The sites under consideration is the Maruleng landfill situated on portion of farm 194 KT Hoedspruitl.

The valuation for the landfill site was performed by Mr Seakle Godschalk Pr Sci Nat, GIMFO from Environmental & Sustainability Solutions(ESS). Mr Godscchalk is a registered professional environmental scientist with the South African Council for Natural Scientific Professions (SACNASP) as well as the Southern African Institute of Ecologists and Environmental Scientists (SAIE&ES). He holds a Master's degree in Science as well as Master's Degree in Accounting. He is also a member of Chartered Institute of Government Finance, Audit and Risk Officers (CICFARO).

ESS has developed a General Landfill Closure Costing Model (GLCCM) to estimate the final rehabilitation and closure costs for general landfills. The GLCCM is being updated in cooperation with Jones and Wagener Consulting Civil Engineers (Pty) Ltd, a company that is actively involved in rehabilitation and closure of landfill sites. The GLCCM is based on the minimum requirements for Waste Disposal by Landfill of the Department of Water Affairs (1998), as amended by more recent regulations. The GLCCM provides a reliable best possible estimate of closure costs in terms of paragraph .49 of GRAP 19.

Key assumptions used

Unit costs

Unit costs for each of the cost elements are obtained annually by means of a commercial quotation.

Consumer Price Index (CPI)

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19. Provisions (continued)

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 5.1704%.

Discount rate

GRAP 19 states that where the effect of the time value for money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate. The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date was used. For this landfill the rate associated with the maximum period of 10 years was used, i.e. 5.5% above CPI. The discount rate of 10.6704% was used

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19. Provisions (continued)

20. Revenue

| | | |
|------------------------------------|--------------------|--------------------|
| Service charges | 5,385,733 | 4,923,218 |
| Rental of facilities and equipment | 410,484 | 431,214 |
| Interest received (trading) | 470,185 | 770,923 |
| Agency services | 3,000,479 | 2,966,300 |
| Licences and permits | 3,896,919 | 2,860,584 |
| Reversal of impairment of assets | - | 16,934 |
| Other revenue | 4,704,684 | 4,712,359 |
| Interest received - investment | 11,054,983 | 8,336,552 |
| Property rates | 172,692,071 | 126,265,039 |
| Donation of assets | - | 7,357,196 |
| Fines, penalties and forfeits | 869,800 | 1,062,500 |
| Government grants & subsidies | 247,867,920 | 231,843,867 |
| Interest on receivables | 17,701,824 | 13,119,970 |
| | 468,055,082 | 404,666,656 |

The amount included in revenue arising from exchanges of goods or services are as follows:

| | | |
|------------------------------------|-------------------|-------------------|
| Service charges | 5,385,733 | 4,923,218 |
| Rental of facilities and equipment | 410,484 | 431,214 |
| Interest received (trading) | 470,185 | 770,923 |
| Agency services | 3,000,479 | 2,966,300 |
| Licences and permits | 3,896,919 | 2,860,584 |
| Reversal of impairment of assets | - | 16,934 |
| Other revenue | 4,704,684 | 4,712,359 |
| Interest received - investment | 11,054,983 | 8,336,552 |
| | 28,923,467 | 25,018,084 |

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

| | | |
|----------------|-------------|-------------|
| Property rates | 172,692,071 | 126,265,039 |
|----------------|-------------|-------------|

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|---|------------------|------------------|
| 21. Service charges | | |
| Refuse removal | 5,385,733 | 4,923,218 |
| 22. Agency services | | |
| Agency fee - Roads and transport | 2,820,334 | 2,727,008 |
| Agency fee - Water and sanitation - Mopani district | 180,145 | 239,292 |
| | 3,000,479 | 2,966,300 |
| 23. Licences and permits | | |
| Traffic learners and drivers' licences | 3,896,919 | 2,860,584 |
| 24. Donation of assets | | |
| Land Erf 1443 | - | 7,357,196 |
| 25. Fines, penalties and forfeits | | |
| Traffic fines | 869,800 | 1,062,500 |
| 26. Interest from receivables | | |
| Non-exchange receivables | 17,701,824 | 13,119,970 |
| 27. Other revenue | | |
| Clearance certificates | 263,576 | 248,402 |
| Valuation certificates | 22,066 | 12,485 |
| Library fines/fees | 2,434 | 1,102 |
| Building plans | 2,998,512 | 3,010,247 |
| Special consent application | - | 26,441 |
| Signboards and adverts | 304,152 | 255,331 |
| Certificate of occupancy | 277,473 | 379,020 |
| Trading licence fees | 19,906 | 2,999 |
| Building inspection fee | 427,700 | 431,672 |
| Swimming pool application fees | 79,767 | 70,233 |
| Library membership fees | 970 | 1,868 |
| Tender documents | 308,128 | 266,249 |
| Handling fees | - | 6,310 |
| | 4,704,684 | 4,712,359 |
| 28. Investment revenue | | |
| Interest revenue | | |
| Bank | 11,054,983 | 8,336,552 |

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29. Property rates

Rates received

| | | |
|---------------|--------------------|--------------------|
| Gross revenue | 256,078,105 | 147,743,812 |
| Rebates | (83,386,034) | (21,218,343) |
| | 172,692,071 | 126,525,469 |

Valuations

| | | |
|--------------|-----------------------|-----------------------|
| Residential | 6,219,166,000 | 5,032,191,070 |
| Commercial | 2,549,354,007 | 2,284,961,028 |
| State | 3,275,528,000 | 2,386,007,056 |
| Agricultural | 6,229,519,000 | 3,911,209,278 |
| Other | 3,762,683,000 | 945,580,900 |
| | 22,036,250,007 | 14,559,949,332 |

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|--|--------------------|--------------------|
| 30. Government grants & subsidies | | |
| Operating grants | | |
| Expanded Public Works Programme | 1,295,000 | 1,246,000 |
| Financial Management Grant | 1,850,000 | 1,850,000 |
| Equitable Share | 164,988,000 | 153,904,000 |
| | 168,133,000 | 157,000,000 |
| Capital grants | | |
| Municipal Infrastructure Grant | 79,734,920 | 74,843,867 |
| | 247,867,920 | 231,843,867 |
| Expanded Public Works Programme | | |
| Current-year receipts | 1,295,000 | 1,246,000 |
| Conditions met - transferred to revenue | (1,295,000) | (1,246,000) |
| | - | - |
| Financial Management Grant | | |
| Current-year receipts | 1,850,001 | 1,850,000 |
| Conditions met - transferred to revenue | (1,850,001) | (1,850,000) |
| | - | - |
| Equitable Share | | |
| Current-year receipts | 164,988,000 | 153,904,000 |
| Transferred to revenue | (164,988,000) | (153,904,000) |
| | - | - |
| Municipal Infrastructure Grant | | |
| Balance unspent at beginning of year | 1,605,785 | 15,081,652 |
| Current-year receipts | 96,372,000 | 65,170,000 |
| Conditions met - transferred to revenue | (79,734,921) | (74,843,867) |
| Amount withheld by National Treasury | (2,098,000) | (3,802,000) |
| | 16,144,864 | 1,605,785 |

Conditions still to be met - remain liabilities (see note 18).

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31. Employee related costs

| | | |
|--|-------------------|-------------------|
| Basic | 63,948,914 | 62,566,545 |
| Medical aid - company contributions | 16,795,784 | 15,127,709 |
| Travel, motor car, accommodation, subsistence and other allowances | 8,090,763 | 7,497,033 |
| Long-service awards | 2,705,945 | 488,691 |
| Housing benefits and allowances | 1,825,177 | 1,665,971 |
| | 93,366,583 | 87,345,949 |

Remuneration of municipal manager

| | | |
|---|------------------|----------------|
| Annual Remuneration | 1,113,168 | 640,469 |
| Car Allowance | 39,069 | 21,623 |
| Performance Bonuses | 85,900 | - |
| Contributions to UIF, Medical and Pension Funds | 14,589 | 1,240 |
| Other | 20,340 | 6,395 |
| Acting Allowance | 46,229 | - |
| | 1,319,295 | 669,727 |

Ms NS Hooeane was suspended as the Municipal Manager from 22 March 2024.

Dr SS Sebashe was appointed acting municipal manager with effect from 22 March 2024 following the suspension of NS Hooeane. His acting allowance was R46 228.80.

Remuneration of chief finance officer

| | | |
|---|----------------|----------------|
| Annual Remuneration | 563,855 | 229,452 |
| Car Allowance | 136,616 | 4,041 |
| Performance Bonuses | 161,152 | 740 |
| Contributions to UIF, Medical and Pension Funds | - | 2,522 |
| Other | 18,645 | 26,036 |
| | 880,268 | 262,791 |

Ms F Sekgobela was appointed as the acting Chief Financial Officer from 01 July 2023 to 31 July 2023 and her acting allowance was R0.

Mr TH Sebelebele was appointed the chief financial officer with effect from 01 August 2023.

Remuneration of Technical Services Directors

| | | |
|-------|---|--------|
| Other | - | 18,500 |
|-------|---|--------|

Mr ML Muroa was appointed as the acting Technical services director from 01 June 2022 to 30 June 2024 and his acting allowance was R0 (2024) R18 580.00 (2023).

Remuneration of Community Services Directors

| | | |
|---------------------|---------|---------|
| Annual Remuneration | 748,295 | 588,241 |
| Car Allowance | 17,036 | 11,940 |
| Performance Bonuses | 60,130 | 92,364 |

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|---|------------------|----------------|
| Contributions to UIF, Medical and Pension Funds | 175,549 | 7,394 |
| Other | 20,340 | 134,640 |
| | 1,021,350 | 834,579 |

Remuneration of Spatial Development and Planning Director

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|--|-------------------|-------------------|
| 31. Employee related costs (continued) | | |
| Annual Remuneration | 722,473 | 314,352 |
| Car Allowance | 161,036 | 23,725 |
| Performance Bonuses | - | 45,638 |
| Contributions to UIF, Medical and Pension Funds | 58,187 | 51,841 |
| Other | 20,340 | 5,258 |
| Leave payout | - | 147,463 |
| | 962,036 | 588,277 |
| Remuneration of Corporate Services Director | | |
| Annual Remuneration | 702,397 | 635,745 |
| Car Allowance | 233,890 | 212,187 |
| Contributions to UIF, Medical and Pension Funds | 11,936 | 1,948 |
| Other | 20,340 | 30,267 |
| Leave payout | - | 8,379 |
| | 968,563 | 888,526 |
| 32. Remuneration of councillors | | |
| Mayor | 967,383 | 967,808 |
| Mayoral Committee Members | 2,643,454 | 2,528,866 |
| Speaker | 783,308 | 781,113 |
| Councillors part time | 5439 | 7,109,881 |
| | 6,859,233 | |
| Councillors full time | 723,421 | 432,101 |
| | 11,976,799 | 11,819,769 |

In-kind benefits

Councillors are classified based on their respective positions as at 30 June 2024 or the last day of service, as the case may be.

The Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and speaker has access to a municipal vehicle for official duties and is allocated a municipal house that can also be used to entertain official guests.

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32. Remuneration of councillors (continued)

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.

30 June 2024

| Councillors name | Position | Basic Salary | Travel Allowance | Cellphone Allowance | Contributions and Benefits | Total |
|------------------|-----------------------|--------------|------------------|---------------------|----------------------------|------------|
| Cllr MUSOLWA | TC Mayor | 658,386.93 | 57,523.72 | 47,004.00 | 204,468.39 | 967,383.04 |
| Cllr B RAGANYA | Speaker | 574,886.52 | - | 47,004.00 | 161,417.52 | 783,308.04 |
| Cllr THOBEJANE | HM Chief whip | 207,324.96 | 96,274.26 | 47,004.00 | 81,497.88 | 432,101.10 |
| Cllr RAGANYA | SB Mpac Chairperson | 426,336.16 | 156,494.84 | 47,004.00 | 93,585.98 | 723,420.98 |
| Cllr MAAKAMELA | MR Chairperson Ethics | 218,449.56 | 72,816.50 | 47,004.00 | - | 338,270.06 |
| Cllr KOMANE | MM EXCO members | 440,057.28 | 172,571.50 | 47,004.00 | 77,657.16 | 737,289.94 |
| Cllr MATHABA | MA EXCO members | 517,714.44 | 172,571.50 | ,004.00 | - | 737,289.94 |
| Cllr TSHETLHA | MT EXCO members | 440,057.28 | 172,571.50 | 47,004.00 | 77,657.16 | 737,289.94 |
| Cllr MATHABA | TA EXCO members | 303,103.72 | 15,458.30 | 46,487.00 | 66,535.02 | 431,584.04 |
| Cllr MONASHANE | MS Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr MOKGAHLA | TJ Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr RAMMALA | MMS Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr LETEBELE | SP Councillor | 185,682.12 | 72,816.50 | 47,004.00 | 32,767.44 | 338,270.06 |
| Cllr BT MABILO | Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |

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32. Remuneration of councillors (continued)

| | | | | | | |
|-----------|---------------|------------|-----------|-----------|---|------------|
| Cllr | KJ Councillor | 218,449.56 | 72,816.50 | 47,004.00 | - | 338,270.06 |
| SEKGOBELA | | | | | | |
| Cllr | MJ Councillor | 218,449.56 | 72,816.50 | 47,004.00 | - | 338,270.06 |
| RAKGOALE | | | | | | |

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32. Remuneration of councillors (continued)

| | | | | | | |
|----------------|------------------|--------------|--------------|--------------|--------------|---------------|
| Cllr NTEMANA | MS Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr MATHOLE | DI Councillor | 185,682.12 | 72,816.50 | 47,004.00 | 32,767.84 | 338,270.46 |
| Cllr MF MADIKE | Councillor | 185,682.12 | 72,816.50 | 47,004.00 | 32,767.44 | 338,270.06 |
| Cllr MOROPANE | LP Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr PREEZ | EC DU Councillor | 185,682.12 | 72,816.50 | 47,004.00 | 32,767.44 | 338,270.06 |
| Cllr PS MALEPE | Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr MOKGOTHO | D Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr BE MASETE | Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr TI SHAI | Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Cllr GERBER | PW Councillor | 185,682.12 | 72,816.50 | 47,004.00 | 32,767.44 | 338,270.06 |
| Cllr MOREMA | JT Councillor | 179,128.68 | 72,816.50 | 47,004.00 | 39,320.88 | 338,270.06 |
| Total | | 7,122,042.05 | 2,226,979.12 | 1,268,591.00 | 1,359,186.39 | 11,976,798.56 |

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32. Remuneration of councillors (continued)

30 June 2023

| Councillors name | Position | Basic Salary | Travel Allowance | Cellphone Allowance | Contributions and Benefits | Total |
|------------------|-------------------------|--------------|------------------|---------------------|----------------------------|------------|
| Cllr MUSOLWA | TC Mayor | 525,874.43 | 230,094.72 | 47,004.00 | 164,409.85 | 967,383.00 |
| Cllr B RAGANYA | Speaker | 602,219.74 | - | 47,004.00 | 134,084.30 | 783,308.04 |
| Cllr THOBEJANE | HM Chief whip | 240,744.84 | 96,274.20 | 47,004.00 | 48,078.00 | 432,101.04 |
| Cllr RAGANYA | SB Mpac Chairperson | 375,806.40 | 94,745.43 | 47,004.00 | 83,084.10 | 600,639.93 |
| Cllr MAAKAMELA | MR Chairperson Ethics | 218,449.56 | 72,816.48 | 47,004.00 | - | 338,270.04 |
| Cllr KOMANE | MM EXCO members | 439,149.35 | 172,571.52 | 47,004.00 | 78,565.09 | 737,289.96 |
| Cllr MATHABA | MA EXCO members | 517,714.44 | 172,571.52 | 47,004.00 | - | 737,289.96 |
| Cllr TSHETLHA | MT EXCO members | 439,149.35 | 172,571.52 | 47,004.00 | 78,565.09 | 737,289.96 |
| Cllr MATHABA | TA EXCO members | 105,152.88 | 6,762.50 | 20,102.00 | 19,232.60 | 181,249.98 |
| Cllr B MOHLABE | EXCO members (resigned) | 146,313.36 | 48,137.10 | 21,600.00 | - | 216,050.46 |
| Cmlr MONASHANE | MS Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr MOKGAHLA | TJ Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr RAMMALA | MMS Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr LETEBELE | SP Councillor | 185,299.00 | 72,816.48 | 47,004.00 | 33,150.56 | 338,270.04 |
| Cllr BT MABILO | Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |

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32. Remuneration of councillors (continued)

| | | | | | | |
|-----------|---------------|------------|-----------|-----------|---|------------|
| Cllr | KJ Councillor | 218,449.56 | 72,816.48 | 47,004.00 | - | 338,270.04 |
| SEKGOBELA | | | | | | |
| Cllrs | MJ Councillor | 218,449.56 | 72,816.48 | 47,004.00 | - | 338,270.04 |
| RAKGOALE | | | | | | |

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|--|--------------|--------------|--------------|-------------------|-------------------|
| 32. Remuneration of councillors (continued) | | | | | |
| Cllr NTEMANA MS Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr MATHOLE DI Councillor | 185,299.00 | 72,816.48 | 47,004.00 | 33,150.56 | 338,270.04 |
| Cllr MF MADIKE Councillor | 185,375.63 | 72,816.48 | 47,004.00 | 33,073.93 | 338,270.04 |
| Cllr MOROPANE LP Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr PREEZ EC DU Councillor | 185,299.00 | 72,816.48 | 47,004.00 | 33,150.56 | 338,270.04 |
| Cllr MALEPE PS Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr MOKGOTHO D Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr MASETE BE Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr SHAI TI Councillor | 178,668.96 | 72,816.48 | 47,004.00 | 39,780.60 | 338,270.04 |
| Cllr GERBER PW Councillor | 185,299.00 | 72,816.48 | 47,004.00 | 33,150.56 | 338,270.04 |
| Cllr MOREMA JT Councillor | 204,382.92 | 72,816.48 | 47,004.00 | 14,066.64 | 338,270.04 |
| Total | 6,965,117.62 | 2,407,241.63 | 1,263,806.00 | 1,183,567.84 | 11,819,769.09 |
| 33. Depreciation and amortisation | | | | | |
| Property, plant and equipment | | | | 33,419,925 | 27,684,787 |
| Intangible assets | | | | 23,749 | 23,667 |
| | | | | 33,443,674 | 27,708,454 |
| 34. Finance costs | | | | | |
| Finance leases | | | | 84,648 | 158,278 |
| Landfill site provision | | | | 440,119 | - |
| Bank | | | | - | 29 |
| Employee benefit obligation | | | | 1,394,000 | 1,271,000 |
| | | | | 1,918,767 | 1,429,307 |
| 35. Auditors' remuneration | | | | | |
| Fees | | | | 6,262,043 | 5,746,501 |

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|--|------------|------------|
| <hr/> | | |
| 32. Remuneration of councillors (continued) | | |
| 36. Debt impairment | | |
| Debt impairment | 38,440,721 | 25,643,166 |

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|--|-------------------|-------------------|
| 37. General expenses | | |
| Compensation commissioner | 1,241,396 | 414,660 |
| Advertising | 460,708 | 457,341 |
| Auditors remuneration | 6,262,043 | 5,746,501 |
| Bank charges | 335,363 | 369,703 |
| Computer expenses | 216,023 | 796,950 |
| Free basic electricity | 564,623 | 718,404 |
| Entertainment | 96,618 | 151,754 |
| Insurance | 1,985,521 | 2,117,362 |
| Functions and events | 1,111,018 | 1,132,594 |
| Fuel and oil | 3,963,488 | 4,192,946 |
| Printing and stationery | 3,007,642 | 3,518,888 |
| Protective clothing | 653,540 | 6,989 |
| Repairs and maintenance | 2,767,375 | 2,644,285 |
| Subsistence, travel & accomodation | 10,235,928 | 9,620,956 |
| Telephone and fax | - | 670 |
| Training | 1,581,624 | 1,378,188 |
| Traffic fines | 1,086,751 | 148,269 |
| Electricity | 3,417,268 | 2,964,034 |
| Membership fees | 1,137,933 | 1,040,923 |
| Stores and material | 361,336 | 514,841 |
| Ward committees | 3,509,513 | 3,438,878 |
| Professional fees | 24,649,569 | 19,663,558 |
| Bursary Fund | 1,690,805 | 496,067 |
| Other expenses | 560,402 | 768,130 |
| | 70,896,487 | 62,302,891 |
| 38. Contracted services | | |
| Outsourced Services | | |
| Administrative and Support Staff | 172,500 | 150,000 |
| Internal Auditors | 1,460,261 | 920,904 |
| Refuse Removal | 8,546,413 | 7,743,030 |
| Security Services | 21,461,875 | 14,774,769 |
| Consultants and Professional Services | | |
| Business and Advisory | 1,577,150 | 1,395,886 |
| Legal Cost | 4,692,113 | 9,920,599 |
| Contractors | | |
| Maintenance of Equipment | 3,976,624 | 1,520,303 |
| | 41,886,936 | 36,425,491 |

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|---|--------------------|--------------------|
| 39. Cash generated from operations | | |
| Surplus | 176,386,562 | 151,755,384 |
| Adjustments for: | | |
| Depreciation and amortisation | 33,443,674 | 27,708,454 |
| Loss on sale of assets and liabilities | 277,255 | 1,518,565 |
| Fair value adjustments | - | (344,884) |
| Finance costs - Finance leases | 84,648 | - |
| Impairment of assets | 26,121 | - |
| Interest debtors | (18,172,009) | (13,922,385) |
| Debt impairment | 38,440,721 | 25,643,166 |
| Finance costs - Finance leases | (699,849) | 158,278 |
| Reversal of impairment of assets | - | (16,934) |
| Donation of assets | - | (7,357,196) |
| Finance cost - landfill provision | 440,119 | - |
| Finance cost - employee benefit obligation | 1,394,000 | 1,271,000 |
| Actuarial gains/(losses) | 135,026 | (937,436) |
| Movement in employee benefit liability | 2,170,975 | 224,436 |
| Changes in working capital: | | |
| Inventories | (24,250) | 28,147 |
| Receivables from exchange transactions | (5,902,470) | (6,078,952) |
| Receivables from non-exchange transactions | (25,026,775) | (12,301,132) |
| Prepayments | (406,385) | (465,289) |
| Other receivables | (1,036,220) | 460,912 |
| Payables from exchange transactions | 6,244,096 | 15,919,585 |
| VAT | (3,953,347) | (6,231,057) |
| Trade and other payables from non-exchange transactions | 3,562,427 | (1,200,080) |
| Unspent conditional grants and receipts | 14,539,079 | (13,475,867) |
| | 221,923,398 | 162,356,715 |

40. Fair value adjustments

| | | |
|--|---------|---------|
| Investment property (Fair value model) | 699,849 | 344,884 |
|--|---------|---------|

41. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

| | At amortised cost | Total |
|---|--------------------|--------------------|
| Receivable from exchange transactions | 1,638,163 | 1,638,163 |
| Receivable from non-exchange transactions | 48,452,234 | 48,452,234 |
| Other receivables | 2,473,568 | 2,473,568 |
| Cash and cash equivalent | 170,638,389 | 170,638,389 |
| | 223,202,354 | 223,202,354 |

Financial liabilities

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|--|--------------------------|--------------------|
| 41. Financial instruments disclosure (continued) | 78,612,463 | 78,612,463 |
| 2023 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Receivable from exchange transactions | 1,396,919 | 1,396,919 |
| Receivable from non-exchange transactions | 38,032,938 | 38,032,938 |
| Other receivables | 1,437,348 | 1,437,348 |
| Cash and cash equivalent | 150,423,957 | 150,423,957 |
| | 191,291,162 | 191,291,162 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Trade and other payables from exchange transactions | 60,876,961 | 60,876,961 |
| Trade and other payables from non-exchange transactions | 4,414,086 | 4,414,086 |
| Finance lease | 823,064 | 823,064 |
| | 66,114,111 | 66,114,111 |
| 42. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 393,588,790 | 243,237,589 |
| Total capital commitments | | |
| Already contracted for but not provided for | 393,588,790 | 243,237,589 |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Professional fees | 85,295,920 | 20,041,568 |
| Not yet contracted for and authorised by accounting officer | | |
| • Government grants | 71,660,209 | 72,105,460 |
| • internal sources | 407,224,502 | 191,173,697 |
| | 478,884,711 | 263,279,157 |
| Total operational commitments | | |
| Already contracted for but not provided for | 85,295,920 | 20,041,568 |
| Not yet contracted for and authorised by accounting officer | 393,588,790 | 243,237,589 |
| | 478,884,710 | 263,279,157 |

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41. Financial instruments disclosure (continued)

Commitments relates to property, plant and equipment as well as other operational costs. These commitments will be financed by available retained surplus, internally generated funds and government grants. Commitments are disclosed inclusive of VAT.

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|--|------------|------------|
| 43. Contingencies | | |
| Contingent liabilities | | |
| 1. Mpumelelo Business enterprise | 6,050,984 | 6,050,984 |
| Contract for construction of an indoor sport centre was terminated due to breach of contract and they have since instituted a legal claim for an amount of work performed to the value of R1 519 281, loss of income of R144 589.44 and retention to the amount of R4 387 113.10. The legal cost are estimated at R 600 000.00. | - | - |
| | - | - |
| | - | - |
| | - | - |
| 2. Mohale Champ Machubeni unfair dismissal | - | 3,000,000 |
| Mr Machubene was dismissed for gross misconduct and gross dereliction of duties following which he referred a dispute to the CCMA on the basis of unfair dismissal seeking compensation in the form of 12 or 24 months of his remuneration. Mr Machubene's basic pay is R 781 460.00 per annum (R1 562 920)and cash component of R 50 000.00. The CCMA has ruled against Maruleng on the matter. However Maruleng has taken the matter to court on an application to review and set aside the decision by the CCMA. There is no reimbursement from any third parties for potential obligations of the municipality. The legal cost are estimated at R 3 000 000.00. The mater has since been resolved. | | |
| 3. Tainama Civils | 10,328,058 | 10,328,058 |
| Tainama civils has claimed an amount of R2 137 370,49 for alleged work done, retention in an amount of R1 190 687.10 and damages in the amount of R7 000 000.00. The municipality has disputed the said amount and an engineer issued a revised payment certificate which is now disputed by Tainama Civils. Tainama has instituted legal claim for the amount of work alleged to have been performed. The matter is still pending. The legal cost are estimated at R 1 000 000.00. | | |
| 4. Mjindin Investment | - | - |
| Mjindin Investment has issued an application for the review and set aside of zoning certificate issued to Gideon Trust. The matter has not be set for hearing. The legal cost are estimated at R 300 000.00. There is no monetary payment sought from the municipality | | |
| 5. Harmonie 360 Pty Ltd | - | - |
| Harmonie 360 Pty Ltd has issued an application for the review and set aside of zoning certificate issued for property within the Maruleng area (Case no 836/2021 (Polokwane High Court) . The matter has not be set for hearing. The legal cost are estimated at R 280 000.00. The matter was resolved in the current year. | | |
| 6. Hlimbyi Trading Enterprise CC | 10,270,431 | 10,270,431 |
| The municipality received an urgent application interdicting the municipality for advertising the security services tender around October 2020. The urgent application was dismissed with costs. The applicant has now filed for review of the appointment of the new service provider claiming unlawful termination of the agreement and as such claiming to have suffered an amount of R10 270 430,50. The legal cost are estimated at R 1 000 000.00 | | |
| 7. Batatise Consulting Engineers (Pty) Ltd | - | 2,977,948 |

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The Municipality on or about the 13th October 2021 appointed the services of the service provider for the project, Scortia Internal street to perform the services of planning, design and administer the executive of the project. The municipality has since terminated the services of the service provider due to budget constraints.

The Municipality was served with summons by the service provider claiming an amount of R2 977 947.62 for work done. The matter was resolved during the year.

8. MAPCO Projects and Developments (Pty) Ltd

1,925,649

1,925,649

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|---|------------------|-----------|
| 43. Contingencies (continued) | | |
| On or around October 2021 appointed the service provider as consultant of Animal Impounding to perform the services of planning, design and administer the executive of the project. The municipality has since terminated the services of the service provider due to budget constraints. The Municipality was served with the summons by the service provider claiming an amount of R1 925,649,06 for work done. The legal cost are estimated at R 2 500 000.00 | 3,228,000 | 3,228,000 |
| 9. KOTH Property Consultants | | |
| The Municipality was served with the summons by the service provider claiming R3 228 000.00 for damages suffered as a result of the termination of the contract due to fraudulent misrepresentation. The legal cost are estimated at R 3 000 000.00. | | |
| 10. Mjindini Investments Pty Ltd | - | - |
| An application compelling the Municipality to issue clearance figures at reduced property valuation. The Municipality has filed an interlocutory application for discovery of documents set down for the 11th September 2023. The legal cost are estimated at R 400 000.00. | | |
| | - | - |
| 11. Harmonie Familie Plaas | - | - |
| An application compelling the Municipality to issue clearance figures at reduced property valuation. The Municipality has filed an interlocutory application for discovery of documents set down for the 11 th September 2023. There is no monetary payment sought from the municipality. | | |
| 44. Related parties | | |
| Relationships | | |
| S54 and S56 Employees/Employees remuneration | Refer to note 31 | |
| Remuneration of Councilors | Refer to note 32 | |
| During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction. | | |
| 45. Prior period errors | | |
| Statement of Financial Position | | |
| > Correction of depreciation on solid waste assets was incorrectly calculated. | | |
| > Correction of interest on landfill provision which was incorrectly captured twice. | | |
| > Correction of receivables from exchange transaction as a result of revenue incorrectly billed. | | |
| > Correction of receivables from non-exchange transaction as a result of revenue incorrectly billed. | | |
| > Correction of VAT receivable resulting from revenue and expenditure transactions. | | |
| > Correction of prepayment incorrectly classified as general expenses. | | |
| > Correction of long outstanding reconciling items on the bank reconciliation. | | |

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43. Contingencies (continued)

> Correction of payables resulting from remuneration of councillors as a result of upper limits.

> Correction of prior year revenue and expenses.

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|---|------|-------------|
| 45. Prior period errors (continued) | | |
| Statement of Financial Performance | | |
| > Correction of depreciation on solid waste assets was incorrectly calculated. | | |
| > Correction of interest on landfill provision erroneously accounted for twice. | | |
| > Correction of remuneration of councillors as a result of upper limits. | | |
| > Correction of contracted services incorrectly recognised as expenses. | | |
| > Correction of several general expenses incurred in the prior year. | | |
| > Correction of property rates incorrectly billed. | | |
| > Correction of interest from exchange transactions incorrectly accounted. | | |
| Disclosure Adjustments | | |
| > Correction of performance bonus provision amount to R928,281 incorrectly classified as trade payables. | | |
| > Correction of SDL payment amount to R791,452 incorrectly omitted from disclosures in the prior year. | | |
| > Correction principal and agent transaction as a result of correction of Mopani Debtors amounting to R4 531 077. | | |
| Statement of financial position | | |
| Property, plant and equipment | - | 23,717 |
| Provisions | - | 573,282 |
| Receivable from exchange transactions | - | (49,303) |
| Receivables from non-exchange transaction | - | (238,510) |
| VAT receivable | - | 540,542 |
| Prepayment | - | 465,289 |
| Other receivables | - | (536,190) |
| Cash and cash equivalent | - | (294,681) |
| Payables from exchange payables | - | (2,709,166) |
| !Accumulated surplus | - | 630,481 |
| Statement of financial performance | | |
| Depreciation expense | - | (23,717) |
| Finance costs | - | (573,282) |
| Remuneration of councillors | - | (562,550) |
| Contracted services | - | 2,446,017 |
| General expenses | - | 376,965 |
| Property rates | - | 260,430 |
| Interest on receivables | - | 31,492 |

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46. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

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

| At 30 June 2024 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---------------------|--------------------------|--------------------------|--------------|
| Trade and other payables from exchange transactions | 69,084,729 | - | - | - |
| Trade and other payables from non-exchange transactions | 7,976,514 | - | - | - |
| Unspent conditional grants and receipts | 16,144,864 | - | - | - |
| Finance lease obligation | 440,009 | - | - | - |

| At 30 June 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---------------------|--------------------------|--------------------------|--------------|
| Trade and other payables from exchange transactions | 63,023,563 | - | - | - |
| Trade and other payables from non-exchange transactions | 4,414,086 | - | - | - |
| Unspent conditional grants and receipts | 1,605,785 | - | - | - |
| Finance lease obligation | 823,064 | 428,964 | - | - |

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2024 | 2023 |
|--|-------------|-------------|
| Receivables from exchange transactions | 1,638,163 | 1,396,919 |
| Receivables from non-exchange transactions | 48,452,234 | 38,032,938 |
| Other receivables | 2,473,568 | 1,437,348 |
| Cash and cash equivalents | 170,638,389 | 150,423,957 |

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|---|------------|------------|
| Finance lease obligation | 440,009 | 1,252,028 |
| Trade and other payables from exchange transactions | 69,084,729 | 63,023,563 |
| Trade and other payables from non-exchange transactions | 7,976,514 | 4,414,086 |

Market risk

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46. Risk management (continued)

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 the changes in market interest rates.

Municipality is exposed to interest rate risk on its investments. The municipality have insignificant interest risk exposure in the form of finance costs from finance lease obligation, however the fluctuation in interest rates will not hinder any of the municipality operations.

A sensitivity analysis is done by the Municipality on a continuous bases to determine its potential exposure to interest rate charges. Different scenarios are simulated which include renewal of current position and alternative financing. Based on those scenarios the municipality calculates the impact a charge in interest will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in interest rates.

47. Going concern

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

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

48. Unauthorised expenditure

| | | |
|---|-------------------|-------------------|
| Opening balance as previously reported | 39,508,408 | 35,144,088 |
| Add: Unauthorised expenditure - current | 14,100,502 | 4,364,320 |
| Less: Amount authorised - prior period | (39,508,408) | - |
| Closing balance | 14,100,502 | 39,508,408 |

The unauthorised expenditure has been tabled to council and has been written off by council.

49. Fruitless and wasteful expenditure

| | | |
|--|------------------|------------------|
| Opening balance as previously reported | 3,858,922 | 3,818,602 |
| Add: Fruitless and wasteful expenditure identified - current | 20,246 | 120,320 |
| Less: Amount written off - prior period | (300,658) | (80,000) |
| Closing balance | 3,578,510 | 3,858,922 |

The fruitless and wasteful expenditure has been tabled to council and is currently being investigated by a committee of council.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

MFMA Section 125(2)(d) disclosure:

The municipality incurred losses amounting to R20 246 as a result overpayment of free basic services expenses.

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|---|-------------------|--------------------|
| 52. Deviation from supply chain management regulations (continued) | | |
| 50. Irregular expenditure | | |
| Opening balance as previously reported | 165,526,317 | 207,823,178 |
| Add: Irregular expenditure - current | 144,041 | 540,297 |
| Add: Irregular expenditure - prior period | 13,140,236 | 37,287,084 |
| Less: Amount written off - prior period | (140,428,732) | (80,124,242) |
| Closing balance | 38,381,862 | 165,526,317 |

Recoverability steps taken/criminal proceedings

The balance as at 30 June 2023 was R 165 526 317. The balance as at 30 June 2024 was R 38 381 862 that is currently under investigation. The expenditures disclosed include VAT for VAT vendors.

The findings of the investigation into irregular expenditure resulted in the recommendation for the approval of a write-off amounting to R140 428 732. The report was tabled before Council and as a result, an amount of R140 428 732 was written off in the current year. Council further resolved to continue investigations on the remainder of the amount and also institute consequence management on the part of responsible officials, including criminal charges..

MFMA Section 125(2)(d) disclosure:

There are no material losses incurred as a result of irregular expenditure for the current financial year. The municipality did not incur any material losses as a result of irregular expenditure incurred in the current financial year. The irregular expenditure identified relates to non-compliance with SCM policy and related regulations.

The Accounting Officer has instituted consequence management on the part of responsible officials. These measures include disciplinary , recovery processes and also possible criminal charges.

51. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 1,123,070 | 1,020,735 |
| Amount paid - current year | (1,123,070) | (1,020,735) |
| | - | - |

Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 7,217,315 | 6,608,505 |
| Amount paid - current year | (7,217,315) | (6,608,505) |
| | - | - |

PAYE, SDL and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 16,546,581 | 15,769,356 |
| Amount paid - current year | (16,546,581) | (15,769,356) |

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52. Deviation from supply chain management regulations (continued)

Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 23,348,641 | 21,606,660 |
| Amount paid - current year | (23,348,641) | (21,606,660) |

| | | | | |
|-----------|--------------------------|---|-----------|---|
| 24-Aug-23 | Peermont | Accommodation for SALGA | | Emergency: Advertising the request for |
| | Global | conference | 30,600.00 | seven days would delay the procurement process and check in would lapse |
| 29-Aug-23 | DMISA | Registration fee for Monareng | 5,000.00 | Impractical - Registration of a professional body. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 208 L | 17,756.26 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 205 L | 40,014.09 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 814 L | 11,302.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 808L | 7,231.08 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Sep-23 | Motormaster Panel Beater | Service and repairs for FFK 205 L | 7,500.00 | Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company |
| 12-Sep-23 | SA Institute of Valuers | Registration fee for Sithole and Phalane | 4,275.00 | Impractical - Registration fee of a professional body. |
| 14-Sep-23 | Barloworld Equipment | Hydrill sensor for DFF 841 L | 64,724.25 | Impractical - Repairs and maintenance service of municipal |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|--|------------|---|
| | | | | vehicles are done at a dealership of that particular car make. |
| 14-Sep-23 | Bell Equipment | Service and repairs for FHS 832L | 60,523.37 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Sep-23 | Karibu Leisure Resort | Accommodation for MFMP class | 240,519.51 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Sep-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 805L | 9,079.03 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 28-Sep-23 | Leeto Travel Agency | Accommodation and flight for Raganya and Thobejane | 103,656.25 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 04-Oct-23 | BB UD TZANEEN | Service and repairs for BVP 257 L | 114,277.42 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for FWW 072 L | 81,907.12 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for BZZ 584 L | 59,239.87 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 814 L | 2,455.25 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--|-----------|---|
| 11-Oct-23 | NTT TOYOTA INVESTMENT | Service and Repairs for DPS 476 L | 11,188.40 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Oct-23 | Vutivi Travel | Procurement of flights, shuttle & accommodation for Traffic Department Officials | 97,267.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 11-Oct-23 | NTT Toyota Phalaborwa | Service and Repairs for FFY 776 L | 14,588.20 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 16-Oct-23 | BMW Polokwane | Service and Repairs for FKS 046 L | 12,328.08 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Oct-23 | BMW Polokwane | Service and Repairs for FKS 046 L | 4,100.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Oct-23 | IMESA | Registration fee for Nonyane S | 8,900.00 | Impractical - Registration fee for professional body. |
| 19-Oct-23 | NTT TOYOTA Phalaborwa | Service and Repairs for FFY 778 L | 11,232.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Oct-23 | NTT Toyota Hoedspruit | Service and repairs for FFK 207L | 3,193.11 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 22-Oct-23 | Vutivi Travel | Accommodation and flight for Nonyane S | 65,625.90 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 23-Oct-23 | Leeto Travel Agency | Accommodation and flight for Masete, Mathaba and Thobejane | 88,150.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| 25-Oct-23 | Le Lux Travel | Accommodation for Morema, Mamefja and Matjiya | 36,496.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 31-Oct-23 | MIE | Background screening | 16,257.59 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 01-Nov-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 809L | 3,254.83 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 02-Nov-23 | Karibu Leisure Resort | Accommodation for ward committee conference | 748,443.44 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 03-Nov-23 | Bell Equipment | Repair of grader machine | 206,239.44 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|------------------------|---|------------|---|
| 06-Nov-23 | CIGFARO | Registration for Maponya b, Mashilane M and Sekgobela N | 10,068.00 | Impractical - Registration of a professional body. |
| 07-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 808 L | 3,117.10 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 07-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 803 L | 3,529.18 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 805 L | 6,669.29 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 10-Nov-23 | Maruleng Auto (PTY)LTD | Service, wipers and tailgate FSL 653 L | 7,085.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Nov-23 | BMW Polokwane | Service and Repairs for FKS 048 L | 78,325.87 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 15-Nov-23 | Leeto Travel Agency | FLIGHT, ACCOMODATION FOR CIGFARO CON. | 97,950.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 17-Nov-23 | Karibu Leisure Resort | Conference venue. Accomodation and dinner breakfast | 240,519.50 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Nov-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 84,552.09 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFK 205 L | 7,617.62 | Impractical - Repairs and maintenance service of municipal |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| | | | | vehicles are done at a dealership of that particular car make. |
| 28-Nov-23 | NTT Toyota Hoedspruit | Service and repairs for FFY 774 L | 10,214.10 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFK 208 L | 2,918.20 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 30-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 805 L | 8,849.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 01-Dec-23 | CIGFARO | Registration for Maakamela, Raganya B, Raganya SB and Mathaba A | 15,706.08 | Impractical - Registration of a professional body. |
| 04-Dec-23 | Karibu Leisure Resort | Accommodation for MFMP class | 240,519.53 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|----------------------|--|------------|---|
| 07-Dec-23 | Truvelo manufactures | Calibration of speed measuring machine. | 19,379.80 | Single provider – truvelo manufacture is the only service provider for the machines. |
| 08-Dec-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 14,983.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Dec-23 | BB UD Tzaneen | Service and repairs for FFG 646L | 102,889.00 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Dec-23 | Le Lux Travel | Accommodation for Maakamela, Raganya B, Raganya SB and Mathaba A attending CIGFARO | 99,500.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 13-Dec-23 | Kgerekgere Lodge | conference venue for employees award | 147,076.80 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 18-Dec-23 | BMW Polokwane | Service and repairs for FKS 046L | 7,274.68 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Dec-23 | BMW Polokwane | Service and repairs for FKS 046L | 7,242.68 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for FKS 046L | 56,287.82 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for BVP257 L | 136,534.39 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for BZZ 584 L | 55,645.69 | Impractical - Repairs and maintenance service of municipal |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|---|--|---|
| | | | | vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | SAGE | Registration fee for Sekgobela and Ramohlola 29,946.00 | Impractical - Registration fee of a professional body. | |
| 09-Jan-24 | Karibu Leisure Resort | Accommodation and Conference for Audit Action Plan | 143,359.23 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 09-Jan-24 | BMW Polokwane | Service and Repairs for FKS 048L | 8,256.47 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 09-Jan-24 | Ntt Toyota Phalaborwa | Service for FFY 776L | 34,466.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 10-Jan-24 | Hoyohoyo Hotels And Resorts | Accommodation and Conference for Officials Attending Strategic Planning | 43,200.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| 10-Jan-24 | NTT Toyota Hoedspruit | Service for FFG 812L | 2,460.56 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Jan-24 | IIASA | Membership fee for Internal Audit officials | 17,091.88 | Impractical - Registration fee for professional body. |
| 16-Jan-24 | Karibu Leisure Resort | Accomodation for Councilors | 175,498.74 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 16-Jan-24 | NTT Toyota Hoedspruit | Service and Repairs For FFG 808L | 23,159.41 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-Jan-24 | Government Printing | Placement of notice for draft rates policy | 2,017.56 | impractical- to follow SCM processes |
| 02-Feb-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 228,239.03 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 06-Feb-24 | BMW Polokwane | Service and repairs for FKS 046 L | 31,227.49 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 06-Feb-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 809 L | 6,108.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 06-Feb-24 | Sabi River Sun | Accomodation and Training for House Keepers | 32,460.00 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 08-Feb-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 778 L | 26,442.15 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--------------------------------------|------------|---|
| 16-Feb-24 | BB ud Tzaneen | Service and repairs for FFY 778 L | 91,099.62 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 22-Feb-24 | MIE | background Screening | 10,378.07 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 23-Feb-24 | BB UD TZANEEN | Service and repairs for BVP 257 L | 19,579.57 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 26-Feb-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 809 L | 11,918.80 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 27-Feb-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 228,239.03 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| 29-Feb-24 | Barloworld Equipment | Service and Repairs for DFF 841 L | 38,795.75 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 05-Mar-24 | CIGFARO | Registration for Somo L, Moeng M, | 7,800.00 | Impractical - Registration of a professional body. |
| 07-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for DPS 476L | 5,605.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 07-Mar-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 776 L | 21,001.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 205 L | 25,364.16 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Mar-24 | Barloworld Equipment | Service and Repairs for DFF 841 L | 152,113.54 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Mar-24 | Vutivi Travel | Accommodation for the newly appointed employee (Mr Shipalana) | 121,210.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 26-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for FFY 776 L | 16,393.33 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 27-Mar-24 | MIE | Background Screening for Management Rep | 4,282.05 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 28-Mar-24 | CIGFARO | Registration fees for Mfologela, Masia, | 19,250.00 | Impractical - Registration of a professional body. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| 28-Mar-24 | EDUCORE CORPORATE | Registration fee for Kgatle | 3,739.00 | Impractical - Registration of a professional body. |
| 29-Mar-24 | Maruleng Auto | Service and repairs for FSL 753L | 21,010.02 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 03-Apr-24 | Leeto Travel Agency | accomodation for new employee | 47,250.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 04-Apr-24 | BB UD TZANEEN | Service and repairs for BVP 255 L | 99,220.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 05-Apr-24 | Hoyohoyo hotels | Conference for officials attending policy review. | 43,200.00 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 05-Apr-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 230,038.82 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|------------------------|--|-----------|---|
| 05-Apr-24 | SASA | Registration fee for Kgatle S | 3,000.00 | Impractical - Registration fee of a professional body. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 208 L | 12,513.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 808 L | 13,079.52 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 813 L | 2,613.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | Rorisang travel agency | Accommodation for 9 people attending Municipal appeal board sitting. | 64,994.40 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 08-Apr-24 | Rorisang travel agency | Accommodation and meals for new employee, Magosi Mary. Cashier | 43,987.50 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 10-Apr-24 | Truvelo manufactures | Calibration of speed measuring machine. | 6,154.80 | Single provider – truvelo manufacture is the only service provider for the machines. |
| 12-Apr-24 | BB UD TZANEEN | Service and repairs for FFG 646 L | 12,932.33 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Apr-24 | Maruleng Auto | Service and repairs for FRL 345 L | 18,293.73 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Apr-24 | MIE | Background screening of results | 4,243.77 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|---|---|------------|---|
| 12-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 805 L | 8,956.43 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-Apr-24 | Leadership Academy | Registration for Magoro J and Somo L | 11,391.90 | Impractical - Registration fee of a professional body. |
| 24-Apr-24 | Barloworld Equipment | Service and repairs for FKF 638 L | 102,549.94 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 24-Apr-24 | BB UD TZANEEN | Service and repairs for FFW 072L | 44,941.55 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 24-Apr-24 | Chartered Institute for Business Accounts | Registration fee for Kgatle S | 5,375.01 | Impractical – Registration for professional body. |
| 24-Apr-24 | IIASA | Registration for Somo L, Mangena F, Magoro J and Malepe E | 19,665.00 | Impractical - Registration fee for professional body. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--|------------|---|
| 24-Apr-24 | NTT Toyota Phalaborwa | Service and repairs for FKF 638 L | 13,764.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 30-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 814L | 23,424.42 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 03-May-24 | Karibu Leisure Resort | Accommodation for ward committee conference | 333,772.95 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 07-May-24 | BB UD TZANEEN | Service and repairs for BVP 255 L | 7,655.55 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 08-May-24 | NTT Toyota Hoedspruit | Service and repairs for DPS 476L | 62,261.12 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | BB MOTORS TZANEEN | Service and repairs for FGG 646L | 103,440.90 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | MIE | Background screening of results | 5,802.53 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFY 778L | 9,611.79 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 205L | 19,939.48 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 803L | 12,138.71 | Impractical - Repairs and maintenance service of municipal |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|---------------------|--|------------|---|
| | | | | vehicles are done at a dealership of that particular car make. |
| 14-May-24 | Lexis Nexis | Traffic department books | 3,215.40 | Single provider - Lexis Nexis is the sole provider for the NRTA 93/1996 volume 61 to 66 service. |
| 21-May-24 | BMW Polokwane | Service and repairs for FKS 048 L | 4,555.69 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-May-24 | Government Printing | Placement of notice for draft rates policy | 3,026.32 | impractical- to follow SCM processes |
| 27-May-24 | SALGA | Payment for job evaluation | 8,250.00 | Impractical - Registration fee of a professional body. |
| 30-May-24 | MIE | Background screening of results | 2,413.69 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 31-May-24 | BMW Polokwane | Service and repairs for FKS 046 L | 115,282.57 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-------------------------|---|-----------|---|
| 31-May-24 | MIE | Background screening of results | 4,592.63 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 06-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for FFG 809L | 10,330.40 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 06-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 776 L | 10,720.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jun-24 | MIE | Background screening of results | 2,956.75 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 12-Jun-24 | PG Glass Phalaborwa | Service and repairs for FSB 053 L | 3,500.00 | Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company |
| 14-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for DPS 476 L | 7,255.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Jun-24 | SASA | Registration fee for Kgatla J and Sekgoka B | 12,000.00 | Impractical- SASA is the only service provider running the workshop |
| 20-Jun-24 | BB UD TZANEEN (PTY) LTD | Service and repairs for BVP 257 L | 80,327.91 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 25-Jun-24 | IMPISA | Membership fee | 24,600.00 | Impractical - Registration fee for professional body. |

53. Segment information

General information

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53. Segment information (continued)

Identification of segments

The municipality is organised and reports to management and council on the basis of six (06) major functional areas:

- Executive Support, which includes the office of the municipal manager and Council support (mayor, speaker, chief whip, MPAC, etc.). This functional area is mainly involved in providing strategic management service and direction as well as oversight on other functional areas of the municipality. The area is primarily a support and oversight function.
- Corporate Services include Human Resources, Information Systems Support, Employee support and wellness. This area is mainly functional as well.
- Budget and Treasury Office is responsible for the overall financial management of the municipality and plays a supporting role to other functional areas of the municipality.
- Community Services is a service delivery functional area responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services.
- Infrastructure Development services is responsible for provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
- Economic Development and Planning is responsible for functions such as local economic development, land use management, valuation services, etc.

The departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 14 on implementation of infrastructure requirements of the municipality.

Based on how the budget of the municipality is determined, annually the communities from all wards are consulted on their needs through the Integrated Development Plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the municipality holds.

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes.

In conclusion, the municipality's segment reporting was not determined per geographical area but rather on functional areas. Based on the above, management is proposing to revise its segment reporting for the 2023/24 financial year as follows;

- Technical services – Reportable Segment
- Community Services – Reportable Segment
- Planning and economic development – Reportable Segment
- Executive Management – Not a reportable segment.
- Budget and Treasury – Not a reportable segment
- Corporate services – Not a reportable segment.

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53. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

| Reportable segment | Goods and/or services |
|---------------------------|---|
| Technical services | provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality. |
| Community services | responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services. |

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53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

| | Technical Services | Community Services | Total |
|--|---------------------|---------------------|----------------------|
| Revenue | | | |
| Agency services | 180,145 | 2,820,334 | 3,000,479 |
| License and permits | - | 3,896,919 | 3,896,919 |
| Other revenue | - | 2,434 | 2,434 |
| Rental of facilities and equipment | - | 410,484 | 410,484 |
| Services charges | - | 5,385,733 | 5,385,733 |
| Fines, penalties and forfeits | - | 869,800 | 869,800 |
| Total segment revenue | 180,145 | 13,385,704 | 13,565,849 |
| Entity's revenue | | | 13,565,849 |
| Expenditure | | | |
| Salaries and wages | 19,015,385 | 25,507,574 | 44,522,959 |
| Depreciation and amortisation | 17,288,877 | 12,842,451 | 30,131,328 |
| Contracted services | 3,976,624 | 30,007,288 | 33,983,912 |
| General expenses | 3,782,660 | 18,024,120 | 21,806,780 |
| Total segment expenditure | 44,063,546 | 86,381,433 | 130,444,979 |
| Total segmental surplus/(deficit) | (43,883,401) | (72,995,729) | (116,879,130) |
| Loss on disposal of assets | | | (277,255) |

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53. Segment information (continued)

| | |
|--|----------------|
| Impairment loss | (26,121) |
| Fair value adjustments | 699,849 |
| Actuarial gains/losses | (135,026) |
| Entity's surplus (deficit) for the period | 261,447 |

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| | Technical Services | Community Services | Total |
|---|---------------------------|---------------------------|--------------------|
| 53. Segment information (continued) | | | |
| Assets | | | |
| Property, plant and equipment | 694,083,093 | 118,322,492 | 812,405,585 |
| Receivables from exchange transactions | - | 1,638,163 | 1,638,163 |
| Total segment assets | 694,083,093 | 119,960,655 | 814,043,748 |
| Total assets as per Statement of financial Position | | | 814,043,748 |
| Liabilities | | | |
| Payables from exchange transactions | 8,176,816 | 1,078,914 | 9,255,730 |
| Total liabilities as per Statement of financial Position | | | 9,255,730 |

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53. Segment information (continued)

2023

| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|------------------------------------|-------------------|--------------------------------------|----------------------|--------------------|--------------------|
| Revenue | | | | | |
| Government grants and subsidies | - | - | - | 231,843,867 | 231,843,867 |
| Agency fees | 2,329,780 | 636,520 | - | - | 2,966,300 |
| Interest received - Investment | - | - | 8,336,522 | - | 8,336,522 |
| License and permits | - | 2,860,584 | - | - | 2,860,584 |
| Other revenue | - | 4,439,800 | - | 272,559 | 4,712,359 |
| Rental of facilities and equipment | - | 431,214 | - | - | 431,214 |
| Services charges | - | 4,923,218 | - | - | 4,923,218 |
| Donation of other assets | - | 7,357,196 | - | - | 7,357,196 |
| Fines, penalties and forfeits | - | 1,062,500 | - | - | 1,062,500 |
| Interest receivables | - | - | - | 13,922,385 | 13,922,385 |
| Property rates | - | - | - | 126,525,469 | 126,525,469 |
| Gains from fair-valuing of assets | - | - | - | 344,884 | 344,884 |
| Reversal of impairment of assets | - | - | - | 16,934 | 16,934 |
| Actuarial gains/(losses) | - | - | - | 937,436 | 937,436 |
| Total segment revenue | 2,329,780 | 21,711,032 | 8,336,522 | 373,863,534 | 406,240,868 |
| Entity's revenue | | | | | 406,240,868 |

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| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|--|---------------------|--------------------------------|---------------------|--------------------|--------------------|
| 53. Segment information (continued) | | | | | |
| Expenditure | | | | | |
| Salaries and wages | 15,274,540 | 22,208,516 | 27,970,518 | 21,892,375 | 87,345,949 |
| Remuneration of councillors | - | - | 11,257,219 | - | 11,257,219 |
| Depreciation and amortisation | - | - | - | 27,732,170 | 27,732,170 |
| Debt impairment | - | - | - | 25,643,166 | 25,643,166 |
| Contracted services | 2,173,817 | 15,219,136 | 6,816,531 | 9,859,990 | 34,069,474 |
| Finance costs | - | - | - | 2,002,589 | 2,002,589 |
| Loss on disposal of assets and liabilities | - | - | - | 1,518,565 | 1,518,565 |
| General expenses | 1,303,404 | 10,511,506 | 12,232,579 | 38,638,367 | 62,685,856 |
| Total segment expenditure | 18,751,761 | 47,939,158 | 58,276,847 | 127,287,222 | 252,254,988 |
| Total segmental surplus/(deficit) | (16,421,981) | (26,228,126) | (49,940,325) | 246,576,312 | 153,985,880 |
| Assets | | | | | |
| Heritage assets | - | - | 372,500 | - | 372,500 |
| Intangible assets | - | - | - | 90,611 | 90,611 |
| Investment property | - | - | - | 10,480,838 | 10,480,838 |
| Property, plant and equipment | 602,723,796 | 67,502,120 | 83,517,160 | 196,207,130 | 949,950,206 |
| <u>Inventory</u> | - | - | - | 120,956 | 120,956 |
| VAT receivables | - | - | - | 23,645,100 | 23,645,100 |
| Cash and cash equivalents | - | - | - | 150,718,638 | 150,718,638 |
| <u>Other receivables</u> | - | - | - | 1,885,212 | 1,885,212 |
| Receivables from exchange transactions | - | - | - | 1,446,222 | 1,446,222 |
| Receivable from non-exchange transactions | - | - | - | 38,271,448 | 38,271,448 |

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| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|--|---------------------------|---|------------------------------|--------------------|----------------------|
| 53. Segment information (continued) | | | | | |
| Total segment assets | 602,723,796 | 67,502,120 | 83,889,660 | 422,866,155 | 1,176,981,731 |
| Total assets as per Statement of financial Position | | | | | 1,176,981,731 |

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| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|--|-------------------|--------------------------------------|----------------------|-------------------|-------------------|
| 53. Segment information (continued) | | | | | |
| Liabilities | | | | | |
| Employee benefit obligation | - | - | - | 11,934,000 | 11,934,000 |
| Finance lease obligation | - | - | - | 1,252,028 | 1,252,028 |
| Provisions | - | - | - | 4,426,673 | 4,426,673 |
| Unspent conditional grants and receipts payble from exchange transactions | - | - | - | 1,605,785 | 1,605,785 |
| Trade and other payables | 16,025,420 | 2,514,047 | 10,254,250 | 31,520,680 | 60,314,397 |
| | 1,114,000 | 3,098,806 | - | 1,315,279 | 5,528,085 |
| Total segment liabilities | 17,139,420 | 5,612,853 | 10,254,250 | 52,054,445 | 85,060,968 |
| Total liabilities as per Statement of financial Position | | | | | 85,060,968 |

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54. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement(s) is|are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10. The municipality is entitled to 5%.

The municipality is also a party to an agreement between the municipality and the department of roads and transport to collect revenue licensing and permits. The municipality is entitled to 20% of the revenue collected.

There are no significant risks associated with the arrangement.

The municipality is the agent.

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| 54. Accounting by principals and agents (continued) | | |
| Municipality as an agent | | |
| Agent for the Limpopo Department of Roads and Transport | | |
| The municipality acts as an agent for the Limpopo Department of Roads and Transport, where it provides motor vehicle registration and licenses services on behalf of the Department. The municipality get 20% of the total revenue collected. | | |
| Revenue recognised | | |
| The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R3,000,479 (2023: R2,966,300) excluding VAT. | | |
| Liabilities and corresponding rights of reimbursement recognised as assets | | |
| Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R1 078 914 (2023: R1 364 471) | | |
| Corresponding rights of reimbursement that have been recognised as assets are R41 189 586 (2023: R35 867 331). | | |
| Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement | | |
| Category(ies) of revenue received or to be received on behalf of the principal, are: | | |
| Categories | Additional details | |
| Services charges - Water and sanitation | District | |
| Licensing and permits | Department of roads and transport | |
| Category(ies) of expenses paid or accrued on behalf of the principal, are: | | |
| Categories | Additional details | |
| Employee related costs | District | |
| Repairs and maintenance | District | |
| General expenses | District | |
| Amount of revenue received on behalf of the principal during the reporting period | | |
| Services charges - Water and sanitation | 3,479,430 | 5,503,720 |
| Licensing and permits | 16,216,917 | 17,250,928 |
| | 19,696,347 | 22,754,648 |
| Amount of revenue to be received on behalf of the principal during the reporting period | | |
| Balance at the beginning of the year | 1,364,571 | 94,592 |
| Revenue received on behalf of principal (incl commission) | 16,216,917 | 17,623,518 |
| Commission | (3,529,041) | (5,826,884) |
| Revenue paid over to the principal | (12,973,533) | (10,526,655) |
| | 1,078,914 | 1,364,571 |
| Amount of expenses paid on behalf of the principal during the reporting period | | |
| Employee related costs | 5,032,065 | 5,237,845 |

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| <hr/> | | |
| 54. Accounting by principals and agents (continued) | | |
| Repairs and maintenance | 885,381 | 610,911 |
| General expenses | 2,721,642 | 923,587 |
| | 8,639,088 | 6,772,343 |

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| Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s) | | |
| Reconciliation of the carrying amount of receivables | | |
| Service charges - Water and sanitation _District | | |
| Opening balance | 35,867,331 | 33,498,308 |
| Revenue that principal is entitled to | (5,118,801) | (5,557,657) |
| Accounts due to the principal - services | (1,594,801) | (879,151) |
| Amounts of expenses paid on behalf of the principal | 8,639,088 | 6,772,343 |
| Amount due by principal for management fees | 3,189,602 | 1,758,302 |
| Other - agency fee | 207,167 | 275,186 |
| | 41,189,586 | 35,867,331 |
| All categories | | |
| Opening balance | 35,867,331 | 33,498,308 |
| Revenue that principal is entitled to | (5,118,801) | (5,557,657) |
| Accounts due to the principal - services | (1,594,801) | (879,151) |
| Amounts of expenses paid on behalf of the principal | 8,639,088 | 6,772,343 |
| Amount due by principal for management fees | 3,189,602 | 1,758,302 |
| Other - agency fee | 207,167 | 275,186 |
| | 41,189,586 | 35,867,331 |
| Reconciliation of the carrying amount of payable | | |
| Licence and permits - Limpopo Department of Roads and Transport | | |
| Opening balance | 1,364,571 | 94,592 |
| Revenue received on behalf of the principal (incl commission) | 16,216,917 | 17,406,352 |
| Revenue recognised by the municipality as agency fees | (3,529,041) | (3,291,483) |
| Revenue paid over to the principal | (12,973,533) | (12,844,890) |
| | 1,078,914 | 1,364,571 |
| All categories | | |
| Opening balance | 1,364,571 | 94,592 |
| Revenue received on behalf of the principal (incl commission) | 16,216,917 | 17,406,352 |
| Cash paid on behalf of the principal | (3,529,041) | (3,291,483) |
| Amounts transferred to the principal | (12,973,533) | (12,844,890) |
| | 1,078,914 | 1,364,571 |

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51. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

| | | |
|----------------|------------|------------|
| VAT receivable | 28,138,989 | 24,185,642 |
|----------------|------------|------------|

VAT output payables and VAT input receivables are shown in note 15.

Councillors' arrear consumer accounts

Councillors do not have services and rates accounts with the municipality.

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52. Deviation from supply chain management regulations

In terms of Regulation 36 of the Municipal Supply Chain Management Regulations, the Accounting Officer must sign-off all the deviations and minor breaches of the procurement processes. A register of such breaches must also be kept. The deviation report includes the limited bidding procurement, emergency procurement, urgent procurement and the unavoidable / gross deviations. The following expectations were recorded for the period under review:

| Date | Service Provider | Description | Amount | Reason for Deviation |
|-----------|-----------------------|---|-----------|---|
| 04-Jul-23 | SALGA | Registration fee for Kgatle and Sekgoka | 10,000.00 | Impractical - Registration fee of a professional body. |
| 10-Jul-23 | MIE | Background screening of results. | 2,578.83 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 11-Jul-23 | BB UD Tzaneen | Service and repairs for FWW 072 L | 27,298.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | BMW Mbombela | Service and repairs for FKS 048 L | 53,742.69 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 808 L | 28,361.90 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | NTT Toyota investment | Service and repairs for FFY 776 L | 12,179.70 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | SAGE | Registration fee for Ramohlola K | 3,749.00 | Impractical - Registration fee of a professional body. |
| 13-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 803 L | 10,352.43 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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|-----------|-----------------------|--|------------|---|
| 13-Jul-23 | NTT Toyota investment | Service and repairs for FFY 776 L | 13,146.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Jul-23 | SALGA | Registration for Hoeane,musolwa,Raganya,T hobejane | 25,000.00 | Impractical - Registration fee of a professional body. |
| 13-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 805 L | 13,689.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Jul-23 | Leeto Travel Agency | Accomodation for the Chief Financial Officer | 56,250.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Jul-23 | Karibu Leisure Resort | Accommodation for MFMP class | 237,786.37 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------------|---|------------|---|
| 26-Jul-23 | Barloworld Equipment | Service and repairs for DFF 814L | 193,817.67 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 31-Jul-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 46,401.88 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 01-Aug-23 | Sefularo Travel Agency | Accommodation for Mabuza K | 58,500.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 02-Aug-23 | NTT Toyota investment | Service and Repair for FFY 774L | 9,507.80 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | Bell Equipment | Service and repairs for FHS 832L | 127,361.81 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | Institute of Internal Auditors | Registration for Somo L, Mangena F, Magoro J and Malepe E | 14,791.88 | Impractical - Registration fee for professional body. |
| 08-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 8131 L | 13,462.91 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 809L | 9,863.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Aug-23 | Karibu Leisure Resort | Accommodation for MFMP Training | 108,561.29 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 15-Aug-23 | Institute of Risk Management | Registration for Lephalala P, Manyama T, Maila and Sekhwela | 30,199.00 | Impractical - Registration fee for professional body. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------------|---|--------------|---|
| 15-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFY 778 L | 9,863.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 15-Aug-23 | SALGA | Membersip fees | 1,123,070.02 | Impractical - Registration fee of a professional body. |
| 16-Aug-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 110,822.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 22-Aug-23 | Institute of Internal Auditors | Registration fee for Magoro | 14,375.00 | Impractical - Registration fee for professional body. |
| 24-Aug-23 | Peermont Global | Accommodation for SALGA conference | 30,600.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 29-Aug-23 | DMISA | Registration fee for Monareng | 5,000.00 | Impractical - Registration of a professional body. |

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|-----------|--------------------------|--|------------|---|
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 208 L | 17,756.26 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 205 L | 40,014.09 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 814 L | 11,302.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 808L | 7,231.08 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Sep-23 | Motormaster Panel Beater | Service and repairs for FFK 205 L | 7,500.00 | Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company |
| 12-Sep-23 | SA Institute of Valuers | Registration fee for Sithole and Phalane | 4,275.00 | Impractical - Registration fee of a professional body. |
| 14-Sep-23 | Barloworld Equipment | Hydrill sensor for DFF 841 L | 64,724.25 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Sep-23 | Bell Equipment | Service and repairs for FHS 832L | 60,523.37 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Sep-23 | Karibu Leisure Resort | Accommodation for MFMP class | 240,519.51 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Sep-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 805L | 9,079.03 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 28-Sep-23 | Leeto Travel Agency | Accommodation and flight for Raganya and Thobejane | 103,656.25 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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| | | | | |
|-----------|------------------|--------------------------------------|------------|---|
| 04-Oct-23 | BB UD TZANEEN | Service and repairs for BVP 257 L | 114,277.42 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for FWW 072 L | 81,907.12 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for BZZ 584 L | 59,239.87 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

52. Deviation from supply chain management regulations

In terms of Regulation 36 of the Municipal Supply Chain Management Regulations, the Accounting Officer must sign-off all the deviations and minor breaches of the procurement processes. A register of such breaches must also be kept. The deviation report includes the limited bidding procurement, emergency procurement, urgent procurement and the unavoidable / gross deviations. The following expectations were recorded for the period under review:

| Date | Service Provider | Description | Amount | Reason for Deviation |
|-----------|------------------|---|-----------|---|
| 04-Jul-23 | SALGA | Registration fee for Kgatle and Sekgoka | 10,000.00 | Impractical - Registration fee of a professional body. |
| 10-Jul-23 | MIE | Background screening of results. | 2,578.83 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 11-Jul-23 | BB UD Tzaneen | Service and repairs for FWW 072 L | 27,298.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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| | | | | |
|-----------|-----------------------|---|------------|---|
| 11-Jul-23 | BMW Mbombela | Service and repairs for FKS 048 L | 53,742.69 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 808 L | 28,361.90 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | NTT Toyota investment | Service and repairs for FFY 776 L | 12,179.70 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jul-23 | SAGE | Registration fee for Ramohlola K | 3,749.00 | Impractical - Registration fee of a professional body. |
| 13-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 803 L | 10,352.43 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Jul-23 | NTT Toyota investment | Service and repairs for FFY 776 L | 13,146.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Jul-23 | SALGA | Registration for Hoeane, musolwa, Raganya, T hobejane | 25,000.00 | Impractical - Registration fee of a professional body. |
| 13-Jul-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 805 L | 13,689.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Jul-23 | Leeto Travel Agency | Accommodation for the Chief Financial Officer | 56,250.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Jul-23 | Karibu Leisure Resort | Accommodation for MFMP class | 237,786.37 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------------------|---|------------|---|
| 26-Jul-23 | Barloworld Equipment | Service and repairs for DFF 814L | 193,817.67 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 31-Jul-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 46,401.88 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 01-Aug-23 | Sefularo Travel Agency | Accommodation for Mabuza K | 58,500.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 02-Aug-23 | NTT Toyota investment | Service and Repair for FFY 774L | 9,507.80 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | Bell Equipment | Service and repairs for FHS 832L | 127,361.81 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | Institute of Internal Auditors | Registration for Somo L, Mangena F, Magoro J and Malepe E | 14,791.88 | Impractical - Registration fee for professional body. |
| 08-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 813L | 13,462.91 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Aug-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 809L | 9,863.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Aug-23 | Karibu Leisure Resort | Accommodation for MFMP Training | 108,561.29 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 15-Aug-23 | Institute of Risk Management | Registration for Lephalala P, Manyama T, Maila and Sekhwela | 30,199.00 | Impractical - Registration fee for professional body. |
| 15-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFY 778 L | 9,863.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------------|------------------------------------|--------------|---|
| 15-Aug-23 | SALGA | Membersip fees | 1,123,070.02 | Impractical - Registration fee of a professional body. |
| 16-Aug-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 110,822.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 22-Aug-23 | Institute of Internal Auditors | Registration fee for Magoro | 14,375.00 | Impractical - Registration fee for professional body. |
| 24-Aug-23 | Peermont Global | Accommodation for SALGA conference | 30,600.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 29-Aug-23 | DMISA | Registration fee for Monareng | 5,000.00 | Impractical - Registration of a professional body. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--|------------|--|
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 208 L | 17,756.26 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFK 205 L | 40,014.09 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 814 L | 11,302.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 29-Aug-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 808L | 7,231.08 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Sep-23 | Motormaster Panel Beater | Srvice and repairs for FFK 205 L | 7,500.00 | Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company |
| 12-Sep-23 | SA Institute of Valuers | Registration fee for Sithole and Phalane | 4,275.00 | Impractical - Registration fee of a professional body. |
| 14-Sep-23 | Barloworld Equipment | Hydrill sensor for DFF 841 L | 64,724.25 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Sep-23 | Bell Equipment | Service and repairs for FHS 832L | 60,523.37 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Sep-23 | Karibu Leisure Resort | Accommodation for MFMP class | 240,519.51 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 20-Sep-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 805L | 9,079.03 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 28-Sep-23 | Leeto Travel Agency | Accomodation and flight for Raganya and Thobejane | 103,656.25 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------|--------------------------------------|------------|---|
| 04-Oct-23 | BB UD TZANEEN | Service and repairs for BVP 257 L | 114,277.42 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for FWW 072 L | 81,907.12 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | BB UD TZANEEN | Service and Repairs for BZZ 584 L | 59,239.87 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 04-Oct-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 814 L | 2,455.25 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|--|-----------|---|
| 11-Oct-23 | NTT | Service and Repairs for DPS | | Impractical - Repairs and |
| | TOYOTA INVESTMENT | 476 L | 11,188.40 | maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Oct-23 | Vutivi Travel | Procurement of flights, shuttle & accommodation for Traffic Department Officials | 97,267.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 11-Oct-23 | NTT Toyota Phalaborwa | Service and Repairs for FFY 776 L | 14,588.20 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 16-Oct-23 | BMW Polokwane | Service and Repairs for FKS 046 L | 12,328.08 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Oct-23 | BMW Polokwane | Service and Repairs for FKS 046 L | 4,100.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Oct-23 | IMESA | Registration fee for Nonyane S | 8,900.00 | Impractical - Registration fee for professional body. |
| 19-Oct-23 | NTT TOYOTA Phalaborwa | Service and Repairs for FFY 778 L | 11,232.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Oct-23 | NTT Toyota Hoedspruit | Service and repairs for FFK 207L | 3,193.11 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 22-Oct-23 | Vutivi Travel | Accommodation and flight for Nonyane S | 65,625.90 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 23-Oct-23 | Leeto Travel Agency | Accommodation and flight for Masete, Mathaba and Thobejane | 88,150.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 25-Oct-23 | Le Lux Travel | Accommodation for Morema, Mametja and Matjiya | 36,496.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|---|------------|---|
| 31-Oct-23 | MIE | Background screening | 16,257.59 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 01-Nov-23 | NTT Toyota Hoedspruit | Service and repairs for FFG 809L | 3,254.83 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 02-Nov-23 | Karibu Leisure Resort | Accommodation for ward committee conference | 748,443.44 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 03-Nov-23 | Bell Equipment | Repair of grader machine | 206,239.44 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|------------------------------|--|------------|--|
| 06-Nov-23 | CIGFARO | Registration for Maponya b,Mashilane M and Sekgobela N | 10,068.00 | Impractical - Registration of a professional body. |
| 07-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for vehicle FFG 808 L | 3,117.10 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 07-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 803 L | 3,529.18 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 805 L | 6,669.29 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 10-Nov-23 | Maruleng Auto (PTY)LTD | Service, wipers and tailgate FSL 653 L | 7,085.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Nov-23 | BMW Polokwane | Service and Repairs for FKS 048 L | 78,325.87 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 15-Nov-23 | Leeto Travel Agency | FLIGHT, ACCOMODATION FOR CIGFARO CON. | 97,950.00 | Emergency: Advertising the request for seven days would delay the procurementprocess and check in would lapse |
| 17-Nov-23 | Karibu Leisure Resort | Conference venue. Accomodation and dinner breakfast | 240,519.50 | Emergency: Advertising the request for seven days would delay the procurementprocess and check in would lapse |
| 20-Nov-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 84,552.09 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFK 205 L | 7,617.62 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 28-Nov-23 | NTT Toyota Hoedspruit | Service and repairs for FFY 774 L | 10,214.10 | Impractical - Repairs and maintenance service of municipal |

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52. Deviation from supply chain management regulations (continued)

| | | | | vehicles are done at a dealership of that particular car make. |
|-----------|-----------------------|---|------------|---|
| 29-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFK 208 L | 2,918.20 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 30-Nov-23 | NTT Toyota Hoedspruit | Service and Repairs for FFG 805 L | 8,849.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 01-Dec-23 | CIGFARO | Registration for Maakamela, Raganya B, Raganya SB and Mathaba A | 15,706.08 | Impractical - Registration of a professional body. |
| 04-Dec-23 | Karibu Leisure Resort | Accommodation for MFMP class | 240,519.53 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|----------------------|--|--|---|
| 07-Dec-23 | Truvelo manufactures | Calibration of speed measuring machine. | 19,379.80 | Single provider – truvelo manufacture is the only service provider for the machines. |
| 08-Dec-23 | BB UD Tzaneen | Service and repairs for BVP 255L | 14,983.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Dec-23 | BB UD Tzaneen | Service and repairs for FFG 646L | 102,889.00 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Dec-23 | Le Lux Travel | Accommodation for Maakamela, Raganya B, Raganya SB and Mathaba A attending CIGFARO | 99,500.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 13-Dec-23 | Kgerekgere Lodge | conference venue for employees award | 147,076.80 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 18-Dec-23 | BMW Polokwane | Service and repairs for FKS 046L | 7,274.68 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Dec-23 | BMW Polokwane | Service and repairs for FKS 046L | 7,242.68 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for FKS 046L | 56,287.82 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for BVP257 L | 136,534.39 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | BB UD Tzaneen | Service and repairs for BZZ 584 L | 55,645.69 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 20-Dec-23 | SAGE | Registration fee for Sekgobela and Ramohlola 29,946.00 | Impractical - Registration fee of a professional body. | |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------------|---|------------|--|
| 09-Jan-24 | Karibu Leisure Resort | Accommodation and Conference for Audit Action Plan | 143,359.23 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 09-Jan-24 | BMW Polokwane | Service and Repairs for FKS 048L | 8,256.47 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 09-Jan-24 | Ntt Toyota Phalaborwa | Service for FFY 776L | 34,466.60 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 10-Jan-24 | Hoyohoyo Hotels And Resorts | Accommodation and Conference for Officials Attending Strategic Planning | 43,200.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------|--|------------|---|
| 10-Jan-24 | NTT Toyota Hoedspruit | Service for FFG 812L | 2,460.56 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Jan-24 | IIASA | Membership fee for Internal Audit officials | 17,091.88 | Impractical - Registration fee for professional body. |
| 16-Jan-24 | Karibu Leisure Resort | Accommodation for Councilors | 175,498.74 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 16-Jan-24 | NTT Toyota Hoedspruit | Service and Repairs For FFG 808L | 23,159.41 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-Jan-24 | Government Printing | Placement of notice for draft rates policy | 2,017.56 | impractical- to follow SCM processes |
| 02-Feb-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 228,239.03 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 06-Feb-24 | BMW Polokwane | Service and repairs for FKS 046 L | 31,227.49 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 06-Feb-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 809 L | 6,108.76 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 06-Feb-24 | Sabi River Sun | Accommodation and Training for House Keepers | 32,460.00 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 08-Feb-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 778 L | 26,442.15 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 16-Feb-24 | BB ud Tzaneen | Service and repairs for FFY 778 L | 91,099.62 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--------------------------------------|------------|---|
| 22-Feb-24 | MIE | background Screening | 10,378.07 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 23-Feb-24 | BB UD TZANEEN | Service and repairs for BVP 257 L | 19,579.57 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 26-Feb-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 809 L | 11,918.80 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 27-Feb-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 228,239.03 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|--------------------------|--|------------|--|
| 29-Feb-24 | Barloworld Equipment | Service and Repairs for DFF 841 L | 38,795.75 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 05-Mar-24 | CIGFARO | Registration for Somo L,Moeng M, | 7,800.00 | Impractical - Registration of a professional body. |
| 07-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for DPS 476L | 5,605.86 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 07-Mar-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 776 L | 21,001.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 205 L | 25,364.16 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 18-Mar-24 | Barloworld Equipment | Service and Repairs for DFF 841 L | 152,113.54 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 19-Mar-24 | Vutivi Travel | Accommodation for the newly appointed employee(Mr Shipalana) | 121,210.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 26-Mar-24 | NTT Toyota Hoedspruit | Service and repairs for FFY 776 L | 16,393.33 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 27-Mar-24 | MIE | Background Screening for Management Rep | 4,282.05 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 28-Mar-24 | CIGFARO | Registration fees for Mfologela, Masia, | 19,250.00 | Impractical - Registration of a professional body. |
| 28-Mar-24 | EDUCORE CORPORAT E | Registration fee for Kgatle | 3,739.00 | Impractical - Registration of a professional body. |
| 29-Mar-24 | Maruleng Auto | Service and repairs for FSL 753L | 21,010.02 | Impractical - Repairs and maintenance service of municipal vehicles are done |

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52. Deviation from supply chain management regulations (continued)

| | | | | at a dealership of that particular car make. |
|-----------|-----------------------|---|------------|---|
| 03-Apr-24 | Leeto Travel Agency | accomodation for new employee | 47,250.00 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 04-Apr-24 | BB UD TZANEEN | Service and repairs for BVP 255 L | 99,220.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 05-Apr-24 | Hoyohoyo hotels | Conference for officials attending policy review. | 43,200.00 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 05-Apr-24 | Karibu Leisure Resort | Accommodation for MFMP Training | 230,038.82 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|------------------------|--|-----------|---|
| 05-Apr-24 | SASA | Registration fee for Kgatle S | 3,000.00 | Impractical - Registration fee of a professional body. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 208 L | 12,513.31 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 808 L | 13,079.52 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 813 L | 2,613.05 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 08-Apr-24 | Rorisang travel agency | Accommodation for 9 people attending Municipal appeal board sitting. | 64,994.40 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 08-Apr-24 | Rorisang travel agency | Accommodation and meals for new employee, Magosi Mary. Cashier | 43,987.50 | Emergency – Advertising the request for seven days would delay the procurement processes and check in would lapse. |
| 10-Apr-24 | Truvelo manufactures | Calibration of speed measuring machine. | 6,154.80 | Single provider – truvelo manufacture is the only service provider for the machines. |
| 12-Apr-24 | BB UD TZANEEN | Service and repairs for FFG 646 L | 12,932.33 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Apr-24 | Maruleng Auto | Service and repairs for FRL 345 L | 18,293.73 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 12-Apr-24 | MIE | Background screening of results | 4,243.77 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 12-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 805 L | 8,956.43 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| Drds | Leadership | Registration for Magoro J and | | Impractical - Registration fee of a |
|-----------|---|---|------------|---|
| 23-Apr-24 | Academy | Somo L | 11,391.90 | professional body. |
| 24-Apr-24 | Barloworld Equipment | Service and repairs for FKF 638 L | 102,549.94 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 24-Apr-24 | BB UD TZANEEN | Service and repairs for FFW 072L | 44,941.55 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 24-Apr-24 | Chartered Institute for Business Accounts | Registration fee for Kgatle S | 5,375.01 | Impractical – Registration for professional body. |
| 24-Apr-24 | IIASA | Registration for Somo L, Mangena F, Magoro J and Malepe E | 19,665.00 | Impractical - Registration fee for professional body. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------------|--|------------|---|
| 24-Apr-24 | NTT Toyota Phalaborwa | Service and repairs for FKF 638 L | 13,764.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 30-Apr-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 814L | 23,424.42 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 03-May-24 | Karibu Leisure Resort | Accommodation for ward committee conference | 333,772.95 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 07-May-24 | BB UD TZANEEN | Service and repairs for BVP 255 L | 7,655.55 | Emergency: Advertising the request for seven days would delay the procurement process and check in would lapse |
| 08-May-24 | NTT Toyota Hoedspruit | Service and repairs for DPS 476L | 62,261.12 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | BB MOTORS TZANEEN | Service and repairs for FGG 646L | 103,440.90 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | MIE | Background screening of results | 5,802.53 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFY 778L | 9,611.79 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFK 205L | 19,939.48 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 13-May-24 | NTT Toyota Hoedspruit | Service and repairs for FFG 803L | 12,138.71 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|---------------------|--|------------|---|
| 14-May-24 | Lexis Nexis | Traffic department books | | Single provider - Lexis Nexis is the sole |
| | | | 3,215.40 | provider for the NRTA 93/1996 volume 61 to 66 service. |
| 21-May-24 | BMW Polokwane | Service and repairs for FKS 048 L | 4,555.69 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 23-May-24 | Government Printing | Placement of notice for draft rates policy | 3,026.32 | impractical- to follow SCM processes |
| 27-May-24 | SALGA | Payment for job evaluation | 8,250.00 | Impractical - Registration fee of a professional body. |
| 30-May-24 | MIE | Background screening of results | 2,413.69 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 31-May-24 | BMW Polokwane | Service and repairs for FKS 046 L | 115,282.57 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-----------------------|----------------------------------|-----------|---|
| 97 | | | | |
| 31-May-24 | MIE | Background screening of results | 4,592.63 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 06-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for FFG 809L | 10,330.40 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |

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52. Deviation from supply chain management regulations (continued)

| | | | | |
|-----------|-------------------------------|---|-----------|---|
| 06-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for FFY 776 L | 10,720.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 11-Jun-24 | MIE | Background screening of results | 2,956.75 | Single provider – MIE is the sole provider for the employment verification service, which offer all components criteria of vetting. |
| 12-Jun-24 | PG Glass Phalaborwa | Service and repairs for FSB 053 L | 3,500.00 | Impractical - to follow SCM processes because the payment of the excess is recommended by the insurance company |
| 14-Jun-24 | Ntt Toyota Phalaborwa | Service and repairs for DPS 476 L | 7,255.30 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 14-Jun-24 | SASA | Registration fee for Kgatla J and Sekgoka B | 12,000.00 | Impractical- SASA is the only service provider running the workshop |
| 20-Jun-24 | BB UD TZANEEN (PTY) LTD | Service and repairs for BVP 257 L | 80,327.91 | Impractical - Repairs and maintenance service of municipal vehicles are done at a dealership of that particular car make. |
| 25-Jun-24 | IMPISA | Membership fee | 24,600.00 | Impractical - Registration fee for professional body. |

53. Segment information

General information

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53. Segment information (continued)

Identification of segments

The municipality is organised and reports to management and council on the basis of six (06) major functional areas:

- Executive Support, which includes the office of the municipal manager and Council support (mayor, speaker, chief whip, MPAC, etc.). This functional area is mainly involved in providing strategic management service and direction as well as oversight on other functional areas of the municipality. The area is primarily a support and oversight function.
- Corporate Services include Human Resources, Information Systems Support, Employee support and wellness. This area is mainly functional as well.
- Budget and Treasury Office is responsible for the overall financial management of the municipality and plays a supporting role to other functional areas of the municipality.
- Community Services is a service delivery functional area responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services.
- Infrastructure Development services is responsible for provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.
- Economic Development and Planning is responsible for functions such as local economic development, land use management, valuation services, etc.

The departments are centralised to provide service delivery function to all the geographical areas namely Ward 1 to Ward 14 on implementation of infrastructure requirements of the municipality.

Based on how the budget of the municipality is determined, annually the communities from all wards are consulted on their needs through the Integrated Development Plan processes. This information is then used to allocate resources available to implement these needs. Resources are not allocated based on how the unit has performed or the activity within the unit has performed, but based on the needs priorities and the available funds at the time that the municipality holds.

Municipal revenue, expenditure and assets are not reviewed as per geographical area, these are the same services across all wards and presented as a consolidated figure. The service provided to communities are the same for all wards, therefore the level of information of each ward within the municipal jurisdiction may not be relevant for decision making purposes.

In conclusion, the municipality's segment reporting was not determined per geographical area but rather on functional areas. Based on the above, management is proposing to revise its segment reporting for the 2023/24 financial year as follows;

- Technical services – Reportable Segment
- Community Services – Reportable Segment
- Planning and economic development – Reportable Segment
- Executive Management – Not a reportable segment.
- Budget and Treasury – Not a reportable segment
- Corporate services – Not a reportable segment.

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53. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Technical services

Goods and/or services

Provision of basic services such as roads maintenance, implementation of infrastructure projects, etc. Water and electricity functions are not a mandate of the municipality.

Community services

Responsible for service delivery oriented programs such refuse removal, landfill and environmental management, traffic and licensing services as well as social services.

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53. Segment information (continued)

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53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

| | Technical Services | Community Services | Total |
|------------------------------------|--------------------|--------------------|-------------------|
| Revenue | | | |
| Agency services | 180,145 | 2,820,334 | 3,000,479 |
| License and permits | - | 3,896,919 | 3,896,919 |
| Other revenue | - | 2,434 | 2,434 |
| Rental of facilities and equipment | - | 410,484 | 410,484 |
| Services charges | - | 5,385,733 | 5,385,733 |
| Fines, penalties and forfeits | - | 869,800 | 869,800 |
| Total segment revenue | 180,145 | 13,385,704 | 13,565,849 |
| Entity's revenue | | | 13,565,849 |
| Expenditure | | | |
| Salaries and wages | 19,015,385 | 25,507,574 | 44,522,959 |
| Depreciation and amortisation | 17,288,877 | 12,842,451 | 30,131,328 |

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53. Segment information (continued)

| | | | |
|--|---------------------|---------------------|----------------------|
| Contracted services | 3,976,624 | 30,007,288 | 33,983,912 |
| General expenses | 3,782,660 | 18,024,120 | 21,806,780 |
| Total segment expenditure | 44,063,546 | 86,381,433 | 130,444,979 |
| Total segmental surplus/(deficit) | (43,883,401) | (72,995,729) | (116,879,130) |
| Loss on disposal of assets | | | (277,255) |
| Impairment loss | | | (26,121) |
| Fair value adjustments | | | 699,849 |
| Actuarial gains/losses | | | (135,026) |
| Entity's surplus (deficit) for the period | | | 261,447 |

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| | Technical Services | Community Services | Total |
|---|---------------------------|---------------------------|--------------------|
| 53. Segment information (continued) | | | |
| Assets | | | |
| Property, plant and equipment | 694,083,093 | 118,322,492 | 812,405,585 |
| Receivables from exchange transactions | - | 1,638,163 | 1,638,163 |
| Total segment assets | 694,083,093 | 119,960,655 | 814,043,748 |
| Total assets as per Statement of financial Position | | | 814,043,748 |
| Liabilities | | | |
| Payables from exchange transactions | 8,176,816 | 1,078,914 | 9,255,730 |
| Total liabilities as per Statement of financial Position | | | 9,255,730 |

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53. Segment information (continued)

2023

| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|------------------------------------|-------------------|--------------------------------------|----------------------|--------------------|--------------------|
| Revenue | | | | | |
| Government grants and subsidies | - | - | - | 231,843,867 | 231,843,867 |
| Agency fees | 2,329,780 | 636,520 | - | - | 2,966,300 |
| Interest received - Investment | - | - | 8,336,522 | - | 8,336,522 |
| License and permits | - | 2,860,584 | - | - | 2,860,584 |
| Other revenue | - | 4,439,800 | - | 272,559 | 4,712,359 |
| Rental of facilities and equipment | - | 431,214 | - | - | 431,214 |
| Services charges | - | 4,923,218 | - | - | 4,923,218 |
| Donation of other assets | - | 7,357,196 | - | - | 7,357,196 |
| Fines, penalties and forfeits | - | 1,062,500 | - | - | 1,062,500 |
| Interest receivables | - | - | - | 13,922,385 | 13,922,385 |
| Property rates | - | - | - | 126,525,469 | 126,525,469 |
| Gains from fair-valuing of assets | - | - | - | 344,884 | 344,884 |
| Reversal of impairment of assets | - | - | - | 16,934 | 16,934 |
| Actuarial gains/(losses) | - | - | - | 937,436 | 937,436 |
| Total segment revenue | 2,329,780 | 21,711,032 | 8,336,522 | 373,863,534 | 406,240,868 |
| Entity's revenue | | | | | 406,240,868 |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|--|---------------------|--------------------------------|---------------------|--------------------|----------------------|
| 53. Segment information (continued) | | | | | |
| Expenditure | | | | | |
| Salaries and wages | 15,274,540 | 22,208,516 | 27,970,518 | 21,892,375 | 87,345,949 |
| Remuneration of councillors | - | - | 11,257,219 | - | 11,257,219 |
| Depreciation and amortisation | - | - | - | 27,732,170 | 27,732,170 |
| Debt impairment | - | - | - | 25,643,166 | 25,643,166 |
| Contracted services | 2,173,817 | 15,219,136 | 6,816,531 | 9,859,990 | 34,069,474 |
| Finance costs | - | - | - | 2,002,589 | 2,002,589 |
| Loss on disposal of assets and liabilities | - | - | - | 1,518,565 | 1,518,565 |
| General expenses | 1,303,404 | 10,511,506 | 12,232,579 | 38,638,367 | 62,685,856 |
| Total segment expenditure | 18,751,761 | 47,939,158 | 58,276,847 | 127,287,222 | 252,254,988 |
| Total segmental surplus/(deficit) | (16,421,981) | (26,228,126) | (49,940,325) | 246,576,312 | 153,985,880 |
| Assets | | | | | |
| Heritage assets | - | - | 372,500 | - | 372,500 |
| Intangible assets | - | - | - | 90,611 | 90,611 |
| Investment property | - | - | - | 10,480,838 | 10,480,838 |
| Property, plant and equipment | 602,723,796 | 67,502,120 | 83,517,160 | 196,207,130 | 949,950,206 |
| Inventory | - | - | - | 120,956 | 120,956 |
| VAT receivables | - | - | - | 23,645,100 | 23,645,100 |
| Cash and cash equivalents | - | - | - | 150,718,638 | 150,718,638 |
| Other receivables | - | - | - | 1,885,212 | 1,885,212 |
| Receivables from exchange transactions | - | - | - | 1,446,222 | 1,446,222 |
| Receivable from non-exchange transactions | - | - | - | 38,271,448 | 38,271,448 |
| Total segment assets | 602,723,796 | 67,502,120 | 83,889,660 | 422,866,155 | 1,176,981,731 |
| Total assets as per Statement of financial Position | | | | | 1,176,981,731 |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

| | Basic Services | Community halls and Facilities | Executive council | Finance | Total |
|---|---------------------------|---|------------------------------|-------------------|-------------------|
| 53. Segment information (continued) | | | | | |
| Liabilities | | | | | |
| Employee benefit obligation | - | - | - | 11,934,000 | 11,934,000 |
| Finance lease obligation | - | - | - | 1,252,028 | 1,252,028 |
| Provisions | - | - | - | 4,426,673 | 4,426,673 |
| Unspent conditional grants and receipts payable from exchange transactions | - | - | - | 1,605,785 | 1,605,785 |
| Trade and other payables | 16,025,420 | 2,514,047 | 10,254,250 | 31,520,680 | 60,314,397 |
| | 1,114,000 | 3,098,806 | - | 1,315,279 | 5,528,085 |
| Total segment liabilities | 17,139,420 | 5,612,853 | 10,254,250 | 52,054,445 | 85,060,968 |
| Total liabilities as per Statement of financial Position | | | | | 85,060,968 |

MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

2024

2023

54. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement(s) is|are as follows:

The municipality has been appointed to distribute water to local residences as distribution agent by the district municipality for which it is then entitled to a commission/agency fee for service rendered. The municipality accounts for revenue, expenditures and receivables relating to water transactions into loan account and it is disclosed under the same section of the annual financial statements. Refer to disclosure note for other receivables for full details note 10. The municipality is entitled to 5%.

The municipality is also a party to an agreement between the municipality and the department of roads and transport to collect revenue licensing and permits. The municipality is entitled to 20% of the revenue collected.

There are no significant risks associated with the arrangement.

The municipality is the agent.

Municipality as an agent

Agent for the Limpopo Department of Roads and Transport

The municipality acts as an agent for the Limpopo Department of Roads and Transport, where it provides motor vehicle registration and licenses services on behalf of the Department. The municipality get 20% of the total revenue collected.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R3,000,479 (2023: R2,966,300) excluding VAT.

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R1 078 914 (2023: R1 364 471)

Corresponding rights of reimbursement that have been recognised as assets are R41 189 586 (2023: R35 867 331).

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

| Categories | Additional details |
|---|-----------------------------------|
| Services charges - Water and sanitation | District |
| Licensing and permits | Department of roads and transport |

Category(ies) of expenses paid or accrued on behalf of the principal, are:

| Categories | Additional details |
|-------------------------|--------------------|
| Employee related costs | District |
| Repairs and maintenance | District |
| General expenses | District |

Amount of revenue received on behalf of the principal during the reporting period

| | | |
|---|-------------------|-------------------|
| Services charges - Water and sanitation | 3,479,430 | 5,503,720 |
| Licensing and permits | 16,216,917 | 17,250,928 |
| | 19,696,347 | 22,754,648 |

Amount of revenue to be received on behalf of the principal during the reporting period

| | | |
|---|------------------|------------------|
| Balance at the beginning of the year | 1,364,571 | 94,592 |
| Revenue received on behalf of principal (incl commission) | 16,216,917 | 17,623,518 |
| Commission | (3,529,041) | (5,826,884) |
| Revenue paid over to the principal | (12,973,533) | (10,526,655) |
| | 1,078,914 | 1,364,571 |

Amount of expenses paid on behalf of the principal during the reporting period

| | | |
|-------------------------|------------------|------------------|
| Employee related costs | 5,032,065 | 5,237,845 |
| Repairs and maintenance | 885,381 | 610,911 |
| General expenses | 2,721,642 | 923,587 |
| | 8,639,088 | 6,772,343 |

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Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Service charges - Water and sanitation _District

| | | |
|---|-------------------|-------------------|
| Opening balance | 35,867,331 | 33,498,308 |
| Revenue that principal is entitled to | (5,118,801) | (5,557,657) |
| Accounts due to the principal - services | (1,594,801) | (879,151) |
| Amounts of expenses paid on behalf of the principal | 8,639,088 | 6,772,343 |
| Amount due by principal for management fees | 3,189,602 | 1,758,302 |
| Other - agency fee | 207,167 | 275,186 |
| | 41,189,586 | 35,867,331 |

All categories

| | | |
|---|-------------------|-------------------|
| Opening balance | 35,867,331 | 33,498,308 |
| Revenue that principal is entitled to | (5,118,801) | (5,557,657) |
| Accounts due to the principal - services | (1,594,801) | (879,151) |
| Amounts of expenses paid on behalf of the principal | 8,639,088 | 6,772,343 |
| Amount due by principal for management fees | 3,189,602 | 1,758,302 |
| Other - agency fee | 207,167 | 275,186 |
| | 41,189,586 | 35,867,331 |

Reconciliation of the carrying amount of payable

Licence and permits - Limpopo Department of Roads and Transport

| | | |
|---|------------------|------------------|
| Opening balance | 1,364,571 | 94,592 |
| Revenue received on behalf of the principal (incl commission) | 16,216,917 | 17,406,352 |
| Revenue recognised by the municipality as agency fees | (3,529,041) | (3,291,483) |
| Revenue paid over to the principal | (12,973,533) | (12,844,890) |
| | 1,078,914 | 1,364,571 |

All categories

| | | |
|---|------------------|------------------|
| Opening balance | 1,364,571 | 94,592 |
| Revenue received on behalf of the principal (incl commission) | 16,216,917 | 17,406,352 |
| Cash paid on behalf of the principal | (3,529,041) | (3,291,483) |
| Amounts transferred to the principal | (12,973,533) | (12,844,890) |
| | 1,078,914 | 1,364,571 |

Report of the auditor-general to Limpopo Provincial Legislature and council on Maruleng Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Maruleng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net asset, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maruleng Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. 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.

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

Emphasis of matters

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

Litigations and claims

7. With reference to note 43 to the financial statements, the municipality is the defendant in various lawsuits. The municipality is opposing these claims as it believes it has reasonable grounds of defending them. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

8. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material impairments

9. As disclosed in note 36 to the financial statements, material impairments R38 440 721s was incurred as a result of impairment of irrecoverable receivables from exchange transactions, receivables from non-exchange transactions and other debtors.

Other matters

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

Unaudited supplementary schedules

11. 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.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.
14. 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.

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

15. 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.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xxx, forms part of our auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

| Key Performance Areas | Page numbers | Purpose |
|--|---------------------|---|
| KPA 2 – Basic service delivery and infrastructure development | XX | Improve community well-being through accelerated service delivery |
| KPA 3 – Local economic /development | XX | Promote local economic development |

19. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:

the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

the targets can be linked directly to the achievement of the indicators and are specific,

time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

the reported performance information is presented in the annual performance report in the prescribed manner.

there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

22. I did not identify any material findings on the reported performance information for the selected key performance areas

Basic service delivery and infrastructure development

Local economic development

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

25. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic service delivery and infrastructure development

| <i>Targets achieved: 74.8%</i> | | |
|---|-----------------------|-----------------------------|
| <i>Budget spent: 90%</i> | | |
| Key service delivery indicator not achieved | Planned target | Reported achievement |
| Number of bridges constructed | 2 | 0 |
| Number of kilometres of roads paved | 6.2km | 1.73km |
| Number of kilometres of roads surfaced | 3.9km | 3.32km |
| Number of high mast lights constructed | 1 | 0 |
| Number of municipal buildings routinely maintained | 19 | 13 |
| Number of municipal buildings with major maintenance done (Renovated) | 2 | 0 |
| Number of streetlights maintained | 148 | 0 |
| Number of vehicles maintained | 31 | 26 |

Material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

27. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

30. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

31. 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 on expenditures and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

32. The performance management system and related controls were inadequate as it did not describe how the performance monitoring should be managed, as required by municipal planning and performance management regulation 7(1).

Expenditure management

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to

R14 100 502 as disclosed in note 46 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by exceeding the budget on noncash items.

Consequence management

34. 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.
35. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

36. 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.

Other information in the annual report

37. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

38. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

39. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion and the material findings on compliance with legislation included in this report.
43. The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
44. The accounting officer did not adequately review and monitor compliance with legislation. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored.

Auditor-General
Polokwane

29 November 2024



AUDITOR GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDIT COMMITTEE

TO THE MAYOR, EXECUTIVE COMMITTEE AND COUNCIL OF MARULENG LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2024

The Audit Committee is pleased to present our report for the financial year ended 30 June 2024.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee (AC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA). Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires a municipality to establish an independent audit committee which must advise the municipal council, political office-bearers, accounting officer and management on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, risk management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation and performance evaluation.

The Audit Committee was able to meet seventeen (17) times during the financial year under review as per the approved terms of reference. The meetings included the thirteen (13) special and four (4) normal Audit Committee meetings. The Chief Audit Executive is the permanent invitee to the Audit Committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee.

The previous Audit Committee members' contract ended on 30 September 2022 and the current Audit Committee was appointed in November 2022 for 3 years. The members of the audit committee were all independent from the Municipality.

SUMMARY OF TENURE, QUALIFICATIONS, AND MEETING ATTENDANCES OF THE MEMBERS

Below are members of the Audit Committee, they are all independent members and they were appointed in November 2022 under Council Resolution SC01/11/2022 for a period of three (3) years.

| NAME OF THE MEMBER | QUALIFICATIONS | NUMBER OF MEETINGS ATTENDED | TENURE PERIOD 3 YEARS |
|---|--|-----------------------------|--------------------------------|
| Mr. Modipane TC CA(SA) (Chairperson) | Bachelor of Commerce in Accounting / Honours Bachelor of Commerce (CTA) / Higher Diploma in Auditing / Chartered Accountant registered with SAICA - CA(SA) / Certificate in Business Development Systems / SAICA GRAP Certificate. | 17 (100%) | 25 Nov 2022 – 24 November 2025 |
| Ms. Ramutsheli MP | National Diploma: Internal Auditing/B-Tech: Internal Auditing/Masters: Internal Auditing/Certified Internal Auditor/ Certified Ethics Officer. | 16 (94%) | 25 Nov 2022 – 24 November 2025 |
| Ms. Mudau FJ | B Com Accounting/Certificate Programme in Management Development (Municipal Finance) | 17 (100%) | 25 Nov 2022 – 24 November 2025 |
| Ms. Mabuza JM | B Juris Degree- Law/Advance Diploma Labour law/Legislative Drafting Certificate | x (100%) | 25 Nov 2022 – 24 November 2025 |
| Mr. Rabalao MJ | National Diploma in Internal Auditing/Postgraduate Diploma in Management/Certified Information Systems Auditor/Certified in Governance of Enterprise IT. | X (100%) | 25 Nov 2022 – 24 November 2025 |

Four (4) ordinary audit committee meetings and thirteen (13) special committee meetings were held during the year. The thirteen special meetings were for the purposes of:

- Risk Management Plan and Strategic Internal Audit Plan
- Draft IDP/Budget review 2024/25
- Budget adjustment review 2023/24
- Review of nine(9) months financial statements
- Unaudited Draft Annual Financial Statements and Draft Annual Performance Report (before submission to the AGSA)
- Special meeting consider outstanding Risk and ICT items
- AGSA 2022/23 Audit Strategy
- AGSA 2022/23 Audit Report
- Mid-Year Budget and Performance Assessment Report
- Budget Adjustment
- Audit action plan
- Audit Committee assessment of the finance function

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager
- All Senior Managers.
- Other officials (as and when required);
- Chief Audit Executive and relevant staff.
- Limpopo Provincial Treasury;
- CoGHSTA;
- SALGA and;
- AGSA.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King IV Report on the Best Practices on Corporate Governance for South Africa. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the Municipality over financial and risk management have slightly improved. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the Municipality have been designed, however they are not fully efficient and effective. This is because of failure to identify control weaknesses and non- implementation of recommended enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, the Municipality received an unqualified audit opinion for the year under review which is the same opinion as compared to prior year. Management did not fully resolve findings raised by Internal Audit and Auditor General in the year under review. We recommended that management should conduct a root cause analysis, develop and implement audit action plan to address all the findings raised by the Auditor General and Internal Audit to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

We draw attention to the following areas flowing from the Committee's observations and internal audit findings reported during the year:

- Material misstatements in the AFS - no in-house capacity to prepare AFS,
- Need to improve on records management
- Lack of regular reconciliations,
- Resource and capacity constraints resulting in skills and performance limitations in Budget and Treasury Office,
- Lack of sufficient management review and supervisory checks, and
- Need to improve ICT Infrastructure of the Municipality (IT Assessment and Cyber Security),
- Lack of investigation on historical UIFWE
- Consequence management

The areas highlighted above require the necessary management attention, as the first line of defence in combined assurance, it is critical to emphasise that these are serious enough to negatively impact the audit opinion.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

- Management submitted draft Annual Financial Statements to the Audit Committee which were incomplete at the time of review. This limited the oversight responsibility of the Audit Committee on the Annual Financial Statement before submission to the Auditor General.
- The Audit Committee reviewed the audited annual financial statements to be included in the annual report.
- The Audit Committee reviewed the Municipality compliance with legal and regulatory provisions.
- The Audit Committee reviewed the Auditor General's management report and audit report.
- The Audit Committee reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. Internal audit performed the audit of internal controls of the Municipality. The Audit Committee noted some improvement in the effectiveness of the internal controls during the financial year. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. The Committee has noted that there is a need to improve monitoring, oversight and implementation by Management in managing internal controls.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit conducted follow-up audit on internal audit findings issued previously to management. The implementation is at 93% implemented, 7% is not implemented. We are of the view that there is a need for more efforts from management to resolve the 7% not yet implemented. That management should implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Municipal Manager with unfettered access to the Mayor. This will ensure that independence of the Internal Audit function is maintained.

Internal Audit has further planned to have an external quality assessment in the upcoming financial year 2024/25. This assessment exercise will provide some assurance on whether Internal Audit processes and procedures "Generally Conforms" to the Institute of Internal Auditors (IIA) Core Principles for the Professional Practice of Internal Auditing, Standards and Code of Ethics, and that it conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. The Audit Committee will monitor progress on this exercise and report the outcome of the assessment with its recommendations to Council.

To ensure continued effectiveness in the performance of audit function the CAE developed a Continuous Development Programme for internal audit staff. The programme outlines training programmes aligned to each staff members development needs. All Internal Audit staff attended the planned training as per the Audit Committee approved CPD programme.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit and the Combined Assurance Forum. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan.

RISK MANAGEMENT

The Audit Committee is satisfied that risk management is continually improving within the Municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality. For the year under review management implemented 85% of the risk mitigations measures and 15% were not implemented as presented in the Risk Management Committee meeting. The risks that were not mitigated are carried forward to the 2024/25 risk register. The Audit Committee will monitor progress in the implementation of mitigation measures.

PRE-DETERMINED OBJECTIVES

The Audit Committee has noted an improvement in the aforementioned area. The municipality demonstrated an improvement in the outcome of audit of performance information by receiving a unqualified with findings on performance information as compared qualified with material findings in the 2022/23 financial year. It was recommended that Management should improve on timely reporting of performance information with portfolio of evidence to avoid discrepancies in the performance report. The quality assurance process and verification of portfolio of evidence should be implemented quarterly to improve the quality of the annual performance report. Pre-determined objectives is a standing item in Audit Committee meetings, concerted efforts are being made by management to sustainably improve in this area.

QUALITY OF IN-YEAR REPORTING

Management was able to table all quarterly financial reports and performance reports for the financial year 2023/24. However, management failed to prepare quarterly financial statements as advised by the Committee. Management prepared only the nine (9) months statements with insufficient information in the audit file. This limited the review by the Audit Committee. The Audit Committee continues to advise management to prepare quarterly financial statements in the coming financial year to allow adequate review by all relevant stakeholders.

ICT GOVERNANCE

The Audit Committee reviewed reports from ICT department in the year under review. The ICT remedial actions were not fully implemented, and this is due to poor ICT Infrastructure, lack of capacity in the IT department and financial constraints. The officials within the ICT department should undergo regular trainings in order to keep abreast with latest development in the ICT space. The Audit Committee further advised management to make funds available for the IT department in order to improve the ICT infrastructure. The Audit Committee regularly provide oversight in this area as part of their mandate.

AUDITOR-GENERAL OF SOUTH AFRICA

The Audit Committee in consultation with management, agreed to the terms of the engagement and approved the Audit Strategy. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The committee concurs with and accept the Auditor-General of South Africa's report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remained independent throughout the financial year.

REPORTING

The Audit Committee tabled all its quarterly reports to Council, reporting on matters attended to during the relevant quarters.

APPRECIATION

The Audit Committee wishes to thank Municipal Council, management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the Auditor-General of South Africa for the independent value that they continue to add to the Municipality.



Mr TC Modipane CA(SA)
Audit Committee Chairperson
Maruleng Local Municipality

10. CONCLUSION

In conclusion on behalf of the management and staff, we appreciate the community willingness to see the municipality improving its governance system and accelerate quality service delivery at a required speed for better lives for all, further applaud the working relations with municipal organised labour i.e. SAMWU and IMATU during the period under review

DR. S.S SEBASHE
ACTING MUNICIPAL MANAGER

ANNEXURE A: AUDIT ACTION PLAN