

# MARULENG LOCAL MUNICIPALITY



2022-23 DRAFT ANNUAL REPORT

*Wildlife Haven*

MARULENG LOCAL MUNICIPALITY

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## **ABBREVIATIONS**

<b>ACCRONYM</b>	<b>MEANING</b>
<b>AGSA</b>	Auditor General of South Africa
<b>COGHSTA</b>	Cooperative Governance , Human Settlement and Traditional Affairs
<b>CWP</b>	Community Works Programme
<b>EPWP</b>	Expanded Public Works Programme
<b>EXCO</b>	Executive committee
<b>FBE</b>	Free basic electricity
<b>GIS</b>	Geographic information system
<b>GRAP</b>	Generally recognised accounting practices
<b>KM</b>	Kilometre
<b>KPA</b>	Key performance area
<b>KPI</b>	Key performance indicator
<b>K2C</b>	Kruger to canyon
<b>IDP</b>	Integrated development plan
<b>LED</b>	Local economic development
<b>LUMS</b>	Land use management scheme
<b>MFMA</b>	Municipal finance management act
<b>MPAC</b>	Municipal public accounts committee
<b>MIG</b>	Municipal infrastructure grant
<b>MLM</b>	Maruleng Local Municipality
<b>MSCOA</b>	Municipal standard chart of accounts
<b>MTREF</b>	Medium Term Revenue Expenditure Framework
<b>m<sup>2</sup></b>	Square metre
<b>OHS</b>	Occupational health safety
<b>PCF</b>	Provincial Coordination Council
<b>PMS</b>	Performance management system
<b>SCM</b>	Supply chain management
<b>SDBIP</b>	Service delivery and budget implementation plan
<b>SDF</b>	Spatial Development Framework
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act
<b>S71</b>	Section 71 report of the MFMA
<b>%</b>	Percentage

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

### 1.1. FOREWORD BY THE MAYOR



This report serves as an account of the performance of the municipality for the year 2022/2023 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 2022/23 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 17955 rural households
- Paving of 5.517km of the targeted 5.8km
- Surfacing 3.084km of the targeted 3.1km
- Rehabilitating 2.026km of the targeted 3.6km
- Maintenance of 308km gravel roads
- Construction of Lorraine community hall
- Spending 98% (R87,345,949/R86,449,652) of MIG allocation after receiving an additional MIG grant on the basis of good performance
- Spending 87% (R179,966,275/R153,929,007) of capital expenditure
- Basket of free basic services to indigent households
- Jobs created through EPWP program

The municipality in 2022/23 financial year has allocated 44.2% of it's to capital projects that would improve service delivery. However, the municipality continued to function within a constraints 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

**In the year under review the municipality recorded performance of 74.2% compared to 64.7% in the previous financial year.** 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 MUNICIPAL MANAGER



The Municipal Systems Act (2000) as amended require the municipality to compile annual reports 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 2022 to 30 June 2023 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 Draft Annual Performance 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 2022/2023 Integrated Development Plan and the 2022/2023 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 2022/23 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 2022/23 Reviewed IDP accompanied by the Medium -Term Expenditure Revenue Framework (MTREF) in May 2022. 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 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.

## **HOAOENE N.S**

### **MUNICIPAL MANAGER**

#### **1. MUNICIPAL OVERVIEW**

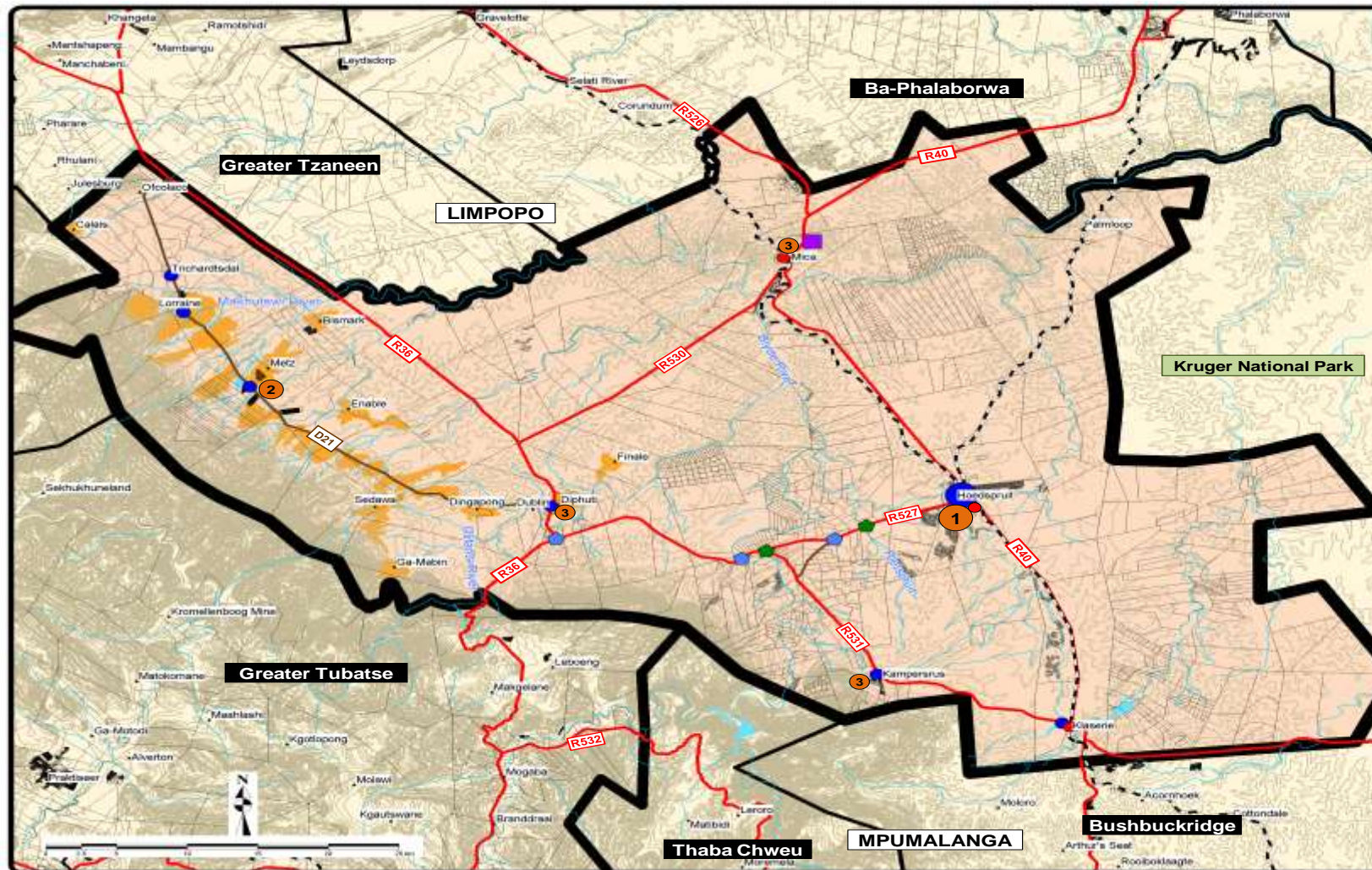
##### **1.1 LOCATION**

###### **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 3247km<sup>2</sup> and situated in the south eastern 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 2011). 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**

- 1<sup>st</sup> Order Settlement
- 2<sup>nd</sup> Order Settlement
- 3<sup>rd</sup> 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 Turkey 04 Makgaung	7 669	3 421	4 248
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
<b>Total</b>		<b>94 857</b>	<b>43 576</b>	<b>51 281</b>

#### **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 Community Survey 2016 which is based on the 2016 municipal boundaries, Maruleng municipal area had a total population of 99 605. This population constitutes 17.5% of the entire population of Mopani District. Hence, the municipal area of Maruleng is the least populous within the Mopani District (Community Survey, 2016. Table 2 depicts the growth rate of population and households sizes.

Population			Households		
Census 2001	Census 2011	Community Survey 2016	Census 2001	Census 2011	Community Survey 2016
94 383	94 857	99 605	19 668	24 470	28 777

.Source: (Stats SA)

Maruleng municipal area has recorded population growth rate of 0.5% between 2001 and 2011, however a population growth of 5 % between 2011 and 2016.

#### 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
46,027	53578	99605	18616	20610	39226 (39, 4%)

(Community Survey, 2016)

Estimated Population by Age and Gender				
Age Group	Male	Female	Total	Percentage
0-4	6039	5997	12036	12.6%
5-14	10446	10107	20553	21.6%
15-34	16525	18528	35053	36.9%
35-54	6864	10502	17366	18.3%
55-65	2 189	2 972	5161	5.4%
Over 65	1 513	3 175	4688	4.9%
<b>TOTAL</b>	<b>43576</b>	<b>51218</b>	<b>94 856</b>	

Source: (Stats SA)

Group ages between 15-34 years and 35-54 years constitutes about 56 % 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

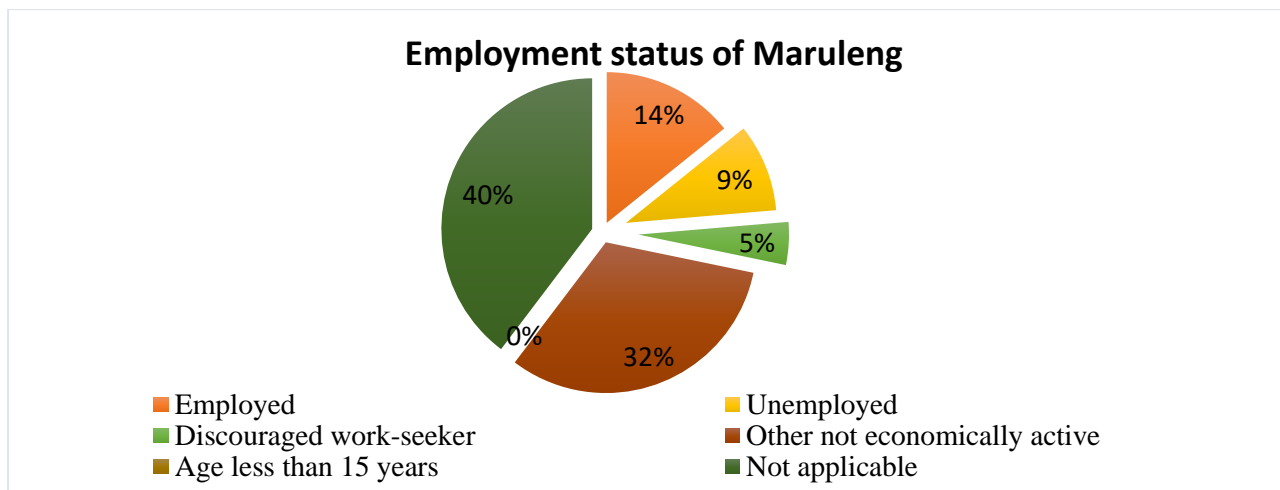


Figure 1: Employment status of the municipality (source, Stats SA Census 2011)

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.

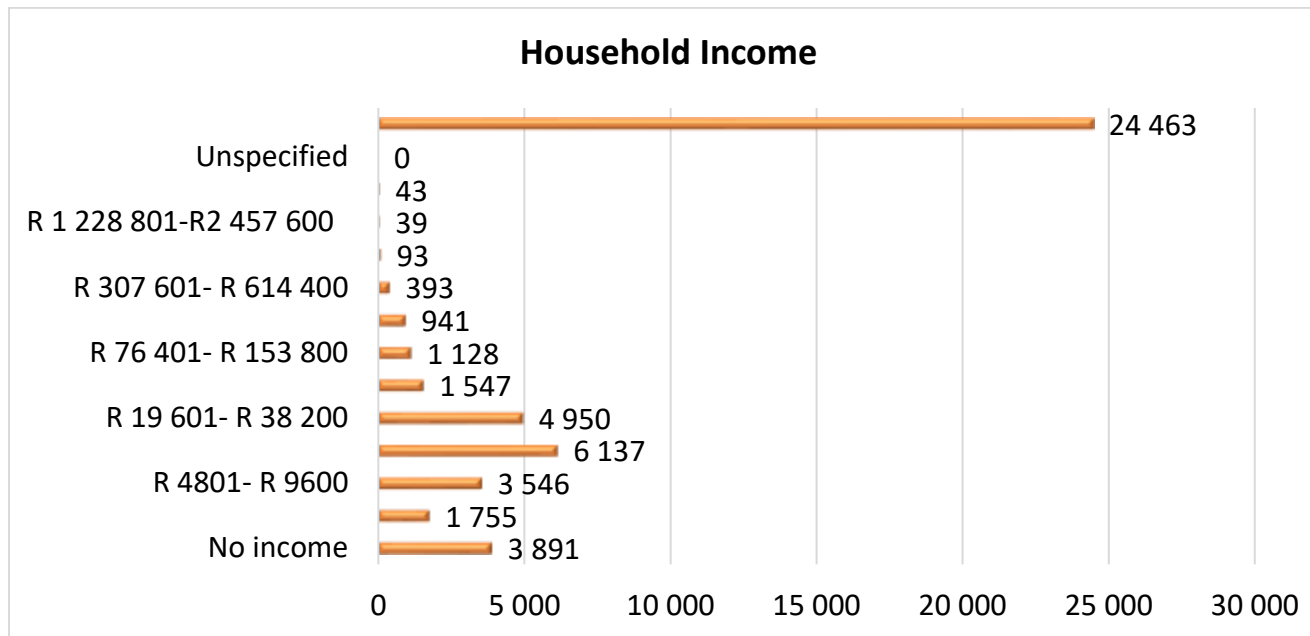


Figure 2: Household Income (Source: Statistics South Africa, Census 2011)

### Poverty Levels

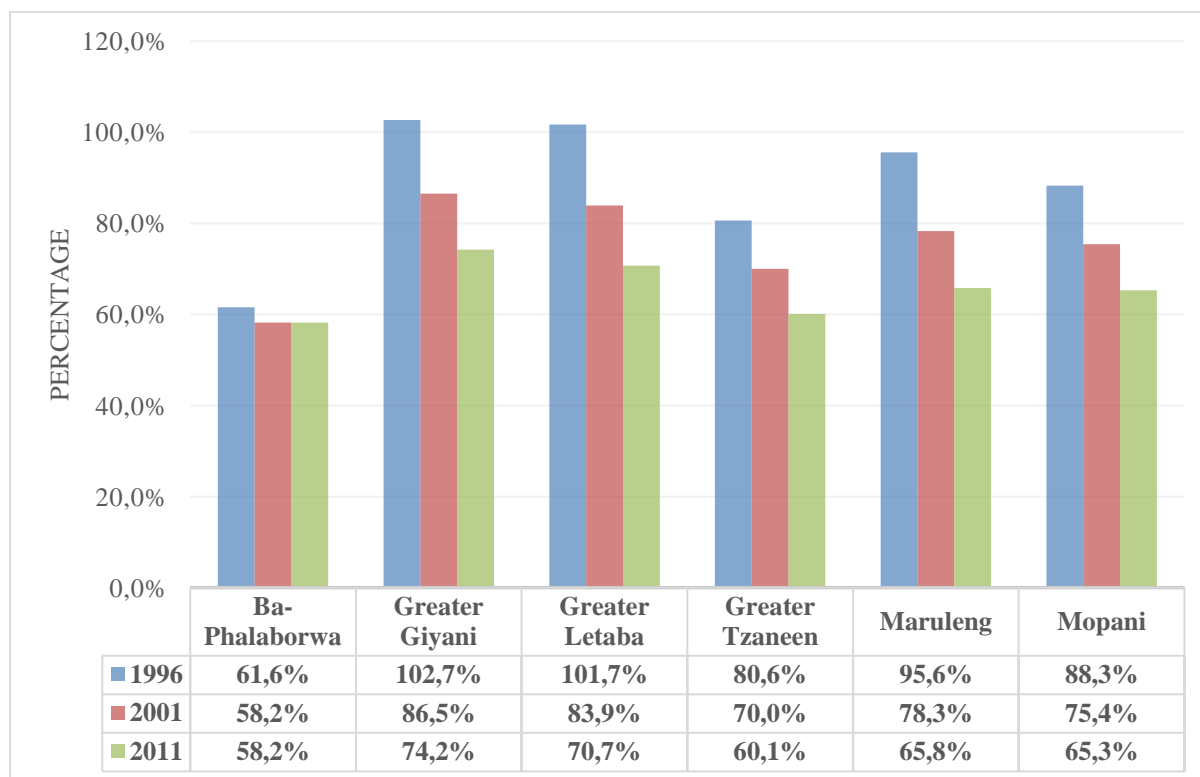
	YEAR	%
Poverty head count	2011	18.2
	2016	18.3
Intensity of poverty	2011	41.8
	2016	42.7

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 demonstrate 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

<b>Grade 0</b>	3 872	1 933	1 939
<b>Grade 1 (sub A)</b>	3 177	1 618	1 559
<b>Grade 7 (Std 5)</b>	4 279	2 186	2 093
<b>Grade 8 (Std 6 )</b>	5 867	3 035	2 832
<b>Grade 10 (Std 8)</b>	7 841	4 379	3 462
<b>Grade 12 (Std 10)</b>	9 811	3 996	5 815
<b>Diploma with Grade 12</b>	805	343	462
<b>Higher Diploma</b>	708	307	401
<b>Bachelor's Degree</b>	405	190	215
<b>Bachelor's Degree and Post Graduate Diploma</b>	176	72	104
<b>Honours</b>	211	76	135
<b>Masters and PhD Degrees</b>	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.

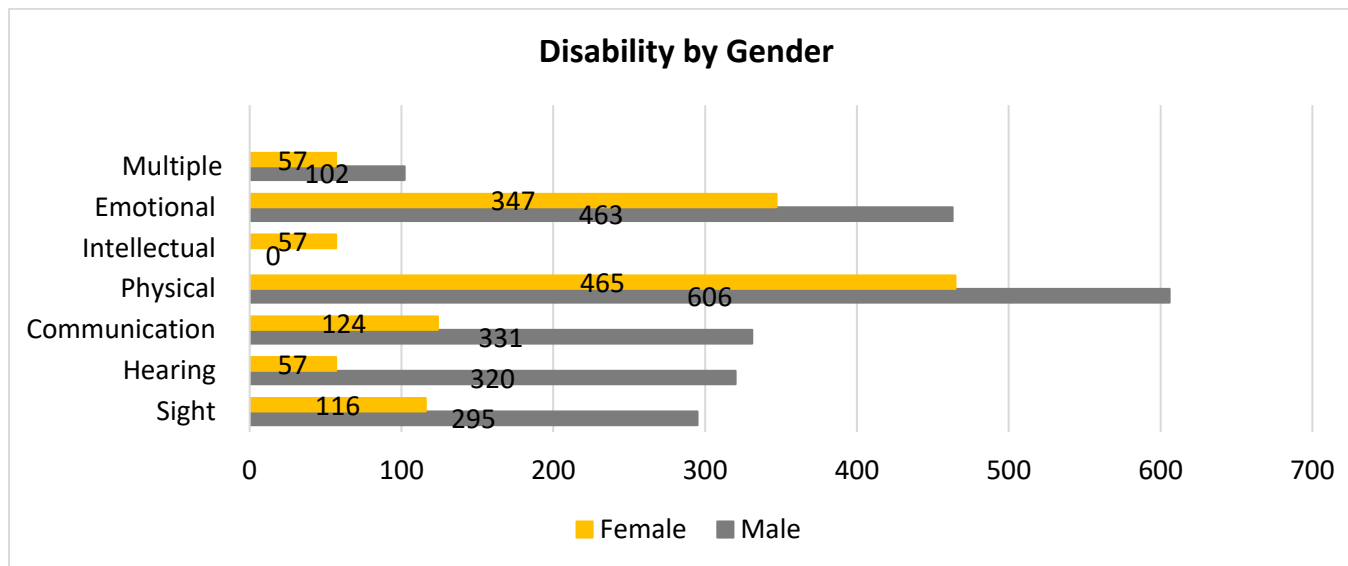


Figure 7: Disability by Gender (Stats SA; Census 2011)



## 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	ACCESS		BACKLOG	
Water	20972hh	72.9%	7806hh	27.1%
Sanitation	22983hh	78.9%	5 794hh	21.1%
Roads	387.05 km	68.72%	176.15km	31.28%
Refuse Removal	20020hh	69.6%	8757hh	30.4%
Electricity	27164hh	94.4%	1610hh	
Housing	27723hh	95.6%	1054hh	4.4%

### 1.2.1 Public Meetings

The Municipality conducted IDP public participation as per the schedule below:

DATE	VENUE	TIME
11 May 2022	The Willows Community Hall	09H00
	Hoedspruit Community Hall	18h00
12 My 2022	Finale Shinning Sports Ground	09H00
	Sedawa United Sports Ground	14H00
13 May 2022	Molalane Dipitsi Sports Ground	09H00
	Enale Community Hall	14H00
14 May 2022	Turkey 2- Dinoko Sports Ground	09H00
	Makgaung Community Hall	14H00
15 May 2022	Metz Community Hall	09H00
	Scotia	14H00
16 May 2022	Hlohlokwe Community Hall	09H00
	Khudu Sports Ground	14H00
17 May 2022	Balloon Vultures Sports Ground	09H00
	Moshate Community Hall	14H00

### 1.2.3 Financial Health Overview

For the year under review, municipal budgeted surplus was R .... And incurred an actual surplus of R -----

<b>FINAL OVERVIEW: 2022/23 SUMMARY: STATEMENT OF FINANCIAL PERFORMANCE</b>		
<b>Description</b>	<b>Budget 2022/3</b>	<b>Actual</b>
Total Revenue by Source ( Excluding Capital Transfers)	R 208, 312,529	R 208, 312,529
Capital Transfers	R 198,449,653	R 198,449,653
Total Revenue by Source ( Including Capital Transfers)	R 450,901,375	R 450,901,375
Loss: Total Expenditure	R399.632,633	R399.632,633
<b>Equals: surplus/deficit</b>	R51,268,742	R51,268,742

### 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	Vacant
Senior Manager Technical Services	Vacant
Senior Manager Corporate Services	Filled
Senior Manager Community Services	Filled
Senior Manager Spatial Planning and Economic Development	Vacant

### 1.6 Auditor –General Report

For the previous financial year (2021/22) the municipality received an unqualified audit opinion. An Action Plan is developed to address the AGSA audit findings.

## 1.7 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
2	Implementation and monitoring of approved Budget and IDP commences ( in-year financial reporting)	
3	Finalize 4 <sup>th</sup> quarter Report for the previous financial year	
4	Submit draft Annual Report including Annual Financial Statements and Performance Report to Auditor-General	August
5	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP Analysis Phase	September
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

NO.	ACTIVITY	TIMEFRAME
8	Municipalities receive and start to address the Auditor General's findings	September- October
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
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
13	Audited Annual Report is made public and representation is invited	February
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	March
16	Council table next financial Budget/IDP and invite public representation	
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	
19	Council approve next financial Budget/IDP	May
20	Make public approved Budget and IDP	June
21	Finalize SDBIP and Performance Agreements for the next financial year	
22	Make public SDBIP and Performance Agreements	July

## **CHAPTER 2: GOVERNANCE**

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

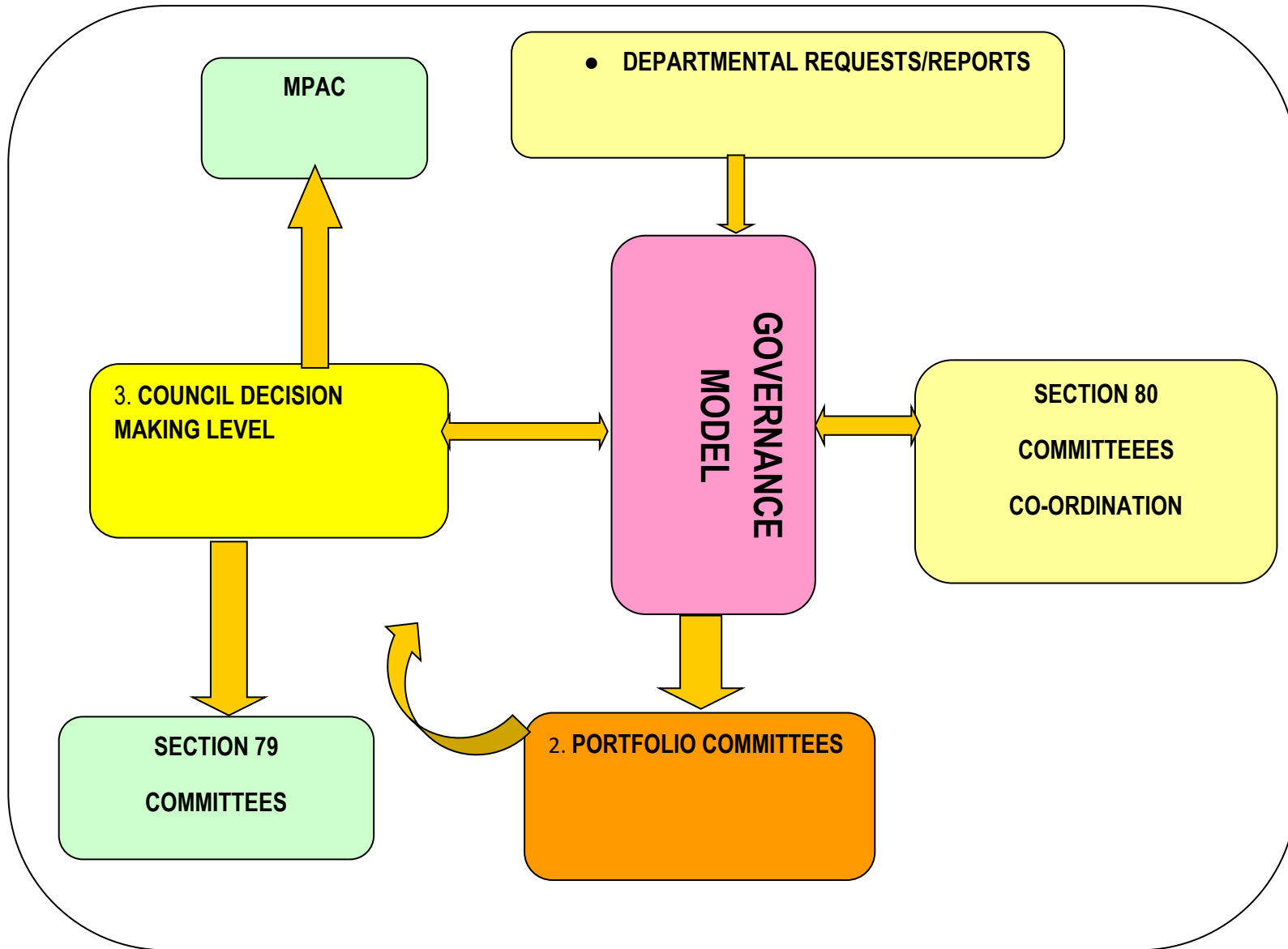
#### **2. INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

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 1<sup>st</sup> 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 councilors to ward committees;
- (e) Ensure quorum at council meetings;
- (f) Advises councilors 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 councilors in the causes; and
- (h) Collaborates on regular basis with the Council Speaker in relation to issues of discipline and conduct of councilors

**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**

	<ul style="list-style-type: none"> <li>✓ 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;</li> <li>✓ Identifies the needs of the municipality;</li> <li>✓ Review and evaluate those needs in order of priority;</li> <li>✓ Recommend strategies, programmes and services to address priority needs through the IDP and revenue estimates and expenditure;</li> <li>✓ Identify key performance indicators (KPI) which are specific to the Municipality and common to local government in general;</li> <li>✓ Evaluate progress against KPI;</li> <li>✓ 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</li> </ul>
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### 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**

<b>NO.</b>	<b>COUNCILLOR</b>	<b>GENDER</b>	<b>PARTY</b>
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. Mohlabe B	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
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### 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

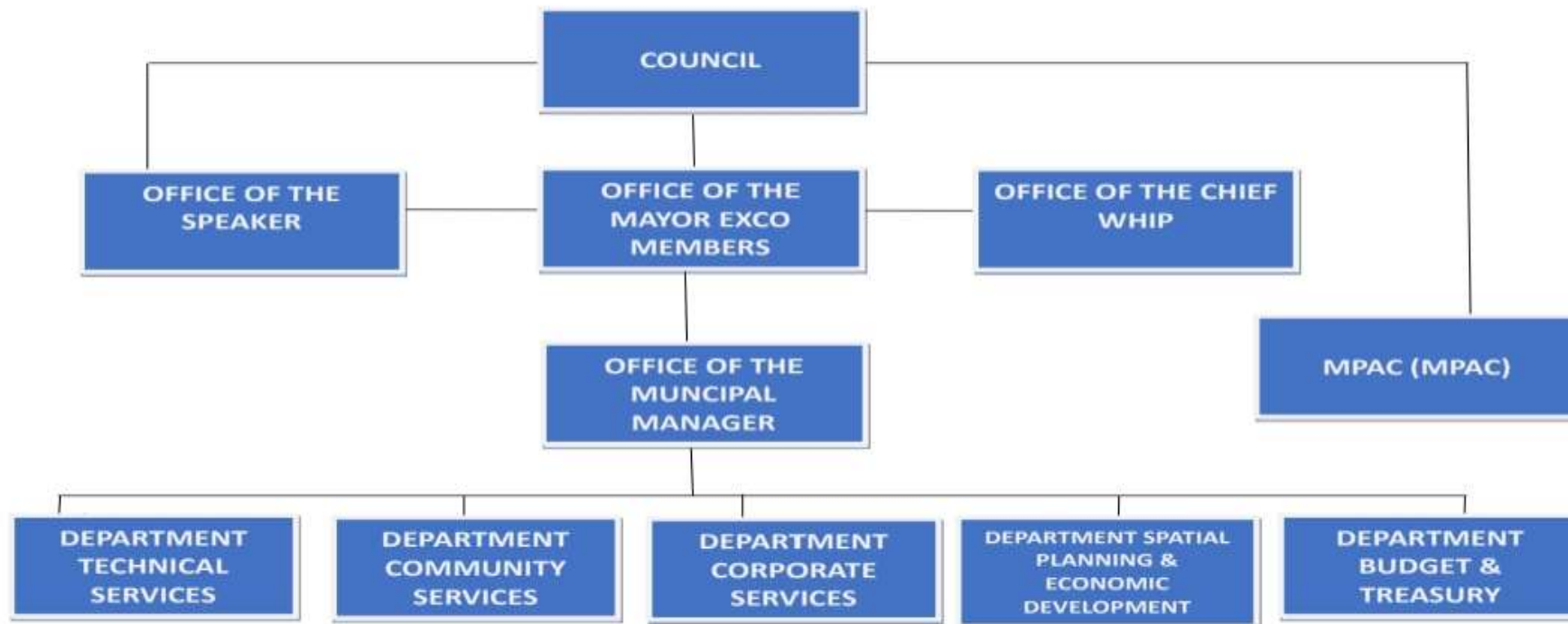
Council is effective and functional and continues to discharge its responsibilities as expected. Table below depicts number of meetings held for the period under review.

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of meetings: 2022/23	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





Only the positions of the Municipal Manager, Directors Corporate and Community Services are filled, while the positions of Director Spatial Planning and Economic Development and Chief Finance Officer will be filled in July and August of the next financial year respectively. 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 four (4) quarterly Mayoral imbizos 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 31 May 2021. The activities that transpired during Maruleng Municipal IDP review are presented in Table below:

<b>DATE</b>	<b>STRUCTURE</b>	<b>PURPOSE/ACTIVITY</b>
24/05/2021	IDP Steering Committee	Development of the Process Plan
25/05/2021	IDP Representative Forum	Presentation of Process Plan
331/05/2021	Council	Adoption of the Process Plan
22-23/01/2022	Management& Sectional Heads	Preparations of Strategic Planning Session
24-27/01/2022	Councillors, Management, Mopani District Municipality, Sector Departments, OTP, private Sector and Traditional Leaders	Strategic Planning Session
11/03/2022	IDP Steering Committee	Preparation of the Analysis Phase and strategy phase
16/03/2022	IDP Representative Forum	Presentation of the Analysis Phase and strategy phase
25/03/2022	IDP Steering Committee	Projects Phase
28/03/2022	IDP Representative Forum	Projects Phase
30/03/2022	Council	Adoption of the Draft IDP and Budget
11-17/05/2022	Community public participation meetings	Public participation on draft IDP and Budget
25/05/2022	IDP Steering Committee	Preparation of the Final IDP and Budget
26/05/2022	IDP Representative Forum	Presentation of the Final IDP and Budget
30/05/2022	Council	Adoption of the final IDP and Budget
26/06/2022	Mayor	Adopting of the SDBIP by the Mayor
30/06/2022	Senior Managers	Signing of Performance Agreements by Senior Managers

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.5 OVERVIEW OF CORPORATE GOVERNANCE**

For 2022/23 financial the following governance systems were established and are functional.

#### **2.5.1 Internal Audit**

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 2022/23.

#### **2.5.2 Risk Management**

During the 2022/2023 financial year, the Municipality implemented an enterprise-wide risk management system as required by 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"> <li>● Budget for township establishment</li> <li>● Appointment of consultants to source funding</li> <li>● Continuous engagements with land owners e.g. Public Works and Private owners</li> <li>● Development of Infrastructure Master Plan</li> <li>● Development of the Land Evasion Strategy</li> </ul>
2	Inability to deliver basic services to communities	High	<ul style="list-style-type: none"> <li>● Development of infrastructure maintenance plan</li> <li>● Appointment of panel to source funding for infrastructure backlog</li> <li>● Review of the business plans</li> </ul>
3	Inadequate financial sustainability	High	<ul style="list-style-type: none"> <li>● Implementation and monitoring of Revenue Enhancement Strategy</li> <li>● Implementation of Debt Relief Incentive Scheme</li> </ul>
4	Poor local economic development	High	<ul style="list-style-type: none"> <li>● Development of policy for attraction and retention of investors</li> <li>● Monitoring of developmental projects in Maruleng, i.e. TVET College, Mall , Police Station</li> </ul>
5	Lack of community involvement in municipal planning processes.	High	<ul style="list-style-type: none"> <li>● Review and implementation of Public Participation Strategy</li> <li>● Improving communication methods (Whatsup, Facebook, Twitter etc.)</li> </ul>
6	Unethical organizational culture	High	<ul style="list-style-type: none"> <li>● Implementation of the ethics framework.</li> <li>● Review and implementation of Consequence Management Policy.</li> </ul>
7	Ineffective and inadequate information technology infrastructure	High	<ul style="list-style-type: none"> <li>● Review of information Technology, governance documents</li> <li>● Development of help desk policy.</li> <li>● Lobbying of additional ICT funding activities/programmes</li> </ul>
8	Business Disruptions	High	<ul style="list-style-type: none"> <li>● Finalisation and implementation of business continuity plan</li> <li>● Budget for cloud back-ups.</li> </ul>
9	Unauthorised use/access to the IT systems	High	<ul style="list-style-type: none"> <li>● Deactivate of user account immediately an employee exist the system</li> <li>● Awareness on IT password</li> <li>● Training on user accounts access</li> </ul>

- |  |  |  |   |
|--|--|--|---|
|  |  |  | <ul style="list-style-type: none"><li>• Budget for the procurement of the fire wall</li></ul> |
|--|--|--|---|

### **2.5.2.1 Risk Management Committee**

The Risk Management Team 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.

### LISTED BELOW ARE COUNCIL APPROVED HUMAN RESOURCE POLICIES

Sector Plans & Strategies	Status Quo
Spatial Development Framework	Approved
LED Strategy	Approved
Housing Chapter	Approved
Integrated Transportation Plan	Under development
Integrated Waste Management Plan	Under review
Infrastructure Maintenance plan	Under development
Road Master Plan	Under development
Workplace Skills Plan	Approved
Disaster Management Plan	Approved
Public Participation Strategy	Approved
Credit control & Debt collection Policy	Approved

Property Rates Policy	Approved
Tariff Policy	Approved
EPWP Policy	Approved
Bursary Policy	Approved
By –Laws on Noise, Street & Public Nuisance	Approved
Parks and Public –Open Spaces By-laws	Approved
Budget Management Policy	Approved
Cash Management Policy	Approved
Deposits and Refunds Policy	Approved
Supply Chain Management Policy	Approved
Virement Policy	Approved
Travel and Subsistence Policy	Approved
Indigent Policy	Approved

## 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 (2021/22)	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 (2022/23)	Yes
All long term borrowings contracts (2022/23)	N/A
All supply chain management contracts above a prescribed value (give value) for 2022/23	
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 2022/22	N/A
Contracts agreed in 2022/23 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 2022/23	Yes

Access to Municipal Website

[www.maruleng.gov.za](http://www.maruleng.gov.za)

## All Municipal Oversight Committees

Below is the list of Section 79 oversight committee

<b>Community Services</b>	<b>Sports, Arts &amp; Culture</b>	<b>Administration &amp; Governance</b>	<b>Finance</b>	<b>Spatial Planning &amp; Economic Development</b>	<b>Infrastructure</b>	<b>MPAC</b>
Cllr. Shai M (Chairperson)	Cllr. Mohlabe B (Chairperson)	Cllr. Mathaba A (Chairperson)	Cllr. Mathaba A (Chairperson)	Cllr. Tshehla T (Chairperson)	Cllr. Tshehla T (Chairperson)	Cllr. Raganya S.B (Chairperson)
Cllr. Letebele P	Cllr. Shai T	Cllr. Rammala M	Cllr. Rakgoale Jeanette	Cllr. Malepe P	Cllr. Rakgoale J	Cllr. Rammala M
Cllr. Maakamela R	Cllr. Letebele T	Cllr. Mokgahla T	Cllr. Rammala M	Cllr. Rammala M	Cllr. Gerber P	Cllr. Moropane L
Cllr. Madike F	Cllr. Masete E	Cllr. Mabilo T	Cllr. Mokgahla T	Cllr. Sekgobela K	Cllr. Sekgobela K	Cllr. Diboko D
Cllr. Rakgoale J				Cllr. Shai T	Cllr. Shai T	Cllr. Mokgotho D

## 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	2022/23 backlogs	2022/23 planned interventions	Actual Performance	Comment
Water	7 808	Mametja –Sekororo RWS & upgrading of water reticulation and extension	Phase 1A: the plant 100% complete and serving Oaks & Finale village. Phase 2B the plant is at 35%, pump station at Santeng & pipeline to Sedawa	Only two villages have been reticulated
Sanitation	1 487	125	37	Poor performance by contractors

### 3.2 Roads and Storm water Overview

The municipality has the responsibility to provide the availability of 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 68.72 % and the backlog is estimated at 176.15 km. The tables below highlights the categories of roads within Maruleng Local Municipality which was either tarred or paved or unpaved for 2022-23 financial year.

No.	Road type	Km planned	Actual progress
1	Paved	5.8km	5.2km
2.	Surfaced	3.1km	3.1km
3.	Rehabilitated	3.6km	5.3km
4.	Bladed (gravel road)	176.15km	176.15km
5	Road patched	1 279 339.72 m <sup>2</sup>	4 084 371.16m <sup>2</sup>

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 Bochabelo internal street
- Paving of Willows access road
- Paving of Enable internal street
- Paving of Mashoshing internal street
- Rehabilitation of Ga- Sekororo access road
- Rehabilitation of Metz access road
- Rehabilitation of Kampersus access road
- Construction of Lorraine community hall
- Fencing of 2 x cemeteries
- Fencing of DTLC
- Fencing Turkey 3 community hall
- Restoration of municipal buildings
- Rehabilitation of Mayoral house
- Rehabilitation of Thusong service centre

### MIG EXPENDITURE

	ORIGINAL BUDGET	ADJUSTED BUDGET	EXPENDITURE
2021/22	28,150,000	41,449,653	41,449,653
2022/23	34,731,494	87,345,949	84,843,867 (98%)

### CAPITAL EXPENDITURE

	ORIGINAL BUDGET	ADJUSTED BUDGET	EXPENDITURE
2021/22	104,463,043	142,073,094	136,584,752(80%)
2022/23	149,531,494	179,966,275	156,929,007 (87%)

### MAINTENANCE EXPENDITURE

	ORIGINAL BUDGET	ADJUSTED BUDGET	EXPENDITURE
2021/22	5,000,000	4,530,000	2,219,700 (49%)
2022/23	7,500,000	7,200,000	4,744,914 (65%)

### 3. 4 Electricity

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

Basic Service	2022/23 backlogs	2022/23 planned interventions	Actual Performance	Comment
Electricity	2 303	989	Implementation stages	Delay by ESKOM in appointing contractors

### 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	% Access to Basic Housing
		(Including formal and informal settlements)
2022/2023	28 777	27723

HOUSING				
Service Objective	Service Indicator	Service Target	2022/2023	
			Target	Actual
To build 125 housing units for the approved beneficiaries	Number of housing units built for the approved beneficiaries	125 units	125 units	37 units

In the year under review COGHSTA has constructed 37 RDP standard housing which reduces housing backlog to 4.4%



### 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	2022/23 planned interventions	Actual Performance	Comment
Free Basic Electricity	1500 households	964 households	Low turn-out of indigent household during FBE application and registration
Free Basic Refuse Removal	1500 households	1100 households	The municipality will in the next financial years extend the service to the remaining indigent households

### **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

### **3.8 Environmental Education and Awareness**

It is worth nothing that that 5 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 9 participants were trained and appointed for the duration of 03 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 for the issuing of vehicle licenses. For this task the municipality retains 20% of the revenue generated from this service which does not cover its 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.

<b>Service Rendered</b>	<b>Applied</b>	<b>Tested</b>	<b>Passed</b>	<b>Failed</b>	<b>Deferred</b>	<b>Absent</b>	<b>% Passed</b>
Learners licenses	2590	2521	1844	677	0	128	73%
Drivers licenses	3538	3432	3059	373	0	105	89%

## 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 municipal 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
- More than 160 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 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 be also 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
<b>Tourism Association</b>	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 80 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 150 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 2022/2023 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 27 students with bursaries. Out of the total the awarded students 10 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
- Sekgalabjane secondary school
- Lepono secondary school.

On the 8<sup>th</sup> February 2023 the Mayor hosted a gala dinner for excellence awards for best performed schools and learners at Butswana community hall.

### **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 2 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.

### **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 under taken during the year under review:

- Launch of Disability Council
- Mayor donated 15 wheel chairs
- 45 youth with disabilities employed by a company called Skills Development PANDA



### **3.14.2 Senior Citizens**

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

### **3.14.3 Women**

Due to budgetary constraints the municipality only a Women Sports Day for the period under review.

### **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.

<b>Service Rendered</b>	<b>Number</b>
Vehicles stopped	8 605
Summons issued	1 510
Road blocks	20
Road safety campaigns conducted	6
VIP Escorts	22
Road side inspection	8640
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 .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**

- Arts and Culture Indaba
- Marula Festival Parade
- Capacity Building for Video and Films

### **3.17.2 Sports Activities**

- Mayor's Tournament
- Coordinated Maruleng Sports Federation Activities
- Indigenous Games
- Netball World Cup Trophy display
- School Sports Games
- Junior Dipapadi
- Soft Ball League

### **3.18. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)**

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

### COMPONENT H: ORGANISATIONAL PERFORMANCE

#### INTRODUCTION

The purpose of this report is to present the Annual Performance Report of Maruleng Local Municipality for the 2022/23 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 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 (KPA's)

- 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

#### CHAPTER 4. 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	4	4	100%	0	0%
Basic Services and Infrastructure Development	44	26	59.09%	18	40.91%
Local Economic Development	5	2	40%	3	60%
Financial Viability and Management	23	17	73.9%	7	26.1%
Public Participation and Good Governance	30	26	86.6%	4	13.4%
Institutional Development and Municipal Transformation	22	18	85%	4	15%
<b>TOTAL</b>	<b>128</b>	<b>93</b>	<b>72.66%</b>	<b>35</b>	<b>27.34%</b>

The overall performance recorded during the 2022/2023 FY indicates **72.66% (93 out of 128 indicators)** achievement, which is a good achievement. The municipality's 2022/2023 performance has increased by **7.96%** compared to the 2021/2022 financial year performance of **64.7% (88 out of 136)**. Challenges and action plans for the non-achievement have been outlined in the detailed organisational annual performance.

#### 4.1 PERFORMANCE HIGHLIGHTS FOR 2022/23 (STRATEGIC LEVEL- TOP LAYER SDBIP)

##### KPA 1: SPATIAL RATIONALE

**STRATEGIC OBJECTIVE: “Promote integrated human settlements and agrarian reform”**

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	Portfolio of Evidence
4.1.1	Spatial Development Framework	Ensure that planning and development is informed by the Spatial Development Framework	Number of Spatial Development Framework implemented	1	1	1	None	None	None	Achieved	Reports on the implementation of SDF
4.1.2	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 report
4.1.3	Update of LUMS (building plans)		% 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
		<b>Budget ( R )</b>			<b>OPEX</b>						<b>Invoices</b>

**KPA 2: BASIC SERVICE DELIVERY**

**STRATEGIC OBJECTIVE: “Improve community well-being through accelerated service delivery”**

**4.2 FREE BASIC SERVICES**

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	Portfolio of Evidence
4.2.1	Free Basic Electricity (NKPI)	Ensure that indigent households are provided with free basic electricity	Number of indigent households with access to free basic electricity	1100	1500	964	536	Low turn-out of indigent household during FBE application and registration	Awareness campaigns and workshops to be conducted in all wards for FBE beneficiaries in the next financial year	Not Achieved	Free Basic Electricity reports
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>718 404</b>	<b>281 596</b>				<b>Financial report</b>
4.2.2	Free Basic Refuse Removal (NKPI)	Ensure that households are provided with free basic refuse removal	Number of households with access to refuse removal	17 955	17 955	17 955	None	None	None	Achieved	Free basic refuse removal reports
		<b>Budget ( R )</b>			<b>OPEX</b>						



#### 4.2.3 LOW LEVEL BRIDGES

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	Portfolio of Evidence
4.2.3.1	Maruleng Low Level Bridges	Ensure that contractors are appointed for the construction of low-level bridges	Appointment of contractors	Designs completed	Contractors appointed	Contractors appointed	None	None	None	Achieved	Appointment letters
		<b>Budget ( R )</b>			<b>6,250,000</b>	<b>6,197,000</b>	<b>53 000</b>				

#### 4.2 4 DEVELOPMENT OF ROADS DESIGNS

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	Portfolio of Evidence
4.2.4.1	Roads Designs	To develop road designs in order to upgrade roads from gravel to pave or surface	Number of road designs developed	5	6	6	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>6,000,000</b>	<b>5,955,810</b>	<b>44,190</b>				

#### 4.2.5 ROADS CONSTRUCTIONS

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	Portfolio of Evidence
.4.2.5.1	Paving of roads	To upgrade roads from gravel to paved roads	Number of kilometres of roads paved	4.10km	5.8km	5.517 km	0.283 km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 30 September 2023	Not achieved	Certificates of completion
		<b>Budget ( R )</b>			<b>63,291,316</b>	<b>60,253,000</b>	<b>3,383,316</b>				
.4.2.5.2	Surfacing of roads	To upgrade a road from gravel to surfaced roads	Number of kilometres of roads surfaced	4.79 km	3.1km	3.084 km	0.016 km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 31 December 2023	Not achieved	Certificates of completion
		<b>Budget ( R )</b>			<b>35,825,000</b>	<b>105,936</b>					
.4.2.5.3	Rehabilitation of roads	Ensure that roads are rehabilitated	Number of kilometres of roads rehabilitated	2.067km	3.6 km	2.026 km	1.574km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 31 December 2023	Not achieved	Certificates of completion
		<b>Budget ( R )</b>			<b>29,250,000</b>	<b>26,541,089</b>	<b>2,708,911</b>				

#### 4.2.6 REFUSE REMOVAL

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	Portfolio of Evidence
4.2.6.1	Refuse removal from households to the landfill site in Worcester	Ensure the provision of refuse removal services	Number of households with basic waste removal/collection by 30/06/23	20 020	20 020	20 020	None	None	None	Achieved	Waste Management Register
4.2.6.2			Number of commercial, institutional and industrial centres with access to solid waste removal services	71	71	81	10	Increased clientele	None	Achieved	Waste Management Register
		<b>Budget ( R )</b>			<b>7,300 000</b>	<b>4 923 218</b>	<b>2 367 782</b>				

#### 4.2.7 RECREATIONAL FACILITIES

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	Portfolio of Evidence
4.2.7.1	Lorraine community hall	Ensure the construction of Lorraine community hall	% of Lorraine of community halls completed	New	100% completion	100% completion	None	None	None	Achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>8,230,000</b>	<b>8 055 611</b>	<b>174 389</b>				
4.2.7.2	Fencing of cemeteries	Ensure that cemeteries are fenced	Number of cemeteries fenced	1	2	3	1	1 additional cemetery was fenced within the budget of cemeteries	None	Achieved	Certificate of completion
4.2.7.3	Fencing of Turkey 3 community hall	Ensure that the community hall is fenced	Number of community halls fenced	New	1	1	None	None	None	Achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>2,000,000</b>	<b>1 789 497</b>	<b>210 503</b>				
4.2.7.4	Fencing of DLTC	Ensure that DLTC is fenced	Number of DLTC fenced	New	1	1	None	None	None	Achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>730, 355</b>	<b>269 645</b>				

#### 4.2.8 REPAIRS, MAINTENANCE OF ROADS AND BRIDGES AND OTHER MUNICIPAL INFRASTRUCTURES

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	Portfolio of Evidence
4.2.8.1	Maintenance of roads and bridges	Ensure appropriate maintenance of roads and bridges	Number of square meters of municipal roads and bridges maintained	1 279 339 .72 m <sup>2</sup>	1 279 339.7 2 m <sup>2</sup>	2 909 989. 51 m <sup>2</sup>	1 630 04 9.79 m <sup>2</sup>	More work done as per demand and also work done during weekends.	None	Achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>3 050,000</b>	<b>2148173</b>	<b>901 827</b>				<b>Invoices</b>
4.2.8.2	Maintenance of municipal buildings	Ensure appropriate maintenance of buildings	Number of municipal buildings maintained	13	13	10	3	Delay in the delivery of maintenance material	To order material in bulk and in advance	Not achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>500,000</b>	<b>307 934</b>	<b>192 066</b>				<b>Invoices</b>
4.2.8.3	Machines (TLB, grades & trucks)	Ensure appropriate maintenance of machines	Number of municipal machines maintained	3	3	3	None	None	None	Achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>2,000,000</b>	<b>1 535 130</b>	<b>464 830</b>				<b>Invoices</b>

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

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	Portfolio of Evidence
4.2.9.1	Maintenance of vehicles	Ensure appropriate maintenance of vehicles	Number of Vehicles maintained	14	14	28	14	More vehicles maintained as the results of demand on service delivery	None	Achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>700,000</b>	<b>600 400</b>	<b>99 660</b>				
4.2.9.2	Parks and gardens	Ensure appropriate maintenance of parks and gardens	Number of municipal parks and gardens maintained	6	6	6	0	None	None	Achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>									
4.2.9.3	Maintenance of streetlights	Ensure routine maintenance of streetlights	Number of streetlights maintained	0	148	0	148	Delay in delivery cherry picker in order to maintain streetlights	Cherry picker to be delivered in the first quarter of the next financial year	Not achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>500,000</b>	<b>85 828</b>	<b>4 141 72</b>				

#### 4.2.10 REHABILITATION AND RESTORATION OF MUNICIPAL BULDINGS INFRASTRUCTURES

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	Portfolio of Evidence
4.2.10.1	Restoration of Mayoral House	Ensure the restoration of Mayoral house	Number of Mayoral houses restored	New	1	1	None	None	None	Achieved	Certificate of Completion
		<b>Budget ( R )</b>			<b>1,500,000</b>	<b>942 371</b>	<b>557 629</b>				
4.2.10.2	Rehabilitation of Thusong Centre Services	To rehabilitate Thusong centre services	Number of Thusong centre services rehabilitated	New	1	1	None	None	None	Achieved	Certificate of Completion
		<b>Budget ( R )</b>			<b>1,500,000</b>	<b>1 500 000</b>	<b>0</b>				
4.2.10.3	Restoration of municipal building	Ensure the restoration of municipal buildings	Number of municipal buildings restored	New	1	1	None	None	None	Achieved	Certificate of Completion
		<b>Budget ( R )</b>			<b>1,000.000</b>	<b>718 452</b>	<b>281 548</b>				

### 4.3 LOCAL ECONOMIC DEVELOPMENT

STRATEGIC OBJECTIVE: "Promote local economic development"

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	Portfolio of Evidence
4.3.1	LED Programs	Ensure that LED programs are supported	Number of LED programs supported	160	160	272	112	Additional requests for LED programs support.	None	Achieved	Quarterly reports
		<b>Budget ( R )</b>									
4.3.2	EPWP	Ensure the creation of jobs through Expanded Public Works Program	Number of jobs created through EPWP initiatives	150	150	151	1	Additional appointment of 1 person based on the availability of budget	None	Achieved	Quarterly reports
		<b>Budget ( R )</b>			<b>R1 246 000</b>	<b>1 246 000</b>	<b>0</b>				



**KPA 4.4: FINANCIAL VIABILITY**

**STRATEGIC OBJECTIVE: “Sound Financial Management”**

**4.4.1 REVENUE ENHANCEMENT**

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	Portfolio of Evidence
4.4.1.1	Supplementary Valuation Roll	Ensure credible valuation roll in place by 30 June 2023	Number of supplementary valuation roll in place	1 (2021/22 valuation roll)	1	1	None	None	None	Achieved	Supplementary valuation roll
4.4.1.2	Revenue Enhance Strategy	To enhance revenue	Number of revenue enhancement strategy reviewed	1	1	1	None	None	None	Achieved	Revenue Enhance Strategy
4.4.1.3	Revenue Collection	Improved financially viability	% of revenue collected monthly	70%	80%	77%	3%	Some Farms not paying regularly	Enforcement of debt collection by the debt collector.	Not achieved	Quarterly reports
		<b>Budget ( R )</b>			<b>OPEX</b>						

#### 4.1 REVENUE ENHANCEMENT

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	Portfolio of Evidence
4.4.1.4	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
4.4.1.5	Debt coverage	Improved financially viability	% of debt coverage ratio	0%	0%	0%	None	None	None	Achieved	Financial reports
4.4.1.6	Outstanding service debtors to revenue	Improved financially viability	% outstanding service debtors to the revenue collected	44%	60%	12%	48%	Most departments did not pay their debts (Dept. Public Works owes the most debt)	Solicited the assistance from COGHSTA and Treasury after countless engagements with the affected departments.	Not achieved	Financial reports
		<b>Budget ( R )</b>			<b>OPEX</b>						

#### 4.4.2 ASSETS AND INVENTORY MANAGEMENT AND MSCOA

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	Portfolio of Evidence
4.4.2.1	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
4.4.2.2			Number of assets update schedules	Number of assets update schedule	12	12	None	None	None	Achieved	Quarterly Reports
4.4.2.3	MSCOA	Ensure that budget management is line with MSCOA	% compliance to MSCOA (uniform reporting for municipalities)	80%	100%	90%	10%	Asset modules, bank reconciliation and investment done outside of the system	Incorporation of asset modules, bank reconciliation and investment to the system in the next financial year	Not achieved	None
		<b>Budget ( R )</b>			<b>OPEX</b>						

#### 4.4.3 SUPPLY CHAIN MANAGEMENT AND MFMA REPORTS

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	Portfolio of Evidence
4.4.3.1	Supply Chain Management	To fully comply with supply chain Regulation and National Treasury guidelines on procurement processes	% compliance to SCM regulations	80%	100%	100%	None	None	None	Not achieved	Quarterly Reports
4.4.3.2			Number of complaint in-year SCM reports submitted on time to council and Treasury	12	12	12	None	None	None	Achieved	Quarterly Reports
4.4.3.3	MFMA Reports	to ensure compliance with budget and reporting regulations	Number of MFMA reports compiled and submitted	19	19	19	None	None	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>OPEX</b>						

#### 4.4.4: EXPENDITURE MANAGEMENT

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	Portfolio of Evidence
4.4.4.1	MIG Expenditure	Ensure compliance to MIG expenditure	% compliance to MIG Expenditure	100%	100%	98%	2%	Municipality received additional allocation of R51,5m during the course of the year	Forward planning	Not achieved	Financial Statements
		<b>Budget ( R )</b>			<b>76,449,652</b>	<b>74,843,867</b>	<b>1,605,785</b>				
4.4.4.2	Personnel Expenditure	Improved management of municipal grants expenditure on personnel	% of personnel budget spent	74%	100%	99.5%	0.5%	Critical vacant positions	Recruitment on critical positions such Director Technical Services, Manager SCM, Communication Officer etc.	Not achieved	Financial Statements
		<b>Budget ( R )</b>			<b>102,236,000</b>	<b>98 603 168</b>	<b>3 632 832</b>				

#### 4.4.4: EXPENDITURE MANAGEMENT

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	Portfolio of Evidence
4.4.4.3	Maintenance Expenditure	Improved allocation of maintenance budget	% of maintenance budget spent	49%	100%	65%	35%	Lack of fixed maintenance plan and maintenance on ad-hoc basis	Draft fixed maintenance plan developed and to be adopted by council in the next financial year	Not achieved	Financial Statements
		<b>Budget ( R )</b>			<b>7,250,000</b>	<b>4,744,914</b>	<b>2,505,086</b>				
4.4.4.4	Capital Expenditure	Improved expenditure on capital budget	% of capital budget spent	80%	100%	87%	13%	Municipality received additional allocation of R51,5m during the course of the year	Forward planning	Not achieved	Financial Statements
		<b>Budget ( R )</b>			<b>179,966,275</b>	<b>156,929,007</b>	<b>23,037,268</b>				

**KPA4. 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**STRATEGIC OBJECTIVE: “Build capable institution and administration”**

**4.5.1: EXTERNAL AUDITING**

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	Portfolio of Evidence
4.5.1.1	External Auditing	Ensure improved audit opinion	Improved audit opinion	Unqualified audit opinion	Clean audit opinion	Unqualified audit opinion	Clean audit opinion	Misstatements on AFS	Intensify review process on AFS	Achieved	Clean audit opinion
4.5.1.2			% compliance to AG Audit Action Plan (external auditing)	100%	100%					Not achieved	Quarterly Reports
4.5.1.3	External Auditing	To improve municipal internal controls and systems	% of A-G queries resolved	90%	100%					Not achieved	Quarterly Reports
4.5.1.4			Submit AG Action Plan to Council by 31 January	Submitted AG Action Plan on the 25 January 2022	Submit AG Action Plan to Council by 31 January	Submitted AG Action Plan on the 25 January 2023	None	None	None	Achieved	AG Action Plan
		<b>Budget ( R )</b>			<b>5,800,000</b>	<b>5 746 501</b>	<b>53 499</b>				

#### 4.5.2 INTERNAL AUDITING

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	Portfolio of Evidence
4.5.2.1	Internal Auditing	To promote good governance	Number quarterly internal audit reports with recommendations	4	4	4	None	None	None	Achieved	Quarterly Reports
4.5.2.2			Number PMS audits conducted	4	4	4	None	None	None	Achieved	Quarterly Reports
4.5.2.3			Number of audit committee meetings held	4	4	9	5	5 Special meetings held	None	Achieved	Quarterly Reports
4.5.2.4			% of audit performance committee resolutions implemented	100%	100%	70%	30%	Resolution register updated upon each meeting	Continuous monitoring of resolutions by management	Not achieved	Quarterly Reports
			<b>BUDGET ( R)</b>		<b>850 000</b>	<b>920 904</b>	<b>-70 904</b>				



### 5.3 RISK MANAGEMENT

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	Portfolio of Evidence
5.3.1	Risk Management	To promote good governance	% implementation of identified risks mitigations	100%	100%	46%	54%	Some of the risks mitigations measures have been carried over to the 2023/24 FY due to budget constraints.	Continuous monitoring of implementation of risks mitigating measures	Not achieved	Quarterly Reports
5.3.2			Number of institutional risk management committee meetings held	3	4	5	1	1 special meeting held	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>OPEX</b>						

### 5.3 RISK MANAGEMENT

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	Portfolio of Evidence
5.3.3	Risk Management	To promote good governance	Number of Annual strategic risks plan reviewed	1	1	1	None	None	None	Achieved	Risk Reports
5.3.4			Number of risk assessments conducted	2	1	1	None	None	None	Achieved	
		<b>Budget ( R )</b>			<b>OPEX</b>						

### 5.4 MPAC

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	Portfolio of Evidence
5.4.1	MPAC	Ensure effective oversight on municipal council activities	% of MPAC resolutions implemented	100%	100%	100%	None	None	None	Achieved	None
5.4.2			Number of MPAC meetings held	5	4	19	15	15 special meetings held	None	Achieved	None
		<b>Budget ( R )</b>			<b>300,000</b>	<b>161 534</b>	<b>138 466</b>				

### PROJECTS 5.5: COUNCIL FUNCTION AND SUPPORT

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	Portfolio of Evidence
5.5.1	Council Function and Support	Ensure effective oversight on municipal council activities	Number of council sittings supported	8	4	16	12	12 special meetings held	None	Achieved	Quarterly Reports
5.5.2			Number of EXCO meetings held	7	12	17	5	5 special meetings held	None	Achieved	Quarterly Reports
5.5.3			Number of portfolio committee meetings held	16	16	47	31	31 special meetings held	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>OPEX</b>						
5.5.4	Communication Strategy	Ensure effective and efficient communication	Number of Communication strategies reviewed and implemented	1	1	1	None	None	None	Achieved	Communication Strategy

		<b>Budget ( R )</b>			<b>60,000</b>	<b>29 800</b>	<b>30 200</b>				
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**5.6: PUBLIC PARTICIPATION**

**STRATEGIC OBJECTIVE: "Putting people first"**

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	Portfolio of Evidence
5.6.1	Public Participation	To promote community participation and accountability	Number of public participation meetings (imbizos) held	4	4	14	10	10 public participation engagements in different wards for Draft IDP, budget and PMS 2023/24	None	Achieved	Quarterly Reports
5.6.2			Number of community feedback meetings held	49	56	75	19	Ward councillors held additional feedback meetings	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>976 978</b>	<b>23 022</b>				
5.6.3	Complaints Management	To promote accountability	% of complaints resolved	100%	100%	100%	None	None	None	Achieved	Complaints Management Register

## 5.6: PUBLIC PARTICIPATION

STRATEGIC OBJECTIVE: "Putting people first"

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	Portfolio of Evidence
5.6.4	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
5.6.5			Number of monthly ward committees reports submitted	168	168	168	None	None	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>3 620 000</b>	<b>3 438 878</b>	<b>181 122</b>				

## 5.7: DISASTER RISK MANAGEMENT

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	Portfolio of Evidence
5.7.1	Disaster Risk Management awareness campaigns	Ensure appropriate response to disaster management	Number of disaster risk management awareness campaigns held	8	4	12	8	Additional awareness campaigns due to emergence cases on fires and drownings	None	Achieved	Quarterly Reports
5.7.2	Disaster Risk Management relief		% of disasters affected households supported with relief measures	100%	100%	100%	None	None	None	Achieved	Quarterly Reports
5.7.3	Disaster Risk Management Plan	Ensure that DRM reviewed in order to appropriate response to disaster management	Number of DRM plans reviewed	Draft DRM Plan	1	1	None	None	None	Achieved	Council Resolution
		<b>Budget ( R )</b>			<b>700,000</b>	<b>283 900</b>	<b>416 100</b>				

**KPA 6: MUNICIPAL TRANSFORMATION AND ORGANIZATION DEVELOPMENT**

**STRATEGIC OBJECTIVE: “Build capable institutions and administration”**

**6.1 IDP REVIEWS**

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	Portfolio of Evidence
6.1.1	IDP Review	Ensure that IDP/Budget are done within the legislated framework	IDP/Budget approved by Council by 31 May 2023	IDP/Budget approved by Council on the 29 May 2022	IDP/Budget approved by Council by 31 May 2023	IDP /Budget approved by council on the 28 May 2023	None	None	None	Achieved	Council Resolution
		<b>Budget ( R )</b>			<b>200,000</b>	<b>174 123</b>	<b>25 877</b>				
6.1.2	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
		<b>Budget ( R )</b>			<b>550,000</b>	<b>467 399</b>	<b>82 601</b>				

**6.2: PERFORMANCE MANAGEMENT SYSTEM**

Project Number	Project Name	Measurable Objectives	Performance Indicator	2021/22 Baseline	2022/23 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	Verified Actual Performance	Portfolio of Evidence
6.2.1	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	3	3	Positions of CFO, Directors SPED and Technical Services vacant	CFO appointed and will report for duty effective 1/8/23 Director SPED appointed and will report for duty effective 1/07/23 while position of Director Technical Services under litigation processes.	Not achieved	Performance Agreements
6.2.2			Number of formal assessments conducted (S54 & 56)	1	1	0	1	None availability of Managers to be assessed	Assessment to be conducted by the 31 October 2023	Not achieved	Assessment Reports
6.2.3	PMS	Promote institutional accountability and compliance to PMS framework	Number of other officials other than S 56 managers formally assessed	33	170	183	13	More employees were appointed than initial targeted	None	Achieved	Assessments reports
6.2.4			Number of in-year performance management reports submitted to Council	4	4	4	None	None	None	Achieved	Quarterly Reports



6.2.5			Number of Annual and oversight reports adopted within stipulated timeframes	1	1	1	None	None	None	Achieved	Council Resolution
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### 6.3: WORKPLACE SKILLS PLAN

Project Number	Project Name	Measurable Objectives	Performance Indicator	2021/22 Baseline	2022/23 Target	Actual Performance	Variance	Reasons for variance	Corrective Measures	Verified Actual Performance	Portfolio of Evidence
6.3.1	Workplace Skills Plan	Ensure capacitated work force	Number of employees and councillors capacitated in line with work skills plan	70	45	50	5	Urgent training needs emerged during the year under review	None	Achieved	Training Reports
6.3.2			Amount actual spent (1% of the salary budget of the municipality) in implementing workplace skills plan (NKPI)	479 998	2000 000	913,364	1,086,636	Service provider appointed and awaiting finalization and signing of service level agreement	Trainings to resume in the next financial year.	Not achieved	Financial Report
6.3.3		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)	2(Senior Technician & PMU Manager)	None	None	None	Achieved	Quarterly Reports

6.3.4		Strengthen the effectiveness and efficient of municipal minimum competency requirements	Number of municipal personnel with financial minimum competency requirements	7	9	15	6	More employees trained than targeted	None	Achieved	Training Reports
		<b>Budget ( R )</b>			<b>2,000,000</b>	<b>703 152</b>	<b>1 296 848</b>				

**6.4 EMPLOYMENT EQUITY**

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	Portfolio of Evidence
6.4.1	Employment Equity (NKPI)	Ensure that people from equity target group are appointed in the municipality	Number of staff component with disability	5	5	5	None	None	None	Achieved	EE Reports
6.4.2			Number of people from employment equity target group employed in the three highest levels of the municipality	2	2	5	3	Appointment of 3 females in the three highest levels of the municipality	None	Achieved	EE Reports
		<b>BUDGET (R )</b>			<b>OPEX</b>						

**6.5 PAY ROLL AND OVERTIME MANAGEMENT**

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	Portfolio of Evidence
6.5.1	Pay Roll Management	Maximize efficiency of payroll management	% accuracy on payroll information	100%	100%	100%	None	None	None	Achieved	Payroll Report
		<b>Budget ( R )</b>			<b>102,236,000</b>	<b>98 603 168</b>	<b>3 632 832</b>				
6.5.2	HR Management (Overtime Management)	Ensure compliance of overtime regulation	% compliance to overtime regulations	100%	100%	100%	None	None	None	Achieved	Overtime Report
		<b>Budget ( R )</b>			<b>3,216 000</b>	<b>4 618 222</b>	<b>-1401622</b>				

## 6.6 LEGAL SERVICES AND LOCAL LABOUR FORUM

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	Portfolio of Evidence
6.6.1	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
		<b>Budget ( R )</b>			<b>6,300,000</b>	<b>7,397,799.11</b>	<b>-1,097,799.11</b>				
6.6.2	Local Labour Forum	Ensure sound labour practice	Number of Local Forum Meetings held	4	4	9	5	5 special forums held	None	Achieved	Quarterly Reports
		<b>Budget ( R )</b>			<b>OPEX</b>						

## 6.7 POLICY AND BY-LAWS DEVELOPMENT AND REVIEWS

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	Portfolio of Evidence
6.7.1	Policy development, by-laws and reviews	To ensure implementation of law-enforcement	Number of by-laws developed/ reviewed	2 (rates & building regulations)	2	0	2	By-laws developed but not promulgated	To be promulgated in the next financial year	Not achieved	Policy and by-law Register
6.7.2			Number of by-laws promulgated	1	1	0	1	By-laws were adopted by council but not yet promulgated	By-laws to be promulgated in the next financial year	Not achieved	Policy and by-law Register
6.7.3	Policies	Providing and improving compliance to municipal regulatory environment	Number of policies developed/ reviewed	57	57	70	13	Need arises during the course of the year for the development of additional policies	None	Achieved	Policy and by-law Register
6.7.4	Policy workshop	To ensure that policy workshop is held	Number of policy workshops held	1	1	1	None	None	None	Achieved	Invitations and Attendance Register
		<b>Budget ( R )</b>			<b>300,000</b>	<b>84 103.89</b>	<b>215 896.11</b>				

**DIVISIONAL PERFORMANCE HIGHLIGHTS (SDBIP LOWER LAYER)**

**KPA 1: SPATIAL RATIONALE**

<b>Project Number</b>	<b>Project Name</b>	<b>Measurable Objectives</b>	<b>Performance Indicator</b>	<b>2021/22 Baseline</b>	<b>2022/23 Target</b>	<b>Actual Performance</b>	<b>Variance</b>	<b>Reasons for variance</b>	<b>Measures taken to improve performance</b>	<b>Verified Actual Performance</b>	<b>Portfolio of Evidence</b>
7.1	Update of GIS	Ensure that GIS is updated	Number of GIS update conducted	40	40	40	None	None	None	Achieved	GIS Quarterly Reports
		<b>BUDGET ( R )</b>			<b>OPEX</b>						



**KPA 2: BASIC SERVICE DELIVERY**

**8.1 PAVING OF ROADS**

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	Portfolio of Evidence
8.1.1	Bochabelo internal street	To upgrade a road from gravel to paved	Number of kilometres of Bochabelo internal road paved	Designs	1.5km	1.705km	0.205km	More work was done than anticipated	None	Achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>15,000,000</b>	<b>13,231,834</b>	<b>1,768,166</b>				
8.1.2	Willows access road	To upgrade a road from gravel to paved road	Number of kilometres of Willows access road paved	0.9km	2.6km	2.028 km	0.572km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 30 September 2023	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>20,601,658</b>	<b>20,063,231</b>	<b>538,447</b>				
8.1.3	Enable internal street	To upgrade a road from gravel to paved road	Number of kilometres of Enable internal street paved	Designs	1.7 km	1.224km	0.456km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 30 September 2023	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>17,689,658</b>	<b>16,459,002</b>	<b>1,230,656</b>				
8.1.4	Mashoshing internal street	To upgrade a road from gravel to paved road	Number of kilometres of road bed Mashoshing internal street paved	Designs	1 km	0.56km	0.44km	Projects delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 30 September 2023	Not achieved	Progress report
		<b>Budget ( R )</b>			<b>10,000,000</b>	<b>10,498,938</b>	<b>-498,938</b>				

## 8.2 SURFACING OF ROADS

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	Portfolio of Evidence
8.2.1	Mabins cross access road	To upgrade a road from gravel to surfaced road	Number of kilometres of Mabins access road surfaced	1.3 km	1.8km	2.4km	0.6km	The contractor did more work than targeted as this road is a multi-year road	None	Achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>16,825,000</b>	<b>13,758,258</b>	<b>3,066,742</b>				
8.2.2	Sofaya-Mahlomelong road	To upgrade a road from gravel to surfaced road	Number of kilometres of Sofaya to Mahlomelong access road surfaced	Contractor appointed	1.3km	0.684km	0.616km	Project delayed due to heavy rains and some layer works damaged in the process.	Project to be completed by 30 September 2023 after commitment made by the contractor	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>19,000,000</b>	<b>18,172,678</b>	<b>827,322</b>				

### 8.3 REHABILITATION OF ROADS

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	Portfolio of Evidence
8.3.1	Ga-Sekororo access road	To rehabilitate a road	Number of kilometres of Ga-Sekororo access road rehabilitated	Contractor appointed	1.3 km	1.066km	0.234km	Project delayed due to heavy rains and some layer works damaged in the process.	Project to be completed by 30 September 2023 after commitment made by the contractor	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>10,250,000</b>	<b>10,465,857</b>	<b>-215,857</b>				
8.3.2	Metz access road	To rehabilitate a road	Number of kilometres of Metz access road rehabilitated	New	1.3 km	0.78km	0.52km	Project delayed due to heavy rains and some layer works damaged in the process.	Projects to be completed by 31 December 2023	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>9,000,000</b>	<b>9,308,017</b>	<b>-308.017</b>				
8.3.3	Kampersrus access road	To rehabilitate a road	Number of kilometres of Kampersrus access road rehabilitated	2km	1 km	0.180 km	0.82km	Delay due to the removal of some indigenous trees needs permission from Department of Environment	Projects to be completed by 31 December 2023 as the Department of Environment has granted permission for the removal of those trees.	Not achieved	Certificate of completion
		<b>Budget ( R )</b>			<b>10,000,000</b>	<b>6,767,215</b>	<b>3,227,785</b>				

### 8.4 ROADS DESIGNS

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	Portfolio of Evidence
8.4.1	Lorraine-Bellville access road	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>977,882</b>	<b>22,118</b>				
8.4.2	Madeira access road	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>993,947</b>	<b>6,053</b>				
8.4.3	Molalane access road	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>1,000,000</b>	<b>0.00</b>				

### 8.4 ROADS DESIGNS

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	Portfolio of Evidence
8.4.4	Balloon internal street	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>1,000,000</b>	<b>0.00</b>				
8.4.5	Makgaung access road	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>983,752</b>	<b>16,248</b>				
8.4.6	Sedawa access road	To develop designs in order to upgrade a road from gravel to pave	Designs developed	New	Designs developed	Designs developed	None	None	None	Achieved	Designs
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>1,000,000</b>	<b>0.00</b>				

### 8.5 REPAIRS, MAINTENANCE OF ROADS AND BRIDGES AND OTHER MUNICIPAL INFRASTRUCTURES

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	Portfolio of Evidence
8.5.1	Electrical assets	Ensure the maintenance of municipal electrical assets	Number of electrical assets maintained	300	300	64	11	No need for maintenance on 11 electrical assets	None	Not achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>300,000</b>	<b>0</b>	<b>300 000</b>				
8.5.2	Speed machine	Ensure the maintenance of speed machines	Number of speed machines maintained	2	2	2	None	None	None	Achieved	Quarterly Maintenance reports
		<b>Budget ( R )</b>			<b>50,000</b>	<b>19 082.82</b>	<b>30 917.15</b>				

## 8.6 OFFICE EQUIPMENTS

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	Portfolio of Evidence
8.6.1	IT Equipments	To purchase lap tops	Number of IT equipments purchased	50 laptops	50 laptops	0	50 laptops	None responsive bids	Bids corrected and re-advertised and lap tops to be purchased by 31 July 2023	Not achieved	Delivery note and invoice
		<b>Budget ( R )</b>			<b>1,000,000</b>	<b>80 879</b>	<b>919,121</b>				
8.6.2	Office Furniture	To purchase office furniture	Number of office furniture purchased	20 tables and 70 chairs	65 High back chairs, 14 Boardroom chairs and 600 chairs for 3 community halls	0	65 High back chairs, 14 Boardroom chairs and 600 chairs for 3 community halls	No urgent need identified	None	Not achieved	Delivery note and invoice
		<b>Budget</b>			<b>1,000,000</b>	27 090	972 910				
8.6.3	Air conditioners	Purchasing of air conditioners	Number of air conditioners purchased	30	5	5	0	None	None	Achieved	Delivery note and invoice
		<b>Budget ( R )</b>			<b>250,000</b>	<b>25 500</b>	<b>224 500</b>				
8.6.4	Office equipment	Office equipment purchasing office equipment	Number of office equipment purchased	0	5	0	5	No urgent need identified	None	Not achieved	Delivery note and invoice
		<b>Budget ( R )</b>			<b>650,000</b>	<b>0</b>	<b>650 000</b>				
8.6.5	Vehicles	Ensure that vehicles are purchased	Number of vehicles purchase	14	1 (cherry picker)	0	1 (cherry picker)	Delay in the delivery of the cherry picker by the service provider	Cherry Picker to be delivered by 30 September 2023	Not achieved	Delivery note and invoice
		<b>Budget ( R )</b>			<b>3,550,000</b>	<b>2 796 178</b>	<b>753 822</b>				

## 9. LOCAL ECONOMIC DEVELOPMENT

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	Portfolio of Evidence
9.1	K2C support	Ensure that K2C programs are supported	Number of K2C programs supported	2	4	3	1	Clash of activities of the municipality and K2C meetings	Alignment of LED of the municipality and K2C annual plan	Not achieved	Quarterly reports
		<b>Budget ( R )</b>			<b>140,000</b>	<b>25 000</b>	<b>115 000</b>				
9.2	LED Forums	Ensure that LED forums are coordinated	Number of LED forums coordinated	4	4	3	1	None availability of stakeholders	Development of LED forums calendar in the next financial year	Not achieved	Quarterly reports
		<b>Budget ( R )</b>									
9.3	Agricultural forum	Ensure that agricultural forums are coordinated	Number of Agricultural forums coordinated	New	4	4	None	None	None	Achieved	Quarterly reports
		<b>Budget ( R )</b>			<b>OPEX</b>						



10. FINANCIAL VIABILITY

10. BUDGET AND REPORTING

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	Portfolio of Evidence
.10.1	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
10.2			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
10.3			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
			<b>BUDGET ( R )</b>		<b>OPEX</b>						

**10. BUDGET AND REPORTING**

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	Portfolio of Evidence
.10.3	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
10.4			Number of annual performance reports submitted to A-G within the prescribed timeframes	1	1	1	None	None	None	Achieved	APR
10.5			Number of Adjustment Budget reports submitted to Council in terms of S28	1	1	1	None	None	None	Achieved	Adjusted Budget
10.6	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
			<b>BUDGET ( R )</b>		<b>OPEX</b>						

**11. KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**11. OTHER COUNCIL ACTIVITIES**

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	Portfolio of Evidence
.11.1	Mayoral Bursary Fund	Provide requisite support to needy learners	Number of learners supported	4	4	11	7	Additional 7 students from indigent households were funded	None	Achieved	Quarterly Reports
			<b>BUDGET ( R )</b>		<b>750,000</b>	<b>496,066.95</b>	<b>253,933.05</b>				
11.2	Licensing and administration	Monitor and oversee implementation of daily Licensing	% monitoring of daily licensing	100%	100%	100%	None	None	None	Achieved	Quarterly Reports
11.3	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
11.4	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
			<b>BUDGET ( R )</b>		<b>OPEX</b>						

**12. MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT**

**ANNUAL REPORT**

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
.12.1	Annual Report	Submission of Annual Performance Report within prescribed timeframe	Number of annual performance reports submitted to A-G within the prescribed timeframes	1	1	1	None	None	None	Achieved	APR
			<b>BUDGET ( R )</b>		<b>OPEX</b>						

**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
.12.2	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
			<b>BUDGET ( R )</b>		<b>300,000</b>	<b>66,090</b>	<b>233,910</b>				

#### 4.8 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
KMT security & events management	Provision of security services for a period of three years	30/11/2020	In progress	R49,972,790.84	Good
Anaka Group(Pty)Ltd	Leasing of Photocopier Machines for a period of three(3) years	26/11/2021	In progress	R2,969,065.78	Good
Mahindra& Mahindra (Pty) Ltd	Supply and delivery of two bakkies	29/062021	Completed	R335,524.00	Good
Shumba Inc.	Provision of internal audit services	15/12/2020	In progress	R1,339,219.20	Good
Mootlwane Investment	Supply and delivery of road and maintenance material	27/06/2021	In progress	R85,450.00	Good
Fidelity Cash Solutions (Pty) Ltd	Appointment for Cash in transit Services for a Period of one Year	26/10/2021	In progress	R414,496.00	Good
Sempro Consulting	Compilation and review of MSCOA, GRAP, ASSET register	16/07/2021	In progress	R6,250,000.00	Good
Koth property consultants	Compilation and maintenance of general valuation roll	14/09/2021	In progress	R1,180,000.00	Good
Silky hills (Pty) Ltd	Supply and delivery of laptops	29/10/2021	Completed	R275,548.75	Good
Mampudi Holdings (Pty) Ltd	Provision of electronic performance system	29/10/2021	In progress	R3,295,026.07	Good

Nthopa Trading Enterprise	Construction of Scotia graveyard	14/09/2021	In Progress	R553,395.00	Good
Mcobela Trading Enterprise	Supply and delivery of skip bins	11/11/2021	Completed	R1,483,500.00	Good
White hall Trading	Supply and delivery of diaries	11/07/2021	completed	R67,976.50	Good
Silky hill (Pty) Ltd	Supply and delivery of printers	14/12/2021	Completed	R196,510.96	Good
BRC ALU work	Rehabilitation of licensing building	21/02/2022	completed	R160,000.00	Good
White hall Trading	Supply and delivery for protective clothing for traffic	21/02/2022	Completed	R64,424.15	Good
Maronikie trading	Supply and delivery of furniture	21/02/2022	Completed	R128,726.10	Good
Semodi Trading	Installation of high mast light	17/02/2021	Completed	R1,727,673.98	Good
Barloworld		01/12/2021	Completed	R1,141,140.76	Good
Merafe Holding	Refuse truck/ waste truck	21/06/2021	Completed	R2,215,604.37	Good
Techni Piano development	Provision of land audit services	11/09/2020	Completed	1,185,600.00	Good
Sekwai construction	Restoration of municipal building	13/06/2019	Completed	1,890,544.80	Good
Nthopa Trading	Restoration of municipal building	27/05/2021	Completed	198,400.00	Good
Zerbacraft JV lance Management service	Balloon access road	20/06/2018	completed	R45,009,570.74	Good
Martmol trading	Bismarck access road	30/01/2020	completed	R18,543,472.90	Good
CorpMD	Financial statements				

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

<b>Name of Service Provider</b>	<b>Service Rendered</b>	<b>Appointment Date</b>	<b>Project Status</b>	<b>Tender Amount</b>	<b>Performance Remarks</b>
Daily Double	Waste removal	21.12.2020	Daily waste collection (continuous)	R12,002,163.20	Good
Mopani District Municipality	Water provisioning	01.01.2010	Daily provision of water	Maruleng municipality collects on behalf of Mopani District Municipality	Fair

**4.9 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.



#### 4.9 COMPARISON OF 2021/22 AND 2022/23 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 2021/2022 and 2022/2023.

#### A SUMMARY OF COMPARISON OF ANNUAL PERFORMANCE FOR 2021/22 AND 2022/23 FINANCIAL YEARS RESPECTIVELY

No:	KEY PERFORMANCE AREA	2021/22 FINANCIAL YEAR			2022/23 FINANCIAL YEAR		
		NO.TARGETS	ACHIEVED	NOT ACHIEVED	NO.TARGETS	ACHIEVED	NOT ACHIEVED
1	Spatial Rationale	4	4	0	4	4	0
2	Basic Service Delivery And Infrastructure Development	49	22	27	44	28	16
3	Local Economic Development	7	5	2	5	2	3
4	Financial Viability	20	14	6	23	16	7
5	Good Governance And Public Participation	32	26	6	30	26	4
6	Municipal Transformation And Organization Development	24	17	7	22	18	4
7	<b>Total</b>	<b>136</b>	<b>88</b>	<b>48</b>	<b>128</b>	<b>95</b>	<b>33</b>
		<b>64.7%</b>			<b>74.2%</b>		

The overall performance recorded during the 2022/2023 FY indicates **74.2% (95 out of 128 indicators)** achievement, which is a good achievement. The municipality's 2022/2023 performance has increased by **9.5%** compared to the 2021/2022 financial year performance of **64.7% (88 out of 136)**. 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 far much better in the year under review compared to the previous financial year
- Local Economic development performance regressed in 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

**However, in the year under review the municipality performed better (74.2%) when compared to the previous year (64.7%) which represents an increment of 9.5%.**

## 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 others 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 2022/23 Financial Year

For the period under review the municipality had 267 positions as per the approved organisational structure. 191 filled which amounts to 71.5 % and 67 vacant which represents 28.5 %. 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	16	9	7
Corporate Services	54	42	12
Budget and Treasury	32	23	9
Community Services	93	58	35
Technical Services	58	48	10
Spatial Planning and Economic Development	14	11	3
<b>TOTAL</b>	267	191	76

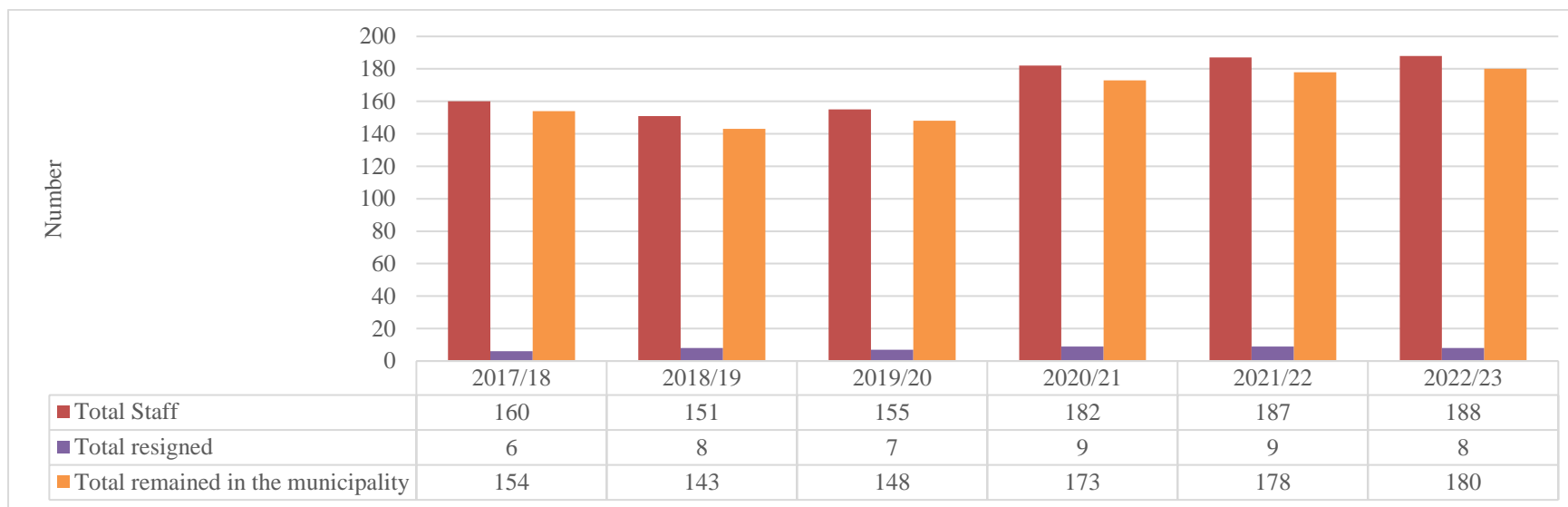
*MLM Staff compliment*

Financial Year	Approved Posts	Filled	Vacant	Vacancy rate %
2018/19	205	155	50	24.39%
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%

Source: MLM Organizational Structure

The vacancy rate within MLM clearly indicates that the municipality will have the capacity at 71.5% 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 2019/20 and 2020/21 but declined in 2021/22 and 2022/23. In this regard, the municipality is able to retain its institutional memory but it must not allow complacency to creep in as that may lead to the capacity compromised.

## 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	1				1						2
Professional Qualified and Experienced Specialists and Mid-Management	10				10					1	21
Skilled Technical and Academically Qualified Workers, Junior Management , Supervisors, Foreman and Superintendents	32				32						64
Semi-Skilled and Discretionary Decision Making	27				20						47
Unskilled and Defined Decision Making	31				25						56
Total Permanent	101				89					1	191
Temporary Employees	26				44						70
<b>Grand Total</b>	<b>127</b>				<b>133</b>					<b>1</b>	<b>261</b>

### 5.2. 3 Workforce Expenditure

Category of employees	Total Expenditure	% of expenditure
S54 & 56 Managers	3 243 900,00	0,04
Other Employees	83 970 925,00	0,96
Total employee expenditure	87 214 825,00	

#### Senior Managers

Designation	Annual Remuneration	Travel Allowance & other Allowance	Performance Bonus	Payments in lieu of leave	Contributions to UIF, Medical aid	Total Package
Municipal Manager	640 469,00	21 623,00	-	-	7 635,00	669727
Chief Finance Officer	229 452,00	4 041,00	-	26 036,00	3 262,00	262 791,00
Director Technical Services			-	-	-	-
Director Community Services	588 241,00	11 940,00	-	134 640,00	99 758,00	834 579,00
Director Corporate Services	666 012,00	212 187,00	-	-	10 327,00	888 526,00
Director Spatial Development and Planning	314 352,00	23 725,00	-	147 463,00	102 737,00	588 277,00



## Councillors

Designation	Annual Remuneration
Mayor	927 910,00
Speaker	747 954,00
Executive Committee Members	2 407 090,00
Councillors (Part Time)	6 762 466,00
Councillors (Full Time)	411 799,00
Total	11 257 219,00

### 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
Supply Chain Management	22	Trainers@work	TETA Funding	completed
MFMP	25	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
Financial officials	19	13
Accounting Officer	1	1
Chief Finance Officer	1	1
Senior Managers & Managers	3	2
Supply chain management	3	3
<b>TOTAL</b>	<b>27</b>	<b>20</b>

**5.5 INJURIES, SICKNESS AND SUSPENSION**

ITEM	2022/23 Report
Injuries	06
Sick Leaves taken	51
Suspension	0

**5.6 PERFORMANCE REWARDS**

An assessment for officials other than S56 managers was conducted for 2021/22 financial year and performance bonuses paid to 143 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 409 958 578** in 2022/23 when compared to **R 345 897 548** in 2021/22. This marked an increase of **R64, 061,030 (15.6%)** when compared to the 2021/22 financial year. The municipal revenue is categorized into internal and external sources. The internal sources of revenue contributed **R 173 095 356** which is 43.5% of the total revenue while external sources contributed 56.5% of the total revenue at **R231 843 867 i.e. R157 000 000** (operational revenue) and **R74 843 867** (capital revenue).

Total expenditure for the 2022/23 stood at **R 250 540 432 which** illustrate an increase of **R39 321 952 (15.69%)** when compared to **R211 227 480** in 2021/22. The distribution of expenditure is **R87 345 949 (34.8%)** for employee's related costs, **R62, 679 856 (25%)** on general cost while councillors' remuneration stood at **R11 257 219 (4.49%) expenditure stood at 88,**. The overall expenditure led to a surplus of **R154 081 910** comparison to a surplus of **R133 099 208** in 2021/22 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

<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		
	<b>R</b>	<b>R</b>
	<b>2023</b>	<b>2022</b>
Service Charges	4,923,210	4,366,866
Rental of facilities and equipment	431,214	244,875
Interest received (trading)	770,923	314,354
Agency services	2,966,300	2,862,159
Licenses and permits	2,860,584	2,237,168
Reversal of impairment of assets	16,934	-
Other revenue	4,712,359	3,240,344
Interest received- investment	8,336,552	4,409,385
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>R</b>	<b>R</b>
Property rates	126,525,469	117,420,415
Donation of assets	7,357,196	18,561,629
Fines, penalties and forfeits	1,062,500	320,916
Gains from fair valuing of assets	-	1,735,954
Interest on receivable	13,151,462	13,756,078
<b>Transfer Revenue</b>		
Government grants and subsidies	231,843,867	176,427,405
<b>Total revenue from non-exchange transactions</b>	<b>379,940,494</b>	<b>328,222,397</b>
<b>Total revenue</b>	<b>404,958,578</b>	<b>345,897,548</b>

## EXPENDITURE

	R	R
	2023	2022
Employee related costs	87, 345,949	78, 733,180
Remuneration of councillors	11,257,219	11,097,327
Depreciation and amortisation	27, 732,170	24, 227,529
Finance costs	2,002,589	1,020,945
Debt impairment	25, 643,156	20, 575,432
Bad debts written off	-	530,067
Contracted services	33,979,479	27,360,166
General	62, 679,856	47, 360,834
<b>Total Expenditure</b>	<b>250,540,423</b>	<b>211,227,480</b>
<b>Operating surplus</b>	<b>154,318,155</b>	<b>134,670,068</b>
Loss on disposal of assets and liabilities	1, 518,583	580,396
Fair value adjustments	344,884	-
Actuarial gains/losses	937,436	982,464
	<b>236,245</b>	1, 570,860
<b>Surplus for the year</b>	<b>R 154,081,910</b>	<b>R 133,099,208</b>

**GRANTS**

<b>Details</b>	<b>Dora Allocation 2022/23</b>	<b>Funds Withheld</b>	<b>Received this year</b>	<b>Additional Funding</b>	<b>Expenditure</b>
Municipal Equitable Shares	157,000,000	-	157,000,000		
Municipal Finance Management Grant	1,850,000	-	1,850,000		
Municipal Infrastructure Grant	34,731,494	-	74,843,867	40,112,373	
Expanded Public Works Program	1,246,000	-	1,246,000		
<b>Total Received</b>	<b>191,731,494</b>		<b>231,843,867</b>		

**SIGNED BY:**

**HOAEANE N.S**  
**MUNICIPAL MANAGER**

**31 JANUARY 2024**

## **6. 3 ANNUAL FINANCIAL STATEMENTS**

**MARULENG LOCAL MUNICIPALITY**  
(Registration number LIM 335)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## General Information

<b>Legal form of entity</b>	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)
<b>Nature of business and principal activities</b>	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 B Mohlabe (Exco Member) - resigned 31 December 2022 Cllr MT Tshethla (Exco Member) Cllr MT Mathaba (Exco Member) Cllr MA Mathaba (Exco Member) Cllr MM Komane (Exco Member) Cllr MS Monashane Cllr TJ Mokgahla Cllr SP Letebele 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 MR Maakamela Cllr BE Masete Cllr TI Shai Cllr PW Gerber Cllr JT Morema Cllr PS Malepe Cllr MMS Rammala Cllr DI Mathole
<b>Accounting Officer</b>	NS Hoaeane (Appointed 01 November 2022)
<b>Chief Finance Officer (CFO)</b>	MF Sekgobela (Acting until 31 July 2023) TH Sebelebele (Appointed 01 August 2023)
<b>Registered office</b>	Maruleng Municipal Offices 65 Springbok Street Hoedspruit 1380
<b>Business address</b>	65 Springbok Street Hoedspruit 1380

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

**Postal address**

PO Box 627

Hoedspruit

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## General Information

**Auditors**

Auditor General of SA (AGSA)

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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Index

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

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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Index

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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
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
MBRR	Municipal Budget and Reporting Regulations
MIG	Management Infrastructure Grant
SARS	South African Revenue Services
BCEA	Basic Conditions of Employment Act
ASB	Accounting Standards Board
WIP	Work in Progress
Dept	Department
EPWP	Expanded Public Works Programme
MEC	Member of 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 2023

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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**Accounting Officer**  
**NS Hoaeane**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Audit Committee Report

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

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### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 11 meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
TC Modipane CA(SA) (Chairperson)	11
JM Mabuza	11
MP Ramutsheli	11
FJ Mudau	11
MJ Rabalao	11

### 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 III 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.

### 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 2023

## Audit Committee Report

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Chairperson of the Audit Committee

Date:

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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

~~The accounting officer submits her report for the year ended 30 June 2023.~~

---

### 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 154,081,910 (2022: surplus R 132,731,685).

### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 1,093,034,764 and that the municipality's total assets exceed its liabilities by R 1,093,034,764.

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.

### 3. Subsequent events

The Chief Financial Officer Mr TH Sebelebele was appointed on 01 August 2023.

### 4. Accounting Officers' interest in contracts

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

### 5. Accounting policies

The impact on the results of the municipality in adopting the above policies is reflected in note - to the annual financial statements.

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

### 6. Corporate governance

#### General

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 ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Report

---

### ~~Corporate governance (continued)~~

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#### 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.

#### 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 SA (AGSA) will continue in office for the next financial period.

**Accounting Officer**  
**NS Hoesane**

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	11	120,956	149,103
Receivables from exchange transactions	12	1,446,222	1,729,672
Receivables from non-exchange transactions	13	38,271,448	31,328,684
VAT receivable	14	23,645,100	17,954,585
Other receivables	10	1,885,214	2,346,124
Cash and cash equivalents	15	150,718,638	154,748,530
		<b>216,087,578</b>	<b>208,256,698</b>
<b>Non-Current Assets</b>			
Investment property	3	10,480,838	10,135,954
Property, plant and equipment	4	949,950,206	802,048,179
Intangible assets	5	90,611	114,278
Heritage assets	6	372,500	372,500
		<b>960,894,155</b>	<b>812,670,911</b>
<b>Total Assets</b>		<b>1,176,981,733</b>	<b>1,020,927,609</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	16	823,064	666,919
Payables from exchange transactions	7	60,314,397	48,029,486
Trade and other payables from non-exchange transactions	8	4,414,086	5,614,166
Employee benefit obligation	9	794,000	750,000
Unspent conditional grants and receipts	17	1,605,785	15,081,652
		<b>67,951,332</b>	<b>70,142,223</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	16	428,964	1,206,540
Employee benefit obligation	9	11,140,000	10,626,000
Provisions	18	4,426,673	-
		<b>15,995,637</b>	<b>11,832,540</b>
<b>Total Liabilities</b>		<b>83,946,969</b>	<b>81,974,763</b>
<b>Net Assets</b>		<b>1,093,034,764</b>	<b>938,952,846</b>
Accumulated surplus		1,093,034,764	938,952,846
<b>Total Net Assets</b>		<b>1,093,034,764</b>	<b>938,952,846</b>

\* See Note 44

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
<del>Service charges</del>	<del>20</del>	<del>4,923,218</del>	<del>4,366,866</del>
Rental of facilities and equipment		431,214	244,875
Interest received (trading)		770,923	314,354
Agency services	21	2,966,300	2,862,159
Licences and permits	22	2,860,584	2,237,168
Reversal of impairment of assets		16,934	-
Other revenue	26	4,712,359	3,240,344
Interest received - investment	27	8,336,552	4,409,385
<b>Total revenue from exchange transactions</b>		<b>25,018,084</b>	<b>17,675,151</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	28	126,525,469	117,420,415
Donation of assets	23	7,357,196	18,561,629
Fines, penalties and forfeits	24	1,062,500	320,916
Gains from fair-valuing of assets		-	1,735,954
Interest on receivables	25	13,151,462	13,756,078
<b>Transfer revenue</b>			
Government grants & subsidies	29	231,843,867	176,427,405
<b>Total revenue from non-exchange transactions</b>		<b>379,940,494</b>	<b>328,222,397</b>
<b>Total revenue</b>	19	<b>404,958,578</b>	<b>345,897,548</b>
<b>Expenditure</b>			
Employee related costs	30	(87,345,949)	(78,733,180)
Remuneration of councillors	31	(11,257,219)	(11,097,327)
Depreciation and amortisation	32	(27,732,170)	(24,227,529)
Finance costs	33	(2,002,589)	(1,020,945)
Debt Impairment	35	(25,643,166)	(20,575,432)
Bad debts written off		-	(539,067)
Contracted services	37	(33,979,474)	(27,360,166)
General Expenses	36	(62,679,856)	(47,673,834)
<b>Total expenditure</b>		<b>(250,640,423)</b>	<b>(211,227,480)</b>
<b>Operating surplus</b>		<b>154,318,155</b>	<b>134,670,068</b>
Loss on disposal of assets and liabilities		(1,518,565)	(588,396)
Fair value adjustments	39	344,884	-
Actuarial gains/losses	9	937,436	(982,464)
		<b>(236,245)</b>	<b>(1,570,860)</b>
<b>Surplus for the year</b>		<b>154,081,910</b>	<b>133,099,208</b>

\* See Note 44



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	807,971,409	807,971,409
Adjustments		
Prior year adjustments	(2,117,771)	(2,117,771)
<b>Balance at 01 July 2021 as restated*</b>	<b>805,853,638</b>	<b>805,853,638</b>
Changes in net assets		
Surplus for the year	133,099,208	133,099,208
Total changes	133,099,208	133,099,208
<b>Restated* Balance at 01 July 2022</b>	<b>938,952,854</b>	<b>938,952,854</b>
Changes in net assets		
Surplus for the year	154,081,910	154,081,910
Total changes	154,081,910	154,081,910
<b>Balance at 30 June 2023</b>	<b>1,093,034,764</b>	<b>1,093,034,764</b>

Note(s)

\* See Note 44

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates and services charges		118,757,907	132,118,830
Grants		218,368,000	192,037,209
Interest income		8,336,552	18,693,817
Other receipts		5,056,281	6,102,503
		350,518,740	348,952,359
<b>Payments</b>			
Employee costs		(97,712,921)	(88,087,564)
Suppliers		(90,154,394)	(66,982,983)
Finance costs		(29)	-
		(187,867,344)	(155,070,547)
<b>Net cash flows from operating activities</b>	38	<b>162,651,396</b>	<b>193,881,812</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(165,901,579)	(161,910,508)
<b>Cash flows from financing activities</b>			
Finance lease payments		(779,709)	(1,120,873)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(4,029,892)</b>	<b>30,850,431</b>
Cash and cash equivalents at the beginning of the year		154,748,530	123,898,099
<b>Cash and cash equivalents at the end of the year</b>	15	<b>150,718,638</b>	<b>154,748,530</b>

The accounting policies on pages 23 to 50 and the notes on page 51 form an integral part of the annual financial statements.

\* See Note 44

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges - refuse removal	4,775,000	125,000	<b>4,900,000</b>	4,923,218	<b>23,218</b>	
Rental of facilities and equipment	445,000	-	<b>445,000</b>	431,214	<b>(13,786)</b>	
Interest received (trading)	-	-	-	770,923	<b>770,923</b>	
Agency services	13,380,000	-	<b>13,380,000</b>	2,966,300	<b>(10,413,700)</b>	A
Licences and permits	2,515,000	-	<b>2,515,000</b>	2,860,584	<b>345,584</b>	B
Reversal of impairment of assets	-	-	-	16,934	<b>16,934</b>	
Other revenue	4,061,000	(369,000)	<b>3,692,000</b>	4,712,359	<b>1,020,359</b>	C
Interest received - investment	4,500,000	2,000,000	<b>6,500,000</b>	8,336,552	<b>1,836,552</b>	D
<b>Total revenue from exchange transactions</b>	<b>29,676,000</b>	<b>1,756,000</b>	<b>31,432,000</b>	<b>25,018,084</b>	<b>(6,413,916)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	125,556,000	-	<b>125,556,000</b>	126,525,469	<b>969,469</b>	E
Licences and Permits (Non-exchange)	-	-	-	7,357,196	<b>7,357,196</b>	
Traffic fines	690,000	-	<b>690,000</b>	1,062,500	<b>372,500</b>	
Interest - outstanding debtors	13,563,000	-	<b>13,563,000</b>	13,151,462	<b>(411,538)</b>	
<b>Transfer revenue</b>						
Government grants & subsidies	187,170,000	46,280,000	<b>233,450,000</b>	231,843,867	<b>(1,606,133)</b>	
<b>Total revenue from non-exchange transactions</b>	<b>326,979,000</b>	<b>46,280,000</b>	<b>373,259,000</b>	<b>379,940,494</b>	<b>6,681,494</b>	
<b>Total revenue</b>	<b>356,655,000</b>	<b>48,036,000</b>	<b>404,691,000</b>	<b>404,958,578</b>	<b>267,578</b>	
<b>Expenditure</b>						
Employee related costs	(93,566,000)	3,515,000	<b>(90,051,000)</b>	(87,345,949)	<b>2,705,051</b>	
Remuneration of councillors	(11,492,000)	(693,000)	<b>(12,185,000)</b>	(11,257,219)	<b>927,781</b>	
Depreciation and amortisation	(32,750,000)	2,000,000	<b>(30,750,000)</b>	(27,732,170)	<b>3,017,830</b>	G
Finance costs	(850,000)	-	<b>(850,000)</b>	(2,002,589)	<b>(1,152,589)</b>	I
Debt Impairment	(23,400,000)	-	<b>(23,400,000)</b>	(25,643,166)	<b>(2,243,166)</b>	H
Bulk purchases	(1,500,000)	500,000	<b>(1,000,000)</b>	-	<b>1,000,000</b>	J
Contracted Services	(43,660,000)	(5,960,000)	<b>(49,620,000)</b>	(33,979,474)	<b>15,640,526</b>	K
General Expenses	(58,666,000)	(4,413,000)	<b>(63,079,000)</b>	(62,679,856)	<b>399,144</b>	
<b>Total expenditure</b>	<b>(265,884,000)</b>	<b>(5,051,000)</b>	<b>(270,935,000)</b>	<b>(250,640,423)</b>	<b>20,294,577</b>	
<b>Operating surplus</b>	<b>90,771,000</b>	<b>42,985,000</b>	<b>133,756,000</b>	<b>154,318,155</b>	<b>20,562,155</b>	

## MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

Loss on disposal of assets and liabilities	(550,000)	-	(550,000)	(1,518,565)	(968,565)	L
Fair value adjustments	-	-	-	344,884	344,884	
Actuarial gains/losses	-	-	-	937,436	937,436	
	(550,000)	-	(550,000)	(236,245)	313,755	
<b>Surplus before taxation</b>	<b>90,221,000</b>	<b>42,985,000</b>	<b>133,206,000</b>	<b>154,081,910</b>	<b>20,875,910</b>	

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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>90,221,000</b>	<b>42,985,000</b>	<b>133,206,000</b>	<b>154,081,910</b>	<b>20,875,910</b>	

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	695,000	10,850,000	<b>11,545,000</b>	120,956	<b>(11,424,044)</b>	M
Receivables from exchange transactions	27,807,000	-	<b>27,807,000</b>	1,446,222	<b>(26,360,778)</b>	N
Receivables from non-exchange transactions	72,030,000	126,000	<b>72,156,000</b>	38,271,448	<b>(33,884,552)</b>	O
VAT receivable	-	-	-	23,645,100	<b>23,645,100</b>	P
Other receivables	-	-	-	1,885,214	<b>1,885,214</b>	Q
Cash and cash equivalents	119,672,000	124,461,000	<b>244,133,000</b>	150,718,638	<b>(93,414,362)</b>	R
	<b>220,204,000</b>	<b>135,437,000</b>	<b>355,641,000</b>	<b>216,087,578</b>	<b>(139,553,422)</b>	

##### Non-Current Assets

Investment property	9,500,000	-	<b>9,500,000</b>	10,480,838	<b>980,838</b>	
Property, plant and equipment	909,040,000	39,893,000	<b>948,933,000</b>	949,950,206	<b>1,017,206</b>	S
Intangible assets	1,514,000	-	<b>1,514,000</b>	90,611	<b>(1,423,389)</b>	T
Heritage assets	382,000	-	<b>382,000</b>	372,500	<b>(9,500)</b>	
	<b>920,436,000</b>	<b>39,893,000</b>	<b>960,329,000</b>	<b>960,894,155</b>	<b>565,155</b>	
<b>Total Assets</b>	<b>1,140,640,000</b>	<b>175,330,000</b>	<b>1,315,970,000</b>	<b>1,176,981,733</b>	<b>(138,988,267)</b>	

#### Liabilities

##### Current Liabilities

Finance lease obligation	1,032,000	-	<b>1,032,000</b>	823,064	<b>(208,936)</b>	U
Payables from exchange transactions	151,977,000	55,894,000	<b>207,871,000</b>	60,314,411	<b>(147,556,589)</b>	V
Trade and other payables from non-exchange transactions	4,525,000	-	<b>4,525,000</b>	4,414,086	<b>(110,914)</b>	W
Employee benefit obligation	-	-	-	794,000	<b>794,000</b>	
Unspent conditional grants and receipts	-	-	-	1,605,785	<b>1,605,785</b>	X
Provisions	10,068,000	-	<b>10,068,000</b>	-	<b>(10,068,000)</b>	Y
	<b>167,602,000</b>	<b>55,894,000</b>	<b>223,496,000</b>	<b>67,951,346</b>	<b>(155,544,654)</b>	

##### Non-Current Liabilities

Finance lease obligation	1,148,000	-	<b>1,148,000</b>	428,964	<b>(719,036)</b>	
Employee benefit obligation	15,678,000	-	<b>15,678,000</b>	11,140,000	<b>(4,538,000)</b>	Z
Provisions	-	-	-	4,426,673	<b>4,426,673</b>	
	<b>16,826,000</b>	-	<b>16,826,000</b>	<b>15,995,637</b>	<b>(830,363)</b>	
<b>Total Liabilities</b>	<b>184,428,000</b>	<b>55,894,000</b>	<b>240,322,000</b>	<b>83,946,983</b>	<b>(156,375,017)</b>	

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>	<b>956,212,000</b>	<b>119,436,000</b>	<b>1,075,648,000</b>	<b>1,093,034,750</b>	<b>17,386,750</b>	

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Net Assets

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

### Reserves

Accumulated surplus	956,212,000	119,436,000	<b>1,075,648,000</b>	1,093,034,764	<b>17,386,764</b>	
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# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Cash Flow Statement

#### Cash flows from operating activities

##### Receipts

Property rates	95,994,000	-	<b>95,994,000</b>	82,606,775	<b>(13,387,225)</b>	AA
Service charges	13,506,000	-	<b>13,506,000</b>	3,877,725	<b>(9,628,275)</b>	AB
Other revenue	20,919,000	(368,000)	<b>20,551,000</b>	6,060,110	<b>(14,490,890)</b>	AC
Interest income	4,500,000	2,000,000	<b>6,500,000</b>	5,816,532	<b>(683,468)</b>	AD
Transfers and subsidies	188,416,000	46,280,000	<b>234,696,000</b>	218,484,500	<b>(16,211,500)</b>	AE
	<b>323,335,000</b>	<b>47,912,000</b>	<b>371,247,000</b>	<b>316,845,642</b>	<b>(54,401,358)</b>	

##### Payments

Suppliers and employee costs	(243,800,000)	6,100,000	<b>(237,700,000)</b>	(149,779,891)	<b>87,920,109</b>	AF
Finance costs	(960,000)	-	<b>(960,000)</b>	-	<b>960,000</b>	
	<b>(244,760,000)</b>	<b>6,100,000</b>	<b>(238,660,000)</b>	<b>(149,779,891)</b>	<b>88,880,109</b>	

<b>Net cash flows from operating activities</b>	<b>78,575,000</b>	<b>54,012,000</b>	<b>132,587,000</b>	<b>167,065,751</b>	<b>34,478,751</b>	
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#### Cash flows from investing activities

Purchase of property, plant and equipment	(142,073,000)	-	<b>(142,073,000)</b>	(102,786,456)	<b>39,286,544</b>	AG
Proceeds from sale of property, plant and equipment	(550,000)	-	<b>(550,000)</b>	-	<b>550,000</b>	
<b>Net cash flows from investing activities</b>	<b>(142,623,000)</b>	<b>-</b>	<b>(142,623,000)</b>	<b>(102,786,456)</b>	<b>39,836,544</b>	

#### Cash flows from financing activities

Consumer debtors	25,000	-	<b>25,000</b>	-	<b>(25,000)</b>	
Repayment of borrowing	(950,000)	-	<b>(950,000)</b>	(597,777)	<b>352,223</b>	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Net increase/(decrease) in cash and cash equivalents	(64,048,000)	54,012,000	<b>(10,036,000)</b>	64,279,295	<b>74,315,295</b>	
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Cash and cash equivalents at the beginning of the year	194,469,000	-	<b>194,469,000</b>	154,748,530	<b>(39,720,470)</b>	
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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash and cash equivalents at the end of the year</b>	<b>130,421,000</b>	<b>54,012,000</b>	<b>184,433,000</b>	<b>219,027,825</b>	<b>34,594,825</b>	

### Reconciliation

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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Material differences between budget and actual amount

#### Statement of financial performance

##### A. Agency services

The revenue and expenditure budgets for agencies are reflected on separate line items. 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 at the post office.

##### B. Licence and permits

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

##### C. Other revenue

The increase is attributable to a boom in various township developments.

##### D. Interest earned - external investments

The municipality made deposits into the investment account and as a result there was an increase in interest earned. The interest rates were too low as compared to what we have budgeted for due to the withdrawals and deposit on the investment account.

#### Revenue from non- exchange transactions

##### E. Property rates

The accumulated 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.

##### F. Actuarial gains

The effect of the changes on the medical aid assumption has unexpected increases in the subsidies and unpredicted movements in the membership profile

#### Expenses

##### G. Depreciation, amortisation and impairment of assets

Projects which were previously in WIP and were not depreciated are transferred into additions in the current year. Hence the increase in depreciation.

##### H. Debt impairment

Improvements in the collection of outstanding debts owed by consumers has seen a decrease in the amount of debtors eligible for impairment.

##### I. Finance Costs

The increase is attributable to increase in the amount paid to the lessor.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### J. Bulk purchases

The municipality did not incur any expenditure relating to bulk purchases.

### K. 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, the municipality made savings on some of the line items.

### L. Loss on disposal of assets and liabilities

The municipality disposed some of the assets on FAR for 2021/22 financial year, the budget for that item was not estimated.

## Statement of financial position

### M. Inventories

The under expenditure is attributable to the transferring of inventories purchases for water and sanitation transactions to the Mopani District Municipality Loan Account.

### N. Receivables from exchange transactions

The reduction in net debtors is as a result in the decrease in provision for impairment. The lower impairment is as a result of improved revenue collection.

### O. Receivables from non - exchange transactions

The reduction in net debtors is as a result in the decrease in provision for impairment. The lower impairment is as a result of improved revenue collection.

### P. VAT receivable

The Vat returns was submitted to SARS on a monthly basis. The budget for vat receivable was included in other debtors on the MBRRs

### Q. Other debtors

On the MBRR/budget other debtors consists of vat receivable and other debtors. Salary suspense account were not fully cleared.

### R. Cash and Cash equivalents

The increase is attributable to improvement in cash management controls implemented by the Municipality.

### S. Property, plant and equipment

The municipality acquired additional assets during the 2022/23 financial year.

### T. Intangible assets

There was a delay in procurement of IT equipment.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### U. Finance lease

There was a delay in the procurement of leased assets

### V. Payables from exchange transactions

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

### W. Payables from non-exchange transactions

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

### X. Unspent conditional grants

Underspending on the 2022/23 MIG allocation was recorded.

### Y. Provisions- Current liabilities

The Basic Condition for Employment act (BCEA) rating was used to calculate leave provision. Before the BCEA rating, the number of days and salaries were used to calculate provision. The BCEA rating considers additional factors like acting allowance, overtime.

### Z. Employee benefit obligation

Post medical aid decreased in the assumed proportion of in service.

## Cash flow statements

### AA. Property rates, penalties and collection charges

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 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.

### AB. Service charges

The municipality revenue for services was based on the actual budget that was made on 2022/23 financial period, the municipality received less revenue on services charges than anticipated.

### AC. Other revenue

The municipality revenue for other revenue was based on the actual budget that was made on 2022/23 financial period, the municipality received less revenue on services charges than anticipated.

### AD. Interest income

Interest income inflow for the year exceeded the original budget. Hence the adjustment budget

### AE. Transfers and subsidies

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

It was as a result of an increase in the grants and subsidies from the National Revenue Fund.

### **AF. Suppliers and employees**

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

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### **AG. Property, plant and equipment**

There was a delay in the implementation of planned projects.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand

Note(s)

2023

2022

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### 1. Significant account policies

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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.

These accounting policies are consistent with the previous period.

#### 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.

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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### ~~1.5 Significant judgements and sources of estimation uncertainty (continued)~~

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#### **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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

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

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

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

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



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## Accounting Policies

### ~~1.5 Significant judgements and sources of estimation uncertainty (continued)~~

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#### Effective interest rate

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

#### Allowance for doubtful debts

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

### 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.

### 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.

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## Accounting Policies

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

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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:

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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
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

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## Accounting Policies

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

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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.

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

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## Accounting Policies

### 1.8 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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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.

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## Accounting Policies

### 1.9 Heritage assets (continued)

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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.

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.

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.10 Financial instruments (continued)

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

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

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

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

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

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.

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## Accounting Policies

### 1.10 Financial instruments (continued)

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

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

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

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

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

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

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.

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## Accounting Policies

### 1.11 Statutory receivables (continued)

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Impairment losses

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

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

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

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

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

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



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## Accounting Policies

### 1.11 Statutory receivables (continued)

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

#### Derecognition

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

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

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

### 1.12 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 .

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.

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## Accounting Policies

### 1.12 Leases (continued)

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#### 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.

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

# MARULENG LOCAL MUNICIPALITY

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## Accounting Policies

### 1.14 Cash and cash equivalents

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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.

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

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

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

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

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

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

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

Useful life is either:

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

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

[Specify judgements made]

### 1.16 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).

# MARULENG LOCAL MUNICIPALITY

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## Accounting Policies

### ~~1.16 Impairment of non-cash-generating assets (continued)~~

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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.

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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.17 Employee benefits (continued)

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#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

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

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

#### Post-employment benefits

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

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

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

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.17 Employee benefits (continued)

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#### 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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.17 Employee benefits (continued)

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#### 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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.17 Employee benefits (continued)

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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 [OR is not] presented as the net of the amount recognised for a reimbursement.

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



# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.17 Employee benefits (continued)

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#### 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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.18 Provisions and contingencies (continued)

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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 42.

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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### ~~1.19 Commitments~~

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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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### ~~1.20 Revenue from exchange transactions~~

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

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

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

#### Measurement

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

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

#### Sale of goods

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

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### Interest, royalties and dividends

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

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

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### ~~1.20 Revenue from exchange transactions (continued)~~

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

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

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

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

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### ~~1.21 Revenue from non-exchange transactions~~

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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.

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

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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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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.23 Borrowing costs (continued)

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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.



# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.25 Comparative figures

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

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### **1.30 Budget information (continued)**

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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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

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#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
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#### 2.3 Standards and interpretations issued, but not yet effective

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
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#### 2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	10,480,838	-	10,480,838	10,135,954	-	10,135,954

#### Reconciliation of investment property - 2023

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

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	8,400,000	1,735,954	10,135,954

#### Pledged as security

During the financial period ended 31 March 2023, no components of investment property were pledged as security for borrowings or banking facilities.

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

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Investment property (continued)

#### Details of valuation

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 7.18% from 2022 to 2023, considering that Polokwane is much bigger with better growth rate an adjusted growth rate of 5.5% 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 2022/23 on page 63 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.

The main source of the rates applied on the improvements is AECOM Property and Construction Handbook 2022/2023.

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.

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 3. Investment property (continued)

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#### Maintenance of investment property

No significant operating expenditure was incurred on investment property during the 2023 and 2022 financial year.

#### Amounts recognised in surplus or deficit

Rental revenue from Investment property	161,017	118,218
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# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 4. Property, plant and equipment

	2023			2022		
	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	12,778,935	(3,751,772)	9,027,163	12,795,412	(3,014,225)	9,781,187
Furniture and office equipment	5,830,642	(4,206,207)	1,624,435	5,890,852	(3,845,909)	2,044,943
Motor vehicles	12,503,971	(5,418,666)	7,085,305	9,707,797	(4,041,165)	5,666,632
IT equipment	5,730,624	(3,119,016)	2,611,608	5,740,659	(2,062,952)	3,677,707
Infrastructure - roads	563,138,011	(64,190,670)	498,947,341	533,331,549	(53,287,605)	480,043,944
Community assets	287,275,090	(134,052,762)	153,222,328	228,994,020	(124,983,549)	104,010,471
Work in progress	194,478,855	-	194,478,855	125,511,614	-	125,511,614
Infrastructure - electrical	10,035,465	(7,588,791)	2,446,674	10,732,274	(9,468,431)	1,263,843
Other assets	103,625	(97,869)	5,756	103,625	(97,121)	6,504
Infrastructure - solid waste	11,762,997	(915,647)	10,847,350	552,410	(540,021)	12,389
Infrastructure - storm water	16,656,870	(2,552,008)	14,104,862	16,854,820	(2,374,404)	14,480,416
<b>Total</b>	<b>1,175,843,614</b>	<b>(225,893,408)</b>	<b>949,950,206</b>	<b>1,005,763,561</b>	<b>(203,715,382)</b>	<b>802,048,179</b>

# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers	Donations	Depreciation	Impairment loss	Total
Land	55,548,529	-	-	-	-	-	-	55,548,529
Plant and machinery	9,781,187	-	(2,783)	-	-	(752,078)	837	9,027,163
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	-	(1,147,822)	33,070,834	-	(13,019,615)	-	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	(375,626)	-	10,847,350
Infrastructure - storm water	14,480,416	-	(88,241)	-	-	(287,313)	-	14,104,862
	<b>802,048,179</b>	<b>165,901,579</b>	<b>(1,518,568)</b>	<b>-</b>	<b>11,210,587</b>	<b>(27,708,503)</b>	<b>16,932</b>	<b>949,950,206</b>



# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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

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

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	19,500,000	36,048,529	-	-	-	55,548,529
Plant and machinery	8,162,267	2,388,744	(46,562)	-	(723,262)	9,781,187
Furniture and office equipment	2,119,703	362,907	(30,073)	-	(407,594)	2,044,943
Motor vehicles	6,277,544	480,446	-	-	(1,091,358)	5,666,632
IT equipment	2,641,140	2,609,385	(91,288)	-	(1,481,530)	3,677,707
Infrastructure - roads	355,934,120	-	-	134,588,600	(10,478,776)	480,043,944
Community assets	113,600,249	25,730	(609,984)	531,700	(9,537,224)	104,010,471
Work in progress	123,183,395	137,448,519	-	(135,120,300)	-	125,511,614
Infrastructure - electrical	1,452,485	-	(13,900)	-	(174,742)	1,263,843
Other assets	7,251	-	-	-	(747)	6,504
Infrastructure - solid waste	33,717	-	-	-	(21,328)	12,389
Infrastructure - storm water	14,767,730	-	-	-	(287,314)	14,480,416
	<b>647,679,601</b>	<b>179,364,260</b>	<b>(791,807)</b>	<b>-</b>	<b>(24,203,875)</b>	<b>802,048,179</b>

#### Pledged as security

During the financial period ended 31 March 2023, 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

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

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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

Hlohlokwe Access Road Phase 3

4,345,668 4,345,668

**63,674,514 63,674,514**

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# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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

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#### Reasons for project delays:

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.

Animal Pounding Facilities: The project is taking longer to complete due the legal dispute between the contractor and the municipality.

Scortia internal street: The fees paid are for the designs of the projects. The contractor has been appointed because the project was not yet budgeted for.

Hlohlokwe Access Road Phase 3: There was a dispute between the contractor and the consultant for the better part of the year 2022/203.

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 2023

## Notes to the Annual Financial Statements

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### 5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1,084,089	(993,478)	90,611	1,084,089	(969,811)	114,278

#### Reconciliation of intangible assets - 2023

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

#### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	137,932	(23,654)	114,278

#### Pledged as security

During the financial period ended 31 June 2023, no components of intangible assets were pledged as security for borrowings or banking facilities.

# MARULENG LOCAL MUNICIPALITY

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### 6. Heritage assets

	2023			2022		
	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 2023

	Opening balance	Total
Heritage assets	372,500	372,500

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Heritage assets	372,500	372,500

### 7. Payables from exchange transactions

Trade creditors	12,784,250	10,281,890
Retentions	27,473,260	22,778,184
Accruals	2,857,174	-
Unknown deposits	5,266,550	4,304,512
Operating lease - deferred liability	26,844	26,844
Other creditors - Dept Roads & Transport	1,364,571	94,592
Leave accrued	7,459,896	7,308,977
Bonus accrued	1,913,279	1,757,580
Performance bonus accrued	928,281	1,117,292
Trade and other payables	240,292	359,615

# MARULENG LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

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	<b>60,314,397</b>	<b>48,029,486</b>
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# MARULENG LOCAL MUNICIPALITY

(Registration number LIM 335)

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 8. Trade and other payables from non-exchange transactions

Amounts received in advance - consumer debtors	4,414,086	5,614,166
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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 183 employees as at 30 June 2023 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 amounts recognised in the statement of financial position are as follows:

#### Carrying value

Present value of the defined benefit obligation-wholly unfunded	(5,115,000)	(4,919,000)
Present value of the defined benefit obligation-partly or wholly funded	(6,819,000)	(6,457,000)
	<b>(11,934,000)</b>	<b>(11,376,000)</b>
Non-current liabilities	(11,140,000)	(10,626,000)
Current liabilities	(794,000)	(750,000)
	<b>(11,934,000)</b>	<b>(11,376,000)</b>

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

Opening balance	4,919,000	4,571,000
Benefits paid	(699,367)	(420,491)
Net expense recognised in the statement of financial performance	895,367	768,491
	<b>5,115,000</b>	<b>4,919,000</b>

Net expense recognised in the statement of financial performance

Current service cost	463,000	460,000
Interest cost	510,000	410,000
Actuarial (gains) losses	(77,633)	(101,509)
	<b>895,367</b>	<b>768,491</b>

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### 9. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11.32%	11.12%
General earnings inflation rate	6.57%	7.30%
Net discount rate	4.45%	3.56%

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:

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	5,115,000	4,919,000	4,571,000	3,150,000	3,041,912

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.



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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	6,457,000	4,523,000
Benefits paid	(71,197)	(65,973)
Net expense recognised in the statement of financial performance	433,197	1,999,973
	<b>6,819,000</b>	<b>6,457,000</b>

#### Net expense recognised in the statement of financial performance

Current service cost	532,000	432,000
Interest cost	761,000	484,000
Actuarial (gains) losses	(859,803)	1,083,973
	<b>433,197</b>	<b>1,999,973</b>

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12.59%	11.84%
Net discount rate	4.07%	3.14%
Expected increase in healthcare costs	8.19%	8.44%

#### Other assumptions

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

	2023	2022	2021	2020	2019
	R	R	R	R	R
Defined benefit obligation	6,819,000	6,457,000	4,523,000	3,763,000	7,934,785

### 10. Other receivables

Salary clearing account	218,325	766,529
Deposits	1,666,887	1,579,595
	<b>1,885,212</b>	<b>2,346,124</b>

#### Inter-municipal receivables

Gross debtors	35,867,331	28,967,231
Provision for impairment	(35,867,331)	(28,967,231)
	-	-

#### Reconciliation of provision for debt impairment

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### 10. Other receivables (continued)

Opening balance	28,967,231	27,610,978
Provision for impairment	6,900,100	1,356,253
	<b>35,867,331</b>	<b>28,967,231</b>

### 11. Inventories

Consumables and materials	120,956	149,103
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Consumable stores inventory has been maintained throughout the financial year comprising of electrical cables, cleaning materials, materials for water function and stationery.

#### Inventory pledged as security

No inventory is pledged as security.

#### Inventory write-downs

Inventory write-down	6,577	25
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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 below.

#### Inventory expensed

Opening balance	149,103	104,360
Purchases	3,289,674	2,278,859
Issues/expensed for the year	(3,317,821)	(2,234,116)
<b>Closing balance</b>	<b>120,956</b>	<b>149,103</b>

#### Reconciliation of inventory issued/expensed for the year

Issues(Materials used for Water Function)	2,802,980	1,193,193
Issues(Consumables)	514,841	1,040,923
	<b>3,317,821</b>	<b>2,234,116</b>

Inventory issues for the year consists of R514 841 (2022: R1 040 923) for consumables expensed during the year and water related inventory items amounting to R2 802 980(2022: R1 193 193). The water related inventory issues were subsequently transferred to the Mopani Water Account.

### 12. Receivables from exchange transactions

Other debtors - sundry debtors	2,850,076	4,620,147
Trade debtors - Refuse / waste management	3,986,195	2,318,057
Less: Provision for doubtful debts	(5,390,049)	(5,208,532)
	<b>1,446,222</b>	<b>1,729,672</b>

#### Aged receivables from exchange transactions

Current (0 - 30 days)	510,012	573,679
31 -60 days	364,852	525,710
61 - 90 days	44,488	117,213
91 - 120 days	101,210	139,072
120 days +	5,815,709	5,582,531
	<b>6,836,271</b>	<b>6,938,205</b>

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### 10. Other receivables (continued)

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### 12. Receivables from exchange transactions (continued)

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	5,208,532	5,004,008
Provision for impairment	181,517	204,524
	<b>5,390,049</b>	<b>5,208,532</b>

### 13. Receivables from non-exchange transactions

Fines	1,786,399	821,542
Other debtors	40,758,782	32,644,249
Consumer debtors - Rates	164,767,558	148,394,141
Provision for impairment	(169,041,291)	(150,531,248)
	<b>38,271,448</b>	<b>31,328,684</b>

#### Receivables from non-exchange: Traffic fines

Fines	1,786,399	821,542
Provision for impairment	(1,259,493)	(579,224)
	<b>526,906</b>	<b>242,318</b>

#### Reconciliation of provision for impairment of receivables from non-exchange transactions: Traffic fines

Opening balance	579,224	3,194,938
Provision for impairment	680,269	579,224
Amounts written off as uncollectible	-	(3,734,545)
Transfers from provisions (Bad debt written off)	-	539,607
	<b>1,259,493</b>	<b>579,224</b>

#### Receivables from non-exchange transactions: Rates and other

Rates	164,767,558	148,394,141
Provision for impairment	(132,757,548)	(122,245,003)
	<b>32,010,010</b>	<b>26,149,138</b>

Other debtors	40,758,782	32,644,250
Provision for impairment - current year	(35,024,250)	(27,707,223)
	<b>5,734,532</b>	<b>4,937,027</b>

#### Debtors ageing rates & other debtors

Current ( 0 - 30 days)	13,128,116	10,356,569
31 - 60 days	7,605,137	7,042,974
61 - 90 days	6,752,281	6,063,498
91 - 120 days	6,076,744	5,675,300
120 days +	171,964,064	151,900,050
	<b>205,526,342</b>	<b>181,038,391</b>

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

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

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

Opening balance	122,245,003	110,320,494
Provision for impairment - current year	10,512,545	11,924,509
	<b>132,757,548</b>	<b>122,245,003</b>

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

Opening balance	27,707,223	21,206,842
Provision for impairment	7,317,027	6,500,381
	<b>35,024,250</b>	<b>27,707,223</b>

### 14. VAT receivable

VAT	23,645,100	17,954,585
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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.

### 15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	710	710
Bank balances	18,060,016	30,416,861
Short-term deposits	132,657,912	124,330,959
	<b>150,718,638</b>	<b>154,748,530</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Current account (primary bank account) - Standard Bank Hoedspruit Branch : Account Number 033355487	17,599,088	29,976,760	627,547	18,060,016	30,416,861	976,508
Standard Bank Account: Call deposit Account - Account number: 038579111-02	92,365,868	86,478,965	86,327,135	92,365,868	86,478,965	86,327,135
Investec Bank Account: 32 days notice account - Account number 1100464721500	40,292,045	37,851,994	36,594,439	40,292,045	37,851,994	36,594,439

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

<b>Total</b>	<b>150,257,001</b>	<b>154,307,719</b>	<b>123,549,121</b>	<b>150,717,929</b>	<b>154,747,820</b>	<b>123,898,082</b>
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### 16. Finance lease obligation

<b>Minimum lease payments due</b>		
- within one year	907,712	825,193
- in second to fifth year inclusive	438,604	1,300,815
	1,346,316	2,126,008
less: future finance charges	(94,288)	(252,561)
<b>Present value of minimum lease payments</b>	<b>1,252,028</b>	<b>1,873,447</b>
<b>Present value of minimum lease payments due</b>		
- within one year	823,064	666,919
- in second to fifth year inclusive	428,964	1,206,528
	<b>1,252,028</b>	<b>1,873,447</b>
<del>Non-current liabilities</del>	<del>428,964</del>	<del>1,206,540</del>
<del>Current liabilities</del>	<del>823,064</del>	<del>666,919</del>
	<b>1,252,028</b>	<b>1,873,459</b>

The average lease term was 3 years and the average effective borrowing rate was 10% (2022: 10%).

### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	1,605,785	15,081,652

#### Movement during the year

Balance at the beginning of the year	15,081,652	32,057
Additions during the year	65,170,000	51,734,000
Surrendered to National Treasury during theyear	(3,802,000)	-
Income recognition during the year	(74,843,867)	(36,684,405)
	<b>1,605,785</b>	<b>15,081,652</b>

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

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

See note 29 for reconciliation of grants from National/Provincial Government.

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

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### 18. Provisions

#### Reconciliation of provisions - 2023

	Opening Balance	Additions	adjustment for interest	Total
Environmental rehabilitation	-	3,853,391	573,282	4,426,673

#### 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 Hoedspruit.

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)

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 6.1716%.

##### 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. 5.25% above CPI.



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### 19. Revenue

Service charges	4,923,218	4,366,866
Rental of facilities and equipment	431,214	244,875
Interest received (trading)	770,923	314,354
Agency services	2,966,300	2,862,159
Licences and permits	2,860,584	2,237,168
Reversal of impairment of assets	16,934	-
Other revenue	4,712,359	3,240,344
Interest received - investment	8,336,552	4,409,385
Property rates	126,525,469	117,420,415
Donation of assets	14,392,914	18,561,629
Fines, penalties and forfeits	1,062,500	320,916
Gains from fair-valuing of assets	-	1,735,954
Government grants & subsidies	231,843,867	176,427,405
Fines, Penalties and Forfeits	13,151,462	13,756,078
	<b>411,994,296</b>	<b>345,897,548</b>

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

Service charges	4,923,218	4,366,866
Rental of facilities and equipment	431,214	244,875
Interest received (trading)	770,923	314,354
Agency services	2,966,300	2,862,159
Licences and permits	2,860,584	2,237,168
Reversal of impairment of assets	16,934	-
Other revenue	4,712,359	3,240,344
Interest received - investment	8,336,552	4,409,385
	<b>25,018,084</b>	<b>17,675,151</b>

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

#### Taxation revenue

Property rates	126,525,469	117,420,415
Interest on receivables	13,151,462	13,756,078
Donation of assets	7,357,196	18,561,629
Fines, penalties and forfeits	1,062,500	320,916
Gains from fair-valuing of assets	-	1,735,954

#### Transfer revenue

Government grants & subsidies	231,843,867	176,427,405
	<b>379,940,494</b>	<b>328,222,397</b>

### 20. Service charges

Refuse removal	4,923,218	4,366,866
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### 21. Agency services

Agency fee - Roads and transport	2,727,008	2,646,167
Agency fee - Water and sanitation - Mopani district	239,292	215,992
	<b>2,966,300</b>	<b>2,862,159</b>

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### 22. Licences and permits

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Traffic learners and drivers' licences

2,860,584

2,237,168

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### 23. Donation of assets

Land Erf 1443	7,357,196	15,000,000
Land Erf 1403	-	3,550,000
Computer equipment	-	11,629
	<b>7,357,196</b>	<b>18,561,629</b>

### 24. Fines, penalties and forfeits

Traffic fines	1,062,500	320,916
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### 25. Interest from receivables

Non-exchange receivables	13,151,462	13,756,078
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### 26. Other revenue

Clearance certificates	248,402	342,988
Valuation certificates	12,485	6,617
Library fines/fees	1,102	2,026
Building plans	3,010,247	1,963,026
Special consent application	26,441	9,988
Signboards, adverts etc	255,331	73,160
Certificate of occupancy	379,020	214,430
Trading licence fees	2,999	11,511
Building inspection fee	431,672	408,944
Swimming pool application fees	70,233	57,021
Library membership fees	1,868	-
Tender documents	266,249	146,608
Handling fees	6,310	4,025
	<b>4,712,359</b>	<b>3,240,344</b>

### 27. Investment revenue

#### Interest revenue

Bank	8,336,552	4,409,385
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### 28. Property rates

#### Rates received

Municipal	147,743,812	134,122,853
Small holdings and farms	(21,218,343)	(16,702,438)
	<b>126,525,469</b>	<b>117,420,415</b>

#### Valuations

Residential	5,032,191,070	5,431,847,434
Commercial	2,284,961,028	2,152,092,328
State	2,386,007,056	1,228,769,000
Agricultural	3,911,209,278	4,201,341,186
Other	945,580,900	725,023,618
	<b>14,559,949,332</b>	<b>13,739,073,566</b>

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### 29. Government grants & subsidies

#### Operating grants

Expanded Public Works Programme	1,246,000	1,175,000
Financial Management Grant	1,850,000	1,850,000
Equitable Share	153,904,000	139,743,000
	<b>157,000,000</b>	<b>142,768,000</b>

#### Capital grants

Municipal Infrastructure Grant	74,843,867	33,659,405
	<b>74,843,867</b>	<b>33,659,405</b>

#### Expanded Public Works Programme

Current-year receipts	1,246,000	1,175,000
Conditions met - transferred to revenue	(1,246,000)	(1,175,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

#### Financial Management Grant

Current-year receipts	1,850,000	1,850,000
Conditions met - transferred to revenue	(1,850,000)	(1,850,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

#### Equitable Share

Current-year receipts	153,904,000	139,743,000
Conditions met - transferred to revenue	(153,904,000)	(139,743,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	15,081,652	32,057
Current-year receipts	65,170,000	48,709,000
Conditions met - transferred to revenue	(74,843,867)	(33,659,405)
Surrendered to the National Revenue Fund	(3,802,000)	-
	<b>1,605,785</b>	<b>15,081,652</b>

Conditions still to be met - remain liabilities (see note 17).

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### 30. Employee related costs

Basic	62,566,545	54,948,555
Medical aid - company contributions	15,127,709	14,202,208
Travel, motor car, accommodation, subsistence and other allowances	7,497,033	7,629,641
Long-service awards	488,691	462,287
Housing benefits and allowances	1,665,971	1,490,489
	<b>87,345,949</b>	<b>78,733,180</b>

### Remuneration of municipal manager

Annual Remuneration	640,469	671,979
Travel and Other Allowance	21,623	491,429
Performance Bonuses	-	123,691
Contributions to UIF, Medical and Pension Funds	1,240	174,691
Other contributions	6,395	-
	<b>669,727</b>	<b>1,461,790</b>

Ms NS Hoesane was appointed as the acting Municipal Manager from 14 July 2022 to 14 September 2022 and his acting allowance was R456 37.72.

~~Dr SS Sebashe was appointed as the acting Municipal Manager from 15 September 2022 to 10 November 2022 and his acting allowance was R30 266.72.~~

### Remuneration of chief finance officer

Annual Remuneration	229,452	536,379
Travel and Other Allowance	4,041	11,926
Contributions to UIF, Medical and Pension Funds	740	120,025
Other contributions	2,522	-
Leave payout	26,036	-
	<b>262,791</b>	<b>668,330</b>

Ms F Sekgobela was appointed as the acting Chief Financial Officer from 1 March 2022 to 31 August 2022 and her acting allowance was R0.

~~Ms MT Mathabatha was appointed as the Chief Financial Officer from 01 September 2022 and resigned on 30 November 2022. Ms F Sekgobela was appointed as the acting Chief Financial Officer from 1 March 2022 to 30 June 2023 and her acting allowance was R0.~~

### Remuneration of Technical Services Directors

Acting Allowances	18,500	41,550
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~~Mr ML Muroa was appointed as the acting Technical services director from 01 June 2022 to 30 June 2023 and his acting allowance was R18 580.00.~~

### Remuneration of Community Services Directors

Annual Remuneration	588,241	693,972
Travel and Other Allowances	11,940	60,074
Contributions to UIF, Medical and Pension Funds	92,364	178,366
Other contributions	7,394	-
Leave payout	134,640	-
	<b>834,579</b>	<b>932,412</b>

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### 30. Employee related costs (continued)

Mr TA Mogoboya was appointed as the acting Director Community Services from 01 October 2022 to 31 January 2023 and his acting allowance was R0.

#### Remuneration of Spatial Development and Planning Director

Annual Remuneration	314,352	693,972
Travel and Other Allowance	23,725	22,690
Acting allowance	45,638	-
Contributions to UIF, Medical and Pension Funds	51,841	185,813
Other contributions	5,258	-
Leave payout	147,463	-
	<b>588,277</b>	<b>902,475</b>

Ms NS Hooeane was the Director SPED until the end of her contract on the 31 October 2022.

Mr MG Mailula was appointed as the acting Director SPED from 01 November 2022 to 31 May 2023 and his acting allowance was R0

Mr A Matjiya was appointed as the Director SPED with effect from 01 June 2023.

#### Remuneration of Corporate Services Director

Annual Remuneration	635,745	403,046
Travel and Other Allowances	212,187	137,280
Performance Bonuses	-	76,168
Contributions to UIF, Medical and Pension Funds	1,948	117,987
Acting allowance	30,267	-
Other contributions	8,379	-
	<b>888,526</b>	<b>734,481</b>

Mr PA Shabangu was appointed as the acting Director Corporate Services from 01 March 2022 to 31 July 2023 and his acting allowance was R0

### 31. Remuneration of councillors

Mayor	927,910	818,582
Mayoral Committee Members	2,407,090	2,357,152
Speaker	747,954	756,071
Councillors part time	6,762,466	6,525,584
Councillors full time	411,799	639,938
	<b>11,257,219</b>	<b>11,097,327</b>

#### In-kind benefits

Councillors are classified based on their respective positions as at 31 June 2022 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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### 31. 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.

#### 31 March 2023

Councillors Name	Position	Basic Salary	Travel Allowance	Cellphone allowance	Contributions and Benefit	Grant Total
Mr TC MUSOLWA	Mayor	505 152.59	221 671.20	40 800.00	159 861.25	927 485.04
Miss B RAGANYA	Speaker	580 116.58		40 800.00	129 232.46	750 149.04
Ms HM THOBEJANE	Chief whip	231 757.20	92 749.80	40 800.00	46 491.96	411 798.96
Mr SB RAGANYA	MPAC Chairperson	360 332.45	92 785.77	40 800.00	79 816.89	573 735.11
Mr MR MAAKAMELA	Ethics Chairperson	210 452.16	70 150.80	40 800.00	-	321 402.96
Mr B MOHLABE	EXCO Member (Resigned)	139 124.58	46 374.90	20 400.00	-	205 899.48
Mr MT TSHETLHA	EXCO Member	423 039.11	166 253.76	40 800.00	75 722.17	705 815.04
Mrs MA MATHABA	EXCO Member	498 761.28	166 253.76	40 800.00	-	705 815.04
Mr TA MATHABA	EXCO Member	93 592.44	36 762.50	17 000.00	16 694.96	164 049.90
Ms MM KOMANE	EXCO Member	423 039.11	166 253.76	40 800.00	75 722.17	705 815.04
Mr MS MONASHANE	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr TJ MOKGAHLA	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Miss MMS RAMMALA	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr SP LETEBELE	Councillor	178 501.24	70 150.80	40 800.00	31 950.92	321 402.96
Mr BT MABILO	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr KJ SEKGOBELA	Councillor	210 452.16	70 150.80	40 800.00	-	321 402.96
Mrs MJ RAKGOALE	Councillor	210 452.16	70 150.80	40 800.00		321 402.96
Mr MS NTEMANA	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96

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### 31. Remuneration of councillors (continued)

Mr DI	Councillor	178 501.24	70 150.80	40 800.00	31 950.92	321 402.96
MATHOLE						
Ms MF MADIKE	Councillor	178 577.87	70 150.80	40 800.00	31 874.29	321 402.96
Miss LP	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
MOROPANE						
Mrs EC DU	Councillor	178 501.24	70 150.80	40 800.00	31 950.92	321 402.96
PREEZ						
Mr PS MALEPE	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr D	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
MOKGOTHO						
Mrs BE MASETE	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr TI SHAI	Councillor	172 111.08	70 150.80	40 800.00	38 341.08	321 402.96
Mr PW GERBER	Councillor	178 501.24	70 150.80	40 800.00	31 950.92	321 402.96
Mr JT MOREMA	Councillor	197 825.04	70 150.80	40 800.00	12 627.12	321 402.96
		<b>6 697 790.49</b>	<b>2 321 970.65</b>	<b>1 098 200.00</b>	<b>1 139 257.75</b>	<b>11 257 218.89</b>



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### 31. Remuneration of councillors (continued)

30 June 2022

Councillor Name	Position	Basic Salary	Travel	Cellphone Allowance	Contributions and benefits	Grand Total
TC MUSOLWA	New Mayor	296 415.00	107 821.00	26 310.00	52 880.00	483 426.00
HM THOBEJANE	Old Mayor	188 037.00	79 005.00	14 541.00	53 571.00	335 154.00
B RAGANYA	New Speaker	404 231.00	-	26 310.00	56 289.00	486 830.00
MJ MAHLO	Old Speaker	150 426.00	75 845.00	14 541.00	28 428.00	269 240.00
HM THOBEJANE	Chief Whip - New	260 733.00	75 514.00	26 310.00	24 001.00	386 558.00
ML MONGADI	Chief Whip - Old	141 024.00	71 105.00	14 541.00	26 710.00	253 380.00
SB RAGANYA	Mpac - new	159 448.00	52 516.00	26 310.00	22 164.00	260 438.00
SV MAMETJA	Mpac - old	81 820.00	32 086.00	14 541.00	15 459.00	143 906.00
B MOHLABE	Exco member - new	185 002.00	54 064.00	26 310.00	2 496.00	267 872.00
MT TSHETLHA	Exco member - new	300 689.00	96 981.00	26 310.00	34 815.00	458 795.00
MA MATHABA	Exco member - new	331 862.00	96 981.00	26 310.00	4 313.00	459 466.00
MM KOMANE	Exco member - new	300 689.00	96 981.00	26 310.00	34 794.00	458 774.00
MR MAAKAMELA	Exco member - old	141 024.00	71 105.00	14 541.00	26 660.00	253 330.00
NM LEWELA	Exco member - old	38 338.00	13 451.00	3 400.00	2 560.00	57 749.00
PE SHAI	Exco member - old	84 294.00	33 057.00	14 541.00	15 922.00	147 814.00
MJ RAKGOALE	Exco member - old	141 024.00	71 105.00	14 541.00	26 677.00	253 347.00
LP MOROPANE	Councillors - New	124 245.00	40 921.00	26 310.00	17 239.00	208 715.00
MMS RAMMALA	Councillors - New	124 245.00	40 921.00	26 310.00	17 298.00	208 774.00
BT MABILO	Councillors - New	124 245.00	40 921.00	26 310.00	17 240.00	208 716.00
D MOKGOTHO	Councillors - New	124 245.00	40 921.00	26 310.00	17 253.00	208 729.00
DI MATHOLE	Councillors - New	126 876.00	40 921.00	26 310.00	14 817.00	208 924.00
JT MOREMA	Councillors - New	61 515.00	20 505.00	11 926.00	896.00	94 842.00
KJ SEKGOBELA	Councillors - New	140 029.00	40 921.00	26 310.00	1 940.00	209 200.00
MR MAAKAMELA	Councillors - New	140 029.00	40 921.00	26 310.00	1 940.00	209 200.00
MS MONASHANE	Councillors - New	124 245.00	40 921.00	26 310.00	17 267.00	208 743.00
MS NTEMANA	Councillors - New	124 245.00	40 921.00	26 310.00	17 241.00	208 717.00

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### 31. Remuneration of councillors (continued)

PS MALEPE	Councillors - New	124 245.00	40 921.00	26 310.00	17 239.00	208 715.00
PW GERBER	Councillors - New	126 876.00	40 921.00	26 310.00	14 817.00	208 924.00
SP LETEBELE	Councillors - New	126 876.00	40 921.00	26 310.00	14 819.00	208 926.00
TI SHAI	Councillors - New	124 245.00	40 921.00	26 310.00	17 243.00	208 719.00
TJ MOKGAHLA	Councillors - New	124 245.00	40 921.00	26 310.00	17 257.00	208 733.00
BE MASETE	Councillors - New	124 245.00	40 921.00	26 310.00	17 249.00	208 725.00
EC DU PREEZ	Councillors - New	126 876.00	40 921.00	26 310.00	14 817.00	208 924.00
MJ RAKGOALE	Councillors - New	140 029.00	40 921.00	26 310.00	2 116.00	209 376.00
MF MADIKE	Councillors - New	129 506.00	40 921.00	26 310.00	12 346.00	209 083.00
B MOHLABE	Councillors - old	85 007.00	-	14 541.00	15 803.00	115 351.00
DM SEBELA	Councillors - old	44 721.00	17 538.00	10 200.00	8 475.00	80 934.00
JM NTEMANE	Councillors - old	52 341.00	11 692.00	9 310.00	705.00	74 048.00
JT MOREMA	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
LV SHAAI	Councillors - old	68 006.00	20 002.00	14 541.00	12 823.00	115 372.00
MD POPELA	Councillors - old	68 006.00	20 002.00	14 541.00	12 832.00	115 381.00
MO MATHIPA	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
MP MATLHO	Councillors - old	75 007.00	25 002.00	14 541.00	1 064.00	115 614.00
MS KGOHLOANE	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
SC SHOKANE	Councillors - old	59 505.00	30 003.00	14 541.00	11 333.00	115 382.00
SF MAHLO	Councillors - old	68 006.00	20 002.00	14 541.00	12 824.00	115 373.00
SL MKANSI	Councillors - old	63 756.00	25 002.00	14 541.00	12 081.00	115 380.00
TD MOGALE	Councillors - old	59 505.00	30 003.00	14 541.00	11 333.00	115 382.00
EC DU PREEZ	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
MA MATHABA	Councillors - old	63 756.00	25 002.00	14 541.00	12 091.00	115 390.00
MR MALEPE	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
MT MONGADI	Councillors - old	63 756.00	25 002.00	14 541.00	12 079.00	115 378.00
GB MAFOROGELA	Councillors - old	29 858.00	-	4 341.00	333.00	34 532.00
MF MADIKE	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
MJ MODIBA	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00

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### 31. Remuneration of councillors (continued)

MM KOMANE	Councillors - old	63 756.00	25 002.00	14 541.00	12 078.00	115 377.00
<b>Total</b>		<b>6 877 394.00</b>	<b>2 233 971.00</b>	<b>1 086 782.00</b>	<b>899 178.00</b>	<b>11 097 325.00</b>

### 32. Depreciation and amortisation

Property, plant and equipment	27,708,503	24,203,875
Intangible assets	23,667	23,654
	<b>27,732,170</b>	<b>24,227,529</b>

### 33. Finance costs

Finance leases	158,278	126,945
Landfill site provision	573,282	-
Bank	29	-
Employee benefit obligation	1,271,000	894,000
	<b>2,002,589</b>	<b>1,020,945</b>

### 34. Auditors' remuneration

Fees	5,746,501	5,202,469
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### 35. Debt impairment

Debt impairment	25,643,166	20,575,432
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### 36. General expenses

Compensation commissioner	414,660	368,819
Advertising	457,341	443,318
Auditors remuneration	5,746,501	5,202,469
Bank charges	369,703	400,037
Computer expenses	796,950	26,340
Free basic electricity	718,404	721,023
Entertainment	151,754	145,334
Insurance	2,494,327	1,435,638
Functions and events	1,132,594	956,629
Fuel and oil	4,192,946	2,489,663
Printing and stationery	3,518,888	2,511,325
Protective clothing	6,989	660,664
Repairs and maintenance	2,644,285	678,659
Subsistence, travel & accomodation	9,620,956	5,414,972
Telephone and fax	670	166,267
Training	1,378,188	817,199
Traffic fines	148,269	-
Electricity	2,964,034	2,701,191
Water	-	754,646
Membership fees	1,040,923	1,077,178
Stores and material	514,841	1,000,034
Ward committees	3,438,878	2,884,598
Professional fees	19,663,558	16,210,526
Bursary Fund	496,067	88,434
Billing charges	-	69,779
Other expenses	768,130	449,092
	<b>62,679,856</b>	<b>47,673,834</b>

### 37. Contracted services

#### Outsourced Services

Administrative and Support Staff	150,000	87,500
Internal Auditors	920,904	813,263
Refuse Removal	7,743,030	6,639,345
Security Services	14,774,769	14,275,140

#### Consultants and Professional Services

Business and Advisory	1,395,886	1,011,780
Legal Cost	7,397,779	2,990,799

#### Contractors

Maintenance of Equipment	1,597,106	1,542,339
	<b>33,979,474</b>	<b>27,360,166</b>

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### 38. Cash generated from operations

Surplus	154,081,910	133,099,208
<b>Adjustments for:</b>		
Depreciation and amortisation	27,732,170	24,227,529
Gain on sale of assets and liabilities	1,518,565	588,396
Finance costs - Finance leases	158,278	-
Reversal of impairment of assets	(16,934)	-
Interest debtors	(13,922,385)	(14,070,432)
Debt impairment	25,643,166	20,575,432
Bad debts written off	-	539,067
Movements in provisions	-	450,593
Donation of assets	(7,357,196)	-
Fair value adjustment	(344,884)	(1,735,954)
Finance cost - landfill provision	573,282	-
Finance cost - employee benefit obligation	1,271,000	894,000
Actuarial gains/(losses)	(937,436)	982,464
Movemenet in employee benefit liability	224,436	2,193,536
<b>Changes in working capital:</b>		
Inventories	28,147	(44,743)
Receivables from exchange transactions	(6,078,952)	164,480
Receivables from non-exchange transactions	(12,301,132)	(8,227,680)
Other receivables	460,912	-
Payables from exchange transactions	12,284,911	6,112,390
VAT	(5,690,515)	11,100,593
Trade and other payables from non-exchange transactions	(1,200,080)	1,983,339
Unspent conditional grants and receipts	(13,475,867)	15,049,594
	<b>162,651,396</b>	<b>193,881,812</b>

### 39. Fair value adjustments

Investment property (Fair value model)	344,884	-
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### 40. Financial instruments disclosure

#### Categories of financial instruments

#### 2023

#### Financial assets

	At amortised cost	Total
Receivable from exchange transactions	1,446,222	1,446,222
Receivable from non-exchange transactions	38,271,448	38,271,448
Other receivables	1,885,214	1,885,214
Cash and cash equivalent	150,718,638	150,718,638
	<b>192,321,522</b>	<b>192,321,522</b>

#### Financial liabilities

	At amortised cost	Total
<del>Trade and other payables from exchange transactions</del>	<del>60,314,397</del>	<del>60,314,397</del>
Trade and other payables from non-exchange transactions	4,414,086	4,414,086
Finance lease	1,252,028	1,252,028
	<b>65,980,511</b>	<b>65,980,511</b>

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### 40. Financial instruments disclosure (continued)

#### 2022

##### Financial assets

	At amortised cost	Total
Receivable from exchange transactions	1,729,672	1,729,672
Receivable from non-exchange transactions	31,328,684	31,328,684
Other receivables	2,346,124	2,346,124
Cash and cash equivalent	154,748,530	154,748,530
	<b>190,153,010</b>	<b>190,153,010</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	48,029,486	48,029,486
Trade and other payables from non-exchange transactions	5,614,166	5,614,166
Finance lease	1,873,459	1,873,459
	<b>55,517,111</b>	<b>55,517,111</b>

### 41. Commitments

#### Authorised capital expenditure

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

• Property, plant and equipment	243,237,589	182,466,342
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##### Total capital commitments

Already contracted for but not provided for	243,237,589	182,466,342
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#### Authorised operational expenditure

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

• Professional fees	20,041,568	14,723,842
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##### The expenditure will be financed from:

• Government grants	72,105,460	13,397,457
• Internal sources	191,173,697	183,792,728
	<b>263,279,157</b>	<b>197,190,185</b>

##### Total operational commitments

Already contracted for but not provided for	20,041,568	14,723,842
Not yet contracted for and authorised by accounting officer	243,237,589	182,466,342
	<b>263,279,157</b>	<b>197,190,184</b>

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.

Comparative figures were restated with an amount of R6 203 717 due to correction of prior period errors. The restatement was as a result of correcting contracts and actual expenditure amount for operational commitments

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### 42. Contingencies

#### Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees, members of the public and contractors/suppliers. The municipality is likely to receive an amount of approximately R 1 550 000. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

<b>1. Claim against against car rental company</b>	-	600,000
Summons issued on the matter of Maruleng Local municipality suing Car Rental company for not surrendering the scrap of a motor vehicle which the municipality has paid for after an accident caused by a municipal employee using a rental car. The municipality is of the view that the scrap should be the municipality's property.		
<b>2. Unjustified enrichment claim</b>	-	950,000
Maatebele Constructions and projects received payments from the municipality and such were made under false pretence. The municipality has instituted legal claims for the amounts paid. The matter is yet to be heard by the court.		

#### Contingent liabilities

<b>1. Mpfumelelo Business enterprise</b>	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 1 000 000.00.		
<b>2. House gutted by fire</b>	-	1,979,960
The applicants instituted action against the Maruleng municipality (case no: 19582/2012) during april 2012. The claim is one for payment of delictual damages incurred by the plaintiff as a result of a runaway veld fire (caused by the municiplaity) which occurred on 05/09/2011 in Hoedspruit and while destroying the property of the applicant. The plaintiff claims from the municipality payment in the amount of R1 979 960.00.The legal cost are estimated at R 500 000.00. The matter was resolved in the current year.		
<b>3. Maatjie plant fire and construction</b>	-	213,349
In 2011 a contractor entered into an agreement with the municipality: NLA/LP/RST10/1 - Mahlomelong Surfacing of road. During July/Aug 2011 the plaintiff (a business man trading in Landslide Equipment) rented out the machinery & equipment and rendered services to the contractor under a contract Mahlomelong surfacing of road NLA/LP/R-ST10/01 as a sub-contractor. On 08/09/2011 the plaintiff submitted an invoice to the municipality for work done on behalf of the contractor in the amount of R308 638.68 plus an invoice for an amount of R4 710.62. On 01/10/2011 Municipality made payment of an amount of R100 000.00 to the plaintiff but is since in default with its payment inspite of the fact that the plaintiff has completed his contract. The plaintiff claims for outstanding payment in the amount of R213 349.30. The legal cost are estimated at R 200 000.00. The matter was resolved in the current year.		
<b>4. Mohale Champ Machubeni unfair dismissal</b>	3,000,000	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		
<b>5. Tainama Civils</b>	10,328,058	2,137,370

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### 42. Contingencies (continued)

Tainama civils has claimed an amount of R2 137 370,49 for alleged work done, retention in an amount of R1190 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.

#### 6. Application to set aside the zoning certificate

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.

#### 7. Application to set aside the zoning certificate (Case no 836/2021 (Polokwane High Court))

Harmonie 360 Pty Ltd has issued an application for the review and set aside of zoning certificate issued for property within the Maruleng area. 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.

#### 8. Review application to set aside appointment of service provider

Maruleng Municipality issued a tender for security services and Flying Squad and Alarm Response was amongst the bidders. The tender was awarded to the winning bidder. Mopani Flying Squad and Alarm Response felt aggrieved and subsequently took the matter to court for an application review and set aside the appointment. The legal cost are estimated at R 1 000 000.00. The matter was resolved in the current year.

#### 9. Hlimbyi Trading Enterprise CC

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.

#### 10. Batatise Consulting Engineers ( Pty) Ltd

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 legal cost are estimated at R 1 000 000.00.

#### 11. MAPCO Projects and Developments (Pty) Ltd

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

#### 12. 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.

#### 13. 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 11th September 2023. The legal cost are estimated at R 400 000.00.

10,270,431

2,977,948

1,925,649

3,228,000

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### 43. Related parties

#### Relationships

S55 and S57 Employees/Employees remuneration	Refer to note 30
Remuneration of Councilors	Refer to note 31

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.

### 44. Prior period errors

- > Highmast light project were incorrectly capitalised in the prior year instate of the current year.
- > Correction of property, plant and equipment which were misclassified in the categories.
- > Useful life of assets was reviewed and a restripective adjustment was made on the assets.
- > The cash flow was recalculated and updated.
- > Reclassification of Leave, Bonus and Performance Bonus from provisions to accruals.
- > Reclassification of trade and other payables from no-exchange to exchange payables.
- >

The correction of the error(s) results in adjustments as follows:

#### Statement of financial position

Property, plant and equipment	-	1,474,677
Provisions	-	10,183,850
Payables from exchange transactions	-	(10,183,850)
Trade and other payables	-	359,615
Opening Accumulated Surplus or Deficit	-	(1,474,677)

#### Statement of financial performance

Depreciation and amortisation	-	772,712
Loss on disposal of assets and liabilities	-	(405,189)

#### Cash flow statement

#### Cash flow from operating activities

Property rates and service charges	-	(901,173)
Finance costs	-	(560,210)
	-	<b>(1,461,383)</b>

**Commitment:** comparative figures were restated with an amount of R6 203 717 due to correction of prior period errors. The restatement was as a result of correcting contracts and actual expenditure amount for operational commitments.

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### 45. 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 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	60,314,397	-	-	-
Trade and other payables from non-exchange transactions	4,414,086	-	-	-
Finance lease	823,064	428,964	-	-
Unspent conditional grants	1,605,785	-	-	-

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	48,029,486	-	-	-
Trade and other payables from non-exchange transactions	5,614,166	-	-	-
Finance lease	666,919	1,206,540	-	-
Unspent conditional grants	15,081,652	-	-	-

#### 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 instrument	2023	2022
Receivable from exchange transactions	1,446,222	1,729,672
Receivable from non-exchange transactions	38,271,448	31,282,684
Other receivables	1,885,214	2,346,124
Cash and cash equivalents	150,718,638	154,748,530
Trade and other payables from exchange transactions	60,314,397	48,029,486
Trade and other payables from non-exchange transactions	4,414,086	5,614,166
Finance lease	1,252,028	1,873,459

#### Market risk

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### 45. 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. Additional text.

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.

### 46. 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.

### 47. Events after the reporting date

The Chief Financial Officer Mr TH Sebelebele was appointed on 01 August 2023, the event is a non-adjusting event.

### 48. Unauthorised expenditure

Opening balance as previously reported	35,144,088	35,144,088
Add: Unauthorised expenditure - current	4,364,320	-
<b>Closing balance</b>	<b>39,508,408</b>	<b>35,144,088</b>

### 49. Fruitless and wasteful expenditure

Opening balance as previously reported	3,818,601	3,023,004
Add: Fruitless and wasteful expenditure identified - current	120,320	795,597
Less: Amount written off - prior period	(80,000)	-
<b>Closing balance</b>	<b>3,858,921</b>	<b>3,818,601</b>

The fruitless and wasteful expenditure has been tabled to council and was investigated by a committee of council. An amount of R80 000 was written off by council.

No criminal or disciplinary steps have been taken as a consequence of the above expenditure.

The findings of the investigation into fruitless and wasteful expenditure resulted in the recommendation for the approval of a write-off amounting to R80 000. The report was tabled before Council and as a result, an amount of R80 000 was written off in the current year.

### MFMA Section 125(2)(d) disclosure:

There are no material losses incurred as a result of fruitless and wasteful for the current financial year.

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### 50. Irregular expenditure

Opening balance as previously reported	207,823,178	127,698,936
Add: Irregular expenditure - current	540,297	22,735,079
Add: Irregular expenditure - prior period	37,287,084	57,389,163
Less: Amount written off - prior period	(80,124,242)	-
<b>Closing balance</b>	<b>165,526,317</b>	<b>207,823,178</b>

### Recoverability steps taken/criminal proceedings

The balance as at 30 June 2022 was R 207 823 178. The balance as at 30 June 2023 was R 165 005 710 that is currently under investigation. The expenditures disclosed include VAT for VAT vendors.

Irregular expenditure incurred in the current year for an amount of R19 690 relates to awards were made to persons in service of the state institutions and R37 287 084 relates to expenditure incurred on awards where procurement processes were not properly followed in acquiring goods and services.

The findings of the investigation into irregular expenditure resulted in the recommendation for the approval of a write-off amounting to R80 124 242. The report was tabled before Council and as a result, an amount of R80 124 242 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

Council membership fees payable	1,020,735	1,070,647
Amount paid - current year	(1,020,735)	(1,070,647)
	-	-

#### Audit fees

Current year audit fee	6,608,505	5,969,275
Amount paid - current year	(6,608,505)	(5,969,275)
	-	-

#### PAYE and UIF

Current payroll deductions	14,977,904	13,214,997
Amount paid - current year	(14,977,904)	(13,214,997)
	-	-

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### 51. Additional disclosure in terms of Municipal Finance Management Act (continued)

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#### Pension and Medical Aid Deductions

Current payroll deductions	21,606,660	20,122,316
Amount paid - current year	(21,606,660)	(20,122,316)
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#### VAT

VAT receivable	23,645,100	17,954,585
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During the year, the municipality did not make any payments to SARS.

VAT is accounted for on accrual basis, SARS returns are accounted for on cash basis. All VAT returns have been submitted throughout the year.

#### 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	NAME OF SERVICE PROVIDER	DESCRIPTION OF GOODS AND SERVICES	AMOUNT	REASON FOR DEVIATION
06/07/2022	Hoedspruit Panel beaters	Excess payment for FFK208L Toyota Hilux	R5 000.00	Impractical - Service provider recommended by the insurer
07/07/2022	UD Trucks	Repair for gearbox and water tank for BYP255L Truck	R89 042.95	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
06/07/2022	NTT Toyota	Service and repair of Toyota quantum FFK205L and Toyota Hilux FFG 809L	R25 473.75	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
06/07/2022	Maruleng FM	Slot for an interview of the mayor	R15 000.00	Impractical - Only local radio station.
08/07/2022	Karibu	Conference and accommodation for councilors	R125 069.54	Emergency - Three quotations are required as putting it on advert would delay the process and check in would lapse.
08/07/2022	The Institute of Internal Auditors SA	Renewal of IISA membership for Malepe E. Mangena F, Magoro M, Somo L, Vutomi.	R14 791.88	Sole Provider - The only institution that provides with the training.
08/07/2022	CIGFARO	Payment for CIGFARO workshop for Lephallale P, Somo L, Manyama T, Hoeaeane N,	R7061.60	Sole Provider - The only institution that provides with the training/workshop.
12/07/2022	Hotel @ Tzaneen	Accommodation and conference package for 22 people attending the development of organizational development of organizational structure.	R48 840.00	Emergency - Three quotation are required as putting it on advert would delay the process and check in would lapse
12/07/2022	UD trucks	Repair for gearbox and water tank for BZZ 584 L water truck	R13114.40	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.

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### 52. Deviation from supply chain management regulations (continued)

12/07/2022	Hotel @ Tzaneen	Accommodation and conference package for 22 people attending the development of organizational development of organizational structure.	R48 840.00	Emergency - Three quotation are required as putting it on advert would delay the process and check in would lapse
14/07/2022	NTT Toyota Phalaborwa	Service and repair for FFY 776 L Hino Truck	R10 834.55	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
14/07/2022	Truvello	Calibration of speed measuring machine.	R5 263.49	Sole Provider - The only supplier for speed measuring machine
22/07/2022	Sacplan	Membership fees.	R4 000.00	Sole Provider - The only institute that deals with professional body governing in the field of planning.
21/07/2022	UD Trucks BB Auto Tzaneen	Service and repair for BVP 255 L water truck.	R186,234.75	Sole provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
21/07/2022	BB UD Tzaneen	Service and repair for BVP 255 L	R36 317.56	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
29/07/2022	MIE Pty Ltd	Background and screening and qualification vetting	R3 634.23	Sole Provider - The only institute that provide reference checking background screening of candidate and qualification vetting.
13/08/2022	NTT Toyota Phalaborwa	Service and repair for FFY 778L	R15 049.65	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make
11/08/2022	Hoedspruit Panel beaters	Excess payment for FFK 205L Toyota Hilux	R5000.00	Impractical - Service provider recommended by the insurer.
16/08/2022	NTT Toyota Hoedspruit	Service and repair for FFY 813L	R6 548.55	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make
16/08/2023	BB UD Tzaneen	Service and repair for FGG 646L	R37 286.06	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make.
09/08/2022	Leeto Travel Agency	Accommodation and flights for Somo, Lephala, Manyama & Hoeaeane	R81 025.00	Sole Provider - Three quotation are required as putting it on advert would delay the process and check in would lapse.
24/08/2022	Bmw Mbombela	Excess payment for FKS 048L	R5000.00	Impractical - Service provider that recommended by the insurer.

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### 52. Deviation from supply chain management regulations (continued)

25/08/2022	Leeto travel agency	Accommodation and meals for Thobejane, Rakgoale, Mathaba, Raganya & Maanaso.	R36 000.00	Emergency - Three quotation are required as putting it on advert would delay the process and check in would lapse.
31/08/2022	IMPISA	Workshop conference fees for Maila, Ramohlola & Mathaba	R15 450.00	Sole Provider - The only institution that provides with the developing an inspired workforce conference.
08/09/2022	Munsoft	Munsoft workshop for Komana, Maponya, Maimela, Sekgobela, Moeng, Mashilane, Mohale.	R51 750.00	Sole Provider - The only institution that provide training for Munsoft
09/09/2022	MIE	Reference checking & qualification verify	R4 414.23	Sole Provider - The only institution that provides with reference checking and qualification verification
14/09/2022	MIE	Qualification reference checking	R11 385.63	Sole Provider - The only institution that provides with reference checking and qualificat6ion verification
23/09/2022	Mmamokgadi Travel	Accommodation and meals for directors and councilors	R 85 488.00	Sole Provider - Three quotations are required a putting it on advert would delay the procurement process and check in would lapse
29/09/2022	MIE	Qualification reference checking	R3 886.74	Sole Provider - The only institution that provides with reference checking and qualification verification
29/09/2022	SAQA	Verification of qualification of candidates	R3 065.00	Sole Provider - The only institution that provides with qualification verification
30/09/2022	NTT Toyota	Service and repair for FFY 776L	R7 369.60	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make
07/10/2022	Cigfaro	Registration fee for Mathabatha	R7 676.00	Sole Provider - Cigfaro is the only service provider for the workshop
10/10/2022	ITC	Annual road safety summit for Malepe T and Mogoboya T	R11 500.00	Sole Provider - ITC is the only service provider for road safety summit
14/10/2022	Barloworld Equipment	Replacement stabilizer pad of FSB 053L	R27 281.60	Sole Provider - Repair and maintenance service of municipal vehicles are done at dealership of that particular car make
18/10/2022	Department of transport and community safety	Training of examiner for driving licenses	R30 604.00	Sole Provider - The only institution that is offering training for municipal employees



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### 52. Deviation from supply chain management regulations (continued)

20/10/2022	Lyceum college	Training for Metropolitan Traffic policing	R18 695.00	Sole Provider - Only institute that provide for advanced diploma in traffic and metropolitan policing
20/10/2022	Karibu leisure resort	Accommodation and conference for ward committee	R721 771.19	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
21/10/2022	NTT Toyota Phalaborwa	Service and repairs of FFY 774L	R15 837.66	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
21/10/2022	BB UD Tzaneen	Service and repairs of BVP 257L	R19 476.11	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
31/10/2022	MIE	Only service provider/ institute that provider screening	R4 130.51	Sole Provider - The only institution that provider screening
02/11/2022	ITC	Road and safety summit and expo	R5 748.85	Sole Provider - The only institute that provides road safety summit and expo
10/11/2022	NTT Toyota Hoedspruit	Service and repair of FFG 813 L Toyota Hilux	R11 179.49	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
14/11/2022	BB UD Tzaneen	Service and repairs of BVP 255 L water tank	R90 477.19	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
15/11/2022	Leadership Academy	Training for Magoro and Somo	R19 057.80	Sole Provider - The only service provider C/A learning system instructor training
17/11/2022	SALGA	Registration fees for Raganya SB, Thobejane, Musolwa, Sebashe and Rananya B	R25 000.00	Sole Provider - The only service provider that host the conference
02/12/2022	NTT Toyota Hoedspruit	Service and repairs of FFY 778L	R13 338.57	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
02/12/2022	BB UD trucks	Service and repairs of BZZ 584L truck	R66 076.38	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
14/12/2022	NTT Toyota Hoedspruit	Service and repairs of FFG 814L Toyota Hilux	R9 226.80	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make

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### 52. Deviation from supply chain management regulations (continued)

03/01/2023	BB UD Tzaneen	Service and repairs of FWW 072L waste truck	R9 269.41	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
09/01/2023	Hoyohoyo hotels	Conference	R36 000.00	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
06/01/2023	Bmw Mbombela	Tyres , fitment and alignment of FKS 048L	R16 613.76	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
07/01/2023	Sabi river sun resorts	Accommodation and conference facilities for 67 officials & councilors attending strategic planning	R296 135.00	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
23/01/2023	Swadini forever resorts	Conference venue and facilities for 14 officials attending scm class	R44 590.00	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
23/01/2023	NTT motors	Service and repairs	R13 467.88	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
07/02/2023	Bmw Mbombela	Replacement of 2 rims and 1 tyre for BMW FKS 046L	R36 295.07	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
09/02/2023	BB UD Tzaneen	Service and repair of BVP 257L water tank truck	R88 324.09	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
14/02/2023	Karibu leisure resorts	Accommodation conference venue and facilities for 16 ward committee secretaries meeting	R135 839.00	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
14/02/2023	Cigfaro	Registration for conference	R11 200.00	Sole Provider - Cigfaro is the only service provider for the workshop
22/02/2023	BB UD trucks	Replacement of fuel tank replacement BVP 257L	R22 375.43	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
23/02/2023	NTT Toyota Hoedspruit	Service and repair for 809I	R8 119.15	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
23/02/2023	NTT Toyota Hoedspruit	Service and repair for 803I	R13 572.75	Sole Provider - Repair and services of municipal vehicles are done at dealership of that

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### 52. Deviation from supply chain management regulations (continued)

				particular car make
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### 52. Deviation from supply chain management regulations (continued)

23/02/2023	NTT Toyota Hoedspruit	Service and repair for 814l	R3 363.21	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
23/02/2023	NTT Toyota Hoedspruit	Service and repair for 813l	R6 202.50	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
23/02/2023	BB UD Tzaneen	Service and repair of bvp 257l water tank truck	R88 324.09	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
23/02/2023	NTT Toyota Hoedspruit	Service and repair for 805l	R18 369.55	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
07/03/2023	Sage VIP	Training for Seoke T and Gouws A	R5 750.00	Sole Provider - Sage VIP have contract with the municipality
10/03/2023	Swadini forever resort	Conference for SCM training	R47 950.00	Emergency - Three quotations are required as placing it on advert would delay the procumbent process and check in would lapse
16/03/2023	Barloworld equipment	Service and repairs for FSB 053L	R98 702.57	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
16/03/2023	BB UD Tzaneen	Service and repairs for FWW 072L	R21 999.84	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
16/03/2023	NTT motor Investment	Service and repairs	R64 777.20	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
16/03/2023	Bmw Mbombela	Service and repairs for FKS 048L	R3 134.97	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
18/03/2023	NTT motors investments	Service and repairs for DPS 476L	R64 777.20	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
18/03/2023	BB UD Tzaneen	Service and repairs for BVP 255 L	R57 163.65	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
18/03/2023	NTT motors investments	Service and repairs for FFG 774L	R6 426.89	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make

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### 52. Deviation from supply chain management regulations (continued)

18/03/2023	NTT Hoedspruit	Service and repairs for FFK 208L	R4 991.67	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
21/03/2023	NTT Hoedspruit	Service and repairs for FFG 813L	R4 991.67	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
19/03/2023	Hi Q Tzaneen	Service and repairs	R1 141.00	Emergency – Damaged tyre near Tzaneen
24/03/2023	Bell equipment	Service and repairs for FHS 832L	R80 276.23	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
27/03/2023	NTT Hoedspruit	Service and repairs for ffg808l	R6 148.21	Sole Provider - Repair and services of municipal vehicles are done at dealership of that particular car make
27/03/2023	Leadership Academy	Registration for Somo, Magoro, Mangena, Malepe and Hlungwane	R27 128.50	Sole Provider - The only service provider for performance learning system instructor training
27/03/2023	Kgerekgere lodge	Conference facility for scm class	R34 210.00	Emergency - Three quotations are required as placing it on advert would delay the procurement process and check in would lapse
28/03/2023	Mie	Verification for CFO position	R4 414.74	Sole provider - The only institution that provides with reference check and qualification verification
28/03/2023	Truvelo manufactures Pty Ltd	Speed measuring machines for pro laser 3	R5 263.49	Sole Provider - Truvelo is the only service provider for the speed measuring machines
31/03/2023	Cigfaro	Registration for risk indaba conference	R26 330.00	Sole Provider - Cigfaro is the only service provider for the workshop

### 53. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

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### 53. Segment information (continued)

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#### Aggregated segments

The municipality operates throughout the Limpopo Province covering 33 rural communities within the Mopani District. Segments were aggregated on functions as management considered the report to portfolio committee and council to be efficient for decision making. Further these reports are used to facilitate the Municipality's performance in attaining its objectives as outlined on the IDP.

#### 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:

<b>Reportable segment</b>	<b>Goods and/or services</b>
Basic Services	financial information normally presented on Technical services reports
Community halls and facilities	financial information normally presented on Community Services reports
Executive and Council	aggregation of financial information Municipal Manager and Mayor's report in particular information pertaining to their offices

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### 53. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2023

	Basic Services	Community halls and facilities	Executive and Council	Finance	Total
<b>Revenue</b>					
Government grants & subsidies	-	-	-	231,843,867	231,843,867
Agency services	2,329,780	636,520	-	-	2,966,300
Interest received - investment	-	-	-	8,336,552	8,336,552
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
Interest receivables	-	-	-	13,922,385	13,922,385
Fines, penalties and forfeits	-	1,062,500	-	-	1,062,500
Property rates	-	-	-	126,525,469	126,525,469
Reversal of impairment of assets	-	-	-	16,934	16,934
Donation of assets	7,357,196	-	-	-	7,357,196
Actuarial gain/(losses)	-	-	-	937,436	937,436
Gains from fair-valuing of assets	-	-	-	344,884	344,884
<b>Total segment revenue</b>	<b>9,686,976</b>	<b>14,353,836</b>	<b>-</b>	<b>382,200,086</b>	<b>406,240,898</b>
<b>Entity's revenue</b>					<b>406,240,898</b>

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	Basic Services	Community halls and facilities	Executive and Council	Finance	Total
<b>53. Segment information (continued)</b>					
<b>Expenditure</b>					
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	15,129,136	6,816,531	9,859,990	33,979,474
Finance costs	-	-	-	2,002,589	2,002,589
General expenses	1,303,404	10,511,506	12,232,579	38,632,367	62,679,856
Loss on disposal of assets and liabilities	-	-	-	1,518,565	1,518,565
<b>Total segment expenditure</b>	<b>18,751,761</b>	<b>47,849,158</b>	<b>58,276,847</b>	<b>127,281,222</b>	<b>252,158,988</b>
<b>Total segmental surplus/(deficit)</b>	<b>(9,064,785)</b>	<b>(33,495,322)</b>	<b>(58,276,847)</b>	<b>254,918,864</b>	<b>154,081,910</b>
<b>Assets</b>					
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
Receivables from non-exchange transactions	-	-	-	38,271,448	38,271,448
<b>Total segment assets</b>	<b>602,723,796</b>	<b>67,502,120</b>	<b>83,889,660</b>	<b>422,866,155</b>	<b>1,176,981,731</b>
<b>Total assets as per Statement of financial Position</b>					<b>1,176,981,731</b>



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	<b>Basic Services</b>	<b>Community halls and facilities</b>	<b>Executive and Council</b>	<b>Finance</b>	<b>Total</b>
<b>53. Segment information (continued)</b>					
<b>Liabilities</b>					
Employee benefit obligation	-	-	-	794,000	794,000
Finance lease obligation	-	-	-	1,252,028	1,252,028
Payables from exchange transactions	16,025,420	2,514,047	10,254,250	31,520,680	60,314,397
Provisions	-	-	-	4,426,673	4,426,673
Unspent conditional grants and receipts	-	-	-	1,605,785	1,605,785
Trade and other payables	11,140,000	3,098,806	-	1,315,279	15,554,085
<b>Total segment liabilities</b>	<b>27,165,420</b>	<b>5,612,853</b>	<b>10,254,250</b>	<b>40,914,445</b>	<b>83,946,968</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>83,946,968</b>

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	<b>Basic Services</b>	<b>Community halls and Facilities</b>	<b>Executive council</b>	<b>Finance</b>	<b>Total</b>
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### 53. Segment information (continued)

#### Revenue

Government grants and subsidies	-	-	-	176,427,405	176,427,405
Agency fees	-	2,862,159	-	-	2,862,159
Interest received - Investment	-	-	4,409,385	-	4,409,385
License and permits	-	2,237,168	-	-	2,237,168
Other revenue	4,309,495	59,047	-	(1,128,198)	3,240,344
Rental of facilities and equipment	-	50,383	-	194,492	244,875
Services charges	4,366,866	-	-	-	4,366,866
Donation of other assets	-	-	-	18,561,629	18,561,629
Fines, penalties and forfeits	-	-	-	320,916	320,916
Interest receivables	-	-	-	14,070,432	14,070,432
Property rates	-	-	-	117,420,415	117,420,415
Gains from fair-valuing of assets	-	-	-	1,735,954	1,735,954
<b>Total segment revenue</b>	<b>8,676,361</b>	<b>5,208,757</b>	<b>4,409,385</b>	<b>327,603,045</b>	<b>345,897,548</b>
<b>Entity's revenue</b>					<b>345,897,548</b>

#### Expenditure

Salaries and wages	17,734,975	21,211,594	11,605,987	28,180,624	78,733,180
Remuneration of councillors	-	-	11,097,327	-	11,097,327
Depreciation and amortisation	-	-	1,889,625	22,337,904	24,227,529
Debt impairment	-	-	-	20,575,432	20,575,432
Contracted services	6,639,345	14,275,140	1,825,043	4,620,638	27,360,166
Bad debt written off	-	-	-	539,067	539,067
Finance costs	-	-	-	1,020,945	1,020,945
Loss on disposal of assets and liabilities	-	-	-	588,396	588,396
General expenses	4,929,583	3,225,079	8,707,768	30,811,404	47,673,834
Gains from fair-valuing of assets	-	-	-	982,464	982,464
<b>Total segment expenditure</b>	<b>29,303,903</b>	<b>38,711,813</b>	<b>35,125,750</b>	<b>109,656,874</b>	<b>212,798,340</b>
<b>Total segmental surplus/(deficit)</b>	<b>(20,627,542)</b>	<b>(33,503,056)</b>	<b>(30,716,365)</b>	<b>217,946,171</b>	<b>133,099,208</b>

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Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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	Basic Services	Community halls and Facilities	Executive council	Finance	Total
<b>53. Segment information (continued)</b>					
<b>Assets</b>					
Heritage assets	-	-	150,500	222,000	372,500
Intangible assets	-	-	-	114,278	114,278
Investment property	-	-	-	10,135,954	10,135,954
Property, plant and equipment	121,390,513	25,645,588	568,483	654,443,595	802,048,179
Inventory	(138,706)	(58,411)	-	346,220	149,103
VAT receivables	56,382,767	14,374,750	1,807,937	(54,610,869)	17,954,585
Cash and cash equivalents	(430,473,217)	(72,985,715)	(29,539,148)	687,746,611	154,748,531
Other receivables	29,326	593,574	1,516	1,721,708	2,346,124
Receivables	8,516,508	821,542	-	23,720,306	33,058,356
<b>Total segment assets</b>	<b>(244,292,809)</b>	<b>(31,608,672)</b>	<b>(27,010,712)</b>	<b>1,323,839,803</b>	<b>1,020,927,610</b>
<b>Total assets as per Statement of financial Position</b>					<b>1,020,927,610</b>
<b>Liabilities</b>					
Employee benefit obligation	-	-	-	11,376,000	11,376,000
Finance lease obligation	-	-	-	1,873,460	1,873,460
Unspent conditional grants and receipts	(149,000)	-	-	15,230,653	15,081,653
Trade and other payables	11,721,798	2,783,347	3,018,179	36,120,328	53,643,652
<b>Total segment liabilities</b>	<b>11,572,798</b>	<b>2,783,347</b>	<b>3,018,179</b>	<b>64,600,441</b>	<b>81,974,765</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>81,974,765</b>

# MARULENG LOCAL MUNICIPALITY

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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.

## 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 R2,966,300 (2022: R2,862,159) 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 364 571 (2022: R94 592)

Corresponding rights of reimbursement that have been recognised as assets are R31 336 254 (2022: R28 967 231).

### 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	5,503,720	4,967,807
Licensing and permits	17,250,928	15,524,317
	<b>22,754,648</b>	<b>20,492,124</b>
Balance at the beginning of the year	94,592	61,040
Revenue received on behalf of principal (incl commission)	17,623,518	-
Category of revenue 3 [State category]	(5,826,884)	(5,099,327)
Revenue paid over to the principal	(10,526,655)	-
	<b>1,364,571</b>	<b>(5,038,287)</b>

#### Amount of expenses paid on behalf of the principal during the reporting period

Employee related costs	5,237,845	5,370,849
Repairs and maintenance	610,911	281,281
General expenses	923,587	461,335
	<b>6,772,343</b>	<b>6,113,465</b>

#### Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

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**Reconciliation of the carrying amount of receivables****Service charges - Water and sanitation \_District**

Opening balance	28,967,231	27,610,978
Revenue that principal is entitled to	(4,624,569)	(4,250,956)
Accounts due to the principal - services	(53,937)	(754,646)
Amounts of expenses paid on behalf of the principal	6,772,343	6,113,465
Other - agency fee	275,186	248,390
	<b>31,336,254</b>	<b>28,967,231</b>

**All categories**

Opening balance	28,967,231	27,610,978
Revenue that principal is entitled to	(4,624,569)	(4,250,956)
Write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to	(53,937)	(754,646)
Cash received on behalf of the principal	6,772,343	6,113,465
Other	275,186	248,390
	<b>31,336,254</b>	<b>28,967,231</b>

**Licence and permits - Limpopo Department of Roads and Transport**

Opening balance	94,592	61,040
Revenue received on behalf of the principal (incl commission)	17,406,352	15,457,363
Revenue recognised by the municipality as agency fees	(3,291,483)	(2,976,138)
Revenue paid over to the principal	(12,844,890)	(12,447,673)
	<b>1,364,571</b>	<b>94,592</b>

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## CHAPTER 7: AUDITOR GENERAL REPORT

### Report of the auditor-general to Limpopo provincial legislature and the council of 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 ... to ..., which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Maruleng Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with Standards of General Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 5 of 2022 (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 42 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.

## **Unauthorised, irregular and fruitless and wasteful expenditure**

8. As disclosed in notes 48, 49 and 50 to the financial statements, unauthorised expenditure, fruitless and wasteful expenditure, and irregular expenditure, of R39 508 408, R3 858 921 and R165 526 317 respectively, that was incurred in the previous years was still under investigation

## **Restatement of corresponding figures**

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

## **Material impairments**

10. As disclosed in note 35 to the financial statements, material impairments R25 643 166 was incurred as a result of impairment of irrecoverable receivables from exchange transactions, receivables from non-exchange transactions and other debtors.

## **Other matters**

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



### Unaudited supplementary schedules

12. 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

13. 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

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, 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.
15. 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**

16. 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.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

18. 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.
19. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 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 area	Page numbers	Purpose
<b>KPA 2 – Basic service delivery and infrastructure development</b>	[XX]	Improve community well-being through accelerated service delivery
<b>KPA 3 – Local economic development</b>	[XX]	Promote local economic development

20. 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.

21. I performed procedures to test whether:

The indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.

The indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.

The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

The indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.

The reported performance information is presented in the annual performance report in the prescribed manner.

There is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

23. The material findings on the reported performance information for the key performance area are as follows:

### **KPA 2 – Basic service delivery and infrastructure**

#### **Number of indigent's household with access to basic electricity**

24. An achievement of 964 was reported against a target of 1500. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

#### **Various Indicators**

25. Based on audit evidence, the actual achievement for the below indicators did not agree to the achievements reported. Consequently, the targets were not achieved, the under achievements on the targets were more than reported.

Indicator Description	Target as per approved SDBIP	Reported achievement
Number of municipal buildings maintained	13	13
Number of parks and gardens maintained	6	6

### KPA 3 – Local economic development

26. I did not identify any material findings on the usefulness and reliability of the reported performance information for this key performance area:

## KPA 3 Local economic development

### **Other matters**

27. I draw attention to the matters below.

### **Achievement of planned targets**

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

### **Material misstatements**

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for key performance area 2: basic service delivery and 3: local economic development. Management did correct all of the misstatements and I reported material findings in this regard.

### **Report on compliance with legislation**

30. 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.

31. 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.

32. 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.

33. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

#### **Annual financial statements, performance and annual reports**

34. 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 non-current assets, current assets, current liabilities, non-current liabilities, revenue, 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**

35. 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). Misstatements relating to the reported performance information were identified due to performance reports not adequately supported by reliable evidence.

#### **Expenditure management**

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

37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to

R39 508 408 as disclosed in note 48 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 non-cash items.

38. Reasonable steps were not taken to prevent irregular expenditure amounting to R165 526 317 as disclosed in note 50 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management regulation and processes.

39. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3 8585 921 as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on late submission and payment to suppliers.

#### **Consequence management**

40. 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.

41. 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.

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

#### **Asset management**

43. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.



## Procurement and contract management

44. Some of the contracts were awarded to bidders based on points given for legislative requirement that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
45. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c).

## Other information in the annual report

46. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported in the auditor's report.
47. 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.
48. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. 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

50. 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.
51. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
52. The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
53. 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

30 November 2023



AUDITOR GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

