

ANNUAL REPORT

2022/2023

**COLLINS CHABANE
LOCAL MUNICIPALITY**
Since 2016



**COLLINS CHABANE
LOCAL MUNICIPALITY**

“A Spatial Integrated & Sustainable Local Economy by 2030”



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GLOSSARY

AFS	Annual Financial Statements
AIDS	Acquired Immune Deficiency Syndrome
AGSA	Auditor General South Africa
ANC	African National Congress
CCLM	Collins Chabane Local Municipality
CFO	Chief Finance Officer
CIBD	Construction Industry Development Board
Cllr	Councillor
CoGHSTA	Corporative Government Human Settlement and Traditional Affairs
CoGTA	Corporative Government and Traditional Affairs
DA	Democratic Alliance
DMP	Disaster Management Plan
DMS	Disaster Management Structure
DoE	Department of Education
DoRT	Department of Roads and Transport
DSCR	Department of Sports, Culture and Recreation
DSS	Department of Safety and Security
DWA	Department of Water Affairs
EPWP	Expanded Public Works Programme
FBO	Faith Based Organisations
FBS	Free Basic Services
FY	Financial Year
GDS	Growth and Development Summit
HH	Households
HIV	Human Immunodeficiency virus
IDP	Integrated Development Plan
INEP	Integrated National Electrification Programme
ISF	Mpumalanga Integrated Spatial Framework
LED	Local Economic Development
KL	Kilolitre
KM	Kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LAC	Local Aids Council
LED	Local Economic Development
LEDF	Local Economic Development Forum
MFMA	Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agent
MM	Municipal Manager
MNDs	Minimum Notified Demands
MPAC	Municipal Public Accounts Committee
MSA	Local Governance: Municipal Systems Act, 2000 (Act 32 of 2000)
MTEF	Medium-Term Expenditure Framework
NGO	Non-Governmental Organisations
NPO	Non-Profit Organisations
PAFPA	Platorand Area Fire Protection Association
PGDS	Provincial Growth Development Strategy
PLHWA	People Living with HIV/AIDS
PMC	Provincial Management Committee
PMS	Performance Management System
PMU	Project Management Unit
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SPLUM	Spatial Planning and Land Use Management Act
STI	Sexually Transmitted Infections
VDM	Vhembe District Municipality
TB	Tuberculosis
WSIG	Water Services Infrastructure Grants

Unity in Service Delivery

INTRODUCTION

ANNUAL REPORT 2022/2023

The structure of Collins Chabane Local Municipality Annual Report 2022/2023 is based on the revised Annual Report template provided by the National Treasury. The purpose of this revised Annual Report is to address the need expressed by several municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports.

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

Section 121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: "Every municipality and municipal entity must for each financial year prepare an annual report in accordance with its guidelines."

The purpose of the annual report is to:

(a) Provide a record of the activities of the Collins Chabane Local Municipality Council during the financial year. (b) Provide a report on performance against the budget of the Collins Chabane Local Council for the financial year reported on. (c) Promote accountability to the local community for the decisions made throughout the year by the Municipality.

According to the MFMA, this Report should include:

- The annual financial statements of the Municipality, and consolidated annual financial statements, submitted to the Auditor-General for audit in terms of section 126 (1) of the MFMA
- The Auditor-General's audit report in terms of section 126 (3) of the MFMA and in
- Accordance with s45 (b) of the MSA; on the financial statements in (a) above;
- The annual performance report of the Municipality as prepared by the Collins Chabane Local Municipality in terms of section 45(b) of the Local Government: Municipal Systems Act 32 of 2000 (MSA);
- An assessment of the arrears on municipal taxes and service charges;
- An assessment of the Municipality's performance against the measurable performance objectives referred to in Section 17 (3)(b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality's approved budget for the financial year
- Corrective action taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d); and
- Recommendations of the Municipality's Audit Committee.



CHAPTER 1



MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



HIS WORSHIP, THE MAYOR OF COLLINS CHABANE LOCAL MUNICIPALITY, CLLR S.G MALULEKE

It gives me great pleasure to present to the communities of Collins Chabane Local Municipality the 2022 to 2023 Annual Report for the financial year ending 30 June 2023. This report is progress and provides a roadmap for the development of the municipal area throughout the Collins Chabane Local Municipality. The priorities and strategic interventions of this new Council that will guide this IDP and subsequent reviews were formulated during the Municipal Strategic Planning Session that was held from **26-28 January 2022**.

This Annual Report encapsulates the 2022/2023 financial year, which illustrates the Council's commitments to eradicating backlogs of infrastructure service delivery through the Municipal Infrastructure Grant (MIG). The infrastructure projects that have been included in this IDP emanate from an appreciation of the many households that still do not have access to roads, electricity and communities (halls and sports fields). Our long-term development outlook for infrastructure to cater for the domestic and economic demands of our municipal area.

This Council is committed to building upon the work of our predecessors, particularly on issues of clean administration. One of the focus areas pronounced in this IDP is the need for the municipality to maintain a clean audit opinion from the Auditor General. Improving the municipality's financial position is of principal importance, in this respect, we will ensure sound revenue and expenditure management mechanisms are implemented throughout this term of office.

The IDP is aligned to the country's pillars, the National Development Plan (NDP), Provincial Growth and Development Strategy, District Growth and Development Strategy, and other strategic frameworks.

We are proud as the Council that we have been able to swim above the tide of all hindrances and we remain steadfast in fast-tracking service delivery in all our Key Performance Areas.

The new Council will identify areas that needed attention, causing bottlenecks and hindering the service delivery drive. We are now at over 90% success rate in terms of electrification of all wards through Department of Mineral Resources and Eskom partnerships. We remain anxious about the shortage of water in Collins Chabane, but we believe we play our role of coordinating and assisting the district municipality where it requires our support.

Our partnership with the Department of Public Works is one of our flagships as it has been praised as the most active and functional Extended Public Works Programme (EPWP), a program that creates employment opportunities, targeting only local people involved in waste collection, tree felling, grass-cutting, bush clearing etc.

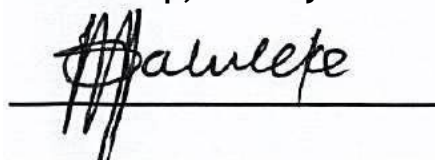
During the year under review, the Municipality was able to **spend 100% of the municipal infrastructure grant of R 93 889 000**, due to good performance on infrastructure spending. It is worth reporting that by the end of June 2023, the Municipality was able to spend 100% of its **additional MIG grant** which amounted to **R 45 000 000**.

The highlights and achievements of Collins Chabane Local Municipality during 2 of 022/2023 has successfully delivered the following projects:

1. Filling of 78 posts
2. 1238 Sites Demarcated and Surveyed (303 Botsoleni, 529 Matiyani and 406 Madobi)
3. 50 street lights constructed and connected at 4 wards at Malamulele Cluster ((18,20,21 And 26)
4. 50 street lights constructed and connected at 4 wards at Hlanganani Cluster (4,5,9, And 10)
5. 50 street lights constructed and connected at 4 wards at Vuwani and Malamulele Clusters(10,14,15 And 18)
6. 60 street lights constructed and connected at 4 wards at Saselamani Cluster (30,32,34 And 36)

7. 250 households constructed and connected with electricity at Mabiligwe Electrification Ward 12,14,16
8. Malamulele Stadium upgraded
9. 4.5 km Ring Road Constructed at Mphambo
10. Achieved 5 Low Level Bridges Constructed at 5 Wards (20,18,17,16 & 15)
11. Detailed designs for construction of 2.5km Ring Road at Muchipisi developed
12. Detailed designs for construction of 2.5 km Ring Road at Masakona developed
13. Detailed designs for construction of 2.5km Ring Road at Misevhe A,B,C and D developed
14. Detailed designs for construction of 2.5km Ring Road at Gidjana developed
15. Detailed Designs for Construction of Tiyani Mall Intersection developed
16. Detailed designs for construction of 2.5 km Ring Road at Jimmy Jones developed
17. Detailed designs for construction of 2.5km Ring Road at Botsoleni developed
18. Detailed designs for construction of 2.5km Ring Road at Nghezimani developed
19. Detailed designs for construction of 2.5km Ring Road at Masia Headkraal developed

His Worship, the Mayor: Councillor S.G Maluleke



A handwritten signature in black ink, appearing to read 'S.G. Maluleke', is written over a horizontal line.



COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



Mr. R.R Shilenge Municipal Manager

The Collins Chabane Local Municipality is founded and operates under Chapter 7 of the South African Constitution. Section 152(1) of the Constitution outlines various objects of local government, and it is on these objects that this municipality governs and serves its community in a manner that is commensurate with democracy.

This Annual Report provides an overview of the performance and progress made by the Collins Chabane Local Municipality in fulfilling its strategic objectives and priorities, as aligned with the Integrated Development Plan (IDP), Annual Budget as well as National and Provincial Government strategic directives. It is a pleasure to reflect on the 2022/2023 financial year, this Annual Report captures the considerable effort made by the Collins Chabane Local Municipality to focus on efforts to strengthen governance structures, through the review and adoption of policies, procedures, improving systems and implementing new regulations. A review of the organisational structure was conducted to improve the functionality and alignment to the Municipality's strategy and to promote service delivery. This was informed by resolutions that were undertaken during Municipal Strategic Planning which emphasises the issue of speeding up services to the community.

The Municipality is mainly dependent on government grants and support. The Municipality achieved an unqualified audit opinion during 2022/2023 financial year and an AG Action Plan is in place to address the findings identified. I am confident that the Administration, under my leadership, will steer this Municipality to greater successes in the future.

The Risk Management Committee, under the leadership of the Municipal Manager, meet quarterly and report to the Council and the Audit and Performance Committee. The risk assessments of all departments were completed and measured to mitigate all identified risks affecting the Municipality. All the risks were included in a Risk-Based Action Plan, for monitoring and management purposes.

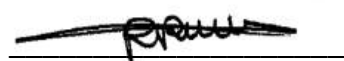
During 2022/2023 financial year, the Municipality was able to spend 100% of municipal infrastructure grant, owing to good performance on infrastructure spending. Our Municipality continues to ensure that the community facilities are being maintained because of this existing capacity.

Our Municipality continued to ensure that halls and roads are being maintained as a result of this existing capacity.

The Annual Report for 2022/2023 year reflects the performance and challenges for the financial year. I would like to extend my sincere appreciation to the Mayor, Council and Staff for their dedication towards serving the communities and all stakeholders.

R.R SHILENGE

MUNICIPAL MANAGER



1.2 MUNICIPAL OVERVIEW

This report addresses the performance of Collins Chabane Local Municipality (CCLM) regarding its core legislative obligations. Local government must create a participatory framework that defines and enhances the relationship between elected leaders and their communities. This

requires that the Council of the Municipality provide regular and predictable reporting on programme performance and the general state of affairs in their locality.

The Annual Report reflects on the performance of the Municipality for the period 1 July 2022 to 30 June 2023. The report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), of which the Municipality must prepare an annual report for each financial year.

1.2.1 Vision

The Municipality committed itself to the following vision:

“A spatially integrated and sustainable local economy by 2030”

1.2.2 MISSION

To ensure the provision of sustainable basic services and infrastructure to improve the quality of life of our people and to grow the local economy for benefit of all citizens.

1.2.3 VALUES

The operations of the Municipality will be underpinned by the following key values:

- **Transparency**
- **Accountability**
- **Responsive**
- **Professional**
- **Creative**
- **Integrity**

The above values are aligned to **Batho Pele** Principles, which are the following:

- Consultation
- Service Standards
- Access
- Courtesy
- Information

- Openness and Transparency
- Re-dress
- Value for Money

The Municipality values are also aligned to service delivery standards, which are sets of rules of engagement for providing municipal services. These service standards include targets that Collins Chabane Local Municipality has set as turnaround time for providing each municipal service. Each municipal building has a notice board that details what citizens are entitled to know, what they should expect from the Municipality, how services will be delivered, what they cost, and what can be done if the services are not acceptable.

1.2.4 FIVE (5) YEAR STRATEGIC OBJECTIVES

The Collins Chabane Local Municipality has embarked on a process to review and refine its plans in the context of changing needs and new developments within the Municipality. Collins Chabane Local Municipality Five (5) Year strategic objectives have been aligned into National Outcomes and Strategic Objectives and Projects for the 2022/2023 financial year.

STRATEGIES TO ADDRESS IDENTIFIED CHALLENGES

Collins Chabane Local Municipality will implement the following strategies to address the challenges identified above as well as to enable it to achieve its vision. Collins Chabane Local Municipality has embarked on a Strategic Planning Session from **26-28 January 2022** process to review and refine its plans in the context of changing needs, challenges and new developments within the Municipality. Collins Chabane Local Municipality Five (5) Year Strategic objectives have been aligned into the Municipal Vision and National Outcomes to address the challenges for the municipality.

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.3.1 MUNICIPAL FUNCTIONS

A municipality has the functions and powers assigned to it in terms of Sections 156 and 229 of the Constitution. In terms of the Municipal Structures Act No. 117 of 1998 Collins Chabane Local Municipality (Lim 345) is classified as a B Municipality and falls within the Vhembe

District Municipality (DC29). This act made provision for the division of powers and functions between the district and local municipalities with the most day-to-day service delivery functions delegated to local municipalities and the District-wide to District Municipalities. Hereunder are the powers and functions allocated to the Collins Chabane Local Municipality:

- Municipal Planning
- Local Tourism
- Local Amenities
- Cleaving
- Control of public nuisance
- Storm Water
- Local Sports Facilities
- Municipal Roads
- Fencing and Fences
- Electricity

1.3.2 INTRODUCTION: BACKGROUND DATA

Provincial Context

The Collins Chabane Local Municipality is one of the four municipalities of the Vhembe District Municipality (VDM) of Limpopo Province. CCLM is located on the far north of the VDM. The map below demonstrates the location of the municipality from the provincial context.

Municipal Context

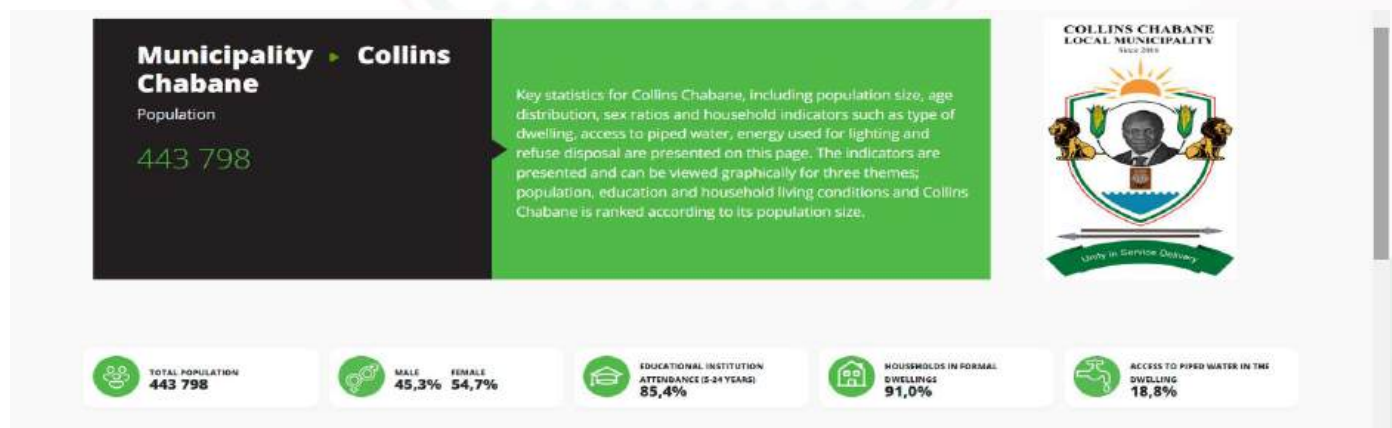
Collins Chabane Local Municipality is a newly established Municipality in the Northern part of Limpopo Province and is situated about 191km from Polokwane City. The Municipality is part of the Vhembe District and is situated between Greater Giyani, Thulamela, and Makhado municipalities. To the north-east the Municipality's borders extend to Mozambique and on the south east to Kruger National Park. Two dominant roads flank the Municipality, namely D4 that connects the Municipality to the N1 to Musina and Gauteng. Whilst the R81, connects the Municipality via Giyani to Polokwane. The Municipal land area covers 5 467.216km² (22° 35' S 30° 40' E) in extent with a population of approximate of 443 798 inhabitants. Apart from the two main towns namely, Malamulele and Vuwani Town; and 173 Villages, the municipal area also includes 3 informal settlements.

1.3.3 TRADITIONAL AUTHORITY

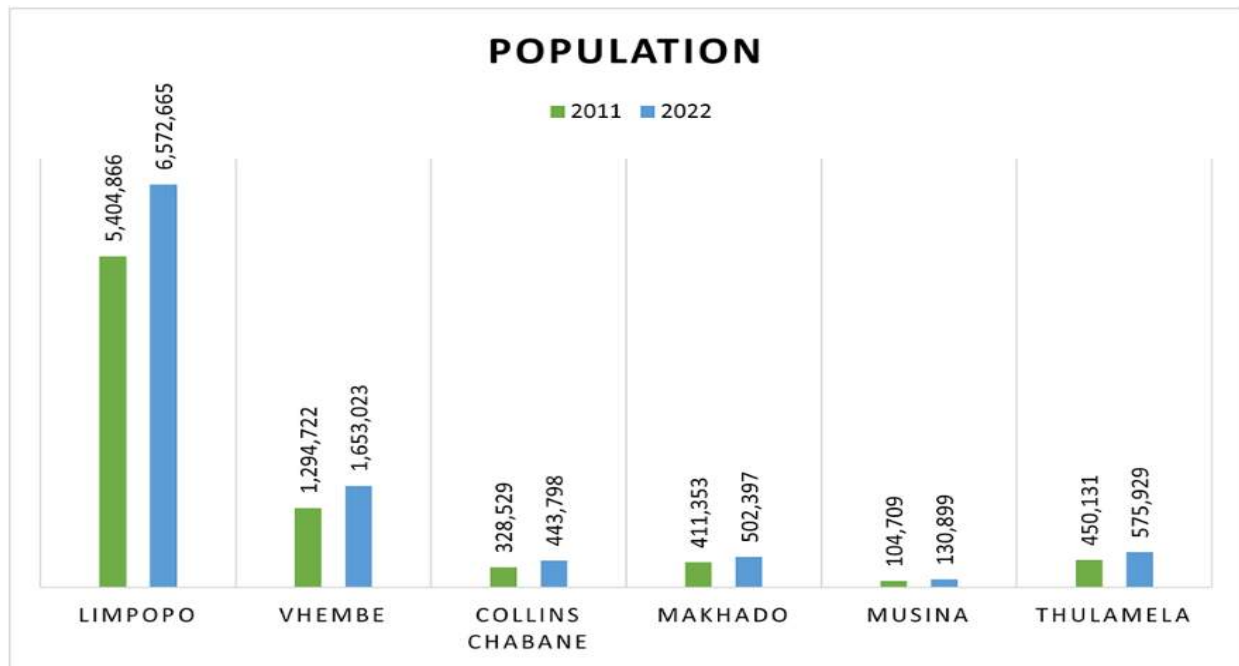
There are 17 Traditional authority councils within the Collins Chabane Municipal area. The remainder of the land is made up of commercial farmlands. Collins Chabane Local Municipality has 36 Wards and a total number of 36 Councilors.



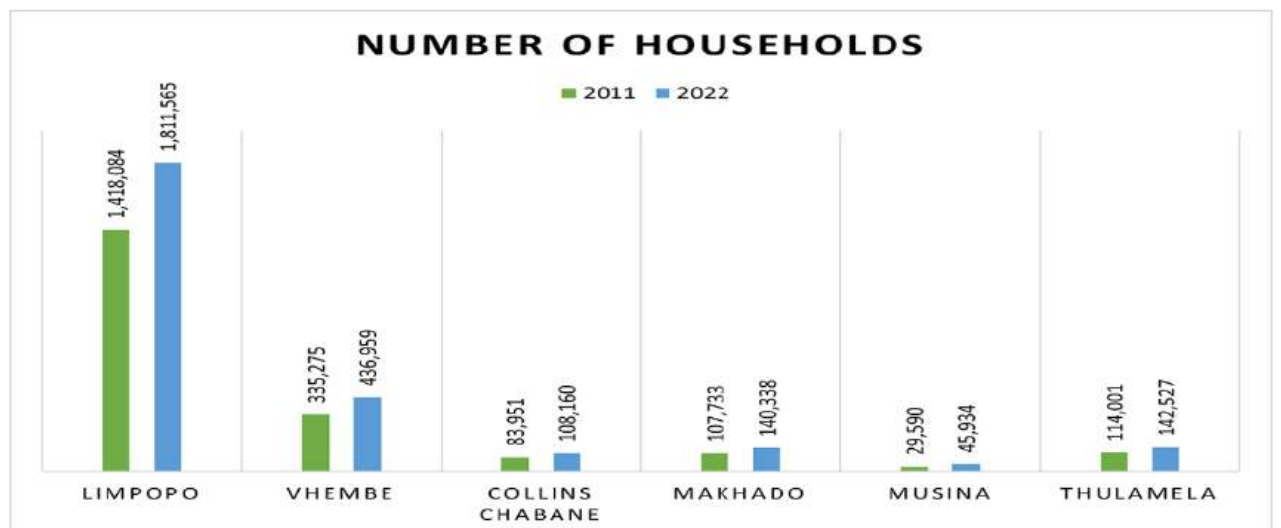
DEMOGRAPHICS



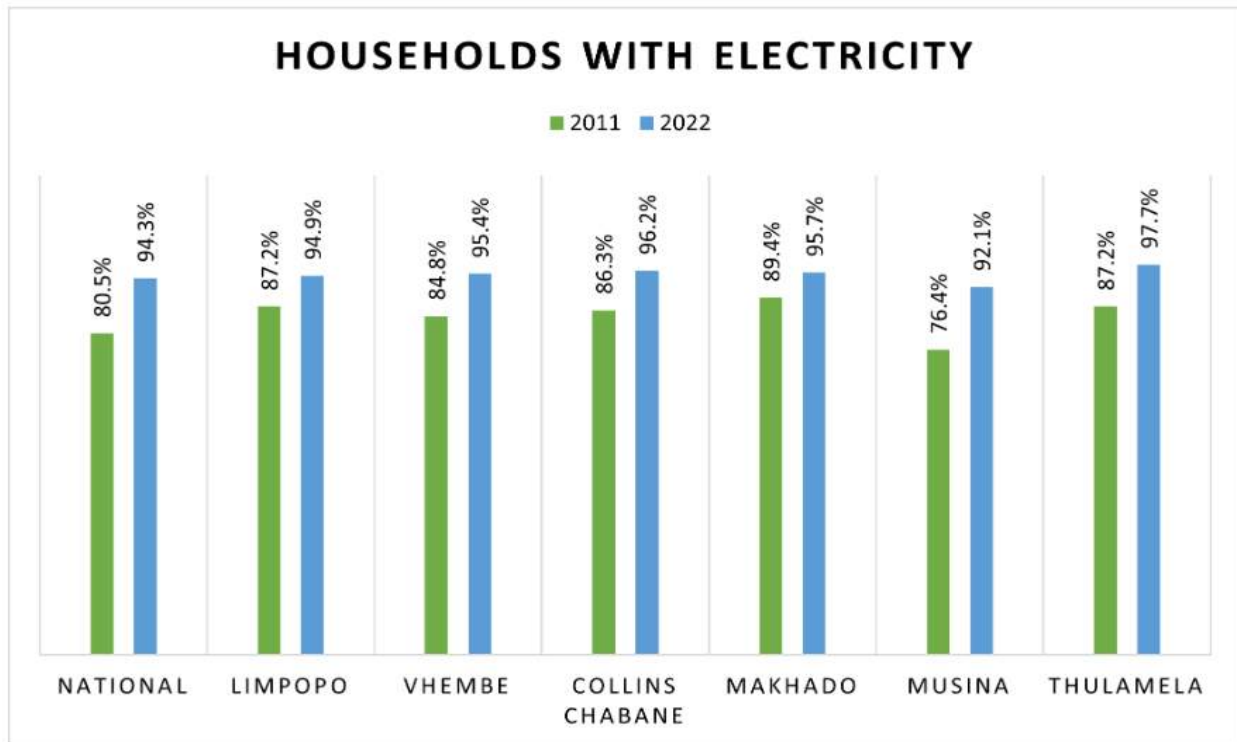
1.3.4.1 POPULATION



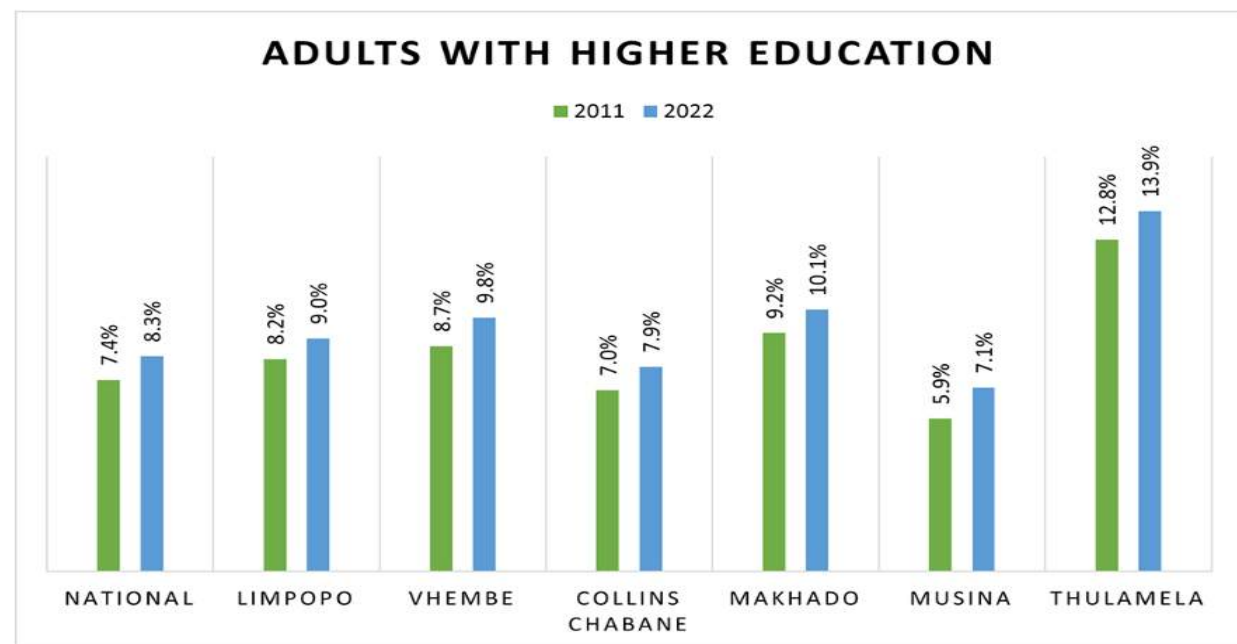
1.3.4.2 NUMBER OF HOUSEHOLDS



13.4.3 PERCENTAGE OF HOUSEHOLDS CONNECTED TO THE ELECTRICITY GRID.



1.3.4.4 PERCENTAGE OF PEOPLE WHO HAVE A HIGHER EDUCATION QUALIFICATION.



1.4 SERVICE DELIVERY OVERVIEW

Collins Chabane Local Municipality has an obligation to provide services to its citizens as provided in the Constitution of the Republic of South Africa. The basic services provided by the Municipality include the electrification of villages, coordination of housing programmes, roads and stormwater services, waste management, and town planning services.

Collins Chabane Local Municipality has managed to eradicate the electrification backlog within villages. The rapid population growth necessitates the need for the Municipality to frequently request Integrated National Electrification Programme (INEP) funding.

The Municipality still has backlogs in the provision of services such as low-cost housing, waste management, roads and storm water services. The eradication of the afore-mentioned backlog is quite slow due to the rapid population growth and financial limitations. The Municipality will continue to request accessible grant allocation such as MIG, INEP and EPWP to ensure efficient and sustainable provision of free basic services.

1.4.1 WATER AND SANITATION

Collins Chabane Local Municipality is not mandated to provide water and sanitation services however, Vhembe District Municipality is the Water Service Authority for Collins Chabane Local Municipality since 2003. Vhembe District Municipality has a Water Service Development

Plan (WSDP) adopted in 2021. The WSDP is **linked** and aligned to the Collins Chabane Local Municipality's long-term development plan as well as the Spatial Development Framework, District Growth and Development Plan, Housing and Integrated Waste Management plans. The role of the iLembe Technical Services Department is to provide water and sanitation services throughout the District thereby eliminating backlogs.

1.4.2 ROADS

Collins Chabane Local Municipality is responsible for some of the new roads and maintaining the existing roads. The asset roads maintenance plan provides a structure within to strategically manage the maintenance and to optimise the life cycle of the Municipality's assets in accordance with service delivery requirements and towards achieving the needs of the communities that the Municipality is responsible for the key objectives. The following achievements were as follows:

- 4.5 km Ring Road Constructed at Mphambo
- Achieved 5 Low Level Bridges Constructed at 5 Wards (20,18,17,16 & 15)

1.4.3 SOLID WASTE MANAGEMENT

The Collins Chabane Local Municipality is responsible for solid waste management within its jurisdiction. The municipality has developed an Integrated Waste Management Plan (IWMP) as per the requirements of the National Environmental Management Waste Act (59 of 2008) as amended (hereafter referred to as the Waste Act) to sustain and improve waste management in the municipal area. The IWMP was approved and adopted by the Collins Chabane Local Municipality Council in May 2022. The IWMP is an integral part of the IDP and therefore it must be aligned to the Municipality's IDP.

1.5 FINANCIAL OVERVIEW

For the year under review, municipal budgeted surplus was R 291 185 085 and incurred an actual surplus of R 191 606 687.

FINANCIAL OVERVIEW: 2022/23		
SUMMARY: STATEMENT OF FINANCIAL PERFORMANCE		
Description	Budget 2022/23	Actual 2022/23
Total Revenue by Source (Excluding Capital Transfers)	621,754,215	593,001,992
Capital Transfers	151,472,980	146,738,980
Total Revenue by Source (Including Capital Transfers)	773,227,195	739,740,972
Less: Total Expenditure	482,042,110	548,134,285
Equals: Surplus/ deficit	291,185,085	191,606,687

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The organogram was reviewed with the view to make necessary adjustment to give effect to the adopted IDP and the following factors were featured:

- Material changes to the functions of the municipality (purposes and functions of the departments have been featured in the organizational structure)
- All Senior Manager posts were filled.

1.7 AUDITOR-GENERAL REPORT

Collins Chabane Local Municipality received unqualified audit opinion. See Chapter 6 for a more detailed AG reports.

1.8 STATUORY ANNUAL REPORT PROCESS

In terms of Section 127 (2) of the Local Government: Municipal Finance Management Act (MFMA) 56 of 2003, every municipality must deal with its Annual Report within seven months after the end of a financial year. A copy of the Draft Annual Report 2022/2023 financial year will be submitted to Senior Management and the Auditor-General for scrutiny. After the comments of Senior Management has been included, the Draft Annual Report will be submitted to the Auditor-General. The Draft Annual Report will be tabled to the Council for consideration and noting. The Draft Annual Report will be submitted to the Auditor-General, Provincial Treasury and the Provincial Department responsible for Local Government in the province. Thereafter, the Draft Annual report will be published for public comment by the end of January.

The Municipal Public Accounts Committee (MPAC) will meet to discuss the Draft Annual report, and a recommendation on whether it is approved or rejected will be drafted in the Oversight Report within two months after the approval of the Annual Report. The Oversight and Annual Reports will be tabled to Council for approval after all the comments have been considered by the end of March. The table below illustrates a more detailed look into the legislative requirements.

NO.	ACTIVITY	TIMEFRAME
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year.	
4	Submit draft year Annual Report including Annual Financial Statements and Performance Report to Auditor-General	September
5	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
6	Municipal entities submit draft annual reports to MM (The municipality doesn't have entities)	
7	Auditor General Audits Annual Report including Annual Financial Statements and Performance data	September - October
8	Municipalities receive and start to address the Auditor General's findings	
9	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	
10	Receive management letter and provide final comments on findings	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 year 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 year Budget / IDP	May
20	Make public approved Budget and IDP.	June
21	Finalise SDBIP and Performance Agreements for next financial year.	
22	Make public SDBIP and Performance Agreements.	July



CHAPTER 2



GOVERNANCE



CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality operates within the plenary system and has thirty six (36) wards. Governance comprises of both political and management governance and in addition intergovernmental relation, public participation and accountability. Political structure is responsible for executive and legislative powers and functions in terms of the constitution as well as relevant National and provincial legislations. Administration structure is responsible for cooperative governance and administration of the affairs of municipality.

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its initiative, the local government affairs of the local community. The municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislation. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it. The overall executive and legislative authority vests in Council. The Council must, therefore, take all the major decisions of the municipality. The Municipal Systems Act, Act 32 of 2000 (Section 2) states that a municipality is constituted by its political structures, municipal administration and its community. Collins Chabane Local Municipality is structured as follows:

Political Governance Structures

- Municipal Council
- Exco
- Portfolios
- Municipal Public Accounts Committee (MPAC)

The Municipal Administration

The Administration comprises of the Office of the Municipal Manager and 5 Directorates.

Community Structures

- Ward Committees

POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL 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 initiative, the local government affairs of its community, subject to national and provincial legislation.

Collins Chabane Local Municipality is a category C municipality in terms of Section 10 (b) of the Municipal Structures Act, which defines the Municipality with a Mayoral Executive System. The Municipality has Section 80 Committees, Section 79 Committees, Mayoral Committee and Council.

The Council is composed of 71 Councillors, 36 of which are Ward Councillors and 35 are PR Councillors. The Municipal Manager heads the administration and acts as a link between the Political Office Bearers and Administration.


2.1. THE MUNICIPAL COUNCIL

The Municipal Council is comprised of 71 Councillors and is chaired by the Honourable Speaker wherein decisions are taken through Council resolutions as per the recommendations of the Executive Mayoral Committee.

Items are prepared by administration to serve before the Portfolio Committees, Mayoral Committee and finally, before Council with recommendations for either adoption or noting depending on the nature of the items. The Municipality has an Audit Committee that provides opinions and recommendations on financial processes and performance and affords comments to the Oversight Committee on the Annual Report.

The Municipality has established Municipal Public Accounts Committee (MPAC) that plays an Oversight role. The Committee is comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report.

MPAC prepared an oversight report which served before Council on 29 March 2024 in compliance with the MFMA.

PMT	
	Cllr Maluleke S.G Mayor
	Cllr Mbedzi T.S Speaker
	Cllr Baloyi M.E Chief whip

POLITICAL DECISION-MAKING

In the municipality, there is a Political Management Team (PMT), which consists of the Mayor, Speaker and Chief Whip, which sits every week to discuss Council matters. Council takes resolutions on all service delivery and community development matters, as well as adopts or approves policy documents and matters that may be delegated as stipulated in section 160(2) of the Constitution, 1996 as amended.

All reports seeking approval, adoption or noting by Council serve in all Municipal Council Committees before submission to Council.

For the financial year, 2022/23 Council held Five (5) Ordinary and Seventeen (17) Special Council meetings. 179 resolutions were taken, with 178 of them implemented and 1 deferred.

EXECUTIVE COMMITTEE

NAME OF MEMBERS	HEAD OF PORTFOLIO
Cllr Maluleke SG	Mayor (Chairperson)
Cllr Mavikane SX	Portfolio Head of Finance
Cllr Thovhakale MS	Portfolio Head of Technical Services
Cllr Chauke HG	Portfolio Head of Community Services
Cllr Maluleke LR	Portfolio Head of Corporate Services
Cllr Lebea ME	Portfolio Head of Planning and Development
Cllr Mahlawule TP	Portfolio Head of Special Programmes
Cllr Mabasa D	Portfolio Head of Legislation and Traditional Affairs
Cllr Baloyi DL	Exco Member
Cllr Mashila D	Exco Member

COUNCILLORS

Collins Chabane Local Municipal Council is comprised of 71 Councillors. These Councillors are categorised in the table below.

WARD COUNCILLORS:

MEMBERS OF MUNICIPAL COUNCIL
Cllr Maluleke SG
Cllr Mbedzi TS
Cllr Baloyi ME
Cllr Mabasa D
Cllr Thovhakale MS
Cllr Chauke HG
Cllr Maluleke LR
Cllr Baloyi DL
Cllr Lebea ME
Cllr Mashila D
Cllr Mahlawule TP
Cllr Maremane HR
Cllr Bila ST
Cllr Mashimbye FP
Cllr Mutele ST
Cllr Mavikane SX
Cllr Shivambu S
Cllr Matamela SM

Cllr Masangu GD

Cllr Chauke ST

Cllr Maluleke ET

Cllr Ndove HD

Cllr Mudau TS

Cllr Mabasa KK

Cllr Ngobeni MR

Cllr Mabasa J

Cllr Baloyi HR

Cllr Sunduza SZ

Cllr Chabangu ST

Cllr Mabunda MC

Cllr Munyai N

Cllr Sithole SM

Cllr Shandukani SM

Cllr Rekhotso SS

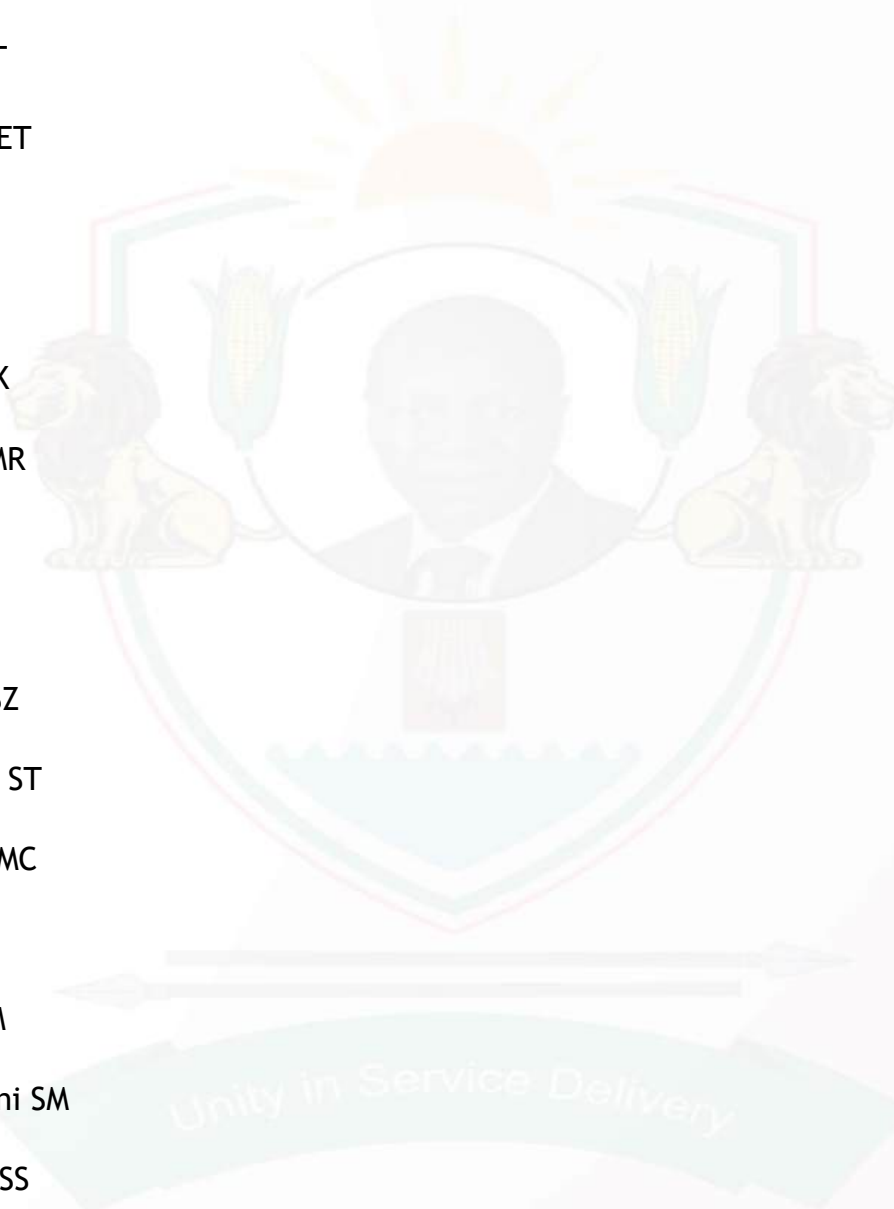
Cllr Miyambo SZ

Cllr Baloyi MJ

Cllr Hlabangwani TL

Cllr Masia TM

Cllr Rikhotso GM



Cllr Mathavha HF

Cllr Baloyi HJ

Cllr Manganyi HL

Cllr Mabasa W

Cllr Mhangwani C

Cllr Khange G

Cllr Makhubela S

Cllr Bamuza E

Cllr Hlatswayo TG

Cllr Mafanela RM

Cllr Maluleka RM

Cllr Mathebula ML

Cllr Rasiuba NR

Cllr Maluleke HM

Cllr Tshoteli LD

Cllr Maloleka SB

Cllr Chabalala KR

Cllr Chauke MC

Cllr Hlungwani S

Cllr Mathebula ME

Cllr Chauke GP



Cllr Makhomisani SS

Cllr Maringa RE

Cllr Manganye MJ

Cllr Manganyi MN

Cllr Muthubi KR

Cllr Mulaudzi MM

Cllr Chaoke TS

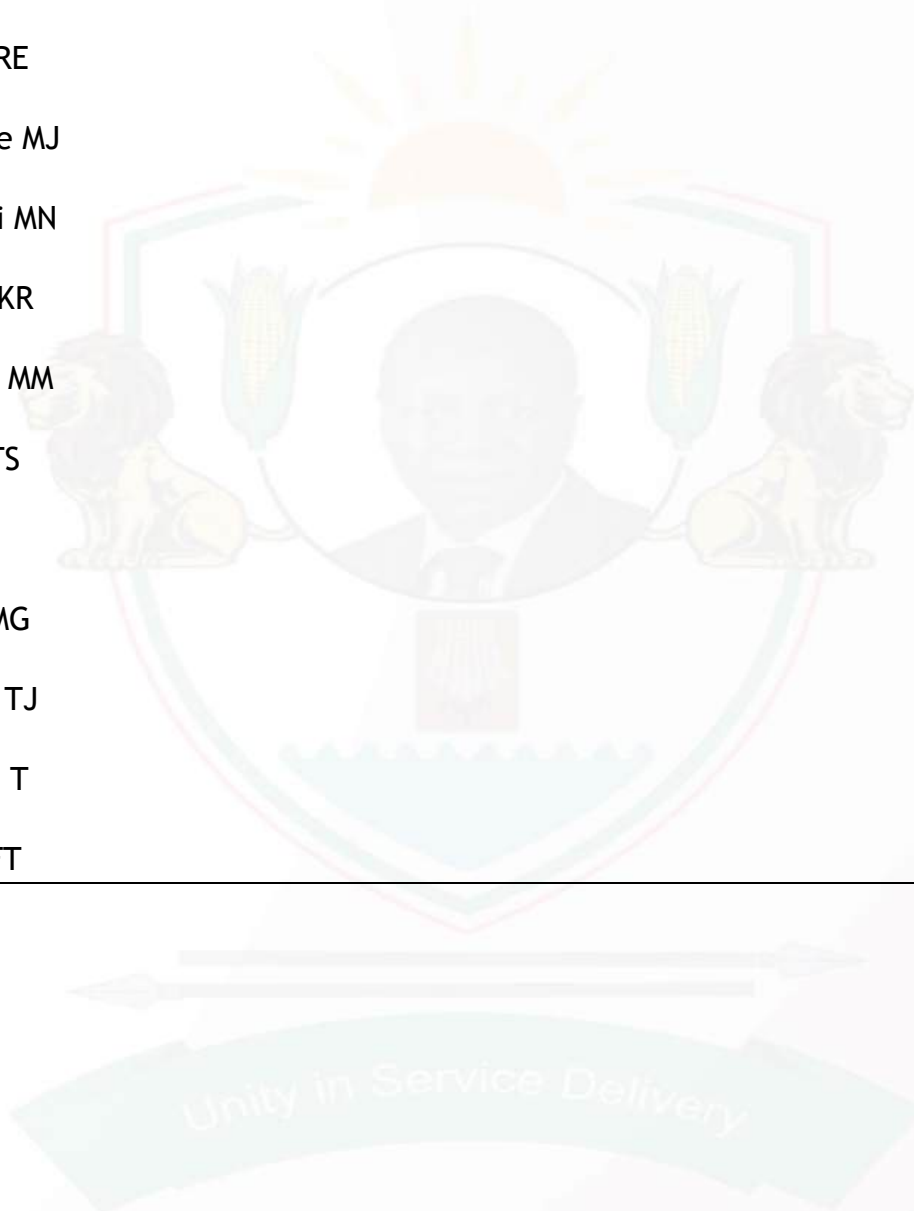
Cllr Khosa TE

Cllr Chauke MG

Cllr Munarini TJ

Cllr Yingwani T

Cllr Chauke FT



2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE AS OF 30 JUNE 2023

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Six (6) Departments form the basis of administration, which is responsible for strategic day-to-day operational matters of the Municipality and implementation of Council's decisions as well as providing Technical, Professional support and advice to Council.

Mr. Shilenge R.R was Municipal Manager, who worked with the following team of Senior Managers (all appointed on a Fixed Term Performance Contracts), who were responsible for the following departments:

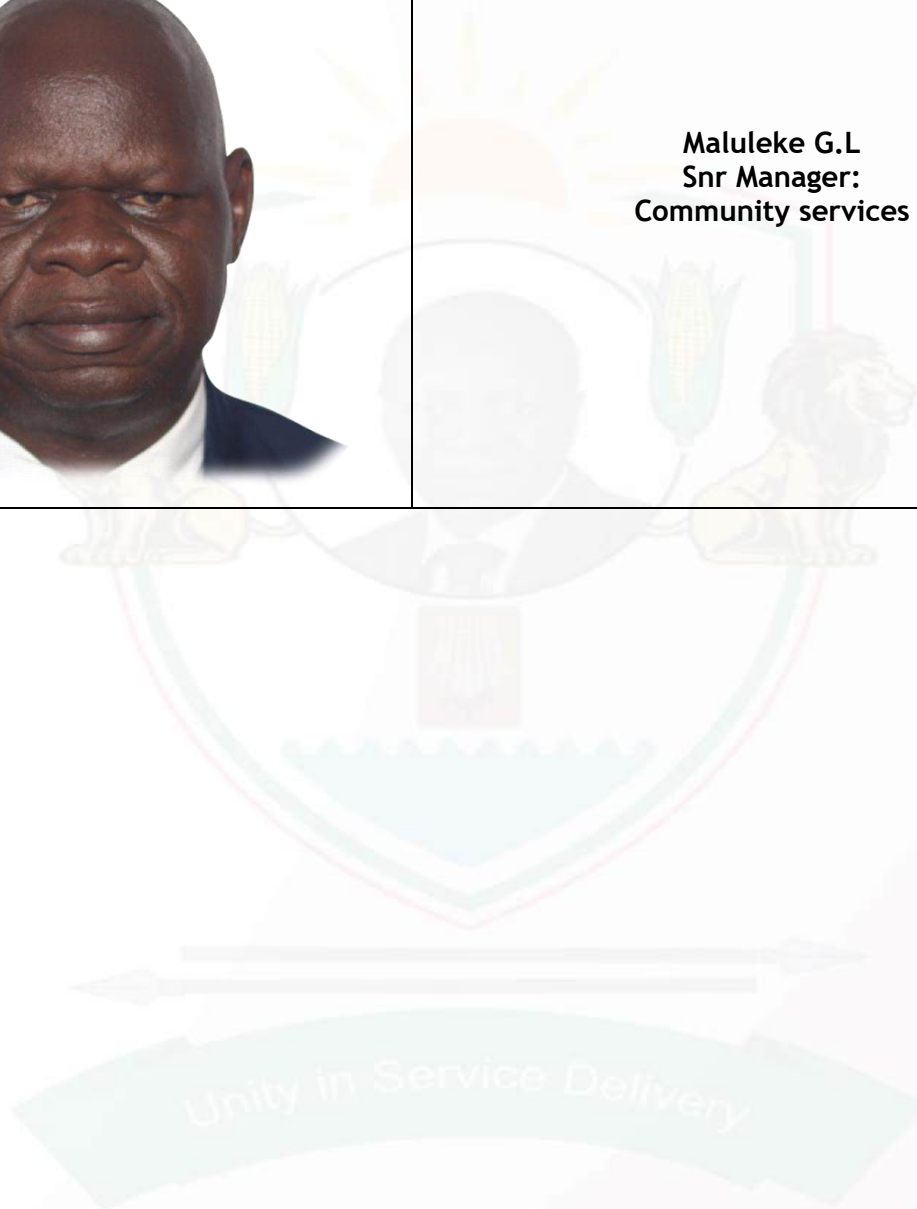
- Budget and Treasury
- Corporate Services
- Technical Services
- Community Services and
- Planning and Development Services

TOP ADMINISTRATIVE STRUCTURE	
	Shilenge R.R Municipal Manager
	Maluleke N.V CFO

 A portrait of Radali A.C., a middle-aged Black man with glasses, wearing a light blue button-down shirt. He is smiling slightly and looking towards the camera.	<p>Radali A.C Snr Manager: Planning & Development</p>
 A portrait of Maputla T.M.D., a woman with dark hair pulled back, wearing glasses and a green blazer. She is smiling and looking towards the camera.	<p>Maputla T.M.D Snr Manager: Corporate services</p>
 A portrait of Baloyi P.M., a middle-aged Black man with short hair, wearing a light blue button-down shirt. He is looking directly at the camera with a neutral expression.	<p>Baloyi P.M Snr Manager: Technical Services</p>



Maluleke G.L
Snr Manager:
Community services



COMPONENT B: INTERGOVERNMENTAL RELATIONS (IGR)

Section 3 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in section 41 of the Constitution.

The Municipality strives to participate in as many of the available structures and forums as possible. The Municipality participates in National, Provincial and District Intergovernmental forums and District Mayor's Forum structures.

The Inter-Governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard, the Municipality complies with the provisions of the Act.

2.3. INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL STRUCTURES	
NAME OF STRUCTURES	MEMBERS
Premier Intergovernmental Forum	Premier, MECs, HOD, Mayor, Municipal Managers
District Intergovernmental Forum	Executive Mayor, Mayors, Municipal Managers and Senior Managers
Municipal Managers Forum	Municipal Managers
SALGA Working Groups	Heads of Portfolios Councillors
Communicators' Forum	Communications Managers and Officers
Chief Financial Officers Forum	Chief Financial Officers
District Disaster Forum	Manager Disaster
District Aids Council	Mayors, Municipal Managers
Human Resource Practitioners Forum	Human Resource Managers

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Constitution (Section 152) sets out the objects of local government, one of which is the provision of democratic and accountable government to local communities. This is reiterated by Section 15 (b) of the Municipal Systems Act, which requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff.

A second constitutional objective is encouragement of local communities and community organisations in matters of local government. This is reiterated by Chapter 4 of the Municipal Systems Act, Act 32 of 2000 which deals exclusively with community participation. A Municipality is required to develop a culture of community participation and develop a system of participatory municipal governance that compliments formal representative governance. The municipality is also required to supply its community with information concerning municipal governance, management, and development.

2.4. PUBLIC PARTICIPATION

INTRODUCTION COMMUNICATION, PARTICIPATION AND FORUMS

Public participation is defined as an open, accountable process through which individuals and groups within selected communities can exchange views and influence decision-making. It is further defined as a democratic process of engaging people, deciding, planning, and playing an active part in the development and operation of services that affect their lives. Our primary public participation mechanisms are our Ward Committees and public meetings.

In terms of chapter 4, section 16 and chapter of the Municipal Systems Act no. 32 of 2000, the municipality is required to involve the community in all municipal affairs. The municipality ensures that its communities are informed, consulted and engaged, see below table.

Collins Chabane Local Municipality organized four (4) successful Mayoral IDP Imbizo in which local community were consulted on its developmental needs and priorities. The Mayor outlined eloquently, projects the municipality has implemented and completed. The following IDP Public Participation meetings and Mayoral IDP Imbizo were held as follows:

DATE	VENUE	WARDS	TIME
25 April 2022	Njhakanjhaka Town Hall	1, 2, 3, 4, 5, 6, 7 & 10	10H00
26 April 2022	Vuwani Town Hall	8, 9, 11, 12 & 14	10H00
28 April 2022	Saselamani Stadium	27, 28, 29, 30, 31, 32, 33 & 34	10H00
29 April 2022	Malamulele Town Hall	13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 35 & 36	10H00

TABLE: PUBLIC/ STAKEHOLDER PARTICIPATION DURING IDP PROCESS

WARD COMMITTEES

Ward Committees are statutory committees established in terms of Part 4 of Chapter 4 of the Local Government Municipal Structures Act, Act 117 of 1998. Ward committees play a vital role in bridging the gap between the Community and the Municipality. Ward Committees are not political but are elected for five years that runs concurrently with the term of office of the Municipal Council. All the wards within Collins Chabane Local Municipality have elected the ward committees. They have all been inducted and have been provided with training to capacitate them to be able to facilitate service delivery issues in their areas. Collins Chabane Local Municipality has 360 Ward Committee Members across 36 wards. The ward committees in the Municipality are largely functional with the support they receive from municipality and COGTA. The ward committee membership is 100%.

DESCRIPTION	NUMBER
No. of wards	36
No. of ward committees	36
No. of ward committee members	360
No. of functional ward committee members	360
No. of non-functional ward committees' members	0
No. of ward committees' meetings	432

TABLE: FUNCTIONALITY OF WARD COMMITTEE

2.5. IDP PARTICIPATION AND ALIGNMENT

The following table provides an overview of the alignment of our IDP to the criteria as set out in Section 26 of the Municipal Systems Act.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they be calculated into a score?	Yes
Does the budget align directly with the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 54/56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter-aligned reports submitted within stipulated time frames?	Yes

TABLE: IDP PUBLIC PARTICIPATION ALIGNMENT

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the system rules, practices and processes by which municipalities direct and control their functions in relation to the relevant stakeholders. The Municipality strives to govern compliance with applicable laws and adopted non-binding rules, codes, and standards in a way that supports the Municipality being ethical and a good corporate citizen.

The Municipality strives to govern compliance with applicable laws and adopted non-binding rules, codes, and standards in a way that supports the Municipality being ethical and a good corporate citizen. The Municipality therefore embarked to adhere to the disclosure requirements of the King IV principles.

2.6. AUDIT UNIT

The Municipality has the Internal Audit Unit as required by Section 165(1) of the MFMA and a Chief Audit Executive who reports to the Municipal Manager.

Internal Audit reported systems 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 committee is satisfied that the internal audit division has, 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 2022/2023. The committee also approved the Risk Based Annual Audit plan for the 2022/2023 reporting period, and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the plan.

During 2022/23, all Internal Audit activities were completed in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.

Internal Audit follow-up report has noted that management has implemented an appropriate tracking system so that all reported matters are tracked, managed and get resolved timeously.

The Audit committee noted an improvement in the percentage of audit findings resolved by management.

The Audit committee also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.

One-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.

2.7. PERFORMANCE MANAGEMENT

Management has, during the year under review, implemented the Council approved performance management plan. The Audit Committee noted that Management has developed a performance management policy and procedure manual which was approved by Council.

The Performance Audit Committee monitored management's evaluation of identified "external service providers" as required by section 46 of the Municipal Systems Act, 2000.

The Chief Audit Executive has, in terms of the Municipal Finance Management Act and Municipal Systems Act, regulations on a quarterly basis audited and provided assurance on the reported performance information. All system weaknesses were brought to the attention of the Accounting Officer and commitment has been made to improve the system.

2.8. RISK MANAGEMENT

Section 62(i) (c) of MFMA requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The municipality endeavors to minimize risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. Responsibility for the risk management resides mostly with line management in all departments however, every employee is responsible for risk management.

The Collins Chabane Local Municipality has a fully functional Risk Management unit managed by Chief Risk Officer. The municipality has a Risk Management Committee chaired by The Independent person and the Committee was functional for the whole 2022/2023 financial year.

2.8.1 FUNCTIONING OF THE RISK MANAGEMENT COMMITTEE

The Risk Management Committee function in accordance with the Risk Management Charter and is annually reviewed and approved by Council. The Committee had all four Risk Management Committee meetings for the 2022/2023 financial year and reported to Audit and Performance Committee. The Annual

Implementation Plan for 2022/2023 was reviewed by the Committee and recommended for approval by The Municipal Manager.

2.8.2 ANTI-CORRUPTION AND FRAUD

During the 2022-23 financial year, there were no allegations of fraud and corruption reported to the Municipality in all the channels available for reporting. It is the policy of our Municipality that fraud, corruption, maladministration, or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions, and the institution of recoveries where applicable.

It is the responsibility of all employees and members of the communities to report all incidents of fraud and corruption that may come to their attention to the Municipality or other government platforms. Vhembe District Municipality together with its all four local Municipality including Collins Chabane launched shared Anti-Fraud and Corruption Hotline. Incident reports can be submitted to the Office of the Mayor, Office of the Speaker or Office of the Municipal Manager. Alternatively, such reports can be made through the Presidential Hotline (17737) or the Premiers Hotline (0800 864 729) or VDM Hotline (0800 115 446).

Members of the community are encouraged to report. All reports received will be treated with the requisite confidentiality and will not be disclosed or discussed with parties other than those charged with investigation into such reports.

The municipality had taken a pro-active approach in dealing with fraud and corruption. Educational workshops and campaigns were conducted to the management, newly appointed officials, newly elected councillors and municipal stakeholders. e.g. Mayor/Mahosi forum, Pastors Forum, and the Business Community.

Prevention, detection, response, and investigative strategies were designed and implemented. These will include any existing controls (system controls and manual internal controls) and those currently prescribed in existing policies, procedures, and other relevant prescripts to the activities of the municipality.

The Risk Management Committee, as the delegated committee, guided the management of fraud prevention processes and reported to the Accounting Officer and Audit and Performance Committee the status of fraud prevention in the Municipality including those highlighted by the risk management reports.

2.8.3 Business Continuity Management Plan

The Business Continuity Plan (BCP) is part of a global discipline called Business Continuity Management (BCM). In line with the Department of Public Service and Administration's Corporate Governance Information and the Municipal Corporate Governance ICT Policy Governance Framework (CGICTPGF), which requires South African government institutions and municipalities to make provisions for contingency planning aimed at preventing and/or combating any disaster or emergency.

During 2022/2023 financial year, the municipality developed the Business Continuity Policy which was approved by Council in June 2023, followed by the development of the Draft Business Continuity Management Plan. The plan will be approved by the Council in the second quarter of 2023/2024 financial year.

2.9 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Unit that is fully functional and established within the Finance Department. All SCM activities are performed in line with Chapter 11 of the MFMA (No. 56 of 2003), PPPFA (No. 5 of 2000) and its 2011 B-BBEE Regulations, the Municipal SCM Regulations and the SCM Policy. The Unit has all four elements of the SCM Unit, namely, demand, acquisition, logistics and disposal management.

Prospective suppliers or service providers wishing to do business with the council are on an ongoing basis afforded an opportunity to be registered on the

municipality's database of accredited service providers/suppliers. There is an Official solely dedicated to performing this function and on a regular basis issue reminders to entities that must update their information or documents. Registration/accreditation is only approved after thoroughly checking and verification of the documents and information submitted with the database application forms. Vendors are required to select at most three areas of specialization/commodities

The Municipality annually holds an emerging contractors/suppliers' workshop intending to assist local and emerging companies to successfully participate in the Council's SCM systems. This initiative was introduced after it was established that most entities had limited understanding of the SCM processes, resulting in them being disqualified during the process and subsequently lodging unsubstantiated objections/appeals, which they lose in turn. This session seeks to empower them with knowledge on compliance matters to enable them to participate successfully in the municipality's procurement processes.

Collins Chabane Local Municipality applies strict Supply Chain Management Principles in advertising and awarding of tenders. There are strict controls in place that ensure that the Municipal Financial Management Act is adhered to and complied with to prevent or avoid the potential of any fraudulent activities from occurring.

Quotations for transactions below R 30,000 are solicited from entities listed on the database according to their areas of specialization/commodities. All procurement requests exceeding R30 000 up to R200,000 are advertised on the municipal website and notice boards for at least seven (7) days. Transactions above R200,000 are processed in terms of the competitive bidding process. The Annual Procurement Plan and Procurement Timetable is in place. These tools play a vital role in the competitive bidding process by ensuring the timeous finalization of the procurement processes including appointment of bidders within the anticipated timelines. This ensures a proactive approach towards the timeous implementation of projects thereby ensuring the achievement of the service delivery targets. All role-players need to comply with the set procurement timeframes and avoid unnecessary delays in the procurement processes.

2.9.1. MUNICIPAL BID COMMITTEES

Collins Chabane Local Municipality has a Supply Chain Management (SCM) Unit which supports the functioning of all business units within the Council. The bid committees ensure the provision of efficient, transparent, fair, equitable, and cost-effective procurement services, assisting them to implement their service delivery priorities. In terms of the Municipal Finance Management Act's SCM regulations, the SCM unit is established to implement the SCM policy adopted by Council in May 2022. It operates under the direct supervision of the Chief Financial Officer (CFO) or an official to whom this duty has been delegated, in terms of

Section 82 of the Act. Core functions include demand management, acquisition management, logistics management, disposal management, risk management, contract management, assets management, and performance management.

2.10. BYLAWS

Municipal By-laws are public regulatory laws that apply to the Municipal Area. Section 11(3) (m) of the Local Government Municipal Systems Act, Act 32 of 2000 empowers the Municipal Council with the legislative authority to pass and enforce Municipal By-laws. A Municipal Council may only pass By-laws on matters falling within its functional mandate. By-laws are superseded by Provincial and National legislation as well as the Constitution. The main difference between a By-law and a law passed by the National and Provincial Governments is that a By-law is made by a non-sovereign body which derives its authority from another governing body, and which can only be made in respect of specific matters within a specific geographic area. It is therefore a form of delegated legislation.

The municipality has developed, adopted, and promulgated various municipal by-laws. These bylaws are under the custody of various municipal departments and the department ensure the by-laws are adhered to. Businesses and developments within the municipal area are expected to operate within the municipal by-laws. No new By-laws were introduced for the year under review, Rationalized By-laws are still in force until or unless they are repealed

2.11. WEBSITE

The Local Government Municipal Systems Act, Act 32 of 2000 (Section 21(B)) requires the Municipality to establish an official website. The Municipality's official website:

www.lim345.gov.za

The Municipality is required to place all information that must be made public in terms of the Municipal Systems Act, Act 32 of 2000 and the Municipal Finance Management Act, Act 56 of 2003 (MFMA) on this Website. Section 75 of the MFMA specifies that the following documents must be placed on the Website.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	Immediately after budget approval
All current budget-related policies	Yes	Immediately after budget approval
The previous annual report (Year -1)	Yes	Annually
The annual report (Year 0) published/to be published	Yes	Annually
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	July
All service delivery agreements (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	As and when required.
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	Yes	As and when required.
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly

TABLE: DOCUMENTS PUBLISHED

This website serves as an integral part of the Collins Chabane Local Municipality's communication infrastructure and strategy. It allows easy access to relevant information, serves as a tool for community participation, improves stakeholder involvement, and facilitates stakeholder monitoring and evaluation of municipal performance.



CHAPTER 3



SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



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

COMPONENT A - BASIC SERVICES

INTRODUCTION TO BASIC SERVICES

The Municipality together with other spheres of government provides these basic services:

3.1. ELECTRICITY

Due to the rapid population growth and dermacation of new settlements, electrification of households is still in demand. There is still a need to address the backlogs through Integrated National Electrification Programme (INEP).

APPLICATION OF ELECTRICITY DISTRUBUTION LICENSE

CCLM is not a licensed distributor of electricity; ESKOM is the licensed distributor of electricity in the whole area of CCLM. For the municipality to generate revenue from the commercial entities and residential proclaimed areas, we must apply for an electricity distribution license in the future.

CCLM is receiving an Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification. Two electrification projects were being implemented by CCLM for 2022/23 financial year 250 Households at Mabiligwe completed and Mahonisi (100) Nhombelani (26) Mphakhathi (110) a multi-year projects for 2022/23 and 2023/2024 financial year.

ESKOM Rural Electrification program is to eradicate the electrical backlog with the assistance of funding from DMRE.

Projects for 2022/23 financial year are as follows:

Halahala: 98

Tiyani Magoro: 139

Xifaxani: 157

Xivambu: 57

In summary, an additional 448 household were serviced with new electricity connections by Eskom towards contributions to national goal of obtaining universal access of electricity services to household in South Africa

COMMUNITY STREET LIGHTING

Collins Chabane Local Municipality is responsible for community street lighting to ensure safety to communities. There were two street lighting projects being

implemented by CCLM for the 2022/23 financial year (supply and installation of 50 Smart Solar Led Street Lights at Malamulele Cluster Ward (18, 20, 21 And 26), supply and installation of 50 Smart Solar Led Street Lights at Hlanganani Cluster Ward (4,5,9, And 10), supply and installation of 50 Smart Solar Led Street Lights at Vuwani And Malamulele Cluster Ward (10,14,15 And 18) and supply and installation of 60 Smart Solar Led Street Lights at Saselamani Cluster Ward (30,32,34 And 36).

3.2. WASTE MANAGEMENT (INCLUDING: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The municipality provides refuse removal services on a weekly basis to different residential areas including Malamulele, Saseleman, Vuwani and Njhakanjhaka. The service has been extended to rural areas and industrial areas where collection is done on a weekly basis where Municipality Skip bins are placed.

3.3. HOUSING

Provision of low cost housing is the responsibility of the Department of COGHSTA. However, the Municipality plays a facilitation role in terms of compilation of housing needs analysis, identification of beneficiaries, completing beneficiaries' application forms, and form part in Project Management during construction stage and signing of happy letters on completion.

Service Objective	Service Indicator	Service Target	2022/23	
			Target	Actual
To Build 700 Units for Approved Beneficiaries	Number of Units Build to Approved Beneficiaries	700	700	230

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL

Housing provision is not the Municipality competency; the Municipality coordinates the identification of beneficiaries and form part of inspection team during construction.

COMPONENT B: ROAD SERVICES

3.4. ROADS

INTRODUCTION TO ROADS

One of the core functions of Technical Services Department is the construction and maintenance of Municipal roads and associated storm water within the

boundary of Collins Chabane Local Municipality. The Municipality has approximately 1242 km of surfaced roads and 223.37 km of gravel roads. It derives its mandate from both the Constitution of the Republic of South Africa and relevant legislations. It has become the focus of the Municipality to invest more resources to ensure the provision of road infrastructure.

The upgrading of road infrastructure has been identified as the key determinant to drive the vision 2030, which in turn can assist in achieving the local economic spinoffs.

The Municipality is on a quest to achieve the objectives of the National Development Plan as it impacts on our vision 2030.

The Municipality has established a Portfolio committee, which oversees the performance of the Department. Project Management Unit is responsible for the implementation of capital infrastructure projects using different grants, Almost every day, the Infrastructure Development Directorate is receiving a huge number of complaints regarding roads that are damaged due to heavy floods. Roads Maintenance Unit officials conducted assessment for all the roads that were reported to verify scope of works required.

There were 8 Road projects being implemented by CCLM for 2022/23 financial year which are 4.5 km Ring Road Constructed at Mphambo and Construction of Low Level Bridges at 5 Wards (20,18,17,16 & 15) completed and Construction of 2.5km Ring Road at Phaphazela, Construction of 2.5km Ring Road at Oliphantshoek, Construction of 2.5km Ring Road at Altein, Construction of 2.5km Ring Road at Magomani, Upgrading/Construction of 2.6 km internal street at Malamulele D, Construction of 6.3 km at Malamulele D ext. 3 internal street phase 2, Opening and Widening 5.6 km street in Malamulele Business, Rehabilitation of Vuwani Internal 6.9 km Streets, Construction of 7.26 km Ring Road at Xihosana, Construction of 8.7 km Ring Road at Josefa and Upgrading /Construction of 6.5 km Ring Road at Mdavula which are multi-year projects for 2022/23 and 2023/2024 financial year.

COMPONENT C: PLANNING AND DEVELOPMENT

3.5. PLANNING

INTRODUCTION TO PLANNING

The Department comprised of three divisions namely: spatial planning and land use, development support, and local economic development.

SPATIAL PLANNING AND LAND USE MANAGEMENT

- Processing land development applications such as: subdivisions, consolidation business applications in rural and urban areas, rezoning, and assisting in the approval of building plans.
- Provides information on the zoning and land use regulations for properties within the municipality.

- Ensure compliance with the land use management scheme.
- Responsible for spatial/ forward planning interventions.
- Deals with any queries relating to zoning and land use controls for properties that fall within the municipality and any other general queries related to town planning.
- To facilitate preparation of development strategies and policies e.g. SDF precinct plans
- To manage land use in order to provide safe and healthy living environment
- Demarcation of residential sites in rural and urban areas.
- Advice council and general public on issues related to land matters.
- Sale of business and residential sites in proclaimed area
- Administration of file and ensure proper filling.
- Issuing of property zoning certificates.
- Investigating and resolving land-use management complaints and illegal land use
- To co-ordinate the renewal programmer of the central business district.
- Provides survey service, which includes site identification, verification and allocation in case of demarcated sites and demarcation of sites.

DEVELOPMENT SUPPORT

- To be the guardian of the built environment.
- To exercise control over building activities in general.
- To apply relevant legislation and regulations.
- Approval of building plans.
- Conducting of building inspections.
- Issuing of occupation certificates
- To conduct foundation inspections.
- Processing of registration or application of Deed of Grant, PTO and Trading licenses
- To provide data and system administration, development and mapping for GIS
- Integration of data.
- Integration of workflow i.e. Planning, Management and Operations.
- Facilitate the preparation of valuation roll for the entire municipal area

There were five Spatial Planning and Land Use Management projects being implemented by CCLM for 2022/23 financial year 1238 Sites Demarcated and Surveyed ((303 Botsoleni, 529 Matiyani and 406 Madobi)) and Formalization and Proclamation of Mabandla, Formalization and Proclamation of Majosi, Township Establishment at Mtititi and Formalization of Vuwani Township which are mutli-year projects for 2022/23 and 2023/2024 financial year.

3.6. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Local Economic Development (LED) is the process by which public, business and Non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all. LED involves building the capacity of SMMEs, assisting SMMEs and cooperative to access funding and promotion of local economic development. Collins Chabane has a competitive advantage in agriculture, tourism, SMMEs, mining and manufacturing more details are reflected in LED strategy of the municipality. The challenges for the above-mentioned sectors are in financing community projects. LED conduct Tourism sub-committee, Agriculture Sub- Committee and SMME Sub-committee once per quarter

Our priorities during 2022/23 include the following: marketing of tourism attraction points, development of SMME and agricultural initiatives, forming partnership with other agencies and institutions, facilitates and initiate tourism programmes as well as assisting cooperatives. To enhance our performance, the following measures were taken: implementation of Community Work Programme, mentoring unemployed graduates, facilitate some workshops for SMMEs and cooperatives. The main challenge was lack of coordination by stakeholders when applying for project funding.

LOCAL ECONOMIC DEVELOPMENT

- Formulate a credible LED Strategy with implementable programmes that will enable key economic sectors to develop.
- To facilitate the establishment and development of the Collins Chabane Economic Development Partnership.
- To broaden participation in the local economy of Collins Chabane.
- To build investor confidence of local, national and international investors.
- To assist in sharpening Municipality's competitive edge as a unique and attractive location for business and investment.
- To promote local products and services.
- To retain and promote local businesses in Collins Chabane.

There were Two Local Economic Development projects being implemented by CCLM for 2022/23 financial year Cooperative support where 10 equipments purchased to support 10 Cooperatives and Construction of 5 Market Stalls at Xithlelani which is multi-year projects for the 2022/23 and 2023/2024 financial year.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.7. LIBRARIES; COMMUNITY FACILITIES

The Municipality plays a coordinating role to libraries that belongs to Provincial Government under the Department of Sport, Arts and Culture.

The performance of schools around is excellent, having a high pass rate as well as fluency in reading.

HALLS/ COMMUNITY FACILITIES

Horticulture extends its services for beautification and landscaping services along the roads and within all Municipal Buildings including traffic Stations, community halls, Municipal offices, stadiums.

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

INSTITUTIONAL CAPACITY FOR DISASTER MANAGEMENT

Collins Chabane Local Municipality had opted to follow disaster management structures and organisation. We have adopted our Disaster Management Plan which is reviewed after 5 years and/ when needs arise. We have also established a Disaster Advisory Forum.

RISK REDUCTION

Programmes to reduce risk are in place and spearheaded by the District Disaster Management.

RISK ASSESSMENT

Risk analysis is done using independent knowledge and GIS techniques in our Disaster Management Plan. All areas that are prone to various hazards are indicated on the map, and all wards are aware of the hazards prominent in their areas. Infrastructures that are built along flood lines are also identified in various wards.

COMPONENT E: ENVIRONMENTAL PROTECTION

A practice of protecting the natural environment on individual, organisation controlled on governmental levels, for the benefits of both the environment and humans. It is aimed to conserve the natural resources, preserving the current state of the natural environment and where possible, reversing its degradation.

Does the process reduce or eliminate the release of pollutants, contaminants, usually human-made elements into the environment? It is regulated by various environmental acts of pollutants into air, water and land. The main aim is to control emissions such as smoke, dust and gaseous emissions released from manufacturing operations.

COMPONENT F: HEALTH

The municipality had during this period had continued with its role in providing a conducive environment that show the protection of human dignity against HIV/AIDS through its Aids Technical Committee and its Aids Council

COMPONENT G: SECURITY AND SAFETY

The Municipality does not have Municipal Police but Traffic Officers, Examiners and Law Enforcement Officers. The personnel mentioned perform the same functions as in 3.8 Transport report above. Security services are provided internally for safeguarding of all Municipal assets. Duties of Traffic Officers is to enforce National Road Traffic Act within the Jurisdiction of Collins Chabane Local Municipality and attend to incidents and accidents within Collins Chabane. Law enforcement Officers enforce Municipal by-laws within the jurisdiction of Collins Chabane Local Municipality.

The mode of transport that is dominant in the municipal area is public transport, and road transport is commonly used. It is mainly the urban, with some well-established rural areas that are reasonably served. Rural areas still experience various problems of public transport. Various busses and taxis operate daily in most areas serving most of our residents, connecting them to their place of work, businesses and leisure. Majority of our rural roads are gravel, making them vulnerable to damage during adverse weather conditions.

3.9. TRAFFIC LAW ENFORCEMENT

The following tasks were performed in the year under review:

- Continuous patrol duties on major routes
- Speed measuring on the continuous bases
- Continuous checking for drivers' licence and roadworthy conditions of vehicles
- Ensuring safe crossing of busy roads and intersections

We are continuously replenishing patrol vehicles.

3.10. LICENSING

The Municipality is an agent of the Department of Transport for the services of issuing of vehicle licenses. This also includes testing of vehicles as part of the vehicle licensing procedure. For this task, the Municipality retains 20% of revenue generated from these services, which does not cover its operational costs to perform the function. The Municipality continues to render traffic services in an effort to ensure the maintenance of highest safety standards.

The Municipality is performing the function of Licensing & Registration Services and the following services were rendered to the community for the year under review:

APPLICATION FOR LEARNER'S LICENSE

NUMBER APPLIED	TOTAL TESTED
8 145	8 145

DRIVER LICENSES AND APPLICATION

NUMBER APPLIED	TOTAL TESTED
2 328	2 328

MOTOR VEHICLES TESTED

NUMBER APPLIED	TOTAL TESTED
136	136

COMPONENT H: SPORT AND RECREATION

3.12. SPORT AND RECREATION

Sports Arts and Culture involve the management of sports facilities, promotion and development of Arts and Culture. The division is responsible for co-ordination of Sport activities. It is also their responsibility to manage bookings of council facilities and provision of basic sport facilities, including their maintenance. While coordinating, the division is also benefitting immensely through MIG Funding for Sporting and Cultural infrastructures.

There were three projects being implemented by CCLM for the 2022/23 financial year: Upgrading of Malamulele Stadium, upgrading of Bungeni Stadium and construction of Davhana Stadium, which overlapped to the 2023/2024 financial year.

Collins Chabane has one big stadium (Malamulele) which qualifies to host big events e.g. Motsepe foundation Championship games. We have so far managed to successfully host games even on Saturdays and Sundays.

COMPONENT I: PARKS & CEMETERIES

3.13. PARKS & CEMETERIES

The Division for Parks and Cemeteries makes sure that graves are provided as and when need arises, bereaved families purchase graves for use and as a division the service is done in all proclaimed cemeteries.

The municipality was able to identify an area declared as a park at Malamulele- the project is completed and general maintenance is done weekly.

General maintenance is also done in all two cemeteries. There are two cemeteries around our proclaimed areas namely: Malamulele Cemetery and Vuwani Cemetery.

Service Statistics for Graves 2022/23 Financial Year:

LOCATION:	2020/2021	2021/22	2022/23
Malamulele Cemetery	213 graves	250 graves	215 graves
Vuwani Cemetery	5 graves	120 graves	130 graves

COMPONENT J: CORPORATE POLICY, OFFICES AND OTHER SERVICES

3.14. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICE

The role of the ICT section is to provide the Municipality's business units with Information and Communication Technologies that enable Municipal clients/end-users to access the information and services necessary to achieve their business goals within the Municipality and for the external clients/citizens to access all information required to be published by law.

The goal of the section is to become an enabler of change within the Municipality, by assisting different departments within the Municipality to enhance productivity through the innovative use of technology. The section provides and maintains the network infrastructure, general office applications, and equipment (e.g. Computers and Printers) and provides support for all application systems. Other significant roles include user support and training, electronic information security, business continuity, and recovery planning.

The ICT Section is performing well and has managed to minimize most of the End-User support problems that were encountered. Servers were boosted with an uninterrupted power supply to ensure it keeps powered even during load-shedding periods as this was affecting both services and access to the servers, which was harmful to the server systems. The ICT is in the process of upgrading the network to cater to more users to connect simultaneously.

3.15. LEGAL

Collins Chabane Legal provides legal services to the entire municipality thereby instituting and defending legal actions, drafting of contracts entered into with service providers, providing legal opinions and legal advice and also develop by-laws to regulate members of the community within its jurisdiction.

The Legal Section also advice the municipality to comply with various municipal legislations which includes, amongst others, Municipal Structures Act, Municipal Systems Act and Municipal Finance Management Act and monitor contracts entered into with different service providers

LEGAL SERVICES

The Legal Services is one of the departments located in the Municipal Manager's Office. The department offers legal support and advice to the municipality. The support offered includes but not limited to:

- Vetting of contracts, policies, and other legal documents
- Drafting of contracts and other legal documents
- Legal opinions and comments
- Litigation management
- Advice on legislation and its application/implications
- Advising on by-laws and other related matters
- Legal compliance management
- Management of Panel of Attorneys
- General legal support to the municipality.

Service Statistics legal matters and progress made by 30 June 2023:

Status of cases	Number of cases
Number of cases	9
Decisions in favour	0
Decisions against	0
Pending	9
Abandoned/Settled	0

Contingent liabilities are prepared annually and are disclosed in the Annual Financial Statements.

COLLINS CHABANE LOCAL MUNICIPALITY

Since 2016



ADJUSTED ANNUAL PERFORMANCE REPORT 2022-3

205205

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1. TABLE OF ACRONYMS AND ABBREVIATIONS

AGSA	Auditor-General South Africa
CCLM	Collins Chabane Local Municipality
CWP	Community Works Programme
DMP	Disaster Management Plan
DoE	Department of Energy
EMP	Environmental Management Plan
EPW	Expanded Public Works Programme
FBW	Free Basic Water
FY	Financial Year
GIS	geographic information system
IDP	Integrated Development Plan
IGR	Intergovernmental Relation
INST	Institutional
LED	Local Economic Development
MFMA	Municipal Finance Management Act, No. 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPC	Municipal Public Account Committee
MSIG	Municipal Systems Improvement Grant
SLA	Service Level Agreement
PIA	Project Implementing Agent
PMS	Performance Management System
PMU	Project Management Unit
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
VDM	Vhembe District Municipality

2. INTRODUCTION AND LEGISLATION

INTRODUCTION

The purpose of this report is to present the Annual Performance Report of Collins Chabane 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 which states that:

- (1) A Municipality must prepare for each financial year an Annual Performance Report should reflecting-
 - (a) the performance of the municipality and of each external service provider during that financial year;
 - (b) a comparison of the performance referred to in paragraph(a) with targets set for a performance in the previous financial year; and
 - (c) Measures taken to improve performance

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act

The Performance of the Municipality is reviewed in terms of paragraph 14 (1) (c) of Municipal Planning and Performance Regulations 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 on their audits to the Municipal Manager and the Audit Committee.

The Performance Management System is still a manual system that uses the approved Service Delivery Budget and Implementation Plan (SDBIP) as its basis. The Annual Performance Report includes the below listed Key Performance Areas (KPA's):

1. Municipal Transformation and Organizational Development
2. Spatial Planning
3. Basic Delivery and Infrastructure Development
4. Local Economic Development
5. Municipal Finance Management and Viability
6. Good Governance and Public Participation

3. VISION AND MISSION OF COLLINS CHABANE LOCAL MUNICIPALITY

Vision:

"A spatially integrated and sustainable local economy by 2030"

Mission:

To ensure the provision of sustainable basic services and infrastructure to improve the quality of life of our people and to grow the local economy for benefit of all citizens

4. DEPARTMENTS

Collins Chabane Municipality Departments

Collins Chabane Local Municipality administration is composed of the following departments:

1. Office of the Municipal Manager,
2. Corporate Services,
3. Planning and development
4. Budget and Treasury,
5. Technical Services,
6. Community Services

4. KPA ANALYSIS

KPA	TOTAL KPIS	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE
Municipal Transformation and Organisational Development	10	10	0	100%	0
Spatial Rationale	9	7	2	78%	22%
Basic Service Delivery and Infrastructure Development	47	45	2	96%	4%
Local Economic Development	5	5	0	100%	0
Municipal Finance Management and Viability	14	12	2	86%	14%
Good Governance and Public Participation	14	14	0	100%	0
Total	99	93	6	94%	6%

4. KPA ANALYSIS

KPA	TOTAL KPIS	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE
Municipal Transformation and Organisational Development	10	10	0	100%	0
Spatial Rationale	9	7	2	78%	22%
Basic Service Delivery and Infrastructure Development	47	45	2	96%	4%
Local Economic Development	5	5	0	100%	0
Municipal Finance Management and Viability	14	12	2	86%	14%
Good Governance and Public Participation	14	14	0	100%	0
Total	99	93	6	94%	6%

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

5. MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
1	To review and submit 83 municipal policies to council for approval by 30 June 2023	71 Municipal policies reviewed by Council	83 Municipal policies reviewed and submitted to council for approval by 30 June 2023	Municipal Policies review	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	83 Municipal policies reviewed and approved by council	None	None	Q4: Policies & Council Resolutions	Corporate Services
2	To review and submit the Organogram to Council for approval by 30 June 2023	Organogram reviewed and approved by Council	Organogram reviewed and submitted to Council for approval by 30 June 2023	Organogram review	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Organogram reviewed and approved by council	None	None	Q3: Organogram and Council Resolution Q4: Final Organogram and Council Resolution	Corporate Services
3	% of approved post by municipal manager filled in line with the approved Organogram by 30 June 2023	10 posts filled in line with Organogram	100% of approved post by municipal manager filled in line with the approved Organogram by 30 June 2023	Personnel Recruitment	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of approved post by municipal manager filled in line with the approved Organogram (78 Posts filled)	None	None	Q1-Q4 Appointment Letters and Acceptance Letters by Candidates	Corporate Services
4	Number of LLF Meetings convened by 30 June 2023	12 LLF Meetings convened	12 LLF Meetings convened by 30 June 2023	LLF Meetings	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	12 LLF Meetings convened	None	None	Q1- Q4: Minutes & Attendance Registers	Corporate Services
5	To develop and Submit the workplace skills plan and Annual Training Report to LGSETA by 30 June 2023	Workplace skills plan and Annual Training Report developed and submitted to LGSETA	Workplace skills plan and Annual Training Report developed and submitted to LGSETA by 30 June 2023	Workplace skills plan and Annual Training Report	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Workplace skills plan and annual training report developed and submitted to LGSETA	None	None	Q4: Acknowledgement letter from LGSETA	Corporate Services
6	To implement 16 training and development programmes by 30 June 2023	16 training and development programmes implemented	16 training and development programmes implemented by 30 June 2023	Training and development	Own Funding	R 500 000. 00	01/07/2022	30/06/2023	Target Achieved	24 training and development programmes implemented	None	None	Q1-Q4 Invitation, Attendance Register	Corporate Services
7	To Conduct Employee wellness Programme by 30 June 2023	Employee Assistance Programme conducted	Employee wellness Programme conducted by 30 June 2023	Employee Assistance Programme	Own Funding	R 50 000. 00	01/07/2022	30/06/2023	Target Achieved	Employee wellness Programme conducted	None	None	Q-4 Invitation, attendance register and report	Corporate Services
8	Number of organizational performance reports developed and submitted to	8 organisational performance report developed	8 organizational performance report developed and submitted to Council	Organizational performance reports	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	8 organizational performance report developed and approved by Council	None	None	Q1-2021/22 Annual Performance report .2021/22	Corporate Services

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
	Council for approval by 30 June 2023		for approval by 30 June 2023										4th quarter report, Q2 2022/23 1st quarter SDBIP report, Q3 2022/23 2nd quarter SDBIP report, 2022/23 Mid-year Report, Q4 2021/22 Annual Report & Oversight report 2022/23 3rd quarter	
9	Number of Section 57 Managers with signed performance agreements by 30 June 2023	6 Section 57 Managers signed performance agreements	6 Section 57 Managers with signed performance agreements by 30 June 2023	Performance Agreement	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	6 Section 57 Managers with signed performance agreements	None	None	Q1: Signed Performance Agreements	Corporate Services
10	% litigation cases attended to 30 June 2023	100% litigation cases attended to (14/14)	100% litigation cases attended to by 30 June 2023	Management of litigations	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% litigation cases attended to (9/9)	None	None	Q1 -Q4: Litigation Register	Corporate Services



COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

6. SPATIAL RATIONALE

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: INTEGRATED SPATIAL AND HUMAN SETTLEMENT														
11	To Demarcate and Survey 1200 Sites By 30 June 2023 (300 Botsoleni, 500 Matiyani and 400 Madobli)	New indicator	1200 Sites Demarcated and Surveyed By 30 June 2023 (300 Botsoleni, 500 Matiyani and 400 Madobli)	Demarcation and Survey of Sites.	Own Funding	R 7,451,854.00	01/07/2022	30/06/2023	Target Achieved	1238 Sites Demarcated and Surveyed (303 Botsoleni, 529 Matiyani and 406 Madobli)	None	None	Q1: Inception Report & Topographical Survey Q2: Draft Layout Plan Q3: Specialists Reports: EIA, Geotech, Engineering Report. Q4: Draft SG Diagram	Planning and Development
12	To Formalize and Proclaim Mabandla area by 30 June 2023	Consultation with Community for community resolution for establishment of a township at Mabandla conducted	Mabandla Area Formalized and Proclaimed area by 30 June 2023	Formalization and Proclamation of Mabandla	Own Funding	R 19,755,000.00	01/07/2022	30/06/2023	Target not Achieved	Mabandla Area not Formalized and Proclaimed. Awaiting Public Participation and submission of the land development application to MPT	Land Development Application could not serve in the MPT, as it did not have public participation.	To hold public participation and submit land development application in the next MPT sitting in August 2023.	Q1: Township Establishment Application and Reports Q2: Land Survey Report Q3: Draft General Plan Q4: MPT Approval Letter and Conditions of Establishment	Planning and Development
13	To Formalize And Proclaim Majosi area by 30 June 2023	Consultation with Community for community resolution for establishment of a township at Majosi conducted	Majosi Area Formalized and proclaimed by 30 June 2023	Formalization and Proclamation of Majosi	Own Funding		01/07/2022	30/06/2023	Target not Achieved	Majosi Area not Formalized and proclaimed. Awaiting Public Participation and submission of the land development application to MPT	Land Development Application could not serve in the MPT, as it did not have public participation.	To hold public participation and submit land development application in the next MPT sitting in August 2023.	Q1: Township Establishment Application and Reports Q2: Land Survey Report Q3: Draft General Plan Q4: MPT Approval Letter and Conditions of Establishment	Planning and Development
14	To obtain community resolution for the establishment of a township at Mtshini area by 30 June 2023	New Indicator	Community resolution obtained for the establishment of a township at Mtshini area by 30 June 2023	Township Establishment at Mtshini	Own Funding		01/07/2022	30/06/2023	Target Achieved	Community resolution obtained for the establishment of a township at Mtshini area	None	None	Q3: Appointment letter and MOU Q4: Draft Layout and Inception Report Q4: Community Resolution	Planning and Development

Unity in Service Delivery

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
15	To obtain community resolution to formalize township in Vuwani by 30 June 2023	New Indicator	Community resolution obtained to formalize Township in Vuwani by 30 June 2023	Formalization of Vuwani Township	Own Funding		01/07/2022	30/06/2023	Target Achieved	Community resolution obtained to formalize Township in Vuwani	None	None	Q3: Appointment letter & Inception Report Q4: Status Quo Report and Maps and Community Resolution	Planning and Development
16	To conduct 4 Municipal Planning Tribunal Sittings by 30 June 2023.	4 Municipal Tribunal Sittings conducted	4 Municipal Planning Tribunal Sittings conducted by 30 June 2023.	Implementation of SPLUMA	Own Funding	500 000.00	01/07/2022	30/06/2023	Target Achieved	4 Municipal Planning Tribunal Sittings conducted	None	None	Q1- Q4: Attendance Register & Report	Planning and Development
17	To transfer All Land Parcels Previously Registered in The Name of Thulamela and Makhado to Collins Chabane by 30 June 2023.	New Indicator	All Land Parcels Previously Registered in The Name of Thulamela and Makhado transferred to Collins Chabane by 30 June 2023	Registration of Land Parcels	Own Funding	R 100,000.00	01/07/2022	30/06/2023	Target Achieved	All Land Parcels Previously Registered in The Name of Thulamela and Makhado transferred to Collins Chabane	None	None	Q1: List of Land Parcels Q2: Appointment Letter Q3: Report Q4: Title deeds	Planning and Development
18	To review the Land Use Scheme and submit to Council for approval by June 2023.	New Indicator	Land Use Scheme reviewed and submitted to Council for approval by 30 June 2023.	Review of The Land Use Scheme	Own Funding	R 908,262.75	01/07/2022	30/06/2023	Target Achieved	Land Use Scheme reviewed and approved by Council	None	None	Q1: Appointment Letter & Inception Report Q2: Draft Land Use Scheme and Attendance Register for management meeting Q3: Council Resolution Q4: Council Resolution	Planning and Development
19	To compile Municipal General Valuation Roll and submit to Council for approval by 30 June 2023.	Supplementary Valuation roll developed across the municipality	Municipal General Valuation Roll compiled and submitted to council for approval by 30 June 2023.	General Valuation Roll	Own Funding	R 2,975,097.46	01/07/2022	30/06/2023	Target Achieved	Municipal General Valuation Roll compiled and approved by Council	None	None	Q1: Inception Report Q2: Draft General Valuation Roll Q3: Public Notice and Report Q4: Final General Valuation Roll and Council Resolution	Planning and Development

Unity in Service Delivery

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

7. BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED ACCESS TO SUSTAINABLE BASIC SERVICES														
20	To Construct and Connect 50 street lights at 4 Wards at Malamulele Cluster by 30 June 2023 (18,20,21 And 26)	New indicator	50 street lights constructed and connected at 4 wards at Malamulele Cluster by 30 June 2023 (18,20,21 And 26)	Supply and Installation of 50 Smart Solar Led Street Lights at Malamulele Cluster Ward (18,20,21 And 26)	Own Funding	R 10 000 000,00	01/07/2022	30/06/2023	Target Achieved	50 street lights constructed and connected at 4 wards at Malamulele Cluster ((18,20,21 And 26)	None	None	Q:1 advert and contractor appointment letter Q:2 progress report Q:3 progress report and completion letter	Technical Services
21	To Construct and Connect 50 street lights at 4 Wards at Hlanganani Cluster by 30 June 2023 (4,5,9, And 10)	New indicator	50 street lights constructed and connected at 4 wards at Hlanganani Cluster by 30 June 2023 (4,5,9, And 10)	Supply and Installation of 50 Smart Solar Led Street Lights at Hlanganani Cluster Ward (4,5,9, And 10)			01/07/2022	30/06/2023	Target Achieved	50 street lights constructed and connected at 4 wards at Hlanganani Cluster (4,5,9, And 10)	None	None	Q:1 advert and contractor appointment letter Q:2 progress report and completion letter	Technical Services
22	To Construct and Connect 50 street lights at 4 Wards at Vuwani and Malamulele Clusters by 30 June 2023(10,14,15 And 18)	New indicator	50 street lights constructed and connected at 4 wards at Vuwani and Malamulele Clusters by 30 June 2023 (10,14,15 And 18)	Supply and Installation of 50 Smart Solar Led Street Lights at Vuwani And Malamulele Cluster Ward (10,14,15 And 18)			01/07/2022	30/06/2023	Target Achieved	50 street lights constructed and connected at 4 wards at Vuwani and Malamulele Clusters(10,14,15 And 18)	None	None	Q:1 advert and contractor appointment letter Q:2 progress report and completion letter	Technical Services

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NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
23	To Construct and Connect 60 street lights at 4 Wards at Saselamani Cluster by 30 June 2023 (30,32,34 And 36)	New indicator	60 street lights constructed and connected at 4 wards at Saselamani Cluster by 30 June 2023 (30,32,34 And 36)	Supply and Installation of 60 Smart Solar Led Street Lights at Saselamani Cluster Ward (30,32,34 And 36)			01/07/2022	30/06/2023	Target Achieved	60 street lights constructed and connected at 4 wards at Saselamani Cluster (30,32,34 And 36)	None	None	Q:1 advert and contractor appointment letter Q:2 progress report and completion letter	Technical Services
24	To construct and connect 250 households with electricity at Mabiligwe by 30 June 2023	New indicator	250 households constructed and connected with electricity at Mabiligwe by 30 June 2023	Electrification of 250 Households at Mabiligwe	INEP	R5 000 000.00	01/07/2022	30/06/2023	Target Achieved	250 households constructed and connected with electricity at Mabiligwe	None	None	Q:1 Appointment letter of contractor and designs submitted to Eskom Q:2 progress report progress Report Completion certificate	Technical Services
25	To plant electrical poles for construction and connection of 236 households with electricity at Mahonisi (100) Nhombelani (26) Mphakhathi (110) by 30 June 2023	New indicator	Electrical poles for construction and connection of 236 households with electricity planted at Mahonisi (100) Nhombelani (26) Mphakhathi (110) by 30 June 2023	Electrification of 236 Mahonisi (100) Nhombelani (26) Mphakhathi (110)	INEP	R4 700 000.00	01/07/2022	30/06/2023	Target Achieved	Electrical poles for construction and connection of 236 households with electricity planted at Mahonisi (100) Nhombelani (26) Mphakhathi (110)	None	None	Q:4 Appointment letter of contractor , designs submitted to Eskom and progress report .	Technical Services
26	To Construct 1.2km stabilised base layer of 2.5km Ring Road at Phaphazela by 30 June 2023	Detailed designs for construction of 2.5km Ring Road at Phaphazela developed	1.2km stabilised base layer of 2.5km Ring Road Constructed at Phaphazela by 30 June 2023	Construction of 2.5km Ring Road at Phaphazela	Own Funding	R 9 000 000.00	01/07/2022	30/06/2023	Target Achieved	1.2km stabilised base layer of 2.5km Ring Road Constructed at Phaphazela	None	None	Q:1 Advert and contractor appointment letter Q:2 site handover minutes Q:3 Progress report Q:4 Progress report	Technical Services
27	To Construct 2.4 km stabilised base layer of 2.5km Ring Road at Oliphantshoek by 30 June 2023	Detailed designs for construction of 2.5 km Ring Road at Oliphantshoek developed	2.4 km stabilised base layer of 2.5km Ring Road Constructed at	Construction of 2.5km Ring Road at	Own Funding	R 10 000 000.00	01/07/2022	30/06/2023	Target Achieved	2.4 km stabilised base layer of 2.5km Ring Road Constructed at Oliphantshoek	None	None	Q:1 Advert and contractor appointment letter Q:2 site handover minutes Q:3	Technical Services

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			Oliphantshoek by 30 June 2023	Oliphantshoek									Progress report Q:4 Progress report	
28	To Construct 1km paving of 2.5km Ring Road at Altein by 30 June 2023	Detailed designs for construction of 2.5 km Altein Road developed	1km paving of 2.5km ring road Constructed at Altein by 30 June 2023	Construction of 2.5km Ring Road at Altein	Own Funding	R 10 000 000.00	01/07/2022	30/06/2023	Target Achieved	1km paving of 2.5km ring road Constructed at Altein	None	None	Q:1 Advert and contractor appointment letter Q:2 site handover minutes Q:3 Progress report Q:4 Progress report	Technical Services
29	To Construct 1.2km paving of 2.5km Ring Road at Magomani by 30 June 2023	Detailed designs for construction of 2.5 km Magomani Road developed	1.2km paving of 2.5km Ring Road Constructed at Magomani by 30 June 2023	Construction of 2.5km Ring Road at Magomani	Own Funding	R 7 000 000.00	01/07/2022	30/06/2023	Target Achieved	1.2km paving of 2.5km Ring Road Constructed at Magomani	None	None	Q:1 Advert and contractor appointment letter Q:2 Site handover minutes and progress report Q:3-Q:4 Progress report	Technical Services
30	To construct 1.7 km pavement of 2.6 km internal street at Malamulele D extension 3 by 30 June 2023.	1.9 of Site establishment, setting out, site clearance, box cut excavation and roadbed preparation done	1.7km pavement of 2.6 km Internal Street Constructed at Malamulele D extension 3 by 30 June 2023	Upgrading/Construction of 2.6 km internal street at Malamulele D	Own Funding	R 12 000 000.00	01/07/2022	30/06/2023	Target Achieved	1.7km pavement of 2.6 km Internal Street Constructed at Malamulele D extension 3	None	None	Q:1-Q:4 Progress report	Technical Services
31	To Construct 2.1km subbase of 6.3km road at Malamulele D ext. 3 internal street phase 2 by 30 June 2023	New indicator	2.1km subbase of 6.3km Road Constructed at Malamulele D ext. 3 internal street phase 2 by 30 June 2023	Construction of 6.3 km at Malamulele D ext. 3 internal street phase 2	Own Funding	R 6 000 000.00	01/07/2022	30/06/2023	Target Achieved	2.1km subbase of 6.3km Road Constructed at Malamulele D ext. 3 internal street phase 2	None	None	Q:2:advert contractor appointment letter Q:4 progress report	Technical Services
32	To construct 2.8km road Surfacing of 5.6 km streets at Malamulele Business park by 30 June 2023	5.6 km street opened and widened at Malamulele Business Park up to Prefabricated culverts	2.8km road Surfacing of 5.6 km streets constructed at Malamulele Business park by 30 June 2023	Opening and Widening 5.6 km street in Malamulele Business	Own Funding	R 7 500 000.00	01/07/2022	30/06/2023	Target Achieved	2.8km road Surfacing of 5.6 km streets constructed at Malamulele Business park	None	None	Q:1-Q:4 Progress report	Technical Services

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33	To construct 4.1km pavement of 6.9 km Internal Streets at Vuwani by 30 June 2023	6.9 km internal Streets rehabilitated at Vuwani up to Sub-base layer and subsoil drainage	4.1km pavement of 6.9 km Internal Streets constructed at Vuwani by 30 June 2023	Rehabilitation of Vuwani Internal 6.9 km Streets	Own Funding	R 24 000 000.00	01/07/2022	30/06/2023	Target Achieved	4.1km pavement of 6.9 km Internal Streets constructed at Vuwani	None	None	Q:1-Q:4 Progress report	Technical Services
34	To Construct 5 Low Level Bridges at 5 Wards by 30 June 2023 (20,18,17,16 & 15)	7 Low Level Bridges Constructed at Wards 21,22,23,24,26,27 and 28	5 Low Level Bridges Constructed at 5 Wards by 30 June 2023 (20,18,17,16 & 15)	Construction of Low Level Bridges at 5 Wards 2023 (20,18,17,16 & 15)	Own Funding	R 3 500 000.00	01/07/2022	30/06/2023	Target Achieved	5 Low Level Bridges Constructed at 5 Wards (20,18,17,16 & 15)	None	None	Q:2 contractor appointment letter Q:3 progress report Q:4 completion certificate	Technical Services
35	To develop detailed designs for construction of 2.5km Ring Road at Muchipisi by 30 June 2023	New indicator	Detailed designs for construction of 2.5km Ring Road at Muchipisi developed by 30 June 2023	Construction of 2.5km Ring Road at Muchipisi	Own Funding	R 1 000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Muchipisi developed	None	None	Q:2 Engineer appointment letter and Scoping report Q:3 Preliminary Design Q:4 Detailed Design	Technical Services
36	To develop detailed designs for construction of 2.5km Ring Road at Masakona by 30 June 2023	New indicator	Detailed designs for construction of 2.5 km Ring Road at Masakona developed by 30 June 2023	Construction of 2.5km Ring Road at Masakona	Own Funding	R 1 000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5 km Ring Road at Masakona developed	None	None	Q:2 Engineer appointment letter and Scoping report Q:3 Detailed Design	Technical Services
37	To develop detailed designs for construction of 2.5km Ring Road at Masevhe A,B,C and D by 30 June 2023	New indicator	Detailed designs for construction of 2.5km Ring Road at Masevhe A,B,C and D developed by 30 June 2023	Construction of 2.5km Ring Road at Masevhe A,B,C and D	Own Funding	R 1000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Masevhe A,B,C and D developed	None	None	Q:2 Engineer appointment letter and Scoping report Q:3 Preliminary Design Q:4 Detailed Design	Technical Services
38	To develop detailed designs for construction of 2.5 km Ring Road at Gidjana by 30 June 2023	New indicator	Detailed designs for construction of 2.5km Ring Road at Gidjana developed by 30 June 2023	Construction of 2.5 km Ring Road at Gidjana	Own Funding	R 1000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Gidjana developed	None	None	Q:2 Engineer appointment letter and Scoping report Q:3 Preliminary Design Q:4 Detailed Design	Technical Services

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39	To develop Detailed Designs for Construction of Tiyani Mali Intersection by 30 June 2023	New indicator	Detailed Designs for Construction of Tiyani Mali Intersection developed by 30 June 2023	Construction of Tiyani Mali Intersection	Own Funding	R 500 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed Designs for Construction of Tiyani Mali Intersection developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 Preliminary Design Q:4 Detailed Design	Technical Services
40	To develop detailed designs for construction of 2.5km Ring Road at Jimmy Jones by 30 June 2023	New indicator	Detailed designs for construction of 2.5 km Ring Road at Jimmy Jones developed by 30 June 2023	Construction of 2.5km Ring Road at Jimmy Jones	Own Funding	R 1 000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5 km Ring Road at Jimmy Jones developed	None	None	Q:2 Engineer appointment letter and Scoping report Design Q:4 Detailed Design	Technical Services
41	To develop detailed designs for construction of 2.5 km Ring Road at Botsoleni by 30 June 2023	New indicator	Detailed designs for construction of 2.5km Ring Road at Botsoleni developed by 30 June 2023	Construction of 2.5km Ring Road at Botsoleni	MIG	R 1000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Botsoleni developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 : Detailed Design	Technical Services
42	To develop detailed designs for construction of 2.5 km Ring Road at Ngezimani by 30 June 2023	New indicator	Detailed designs for construction of 2.5 km Ring Road at Ngezimani developed by 30 June 2023	Construction of 2.5 at Ngezimani Ring Road	MIG	R1000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Ngezimani developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 Preliminary Design Q:4 Detailed Design	Technical Services
43	To develop detailed designs for construction of 2.5 km Ring Road at Masia Headkraal by 30 June 2023	New indicator	Detailed designs for construction of 2.5km Ring Road at Masia Headkraal developed by 30 June 2023	Construction of 2.5 at Masia Headkraal Ring Road	MIG	R14,188,345.49	01/07/2022	30/06/2023	Target Achieved	Detailed designs for construction of 2.5km Ring Road at Masia Headkraal developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 Preliminary Design Q:4 Detailed Design	Technical Services
44	To Construct 7.26 km Ring Road at Xihosana by 30 June 2023	Detailed designs for construction of 7.26 km Ring Road at Xihosana developed	7.26 km Ring Road at Xihosana Constructed by 30 June 2023	Construction of 7.26 km Ring Road at Xihosana	MIG	R 19 789 426	01/07/2022	30/06/2023	Target not Achieved	7.26 km Ring Road at Xihosana not Constructed Only construction of sub-base layer for 7.26km done	Withdrawal by the appointed Service Provider with the reason that the project was under-priced which gave rise to cash flow problems	The new tender was advertised and the contractor was appointed in 09 May 2023.	Q:1 Advert and contractor appointment letter Q:2 progress report Q:3 progress report - Q:4 Advert and contractor appointment letter	Technical Services
					Own funding	R 500,000.00								

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45	To construct 1.8 km selected layer of 8.7 km Ring Road at Josefa by 30 June 2023	Detailed designs for construction of 8.7km Ring Road at Josefa developed	1.8 km selected layer of 8.7 km Ring Road Constructed at Josefa by 30 June 2023	Construction of 8.7 km Ring Road at Josefa	MIG Own funding	R 28 288 059 R 5,000,000.00	01/07/2022	30/06/2023	Target Achieved	1.8 km selected layer of 8.7 km Ring Road Constructed at Josefa	None None	None None	Q:1 Advert and contractor appointment letter Q:2 Site handover minutes and progress report Q:3 Progress report Q:4 Progress report	Technical Services
46	To construct 4.5 km Ring Road at Mphambo by 30 June 2023	4.5 km Ring Road upgraded at Mphambo up to paving and kerbing	4.5 km Ring Road Constructed at Mphambo by 30 June 2023	Upgrading/Construction of 4.5km Ring Road at Mphambo	MIG Own funding	R 19 000 700.00 9,500,000.00	01/07/2022	30/06/2023	Target Achieved	4.5 km Ring Road Constructed at Mphambo	None None	None None	Q:1 Progress report Q:3 Progress report Q:3 completion certificate	Technical Services
47	To Construct 6.5km pavement of 6.5 km Ring Road at Mdavula by 30 June 2023	3 KM Ring Road upgraded at Mdavula up to base layer	6.5km pavement of 6.5 km Ring Road Constructed at Mdavula by 30 June 2023	Upgrading/Construction of 6.5 km Ring Road at Mdavula	MIG Own funding	R 31 211 936.9 R 6,613,751.76	01/07/2022	30/06/2023	Target Achieved	6.5km pavement of 6.5 km Ring Road Constructed at Mdavula	None None	None None	Q:1-Q:4 Progress report	Technical Services
48	To upgrade Malamulele Stadium by 30 June 2023	Malamulele Stadium upgraded up to racing track and finishing of grand stand	Malamulele Stadium upgraded by 30 June 2023	Upgrading of Malamulele Stadium	MIG	R 9,998,919.17	01/07/2022	30/06/2023	Target Achieved	Malamulele Stadium upgraded	None	None	Q:1 completion certificate	Technical Services
49	To refurbish borehole at Bungeni Stadium by 30 June 2023	Detailed designs for upgrading of Bungeni Stadium developed	Borehole refurbished at Bungeni stadium by 30 June 2023	Upgrading of Bungeni Stadium	MIG Own Funding	R 16 500 000 R 500,000.00	01/07/2022	30/06/2023	Target not Achieved	Borehole refurbishment not completely done	New water reticulation from borehole to stadium not yet connected due to the upgrading of Bungeni Stadium project which is still under construction	Upgrading of Bungeni Stadium to be completed in the next financial year on the 18 September 2024 and the refurbishment of the borehole will be completely done and connected	Q:2 Advert and Contractor appointment letter Q:3 Advert and Contractor appointment letter Q:4 Progress report	Technical Services
50	To construct gate house, ablution block and pipeline system at	Davhana Stadium phase 2 constructed	Gate house, ablution block and pipeline system constructed	Construction of Davhana Stadium	MIG Own Funding	R 9 638 300.00 R 500,000.00	01/07/2022	30/06/2023	Target Achieved	Gate house, ablution block and pipeline system constructed at Davhana stadium	None	None	Q:1 Advert and Contractor appointment letter Q:2 Progress report	Technical Services

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	Davhana Stadium by 30 June 2023		at Davhana stadium by 30 June 2023										Q:3 Progress report Q:4 Progress report	
51	To develop detailed design for Construction of Storm water channel at Malamulele B by 30 June 2023	New indicator	Detailed design for construction of Storm water channel at Malamulele B developed by 30 June 2023	Construction of a storm water channel at Malamulele B	Own Funding	R 1 000 000	01/07/2022	30/06/2023	Target Achieved	Detailed design for construction of Storm water channel at Malamulele B developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 Preliminary Design Q:4 Detailed Design	Technical Services
52	To develop detailed design for Construction of Road and Storm Water Master Plan by 30 June 2023	New indicator	Detailed design for construction of Road and Storm Water Master Plan Developed by 30 June 2023	Road and Storm Water Master Plan	Own Funding	R 2 000 000.00	01/07/2022	30/06/2023	Target Achieved	Detailed design for construction of Road and Storm Water Master Plan Developed	None	None	Q:2 Engineer appointment letter and Scoping report Q3 Preliminary Design Q:4 Detailed Design	Technical Services
53	To construct concrete slab on 2 nd floor of Municipal Office Building at Malamulele by 30 June 2023	Municipal Office Building constructed up to first floor slab curved section and wing section at Malamulele	Concrete slab on 2 nd floor of Municipal Office Building at Malamulele Constructed by 30 June 2023	Construction of Municipal Office Building at Malamulele	Own Funding	R 35,170,862.97	01/07/2022	30/06/2023	Target Achieved	Concrete slab on 2 nd floor of Municipal Office Building at Malamulele Constructed	None	None	Q:1-Q:4 progress report	Technical Services
54	To construct foundation for 5 Market stalls at Xithlelani by 30 June 2023	New indicator	Foundation for 5 Market stalls at Xithlelani constructed by 30 June 2023	Construction of 5 Market Stalls at Xithlelani	Own Funding	R 4 000 000	01/07/2022	30/06/2023	Target Achieved	Foundation for 5 Market stalls at Xithlelani constructed	None	None	Q:3 advert and appointment letter Q:4 progress report	Technical Services
DEVELOPMENT OBJECTIVE: PROMOTE COMMUNITY WELL-BEING AND ENVIRONMENTAL WELFARE														
55	To Conduct 12 Environmental Education and clean-up/Awareness campaign by 30 June 2023	14 Environmental education and Cleaning Programmes conducted	12 Environmental Education & clean-up/Awareness Campaign conducted by 30 June 2023	Environmental Education & Clean up Campaigns	Own Funding	R 500 000.00	01/07/2022	30/06/2023	Target Achieved	12 Environmental Education & clean-up/Awareness Campaign conducted	None	None	Q1-Q4: Invite, Report, Attendance and Register Pictures	Community Services
56	To host Mayor's School excellence award by 30 June 2023	New indicator	Mayor's School excellence award hosted by 30 June 2023	Hosting of Mayor's School excellence awards	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Mayor's School excellence award hosted	None	None	Q:3 Mayor's School excellence award report	Community Services

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57	To conduct 04 (four) special programmes forum meetings by 30 June 2023	New indicator	04 special programmes forum meetings conducted by 30 June 2023	special program	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	12 special programmes forum meetings conducted	None	None	Q:1-Q4 invitation /minutes and attendance register	Community Services
58	To Host Four (04) Sport Council Meeting by 30 June 2023	New indicator	Four (04) Sport Council Meeting Hosted by 30 June 2023	Sport Council Meeting	Own Funding	R 150 000.00	01/07/2022	30/06/2023	Target Achieved	Four (04) Sport Council Meeting Hosted	None	None	Q:1-Q4 invitation /minutes and attendance register	Community Services
59	To maintain Malamulele park by 30 June 2023	New indicator	Malamulele park maintained by 30 June 2023	Maintenance of Malamulele park	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Malamulele park maintained	None	None	Q:1 - Q:4 Maintenance of Municipal parks report	Community Services
60	To maintain Municipal cemeteries by 30 June 2023	New indicator	Municipal cemeteries Maintained by 30 June 2023	Maintenance of municipal cemeteries	Own Funding	R 104 800.00	01/07/2022	30/06/2023	Target Achieved	Municipal cemeteries Maintained	None	None	Q:1 - Q:4 Maintenance of municipal cemeteries report	Community Services
61	To Host Two (02) Arrive Alive Campaigns by 30 June 2023	2 of Arrive Alive Awareness campaigns conducted	Two (02) Arrive Alive Campaigns Hosted by 30 June 2023	Hosting of Arrive Alive Campaigns	Own Funding	R 70 000.00	01/07/2022	30/06/2023	Target Achieved	Two (02) Arrive Alive Campaigns Hosted	None	None	Q:2 invitation and report Q:4 invitation report	Community Services
62	% application for learner's driver permit attended to by 30 June 2023 (Number of learner's driver permit application received by number of learner's driver's permit application attended)	100% of learner's drivers permit application attended (9 145 learners applications received and 9145 attended)	100 % learner's driver permit application attended to by 30 June 2023 (Number of learner's drivers' permit application received by number of learner's application attended)	Learners Drivers Permit	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of learner's drivers permit application attended (8 145 learners applications received and 8145 attended)	None	None	Q1-Q4 Register and report	Community Services
63	% application for driver licences attended to by 30 June 2023 (Number of learner's driver licences application received by number of learner's driver's application attended)	100% of driver's licences application attended (3 328 drivers application received and 3 328 driver's application attended)	100 % driver licences application attended to by 30 June 2023 (Number of learner's driver licences application received by number of learner's driver's application attended)	Drivers Licences	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of driver's licences application attended (2 328 drivers application received and 2 328 driver's application attended)	None	None	Q1-Q4 Register and report	Community Services

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64	% application for motor vehicles attended to by 30 June 2023 (Number of motor vehicles application received by number of motor vehicles application attended)	100% of Motor vehicles attended to (236 motor vehicles applied and 236 motor vehicles attended to)	100 % motor vehicles attended to by 30 June 2023 (Number of motor vehicles application received by number of motor vehicles application attended)	Motor Vehicles testing	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of Motor vehicles attended to (136 motor vehicles applied and 136 motor vehicles attended to)	None	None	Q1-Q4 Register and report	Community Services
65	To provide waste collection services at Mamelulele and Vuwani once per week by 30 June 2023	New indicator	Waste collection services provided at Mamelulele and Vuwani once per week by 30 June 2023	Waste collection	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Waste collection services provided at Mamelulele and Vuwani once per week	None	None	Q1-Q4 : Job Cards	Community Services
66	% of disaster reported cases responded to by 30 June 2023 (number of reported report against cases attended to)	New indicator	100% of disaster reported cases responded to by 30 June 2023 (number of report against cases attended to)	Disaster management	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of reported disaster cases responded to(50/50)	None	None	Q1-Q4: Disaster management impact assessment form	Community Services



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8. LOCAL ECONOMIC DEVELOPMENT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: INTEGRATED LOCAL ECONOMY														
67	To purchase 10 equipment's to support Cooperatives with by 30 June 2023	23 Cooperatives at Four Municipal Nodal Points supported with equipment	10 equipment's purchased to support Cooperatives by 30 June 2023	Cooperative support	Own Funding	R 300 000	01/07/2022	30/06/2023	Target Achieved	10 equipment's purchased to support Cooperatives	None	None	Q-1 list of identified cooperatives to be supported & Public Notice Q-2 Needs assessment Q-3 Specifications and appointment letter Q-4 Delivery note	Planning and Development
68	To conduct One (01) Libra campaign and business inspection by the 30 June 2023	2 Libra Campaign conducted at Matamulele and Saselemani	One (01) Libra campaign and business inspection conducted by 30 June 2023	Libra campaign/business inspection	Own Funding	R 100 000.00	01/07/2022	30/06/2023	Target Achieved	One (01) Libra campaign and business inspection conducted	None	None	Q2: Invite and Attendance Registers	Planning and Development
69	To conduct a feasibility study on the development of light industries park points by 30 June 2023	New indicator	Feasibility study on the development of light industries park conducted by 30 June 2023	Light industries park	Own Funding	R 425,306.84	01/07/2022	30/06/2023	Target Achieved	Feasibility study on the development of light industries park conducted	None	None	Q2: appointment letter and inception report Q3: project initiation document and draft report Q4: Final report Council resolution	Planning and Development
70	To coordinate and Host Business EXPO by 30 June 2023	New indicator	Business EXPO Coordinated and Hosted by 30 June 2023	Business Expo	Own Funding	R 246,500.00	01/07/2022	30/06/2023	Target Achieved	Business EXPO Coordinated and Hosted	None	None	Q:1 invitation and attendance register	Planning and Development
71	To Coordinate and Host Four (04) LED forums by 30 June 2023	Two (02) LED forums held	Four (04) LED Forums Coordinated and Hosted by 30 June 2023	LED Forum	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Four (04) LED Forums Coordinated and Hosted	None	None	Q1-Q4 : Invite and Attendance Registers	Planning and Development

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9. MUNICIPAL FINANCE MANAGEMENT AND VIABILITY

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.	
DEVELOPMENT OBJECTIVE: SOUND FINANCIAL MANAGEMENT AND VIABILITY															
72	To update the GRAP Asset Management Register by 30 June 2023	GRAP Asset Management Register updated	GRAP Asset Management Register updated by 30 June 2023	GRAP Asset Management Register	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	GRAP Asset Management Register updated	None	None	Q1-Q4 Updated Asset Register	Budget and Treasury	
73	% Revenue collected by 30 June 2023	30% Actual collection of R 14 041 180 against billing of R 46 796 620	100% Revenue collected by 30 June 2023	Revenue Management	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved. Not	33.8 % Revenue collected and 61.2 % revenue not collected (R 13 320 411 collected against the quarterly projected revenue of R 33 521 755)	*Low revenue base *Non-payment by government departments	1. Negotiate water and electricity distribution to supplement revenue base. 2. Debt Relief Program has been implemented on all Accounts Types 2022/23FY 3. Revenue Enhancement Strategy is completed and should be implemented in the 2023/24FY* 4. New tariff structure include the pensioner's rebates 30%. 5.Implementation of the debt arrangement for the 2023/24FY	Q1-Q4 Financial Report	Budget and Treasury	
74	% spending on projected capital budget by 30 June 2023	108% Projected Capital Budget Spent	100% spending on projected capital	Capital Budget	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	96% spending on projected capital budget spent (R	Withdrawal by the appointed Service Provider Construction of	The new tender was advertised and the contractor	Q1-Q4 Report	Financial	Budget and Treasury

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NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
		(R325 255 000 of R 319 828 000)	budget by 30 June 2023							326, 503, 415 / R 339, 334, 000)	7.26 km Ring Road at Xhosana with the reason that the project was under-priced which gave rise to cash flow problems	was appointed in 09 May 2023.		
75	To develop Interim Financial Statement and Submit to Municipal Manager by 30 June 2023	One Interim Financial Statement developed and Submitted to Municipal Manager	Interim Financial Statement developed and Submitted to Municipal Manager by 30 June 2023	Interim Financial Statement	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Interim Financial Statement developed and Submitted to Municipal Manager	None	None	Q:3 Interim financial statements	Budget and Treasury
76	To submit 2021-22 Annual Financial Statement to AGSA, Treasuries and COGHSTA by 31 August 2022	Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA	2021-22 Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA by 31/08/2022	AF5	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	2021-22 Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA	None	None	Q1: AF5 and Acknowledgements of Submission	Budget and Treasury
77	To adjust 2022-23 budget and submit to Council for approval by 28 February 2023	2021/22 Budget adjusted and approved by Council	2022-23 Budget adjusted and submitted to Council for approval by 28 February 2023	Budget adjustment	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	2022-23 Budget adjusted and approved by Council	None	None	Q3: Adjusted budget & Council Resolution	Budget and Treasury
78	To submit 23/24 draft budget to Council by 31 March 2023	22/23 Draft Budget Submitted to Council for approval	23/24 Draft Budget Submitted to Council by 31 March 2023	Draft Budget development	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	23/24 Draft Budget Submitted to Council	None	None	Q3: Draft Budget and Council Resolution	Budget and Treasury
79	To submit 2023/24 Final budget to council by 31 May 2023	22/23 Final Budget Submitted to Council for approval	2023/24 Final Budget Submitted to Council by 31 May 2023	Budget development	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	2023/24 Final Budget Submitted and approved by Council	None	None	Q4: Final Budget & Council Resolution	Budget and Treasury
80	Number of section 52 report submitted to Council within 30 days after the end of the quarter by 30 June 2023	4 section 52 report submitted to Council within 30 days after the end of the quarter	4 section 52 report submitted to Council within 30 days after the end of the quarter by 30 June 2023	Section 52 Reports	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 section 52 report submitted to Council within 30 days after the end of the quarter	None	None	Q1-Q4 Section 52 Reports Submitted in & Council Resolutions	Budget and Treasury

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NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 2023	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
81	Number of section 71 report submitted to Mayor & Provincial Treasury within 10 days after the end of the Month by 30 June 2023	12 section 71 report submitted Mayor & Provincial Treasury within 10 days after the end of the Month.	12 section 71 report submitted Mayor & Provincial Treasury within 10 days after the end of the Month by 30 June 2023	Section 71 Reports	Own Funding	OPEX	01/07/2022	30/06/2023	Target achieved	12 section 71 report submitted Mayor & Provincial Treasury within 10 days after the end of the Month	None	None	Q1-Q4 71 Reports and Acknowledgement of Receipts	Budget and Treasury
82	To compile section 72 report and submit to the Mayor and Treasuries by 25 January 2023	Section 72 report compiled and submitted to the Mayor and Treasuries	Section 72 report compiled and submitted to the Mayor and Treasuries by 25 January 2023	Section 72 Report	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	Section 72 report compiled and submitted to the Mayor and Treasuries by the 25 January 2023	None	None	Q3 Section 72 report and Acknowledgement of Receipts	Budget and Treasury
83	To Purchase Asset Equipment by 30 June 2023 • Bush clearing (CONSREV) Equipment's • Solar Digital battery system tester(technical) • Solar installation tester(technical) • Mobile welding Machines(technical) • Mobile Generator (technical) • Compactor Truck (Comes) • Skip loader Truck (comes) • Tipper trucks (technical)	New equipment purchased (pressure pump, 5000l water tank and water stand, grader blades and grader blades bolt and nuts and electric wall box and electricity equipment's)	Asset Equipment purchased by 30 June 2023 • Bush clearing (CONSREV) Equipment's • Solar Digital battery system tester(technical) • Solar installation tester(technical) • Mobile welding Machines(technical) • Mobile Generator (technical) • Compactor Truck (Comes) • Skip loader Truck (comes) • Tipper trucks (technical)	Purchasing of Asset Equipment	Own Funding	R 1,779,894.48	01/07/2022	30/06/2023	Target Achieved	Asset Equipment purchased (• Bush clearing (CONSREV) Equipment's • Solar Digital battery system tester(technical) • Solar installation tester(technical) • Mobile welding Machines(technical) • Mobile Generator (technical) • Compactor Truck (Comes) • Skip loader Truck (comes) • Tipper trucks (technical)	None	None	Q1: Appointment of service provider Q2: Invoice & Delivery Note	Budget and Treasury
84	To Purchase Road Services & Machinery Plant by 30 June 2023. (Tar Brooms and Road Repairs Machines)	Road Technical Service & Machinery Plant purchased Two-wheel drive tractor, 16m Electricity self-propelled scissor lift, Cable fault	Road Services & Machinery Plant purchased by 30 June 2023 (Tar Brooms and Road Repairs Machines)	Purchase of Road Services & Machinery Plant	Own Funding	R 9,220,710.57	01/07/2022	30/06/2023	Target Achieved	Road Services & Machinery Plant purchased (Tar Brooms and Road Repairs Machines)	None	None	Q1: Appointment of service provider Q2: Invoice & Delivery Note	Budget and Treasury

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NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
		location machine, Ride on tractor lawn mower and slasher and road work machineries)												
85	To Purchase Office Furniture by 30 June 2023	New indicator	Office Furniture purchased by 30 June 2023	Procurement of office furniture	Own Funding	R 3,049,029.00	01/07/2022	30/06/2023	Target Achieved	Office Furniture purchased	None	None	Q1: Appointment of service provider Q2: Delivery Note	Budget and Treasury



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10. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
86	To hold 4 Communicator forums by 30 June 2023	4 Communicator forums held	4 Communicator forums held by 30 June 2023	Communications Fora	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 Communicator forums held	None	None	Q1-Q4: Invites and Attendance Registers	Corporate Services
87	To hold 4 ordinary council and 8 Special Council meetings by 30 June 2023	4 Ordinary and 8 special Council meetings held	4 ordinary Council and 8 Special Council meetings held by 30 June 2023	Council Services (Council Meetings)	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 ordinary Council and 20 Special Council meetings held	None	None	Q1-Q4 Council Minutes and attendance register	Corporate Services
88	To hold 4 ordinary EXCO and 8 Special EXCO I meetings by 30 June 2023	4 Ordinary and 8 special EXCO meetings held	4 ordinary EXCO and 8 Special EXCO meetings held by 30 June 2023	Council Services (EXCO meetings)	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 ordinary EXCO and 20 Special EXCO meetings held	None	None	Q1-Q4 EXCO Minutes and attendance register	Corporate Services
89	To award 10 learners with mayoral bursary by 30 June 2023	10 bursary beneficiaries awarded with mayoral bursary	10 learners awarded with mayoral bursary by 30 June 2023	Mayoral bursary	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	10 learners awarded with mayoral bursary	None	None	Q-2 advert and bursary application form Q-3 Confirmation letter	Corporate Services
90	% ICT Maintained and Supported by 30 June 2023 (number report against attended to)	100 % ICT Maintained and Supported (3 543/ 3 543)	100 % ICT Maintained and Supported by 30 June 2023(number report against attended to)	ICT Maintenance and Support	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100 % ICT Maintained and Supported (4 791/ 4791)	None	None	Q1-Q4: system report	Corporate Services
91	To conduct IT Vulnerability Scan by 30 June 2023	IT Security Vulnerability Scan performed not done	IT Vulnerability Scan conducted by 30 June 2023	IT Security Vulnerability Scan	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	IT Vulnerability Scan conducted	None	None	Q1- Specification Q2- Advert and Appointment letter Q3-minutes of the meeting Q4- Completion certificate	Corporate Services
92	% of requested/approved IT equipment purchased by 30 June 2023	100 % of IT equipment purchased (1181 /1181)	100% of requested/ approved IT equipment purchased by 30 June 2023	Purchasing of IT equipment	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	100% of requested/ approved IT equipment purchased (1097/1097)	None	None	Q1-Q4 Delivery note / invoice	Corporate Services
93	To hold 4 Audit Performance Committee meetings by 30 June 2023	New indicator	4 audit and Performance committee meetings held by 30 June 2023	Auditing	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	8 audit and Performance committee meetings held	None	None	Q1-Q4 Invitation ,Minutes and attendance register	Municipal Manager

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NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 22/23	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
94	To hold 4 risk management committee meetings by 30 June 2023	New indicator	4 risk management committee meetings held by 30 June 2023	Risk management committee meetings	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 risk management committee meetings held	None	None	Q1-Q4 Invitation Minutes and attendance register	Municipal Manager
95	To develop business continuity plan and submit to Council for approval by 30 June 2023	New indicator	Business continuity plan developed and submitted to Council for approval by 30 June 2023	Development of Business continuity plan	R 575,004.00	OPEX	01/07/2022	30/06/2023	Target Achieved	Business continuity plan developed and submitted to Council for approval	None	None	Q1- Specification Q2- Advert and Appointment letter Q3- minutes of the meeting Q4- council resolution	Municipal Manager
DEVELOPMENT OBJECTIVE: EFFECTIVE COMMUNITY PARTICIPATION														
96	To conduct 4 Mayoral Imbizo by 30 June 2023	4 Mayoral Imbizo conducted	4 Mayoral Imbizo conducted by 30 June 2023	Mayoral Imbizo	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 Mayoral Imbizo conducted	None	None	Q1-Q4: Invites and Attendance Registers	Corporate Services
97	To review and submit the 2023/24 IDP to Council for approval by 30 June 2023	2022/23 IDP reviewed and submitted to Council for approval	2023/24 IDP reviewed and submitted to Council for approval by 30 June 2023	IDP Review	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	2023/24 IDP reviewed and submitted to Council for approval	None	None	Q1: IDP process Plan and Council Resolution Q2: Need Analysis Report and Attendance Registers	Municipal Manager
98	To conduct IDP Strategic Planning by 30 June 2023	IDP Strategic Planning conducted	IDP Strategic Planning conducted by 30 June 2023	Strategic Planning	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	IDP Strategic Planning conducted	None	None	Q3: Invite, Attendance Registers & Strategic Planning Report	Municipal Manager
99	To conduct 4 IDP public Participation by 30 June 2023	4 IDP public Participation conducted	4 IDP public Participation conducted by 30 June 2023	IDP Public Participation	Own Funding	OPEX	01/07/2022	30/06/2023	Target Achieved	4 IDP public Participation conducted	None	None	Q4: Invite, Public Notice and Attendance Registers	Municipal Manager

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11. PRIOR YEAR COMPARISON

KPA	2021/22					2022/23				
	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE	TOTAL KPIs	TOTAL ACHIEVED	TOTAL NOT ACHIEVED	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE
Municipal Transformation and Organisational Development	10	9	1	90%	10%	10	10	0	100%	0
Spatial Rationale	6	6	0	100%	0%	9	7	2	78%	22%
Basic Service Delivery and Infrastructure Development	43	36	7	84%	16%	47	45	2	96%	4%
Local Economic Development	4	4	0	100 %	0%	5	5	0	100%	0
Municipal Finance Management and Viability	14	13	1	93%	7%	14	12	2	86%	14%
Good Governance and Public Participation	20	15	5	75%	25%	14	14	0	100%	0
Total	97	83	14	85%	15%	99	93	6	94%	6%

The municipality had a total of 99 key performance indicators for 2022/23 financial year compared to 97 in the prior year (2021/22). For the year under review 2022/23 the Municipality achieved 94 of reported 99 targets which amounts to 95% achievement as compared to 85% in the prior year which marks an improvement with 10% in 2022/2023 financial year.



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12. ASSESSMENT OF SERVICE PROVIDER PERFORMANCE FOR 2022/23 FINANCIAL YEAR

ASSESSMENT OF SERVICE PROVIDER PERFORMANCE FOR 2022/23 FINANCIAL YEAR										
NO	PROJECT NAME	AWARDED BIDDER	DEPARTMENT	SOURCE OF FUNDING	BUDGET	PERIOD UNDER ASSESSMENT		PROGRESS TO DATE	CHALLENGES/ INTERVENTION	ASSESSMENT OF SERVICE PROVIDER
						START DATE	END DATE			
01	Supply and Installation of 50 Smart Solar Ledi Street Lights at Malamulele Cluster Ward (18,20,21 And 26)	Swinaveto Trading Enterprise	Technical Services	Own Funding	R 10 000 000,00	01/07/2022	30/06/2023	50 street lights constructed and connected at 4 wards	N/A	POOR, AVERAGE, SATISFACTORY & EXCELLENT SATISFACTORY
02	Supply and Installation of 50 Smart Solar Ledi Street Lights at Hlanganani Cluster Ward (4,5,9, And 10)	Vukona Bya Yena	Technical Services			01/07/2022	30/06/2023	50 street lights constructed and connected at 4 wards	N/A	EXCELLENT
03	Supply and Installation of 50 Smart Solar Ledi Street Lights at Vuwani And Malamulele Cluster Ward (10,14,15 And 18)	Ngothemba Trading Enterprise	Technical Services			01/07/2022	30/06/2023	50 street lights constructed and connected at 4 wards	N/A	EXCELLENT
04	Supply and Installation of 60 Smart Solar Ledi Street Lights at Saselamani Cluster Ward (30,32,34 And 36)	Girman Thandinkosi	Technical Services			01/07/2022	30/06/2023	60 street lights constructed and connected at 4 wards	N/A	SATISFACTORY
05	Electrification of 250 Households at Mabiligwe	Swinaveto Trading Enterprise	Technical Services	INEP	R5 000 000.00	01/07/2022	30/06/2023	250 households constructed and connected with electricity at Mabiligwe	ESKOM delay in energizing The Municipality is engaging Eskom	EXCELLENT

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ASSESSMENT OF SERVICE PROVIDER PERFORMANCE FOR 2022/23 FINANCIAL YEAR										
NO	PROJECT NAME	AWARDED BIDDER	DEPARTMENT	SOURCE OF FUNDING	BUDGET	PERIOD UNDER ASSESSMENT		PROGRESS TO DATE	CHALLENGES/ INTERVENTION	ASSESSMENT OF SERVICE PROVIDER
						START DATE	END DATE			
										POOR, AVERAGE, SATISFACTORY & EXCELLENT
06	Electrification of 236 Mahonisi (100) Nhombelani (26) Mphahkathi (110)	Kedikoni construction	Technical Services	INEP	R4 700 000.00	01/07/2022	30/06/2023	Electrical poles for construction and connecting of 236 households with electricity planted at Mahonisi (100) Nhombelani (26) Mphahkathi (110)	N/A	EXCELLENT
07	Construction of 2.5km Ring Road at Phaphazela	MND projects and trading	Technical Services	Own Funding	R 9 000 000.00	01/07/2022	30/06/2023	1.2km stabilised base layer of 2.5km Ring Road Constructed at Phaphazela	Hired plant taken by the owners The Contractor has hired plant from other plant owners	AVERAGE
08	Construction of 2.5km Ring Road at Oliphantshoek	Koephu business enterprise	Technical Services	Own Funding	R 10 000 000.00	01/07/2022	30/06/2023	2.4 km stabilised base layer of 2.5km Ring Road Constructed at Oliphantshoek	N/A	SATISFACTORY
09	Construction of 2.5km Ring Road at Altein	Tshiamiso trading 135	Technical Services	Own Funding	R 10 000 000.00	01/07/2022	30/06/2023	1km paving of 2.5km ring road Constructed at Altein	N/A	EXCELLENT
10	Construction of 2.5km Ring Road at Magomani	Dalas business enterprise	Technical Services	Own Funding	R 7 000 000.00	01/07/2022	30/06/2023	1.2km paving of 2.5km Ring Road Constructed at Magomani	N/A	EXCELLENT
11	Upgrading/Construction of 2.6 km internal street at Malamulele D	Shwings construction	Technical Services	Own Funding	R 12 000 000.00	01/07/2022	30/06/2023	1.7km pavement of 2.6 km Internal Street Constructed at Malamulele D extension 3	Engineer terminated and affected the progress of the contractor Municipality is supervising and administering the project.	AVERAGE
12	Construction of 6.3 km at Malamulele D ext. 3 internal street phase 2	Mkhacani construction	Technical Services	Own Funding	R 6 000 000.00	01/07/2022	30/06/2023	2.1km subbase of 6.3km Road Constructed at	N/A	EXCELLENT

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ASSESSMENT OF SERVICE PROVIDER PERFORMANCE FOR 2022/23 FINANCIAL YEAR										
NO	PROJECT NAME	AWARDED BIDDER	DEPARTMENT	SOURCE OF FUNDING	BUDGET	PERIOD UNDER ASSESSMENT		PROGRESS TO DATE	CHALLENGES/ INTERVENTION	ASSESSMENT OF SERVICE PROVIDER
						START DATE	END DATE			POOR, AVERAGE, SATISFACTORY & EXCELLENT
								Malamulele D ext. 3 internal street phase 2		
13	Opening and Widening 5.6 km street in Malamulele Business park	Sasavona	Technical Services	Own Funding	R 7 500 000.00	01/07/2022	30/06/2023	2.8km road Surfacing of 5.6 km streets constructed at Malamulele Business park	Slow progress from the contractor due to tendered low rates Cession procurement has been established.	AVERAGE
14	Rehabilitation of Vuwani Internal 6.9 km Streets	HTE construction cc	Technical Services	Own Funding	R 24 000 000.00	01/07/2022	30/06/2023	4.1km pavement of 6.9 km Internal Streets constructed at Vuwani	N/A	SATISFACTORY
15	Construction of 7.26 km Ring Road at Xhosana	Nizalama projects engineering (PTY) LTD	Technical Services	MIG	R 19 789 426	01/07/2022	30/06/2023	Construction of sub-base layer for 7.26km done	N/A	SATISFACTORY
				Own funding	R 500,000.00					
16	Construction of 8.7 km Ring Road at Josefa	Nahuna civil engineering services	Technical Services	MIG	R 28 288 059	01/07/2022	30/06/2023	1.8 km selected layer of 8.7 km Ring Road Constructed at Josefa	Underground water and poor bearing capacity, need to cut clay and replace with rock bed(pioneer layer)	SATISFACTORY
				Own funding	R 5,000,000.00					
17	Upgrading/Construction of 4.54km Ring Road at Mphambo	Makaetsi construction cc	Technical Services	MIG	R 19 000 700.00	01/07/2022	30/06/2023	4.5 km Ring Road Constructed at Mphambo	N/A	EXCELLENT
				Own funding	R 9,500,000.00					
18	Upgrading /Construction of 6.5 km Ring Road at Mdavula	Gumela General dealer	Technical Services	MIG	R 31 211 936.9	01/07/2022	30/06/2023	6.5km pavement of 6.5 km Ring Constructed at Mdavula	Slow progress due to their planning, Remedial action plan on progress	AVERAGE
				Own funding	R 6,613,751.76					
19	Upgrading of Malamulele Stadium	Phetlako construction	Technical Services	MIG	R 9,398,919.17	01/07/2022	30/06/2023	Malamulele Stadium upgraded	N/A	SATISFACTORY

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ASSESSMENT OF SERVICE PROVIDER PERFORMANCE FOR 2022/23 FINANCIAL YEAR										
NO	PROJECT NAME	AWARDED BIDDER	DEPARTMENT	SOURCE OF FUNDING	BUDGET	PERIOD UNDER ASSESSMENT		PROGRESS TO DATE	CHALLENGES/ INTERVENTION	ASSESSMENT OF SERVICE PROVIDER
						START DATE	END DATE			POOR, AVERAGE, SATISFACTORY & EXCELLENT
20	Upgrading of Bungeni Stadium	PGN Civils (PTY) LTD	Technical Services	MIG	R 16 500 000	01/07/2022	30/06/2023	borehole refurbished at Bungeni stadium	Delay to obtain construction-working permit from Department of Labour.	SATISFACTORY
				Own Funding	R 500,000.00					
21	Construction of Davhana Stadium	Bios engineering and supply (pty) Ltd	Technical Services	MIG	R 9 638 300.00	01/07/2022	30/06/2023	Gate house ,ablation block and pipeline system constructed at Davhana stadium	Delay due to hard rock experienced on site.	AVERAGE
				Own Funding	R 500,000.00					
22	Construction of Municipal Office Building at Malamulele	Mofumelelo MM industries JV	Technical Services	Own Funding	R 35,170,862.97	01/07/2022	30/06/2023	Concrete slab on 2 nd floor of Municipal Office Building at Malamulele Constructed	Slow progress of Contractor and variation of scope of work	AVERAGE
23	Construction of 5 Market Stalls at Xithlelani	Swadawada (PTY) LTD	Technical Services	Own Funding	R 4 000 000	01/07/2022	30/06/2023	Foundation for 5 Market stalls at Xithlelani constructed	N/A	SATISFACTORY

CONCLUSION

A total 93 out of 99 KPIs were achieved which results to 94% % of SDBIP KPIs achieved.

Approval by the Municipal Manager



SHILENGE R. R.
MUNICIPAL MANAGER

DATE

Unity in Service Delivery



CHAPTER 4



ORGANIZATIONAL DEVELOPMENT PERFORMANCE



CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

Municipal Organogram and Policies are reviewed annually with the aim to make necessary adjustment to align with the adopted IDP and to provide Regulatory Framework for the effective and efficient recruitment of Employees who possess relevant Skills and Competencies to achieve the vision and mission of the Institution.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1. EMPLOYEE TOTALS AND VACANCIES

EMPLOYEES				
Description	2021/22	YEAR: 2022/23		
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.
Office of the Municipal Manager	15	17	15	02
Technical & Engineering Services	40	102	70	32
Community Services	95	208	125	83
Corporate Services	34	56	34	22
LED & Planning	16	37	16	21
Financial Services	23	44	23	21
Totals	223	464	283	181

COMMENT ON VACANCIES AND TURNOVER:

The filling of Senior Management positions undergoes several stages including approval by the Executive Committee, Council and MEC for Local Government. It takes a minimum of three months for section 54A/56 posts to be filled.

All Senior Manager positions were filled during the financial year under review. All other positions lower than Section 56 are regulated by Human Resource Recruitment and Selection Policy.

COMPONENT B: POLICIES

4.2. POLICIES

The municipality has Human Resource policies in place, which serve as Framework for workforce management. All policies are approved by council before

implementation. For the year under review, policies have been reviewed and approved by council.

HR Policies and Plans 2022/23				
Item No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Placement Policy	100%	100%	31/05/2022
	Leave Policy	100%	100%	31/05/2022
	Staff Provisioning Policy	100%	100%	31/05/2022
	Bereavement Policy for Councilors	100%	100%	31/05/2022
	Bereavement Policy for Officials	100%	100%	31/05/2022
	Training and Development Policy	100%	100%	31/05/2022
	Acting Allowance Policy	100%	100%	31/05/2022
	Facilities Management Policy	100%	100%	31/05/2022
	Fleet Management Policy	100%	100%	31/05/2022
	ICT Operating System Security Control Policy	100%	100%	31/05/2022
	ICT Data Backup and Recovery Policy	100%	100%	31/05/2022
	ICT Disaster Recovery Policy	100%	100%	31/05/2022
	ICT Service Level Agreement Management Policy	100%	100%	31/05/2022
	ICT User Access Management Policy	100%	100%	31/05/2022
	ICT Management Policy	100%	100%	31/05/2022
	ICT Change Management Policy	100%	100%	31/05/2022
	ICT Patch Management Policy	100%	100%	31/05/2022
	ICT Adding New User Procedure	100%	100%	31/05/2022
	ICT Equipment and Usage Policy	100%	100%	31/05/2022
	ICT Firewall and Procedure Policy	100%	100%	31/05/2022
	ICT Internet Acceptance Use Policy	100%	100%	31/05/2022
	ICT Incident and Problem Management Policy	100%	100%	31/05/2022
	ICT Orgplus Installation Procedure	100%	100%	31/05/2022

HR Policies and Plans 2022/23				
Item No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	ICT Project Framework	100%	100%	31/05/2022
	ICT Tel-Trace Procedure	100%	100%	31/05/2022
	ICT Website Content Approval Procedure	100%	100%	31/05/2022
	ICT Confidential and Non-Disclosure Contract	100%	100%	31/05/2022
	ICT Security Control Policy	100%	100%	31/05/2022
	ICT Procedure Manual User Access Review	100%	100%	31/05/2022
	Municipal Corporate Governance of Information and Communication Technology Policy	100%	100%	31/05/2022
	Subsistence and Travel Policy	100%	100%	31/05/2022
	Investment and Cash Management Policy	100%	100%	31/05/2022
	Indigent Policy	100%	100%	31/05/2022
	Unclaimed Deposit Policy	100%	100%	31/05/2022
	Writing Off of Irrecoverable Debt Policy	100%	100%	31/05/2022
	Tariff Policy	100%	100%	31/05/2022
	Property Rates Policy	100%	100%	31/05/2022
	Budget Policy	100%	100%	31/05/2022
	Virements Policy	100%	100%	31/05/2022
	Risk Management Strategy	100%	100%	31/05/2022
	Risk Management Committee Charter	100%	100%	31/05/2022
	Risk Management Policy	100%	100%	31/05/2022
	Audit Charter	100%	100%	31/05/2022
	Communication Policy	100%	100%	31/05/2022
	Communication Strategy	100%	100%	31/05/2022
	Telecommunication Policy	100%	100%	31/05/2022
	Records Management Policy	100%	100%	31/05/2022
	Employee Assistant Policy	100%	100%	31/05/2022
	Occupational Health and Safety Policy	100%	100%	31/05/2022
	Employment Equity Policy	100%	100%	31/05/2022
	Overtime Policy	100%	100%	31/05/2022
	Remuneration Policy	100%	100%	31/05/2022

HR Policies and Plans 2022/23				
Item No.	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
	Attendance and Punctuality Policy	100%	100%	31/05/2022
	Disability Policy	100%	100%	31/05/2022
	Performance Management System Policy and Framework	100%	100%	31/05/2022
	Mayor's Bursary Fund Policy	100%	100%	31/05/2022
	Municipal Employees Sports Policy	100%	100%	31/05/2022
	Contract Management Policy	100%	100%	31/05/2022
	Debt Control and Debt Collection Policy	100%	100%	31/05/2022
	Funding and Reserve Policy	100%	100%	31/05/2022
	Asset Management Policy	100%	100%	31/05/2022
	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	100%	100%	31/05/2022
	Supply Chain Management Policy	100%	100%	31/05/2022
	EPWP Policy	100%	100%	31/05/2022
	Parking Policy	100%	100%	31/05/2022
	Dress Code Policy	100%	100%	31/05/2022
	Sexual Harassment Policy	100%	100%	31/05/2022
	Danger Allowance Policy	100%	100%	31/05/2022
	Land Disposal Policy	100%	100%	31/05/2022
	ICT Service Level Agreement Management (External Service provider/vendor	100%	100%	31/05/2022
	Anti-Fraud and Corruption Strategy	100%	100%	31/05/2022
	Public Participation Policy	100%	100%	31/05/2022
	Paupers Burial By-Law	100%	100%	31/05/2022
	Waste Management By-Law	100%	100%	31/05/2022

WORKFORCE POLICY DEVELOPMENT

All the above-mentioned policies were adopted by Council

4.3. INJURIES AND SICKNESS

Number and Cost of Injuries on Duty				
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee
	Days	No.	%	Days
Required basic medical attention only	13	03	4,69%	0
Temporary total disablement	0	0	0	
Permanent disablement	0	0	0	0
Fatal	0	0	0	0
Total	13	03	4,69%	0

Number of days and Cost of Sick Leave (excluding injuries on duty)				
Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees
Days	%	No.	No.	Days
1058	5%	105	224	24

4.4. PERFORMANCE REWARDS

The municipality has been implementing Performance Management System only for Section 54A and section 56 managers. PMS framework was reviewed and adopted by council.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5. SKILLS DEVELOPMENT AND TRAINING

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building for municipal employees and Councilors was dealt with in terms of the Workplace Skills Plan, which is compiled annually and submitted to LGSETA

for approval. The capacity-building programmes were conducted using the municipal budget and mandatory grant received from the LGSETA.

TRAINING	TOTAL NUMBER OF COUNCILLORS	TOTAL NUMBER OF SENIOR MANAGERS	TOTAL NUMBER OF OFFICIALS BELOW SENIOR MANAGERS	GRAND TOTAL
MUNICIPAL FINANCE MANAGEMENT PROGRAMME	28	3	20	51
ENATIS	-	-	6	6
PAY DAY SYSTEM FINANCE AND HR MODULES	-	-	28	28
SWIMMING MAINTENANCE	-	-	3	3
OCCUPATIONALLY DIRECTED EDUCATION TRAINING PRACTICE	-	-	18	18
CPMD	-	-	21	21
GEOGRAPHIC INFORMATION SYSTEM	-	-	15	15
ADULT EDUCATION TRAINING (AET)	9	-	22	31
SPORTS ADMINISTRATION	-	-	1	1
SCM CERTIFICATE	-	-	1	1
BURSARY- ADVANCED DIPLOMA IN HRM	-	-	1	1
RECORDS MANAGEMENT	-	-	3	3
SCM BID TRAINING	-	-	18	18
OCCUPATIONAL HEALTH SERVICES	-	-	2	2
EXAMINER OF DRIVERS LICENCE	-	-	2	2
EXAMINER OF MOTOR VEHICLE	-	-	2	2
MONITOR AND EVALUATION	-	-	2	2
MPAC	-	-	5	5
COIDA	-	-	1	1
ENVIRONMENTAL LAW	-	-	2	2
ORGPLUS	-	-	6	6

TRAINING	TOTAL NUMBER OF COUNCILLORS	TOTAL NUMBER OF SENIOR MANAGERS	TOTAL NUMBER OF OFFICIALS BELOW SENIOR MANAGERS	GRAND TOTAL
LOCAL LABOUR FORUM	-	-	1	1
PERFORMANCE MANAGEMENT	-	-	2	2
GAPSKILL SYSTEM	-	-	2	2
SUNDRY REGISTERS TRAINING	-	-	2	2
AARTO	-	-	8	2
MSCOA	-	-	6	6
GRAP	-	1	-	1
CREDITOR SETUP, SCM & PROCUMENT	-	-	6	6
EOV	-	-	2	2
EDL	-	-	3	3
FIRE ARM	-	-	7	7
ACCA	-	-	7	7
MUNICIPAL FINANCE AND ADMINISTRATION	-	-	22	22
TOTAL	TOTAL NUMBER OF COUNCILLORS TRAINED	TOTAL NUMBER OF SENIOR MANAGERS	TOTAL NUMBER OF OFFICIALS	GRAND TOTAL
	37	4	247	288

Training for all the departments is budgeted for in the Corporate Services department

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is managed through the payroll system administered by Payday system. Each department is allocated budget for employee related cost, which mainly covers salaries, accommodation, S&T and overtime. Expenditure management and salaries of employees are processed by payroll section within the Finance department.



CHAPTER 5



FINANCIAL PERFORMANCE



CHAPTER 5: FINANCIAL PERFORMANCE

Collins Chabane Local Municipality has ensured that it improves its financial management through the implementation of relevant internal controls and adhering to legislation. Financial reporting - finance reports are presented to the Finance Portfolio Committee on a monthly basis.

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

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

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE 2022/2023

OPERATING & CAPITAL EXPENDITURE ANALYSIS- THE BELOW TABLE INDICATES THE EXPENDITURE BY TYPE

The municipality has calculated the surplus/deficit based on the Total Revenue including Capital Transfers less the Total Expenditure.

Financial Overview: 2022/23 Summary: Statement of financial Performance	Budget 2022/23	Actual 2022/23	Variance
Total Revenue by Source (Excluding Capital Transfers)	R 621,754,215	R 593,001,992	R 28,752,223
Capital Transfers	R 151,472,980	R 146,738,980	R 4,734,000
Total Revenue by Source (Including Capital Transfers)	R 773,227,195	R 739,740,972	R 33,486,223
Less: Total Expenditure	R 482,042,110	R 548,134,285	-R 66,092,175
Equals: Surplus/ deficit	R 291,185,085	R 191,606,687	R 99,578,398

The municipality has calculated the surplus/deficit based on the Total Revenue including Capital Transfers less the Total Expenditure. The overspending on operational expenditure was caused by non-cash items, which include depreciation and impairment of property, plant and equipment, debt impairments and fair value adjustments for investment properties, and loss on disposal of assets.

EXPENDITURE ANALYSIS

Description	Budget 2022/23	YTD Actual 2022/23	Variance
	R'000	R'000	R'000
Employee related costs	138 633	132 896	5 737
Remuneration Of councillors	29 314	28 265	1 049
Debt impairment	5 600	31 194	25 594
Depreciation & asset impairment	48 641	67 184	18 543
Finance charges	-	77	77
Bulk purchases	-	-	-
Contracted services	142 062	149 259	7 197
Capital Projects (MIG)	138 889	138 889	-
Repairs and maintenance	28 407	16 929	11 478
Other expenditure	89 383	122 329	32 946

INCOME ANALYSIS

Description	Budget 2022/23	YTD 2022/23	ACTUAL
	R'000	R'000	
Property Rates	34 777	33 888	
Service Charges	6 424	5 560	
Transfer recognized-Operational	495 236	495 236	
Transfer recognized-Capital	151 472	146 738	
Other Revenue	85 318	58 318	
Total Revenue	773 227	739 740	

5.2 GRANTS

5.2.1 Operational Grants for 2022/23 Financial Year

		Opening Balance	Funds withheld by Treasury	DoRA Allocation	Funds Received	Funds Utilised	Closing Balance/ Unspent
		R	R	R	R	R	R
1	Equitable Share	-	-	454,043,000.00	454,043,000.00	N/A	N/A
2	Finance Management Grant	-	-	2,550,000.00	2,550,000.00	2,550,000.00	-
3	Expanded Public Works Programme	-	-	1,759,000.00	1,759,000.00	1,759,000.00	-
4	Municipal Disaster Relief Grant	-	-	-	4,500,000.00	-	4,500,000.00
		-	-	458,352,000.00	462,852,000.00	4,309,000.00	4,500,000.00

The municipality received R 4 500 000 for 2023/24 financial year in the year under review, the grant was budgeted for, hence there was no expenditure incurred in the year under review. The grant is for Disaster relief. There was no additional funding for operational grants.

5.2.2 Capital Grants for 2022/23 Financial Year

		Opening Balance	Funds withheld by Treasury	DoRA Allocation	Additional Funding	Funds Received	Funds Utilised	Closing Balance/Unspent
		R	R	R	R	R	R	R
1	Municipal Infrastructure Grant	-	-	138,889,000.00	40,000,000.00	138,889,000.00	138,889,000.00	-
2	Integrated National Electrification Programme Grant	2,849,980.44	-	5,000,000.00	4,734,000.00	9,734,000.00	7,849,980.44	4,734,000.00
		2,849,980.44	-	143,889,000.00	44,734,000.00	148,623,000.00	146,738,980.44	4,734,000.00

The municipality received R 44 734 000 additional funding in the year under review, R 40 000 000 relates to Municipal Infrastructure Grant and R 4 734 000 is for Integrated National Electrification Programme Grant. The municipality spent 100% on MIG (Both DoRA allocation & Additional Funding) and Spent 62% on INEP Grant (Rollover, DoRA allocation and Additional Fundin

5.3 ASSET MANAGEMENT

Assets are managed and maintained by the Finance Directorate under which provision is made in respective operational budgets for maintenance over the life cycle of the asset. The Assets unit is responsible for maintaining the asset register, annual asset counts, capturing newly acquired assets on the asset register, and the removal of obsolete or written-off assets from the asset register.

The Municipality's asset register is GRAP compliant. Collins Chabane Local Municipality makes use of several operating ratios and indicators to enable benchmarking financial performance.

ASSET 1	
Name	Property plant and equipment
Description	Electricity Network
Key staff involved	T. Makhuvele
Staff Responsibilities	Ensure that the Electricity network is in good working order to ensure that all communities have access to electricity.
Asset Value	R 8,024,649
Capital Implications/ Financing	Department of Energy for new projects and internal finance for maintenance and other non-funded electrical projects.
Policies in place to manage asset	Yes

ASSET 2	
Name	Property plant and equipment
Description	Land and Buildings
Key staff involved	D Khanyi & T.R Shimange
Staff Responsibilities	To ensure that out keeping and maintenance of the buildings at all times.
Asset Value	R 108,530,749
Capital Implications/ Financing	Repairs and maintenance are funded internally.
Policies in place to manage asset	Yes
ASSET 3	
Name	Roads
Description	Roads
Key staff involved	Hlungwane A.K & T. Mabasa
Staff Responsibilities	To ensure that all roads are maintained and utilised at their optimal levels.
Asset Value	R 307,339,934
Capital Implications/ Financing	All roads' constructions are funded by MIG but maintenance is funded internally.
Policies in place to manage asset	Yes

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.4. CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of five largest projects					
No	Description	Original Budget	Adjusted Budget	Actual	Variance from original
1	Corp Serv Construction of Municipal Office Building(new)	R 48,104,731	R 49,224,214	R 49,224,214	-R 1,119,483
2	CONSTRUCTION OF JOSEFA RING ROAD-MIG	R 12,000,000	R 30,288,059	R 30,288,059	-R 18,288,059
3	Rehabilitation of Vuwani Internal streets	R 22,895,269	R 27,595,269	R 27,595,269	-R 4,700,000
4	Mdavula Ring Road	R 31,000,000	R 29,466,996	R 29,466,996	R 1,533,004
5	Mphambho Ring Road	R 27,750,700	R 24,969,002	R 24,969,002	R 2,781,698

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The municipality did not encounter Cash Flow Management challenges for the year under review.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		23,065,195	19,562,082
Service charges		3,591,116	3,805,877
Grants and subsidies		611,475,004	572,276,000
Interest income		18,002,852	12,783,061
Other receipts		54,793,366	10,740,368
		710,927,533	619,167,388
Payments			
Employee costs		(158,993,360)	(147,753,792)
Suppliers and other payments		(286,052,213)	(228,772,931)
		(445,045,573)	(376,526,723)
Net cash flows from operating activities	37	265,881,960	242,640,665
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(366,898,246)	(344,714,950)
Proceeds from sale of property, plant and equipment	4	-	2,500,963
Purchase of other intangible assets	5	-	(2,809,671)
Net cash flows from investing activities		(366,898,246)	(345,023,658)
Cash flows from financing activities			
Finance lease payments		(1,598,168)	(2,228,097)
Net increase/(decrease) in cash and cash equivalents		(102,614,454)	(104,611,090)
Cash and cash equivalents at the beginning of the year		296,869,186	401,480,276
Cash and cash equivalents at the end of the year	14	194,254,732	296,869,186

COMMENT ON CASH FLOW OUTCOMES:

Municipal cash flow is in good position with a positive cash flow closing balance of R 194 254 732 Million.

Collection on property rate increased from R 19 562 082 to R 23 065 195 and the interest income increased by R 6 000 000 as compared with the previous financial year. The municipal cash and cash keeps on decreasing each financial year.

5.5. PUBLIC PRIVATE PARTNERSHIPS

The Municipality does not have any Public Private Partnership.

COMPONENT D: OTHER FINANCIAL MATTERS

5.6. SUPPLY CHAIN MANAGEMENT

Collins Chabane Municipality Council has adopted the SCM policy for the 2022/23 financial year in line with the National Treasury Regulation of 2005 and implemented the policy as per the regulation and reported the implementation to council quarterly and annually.

AG reported that Compliance with legislation remains an area of concern. Management is advised to develop a compliance checklist that is aligned to current legislation to ensure compliance before approving any of the SCM processes and expenditures.



CHAPTER 6



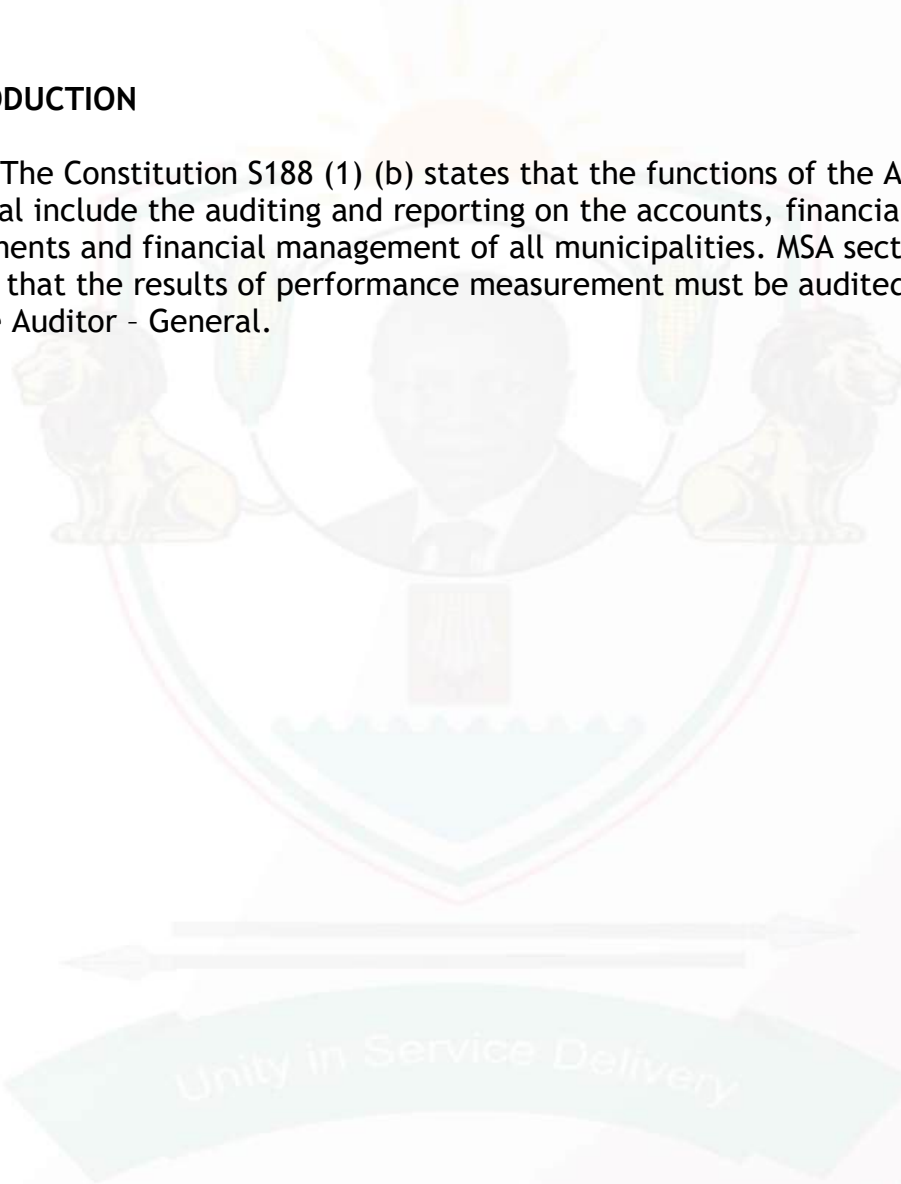
AUDITOR GENERAL ON FINANCIAL PERFORMANCE



CHAPTER 6: AUDITOR GENERAL ON FINANCIAL PERFORMANCE

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor - General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor - General.



Report of the auditor-general to Limpopo Provincial Legislature and Council of Collins Chabane Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Collins Chabane Local Municipality set out on pages xx to xx, 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 Collins Chabane Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA), and the Division of Revenue Act 5 of 2021 (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.

Restatement of corresponding figures

7. As disclosed in note 42 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 impairment of debtors

8. As disclosed in note 31 to the financial statements, material losses of R31 194 066 were incurred as a result of impairment of irrecoverable trade debtors.

Material uncertainties

9. With reference to note 40 to the financial statements, the municipality is the defendant in various lawsuits. The municipality is opposing these claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

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

Unaudited supplementary schedules

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

Unaudited disclosure notes

12. In terms of section 125(2) (e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the requirements of the MFMA and DoRA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 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
Basic service delivery and infrastructure development	[XX]	Promote community wellbeing and environmental welfare
Spatial rationale	[XX]	Integrated human settlements

19. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.

- the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
21. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
22. I did not identify any material findings on the reported performance information for the selected key performance areas:
- Basic service delivery and infrastructure development
 - Spatial rationale

Other matter

23. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure development. Management subsequently corrected all the misstatements and I did not include any material findings in this report

Report on compliance with legislation

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

detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements, performance and annual reports

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of non-current assets, current assets, liabilities 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.

Expenditure management

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R5 706 484 as disclosed in note 49 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM processes.
32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R357 735, as disclosed in note 48 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 charged to the municipality
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R85 664 874, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by exceeding the budget on depreciation and amortisation, impairment and general expenses.

Consequence management

34. Losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA and municipal budget and reporting regulations 75(2).
35. Fruitless and wasteful expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA and municipal budget and reporting regulations 75(2).

Strategic planning and performance management

36. The performance management system and related controls were not maintained as performance monitoring, review and reporting processes was not conducted and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

37. Awards were made to providers who were in the service of other state institutions or whose directors/ principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and supply chain management (SCM) regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

Other information in the annual report

38. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
39. 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.
40. 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 priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
41. 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

42. 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.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
44. There is lack of timeous capturing of information for financial reporting and also insufficient reconciliations of transactions throughout the course of the year.

45. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information as evidenced by the number of material findings identified during the year.
46. Management did not review and monitor compliance with applicable legislation as evidenced by the non-compliance findings identified during the audit.

Material irregularities

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

Status of previously reported material irregularities

Prohibited investment with a mutual bank

48. The local municipality invested R120 million on 31 October 2017 made up of a three months' fixed deposit with Venda Building Society (VBS), and interest of R 2 410 521 accrued on the VBS account. VBS was placed under curatorship on 11 March 2018 and was subsequently liquidated after the North Gauteng High Court issued the final order to liquidate the bank on 13 November 2018. In terms of regulation 6 of the Municipal Investment Regulations, a municipality may only invest deposits with banks registered in terms of the Banks Act 94 of 1990. The local municipality did not comply with the Municipal Investment Regulations as VBS is not registered in terms of the Banks Act.
49. The non-compliance is likely to result in a financial loss of R122 410 521 for the municipality if the amount invested is not recovered in full from the estate of VBS.
50. The accounting officer was notified of the material irregularity on 4 November 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions have been taken to address the material irregularity:
 - On 9 November 2018 the municipality through a council resolution placed both former municipal manager and chief financial officer precautionary suspension. On 5 April 2019 the chief financial officer resigned and council accepted the resignation.
 - The disciplinary hearing of the municipal manager predisposed to a verdict that she was not guilty of all misconduct charges against her. The second disciplinary hearing of the municipal manager relating to another matter culminated into settlement agreement dated 18 February 2021 in terms of which the municipal manager resigned from the employ of the municipality.
 - The municipality appointed attorneys on 1 August 2019 to assist in lodging a claim against the Liquidator for monies invested in VBS

- The investment in VBS Mutual Bank has since become a subject of investigation by the Directorate for Priority Crime Investigation (Hawks). Furthermore, the liquidation process of VBS Mutual Bank is ongoing.
51. The municipality received R8 568 736 from the VBS curators on 16 February 2022. No further recoveries have been made to date.
52. The Hawks indicated during April 2023 that it would consider referring amounts that are not recovered through the liquidation process to the Asset Forfeiture Unit, for further recovery.
53. I received a written submission on the actions taken to address the MI on 25 November 2021. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

Other reports

Other reports

54. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
55. The Directorate for Priority Crime Investigation is investigating allegations of an irregular award of a tender that was awarded in 2017-18 for the procurement of the new office blocks for the municipality. The investigation was in progress at the date of the auditor's report.

Auditor-General

Polokwane

30 November 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)

Legislation	Sections or regulations
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

APPENDICES

APPENDIX A: ANNUAL FINANCIAL STATEMENT



**Collins Chabane Local Municipality
Annual Financial Statements
for the year ended June 30, 2023**

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

General Information

Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community.
Accounting Officer	Shilenge RR
Registered office	Municipal Offices 125 Collins Chabane Drive Malamulele 0982
Business address	Municipal Offices 125 Collins Chabane Drive Malamulele 0982
Postal address	Private Bag X9271 Malamulele 0982
Bankers	First National Bank
Auditors	Auditor-General South Africa (AGSA)

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

General Information

Mayoral Committee

Mayor

Mayor

Speaker

Chief whip

Cllr Maluleke M (Terminated 21 July 2022)

Cllr Maluleke SG (Appointed 04 August 2022)

Cllr Mbedzi TS

Cllr Baloyi ME

Members of the Executive Committee

Cllr Mabasa D

Cllr Thovhakale MS

Cllr Chauke HG

Cllr Maluleke LR

Cllr Baloyi DL

Cllr Lebea ME

Cllr Mashila D

Cllr Mahlaware TP

Cllr Maluleke SG

Other members of Municipal Council

Cllr Maremane HR

Cllr Bila ST

Cllr Mashimbye FP

Cllr Mutele ST

Cllr Mavikane SX

Cllr Shivambu S

Cllr Matamela SM

Cllr Masangu GD

Cllr Chauke ST

Cllr Maluleke ET

Cllr Ndove HD

Cllr Mudau TS

Cllr Mabasa KK

Cllr Ngobeni MR

Cllr Mabasa J

Cllr Baloyi HR

Cllr Sunduza SZ

Cllr Chabangu ST

Cllr Mabunda MC

Cllr Munyai N

Cllr Sithole SM

Cllr Shandukani SM

Cllr Rekhoto SS

Cllr Miyambo SZ

Cllr Baloyi MJ

Cllr Hlabangwani TL

Cllr Masia TM

Cllr Rikhotso GM

Cllr Mathavha HF

Cllr Baloyi HJ

Cllr Manganyi HL

Cllr Mabasa W

Cllr Mhangwani C

Cllr Khange G

Cllr Makhubela S

Cllr Bamuza E

Cllr Hlatswayo TG

Cllr Mafanela RM

Cllr Maluleka RM

Cllr Mathebula ML

Cllr Rasiuba NR

Cllr Maluleke HM

Cllr Tshoteli LD

Cllr Maloleka SB

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

General Information

Cllr Chabalala KR
Cllr Chauke MC
Cllr Hlungwani S
Cllr Mathebula ME
Cllr Chauke GP
Cllr Makhomisanani SS
Cllr Maringa RE
Cllr Manganye MJ
Cllr Manganyi MN
Cllr Muthubi KR
Cllr Mulaudzi MM
Cllr Chaoke TS
Cllr Khosa TE
Cllr Chauke MG
Cllr Munarini TJ
Cllr Yingwani T
Cllr Maluleke LR
Cllr Chauke FT

Audit Committee members:

Mudau FJ (Chairperson)
Mabuza JM
Ngobeni SAB
Nevhutalu TG CA(SA)
Makhubele E

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Index

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

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Abbreviations

COIDA	Compensation for Occupational Injuries and Diseases Act
CFO	Chief Financial Officer
AGSA	Auditor-General of South Africa
CIGFARO	Chartered Institute of Governance, Finance, Audit and Risk Officers
GRAP	Generally Recognised Accounting Practice
CCLM	Collins Chabane Local Municipality
MM	Municipal Manager
INEP	Integrated National Electrification Programme
FMG	Finance Management Grant
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
WIP	Work in Progress
EPWP	Extended Public Works Programme

Preparer

Maluleke NV

Chief Financial Officer

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 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 they are ultimately responsible for the system of internal financial control established by the municipality 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 June 30, 2024 and, in the light of this review and the current financial position, is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the intergovernmental grants and transfers 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 its operations.

The annual financial statements set out on pages 6 to 84, which have been prepared on the going concern basis, were approved and signed on behalf of Council on August 31, 2023 by:

Shilenge RR
Municipal Manager

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2023.

1. Incorporation

The municipality was incorporated on August 10, 2016 and commenced business on the same day.

The Municipality was established in terms of section 12 of the Municipal Structures Act, No. 117 of 1998 and is a category B municipality. It consists of 71 elected councilors and 36 wards.

2. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had accumulated surplus of R 1,745,568,846 and that the municipality's total assets exceed its liabilities by R 1,745,568,846.

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 secure funding for the ongoing operations for the municipality and that sound annual financial statements will remain in force for as so long as it takes to maintain the solvency of the municipality.

3. Events after reporting date

Refer to note no. 45 for Events after reporting date disclosure.

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
Shilenge RR	South African

6. Auditors

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

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	9	5,151,258	3,845,729
Receivables from exchange transactions	10	2,563,745	2,620,111
Receivables from non-exchange transactions	11	9,561,668	7,373,307
Consumer receivables from exchange transaction	12	5,682,067	2,977,723
VAT receivable	13	48,055,407	42,354,324
Cash and cash equivalents	14	194,254,732	296,869,186
		265,268,877	356,040,380
Non-Current Assets			
Investment property	3	4,040,106	2,060,022
Property, plant and equipment	4	1,600,812,798	1,300,743,322
Intangible assets	5	3,494,819	5,076,243
Heritage assets	6	1,128,500	1,128,500
Other financial assets	7	2	2
		1,609,474,225	1,309,006,089
Total Assets		1,874,743,102	1,665,046,469
Liabilities			
Current Liabilities			
Finance lease obligation	15	1,809,759	953,555
Payables from exchange transactions	18	90,055,224	84,872,751
Employee benefit obligation	8	7,402,441	5,911,783
Unspent conditional grants and receipts	16	9,234,000	2,849,980
		108,501,424	94,588,069
Non-Current Liabilities			
Finance lease obligation	15	3,593,778	-
Employee benefit obligation	8	16,525,308	16,368,816
Provisions	17	553,749	799,426
		20,672,835	17,168,242
Total Liabilities		129,174,259	111,756,311
Net Assets		1,745,568,843	1,553,290,158
Accumulated surplus		1,745,568,846	1,553,290,167

* See Note 42

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Sale of stands	19	7,514,159	2,343,000
Service charges	20	5,559,694	4,875,772
Rendering of services	19	2,894,937	3,506,221
Interest on arrear receivables		1,459,309	1,124,255
Agency services	19	3,949,163	3,148,086
Licences and permits	19	4,619,359	5,097,338
Rental income	21	319,942	165,813
Interest income	22	18,002,852	12,783,061
Total revenue from exchange transactions		44,319,415	33,043,546
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	33,887,616	35,500,164
Transfer revenue			
Government grants & subsidies	24	605,090,980	569,426,024
Public contributions and donations	25	36,883,987	5,400,931
Interest on arrear receivables	19	8,022,225	6,459,326
Gain on assets/ Fair value adjustments	19	11,154,499	2,631,735
Traffic fines	19	382,250	372,150
Total revenue from non-exchange transactions		695,421,557	619,790,330
Total revenue	19	739,740,972	652,833,876
Expenditure			
Employee related costs	26	(132,896,073)	(122,762,015)
Remuneration of councillors	27	(28,265,224)	(26,555,060)
Depreciation and amortisation	28	(59,775,059)	(46,588,069)
Impairment loss/ Reversal of impairments	29	(7,408,518)	(2,277,187)
Finance costs	30	(76,732)	(71,769)
Debt Impairment	31	(31,194,066)	(25,440,478)
Repairs and maintenance	4	(16,929,124)	(28,654,301)
Contracted services	32	(149,259,900)	(95,964,624)
General Expenses	33	(122,329,589)	(99,560,892)
Total expenditure		(548,134,285)	(447,874,395)
Operating surplus		191,606,687	204,959,481
Fair value adjustments	35	1,980,086	(1,469,979)
Loss on disposal of assets	34	(1,308,094)	-
		671,992	(1,469,979)
Surplus for the year		192,278,679	203,489,502

* See Note 42

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2021	1,349,800,665	1,349,800,665
Changes in net assets		
Surplus for the year	203,489,502	203,489,502
Total changes	203,489,502	203,489,502
Opening balance as previously reported	1,575,602,392	1,575,602,392
Adjustments		
Prior year adjustments (Note 42)	(22,312,225)	(22,312,225)
Restated* Balance at July 1, 2022 as restated*	1,553,290,167	1,553,290,167
Changes in net assets		
Surplus for the year	192,278,679	192,278,679
Total changes	192,278,679	192,278,679
Balance at June 30, 2023	1,745,568,846	1,745,568,846
Note(s)		

* See Note 42

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		23,065,195	19,562,082
Service charges		3,591,116	3,805,877
Grants and subsidies		611,475,004	572,276,000
Interest income		18,002,852	12,783,061
Other receipts		54,793,366	10,740,368
		<u>710,927,533</u>	<u>619,167,388</u>
Payments			
Employee costs		(158,993,360)	(147,753,792)
Suppliers and other payments		(286,052,213)	(228,772,931)
		<u>(445,045,573)</u>	<u>(376,526,723)</u>
Net cash flows from operating activities	37	265,881,960	242,640,665
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(366,898,246)	(344,714,950)
Proceeds from sale of property, plant and equipment	4	-	2,500,963
Purchase of other intangible assets	5	-	(2,809,671)
Net cash flows from investing activities		(366,898,246)	(345,023,658)
Cash flows from financing activities			
Finance lease payments		(1,598,168)	(2,228,097)
Net increase/(decrease) in cash and cash equivalents		(102,614,454)	(104,611,090)
Cash and cash equivalents at the beginning of the year		296,869,186	401,480,276
Cash and cash equivalents at the end of the year	14	194,254,732	296,869,186

* See Note 42

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 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						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sales of goods	-	-	-	7,514,159	7,514,159	Note 53
Service charges - refuse	6,424,344	-	6,424,344	5,559,694	(864,650)	
Rendering of services	73,687,716	8,103,899	81,791,615	2,894,937	(78,896,678)	
Interest on arrear receivables	-	-	-	1,459,309	1,459,309	
Agency services	2,668,728	1,525,000	4,193,728	3,949,163	(244,565)	
Licence and permits	7,213,836	-	7,213,836	4,619,359	(2,594,477)	
Rental income	209,820	76,000	285,820	319,942	34,122	
Interest income - Debtors	500,000	7,841,939	8,341,939	-	(8,341,939)	
Interest income - Bank	15,117,996	4,581,161	19,699,157	18,002,852	(1,696,305)	
Total revenue from exchange transactions	105,822,440	22,127,999	127,950,439	44,319,415	(83,631,024)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	34,777,356	-	34,777,356	33,887,616	(889,740)	
Transfer revenue						
Government grants & subsidies	557,341,004	52,583,000	609,924,004	605,090,980	(4,833,024)	
Public contributions and donations	-	-	-	36,883,987	36,883,987	
Interest on arrears receivables	-	-	-	8,022,225	8,022,225	
Gain on asset/ fair value adjustments	-	-	-	11,154,499	11,154,499	
Traffic fines	675,396	(100,000)	575,396	382,250	(193,146)	
Total revenue from non-exchange transactions	592,793,756	52,483,000	645,276,756	695,421,557	50,144,801	
Total revenue	698,616,196	74,610,999	773,227,195	739,740,972	(33,486,223)	
Expenditure						
Personnel	(159,399,000)	20,766,000	(138,633,000)	(132,896,073)	5,736,927	
Remuneration of councillors	(28,336,754)	(978,084)	(29,314,838)	(28,265,224)	1,049,614	
Depreciation and amortisation	(44,697,188)	(3,944,084)	(48,641,272)	(59,775,059)	(11,133,787)	
Impairment loss/ Reversal of impairments	-	-	-	(7,408,518)	(7,408,518)	
Finance costs	-	-	-	(76,732)	(76,732)	
Debt Impairment	(5,600,000)	-	(5,600,000)	(31,194,066)	(25,594,066)	
Repairs and maintenance	(23,107,188)	(5,300,000)	(28,407,188)	(16,929,124)	11,478,064	
Contracted Services	(64,750,812)	(77,312,000)	(142,062,812)	(149,259,900)	(7,197,088)	
General Expenses	(82,952,000)	(6,431,000)	(89,383,000)	(122,329,589)	(32,946,589)	
Total expenditure	(408,842,942)	(73,199,168)	(482,042,110)	(548,134,285)	(66,092,175)	
Operating surplus	289,773,254	1,411,831	291,185,085	191,606,687	(99,578,398)	
Fair value adjustments	-	-	-	1,980,086	1,980,086	
Loss on disposal of assets	-	-	-	(1,308,094)	(1,308,094)	

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	-	-	-	671,992	671,992	
Surplus	289,773,254	1,411,831	291,185,085	192,278,679	(98,906,406)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	289,773,254	1,411,831	291,185,085	192,278,679	(98,906,406)	
Reconciliation						

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	16,173,000	-	16,173,000	5,151,258	(11,021,742)	Note 53
Receivables from exchange transactions	-	-	-	2,563,745	2,563,745	
Receivables from non-exchange transactions	98,750,000	(79,231,000)	19,519,000	9,561,668	(9,957,332)	
VAT receivable	-	-	-	48,055,407	48,055,407	
Consumer debtors - other	50,626,000	3,895,000	54,521,000	5,682,067	(48,838,933)	
Cash and cash equivalents	397,605,000	(88,163,000)	309,442,000	194,254,732	(115,187,268)	
	563,154,000	(163,499,000)	399,655,000	265,268,877	(134,386,123)	

Non-Current Assets

Investment property	3,800,000	-	3,800,000	4,040,106	240,106	
Property, plant and equipment	1,267,648,000	374,741,000	1,642,389,000	1,600,812,798	(41,576,202)	
Intangible assets	3,758,000	1,519,000	5,277,000	3,494,819	(1,782,181)	
Heritage assets	1,127,000	-	1,127,000	1,126,500	(500)	
Other financial assets	-	-	-	2	2	
Investments	100,000,000	-	100,000,000	-	(100,000,000)	
	1,376,333,000	376,260,000	1,752,593,000	1,609,474,225	(143,118,775)	
Total Assets	1,939,487,000	212,761,000	2,152,248,000	1,874,743,102	(277,504,898)	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	1,809,759	1,809,759	
Payables from exchange transactions	125,157,000	39,479,000	164,636,000	90,055,224	(74,580,776)	
Employee benefit obligation	23,675,000	(47,349,000)	(23,674,000)	7,402,441	31,076,441	
Unspent conditional grants and receipts	-	-	-	9,234,000	9,234,000	
Consumer deposit	318,000	(636,000)	(318,000)	-	318,000	
	149,150,000	(8,506,000)	140,644,000	108,501,424	(32,142,576)	

Non-Current Liabilities

Finance lease obligation	-	-	-	3,593,778	3,593,778	
Employee benefit obligation	125,547,000	-	125,547,000	16,525,308	(109,021,692)	
Provisions	-	-	-	553,749	553,749	
	125,547,000	-	125,547,000	20,672,835	(104,874,165)	
Total Liabilities	274,697,000	(8,506,000)	266,191,000	129,174,259	(137,016,741)	
Net Assets	1,664,790,000	221,267,000	1,886,057,000	1,745,568,843	(140,488,157)	

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,664,790,000	221,267,000	1,886,057,000	1,745,568,843	(140,488,157)	

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	10,583,000	3,328,000	13,911,000	23,065,195	9,154,195	Note 53
Service charges	1,927,000	642,000	2,569,000	3,591,116	1,022,116	
Grant and subsidies	557,241,000	52,683,000	609,924,000	611,475,004	1,551,004	
Interest income	15,118,000	4,581,000	19,699,000	18,002,852	(1,696,148)	
Other receipts	32,730,000	100,875,000	133,605,000	54,793,366	(78,811,634)	
	617,599,000	162,109,000	779,708,000	710,927,533	(68,780,467)	
Payments						
Employee costs and supplier payments	(353,622,000)	(74,180,000)	(427,802,000)	(445,045,573)	(17,243,573)	
Net cash flows from operating activities	263,977,000	87,929,000	351,906,000	265,881,960	(86,024,040)	
Cash flows from investing activities						
Purchase and proceed of property, plant and equipment	(289,600,000)	(49,734,000)	(339,334,000)	(366,898,246)	(27,564,246)	
Proceeds from sale of property, plant and equipment	100,000	(100,000)	-	-	-	
Net cash flows from investing activities	(289,500,000)	(49,834,000)	(339,334,000)	(366,898,246)	(27,564,246)	
Cash flows from financing activities						
Finance lease payments	-	-	-	(1,598,168)	(1,598,168)	
Net increase/(decrease) in cash and cash equivalents	(25,523,000)	38,095,000	12,572,000	(102,614,454)	(115,816,383)	
Cash and cash equivalents at the beginning of the year	-	-	-	296,869,186	296,869,186	
Cash and cash equivalents at the end of the year	(25,523,000)	38,095,000	12,572,000	194,254,732	181,052,803	
Reconciliation						

All significant variances +/-10 have been explained under note 53.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Presentation currency

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

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

1.2 Going concern assumption

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

1.3 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.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1.3 Investment property (continued)

Fair value

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

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

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

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). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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.

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

Susequat measurement

Property, plant and equipment is carried at cost, being the cost /fair value at the date of acquisition or transfer less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Property, plant and equipment of Land is carried at cost. The land is not depreciated.

Depreciation is calculated on the asset's depreciable amount, using the straight line method over useful lives of the asset. The components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives as per the MFMA - Local Government Capital Assets Management Guideline.

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

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

Item	Depreciation method	Average useful life (years)
Boundary walls	Straight line	20 - 40
Buildings/ Building works	Straight line	5 - 30
Electrical supply	Straight line	7 - 80
Fencing	Straight line	10 - 50
On site paving	Straight line	15 - 30
Bins and containers	Straight line	5 - 15
Computer equipment	Straight line	3 - 10
Furniture and fittings	Straight line	3 - 10
Motor vehicles	Straight line	4 - 15
Office equipment	Straight line	3 - 15
Plant and equipment	Straight line	2 - 20
Bridges	Straight line	15 - 80
Road furniture	Straight line	15 - 50
Road structures	Straight line	20 - 100
Storm water drainage	Straight line	20 - 100
Flood lightning	Straight line	5 - 40
Street light	Straight line	5 - 40
Traffic lights	Straight line	5 - 40
Leased assets	Not fixed	Limited to the contract term

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

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

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

Impairment.

The municipality tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable (recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount), and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a valued asset is treated as a revaluation decrease).

De-recognition.

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.

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

1.5 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.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

Subsequent measurement.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life (years)
Licenses and franchises	Straight line	2-5
Computer software, other	Straight line	2-5
Other intangible assets	Straight line	2-5

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

De-recognition

Intangible assets are de-recognised when the asset is disposed of or when no future economic benefits or service potential are expected from its use. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sale proceeds and the carrying value and is recognised in the Statement of Financial Performance. The gain or loss arising from the derecognition of an 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).

1.6 Heritage Assets

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.

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

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1.6 Heritage Assets (continued)

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

1.7 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.

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

A financial asset is:

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

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

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

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

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

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

Consumer deposits are recognised as liabilities

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.

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1.7 Financial Instruments (continued)

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

Classification

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

Class	Category
Consumer receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalent	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Finance lease liabilities	Financial liability measured at amortised cost

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1.7 Financial Instruments (continued)

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with GRAP 104, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation. The municipality classifies its financial assets into the following categories:

- loans and receivables; a
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows: Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a noncurrent asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Cash and Cash Equivalent

Cash includes cash on hand and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as current assets.

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1.7 Financial Instruments (continued)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

Fixed deposit Investment

Short-term deposit is cash and cash equivalents which is short-term and highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three to twelve months or less and are subject to an insignificant risk of change in value.

Impairment

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the financial asset.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Impairment of non-financial assets

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

1.8 Value Added Tax

Basis

The municipality accounts for VAT on the cash basis when preparing VAT returns, the accrual basis of accounting is applied in capturing vat on the accounting system.

1.9 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.

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1.9 Leases (continued)

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 interest rate implicit in the lease.

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.

1.10 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.

"Land inventory is recognised at fair value which equate to net realisable value due to illegal occupation."

Subsequently inventories are measured at weighted average cost method.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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.

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1.11 Impairment of cash-generating assets (continued)

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 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:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.12 Employee benefits

Employee benefits are all forms of consideration given by an municipality 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 municipality'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 municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.12 Employee benefits (continued)

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 recognise 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 recognise 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 measure 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 recognise 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.

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1.12 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 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 deficits.

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

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1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

• Contingent liabilities:

"Contingent liabilities shall not be recognized in the statement of financial position, a contingent liability shall be disclosed under the notes unless the possibility of an outflow of resources embodying economic benefits or service potential is remote"

"A disclosure shall be made for each class of contingent liability at the reporting date with a brief description of the nature of the contingent liability and where practicable"

o An estimate of its financial effect,

• Contingent Assets:

"Contingent assets shall not be recognised in the Statement of financial position, a contingent asset usually arises from unplanned or other unexpected events that are not wholly within the control of the municipality that give rise to the possibility of an inflow of economic benefits."

"A contingent asset is disclosed under the notes by providing a brief description of the nature of the contingent assets at the reporting date, and where practicable, an estimate of their financial effect.

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.

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1.13 Provisions and contingencies (continued)

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

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.15 Revenue from exchange transactions

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

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

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

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. Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances. Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

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

- 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.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Sale of goods

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1.15 Revenue from exchange transactions (continued)

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

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity 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 entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective interest yield on the asset.

Agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement. The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when incurred.

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1.15 Revenue from exchange transactions (continued)

Interest

Interest is recognised, on a time proportionate basis that takes into account the effective interest rate method. Interest are earned from primary bank account and short term deposit.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

Gain/ loss on assets

Gain/ loss on assets - this apply to assets acquired at no consideration and disposal of assets

Gain/ loss on fair value

Gain/ loss on fair value - this apply to the movement on fair value adjustment on investment property as at yea end

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an 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.

Public contribution and donation

Revenue from donation are recognised as revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Property rates

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria is met. Revenue from property rates is recognised when the legal entitlement to this revenue arises.

Collection charges are recognised when such amounts are legally enforceable.

Rebates are respectively granted to owner of land on which not more than two dwelling units are erected provided that solely used for residential purpose.

Assessment rates income is recognised when rates account has been issued to the ratepayers

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

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Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Government grant an transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

"The municipality recognizes government grants as revenue upon receipts except for; Grants with conditions is recognised as revenue when capital expenditure is incurred. These grants are only recognized as revenue only upon the fulfilment of the conditions attached to the use of the grants. The grants shall be disclosed as a liability until the conditions attached are met"

Transferred assets are measured at their fair value as at the date of acquisition.

Traffic Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.17 Investment income

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

1.18 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 an 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.

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Accounting Policies

1.18 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

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

1.19 Comparative figures

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

1.20 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Segment information

A segment is an activity of a municipality:

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

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

Measurement

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

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

1.24 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.

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1.24 Budget information (continued)

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

The approved budget covers the fiscal period from 7/1/2022 to 6/30/2023.

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.

The Municipality will provide explanation of +-10% variance on comparison of budget and actual amount

1.25 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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 management in their dealings with the municipality. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.26 Events after reporting date

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

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

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

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

1.27 Expenditure

Expenditure is recognised for in the financial statements on accrual basis

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2023 or later periods:

Standards/ Interpretation	Effective date	Expected impact
GRAP 25 on Employee benefits (Revised)	To be determined	To be determined
GRAP 104 on Financial instruments (revised)	To be determined	To be determined
IGRAP 7 on The limit on defined benefit assets, minimum funding requirements and their interaction (revised)	To be determined	To be determined
IGRAP 21 on The effect of past decision on materiality	To be determined	To be determined
Guideline on Accounting for landfill sites	To be determined	To be determined

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

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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	4,040,106	-	4,040,106	2,060,022	-	2,060,022

Reconciliation of investment property - 2023

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	2,060,022	(2)	1,980,086	4,040,106

Reconciliation of investment property - 2022

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	3,800,092	(270,091)	(1,469,979)	2,060,022

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.

Fair Valuation:

The fair values of Investment Property as disclosed in the Annual Financial Statements are based on the valuation by Lutendo Group, an independent valuer who is adequately qualified and has experience in the valuation industry.

The valuation assumptions applied include recent sales comparisons approach investment properties.

Investment property were assessed for impairment as at year end, those which have indicator of impairments were impaired.

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3. Investment property (continued)

There was no repairs and maintenance incurred during the year for Investment Property.

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	26,213,442	-	26,213,442	8,473,442	-	8,473,442
Buildings	44,617,626	(7,859,859)	36,757,767	43,280,502	(6,153,460)	37,127,042
Movable assets	142,769,767	(52,182,786)	90,586,981	131,037,770	(40,363,616)	90,674,154
Community assets	235,124,798	(38,899,120)	196,225,678	165,574,171	(27,295,354)	138,278,817
Road infrastructure	707,880,075	(89,984,261)	617,895,814	636,287,001	(66,298,634)	569,988,367
Leased assets	5,972,094	(659,889)	5,312,205	6,005,173	(5,160,287)	844,886
WIP - Infrastructure	516,571,945	-	516,571,945	360,560,159	-	360,560,159
Electricity assets	124,437,915	(13,188,949)	111,248,966	99,883,090	(5,086,635)	94,796,455
Total	1,803,587,662	(202,774,864)	1,600,812,798	1,451,101,308	(150,357,986)	1,300,743,322

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions through fair value	Disposals	Transfers received	Transfers out	Depreciation	Impairment loss	Impairment reversal	Total
Land	8,473,442	-	20,240,000	-	-	(2,500,000)	-	-	-	26,213,442
Buildings	37,127,042	1,339,542	-	(1,585)	-	-	(1,655,706)	(51,526)	-	36,757,767
Movable assets	90,674,154	18,366,104	-	(25,047)	-	-	(16,142,961)	(2,471,475)	186,206	90,586,981
Community assets	138,278,817	2,483,065	-	(714,757)	68,094,675	(220,814)	(10,752,825)	(942,483)	-	196,225,678
Road infrastructure	569,988,367	2,200,544	16,643,987	(566,706)	53,595,214	-	(23,337,496)	(628,096)	-	617,895,814
Leased Assets	844,886	5,971,718	-	-	-	-	(1,504,399)	-	-	5,312,205
WIP - Infrastructure	360,560,159	325,616,508	-	-	-	(169,604,722)	-	-	-	516,571,945
Electricity Assets	94,796,455	10,920,765	-	-	13,634,060	-	(4,800,403)	(3,314,938)	13,027	111,248,966
	1,300,743,322	366,898,246	36,883,987	(1,308,095)	135,323,949	(172,325,536)	(58,193,790)	(7,408,518)	199,233	1,600,812,798

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	8,393,442	-	-	80,000	-	-	-	8,473,442
Buildings	36,980,972	341,598	-	1,583,485	-	(1,504,805)	(274,208)	37,127,042
Movable assets	77,515,467	21,190,448	(427,568)	5,400,931	-	(12,517,544)	(487,580)	90,674,154
Community	125,183,237	188,850	-	21,442,165	-	(7,728,551)	(806,884)	138,278,817
Road - Infrastructure	431,252,156	-	-	156,830,302	-	(17,385,581)	(708,510)	569,988,367
Leased Assets	2,846,485	-	-	-	-	(2,001,599)	-	844,886
WIP - Infrastructure	235,367,751	322,783,278	-	-	(197,590,870)	-	-	360,560,159
Electrical assets	80,139,896	210,776	-	17,734,918	-	(3,289,135)	-	94,796,455
	997,679,406	344,714,950	(427,568)	203,071,801	(197,590,870)	(44,427,215)	(2,277,182)	1,300,743,322

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4. Property, plant and equipment (continued)

The Municipality reviewed the Property, Plant and equipment useful lives and residual values as at 30 June 2023. The Municipality assessed the assets conditions for impairment as at year-end resulting in some assets been impaired. Impairment reversal was as a results of improved condition of assets which were poor in previous years

Pledged as security

During the financial year ended 30 June 2023, no components of property, plant and equipment were pledged as security for borrowings or banking facilities.

INEP Projects

Included in the Work in Progress - Infrastructure, are electrification of villages WIP assets amounting to R0 2022: R55 064 799, funded from INEP grant. These assets will be transferred to a third party (Eskom), upon completion and are not the asset of the Municipality.

Other information

Completion of the following projects were delayed due to budget constraints and community disputes

Malamulele D Street	41,969,488	41,969,488
Upgrading of Vuwani Stadium	869,566	869,566
	42,839,054	42,839,054

Cumulative expenditure for Work in Progress (WIP) as at year end was as follows:

Road Infrastructure	307,339,934	172,350,409
Electrical Infrastructure	8,024,649	56,438,873
Community assets	93,010,846	135,998,491
Building assets	108,530,749	69,209,850
	516,906,178	433,997,623

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Electrical	3,074,271	15,974,134
Buildings	4,063,105	2,071,985
Machinery and equipments	2,349,849	7,835,135
Roads Infrastructure	5,328,698	1,508,980
Motor vehicles	2,093,933	1,240,567
Community assets	19,268	23,500
	16,929,124	28,654,301

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	8,825,739	(5,330,920)	3,494,819	8,825,739	(3,749,496)	5,076,243

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5. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	5,076,243	(1,581,424)	3,494,819

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,757,592	2,809,671	(1,491,020)	5,076,243

The municipality has reviewed the useful lives, residual values and performed assessment of impairment as at 30 June 2023

6. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain and gowns	1,126,500	-	1,126,500	1,126,500	-	1,126,500

Reconciliation of heritage assets 2023

	Opening balance	Total
Mayoral chain and gowns	1,126,500	1,126,500

Reconciliation of heritage assets 2022

	Opening balance	Total
Mayoral chain and gowns	1,126,500	1,126,500

7. Other financial assets

Residual interest at cost

Investment - VBS	113,841,784	113,841,784
	113,841,784	113,841,784
Impairments	(113,841,782)	(113,841,782)
	2	2

Non-current assets

Residual interest at cost	2	2
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7. Other financial assets (continued)

Allowance for impairment

Reconciliation of provision of impairment of other financial assets - 2023

	Opening balance	Closing balance
Investment - VBS	(113,841,782)	(113,841,782)

Reconciliation of provision of impairment of other financial assets - 2022

	Opening balance	Reversals	Closing balance
Investment - VBS	(122,410,519)	8,568,737	(113,841,782)

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8. Employee benefit obligations

Defined benefit plan

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

Defined benefit obligation: Long service award	4,300,000	3,941,000
Defined benefit obligation: unused leave days	7,932,749	7,790,599
Defined benefit obligation: Post employment medical	11,695,000	10,549,000
	23,927,749	22,280,599

8.1 Long-Service award

The municipality provides long service awards to its permanent employees. The municipality offers rewards for specified year intervals of completed years of services.

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The latest valuation was performed by ARCH Actuarial Consulting for 30 June 2023.

Long service awards relate to the legal obligation to provide long service awards. Actuarial benefits have been calculated for 273 eligible employee as at 30 June 2023 that are entitled to long service awards.

The long service awards liability is not a funded arrangement. i.e no assets have been set aside to meet this liability. The municipality offers rewards as per specified year intervals of completed service.

	2023	2022
Long term portion	R3 436 000	R3 419 000
Current portion	R864 000	R522 000
	R4 300 000	R3 941 000

Reconciliation of long service award:

	2023	2022
Opening liability	R3 941 000	R3 834 000
Current-service cost	R545 000	R522 000
Interest cost	R419 000	R344 000
Expected benefit vesting	(R83 000)	(R643 000)
Actuarial loss/ (gain)	(R522 000)	R116 000

Closing liability

R4 300 000	R3 941 000
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The plan is a final salary pension / flat plan or a post employment medical benefit plan.

Key assumptions

	2023	2022
Discount rate (%)	12	10
General salary inflation (%)	7	8
Net discount rate (%)	5	4
Average retirement age (Years)	62	62
	-	11
	-	-

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8. Employee benefit obligations (continued)

8.2 Unused leave days.

This is the present value of the total unused leave benefit expected to become payable under the employer's current service arrangements and based on the assumption made.

This may be regarded as the amount of money that should be set aside in present day terms to cover all expected unused leave benefit for current employees.

	2023	2022
Long term portion	R1 539 308	R2 511 816
Current portion	R6 393 441	R5 278 783
	R7 932 749	R7 790 599

Reconciliation of of unused leave provision:

	2023	2022
Opening liability	R7 790 599	R7 796 529
Current service cost	R1 030 110	R1 159 327
Interest cost	R864 384	R746 180
Expected benefits vesting	(R437 037)	(R406 293)
Actuarial Loss/ (gain)	(R1 315 307)	R1 505 144
	R7 932 749	R7 790 599

Closing liability

Assumption used at the reporting date

	2023	2022
Discount rates used	12.09%	11.41%
General salary inflation	7.25%	7.67%
Net discount rate	4.52%	3.47%
Average retirement age	62	62

Post employment medical aid

The municipality provides Post-Employment Medical Aid (PEMA) to its permanent employees. .

In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of every year. The latest valuation was performed by ARCH Actuarial Consulting for 30 June 2023.

PEMA relate to the legal obligation to provide medical aid contribution after retirement. Actuarial benefits have been calculated for eligible employee as at 30 June 2023 that are entitled to Post employment medical aid.

The long service awards liability is not a funded arrangement, i.e no assets have been set aside to meet this liability. The municipality offers rewards as per specified year intervals of completed service.

	2023	2022
Long term portion	R11 550 000	R10 438 000
Current portion	R145 000	R111 000
	R11 695 000	R10 549 000

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8. Employee benefit obligations (continued)

Reconciliation of PEMA award:

	2023	2022
Opening liability	R10 549 000	R9 130 000
Current-service cost	R731 000	R620 000
Interest cost	R1 244 000	R973 000
Expected benefit vesting	(R111 000)	(R104 000)
Actuarial loss/ (gain)	(R718 000)	(R70 000)
Closing liability	R11 695 000	R10 549 000

Key financial assumption:

2023

Discount rate = 12.57%

Health care cost inflation rate = 8.17%

Net discount rate = 4.07%

2022

Discount rate = 11.85%

Health care cost inflation rate = 8.46%

Net discount rate = 3.13%

9. Inventories

Consumable stores	2,461,154	3,655,625
Land inventory	2,690,104	190,104
	5,151,258	3,845,729
Inventories recognised as an expense during the year	4,322,355	5,771,672

"Land inventory is recognised at fair value which equate to net realisable value due to illegal occupation."

10. Receivables from exchange transactions

Deposits	2,084,102	1,850,653
Sundry debtors	7,854,916	8,144,731
Sundry debtors - impairment	(7,375,273)	(7,375,273)
	2,563,745	2,620,111

There was no sundry debtors which was pledged as collateral

Reconciliation of provision for impairment of other receivables from exchange transaction

Impairment reconciliation - sundry debtors

Opening balance	(7,375,273)	(7,375,273)
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Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Receivables from non-exchange transactions		
Traffic fines	1,608,530	1,287,780
Traffic fines - Impairment	(1,399,399)	(1,073,607)
Property rates	131,993,910	121,171,489
Property rates - impairment	(122,641,373)	(114,012,355)
	9,561,668	7,373,307
Ageing for rates.	2023	2022
Current (0-30 days)	2,808,412	4,342,058
31-60 days	2,280,248	2,540,441
61- 90 days	2,214,865	2,684,346
91-120 days	2,548,112	2,476,786
121-365 days	20,468,242	33,922,296
> 365 days	101,674,031	75,205,562
	131,993,910	121,171,489
Less: Allowance for impairment	(122,641,373)	(114,012,355)
	9,352,537	7,159,134
Fair value of consumer debtors approximates the carrying amount thereof.		
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	(114,012,355)	(98,696,530)
Provision for impairment	(8,629,018)	(15,315,825)
	(122,641,373)	(114,012,355)
12. Consumer receivables from exchange transaction		
Gross balances		
Refuse	24,038,584	22,070,006
Consumer debtors - other	100,169,683	92,011,135
	124,208,267	114,081,141
Less: Allowance for impairment		
Refuse	(22,579,864)	(21,090,074)
Others	(95,946,336)	(90,013,344)
	(118,526,200)	(111,103,418)
Net balance		
Refuse	1,458,720	979,932
Other	4,223,347	1,997,791
	5,682,067	2,977,723
Refuse		
Current (0 -30 days)	475,716	429,862
31 - 60 days	370,759	384,189
61 - 90 days	359,840	362,708
91 - 120 days	364,288	363,342
121 - 365 days	2,896,908	2,694,763
> 365 days	19,571,074	17,835,142
	(22,579,864)	(21,090,074)
	1,458,721	979,932

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Figures in Rand	2023	2022
12. Consumer receivables from exchange transaction (continued)		
Other		
Current (0 -30 days)	881,973	757,567
31 - 60 days	850,409	782,981
61 - 90 days	845,649	736,373
91 - 120 days	834,483	719,292
121 - 365 days	6,806,628	5,409,842
> 365 days	89,950,540	83,605,080
	(95,946,336)	(90,013,344)
	4,223,346	1,997,791
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	1,682,549	1,841,324
31 - 60 days	1,532,465	1,442,856
61 - 90 days	1,489,808	1,401,559
91 - 120 days	1,457,909	1,394,095
121 - 365 days	12,316,926	11,867,143
> 365 days	132,010,678	123,137,842
	150,490,335	141,084,819
Industrial/ Commercial		
Current (0 -30 days)	545,489	729,544
31 - 60 days	232,247	565,452
61 - 90 days	225,689	729,580
91 - 120 days	584,993	520,835
121 - 365 days	1,779,287	5,101,154
> 365 days	14,706,620	12,832,401
	18,074,325	20,478,966
Government		
Current (0 -30 days)	1,938,062	2,984,033
31 - 60 days	1,736,704	1,673,891
61 - 90 days	1,704,859	1,652,287
91 - 120 days	1,703,981	1,644,489
121 - 365 days	16,075,564	25,058,603
> 365 days	64,578,347	40,675,542
	87,737,517	73,688,845
	-	-
Total		
Current (0 -30 days)	4,166,101	5,554,901
31 - 60 days	3,501,417	3,682,198
61 - 90 days	3,420,355	3,783,427
91 - 120 days	3,746,883	3,559,420
121 - 365 days	30,171,777	42,026,900
> 365 days	211,195,645	176,645,785
	256,202,178	235,252,631

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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12. Consumer receivables from exchange transaction (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(111,103,418)	(101,363,952)
Contributions to allowance	(7,422,782)	(9,739,466)
	(118,526,200)	(111,103,418)

The carrying amount of receivables at year-end equates to its fair value

13. VAT receivable

VAT	48,055,407	42,354,324
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Reconciliation of General Ledger and SARS Statement

	2023	2022
VAT balance per GL/AFS	48 055 407	42 354 324
Less: Reconciling items (Accrual, payable, Retentions etc)	-9 811 183	-27 235 284
Less: Unclaimed VAT	-13 574 032	- 10 340 253
VAT balance per SARS Statement	24 670 191	4 778 787

The municipality accounts for VAT on the cash basis when preparing VAT returns, the accrual basis of accounting is applied in capturing vat on the accounting system.

Significant amount of VAT receivables was recovered from SARS during the current year.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	121,923,643	296,869,186
Investments (Short-term fixed deposit)	72,331,089	-
	194,254,732	296,869,186

The 12 month fixed deposits were made with FNB and Nedbank. The investments will mature after year end.

The difference between bank statement and cashbook was due to speedpoints machine cash not cleared as at 30 June 2023

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
FNB Current Account - 62632407020	121,828,644	296,869,186	-	121,923,644	296,869,186	300,816,954
FNB 12 Month Fixed Deposit - 76201583143	35,971,128	-	-	35,971,128	-	-
Nedbank 12 Month Fixed Deposit - 03/788166908/000	36,359,961	-	50,319,315	36,359,961	-	50,319,315
Standard Bank 12 Month Fixed Deposits - 00258624817	-	-	50,344,007	-	-	50,344,007
Total	194,159,733	296,869,186	100,663,322	194,254,733	296,869,186	401,480,276

15. Finance lease obligation

Minimum lease payments due

- within one year	1,809,759	953,555
- in second to fifth year inclusive	3,593,778	-

Present value of minimum lease payments

5,403,537	953,555
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Non-current liabilities

3,593,778	-
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Current liabilities

1,809,759	953,555
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5,403,537	953,555
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Municipality has entered into a contract to lease photocopier machines for a period of 36 month. The lease agreement provides for monthly payments with 10% annual escalation.

16. Unspent conditional grants and receipts

There following were unspent grant as at 30 June 2023.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

INEP	4,734,000	2,849,980
Municipal Disaster Relief Fund	4,500,000	-
	9,234,000	2,849,980

17. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Reversed during the year	Total
Provision for performance bonus	799,426	(245,677)	553,749

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Provision for performance bonus	-	799,426	799,426

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
18. Payables from exchange transactions		
Trade payables	21,224,712	25,000,714
Payments received in advance from customers	2,457,899	2,269,940
Sundry creditors	2,589,435	2,544,419
Accrued bonus - 13th cheque	3,293,978	2,773,191
Unallocated deposits	955,629	260,155
Retention	56,634,455	50,558,003
Department of Transport	2,899,116	1,466,329
	90,055,224	84,872,751
19. Total revenue		
Sale of stands	7,514,159	2,343,000
Rendering of services	2,894,937	3,506,221
Service charges	5,559,694	4,875,772
Interest on arrear receivables - exchange transaction	1,459,309	1,124,255
Agency services	3,949,163	3,148,086
Licences and permits	4,619,359	5,097,338
Rental income	319,942	165,813
Interest earned - bank	18,002,852	12,783,061
Property rates	33,887,616	35,500,164
Government grants & subsidies	605,090,980	569,426,024
Traffic fines	36,883,987	5,400,931
Interest on receivables - non exchange transactions	8,022,225	6,459,326
Gain or (Loss) on assets/ Fair value adjustments	11,154,499	2,631,735
Traffic fines	382,250	372,150
	739,740,972	652,833,876
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of stands	7,514,159	2,343,000
Service charges	5,559,694	4,875,772
Rendering of services	2,894,937	3,506,221
Interest on arrear receivables	1,459,309	1,124,255
Agency services	3,949,163	3,148,086
Licences and permits	4,619,359	5,097,338
Rental income	319,942	165,813
Interest income - bank	18,002,852	12,783,061
	44,319,415	33,043,546
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	33,887,616	35,500,164
Transfer revenue		
Government grants & subsidies	605,090,980	569,426,024
Traffic fines	36,883,987	5,400,931
Interest on arrears receivables	8,022,225	6,459,326
Gain on assets/ Fair value adjustments	11,154,499	2,631,735
Traffic fines	382,250	372,150
	695,421,557	619,790,330

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
19. Total revenue (continued)		
Nature		
Rendering of services - This include revenue for sale of tender documents, approval of building plans and proof of residence fees.		
Service revenue - Is the revenue from refuse removal services provided by the municipality		
20. Service charges		
Refuse removals	5,559,694	4,875,772
21. Rental income		
Rental income - third party	319,942	165,813
22. Interest revenue		
Interest revenue		
Interest income - Bank	18,002,852	12,783,061
During the current year interest were earned from the primary bank account and 12 month fixed deposit.		
23. Property rates		
Rates received		
Property rates	33,887,616	35,500,164
Valuations		
Residential	1,479,770,500	1,447,267,500
Commercial	410,979,000	429,239,001
Agricultural	412,449,000	433,368,000
Government	1,286,300,503	1,287,617,503
	3,589,499,003	3,597,492,004

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Government grants and subsidies		
Operating grants		
Equitable share	454,043,000	412,284,000
Financial Management Grant (FMG)	2,550,000	2,450,004
Extended Public Works Programme Grant (EPWP)	1,759,000	1,784,000
Disaster Relief Grant (DRG)	-	26,000,000
	458,352,000	442,518,004
Capital grants		
Municipal Infrastructure Grant (MIG)	138,889,000	114,758,000
Integrated National Electrification Program Grant (INEP)	7,849,980	12,150,020
	146,738,980	126,908,020
	605,090,980	569,426,024

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from the grant.

Finance Management Grant (FMG)

Current-year receipts	2,550,000	2,450,000
Conditions met - transferred to revenue	(2,550,000)	(2,450,000)
	-	-

The grant conditions were met as at year-end.

This grant is used to promote and support reforms to municipal financial management and implementation of MFMA, 2003. The conditions of the grant were met. No funds have been withheld.

Municipal Infrastructure Grant (MIG)

Current-year receipts	138,889,000	114,758,000
Conditions met - transferred to revenue	(138,889,000)	(114,758,000)
	-	-

The grant conditions were met as at year-end.

This grant was used to construct Municipal Infrastructure to provide basic services for the benefit of communities.

Integrated National Electrification Programme

Balance unspent at beginning of year	2,849,980	-
Current-year receipts	9,734,000	15,000,000
Conditions met - transferred to revenue	(7,849,980)	(12,150,020)
	4,734,000	2,849,980

Grant Conditions were not met for 2023 - remain liabilities (see note 16). The grant conditions were not met in 2022.

The grant is used for electrification of villages projects

Extended Public Works Program (EPWP)

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Government grants and subsidies (continued)		
Current-year receipts	1,759,000	1,784,000
Conditions met - transferred to revenue	(1,759,000)	(1,784,000)
	-	-

Grant conditions were met. The grant is used to create temporarily work for unemployed people.

Municipal Disaster Relief Grant

Current-year receipts	4,500,000	26,000,000
Conditions met - transferred to revenue	-	(26,000,000)
	4,500,000	-

No grant was received during the current year 2022/23 budget. The Municipality received a Municipal disaster response grant of R4 500 000 for financial year 2023/24 allocation on 15 June 2023. The municipality was advised by sector department to apply for grant roll-over as at 30 June 2023.

Grant conditions were met as at year-end of previous year. The grant was used for disaster relief

Covid-19 relief grant

Balance unspent at beginning of year	-	724,618
Conditions met - transferred to revenue	-	(724,618)
	-	-

Not grant was received during the current year 2023

Conditions were met as at 30 June 2022. The previous year approved roll-over was utilised in full, no new grant was received in the current year.

25. Public contributions and donations

Public contributions and donations	36,883,987	5,400,931
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2023:

During the municipality received donation for roads rehabilitation and land

2022:

The municipality received a donation of plant and machinery to be used in service delivery.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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26. Employee related costs

Basic	88,027,076	80,021,379
Cellphone allowance	-	6,000
Bonus	7,191,895	7,569,257
Medical aid - company contributions	5,599,657	5,456,919
UIF	488,129	434,520
Other payroll levies	25,192	25,276
Leave pay provision charge	1,213,566	927,438
Travel, motor car, accommodation and other allowances	12,469,141	11,274,846
Overtime payments	1,248,279	1,888,467
Long-service awards	875,424	771,208
Housing benefits and allowances	53,624	73,387
Pension fund contribution	15,694,090	14,303,318
Uniform allowance	10,000	10,000
	132,896,073	122,762,015

Remuneration of Municipal Manager

Annual Remuneration	1,099,964	166,669
Car Allowance	281,542	47,009
Bonus	102,886	62,420
Acting allowance	-	145,567
	1,484,392	421,665

Senior Manager: Corporate Services acted on the position for the period until April 2022. Municipal Manager was appointed effective May 2022.

Remuneration of Chief Finance Officer

Annual Remuneration	912,734	811,455
Car Allowance	231,161	228,872
Bonus	52,797	52,016
Leave pay	155,799	-
	1,352,491	1,092,343

Chief Financial Officer contract ended in August 2022. Re-appointed September 2022

Remuneration of Senior Manager - Corporate Services

Annual Remuneration	730,277	676,213
Car Allowance	193,015	190,727
Bonus	-	72,823
Leave pay	-	155,799
Acting allowance	58,862	-
	982,154	1,095,562

Manager PMS started acting as Senior Manager Corporate Services effective from May 2022 until August 2022. PMS Manager was appointed as Senior Manager Corporate Services effective September 2022.

Remuneration of Senior Manager - Spatial Planning and Development

Annual Remuneration	882,780	135,243
Car Allowance	231,161	38,145
Acting allowance	4,525	215,104
	1,118,466	388,492

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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26. Employee related costs (continued)

Manager - Building and control Mr. C Radali acted on the position until April 2022. The New Senior Manager: Spatial Planning and Development was appointed effective May 2022.

Remuneration of Senior Manager - Technical service

Annual Remuneration	657,019	749,035
Car Allowance	173,943	228,872
Bonus	-	166,452
	830,962	1,144,359

Manager: Electrical acted on the position for Senior Manager from July 2022 to September 2022. The Senior Manager Technical Services was appointed effective October 2022.

Remuneration of Senior Manager - Community Services

Annual Remuneration	620,852	811,455
Car Allowance	153,726	228,872
Bonus	52,797	104,033
Leave payment	158,136	-
	985,511	1,144,360

Senior Manager Community Services contracted ended in November 2022. Manager Waste and Environmental acted in the position effective December 2022

Acting Senior Manager - Corporate Services

Acting allowance	-	29,440
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PMS Manager - Mrs TMD Maputla started acting on the position effective from May 2022.

Acting Senior Manager Technical Services

Acting allowance	68,673	-
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Manager: Electrical acted on the position for Senior Manager from July 2022 to September 2022

Acting Senior Manager - Community Services

Acting allowance	88,294	-
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Manager Waste and Environmental acted in the position effective December 2022

27. Remuneration of councillors

Mayor	909,633	824,330
Speaker	584,081	528,727
Remuneration and allowances for other councillors	26,771,510	25,202,003
	28,265,224	26,555,060

Collins Chabane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Depreciation and amortisation		
Property, plant and equipment	58,193,625	45,097,048
Amortisation of assets	1,581,434	1,491,021
	59,775,059	46,588,069
29. Impairment of assets		
Impairments		
Property, plant and equipment	7,408,518	2,277,187
30. Finance cost		
Finance leases	76,732	71,769
31. Impairment		
Debt impairment	31,194,066	25,440,478
32. Contracted services		
Outsourced services		
Security services	17,174,312	14,689,043
Consultants and professional services		
Business advisory	28,222,412	18,005,276
Legal costs	14,926,184	15,188,865
IT services and others	88,936,992	48,081,440
	149,259,900	95,964,624
33. General expenses		
Advertising and administrative	2,484,144	2,949,518
Auditors remuneration	5,047,641	4,633,561
Bank charges	925,847	813,427
Consumables	18,329,171	14,215,264
Insurance	8,071,761	8,071,784
Printing and stationery	1,102,885	1,510,912
Protective clothing	3,058,232	1,858,396
Subscriptions and membership fees	96,295	80,110
Telephone and fax	733,403	921,168
Venue, conference and catering	7,415,318	5,985,630
Accommodation	5,821,187	3,765,101
Ward committees	6,907,598	2,917,343
Travel - local	1,435,431	1,035,954
Electricity	7,206,710	5,407,636
Licences and permits (non-vehicle)	2,018,244	3,615,486
IDP forum and other trainings	6,950,696	5,950,506
Bursary	1,257,927	1,020,217
Information and technology	6,764,263	6,953,497
Transfers expenditure	34,501,586	24,028,257
Indigent expenses	2,201,250	3,827,125
	122,329,589	99,560,892

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
34. Loss on disposal of assets		
Gains or losses on disposal of assets	(1,308,094)	-
35. Fair value adjustments		
Investment property (Fair value model)	1,980,086	(1,469,979)
36. Auditors' remuneration		
Fees	5,047,641	4,633,561
37. Cash generated from operations		
Surplus	192,278,679	203,489,502
Adjustments for:		
Depreciation and amortisation	59,775,059	46,588,069
Gain (loss) on sale of assets and liabilities	1,308,094	(2,631,735)
Fair value adjustments	(1,980,086)	1,469,979
Finance costs - Finance leases	76,732	71,769
Impairment loss	7,408,518	2,277,187
Debt impairment	31,194,066	25,440,478
Movements in provisions	(245,677)	799,426
Gain on assets	(11,154,499)	-
Public contribution and donations	(36,883,987)	(5,400,931)
Interest in arrears	(9,695,190)	-
Prior year error	-	21,664,920
Changes in working capital:		
Inventories	(1,305,529)	745,099
Receivables from exchange transactions	56,366	(947,869)
Receivable from non-exchange	29,420,601	(27,162,021)
Consumer receivables from exchange	(236,597)	1,259,284
Payables from exchange transactions	5,182,473	(27,950,142)
VAT receivable	(5,701,083)	77,670
Unspent conditional grants and receipts	6,384,020	2,849,980
	265,881,960	242,640,665
38. Financial instruments disclosure		
Categories of financial instruments		
2023		
Financial assets		
	At cost	Total
Receivables from non-exchange transactions	9,561,668	9,561,668
Consumer receivables from exchange transaction	5,682,067	5,682,067
Cash and cash equivalent	194,354,732	194,354,732
	209,598,467	209,598,467
Financial liabilities		
	At cost	Total
Trade and other payables from exchange transactions	90,055,224	90,055,224
Finance lease obligations	5,403,537	5,403,537

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
38. Financial instruments disclosure (continued)	95,458,761	95,458,761
2022		
Financial assets		
	At cost	Total
Receivables from non-exchange transactions	7,373,307	7,373,307
Consumer receivables from exchange transaction	2,977,723	2,977,723
Cash and cash equivalent	296,869,186	296,869,186
	307,220,216	307,220,216
Financial liabilities		
	At cost	Total
Trade and other payables from exchange transactions	84,872,751	84,872,751
Finance lease obligations	953,555	953,555
	85,826,306	85,826,306
39. Commitments		
:		
Already contracted for but not provided for		
• Capital	421,197,105	364,208,485
• Operational	63,223,823	96,241,638
	484,420,928	460,450,123

Commitments in respect of capital and operational expenditure are disclosed inclusive of VAT

Collins Chabane Local Municipality

(Registration number LIM345)

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40. Contingencies

Litigation comprised of the lawsuits which are deemed to be possible obligation and neither the expense nor the accompanying liability was recognised. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely.

Contingent Liabilities:

30 June 2023:

1. Nyari Violet & Others Versus LIM345 (Collins Chabane) Local Municipality,

Nyari Violet and her twenty-five (25) other colleagues, Extended Public Works Programme (EPWP) contract termination by the Municipality). The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

2. Midiro Civils and Construction cc (First Applicant) & Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Responded) & Collins Chabane Local Municipality(Second Respondent); and Engineerex (Pty) Ltd (Applicant) versus Collins Chabane Local Municipality (Second Defendant),
Disputed Payment Certificate for Xikundu Ring Road. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2023: R17 165 134.00

3. Midiro Civil Construction JV Lebaka Construction (First plaintiff), Lebaka Construction (Pty) Ltd (Second plaintiff) and Midiro Civils and Construction cc (Third Plaintiff) versus Collins Chabane Local Municipality (Second Defendant),
The plaintiff issued summons for the court to compel the municipality to pay them retention fund and interests on upgrading of Xikundu Ring road. The municipality is opposing the case. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2023: R4 716 691

4. Khethwayo Construction CC (Plaintiff) versus Ndhuna Civil Engineering Services CC, First Defendant and LIM345 Local Municipality i.e Collins Chabane Local Municipality, Second Defendant
Disputed allegation that the Municipality paid the amount wrongfully to the bank account of the partner of the Joint Venture instead of paying the same amount to the Joint Venture bank account. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely and remote. 2023: R0

5. Nkuna, Jan Wisani(First Applicant); Bila Solly Khatani (Second Applicant); The Masingita Group of Companies (Third Applicant); Mavambe Tribal Authority (Fourth Applicant); and Mavambe Tribal Council of the Mavambe Tribe(Fifth Applicant) versus Collins Chabane Municipality (12th Respondent)
The dispute is about title to ownership/control of a huge piece of Land worth 7384 hectares. The Land in question now falls under the Jurisdiction of the Collins Chabane Local Municipality. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

6. Ma-Africa Party Versus Collins Chabane Local Municipality and Eight other municipalities

The applicant made an urgent application in the High Court Polokwane for an order for dissolution of amongst other the Council of Collins Chabane municipality on ground that it made an unlawful investment of R120 000 000 worth of its funds on VBS. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2023: R0

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40. Contingencies (continued)

30 June 2022:

1. Nyari Violet & Others Versus LIM345 (Collins Chabane) Local Municipality,

Nyari Violet and her twenty-five (25) other colleagues, Extended Public Works Programme (EPWP) contract termination by the Municipality). The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0

2. Midiro Civils and Construction cc (First Applicant) & Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Responded) & Collins Chabane Local Municipality(Second Respondent); and Engineerex (Pty) Ltd (Applicant) versus Collins Chabane Local Municipality (Second Defendant),

Disputed Payment Certificate for Xikundu Ring Road. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2022: R17 165 134.00

3. Midiro Civil Construction JV Lebaka Construction (First plaintiff), Lebaka Construction (Pty) Ltd (Second plaintiff) and Midiro Civils and Construction cc (Third Plaintiff) versus Collins Chabane Local Municipality (Second Defendant),

The plaintiff issued summons for the court to compel the municipality to pay them retention fund and interests on upgrading of Xikundu Ring road. The municipality is opposing the case. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as indeterminable. 2022: R4 716 691

4. Khethwayo Construction CC (Plaintiff) versus Ndhuna Civil Engineering Services CC, First Defendant and LIM345 Local Municipality i.e Collins Chabane Local Municipality, Second Defendant

Disputed allegation that the Municipality paid the amount wrongfully to the bank account of the partner of the Joint Venture instead of paying the same amount to the Joint Venture bank account. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely and remote. 2022: R0

5. Nkuna, Jan Wisani (First Applicant); Bila Solly Khatani (Second Applicant); The Masingita Group of Companies (Third Applicant); Mavambe Tribal Authority (Fourth Applicant); and Mavambe Tribal Council of the Mavambe Tribe (Fifth Applicant) versus Collins Chabane Municipality (12th Respondent)

The dispute is about title to ownership/control of a huge piece of Land worth 7384 hectares. The Land in question now falls under the Jurisdiction of the Collins Chabane Local Municipality. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0

6. Ma-Africa Party Versus Collins Chabane Local Municipality and Eight other municipalities

The applicant made an urgent application in the High Court Polokwane for an order for dissolution of amongst other the Council of Collins Chabane municipality on ground that it made an unlawful investment of R120 000 000 worth of its funds on VBS. The municipality lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. 2022: R0.

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41. Related parties

Relationships

Remuneration of key management personnel (Refer to note 25)

RR Shilenge (Municipal Manager)
 NV Maluleke (Chief Financial Officer)
 C Radali (Senior Manager Spatial Planning and Development)
 Baloyi P (Senior Manager Technical Services)
 GL Maluleke (Senior Manager Community Services)
 TMD Maputla Senior Manager Corporate Services
 Refer to the detail remuneration below:

Councillors

Remuneration of councillors

Collins Chabane Local Municipality

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41. Related parties (continued)

Councillors

2023

Name	Basic salary	Car allowance	Cellphone allowance	Total
Cllr Maluleke M (Mayor Retired)	100,016	3,400	-	103,416
Cllr Maluleke SG (Mayor)	871,594	14,610	42,900	929,104
Cllr Lebea ME	315,390	74,200	42,900	432,490
Cllr Mbedzi SM (Speaker)	585,581	133,003	42,900	456,865
Cllr Baloyi ME (Chief Whip)	400,028	101,452	44,400	545,880
Cllr Maremane HR	224,482	56,121	39,300	331,952
Cllr J Bila ST	237,155	56,121	42,900	336,176
Cllr Mashimbye FP	240,887	56,121	42,900	339,908
Cllr Mutele ST	238,033	56,120	42,900	337,053
Cllr Mavikane SX	30,912	4,677	3,400	38,989
Cllr Mukhaha SA	1,200	-	-	1,200
Cllr Chauke HG	312,105	74,200	42,900	427,705
Cllr Baloyi DL	312,105	74,200	42,900	429,205
Cllr Shivambu S	237,155	56,121	42,900	336,176
Cllr Mabasa SD	311,999	74,200	42,900	429,099
Cllr Khoza ST	1,200	-	-	1,200
Cllr Matamela SM	237,155	56,121	42,900	336,176
Cllr Masangu GD	237,155	56,121	42,900	336,176
Cllr Chauke ST	237,155	56,121	42,900	336,176
Cllr Maluleke ET	237,155	56,121	42,900	336,176
Cllr Simamngo MR	1,200	-	-	1,200
Cllr Makhubele HT	900	-	-	900
Cllr Ndove HD	303,074	72,021	42,900	417,995
Cllr Mudau TS	544,804	130,331	42,900	718,035
Cllr Mabasa KK	237,155	56,121	42,900	336,176
Cllr Mabasa J	303,074	72,021	42,900	417,995
Cllr Baloyi HR	302,302	72,021	42,900	417,223
Cllr Rivombo KE	1,200	-	-	1,200

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41. Related parties (continued)

Cllr Sunduza SZ	303,302	72,021	42,900	418,223
Cllr Chabangu ST	237,695	56,121	42,900	336,716
Cllr Khosa HJ	1,200	-	-	1,200
Cllr Mabunda MC	237,155	56,121	42,900	336,176
Cllr Chauke SN	1,200	-	-	1,200
Cllr Munyai N	237,155	56,121	42,900	336,176
Cllr Mukhomi VN	1,200	-	-	1,200
Cllr Maluleke MP	1,200	-	-	1,200
Cllr Ngobeni SN	1,200	-	-	1,200
Cllr Mahlale S	1,200	-	-	1,200
Cllr Moyo MT	1,200	-	-	1,200
Cllr Mathonsi NP	1,200	-	-	1,200
Cllr Sambo ST	1,200	-	-	1,200
Cllr Sithole SM	237,155	56,121	42,900	336,176
Cllr Shandukani SM	303,074	72,021	42,900	417,995
Cllr Chavani PJ	1,200	-	-	1,200
Cllr Mashakeni SK	1,200	-	-	1,200
Cllr Mulaudzi TN	1,200	-	-	1,200
Cllr Mudau SR	1,200	-	-	1,200
Cllr Ndzovela SN	1,200	-	-	1,200
Cllr Rekhoto SS	303,074	72,021	42,900	417,995
Cllr Nkuna SD	1,200	-	-	1,200
Cllr Miyambo SZ	237,927	56,121	42,900	336,948
Cllr Baloyi MJ	237,155	56,121	42,900	336,176
Cllr Baloyi NL	1,200	-	-	1,200
Cllr Mahlangu D	1,200	-	-	1,200
Cllr Mabasa SR	1,200	-	-	1,200
Cllr Baloyi OC	1,200	-	-	1,200
Cllr Vukeya ST	1,200	-	-	1,200
Cllr Chauke HM	1,200	-	-	1,200
Cllr Machovani SR	1,200	-	-	1,200
Cllr Hlabangwani TL	237,155	56,121	42,900	336,176
Cllr Radzivhoni CM	1,200	-	-	1,200
Cllr Masia TM	238,033	56,121	42,900	337,054
Cllr Mathoma MP	1,200	-	-	1,200
Cllr Rikhotso GM	237,155	56,121	42,900	336,176

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41. Related parties (continued)

Cllr Thovhakale MS	552,150	133,003	4,242,900	4,928,053
Cllr Ngobeni NL	1,200	-	-	1,200
Cllr Muavha S	1,200	-	-	1,200
Cllr Maswanganyi TC	1,200	-	-	1,200
Cllr Mathavha HF	303,074	72,021	42,900	417,995
Cllr Baloyi HJ	299,578	72,021	42,900	414,499
Cllr Manganyi HL	234,431	56,121	42,900	333,452
Cllr Mabasa W	299,578	72,021	42,900	414,499
Cllr Mhangwani C	234,431	56,121	42,900	333,452
Cllr Khange G	234,431	56,121	42,900	333,452
Cllr Mashila D	308,503	74,200	42,900	425,603
Cllr Makhubela S	234,431	56,121	42,900	333,452
Cllr Bamuza E	234,431	56,121	42,900	333,452
Cllr Hlatswayo TG	234,431	56,121	42,900	333,452
Cllr Mafanela RM	234,431	56,121	42,900	333,452
Cllr Maluleka RM	234,431	56,121	42,900	333,452
Cllr Mathebula ML	234,431	56,121	42,900	333,452
Cllr Rasiuba NR	234,431	56,121	42,900	333,452
Cllr Mahlawule TP	308,503	74,200	42,900	425,603
Cllr Maluleke HM	299,284	72,021	42,900	414,205
Cllr Tshoteli LD	234,431	56,121	42,900	333,452
Cllr Maloleka SB	234,431	56,121	42,900	333,452
Cllr Chabalala KR	234,431	56,121	42,900	333,452
Cllr Chauke MC	234,431	56,121	42,900	333,452
Cllr Hlungwani S	234,431	56,121	42,900	333,452
Cllr Mathebula ME	234,431	56,121	42,900	333,452
Cllr Chauke GP	234,431	56,121	42,900	333,452
Cllr Makhomisan SS	299,284	72,022	42,900	414,206
Cllr Maringa RE	234,431	56,121	42,900	333,452
Cllr Manganye MJ	234,431	56,121	42,900	333,452
Cllr Manganyi MN	299,284	72,021	42,900	414,205
Cllr Muthubi KR	140,897	32,737	24,400	198,034
Cllr Mulaudzi MM	234,431	56,121	42,900	333,452
Cllr Chaoke TS	234,431	56,121	42,900	333,452
Cllr Chauke MG	240,887	56,121	42,900	339,908
Cllr Munarini TJ	234,431	56,121	42,900	333,452

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41. Related parties (continued)

Cllr Yingwani T	234,431	56,121	42,900	333,452
Cllr Maluleke LR	553,027	133,003	42,900	728,930
Cllr Chauke FT	299,284	72,021	42,900	414,205
Cllr Mavikane SX	477,772	119,881	39,500	637,153
Cllr Mudau RP	169,580	41,645	32,376	243,601
Cllr Baloyi ME	552,150	133,003	42,900	728,053
Cllr Makondo N	93,534	23,384	18,500	135,418
	20,532,506	4,693,941	3,038,776	28,265,223

2022

Name	Basic salary	Car allowance	Cellphone allowance	Total
Cllr Maluleke M (Mayor)	824,330	-	44,400	868,730
Cllr Lebea ME (Speaker)	376,809	95,647	44,400	516,856
Cllr Chauke MG (Chief Whip)	194,858	50,159	18,800	263,817
Cllr Mbedzi SM (Speaker)	345,077	82,692	29,095	456,865
Cllr Baloyi ME (Chief Whip)	400,028	101,452	44,400	545,880
Cllr Maremane HR	143,775	27,243	20,400	191,418
Cllr J Bila ST	217,944	55,931	44,400	318,275
Cllr FP Mashimbye	321,992	81,943	44,400	665,213
Cllr M Maluleke (Mayor Retired)	-	-	-	448,335
Cllr Mutele MT	242,411	62,048	44,400	348,859
Cllr Mavikane SX	321,992	81,943	44,400	448,335
Cllr Mukhaha AJ	120,064	30,016	18,500	168,580
Cllr Chauke HG	285,229	72,752	44,400	402,381
Cllr Baloyi DL	285,229	72,752	44,400	402,381
Cllr Shivambu SS	217,944	55,931	44,400	318,275
Cllr Mabasa D	282,409	72,015	44,400	398,824
Cllr Khoza TG	75,950	18,988	15,473	110,411
Cllr Matamela MS	217,944	55,931	44,400	318,275
Cllr Masangu GD	217,944	55,931	44,400	318,275
Cllr Chauke TR	217,944	54,486	44,400	316,830
Cllr Maluleke ET	237,155	55,931	44,400	337,486

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41. Related parties (continued)

Cllr Simango MR	75,950	18,988	15,473	110,411
Cllr Maluleke SL	141,152	36,733	22,200	200,085
Cllr Makhubela HT	42,426	10,595	11,100	64,121
Cllr Ndove HD	274,687	67,743	44,400	386,830
Cllr Mudau TS	494,131	124,978	44,400	663,509
Cllr Mabasa KK	217,944	55,931	44,400	318,275
Cllr Ngobeni MR	-	-	600	600
Cllr Mabasa JM	274,687	67,743	44,400	386,830
Cllr Baloyi HR	253,168	62,363	44,400	359,931
Cllr Rivombo KE	75,950	18,988	15,473	110,411
Cllr Sunduza ZW	253,168	62,363	44,400	359,931
Cllr Chabangu TC	217,944	55,931	44,400	318,275
Cllr Khosa HJ	75,950	18,988	15,473	110,411
Cllr Mabunda MC	217,944	55,931	44,400	318,275
Cllr Chauke NS	72,648	18,162	16,000	106,810
Cllr Munyai N	214,642	55,105	44,400	314,147
Cllr Mukhomi VN	75,950	18,988	15,473	110,411
Cllr Maluleke MP	75,950	18,988	15,473	110,411
Cllr Ngobeni SN	127,134	31,784	25,900	184,818
Cllr Mahlale S	75,950	18,988	15,473	110,411
Cllr Moyo MT	97,469	24,367	15,473	137,309
Cllr Mathonsi NP	75,950	18,988	15,473	110,411
Cllr Sambo TM	75,950	18,988	15,473	110,411
Cllr Sithole MW	217,944	55,931	44,400	318,275
Cllr Shandukani MJ	274,687	67,743	44,400	386,830
Cllr Chavani PJ	75,950	18,988	15,473	110,411
Cllr Mashakeni KE	90,810	22,703	18,500	132,013
Cllr Mulaudzi TN	97,469	24,367	15,473	137,309
Cllr Mudau SR	97,469	24,367	15,473	137,309
Cllr Ndzovela NG	75,950	18,988	15,473	110,411
Cllr Rekhotsi SM	274,687	67,743	44,400	386,830
Cllr Nkuna DT	75,950	18,988	15,473	110,411
Cllr Miyambo ZQ	239,463	61,310	44,400	345,173
Cllr Baloyi MJ	217,944	55,931	44,400	318,275
Cllr Baloyi NL	75,950	18,988	15,473	110,411
Cllr Mahlangu D	97,469	24,367	15,473	137,309

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41. Related parties (continued)

Cllr Mabasa RC	97,469	24,367	15,473	137,309
Cllr Baloyi OC	75,950	18,988	15,473	110,411
Cllr Vukeya TE	75,950	18,988	15,473	110,411
Cllr Chauke HM	75,950	18,988	15,473	110,411
Cllr Machovani RG	75,950	18,988	15,473	110,411
Cllr Tshiredo CE	75,950	18,988	15,473	110,411
Cllr Hlabangwani TL	217,944	55,931	44,400	318,275
Cllr Radzivhoni CM	75,950	18,988	15,472	110,410
Cllr Masia TM	242,411	62,048	44,359	348,818
Cllr Mathoma MP	75,950	18,988	15,472	110,410
Cllr Rikhotso GM	217,944	55,930	44,400	318,274
Cllr Thovhakale MS	400,028	101,452	44,400	545,880
Cllr Ngobeni NL	75,950	18,988	15,473	110,411
Cllr Muavha S	75,950	18,988	15,473	110,411
Cllr Maswanganyi TC	75,950	18,988	15,473	110,411
Cllr Mathavha HF	274,687	39,894	30,800	345,381
Cllr Mabunda RJ	86,596	21,621	18,500	126,717
Cllr Baloyi HJ	177,218	43,376	29,095	249,689
Cllr Manganyi HL	146,535	32,403	29,095	208,032
Cllr Mabasa W	177,218	43,376	29,095	249,689
Cllr Mhangwani C	141,994	36,943	29,095	208,032
Cllr Khange G	141,994	36,943	29,095	208,032
Cllr Mashila D	184,812	47,648	29,095	261,555
Cllr Makhubela S	141,994	36,943	29,095	208,032
Cllr Bamuza E	141,994	36,943	29,095	208,032
Cllr Hlatshwayo TG	141,994	32,403	29,095	203,492
Cllr Mafanela RM	141,994	32,403	29,095	203,492
Cllr Maluleke RM	141,994	32,403	29,095	203,492
Cllr Mathebula ML	141,994	32,403	29,095	203,492
Cllr Rasiuba NR	141,994	32,403	29,095	203,492
Cllr Mahlawule TP	184,812	47,648	29,095	261,555
Cllr Maluleke HM	177,218	43,376	29,095	249,689
Cllr Tshoteli LD	141,994	36,943	29,095	208,032
Cllr Maloleka SB	141,994	32,403	29,095	203,492
Cllr Chabalala KR	141,994	36,943	29,095	208,032
Cllr Chauke MC	141,994	36,943	29,095	208,032

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41. Related parties (continued)

Cllr Hlungwai S	141,994	35,705	29,095	206,794
Cllr Mathebula ME	141,994	32,403	29,095	203,492
Cllr Chauke GP	141,994	35,705	29,095	206,794
Cllr Makhomisan SS	177,218	43,995	29,095	250,308
Cllr Maringa RE	141,994	36,943	29,095	208,032
Cllr Manganye MJ	141,994	32,403	29,095	203,492
Cllr Manganyi MN	177,218	43,995	29,095	250,308
Cllr Muthubi KR	141,994	32,403	29,095	203,492
Cllr Mulaudzi MM	141,994	32,403	29,095	203,492
Cllr Chaoke TS	141,994	36,943	29,095	208,032
Cllr Khosa TS	33,022	9,700	6,727	49,449
Cllr Chauke MG	127,134	31,784	25,600	184,518
Cllr Munarini TJ	130,436	32,609	26,572	189,617
Cllr Yingwani T	130,436	32,609	26,572	189,617
Cllr Maluleke LR	258,258	64,564	22,200	345,022
Cllr Chauke FT	114,209	18,130	18,130	150,469
	18,918,533	4,494,666	3,141,862	26,555,060

Refer to the general information for a full list of councillors

42. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

2022:

Statement of financial position and disclosures

Property, Plant and Equipment

Property, plant and equipment was misstated by R22 318 549 as at 30 June 2022. The error was corrected in current year by restating the opening balance. The following were the reason for adjustment:

Building - The upgrading of the municipal workshop was completed in the prior year but not capitalised.

Collins Chabane Local Municipality

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42. Prior-year adjustments (continued)

Electrical - The completed electrification of household in prior year which was not transferred.

Community asset - The completion of Vuwani traffic centre being completed in the prior year but not capitalised.

Roads - The Vyeboom road being completed in the prior year but not capitalised and Malamulele street naming project misclassification

Trade payables

Trade payables was misstated by R6 324 as at 30 June 2022 due to an invoice been captured twice. The error was corrected in current year by restating the opening balance

2022:

Statement of financial performance

Depreciation

Depreciation was misstated by R653 625 as at 30 June 2022, due to omitted completed projects not capitalised in prior year. The error was corrected in current year by restating the opening figure

Contracted services

Contracted Services was misstated by R560 000 as at 30 June 2022, due to misclassification of costs related to Malamulele street naming project incorrectly classified as Contracted services instead of WIP. The error was corrected in current year by restating the opening balance

Transfer expenditure

Transfer cost was misstated by R22 224 924 as at 30 June 2022, due to completed of electrification of households project not transferred in the prior year. The error was corrected in current year by restating the opening balance

General Expenses

General expenses was misstated by R6 324 as at 30 June 2022, due to an invoice being captured twice. The error was corrected in the current year by restating the opening balances

Disclosures:

Unauthorised expenditure

Unauthorised expenditure written-off was misstated by R3 698 748 as at 30 June 2022, due to the council reversing the write-off in the prior year. The error was corrected by restating opening balances

Irregular Expenditure

Irregular expenditure Incurred and written-off was misstated by R925 431 as at 30 June 2022, due to the council reversing R925 430.83 which was erroneously duplicated in the irregular expenditure listing in the prior year. The error was corrected by restating opening balance

Commitments

Capital Commitments was misstated by R45 686 147 as at 30 June 2022, due to omission of Engineering professional fees commitment. The error was corrected by restating opening balance

Statement of financial position

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
42. Prior-year adjustments (continued)				
2022				
	Note	As previously reported	Correction of error	Restated
Property, Plant and Equipment		1,323,061,871	(22,318,549)	1,300,743,322
Trade and other payables		(84,879,075)	6,324	(84,872,746)
Accumulated surplus		(1,575,602,392)	22,312,225	(1,553,290,167)
		-	-	-

Statement of financial performance

2022		Note	Correction of error
Depreciation			653,625
General expenditure			(6,324)
Contracted services			(560,000)
Transfer expense			22,224,924
Surplus for the year			22,312,225

43. Comparative figures

Item in the annual financial statements are presented with their corresponding comparative figures for the previous financial year period.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

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44. 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.

Interest rate risk

The municipality has interest-bearing assets which include short-term deposits and main account. The municipality's income and operating cashflows are substantially independent of changes in market interest rate.

Interest rate exposure:

	2023	2022
Short-term Investment (12 Months fixed deposit)	R72 331 089	R0

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. In assessing and managing credit risks management have assessed receivables for impairment.

Financial assets exposed to credit risk at year end were as follows:

	2023	2022
Maximum credit exposure		
Other receivables from exchange transactions	2,563,745	2,620,111
Receivables from non-exchange transactions	9,561,668	7,373,307
Consumer debtors from exchange transactions	5,682,067	2,977,723
Cash and cash equivalents	194,254,732	296,869,186
Other financial assets	2	2
	212,062,214	309,840,329

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.

Future commitment will be covered with through cash reserves and approved MTEF budget.

	At June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	90,055,224	-	-	-	-
Finance Lease obligation	5,403,537	-	-	-	-
	At June 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	84,872,751	-	-	-	-
Finance lease obligation	953,555	-	-	-	-

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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44. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial liabilities exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Finance lease obligation	5,403,537	953,555
Payables from exchange transactions	90,055,224	84,872,751

45. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had accumulated surplus of R 1,745,568,846 and that the municipality's total assets exceed its liabilities by R 1,745,568,846.

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 Municipality will continue to receive its equitable shares for the financial year 2023/24

46. Events after the reporting date

Adjusting event

Subsequent to year-end in 30 August 2023 the Council approved for the write-off of assets which are in damaged, obsolete, not found and in poor conditions. These assets were impaired as at year end.

During the year Fruitless expenditure amounting R0 was investigated by MPAC and approved by Council on 30 August 2023

47. Unauthorised expenditure

Opening balance	144,801,997	273,061,863
Add: Incurred current year	85,664,874	21,098,249
Less: Written-off	(21,098,249)	(149,358,115)
	209,368,622	144,801,997

Unauthorised expenditure for the financial year ended 30 June 2023: R85 664 874 and 30 June 2022: R21 098 249. This was caused by non-cash items which include depreciation and impairment of property, plant and equipment, debt impairments and fair value adjustments for investment properties, and loss on disposal of assets.

There unauthorised expenditure of R21 098 249 was investigated by MPAC was written off by Council during June 2023. The unauthorised expenditure incurred previous year was investigated by MPAC and the Council approves the write-off amounting to R149 358 115

48. Fruitless and wasteful expenditure

Opening balance	674,812	919,019
Add: Current year	357,735	507,510
Less: Write-off	(278,569)	(751,717)
	753,978	674,812

Collins Chabane Local Municipality

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48. Fruitless and wasteful expenditure (continued)

During the current year fruitless and wasteful expenditure incurred were investigated by MPAC and Council approved the write-off of R271 521 during June 2023 and a further R7 048 was written-off on subsequently on 30 August 2023.

In the prior year Fruitless and wasteful expenditure incurred were investigated by MPAC and Council approved the write-off of R751 717. The fruitless expenditure was due to the overpayment of supplier, Telkom, Eskom and SARS interest and penalties charged to the municipality.

49. Irregular expenditure

Opening balance	6,897,409	15,192,430
Add: Irregular Expenditure - current year	5,706,484	13,985,376
Less: Amounts written-off	(8,513,543)	(22,280,397)
	4,090,350	6,897,409

During the year Irregular expenditure was investigated by MPAC and Council approved the write-off of R8 513 543 During June 2023. In prior year Irregular expenditure incurred were investigated by MPAC and Council approved the write-off of R22 280 397.

The above amount was incurred as a result of not following the proper tender and quotation processes and procedures.

50. Additional disclosure in terms of Municipal Finance Management Act

VAT

VAT receivable	48,055,407	42,354,324
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Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023	Outstanding more than 90 days R	Total R
Cllr Chauke FT	- 7,631	7,631
Cllr Mabasa J	- 347	347
Cllr Mashila D	- 3,806	3,806
Cllr Matamela MS	- 5,663	5,663
Cllr Mudau TJ	- 21,986	21,986
Cllr Shivambu S	- 3,677	3,677
Cllr Sithole MW	- 648	648
	- 43,758	43,758

June 30, 2022	Outstanding more than 90 days R	Total R
Cllr Mashila D	- 32,043	32,043
Cllr Matamela MS	- 5,707	5,707
	- 37,750	37,750

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

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Figures in Rand	2023	2022
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51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements. Total deviation for current year was R7 355 868 2022: R6 059 662

52. Entities part of principal/ agent arrangement

Municipality acting as agent - Department of Transport (DoT)

Based on agency service Collins Chabane Local Municipality is required to perform motor vehicle and licensing functions and shall be responsible for in terms of applicable national and provincial road traffic legislation, and the agreement between the Municipality and the Department of Transport.

The agreement commenced on the 1st day of April 2021 and shall be in force and valid for a period of three years.

Revenue recognised as compensation for transaction carried out on behalf of DoT (Agency fees earned)	3,949,163	3,148,086
Revenue earned on behalf of the principal	18,166,152	14,481,197
Reconciliation of Payables - DoT		
Opening balances	1,466,329	1,171,694
Revenue Collected on behalf of principal	18,166,152	14,481,197
Amount received and paid to principal	(16,733,365)	(14,186,562)
Trade and other payables - DoT	2,899,116	1,466,329

Municipality acting as a Principal - Tirhani Auctioneers

Collins Chabane Local Municipality (CCLM) entered into an agreement with Tirhani Auctioneers Gauteng CC to auction Business Stands on behalf of the municipality. During the current year an auction was held during June 2023 and the Auction sale value was R 47 053 000.00 and as at year end the land was still under conveyancing process.

The agreement between municipality and Tirhani Auctioneers is for a period of Three years effective 11 November 2021 as and when required.

Amount paid to agent	3,842,150	-
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53. Segment information

General information

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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53. Segment information (continued)

Identification of segments

The municipality is organised and reports to Council on the basis of Four (4) major functional areas or segments. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Revenue and expenditure relating to these segments are allocated at a transactional level. Cost relating to governance and administration of municipality are not allocated to these business units.

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.

The three key segment units comprise of:

- Spatial planning and development which include Town planning, economic development and Spatial services
- Community services which include traffic services, waste management services and property taxes
- Technical Services which include, roads construction and maintenance, electrical and buildings services

The grouping of these segment is consistent with the functional classification of municipality activities which consider the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Spatial Planning and Development	Community Services	Technical Services	Unallocated	Total
Revenue					
Sale of stand	7,514,159	-	-	-	7,514,159
Service charges	-	5,559,694	-	-	5,559,694
Rendering of services	2,894,937	-	-	-	2,894,937
Agency fees	-	3,949,163	-	-	3,949,163
Lience and permits	-	-	-	4,619,359	4,619,359
Rental income	-	319,942	-	-	319,942
Interest income	-	-	-	18,002,852	18,002,852
Property rates	33,887,616	-	-	-	33,887,616
Government grant and subsidies	-	-	146,738,980	458,352,000	605,090,980
Gain on assets/ Fair value	-	-	-	11,154,499	11,154,499
Traffic fines	-	382,250	-	-	382,250
Public contribution and donation	36,883,987	-	-	-	36,883,987
Interest on areas receivables	-	-	-	9,481,534	9,481,534
Total segment revenue	81,180,699	10,211,049	146,738,980	501,610,244	739,740,972
Total revenue					739,740,972

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Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

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Figures in Rand

	Spatial Planning and Development	Community Services	Technical Services	Unallocated	Total
53. Segment information (continued)					
Expenditure					
Employee related costs	8,794,995	19,931,350	12,839,022	91,330,707	132,896,074
Remuneration of Councillors	-	-	-	28,265,224	28,265,224
Depreciation and amortisation	-	-	28,542,639	31,232,420	59,775,059
Impairment loss/ reversal	-	-	-	7,408,518	7,408,518
Finance cost	-	-	-	76,732	76,732
Debt impairment	-	-	-	31,194,066	31,194,066
Repairs and maintenance	-	-	-	16,929,124	16,929,124
Contracted services	66,181,251	22,286,257	21,636,889	39,155,503	149,259,900
General expenses	5,942,268	16,562,547	48,181,722	51,643,053	122,329,590
Loss on disposal of assets	-	-	-	1,308,094	1,308,094
Fair value adjustments	-	-	-	(1,980,086)	(1,980,086)
Total segment expenditure	80,918,514	58,780,154	111,200,272	296,563,355	547,462,295
Total segmental surplus/(deficit)					192,278,677
Assets					
Inventory	-	-	-	5,151,258	5,151,258
Other receivables from exchange transactions	-	-	-	2,563,745	2,563,745
Receivables from non-exchange transactions	-	-	-	9,561,668	9,561,668
Consumer receivables from exchange transactions	-	-	-	5,682,067	5,682,067
Vat receivables	-	-	-	48,055,407	48,055,407
Cash and cash equivalents	-	-	-	194,254,732	194,254,732
Investment property	-	-	-	4,040,106	4,040,106
Property, Plant and Equipment	-	4,179,632	382,901,594	1,213,731,571	1,600,812,797
Heritage assets	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	2	2
Intangible assets	-	-	-	3,494,819	3,494,819
Total segment assets	-	4,179,632	382,901,594	1,487,661,875	1,874,743,101

Collins Chabane Local Municipality

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Figures in Rand

	Spatial Planning and Development	Community Services	Technical Services	Unallocated	Total
53. Segment information (continued)					
Total assets as per Statement of financial Position				1,874,743,101	
Liabilities					
Finance Lease obligation - Current	-	-	-	1,809,759	1,809,759
Payable from exchange transactions	-	-	-	90,055,223	90,055,223
Employee benefits obligations - Current	-	-	-	7,402,441	7,402,441
Unspent grants and receipts	-	-	-	9,234,000	9,234,000
Finance lease obligation - Non Current	-	-	-	3,593,778	3,593,778
Employee benefits obligations - Non current	-	-	-	16,525,308	16,525,308
Provision	-	-	-	553,749	553,749
Total segment liabilities	-	-	-	129,174,258	129,174,258
Total liabilities as per Statement of financial Position				129,174,258	

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

53. Segment information (continued)

2022

	Spacial Plannign and Develoment	Community Services	Technical Services	Unallocated	Total
Revenue					
Service Charges	-	4,875,772	-	-	4,875,772
Sales of stands	2,343,000	-	-	-	2,343,000
Rendering of services	3,235,205	271,016	-	-	3,506,221
Agency fees	-	3,148,086	-	-	3,148,086
Licence and permits	-	5,097,338	-	-	5,097,338
Rental income	-	165,813	-	-	165,813
Interest income	-	-	-	12,783,061	12,783,061
Property rate	35,500,164	-	-	-	35,500,164
Government grant and subsidies	-	26,000,000	128,692,020	414,734,004	569,426,024
Gain on assets / Fair value	2,631,735	-	-	-	2,631,735
Traffic fines	-	372,150	-	-	372,150
Public contribution and donation	-	5,400,931	-	-	5,400,931
Interest on arrear receivables	6,459,326	1,124,255	-	-	7,583,581
Total segment revenue	50,169,430	46,455,361	128,692,020	427,517,065	652,833,876
Entity's revenue					652,833,876

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

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Figures in Rand

	Spacial Plannign and Development	Community Services	Technical Services	Unallocated	Total
53. Segment information (continued)					
Expenditure					
Employee related costs	-	-	-	122,762,015	122,762,015
Remuneration of Councillors	-	-	-	26,555,060	26,555,060
Depreciation and amortisan	-	-	-	45,940,836	45,940,836
Impairment loss / reversal	-	-	-	2,277,187	2,277,187
Finance cost	-	-	-	71,769	71,769
Debt impairment	-	-	-	25,440,478	25,440,478
Repairs and maintenance	-	-	28,654,301	-	28,654,301
Contracted Services	-	-	-	96,524,624	96,524,624
General Expenses	-	-	-	77,342,292	77,342,292
Total segment expenditure	-	-	28,654,301	396,914,261	425,568,562
Total segmental surplus/(deficit)					227,265,314
Assets					
Inventory	-	-	-	3,845,729	3,845,729
Other receivables from exchange transactions	-	-	-	2,620,111	2,620,111
Receivables from non-exchange transactions	7,373,307	-	-	-	7,373,307
Consumer receivables from exchange transaction	-	2,977,723	-	-	2,977,723
VAT receivables	-	-	-	42,354,324	42,354,324
Cash and cash equivalent	-	-	-	296,869,186	296,869,186
Investment property	-	-	2,060,022	-	2,060,022
Property, Plant and Equipment	8,473,442	138,176,653	1,086,940,735	89,464,649	1,323,055,479
Heritage assets	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	2	2
Intangible assets	-	-	-	5,076,243	5,076,243
Total segment assets	15,846,749	141,154,376	1,089,000,757	441,356,744	1,687,358,626
Total assets as per Statement of financial Position					1,687,358,626

Collins Chabane Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

	Spacial Plannign and Development	Community Services	Technical Services	Unallocated	Total
53. Segment information (continued)					
Liabilities					
Finance lease obligation	-	-	-	953,555	953,555
Payable from exchange transactions	-	1,466,329	50,558,003	32,854,743	84,879,075
Employee benefits obligation	-	-	-	5,911,783	5,911,783
Unspent grants and receipts	-	-	-	2,849,977	2,849,977
Employee benefits obligation	-	-	-	16,368,816	16,368,816
Provision	-	-	-	799,426	799,426
Total segment liabilities	-	1,466,329	50,558,003	59,738,300	111,762,632
Total liabilities as per Statement of financial Position					111,762,632

54. Budget differences

Material differences between budget and actual amounts

The municipality explains all excess of actual expenditure over the final budget of 10% over approved budget.

A. Explanation of variances for statement of financial performance

Revenue:

Interest income - variance was caused the increase in the bank balance during the financial year and investments made during the financial year .

Rental income - The positive variance is due to the additional revenue sources that generat income from advertising on the billboard, market stalls and the rental of the community hall and staduim.

Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

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54. Budget differences (continued)

Licence and permits - The variance is due to limited capacity in the testing station and the shortage of face value documents in certain periods.

Sale of stands - The variance is due to the increase in the sale of stands in Malamulele.

Agency services - Variance was as a result of the municipality taking over full functioning of licencing in Vuwani from provincial department.

r.

Expenditure

Depreciation and amortisation - The variance was due to the assets additions and the completion of assets during the year.

Repairs and maintainance - Savings was achieved as a number of municipality plant were new and in good condition.

Debt impairment - Inability to services debt by consumers hence impairment to reflect recoverable amount.

Finance cost - The variance relates to finance lease liability and it was not budgeted for.

General expenditure - The variance was linked to the growth of the municipality in line with new appointments and implementation of projects. No electrification projects were transferred in the current year.

B. Explanation of variances for statement of financial position

Assets

Inventory - The variance is cause by an increase in the inventory usage in relation to the increase in employees

Other receivables from exchange transaction - The variance is decrease due to impairment of debtors.

Receivables from non- exchange transaction- The variance was due to impairment assessment of receivables.

Property Plant and equipment - The budget was due to increase in estimation for capital projects. There was a acceleration in completion of other projects.

Intangible assets - Less than budgeted intangible assets were acquired during the year under review.

Investment Property - Variance was caused by fair valuation of investment properties at year end.

Consumer debtors - The variance was as a result of low collection rate and incese in debt impairment.

VAT Receivables - The variance was due to line item not budgeted for in the current year

Current Liabilities

Payable from exchange transactions - The variance was due to high amount of accrued invoices at year end and the growth of the municipality.

Finance lease liabilities -The line item was not budgeted for in the financial year ended.

Collins Chabane Local Municipality

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Annual Financial Statements for the year ended June 30, 2023

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54. Budget differences (continued)

C. Explanation of variances for Cash Flow Statements

Service charges - The variance was due to improved controls on Refuse removal billing for the during the year.

Other receipts- The variance is due to SARS recoveries received during the year.

Interest - Bank – The variance is caused by interest earned on primary bank and Investments made

Employee costs - savings due to delay in appointments of vacant positions.

Suppliers and other payments - Variance was due to growth of the municipality size and spending.

Purchase of Property plant and equipment - Acceleration in the implementation of capital projects.

Proceeds from sale of investment property - There was no sale of investment properties during the year

**COLLINS CHABANE
LOCAL MUNICIPALITY**

Since 2016



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
(MPAC)**

**OVERSIGHT REPORT ON THE 2022/2023 ANNUAL REPORT
OF THE COLLINS CHABANE LOCAL MUNICIPALITY**

APPENDIX B: MPAC OVERSIGHT REPORT

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1. FOREWORD BY THE CHAIRPERSON OF MPAC

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report. Given the process required by Council to effectively undertake its oversight role, the establishment of the Municipal Public Accounts Committee (MPAC) of Council provides the appropriate mechanism in which Council would fulfil its oversight responsibilities. MPAC's primary role is to consider the Annual Report, receive input from the various role players and prepare a draft Oversight Report for consideration by Council.

In the light of this responsibility, 09th Ordinary Council on 30th January 2024, tabled the 2022/23 Draft Annual Report of the Collins Chabane Local Municipality for consideration. Council subsequently referred the 2022/23 Annual Report to the MPAC for interrogation so that an Oversight Report could be developed. MPAC in fulfilling its responsibility assigned to it by Council, held its meetings on the following dates:

- 08 February 2024
- 12 February 2024
- 13 February 2024
- 14 February 2024
- 19 February 2024
- 20 February 2024

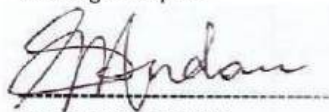
- 21 February 2024
- 22 February 2024
- 23 February 2024
- 11 March 2024
- 13 March 2024
- 15 March 2024
- 18 March 2024
- 26 March 2024
- 27 March 2024

During these meetings the Annual Report of Collins Chabane Local Municipality was assessed with due attentiveness by all MPAC members. The oversight process included a page by page scrutiny of the Annual Report where questions for clarity and concerns were raised.

MPAC noted both improvements in certain performance areas, as reflected in the 2022/23 Annual Report, but also unsatisfactory performance in some areas as reflected in the Oversight Report. As a result, MPAC has raised concerns and made recommendations on a number of issues that require immediate intervention.

MPAC will furthermore ensure that recommendations developed in the 2022/23 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC. In considering the 2022/23 Annual Report, MPAC also consulted the 2021/22 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2022/23 Oversight Report. It is my belief that if Council considers these recommendations and the administration implements them fully, the CCLM should move to a better audit opinion.

Finally, I would like to extend special appreciation to the members of MPAC for their contribution, dedication and hard work in ensuring that this report was compiled and tabled in time for Council and for the administration for their administrative support in developing the Oversight Report.



CLLR MUDAU T. S

CHAIRPERSON

27-03-2024

DATE

2. PURPOSE

In terms of Section 129 of the Local Government: Municipal Finance Management Act, 56 of 2003 (hereafter referred to as the MFMA) and Municipal Systems Act (MSA), the Council of a Municipality is required to consider the Annual Report which is based on the annual service delivery processes and overall municipal performance. To consider the Annual Report of the Municipality and of any Municipal entity under the Municipality's sole or shared control, and by no later than two months from the date on which the Annual Report was tabled to council in terms of section 127 of the MFMA, to adopt an "Oversight Report" containing the council's comments on the Annual Report.

The purpose of this Oversight Report, compiled by Council's Municipal Public Accounts Committee (MPAC), on the 2022/23 Annual Report of the Collins Chabane Local Municipality to adhere to the legislation as mentioned in the above paragraph.

The Oversight Report is adopted after the Oversight Committee has fulfilled its tasks pertaining to:

- Undertaking a review and analysis of the Annual Report.
- Inviting, receiving and considering inputs from Councillors and Support Committees.
- Considering written comments received on the Annual Report through the public consultation process.
- Conducting Public Participation and Public Hearing to allow the local community or any organs of state to make representations on the Annual Report.



- Receiving and Considering Council's Audit Committee's views and comments on the Annual Financial Statements and the Performance Report.
- Preparing the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and Councillors.

3. INTRODUCTION

The MFMA assigns specific oversight responsibilities to Council, with regard to the Annual Report and the preparation of an Oversight Report thereon.

4. BACKGROUND

The Collins Chabane Local Municipality has been guided by; Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Circulars in the process of drafting the Annual Report. In adhering to these, the Municipal Administration has submitted the Annual Report 2022/23 to the Council at the Council meeting held on 30 January 2024 for consideration. This process was followed by the preparation of the oversight report. The Collins Chabane Local Municipality Council has resolved that the Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. The Municipal Public Accounts Committee, as prescribed in the MFMA, has been holding meetings to discuss the performance of the overall municipality

through the use of the 2022/23 Annual Report. The Committee has performed its oversight role within the MFMA specified municipal oversight completion period.

The main components of the Annual Report submitted to Council were the following:

- The annual performance report, as required in terms of Section 46 of the Municipal Systems Act (MSA).
- Annual Financial Statements submitted to the Auditor-General.
- The Auditor General's audit report on the financial statements in terms of Section 126 (3) of the MFMA.
- The Auditor-General's audit report on performance in terms of Section 45 (b) of the MSA.

One of the key responsibilities of the Municipal Public Accounts Committee in fulfilling its oversight role is to prepare the draft oversight report, considering the views and inputs of the public, representatives of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

4. COLLINS CHABANE LOCAL MUNICIPALITY MPAC MEMBERS

The MFMA Circular No.32 (Municipal Finance Management Act No.56 of 2003) states that the Oversight Committee should be made up of only non-executive Councillors. It further provides that municipal officials cannot serve as members of an oversight committee. All

meetings of the oversight committee must be open to the public and timely notice of meetings should be given to enable representations to be made.

The formation of the Oversight Committee varies from municipality to municipality. Some of the municipalities in South Africa appoint members from its Council to carry out the activities of an oversight committee. However, in the CCLM this role is referred to the Municipal Public Accounts Committee. The Collins Chabane Local Municipality's 2022/23 financial year MPAC membership is constituted as follows:

1. African National Congress (ANC) – 7 members.
2. Economic Freedom Fighters (EFF)– 2 members.
3. Democratic Alliance (DA) – 1 member.
4. African Christian Democratic Party (ACDP) – 1 member.
5. African People's Convention (APC) – 1 member.
6. Able Leadership (AL) – 1 member.

MPAC is constituted as follows:

4.1 Cllr T.S Mudau (Chairperson)

4.2 Cllr G.D Masangu

- 4.3 Cllr E Bamuza
- 4.4 Cllr S Makhubele
- 4.5 Cllr T.M Mutele
- 4.6 Cllr K.R Chabalala
- 4.7 Cllr M.J Baloyi
- 4.8 Cllr T.M Masia
- 4.9 Cllr S.L Siweya
- 4.10 Cllr B.S Maluleke
- 4.11 Cllr K.K Mabasa
- 4.12 Cllr N.S Makondo
- 4.13 Cllr K.R Muthubi

In assessing the report, MPAC was guided by the following documents:

- a) Report from Auditor General
- b) Management Report
- c) National Treasury MFMA Circular no. 63



- d) National Treasury MFMA Circular no. 32
- e) MPAC Guide and Toolkit Circular no. 92



5. TIME CONSIDERATIONS

5.1 Meeting Schedule

The National Treasury's MFMA Circular No. 32 further provides for certain provisions with regard to the compilation of the Oversight report.

These provisions cover the following areas:

- Managing the process and forming committees;
- Timing considerations;
- Understanding the annual report and determining conclusions.

The Annual Report 2022/23 was tabled at council meeting on 30th January 2024 and referred to the MPAC as an Oversight Committee in the Municipality. The MFMA prescribes that the oversight must be submitted to the Council on or before 31 March 2024 and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 08 February 2024 to 27 March 2024 is outlined below:

DATE, VENUE AND ACTIVITY

DATE	VENUE	ACTIVITY
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08 February 2024	Information Centre	MPAC to review the AWP (Annual Work Plan), preparations of Annual Report assessment and projects visit programme.
12 February 2024	Ward 32, 31, 28 and 29	Projects site visit of Josefa ring road, Botsoleni ring road, Magomani ring road and Nghezimani ring road.
13 February 2024	Ward 22, 23, 18 and 15	Projects site visit of Municipal offices (new building), business park streets, Malamulele section D internal streets, Phaphazela ring road and Xihosani ring road.
14 February 2024	Ward 11,8,5 and 1	Projects site visit of Davhana stadium, Ha-Masia ring road, Misevhe A,B,C and D Village, Bungeni stadium and Olifantshoek ring road.
19 – 23 February 2024	Tzaneen Country Lodge	MPAC retreat to analyse the 2022/23 Annual Report, representatives from the office of the Auditor General, Municipality's Internal Audit and Supply Chain Management attended the

		retreat to provide guidance on the scrutinisation of the Annual report.
11 March 2024	Civic Centre Council Chamber	Submission of formulated questions to the Management on 2022/23 Annual Report, preparations of Public Participation on 2022/23 Annual Report.
13 March 2024	Vuwani Town Hall	Public Participation on 2022/23 Annual Report meeting with stakeholders.
15 March 2024	Njhakanjhaka Community Hall	Considered responses from the Executive Arm on 2022/23 Annual Report, formulate follow-up questions, preparations for Public Hearing on 2022/23 Annual Report.
15 March 2024	Ward 5	Project site visit to Bungeni borehole
18 March 2024	Malamulele Town Hall	Meeting with the Executive Arm to discuss their responses to the questions and follow-up questions to the 2022/23 Annual report in Public.

26 March 2024	Virtual	Final preparation of Oversight on 2022/23 Annual Report
27 March 2024	Virtual	Tabling of MPAC's Oversight Report on 2022/23 Annual Report to Council

7. LEGAL FRAMEWORK

The preparation of this oversight report is in accordance with Section 129 (1) of the Municipal Financial Management Act (2003), which stipulates that a municipal Council must consider the Annual Report and refer the Annual Report to an Oversight Committee, and that the Oversight Committee must prepare an Oversight Report containing comments and recommendations. The Council must at the adoption stage of the Oversight report state as to whether it (the Council) has approved the Annual Report with or without reservations; has rejected the Annual Report; or has referred the Annual Report back for revision of those components that can be revised.

The establishment of the Oversight Committee is therefore important for the Council to carry out functions of the Annual Report oversight or overview. The Collins Chabane Local Municipality Council has in this case referred or delegated its authority to carry out its oversight functions to the Municipal Public Accounts Committee. The establishment of the MPAC was undertaken in terms of Section 79 of the Municipal Structures Act, which allows for the co-option of advisory members to a committee of Council, who are not members of the Council.

Circular No. 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that councils should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that may be taken to full Council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

7. PUBLIC PARTICIPATION AND HEARING IN OVERSIGHT PROCESS

Section 130 of the MFMA stipulates that public participation must be a central element of all processes relating to an Annual Report. In so doing, the aforementioned Section instructs that the meetings of a municipal council or committee established by Council at which an Annual Report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report.
- Make public all meetings at which the Annual Report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.



- Engage in a process of public participation on the Annual Report.

In this regard, the Municipality undertook the following initiatives to promote public participation in the oversight process:

MECHANISM TO PROMOTE PUBLIC PARTICIPATION AND PUBLIC HEARING	STATUS	COMMENTS
Invitation to public to submit comments on the Annual Report	Done: Invitations and Annual report documents were sent to different stakeholders on the 8 th of March 2024.	The municipality conducted a Public Participation on the 13 th of March 2024, and a Public Hearing on the 18 th of March 2024.
Make public all meetings of Council's oversight committee that will consider the Annual Report	Done: Radio and newspaper adverts were sent out on the 6 th of March 2024.	All meetings were advertised on local media platforms within the Municipality.
Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report	Done: Ms Anita Mququ was present as a representative from Auditor-General. The	Auditor-General's representatives invited to the council meeting



COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

	council was held on the 30 th of January 2024 at Malamulele Town Hall.	convened for tabling of the Annual Report to council by the Mayor.
Assessment of 2022/23 Annual Report	Done:	The assessment took place on the 19 th – 23 rd February 2024.



8. OVERSIGHT COMMITTEE RECOMMENDATIONS

At the first meeting of MPAC held on 19th of February 2023 to consider the Annual Report, the meeting agreed that it would exercise its oversight functions in the following manner: That MPAC would attend as follows to its work in respect of the 2022/23 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2023:

- First meeting: Annual Consolidated Financial Statements and Auditor-General's Audit Findings.
- Second meeting: Service Delivery Performance.
- Third meeting: Management Report.
- Fourth meeting: Recapping of all chapters from 1 to 6 of the Annual Report.
- Fifth meeting: quarterly reports session.
- Sixth meetings: meeting the public.
- Seventh meeting: Start developing Oversight Report.

The discussions and recommendations of MPAC will be presented in accordance with the areas identified above, namely:

Area 1 Auditor-General's Audit findings.

Area 2 Annual Consolidated Financial Statements.

Area 3 Performance Scorecard Reports.



9. QUESTIONS FOR CONSIDERATION BY MPAC

ANNUAL REPORT ASSESSMENT (2022-2023)

The table below reflect the audit findings and questions:

Items	Findings	Questions	Response by Management
MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	Municipal context: Page 15 of the annual report reflects a population of approximate 347,974 Municipal inhabitants while in page 17 the graph reflects 443,798.	What is the correct number of the population size?	The total population is 443 798 and Stats SA handed over Census 2022 results on 10 October 2023 Population count of 347,974 was not completely accurate or exact at the beginning of the financial year taken from 2011 results
POLITICAL AND ADMINISTRATIVE GOVERNANCE	The Municipal council: Page 26 of the annual report reflects that 179 resolutions were	<ul style="list-style-type: none"> What was the deferred resolution? 	The deferred resolution was from Planning and Development on construction of private hospital



	taken of which 178 were implemented and 1 deferred.	FU : Why was it deferred?	The item was deferred due to the delay in approval of the rates, the client requested the Municipality to wave the rates from the normal ones to the affordable ones that will afford him to buy the number of hectors that he requires, so that led the Municipality to defer the Item.
	Councillors: Page 27 of the annual report reflects a number of 73 councillors while the report says the municipal council comprises of 71 councillors.	<ul style="list-style-type: none"> • What brings the total number if councillors to 73? • Are the additional 2 councillors in the Municipality's payroll? 	Typo error and Draft Annual Report corrected. Collins Chabane Local Municipality consists of 71 Councillors (36 Ward Councillors and 35 PR Councillors)
	Risk management:		



	<p>Page 39 reflects that risk and compliance has been advertised to be filled on the 01 July 2022.</p>	<ul style="list-style-type: none"> • Was the advertised post filled? • Was the position of risk management committee chairperson advertised? 	<p>The Collins Chabane Local Municipality has a fully functional Risk Management unit managed by Chief Risk Officer. The municipality has a Risk Management Committee chaired by The Independent person and the Committee was functional for the whole 2022/2023 financial year.</p>
	<p>Supply chain management:</p> <p>Page 41 reflects that the Municipality annually holds an emerging contractors/suppliers workshop with the aim of assisting local and emerging companies to successfully participate in the Municipality's SCM systems.</p>	<ul style="list-style-type: none"> • Can MPAC get evidence to support the statement? • Can MPAC be invited to such workshops in the future? 	<ul style="list-style-type: none"> • Yes, the evidence will be submitted to MPAC • MPAC will be invited



	<p>By-laws</p> <p>Page 42 of the annual report reflects that the Municipality has developed, adopted and promulgated various municipal by-laws.</p>	<ul style="list-style-type: none"> • How many by-laws do we have and what are those? • Are the by-laws being enforced? 	<p>The Municipality having a total number of 12 by-laws.</p> <p>Community Services department by-laws:</p> <ol style="list-style-type: none"> 1.Waste Management by-law 2. Paupers by-law 3. Cemetery by-law <p>Planning and Development by-laws</p> <ol style="list-style-type: none"> 1.Spaza Shops By-law 2.SPLUMA by-law 3. Street Trading by-law 4.Transportation by-law 5. Advertising by-law 6.Car Wash by-law 7. Hardware storage of goods by-law 8. Noise Control by-la 9.Places of Public Worship by-law
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		<i>FU : When will they be fully implemented ?</i>	By-laws not fully implemented due to shortage of by-law enforcers, The Municipality trained 16 Traffic Inters and after finalization of internal processes some will be converted into by-laws enforcers and they will be fully implemented From the 1 st of July 2024
	1. Website: Page 43 of the annual report reflects the website: www.CollinsChabaneLocal.gov.za The MPAC committee have found that this website is incorrect.	<ul style="list-style-type: none"> • Why is the Municipality misleading the community by providing the wrong website? 	Typo error and corrected , the correct website is www.lim345.gov.za



<p>SERVICE DELIVERY PRFORMANCE</p>	<p>Electricity</p> <p>Page 45 of the annual report reflects that due to rapid population growth and demarcation of new settlements, electrification of households is still in demand.</p>	<p>• How far is the Municipality with the process of addressing the electrification backlogs? Please give details of the progress.</p>	<p>INEP and Eskom responsible for electrification of households</p> <p>Progress</p> <p>2023/2024 we electrified(200) household in Xithlelani and(400) household in Mahlohlwani</p> <p>Plan 2024/2025</p> <p>1.Electrification 419 households at Nthlaveni Block C (200)</p> <p>Phungwani (60)</p> <p>Hlungwani (40)</p> <p>Hasani Dakari (79) and Nyavani (40)</p> <p>2. Design and Electrification of (200) household in Vyeboom ,150)(in Ximixoni,100) in Nkovani</p>
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		<p><i>FU : Is there a possibility of the Municipality having its own licence in order to distribute electricity?</i></p> <p><i>FU 2 – Can you please estimate by when is the Municipality going to have its own licence?</i></p>	<p>3.Pre-engineering Balanganani, Nwamhandzi, Dinga, Sereni</p> <p>The Municipality is going to have its own licence, last week we had a meeting with a company that will help us to make it quicker following all the processes.</p> <p>As soon as all processes that need to be followed are complete.</p>
	<p>Waste management</p> <p>Page 46 of the annual report reflects that waste management</p>		<p>24 Skip bins are placed within businesses and generating revenue. However, there those placed in some villages of a particular wards at central places</p>

	include refuse collections, waste disposal, street cleaning and recycling.	<ul style="list-style-type: none"> • How many skip bins that are generating revenue in our municipality? • Are all wards covered, If not what are the plans? 	Not all wards are covered, the municipality is having plans to purchase more skip bins during the next financial year
	Housing Page 46 of the annual report reflects service target of 700 units to be built for approved beneficiaries, but only 230 were built	<ul style="list-style-type: none"> • Which wards have benefitted ? • Why did the Municipality fail to meet the target? 	The Municipality not responsible for construction of RDP houses the responsibilities lies with COGHSTA and the role of the Municipality is to coordinate. Due to budget cuts by Treasury, allocated RDP houses were not built as planned but only 230 of the 700 planned were constructed



	<p>Roads</p> <p>Page 47 of the annual report shows a number of ring roads and internal streets projects implemented by CCLM for the year under review.</p>	<ul style="list-style-type: none"> • Is the Municipality doing proper monitoring during the construction of roads? • What are the precautions that are followed when constructing a ring road? 	<p>Yes, the municipality conducting continuous monitoring during construction processes.</p> <ul style="list-style-type: none"> • There are consultants and Contractors meeting on monthly basis to monitor progress. • There are site meetings and site inspection on monthly basis. • There are technical meetings for poor performing contractors to get the best out of them. Formation of project steering committee • Appointed CLO who serves as mediator between the contractor and the community. • The Municipality appointed competed personnel. • Implementation and construction of the road according to specification.
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			<ul style="list-style-type: none"> • Quality control on test results of the material and road levels
	<p>Local economic development</p> <p>Page 50 of the annual report shows that there were two local economic development projects being implemented by CCLM for 2022/23 financial year, cooperative support where 10 equipments purchased to support 10 cooperatives.</p>	<p>What are the 10 cooperatives supported by the Municipality and which equipments were they provided with?</p>	<p>The Municipality supported the following cooperatives: The following cooperative were supported</p> <p>1. Rixile Community Primary Co-Operative ward 12</p> <ul style="list-style-type: none"> • Aries 12007 1.9 L/H 500mroll X 8 • Saddle Comb 16mm X 100 • Pipe CL3LD 40mm X 100M • NY Insert elbow 40mm X 4



			<ul style="list-style-type: none"> • NY Insert Plug 40mm X 4 • Clamp Pipe 25X51mm X20 • Valve Ball PVC Thread 40mm X 4 • NY Insert ML Fitting 40mm X 10 • EVFert SAS2:3:4,30- 50kgX1 • EVFert SAS2:3:4,30- 50kgX1 • Garden Tech Sprayer ressure 5L X 1 • Sakata-Gabbage drumhead 100gx1 • Starke Ayres seed beetroot x 5 • Gloves PVC Rough finish brown x10 • AECl Cungfu 1L X 1 • Kyroon Cyper-Thrin200 x 1L X 1 • EFEKTO Malasol 500ML X 2 • Gardentech Sprayer 5L X 1
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			<ul style="list-style-type: none"> • Mayford seed Vegetable Packet assort x 2 <p>2. Vision Family Farming ward 16</p> <ul style="list-style-type: none"> • Jojo tank 5250 l X 1 • Speroni cam 100 with euro press X1 • Linlight 12mm.6mm2L/H.3m500X4 • Pipe CL3LD 40mmx100Mad X 1 • Saddle comb S+NUT12x16mm X200 • Lasher Spade black 500X 2 • Lasher fork 4prong steel blackX2 • Lasher rake steel H/duty16teethX2 • Lasherhand fork long poly HDLX4
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			<ul style="list-style-type: none"> • Lasher hand transplant long poly HDL X4 • Kaufmann knapsack sprayer 16L T X2 • Fal Wheelbarrow CONC RETE 14X3 S/R wheel X 2 • STARKE AYRES SKORSIE WALTHAM 1kg X10 <p>3. Mabongani Poultry & Veggies ward 34</p> <ul style="list-style-type: none"> • Lin light 12mm.6.2L/H.3M500 X4 • Pipe cl3ld 25mmx100Mad X4 • Saddle comb S+NUT12.16MM X250 • S wenkem metamidifos 5L X 2 • S wenkem Methomex 1kg X 2
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			<ul style="list-style-type: none"> • EV fert SAS kan 28%/N01 50KG X2 • NY insert plug 25mm X 20 • NY insert elbow 25mmx25mm X 20 • EV kns ekor 2.3.4(30)zn/T X3 • NY insert coupling 2.5mm X 20 QP alpine layer 60m EAL 50KG X 6 <p>4. African Togertheness Multi Trading Development Primary Co Operative Limited ward 12</p> <ul style="list-style-type: none"> • Jojo Tank 5250L X 1 • Lin light 12mm.6mm 2L/H 3M 500 X 4 • Pipe CL3LD 40MM x 100M x 2 • Pipe CL3LD32mm x 100m x 2
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			<ul style="list-style-type: none"> • Saddle Comb S+ NUT 12X16MM X300 • Lasher pick head Fla T/SHARP 3.1KG X4 • Lasher handle pick poly X 4 • Lasher hoe head RAISED EYE 700G X 2 • Hoe handle Agrade 50x1160mm 1.1kg X2 • Valve ball PVC THREADED 40MM X1 • NY insert ML Fitting 40mm X 2 • S& B pipe thread tape 19mmx30mmx0.1mm X1 <p>Clamp pipe 25x51 mmAG24 X 2</p> <p>5. Mashbrend Multi-Purpose</p> <p>Primary Cooperative Ltd. Ward 30</p> <ul style="list-style-type: none"> • C-B1F-1Kg Bucket Frosted X 100
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			<ul style="list-style-type: none"> • C-B1F-2Kg Bucket Frosted X 100 • C-B1F-5Kg Bucket Frosted X 50 • C-1IJ-1L Jerry Can X 50 • C-2IJ-2L Jerry Can X 50 • C-5IJ-5L Jerry Can X 50 • Con-DD-Dish Dulex X 2 • Con-PG Pine Gel X 2 • Con-FP Floor polish Con 10kg x10 • F-LA Lavender 1L X 1 <p>F-PP Pot-Pouri 1L X 1</p> <p>6. Divhuseni Sewing Multi Purpose ward 7</p> <ul style="list-style-type: none"> • Rammie x 100m • Dutches x 100m
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			<ul style="list-style-type: none"> • Venda Print x 70m L.Cotton x 200m <p>7. Mahlori Multi-Purpose Cooperative ward 22</p> <ul style="list-style-type: none"> • Lin light 16mm.x16mm2L/H.3M 500M X11 <p>Pipe CL3LD 50mmx50M AD X1</p> <p>8. Kondos Agricultural Primary Cooperative ward 22</p> <p>Laying Mash x 57</p> <p>9. Thama Multi Purpose Primary Cooperative ward 14</p>
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			<ul style="list-style-type: none"> • Stays 2.4mx32mm silver X6 • Kapa 6.0m 38x114 X13 • Corner post plain 2.4m light X 6 • Zink corogated 0.22mmx6.0m X14 • Corner post 2.0mmx101mmx2.4m X 8 • GATE 0.900X1.8PLAIN X1 • Mamba 42.5R cement 50kg bag X 14 • WELD MESH 1.8Mx50x50 30 HEN X 9 • GATE 1.8 MX3.6M PLAIN X1 BALELO 6.0M 50X76FG X16 <p>10. Tshikamisava Primary Agricultural Co-Operative Limited ward 34</p>
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			<ul style="list-style-type: none"> • Wheelbarrow concrete Falcon Lasher X 4 • Spade digging Lasher X 2 • Handle Hoe Poly Lasher X 8 • Hoe 1100G X 8 • Slasher Grass Poly Handler Lasher • Safety boots black size 11 X 1 • Safety boots black size 08 X 2 • Safety boots black size 06 X 1 • Overall Royal Blue 2PC 44 X 3 • Water Tank JOJO 5250LX1 • Overall Royal Blue 2PC 42 X 1
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	<p>Community and social services</p> <p>Page 50 of the annual report reflects:, the municipality play a coordinating role on libraries that belongs to provincial government under the dept.of Sport, Arts and culture</p>	<ul style="list-style-type: none"> • How many libraries do we have in the Municipality and where are they situated? • Are the libraries accessible to community members? 	<ul style="list-style-type: none"> • 2 x Libraries' at Saselamani and another at Mulamula still to be opened • 4 x medullar at Makahlule, Tshikonelo. Matsakali, and Oliphanthoek • Yes, they are being accessed
	<p>Licensing</p> <p>Page 52 of the annual report reflects that the municipality is performing the function of licencing and registration services</p>	<p>Does the municipality have future plans of building other traffic stations?</p>	<p>Yes, the Municipality having plans to construct Traffic Stations at Hlanganani and Saselemani and the designs for Hlanganani is completed.</p> <p>At Saselemani the Planning and Development departmne will be allocating the site for construction of the station and the process will commence</p>

	<p>Sport and recreation</p> <p>Page 53 of the annual report reflect: Collins Chabane has one big stadium which qualify to host big events even on Saturdays and Sundays</p>	<p>Is the municipality generating revenue from hosting the events?</p>	<p>Yes, the Municipality generating revenue with facilities including the stadium</p>
	<p>Parks and cemeteries</p> <p>Page 53 of the annual report reflects service statistics for graves</p>	<p>How much have the Municipality generated from selling the graves?</p>	<p>For 2022/23 financial year the Municipality generated revenue amounting to R101 000.</p>
	<p>Information and communication technology service</p> <p>Page 54 of the annual report reflects: the ICT is in a process to upgrade the network to cater for</p>	<p>How far is the Municipality with the process of upgrading the ICT?</p>	<p>Upgrading of ICT network is a continuous process and currently at advanced stage and after completion of new office building there will still be upgrading of ICT network.</p>

	more users to connect simultaneously		
	Legal services Page 55 of the annual report reflects service statics legal matters and progress made by 30 June 2023	Why is there no progress on the cases that are pending?	Legal matters depends on availability of court dates, and other matters depending on their nature postponed.

ORGANISATIONAL PERFORMANCE	Road construction Page 69 no.44 shows target not achieved for the 7, 26 km ring road at Xihosana because the contractor withdrawn due to	<ul style="list-style-type: none"> Do we have qualified engineers to survey the road before construction work commences? 	Yes, the municipality is having qualified engineers and roads are surveyed before construction. With Xihosana ring road the contractor under-quoted and after realizing, she withdrew her services.
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	<p>underquoting and a new tender was advertised.</p>	<ul style="list-style-type: none"> • How is the Municipality going to pay the unbudgeted new tender? • What is it that the Municipality is doing to address the issue of variation orders? • Is the municipality not incurring the irregular expenditure when it comes to advertising a new tender? 	<ul style="list-style-type: none"> • There is no unbudgeted tender, after the contractor has withdrawn the municipality re-advertised and a new service provider was appointed. • Variation orders are approved before implemented and scrutinised. In addressing and preventing variation orders a thorough assessment will be done to assess the costing of the projects by service providers
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	<p>Borehole refurbishment at Bungeni</p> <p>Page 70, no 49 shows that the target was not achieved.</p>	<p>Why didn't the Municipality meet the target?</p>	<p>New Water reticulation from the borehole to stadium was not completed due to the upgrading of Bungeni Stadium project which is still under construction and as per the plans upgrading of Bungeni Stadium will be completed on the 18th September 2024 and the refurbishment of the borehole will be completely done and connected</p>
	<p>Skills development and training</p> <p>Page 92 of the annual report shows a table of total number of 5 MPAC officials trained</p>	<p>Can the Municipality give the committee names of officials under MPAC that were trained?</p> <p><i>FU : Where is the attachment?</i></p>	<p>Yes. Attached</p> <p>MPAC officials is referred to Cllrs who attended the training.</p> <p>The names will be submitted to the researcher to circulate to the committee</p>

FINANCIAL PERFORMANCE	Other financial matters Page 100 of the annual report reflects under SCM: AG reported that compliance with legislation remains an area of concern, management is advised to develop a compliance checklist that is aligned to current legislation to ensure compliance before approving any of the SCM processes and expenditure.	<ul style="list-style-type: none"> • How far is the municipality with the development of compliance checklist? • Do we have officials to assist on this matter? 	The municipality has already developed the SCM checklists to ensure that appointments of service providers and payments are made in line with legislations. Training of employees is also a continuous process. Yes.

AUDITOR GENERAL AUDIT FINDINGS	<p>Receivables from exchange/non-exchange transactions:</p> <p>Page 6 of the management report indicates that an amount of R47 053 000, relating to the sale of land on auction by an auctioneer, has been stated as a payable and a debtor recognised. However, there is no evidence that indicates that the municipality has a receivable as the sale has not been concluded and the Land has not been transferred to the buyers.</p>	<ul style="list-style-type: none"> • How much is there? Can't it be easy for the amount that is there to be transferred to the Municipality? • What are the processes that are taking place between planning and finance department to avoid all irregularities? • How many sites were bought? • How much is the Municipality going to receive from selling the sites? • What is the Municipality planning to do with the money? • Did you prepare a detailed report to AG explaining all the processes that took place during the sale of land? (EVIDENCE) 	<p>The anticipated amount is R47 053 000 which will be transferred upon finalization of registration</p> <p>Upon finalization of the process by planning department finance department will give report on money received.</p> <p>29 sites were bought.</p> <p>The anticipated amount is R47 053 000 which will be transferred upon finalization of registration</p> <p>The money will be utilized in line with approved budget and IDP of the Municipality</p>
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		<ul style="list-style-type: none"> • Is it not easy for the Municipality sell the land without involving the lawyers? • At which stage is the Municipality supposed to involve the lawyers? • How much is the Municipality incurring and how much interests is the Municipality receiving? • Are the lawyers billing the Municipality for keeping the money? • What cost structures are they using? <p>MPAC request a detailed report explaining the processes</p>	<p>Yes, AGSA was provided with report.</p> <p>No</p> <p>During the transfer of sold properties</p> <p>No</p> <p>As regulated by deeds office(Registration and transfer)</p>
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	<p>Cash flow statement:</p> <p>Page 6 of the management report indicates that recalculation differences were noted on the cash flow statement.</p>	<ul style="list-style-type: none"> • How is the money flowing in and out? • Is the Municipality doing adequate reviews when it comes to cash flow? 	<p>Municipal funds flow in and out through the primary bank account.</p> <p>Yes, the review of financial information and reports is done at different levels which lead to AFS. During the process, certain figures may change.</p>
	<p>Principal Agent Arrangements:</p> <p>Page 7 of the management report indicates there is non-disclosure of a principal agent arrangements as per GRAP 109 requirements for the arrangements the municipality has entered into. e.g. Department of Transport (Collins Chabane is an agent), agreement with the auctioneer (Collins Chabane is the principal)</p>	<p>Are the review processes taking place in the percentage that we are getting from traffic fines?</p>	<p>Yes. The principal/agency relationship was not disclosed, however, the money that the municipality collects on behalf of Department of Transport was recorded and reported in the AFS.</p>



	<p>Budget spending:</p> <p>Page 9 of the management report states that the municipality overspent on amortisation expense, impairment loss/reversal of impairment, loss on disposal of assets, finance costs, debt impairments, contracted services and general expenses.</p>	<ul style="list-style-type: none"> • Give us the detailed information about 85 million? • What made the Municipality to have such irregularities? 	<ul style="list-style-type: none"> • It is the non-cash items which include depreciation and impairment of property, plant and equipment, debt impairments and fair value adjustments for investment properties, and loss on disposal of assets. • The expenditure on the above non-cash items was above the budgeted amounts.
	<p>Financial assessment and compliance</p> <p>Page 10 of the management report states that the municipality's creditor's payment period has improved from 55.9 days to 38.3 days. Management implemented effective controls on payments of their creditors. All creditors are supposed to be paid within 30 days and the municipality is failing to comply,</p>	<p>What measures does the Municipality have in place in order to comply?</p>	<p>Weekly review of orders and requisitions in the financial system to ensure that orders are closed and payments made within the 30 days.</p>

	Revenue <i>The Municipality is not doing well when it comes to revenue collection:</i> Page 10 of the management report states that the average revenue collection period did not improve and remained on 365 days in the current year. The credit control policy of the municipality is not being implemented. The non-collection has negative impact on sustainable service delivery.	<ul style="list-style-type: none"> • Please provide evidence that you are implementing revenue strategies? • What makes the Municipality not to follow the credit control policy? 	We have the debt relief strategy which is being communicated to consumers through radio adverts and other forms of advertising. Consumers are given discounts for settlement of outstanding debt. Also the CFO and Revenue team attend the Debt Forum managed by Provincial Treasury and Coghsta to recover debt from Government Departments.
	UIF&W Page 11 if the management report states that reasonable steps were not taken when it comes to UIF&W	What is it that the municipality is doing to avoid UIF&W?	Training of BID Committees to eliminate irregular expenditure. Payment arrangements with Eskom for debit orders to eliminate late payments and interest. Training of employees on VAT and engagement with SARS and Treasury on challenges on VAT administration processes.



	<p>Material misstatements Borehole refurbishment at bungeni</p> <p>Page 14 of the management report states that the municipality reported that a borehole at Bungeni stadium was refurbished whilst that was not the case.</p>	<ul style="list-style-type: none"> • Why is the Municipality overstating its performance? • Is PMS also verifying if the reported matter exist? • Was the borehole belonging to district or local municipality? 	<p>The borehole activity left was connection from the main source hence the APR was adjusted.</p> <p>PMS verifying documents submitted and physical verification was not conducted and for current financial year there will be a sampling conducted for physical verification.</p> <p>The borehole belongs to the Municipality</p>
	<p>Use of consultants</p> <p>Page 17 of the management report states that the municipality spent R29 374 827 on consultants to support the current year financial management and reporting</p>	<p>What caused the increase in the use of consultants from 13 m to 29m</p>	<p>It was caused by new contracts appointed as the previous contracts expired, inflation rate and increase on the scope of work</p>

	processes – an increase from the R13 716 420 in the previous year.		
Deviations	Page 29 of the management report shows identified deviations where the stipulated requirements for such deviations were not complied with	Are there measures in place to address the deviation?	Senior Management developed procurement checklist including deviations in December during Strategic Planning session and the Clean Audit Strategy developed
Service delivery indicator not achieved	Page 15 and 16 of the management report states that the contractor withdrew from the contract after five months of appointment stating that the amount quoted in the contract would not be sufficient to complete the project. This was as a result of the municipality not having a	<ul style="list-style-type: none"> What led to the non-compliance of CIDB grading of appointment of Xihosana project that resulted in irregular expenditure? 	CIDB Grade of 7CE covers R60 000 000.00 and 20% which is R72 000 000 contractor was appointed for R75 819 042.53

	briefing session for the project. A new contractor was appointed at a higher contract value. This is likely to result in overspending of the basic service delivery and infrastructure development budget.	<ul style="list-style-type: none"> Is there a criminal case regarding the Xihosana case? 	The error occurred and was corrected; it did not warrant opening of a case but continuous workshop and training on CIBD.
AUDIT ACTION PLAN	SCM supplier in the service of the Municipality Page 204-COF 5 of the annual report reflects that traffic intern appointed by the Municipality provided services to the Municipality	Is it possible for the Municipality to have a system that detects if a person is employed by government?	Yes, the Municipality utilizing CSD system to detect government employees. Traffic intern registered a company before appointed by the Municipality as an intern
	PPE – Differences (Limitation) Page 204-COF 6, differences were identified due to there being a lack of support in terms of payment vouchers received by the auditors to support the amount recognised as WIP	What is it that the Municipality is doing to ensure that there is improvement in record keeping?	The Municipality merged ICT with records, officials attended record management training, and records management centralised. Senior Managers also having back -ups of documents and records within their respective departments

	<p>UIFW: Inadequate Disclosure of UIFW</p> <p>Page 205 COF 9: The Municipality under Note 47, 48 and 49 of the AFS as at 30 June 2023 has not disclosed whether the UIFW is recoverable. On the comment it is stated that The municipality must capacitate the MPAC committee and researcher on report writing skills as well as minutes writing in order for the detailed discussions of the MPAC committee which include confirming if the UIFW is recoverable</p>	<p>What are the Municipality's plans to capacitate the MPAC committee and Researcher?</p>	<ul style="list-style-type: none"> • MPAC members will be attending MFMP training funded by LGSETA • Management took a decision to delegate officials with expertise to assist and capacitate MPAC during their engagement sessions
	<p>UIFW: VAT incorrectly accounted for on irregular expenditure</p> <p>Page 206-COF 13: AFS disclosure issues: The municipality added VAT to the amount disclosed as irregular expenditure</p>	<p>Is the Municipality not having competent to do the VAT calculations?</p> <p>How soon can the Municipality have the irregular register?</p>	<p>Yes, the Municipality having competent staff members working on VAT. Employees continuously raining employees for VAT</p>

	<p>Fruitless and wasteful expenditure incurred incomplete:</p> <p>Page 212-COF 37 of the annual report reflects that AGSA found that the depreciation to date of the Tuk tuk's acquired by the municipality to be fruitless and wasteful as the Tuk Tuk's are yet to be used since their acquisition.</p> <p>Management must ensure that the Tuk Tuk's are brought into use</p>	<ul style="list-style-type: none"> • What was the reason for the Municipality to buy the Tuk tuks and not use it? • Is Management implementing the recommendation? 	<p>The Generals workers seconded and trained as Tuk-Tuk drivers and currently delivering statements utilizing Tuk –Tuk</p> <p>Yes</p>
	<p>Bid awarded to a bidder with a lower CIDB grading</p> <p>Page 212-COF 39: The Municipality awarded a supplier who was a grade lower in terms of CIDB grading.</p> <p>SCM and Technical services need to ensure that proper specifications are done to inform</p>	<ul style="list-style-type: none"> • What made the Municipality to award the bidder who did not qualify? • Is the Municipality implementing the recommendation? 	<p>Lack of CIDB training but recently CIDB training was conducted for SCM and Technical services</p> <p>Yes, recommendations are being implemented.</p>

	the budgeted amounts for the project are a true reflection so that they can be able to determine the appropriate CIDB grading required for the project.		
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10. RECOMMENDATIONS

Having fully considered the Collins Chabane Local Municipality's 2022/23 Annual Report, the Oversight Committee (MPAC) resolves to recommend to Council the following:

- 10.1 That the Municipality must capacitate the MPAC committee and researcher on report writing skills as well as minutes writing in order for the detailed discussions of the MPAC committee, which include confirming if the UIF is recoverable.
- 10.2 That all reports must be reviewed before taken to council.
- 10.3 That monitoring of projects before and during construction must take place on continuous basis with the qualified engineers.
- 10.4 That the Municipality must work hard to encourage communities to pay for services in order to increase the rate of revenue collection, register to vote, establish more townships etc., in order to move from grade 3 to grade 4.
- 10.5 That the Internal Audit Unit must continuously conduct audit in order to detect any irregularities.
- 10.6 That the AFS must be prepared reviewed and submitted in time, following compliance.
- 10.7 That outsourcing must be reduced and the service providers must work with municipal employees in order to capacitate them.
- 10.8 That the Council, having fully considered the Annual Report of the CCLM for the 2022/23 financial year, adopts the Oversight Report, to this agenda, as presented by MPAC.

- 10.9 That the recommendations of the Municipal Public Accounts Committee reflected in Section 10 of its 2022/23 Oversight Report, be adopted and that the progress with the implementation thereof, be reported in the Quarterly Reports to MPAC.**
- 10.10 That the Oversight Report be made public in accordance with Section 129(3) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.**
- 10.11 That the Oversight Report for the 2022/23 financial year be submitted to the Provincial Legislature in accordance with Section 132(2) of the Local Government: Municipal Finance Management Act, Act 56 of 2003.**



11. CONCLUSION.

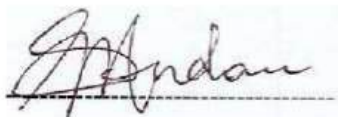
MPAC would like to commend the Mayor Cllr Maluleke S.G, Municipal Manager Mr Shilenge R.R and all Senior Managers for the support provided during the engagement processes. The content of the Annual Report has been interrogated and found to be compliant with all legislative guidelines. MPAC is pleased that all the recommendations made to the Annual Report has been captured.

MPAC would like to appreciate the cooperation and support received from the Mayor, Municipal Manager and all Senior managers during the Public Participation and Public Hearing.

It is therefore recommended that Collins Chabane Local Municipal Council adopt the Annual Report 2022/23 without any reservation and place the report on the municipal website for public consumption.

The MPAC committee wishes to extend its gratitude to the following parties:

- The Management for the support to the committee during its operations, and for the relevant documentation the committee received.
- The Accounting officer (MM) for his interventions to enable the committee to deliver on its mandate.
- The Corporate Services Department for assisting in coordinating all MPAC activities.
- The Speaker (Chairperson of council) for giving MPAC positive support all the times.
- The Mayor, Executive committee and all Councillors for positive support given to MPAC during execution of their mandate.
- The entire residents of Collins Chabane Local Municipality for their maximum participation throughout the process.



Chairperson: Mudau T.S

27 – 03 - 2024

Date



APPENDIX C: AUDIT COMMITTEE REPORT

AUDIT COMMITTEE ANNUAL REPORT 2022/2023

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

1. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by the National Treasury. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

2. Audit Committee members and attendance

The Audit Committee, consisting of independent outside members, meets at least four times per annum as per its approved terms of reference; however, additional special meetings may be called as the need arises.

3. The Effectiveness of Internal Controls

Our review of the internal control environment revealed that there were no material breaches of the system of internal controls during the year under review. However, there are several deficiencies in the system of internal controls, and/or the internal auditors and the Auditor General South Africa (AGSA) reported deviations. Nevertheless, the Audit Committee noted management's commitment and action plans to correct such deficiencies.

4. In-year Management and Monthly or Quarterly Report

The entity does have an effective monthly and quarterly reporting system to the Council as required by the Municipal Finance Management Act (MFMA).

5. Performance and Risk Management

The Audit Committee has reviewed functionality of the performance and risk management system and they have been found to be adequate. However, there is a room for improvement as far as achievement of planned targets is concerned and submission of portfolio of evidence timely.

6. Compliance with laws and regulations

Audit Committee and AGSA revealed a number of non-compliance with the enabling laws and regulations during the year. Thus, there is room for

improvement regarding the establishment of an effective system for monitoring compliance with laws and regulations.

7. Internal Audit

The Audit Committee is satisfied with the effectiveness of Internal Audit and Management and the Council are urged to address the issue of capacitating the Internal Audit Unit.

8. Progress in the implementation of AGSA findings from the prior year

AGSA, Audit Committee, and Internal Audit's recommendations affecting the audit report were partially implemented by Management at the time of this report, which is commendable.

9. Evaluation of the Annual Financial Statements

Following the review by the Audit Committee of the Annual Financial Statements for the year ending 30 June 2023, before and after the audit, the Committee is of the view that it complied with the relevant provisions of the MFMA and GRAP. The Committee fairly presents the financial position at that date and the results of its operations and cash flows for the year that ended.

10. Evaluation of Annual Performance Report

Following the review by the Audit Committee of the Annual Performance Report for the year ended 30 June 2023 before and after the audit, the Committee is of the view that the entity complied with the relevant provisions of the MFMA and Framework for Managing Programme Performance Information (FMPPI). The Committee fairly presents the performance of the entity at that date. Furthermore, the Audit Committee concurs with the reasons for deviations and measures proposed to address the underachieved contained in the report.

11. Final Auditor General South Africa's Report

The Audit Committee concurs and accepts the opinion of the AGSA on the Annual Financial

Statements and conclusion Annual Performance Report that is unqualified with findings. Consequently, the Audit Committee is of the opinion that the audited Annual Financial Statements and Annual Performance Report be accepted and read together with the report of the AGSA.

12. Conclusion

The Audit Committee wishes to acknowledge the commitment from Council, Management and staff of the entity. The stability in terms of the political and administrative leadership of the entity has contributed to these improvements reported above. We would also like to thank and appreciate the Mayor for his support, Councillors, Senior Management for their efforts and Internal Audit for their contribution.



- Ms. F.J Mudau
- Chairperson of the Audit Committee
- Collins Chabane Local Municipality

APPENDIX D: AUDIT ACTION PLAN

NO.	HEADING	DETAILS	IMPACT	COMMENT
COF 1	Repairs and maintenance disclosure	The expenditure of the repairs and maintenance as per the statement of comprehensive income did not agree to the amount on the disclosure note 17	Material	This could have been prevented if the final set of financial statements was completed timeously allowing a thorough review to take place.
COF 2	Payables differences noted (Accounting treatment of auctioned land)	The municipality recognised an amount emanating from land auctioned by the municipality by an appointed auctioneer as both a payable and a receivable	Material	<p>The transaction had not reached an appropriate stage for recognition; it was adjusted accordingly as a disclosure.</p> <p>The first root cause of the finding was that a timely completion of the AFS could have allowed for a thorough review process which could have brought the issue to the surface for discussion</p> <p>The second root causes that resulted in this finding was a disconnect between the planning department, Finance Department including AFS preparers. The land that was auctioned was part of land donated to the Municipality during the financial year.</p> <p>Moreover, the title deeds for the donated land were provided to the finance preparation team late in the</p>

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
				process. Additionally, the title deed for the affected portion of land that was erroneously auctioned was missed and not submitted to finance. This oversight created a loophole that could have affected the completeness of the Fixed Asset Register (FAR)
COF 3	IT- Internal control deficiency	DRP approved near end of financial year	control deficiency	Ensuring all relevant policies are approved prior to the commencement of the financial year.
COF 4	SCM Limitation of scope	Documents not submitted for audit	control deficiency	Documents were later submitted and finding was resolved- In future improved record keeping of documents and timeous completion of reviews will aide the process
COF 5	SCM supplier in the service of the municipality	Traffic intern appointed by the municipality provided services to the municipality	Compliance	All employees must be notified that they cannot do business with municipality or any government entity in the during induction
COF 6	PPE- Differences (Limitation	Differences were identified due to there being a lack of support in terms of payment vouchers received by the auditors to support the amount recognised as WIP	control deficiency	Proper and separate record keeping of all payment vouchers recognized as WIP or assets additions would have prevented the finding

Unity in Service Delivery

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
COF 7	Provision for impairment calculation incorrect	The municipalities calculations of debt which is deemed to be likely to be unrecovered was viewed as being incorrect by the AGSA	Material	Proper application of GRAP standards could Aide in avoiding the finding in future however the main root cause that results in such a high amount being deemed as irrecoverable from debtors is the low collection rate from the municipality
COF 8	PDO: Understatement of reported achievement	The municipality underreported on the achievements that it did	Immaterial	The reported achievement should be in agreement to what the POE supports even if it exceeds the intended target
COF 9	UIFW: Inadequate Disclosure of UIFW	The Municipality under Note 47, 48 and 49 of the AFS as at 30 June 2023 has not disclosed whether the UIFW is recoverable.	Compliance	The municipality must capacitate the MPAC committee and researcher on report writing skills as well as minutes writing in order for the detailed discussions of the MPAC committee that include confirming if the UIFW is recoverable.
COF 10	High Vacancy rates		Compliance/	The municipality must consider keeping an organogram that talks only to funded posts as well as one maintained solely for futuristic planning purposes.
COF 11	P&C: Unjustifiable reasons for deviations	Back logs in adverts hence quote was above R30k. Moratorium from Treasury that expired in May 2022.	Immaterial	The Adverts should have not been bulked up, they should have been done timeously or in piecemeal
COF 12	P&C: Non-disclosure of interest by state employee	The municipality did business with people in the service of the state	Deficiency/ Immaterial	SCM and expenditure practitioners should ensure that the suppliers are not in the service of the state by reviewing the CSD report and

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
				confirming that the supplier is not in the service of the state.
COF 13	UIFW: VAT incorrectly accounted for on irregular expenditure	AFS disclosure issues: The municipality added VAT to the amount disclosed as irregular expenditure	Deficiency/ Immaterial	The municipality should ensure timeous completion of the irregular registers to allow for detailed reviews that may result in the detection of this errors
COF 14	UIFW: Issues noted on unauthorized expenditure	The amounts disclosed had differences against the supporting schedules	Deficiency/ Immaterial	Timeous completion of AFS and supporting schedules will allow for sufficient review.
COF 15	PDO: Overstatement of reported achievement	The municipality indicated that it had achieved a target of refurbishing a borehole however there was insufficient evidence to support the achievement of the target	Material	Physical verifications of the reported targets would assist in confirming the accuracy of the reported target.
COF 16	VAT Reconciliations - invalid reconciling items	The municipality included transactions that were invalid in the VAT reconciliation	Material	This could have been prevented by the monthly performance of vat reconciliations which would ensure that that only valid reconciling items are included in the preparation of the VAT recons
COF 17	Commitments: Differences noted on disclosed commitments	The municipality did not include all relevant contracts that it was committed for as at	Material	Regular maintenance of the contract register will allow for more accurate completion of the commitments registers and thorough review as they would be completed early.

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
		year-end in the registers.		
COF 18	Incorrect classification of protective clothing	The municipality incorrectly captured acquisitions of protective clothing as employee costs.	Immaterial	This could be corrected by thorough review of the supporting documents of acquisitions against the vote they are being captured in.
COF 19	Expenditure: Incorrect classification noted on repairs and maintenance	The municipality expensed an acquisition of a cable that carried power from Information center's generator to DCO. The AGSA was of the view that the cable should have been capitalized to the cost of the generator	Immaterial	The pricing of the Cable was a large contributor in the AGSA deeming the cable to be capitalisable and not expensed as it was worth almost the price of a new generator 326K
COF 20	Incorrect treatment of fuel expenditure	The municipality captured fuel expenditure according to how much money it deposited into the fuel cards instead of recording fuel according to how much fuel was consumed	Material	<p>This could have been improved by ensuring that the expenditure is recognised using the amount per invoice.</p> <p>Additionally significant challenges were identified in retrieving trip authorizations and slips to verify that transactions on the FNB fuel report happened. Significant improvements are required concerning the keeping of trip authorisations and fuel cards as well as reconciliation per trip authorizing to the fuel reports per month.</p>

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
COF 21	Consequence Management- No indication that MPAC considered if the amounts would be recoverable	<p>There is no evidence that MPAC committee confirmed whether the amounts incurred as UIFW would be recoverable.</p> <p>The municipality under Note 47, 48 and 49 of the AFS as at 30 June 2023 has not disclosed whether the UIFW is recoverable.</p>	Compliance	The municipality must capacitate the MPAC committee and researcher on report writing skills as well as minutes writing for the detailed discussions of the MPAC committee, which include confirming if the UIFW is recoverable.
COF 22	Principal agent disclosure	The municipality has transactions that it is engaged in transactions where it is either a principal being acted on behalf of (Auction of Land) or an agent acting on behalf of a principle (collection of fees on behalf of department of Transport (principal)	Material disclosure	Improved understanding of the GRAP reporting standards (GRAP 109)
COF 23	Duplicate properties noted on the valuation roll	The valuation roll uploaded on MunSoft for billing had duplicates on it	Disclosure	This could be improved by performing thorough reviews on the valuation roll prior to uploading to MunSoft.

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
COF 24	Commitments: Differences noted on the disclosed commitments	The municipality did not include all relevant contracts that it was committed for as at year-end in the registers.	Material	Regular maintenance of the contract register will allow for more accurate completion of the commitments registers and thorough review, as they would be completed early.
COF 25	Limitation of Scope: RAL donation letter	The municipality did not ensure that it had all relevant documents to support the recognition of donations revenue from the road deposited by RAL	Material	The finding was resolved through the submission of the unbundling and completion certificate however in future, efforts should be made to retrieve donation letters in the event of donations
COF 26	PPE- Useful lives	The useful lives of assets as per the policies submitted for audit did not agree with the useful lives in the FAR	control deficiency/ potential of becoming material	All policies submitted for audit must be thoroughly reviewed by end users to confirm that the policies reflect the actual reality of what was done. A similar issue was detected in revenue with regards to indigent policies against the actual criteria used for indigents\
COF 27	Cash flow differences	Differences were identified on the cash flow statement compared to actual cash outflows	Material	Timeous completion of AFS and supporting schedules will allow for sufficient review.
COF 28	Bidder did not meet the evaluation criteria	The financial statements attached to a bid document did not meet	Potential for immaterial	Evaluation committee must be capacitated to know how a full set of financials and also

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
		the criteria for being a full set of financial statements as they did not have the statement of changes in equity		other evaluation criteria's ought to be prepared and packaged
COF 29	PDO: Scope limitation of completeness of reported achievement	The municipality reported that it registered a certain number of disasters that occurred however this could not be sufficiently supported by the POE	Control deficiency	Reported targets must be confirmed against the POE attached for support
COF 30	Limitation of scope: Contract management total contract expenditure	Finding resolved	Finding resolved	Finding resolved
COF 31	Limitation of scope - Debt write off	Finding resolved	Finding resolved	Finding resolved
COF 32	PPE: Capitalization date not as per completion certificate date	2 completion certificates with different dates emerged for one project thus causing findings on the different dates that were capitalised on the FAR	Qualitatively potentially material	Proper record keeping of completion certificates and timely submission of the certificates from technical services will allow for proper reviews of the FAR against supporting documents
COF 33	Contracts not monitored monthly	Management did not perform regular monitoring and	Compliance	Management needs to increase departmental cohesion between technical services and finance (Assets section). This will help in

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

NO.	HEADING	DETAILS	IMPACT	COMMENT
		verification of projects, which would have enabled it to determine that certain projects were complete so the appropriate accounting treatment could be effected on completed projects as and when they were completed.		determining challenges facing the project and progress on the project which may have financial accounting reporting implications
COF 34	Incomplete contract register	Certain contracts could not be traced to the contract register	Control deficiency	Regular updating of the contract register is required to ensure that all contracts are included timeously in the register. The root cause is the lack of regular updating of the contract register.
COF 35	Incomplete capital commitments register	The municipality did not include all relevant contracts that it was committed for as at year-end in the registers.	Material	Regular maintenance of the contract register will allow for more accurate completion of the commitments registers and thorough review as they would be completed early.
COF 36	Differences in depreciation	Differences noted on depreciation as per the face of the income statement against the note on depreciation	Immaterial	Timeous completion of FAR and AFS would result in sufficient reviews that would lead to the detection of these errors.

COF 37	Fruitless and wasteful expenditure incurred incomplete	The AGSA found that the depreciation to date of the Tuk Tuks acquired by the municipality to be fruitless and wasteful as the Tuk Tuks are yet to be used since their acquisition	Immaterial/Potential to be qualitatively material	Management must ensure that the Tuk Tuks is brought into use
COF 39	Bid awarded to a bidder with a lower than required CIDB grading	The municipality awarded a supplier who was a grade lower in terms of CIDB grading.	Material	SCM and Technical services need to ensure that proper specifications are done to inform the budgeted amounts for the project are a true reflection so that they can be able to determine the appropriate CIDB grading required for the project.
COF 40	Differences noted in prior period error note	The AGSA noted some casting errors on the prior period error note	Immaterial	Timeous completion of the AFS and supporting schedules would result in there being sufficient time to review the AFS submitted for audit.
COF 41	VAT disclosure	The disclosure on VAT did not indicate the reconciliation of transactions still held as reconciling items	Material	Management should keep up to date with all updates on ASB and relevant reporting standards.

Unity in Service Delivery

**“A Spatial Integrated & Sustainable
Local Economy by 2030”**

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MONDAY - FRIDAY 07H45 - 16H30



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