

**COLLINS CHABANE  
LOCAL MUNICIPALITY**  
Since 2016



**COLLINS CHABANE LOCAL MUNICIPALITY 2022/23 ANNUAL  
REPORT**

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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 Government: Municipal Systems Act, 2000 (Act 32 of 2000) |
| MTEF  | Medium Term Expenditure Framework                              |
| NGO   | Non-Government Organisations                                   |
| NPO   | Non-Profit Organisations                                       |
| PAFPA | Plator and 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                           |

## 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 a number of 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 principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The 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

### 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 ended 30 June 2023. This report is a 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 service delivery infrastructure backlogs 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 this 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.

As the new Council will identify areas that needed attention and causing bottlenecks and hindering 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.

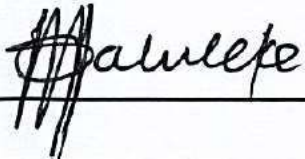
During the year under review Municipality was able to **spend 100% of municipal infrastructure grant of R 93 889 000**, as a result of good performance on infrastructure spending. It is worth to report that by end June 2023 the Municipality was able to spend 100% of its **additional MIG grant** amounted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

The highlights and achievements of Collins Chabane Local Municipality during 2022/2023 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 Ngezimani developed
19. Detailed designs for construction of 2.5km Ring Road at Masia Headkraal developed

His Worship, the Mayor: Councilor S.G Maluleke



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

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1 MUNICIPAL MANAGER'S OVERVIEW



#### **Mr R.R Shilenge Municipal Manager**

The Collins Chabane Local Municipality is established and operates in terms of 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 was undertaken during Municipal Strategic Planning which emphasis 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 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 during. All the risks were included in a Risk-Based Action Plan, for monitoring and management purposes.

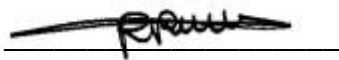
During 2022/2023 financial year, the Municipality was able to spend 100% of municipal infrastructure grant, as a result of good performance on infrastructure spending. Our Municipality continues to ensure that the community facilities are being maintained as a result of this existing capacity.

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) in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the Council of the Municipality provides regular and predictable reporting on program 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 have set as turnaround time for providing each municipal service. Each municipal building has a notice board which detail what citizens are entitled to know what they should expect from the Municipality, how services will be delivered, what they cost and 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 a B Municipality and falls within the Vhembe District Municipality (DC29). This act made provision of the division of powers and functions between the district and local municipalities with the most day-to-day service delivery functions being 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
- Cleansing
- 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. The Municipality is flanked by two dominant roads, 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 5 467.216km<sup>2</sup> (22° 35' S 30° 40' E) in extent with a population of approximate of 347 974 inhabitants. Apart from the two main towns namely, Malamulele and Vuwani Town; and 173 Villages, the municipal area also includes 3 informal settlements.

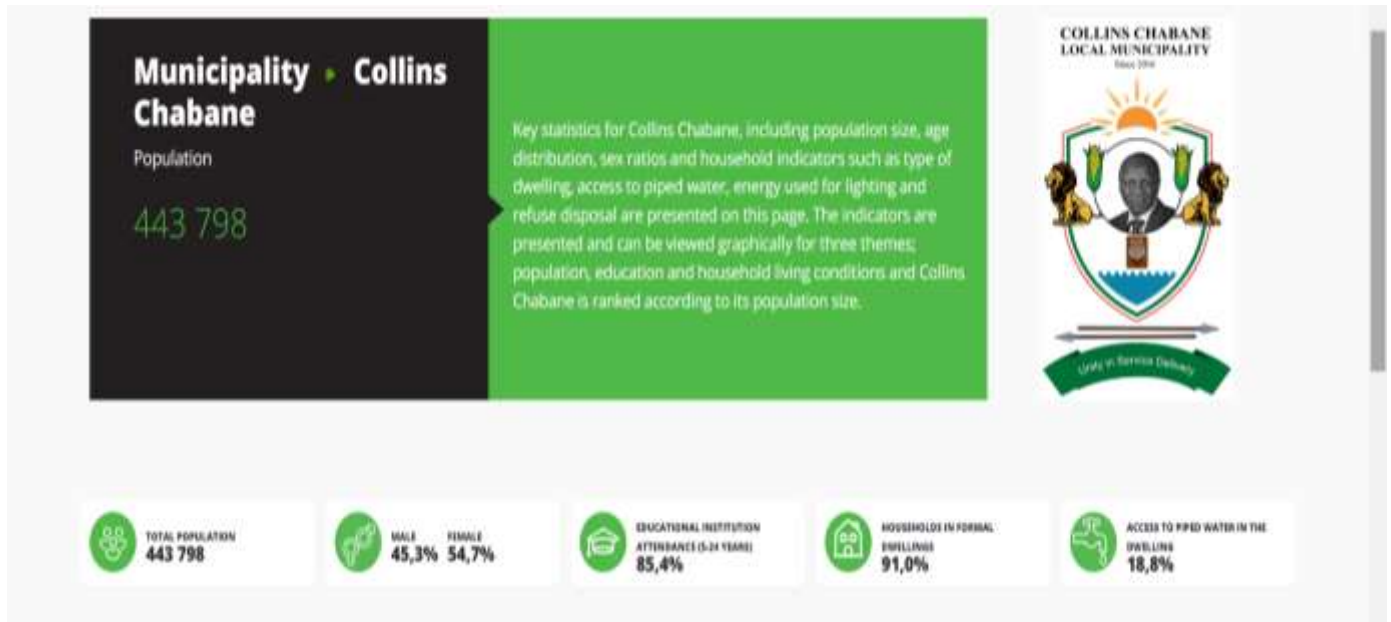
### 1.3.3 TRADITIONAL AUTHORITY

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.

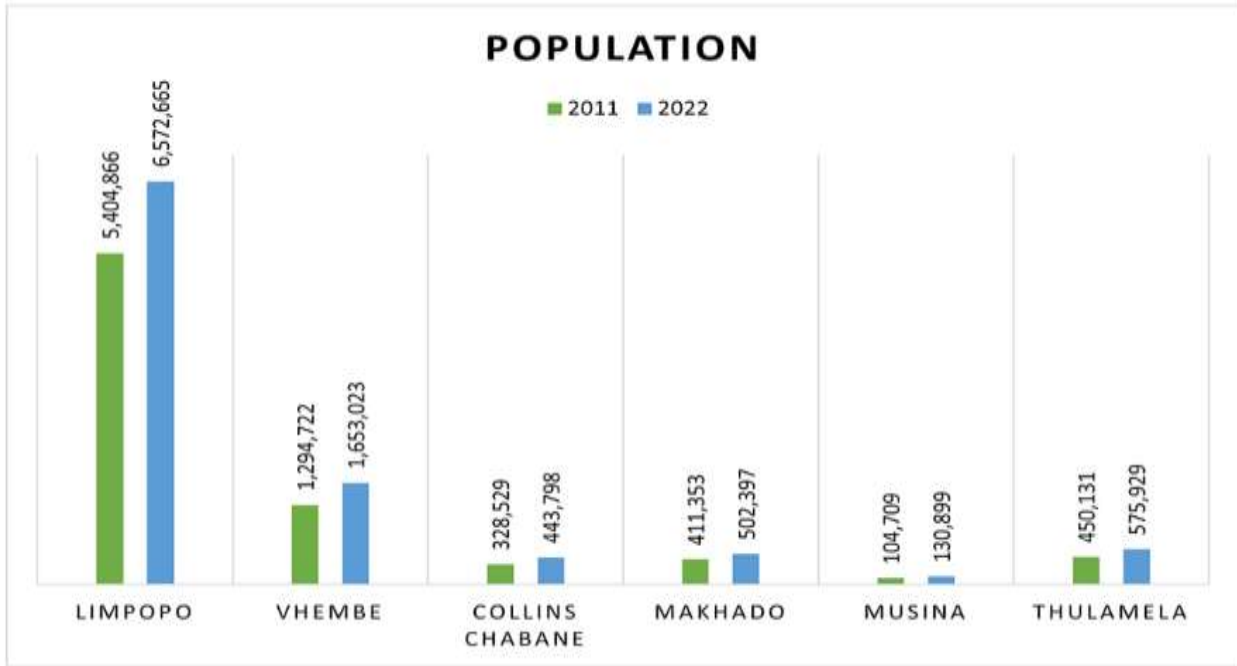


1.3.4

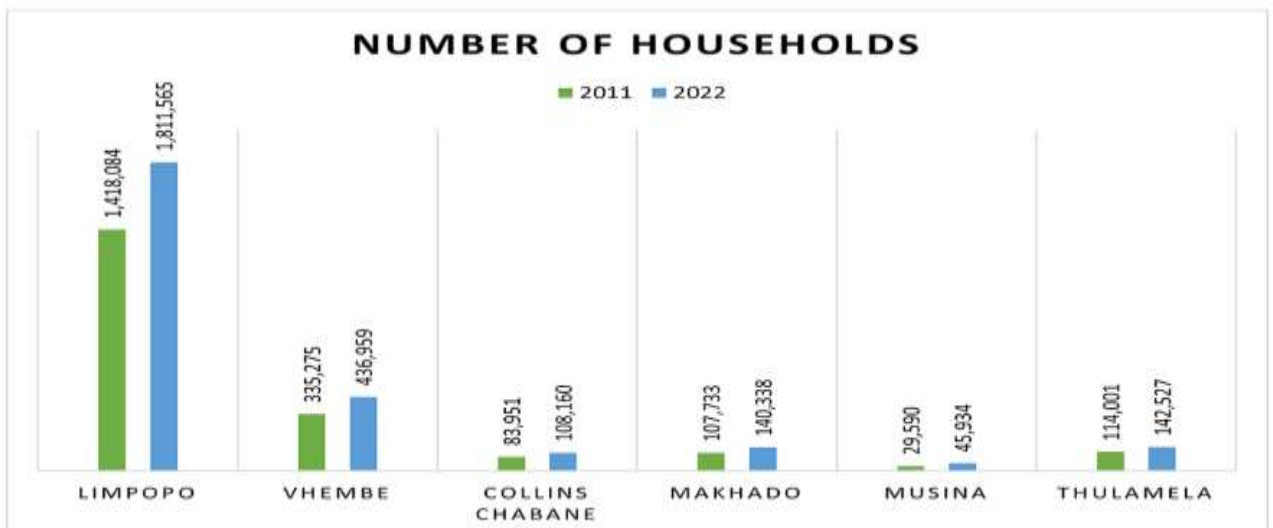
### DEMOGRAPHICS



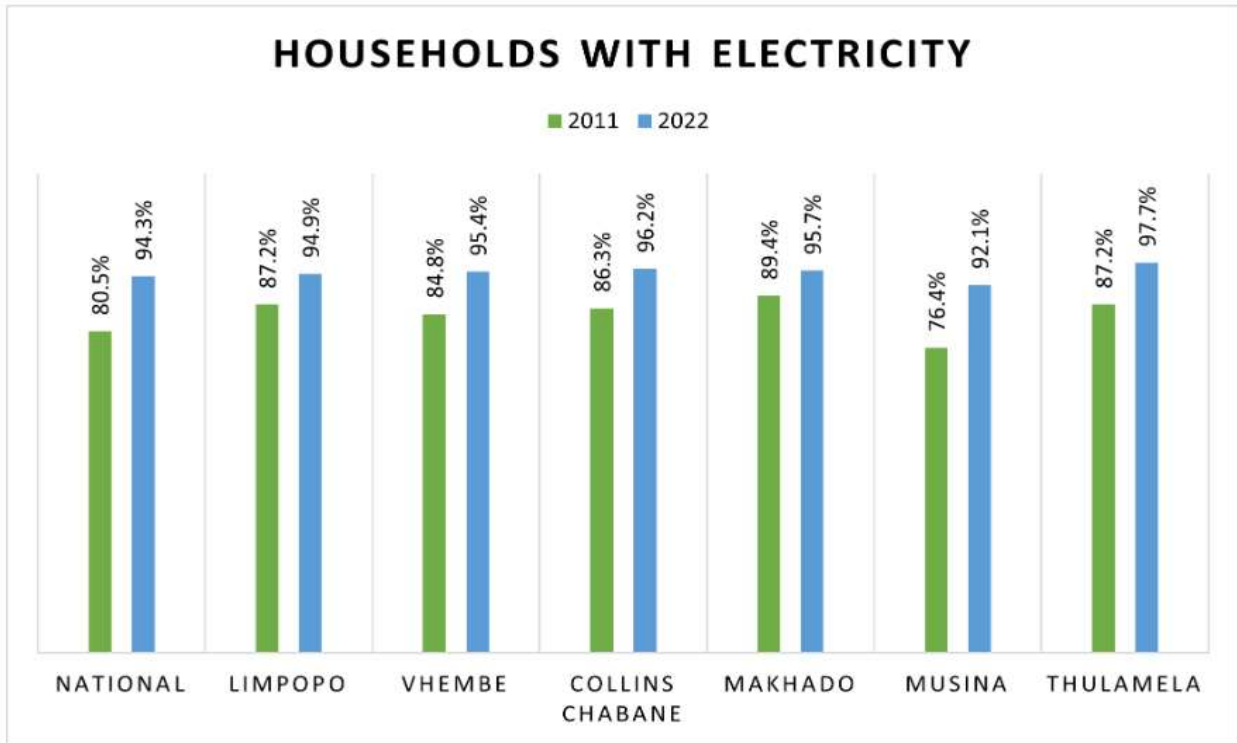
1.3.4.1 POPULATION



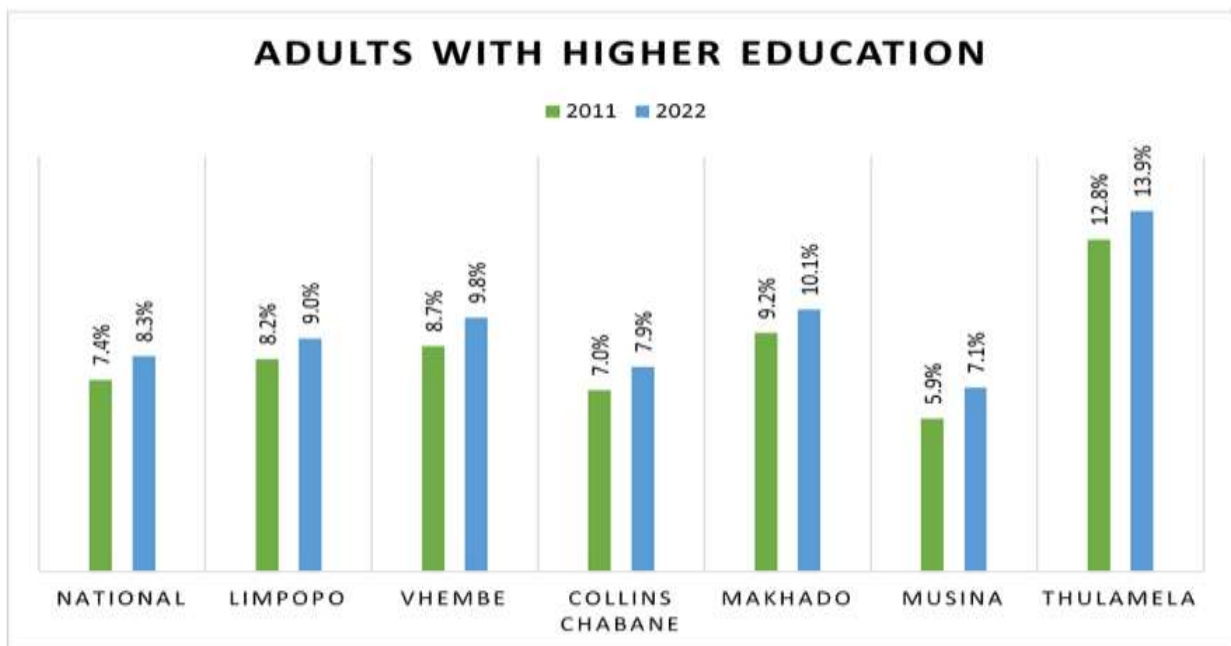
1.3.4.2 NUMBER OF HOUSEHOLDS



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 that are provided by the Municipality include electrification of villages, coordination of housing programmes, roads and storm water services, waste management and town planning services.

Collins Chabane Local Municipality has managed to eradicate 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) that has been adopted in 2021. The WSDP is **linked** and aligned to the Collins Chabane Local municipality 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 which to strategically manage the maintenance and to optimize 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<br>2022/23 | Actual<br>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 has been featured in the organizational structure)
- All Senior Managers 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.

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| 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<br><br>Performance data  | September -<br>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

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality operates within the plenary system and has 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 own 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 therefore 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 own 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 of which 36 are Ward Councillors and 35 are PR Councillors. Administration is headed by the Municipal Manager who 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 which provides opinions and recommendations on financial processes and performance and afford comments to the Oversight Committee on the Annual Report.

The Municipality has established Municipal Public Accounts Committee (MPAC) which 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<br>Mayor    |
|   | Cllr Mbedzi T.S<br>Speaker    |
|  | Cllr Baloyi M.E<br>Chief whip |

## POLITICAL DECISION-TAKING

In the municipality, there is Political Management Team (PMT), which consists of the Mayor, Speaker and Chief Whip, which sits on a weekly basis 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 of which 178 resolutions were 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 AT 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

| <b>TOP ADMINISTRATIVE STRUCTURE</b>   |   |
|---|---|
|  | <p><b>Shilenge R.R</b><br/><b>Municipal Manager</b></p> |
|  | <p><b>Maluleke N.V</b><br/><b>CFO</b></p>               |



**Radali A.C**  
**Snr Manager:**  
**Planning & Development**



**Maputla T.M.D**  
**Snr Manager:**  
**Corporate services**



**Baloyi P.M**  
**Snr Manager:**  
**Technical Services**



**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 Councilors                                  |
| 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 organize its administration to facilitate and a culture of accountability amongst its staff.

A second constitutional objective is the encouragement of local communities and community organisations in the matters of local government. This is reiterated by the 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 COMMUNICATON, PARTICIPATON 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 4 successful Mayoral IDP Imbizo in which local community were consulted on its development needs and priorities. The Mayor outlined very eloquently projects the municipality has been 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,<br>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 nevertheless elected for a period of 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 wards 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 has 360 Ward Committees Members within 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, output indicators?          | Yes    |
| Does the IDP have priorities, objectives, KPIs, development strategies?        | Yes    |
| Does the IDP have multi-year targets?  | Yes    |
| Are the above aligned and can they calculate into a score?                     | Yes    |
| Does the budget align directly to the KPIs in the strategic plan?              | Yes    |
| Do the IDP KPIs align to the section 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 system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level. The 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 provide 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 behavior 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 created the Manager: Risk and Compliance position currently the position is vacant however the Manager: Internal Audit is assisting. The Manager: Risks and Compliance has been advertised to be filled at 01 July 2022. There is a Risk Management Committee with The Independent Chairperson however his contract has expired and to be advertised soon.

## 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 The Municipal Manager. The Annual Implementation Plan is also reviewed and approved by the Committee annually. The Committees are combined, and committee meets quarterly.

## 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. 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).

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 every quarter 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, provided guidance on 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.

## 2.9 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 get 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 reminder 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 with the aim of assisting 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 so as 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 is a 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 which apply in 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 National and Provincial Government 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 bylaws. These bylaws are under the custody of various municipal departments and the department ensure the bylaws are adhered to. Businesses and developments within the municipal area are expected to operate within the municipal bylaws. 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.Collins Chabane Local .gov.za](http://www.CollinsChabaneLocal.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       |                                   |



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|  |     |                       |
|--|-----|-----------------------|
| 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)

### COMPONENT A - BASIC SERVICES

#### INTRODUCTION TO BASIC SERVICES

The Municipality together with other spheres of government provide these basic services

#### 3.1. ELECTRICITY

Due to the rapid population growth and demarcation 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 DISTRIBUTION LICENSE

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

CCLM is receiving Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification. There were two electrification projects 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 addition 448 household's were serviced with new electricity connections by Eskom towards contributions of national goal for 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 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, Saselemani, 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 Unity 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 mutli-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 assist 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 multi-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, SMME's, 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 equipment's purchased to support 10 Cooperatives and Construction of 5 Market Stalls at Xithlelani which is mutli-year projects for 2022/23 and 2023/2024 financial year.

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

### **3.7. LIBRARIES; COMMUNITY FACILITIES**

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

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

#### **HALLS/ COMMUNITY FACILITIES**

Horticulture extend 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 Disaster Advisory Forum.

#### **RISK REDUCTION**

Program 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, organization controlled on governmental levels, for the benefits of both the environment and humans. It's aimed to conserve the natural resources, preserving the current state of natural environment and where possible reversing its degradation.

Is the process reducing or eliminating the release of pollutants, contaminants, usually human-man made 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 domain in the municipal area is through 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 Bus 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 duty on major routes
- Speed measuring on the continuous bases
- Continuous checking for drivers' Licence and road worthy conditions of vehicles
- Ensuring safe crossing of busy roads and intersections

We are continuously replenishing patrol vehicles.

### 3.10. LICENSING

Municipality is an agent of Department Transport for the issuing of vehicle licenses which also includes testing of vehicles as part of 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 continue 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 2022/23 financial year Upgrading of Malamulele Stadium and Upgrading of Bungeni Stadium and Construction of Davhana Stadium which overlapped to 2023/2024 financial

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

## 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 park at Malamulele and the project is completed and General maintenance is also 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 have managed to minimize most of the End-User support problems, which 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 a process to upgrade the network to cater for more users to connect simultaneously.

### **3.15. LEGAL**

Collins Chabane Legal provides legal service 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 advise 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; and
- 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.

**COMPONENT K: ORGANISATIONAL PERFORMANCE**



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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                     |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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 (KPAs):

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

### Vison:

"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



## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### 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                     |
| <b>Total</b>  | <b>99</b>  | <b>93</b>      | <b>6</b>           | <b>94%</b>          | <b>6%</b>             |

## 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: Draft Organogram and Council Resolution<br>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 Council                      | 8 organizational 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 | AJUSTED 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.                    |
|---|--|--|---|--|----------------|-----------------------|------------|------------|-----------------------|--|---|--|---|--------------------------|
| <b>DEVELOPMENT OBJECTIVE: INTEGRATED SPATIAL AND HUMAN SETTLEMENT</b> |  |  |   |  |                |                       |            |            |                       |  |   |  |   |                          |
| 11  | To Demarcate and Survey 1200 Sites By 30 June 2023 (300 Botsoleni, 500 Mafiyani and 400 Madobi)  | New indicator  | 1200 Sites Demarcated and Surveyed By 30 June 2023 (300 Botsoleni, 500 Mafiyani and 400 Madobi) | 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 Mafiyani and 406 Madobi))  | None  | None   | Q1: Inception Report & Topographical Survey<br>Q2: Draft Layout Plan<br>Q3: Specialists Reports: EIA; Geotech, Engineering Report.<br>Q4: Draft 50 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 Mavandla 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<br>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<br>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 Mtiti area by 30 June 2023 | New Indicator  | Community resolution obtained for the establishment of a township at Mtiti area by 30 June 2023 | Township Establishment at Mtiti            | Own Funding    |                       | 01/07/2022 | 30/06/2023 | Target Achieved       | Community resolution obtained for the establishment of a township at Mtiti area  | None  | None   | Q3: Appointment letter and MOU, Draft Layout and Inception Report<br>Q4: Community Resolution   | Planning and Development |

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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.                    |
|-----|---|--|--|----------------------------------|----------------|-----------------------|------------|------------|-----------------------|--|------------|--------------|---|--------------------------|
| 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<br>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    | 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<br>Q2: Appointment Letter<br>Q3: Report<br>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<br>Q2: Draft Land Use Scheme and Attendance Register for management meeting<br>Q3: Council Resolution<br>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<br>Q2: Draft General Valuation Roll<br>Q3: Public Notice and Report<br>Q4: Final General Valuation Roll and Council Resolution                       | Planning and Development |

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### 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.              |
|---|---|---------------|---|---|----------------|-----------------------|------------|------------|-----------------------|--|------------|--------------|--|--------------------|
| <b>DEVELOPMENT OBJECTIVE: IMPROVED ACCESS TO SUSTAINABLE BASIC SERVICES</b> |   |               |   |   |                |                       |            |            |                       |  |            |              |  |                    |
| 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<br>Q:2 progress report<br>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<br>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<br>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 | AJUSTED 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 Sasebamani Cluster by 30 June 2023 (30,32,34 And 36)   | New indicator  | 60 street lights constructed and connected at 4 wards at Sasebamani Cluster by 30 June 2023 (30,32,34 And 36)   | Supply and Installation of 60 Smart Solar Led Street Lights at Sasebamani 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 Sasebamani Cluster (30,32,34 And 36)   | None       | None         | Q:1 advert and contractor appointment letter<br>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<br>Q:2 progress report<br>Q:3 Report<br>Q:4 Completion certificate | Technical Services |
| 25  | To plant electrical poles for construction and connection of 236 households with electricity at Mahonisi (100) Nhombeani (26) Mphakhathi (110) by 30 June 2023 | New indicator  | Electrical poles for construction and connection of 236 households with electricity planted at Mahonisi (100) Nhombeani (26) Mphakhathi (110) by 30 June 2023 | Electrification of 236 Mahonisi (100) Nhombeani (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) Nhombeani (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<br>Q:2 site handover minutes<br>Q:3 Progress report<br>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<br>Q:2 site handover minutes<br>Q:3   | Technical Services |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE   | BASELINE  | ANNUAL TARGETS   | PROJECT NAME  | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE  | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE  | DEPT.              |
|-----|---|---|--|---|----------------|----------------------|------------|------------|-----------------------|--|------------|--------------|--|--------------------|
|     |   |   | 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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| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE  | BASELINE  | ANNUAL TARGETS  | PROJECT NAME  | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE   | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE   | DEPT.              |
|-----|--|---|---|---|----------------|----------------------|------------|------------|-----------------------|---|------------|--------------|---|--------------------|
| 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<br>Q:3 progress report<br>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<br>Q:3 Preliminary Design<br>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<br>Q:3 Detailed Design                           | Technical Services |
| 37  | To develop detailed designs for construction of 2.5km Ring Road at Misevhe A,B,C and D by 30 June 2023 | New indicator   | Detailed designs for construction of 2.5km Ring Road at Misevhe A,B,C and D developed by 30 June 2023 | Construction of 2.5km Ring Road at Misevhe 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 Misevhe A,B,C and D developed | None       | None         | Q:2 Engineer appointment letter and Scoping report<br>Q:3 Preliminary Design<br>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 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<br>Q:3 Preliminary Design<br>Q:4 Detailed Design | Technical Services |

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| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE   | BASELINE   | ANNUAL TARGETS  | PROJECT NAME                                      | FUNDING SOURCE     | AJUSTED BUDGET 22/23         | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE  | CHALLENGES   | INTERVENTION   | PORTFOLIO OF EVIDENCE   | DEPT.              |
|-----|---|--|---|---|--------------------|------------------------------|------------|------------|-----------------------|--|--|--|---|--------------------|
| 39  | To develop Detailed Designs for Construction of Tiyani Mall Intersection by 30 June 2023            | New indicator  | Detailed Designs for Construction of Tiyani Mall Intersection developed by 30 June 2023           | Constructio n of Tiyani Mall Intersection         | Own Funding        | R 500 000.00                 | 01/07/2022 | 30/06/2023 | Target Achieved       | Detailed Designs for Construction of Tiyani Mall 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    | Constructio n 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       | Constructio n of 2.5 at Botsoleni Ring Road       | 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 2.5km Ring Road at Ngezimani developed by 30 June 2023       | Constructio n 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 | Constructio n 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   | Constructio n of 7.26 km Ring Road at Xihosana    | MIG<br>Own funding | R 19 789 426<br>R 500,000.00 | 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 |

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE                                  | BASELINE  | ANNUAL TARGETS  | PROJECT NAME   | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE   | CHALLENGES  | INTERVENTION   | PORTFOLIO OF EVIDENCE   | DEPT.              |
|-----|--|---|---|--|----------------|----------------------|------------|------------|-----------------------|---|---|--|---|--------------------|
| 45  | To construct 1.8 km selected layer of 8.7 km Ring Road at Josefa by 30 June 2023 | Detailed designs for construction 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            | R 28 288 059         | 01/07/2022 | 30/06/2023 | Target Achieved       | 1.8 km selected layer of 8.7 km Ring Road Constructed at Josefa               | None<br>None  | None<br>None   | Q:1 Advert and contractor appointment letter<br>Q:2 Site handover minutes and progress report<br>Q:3 Progress report<br>Q:4 Progress report | Technical Services |
|     |  |   |   |  | Own funding    | R 5,000,000.00       |            |            |                       |   |   |  |   |                    |
| 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            | R 19 000 700.00      | 01/07/2022 | 30/06/2023 | Target Achieved       | 4.5 km Ring Road Constructed at Mphambo                                       | None<br>None  | None<br>None   | Q:1 Progress report<br>Q:3 Progress report.<br>Q:3 completion certificate   | Technical Services |
|     |  |   |   |  | Own funding    | 9,500,000.00         |            |            |                       |   |   |  |   |                    |
| 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            | R 31 211 936.9       | 01/07/2022 | 30/06/2023 | Target Achieved       | 6.5km pavement of 6.5 km Ring Road Constructed at Mdavula                     | None<br>None  | None<br>None   | Q:1-Q:4 Progress report   | Technical Services |
|     |  |   |   |  | Own funding    | R 6,613,751.76       |            |            |                       |   |   |  |   |                    |
| 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 9,398,919.17       | 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            | R 16 500 000         | 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<br>Q:3 Advert and Contractor appointment letter<br>Q:4 Progress report                         | Technical Services |
|     |  |   |   |  | Own Funding    | R 500,000.00         |            |            |                       |   |   |  |   |                    |
| 50  | To construct gate house ,ablation block and pipeline system at                   | Davhana Stadium phase 2 constructed   | Gate house ,ablation block and pipeline system constructed                      | Construction of Davhana Stadium                        | MIG            | R 9 638 300.00       | 01/07/2022 | 30/06/2023 | Target Achieved       | Gate house ,ablation block and pipeline system constructed at Davhana stadium | None  | None   | Q:1 Advert and Contractor appointment letter<br>Q:2 Progress report   | Technical Services |
|     |  |   |   |  | Own Funding    | R 500,000.00         |            |            |                       |   |   |  |   |                    |



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| NO.  | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE  | BASELINE   | ANNUAL TARGETS  | PROJECT NAME  | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE   | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE  | DEPT.              |
|--|--|--|---|---|----------------|----------------------|------------|------------|-----------------------|---|------------|--------------|--|--------------------|
|  | Davhana Stadium by 30 June 2023  |  | at Davhana stadium by 30 June 2023  |   |                |                      |            |            |                       |   |            |              | Q:3 Progress report<br>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<br>Q3 Preliminary Design<br>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<br>Q3 Preliminary Design<br>Q:4 Detailed Design | Technical Services |
| 53   | To construct concrete slab on 2 <sup>nd</sup> 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 <sup>nd</sup> 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 <sup>nd</sup> 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<br>Q:4 progress report.  | Technical Services |
| <b>DEVELOPMENT OBJECTIVE: PROMOTE COMMUNITY WELL-BEING AND ENVIRONMENTAL WELFARE</b> |  |  |   |   |                |                      |            |            |                       |   |            |              |  |                    |
| 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 Register and 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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| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE  | BASELINE   | ANNUAL TARGETS  | PROJECT NAME                        | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE  | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE                                | DEPT.              |
|-----|--|--|---|-------------------------------------|----------------|----------------------|------------|------------|-----------------------|--|------------|--------------|--|--------------------|
| 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 to) | 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 to) | None       | None         | Q1-Q4 Register and report                            | Community Services |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO. | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE   | BASELINE  | ANNUAL TARGETS  | PROJECT NAME           | FUNDING SOURCE | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE   | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE                             | DEPT.              |
|-----|---|---|---|------------------------|----------------|----------------------|------------|------------|-----------------------|---|------------|--------------|---|--------------------|
| 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 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 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 Malamulele and Vuwani once per week by 30 June 2023   | New indicator   | Waste collection services provided at Malamulele 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 Malamulele 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 | AJUSTED BUDGET 22/23 | START DATE | END DATE   | STATUS OF ACHIEVEMENT | ACTUAL ANNUAL PERFORMANCE   | CHALLENGES | INTERVENTION | PORTFOLIO OF EVIDENCE   | DEPT.                    |
|--|---|---|---|------------------------------------|----------------|----------------------|------------|------------|-----------------------|---|------------|--------------|---|--------------------------|
| <b>DEVELOPMENT OBJECTIVE: INTEGRATED LOCAL ECONOMY</b> |   |   |   |                                    |                |                      |            |            |                       |   |            |              |   |                          |
| 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<br>Q-2 Needs assessment<br>Q-3 Specifications and appointment letter<br>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 Malamulele 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 Q:3 project initiation document and draft report Q:4 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 |



## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### 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 EVIDENCE           | OF        | DEPT.               |
|--|--|---|--|--------------------------------|----------------|-----------------------|------------|------------|-----------------------|--|---|---|------------------------------|-----------|---------------------|
| <b>DEVELOPMENT OBJECTIVE: SOUND FINANCIAL MANAGEMENT AND VIABILITY</b> |  |   |  |                                |                |                       |            |            |                       |  |   |   |                              |           |                     |
| 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 Not Achieved   | 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<br><br>*Non-payment by government departments | 1. Negotiate water and electricity distribution to supplement revenue base.<br><br>2. Debt Relief Program has been implemented on all Accounts Types 2022/23FY<br><br>3. Revenue Enhancement Strategy is completed and should be implemented in the 2023/24FY*<br><br>4. New tariff structure include the pensioner's rebates 30%.<br><br>5. Implementation of the debt arrangement for the 2023/24FY | Q1-Q4 Report                 | Financial | 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<br>Construction of | The new tender was advertised and the contractor  | Q1-Q4 Report                 | Financial | Budget and Treasury |



## 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.               |
|-----|--|--|--|-----------------------------|----------------|-----------------------|------------|------------|-----------------------|--|---|-------------------------------|---|---------------------|
|     |  | (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 Xihosana 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           | AFS                         | 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: AFS 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 |

## 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.               |
|-----|--|---|--|---|----------------|-----------------------|------------|------------|-----------------------|--|------------|--------------|---|---------------------|
| 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         | Q:3 Section 72 report and Acknowledgement of Receipts           | Budget and Treasury |
| 83  | To Purchase Asset Equipment by 30 June 2023<br>• Bush clearing (CONSREV) Equipments<br>• Solar Digital battery system tester(technical)<br>• Solar installation tester(technical)<br>• Mobile welding Machines(technical)<br>• Mobile Generator (technical)<br>• Compactor Truck (Comes)<br>• Skip loader Truck (comes)<br>• 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<br>• Bush clearing (CONSREV) Equipments<br>• Solar Digital battery system tester(technical)<br>• Solar installation tester(technical)<br>• Mobile welding Machines(technical)<br>• Mobile Generator (technical)<br>• Compactor Truck (Comes)<br>• Skip loader Truck (comes)<br>• 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) Equipments<br>• Solar Digital battery system tester(technical)<br>• Solar installation tester(technical)<br>• Mobile welding Machines(technical)<br>• Mobile Generator (technical)<br>• Compactor Truck (Comes)<br>• Skip loader Truck (comes)<br>• 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 |

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.               |
|-----|---|---|--|---------------------------------|----------------|-----------------------|------------|------------|-----------------------|----------------------------|------------|--------------|--|---------------------|
|     |   | 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<br>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 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<br>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<br>Q2- Advert and Appointment letter<br>Q3-minutes of the meeting<br>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  |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO.   | KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE  | BASELINE   | ANNUAL TARGETS   | PROJECT NAME                            | FUNDING SOURCE | AJUSTED 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<br>Q2- Advert and Appointment letter<br>Q3-minutes of the meeting<br>Q4- council resolution | Municipal Manager  |
| <b>DEVELOPMENT OBJECTIVE: EFFECTIVE COMMUNITY PARTICIPATION</b> |  |  |  |   |                |                      |            |            |                       |  |            |              |   |                    |
| 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<br>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  |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### 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                     |
| <b>Total</b>  | <b>97</b>  | <b>83</b>      | <b>14</b>          | <b>85%</b>          | <b>15%</b>            | <b>99</b>  | <b>93</b>      | <b>6</b>           | <b>94%</b>          | <b>6%</b>             |

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.



## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### 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   |  |   | POOR, AVERAGE, SATISFACTORY & EXCELLENT |
| 01  | Supply and Installation of 50 Smart Solar Led 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   | SATISFACTORY                            |
| 02  | Supply and Installation of 50 Smart Solar Led 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 Led 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 Led Street Lights at Saselamani Cluster Ward (30,32,34 And 36)            | Gimani 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 Makiligwe  | Swinaveto Trading Enterprise | Technical Services | INEP              | R5 000 000,00   | 01/07/2022              | 30/06/2023 | 250 households constructed and connected with electricity at Makiligwe | ESKOM delay in energizing<br>The Municipality is engaging Eskom | EXCELLENT                               |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| 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) Mphakhathi (110) | Keilboni 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) Mphakhathi (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<br>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<br><br>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                               |



## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| 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<br><br>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                     | Nihuna 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          | Makqetsi 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                                | Phefakgo construction                   | Technical Services | MIG               | R 9,398,919.17  | 01/07/2022              | 30/06/2023 | Malamulele Stadium upgraded  | N/A  | SATISFACTORY                            |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| 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 | Irethole 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                         | Bics 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 | Mefumelelo MM industries JV           | Technical Services | Own Funding       | R 35,170,862.97 | 01/07/2022              | 30/06/2023 | Concrete slab on 2 <sup>nd</sup> 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 Xithielani           | Swadzwaba (PTY) LTD                   | Technical Services | Own Funding       | R 4 000 000     | 01/07/2022              | 30/06/2023 | Foundation for 5 Market stalls at Xithielani 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

## CHAPTER 4: ORGANIZATIONAL DEVELOPMENT PERFORMANCE

### INTRODUCTION

Municipal Organogram and Policies are reviewed annually with the view 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            |
| <b>Totals</b>                    | <b>223</b>    | <b>464</b>         | <b>283</b>    | <b>181</b>    |

#### 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 Managers 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.

| <b>HR Policies and Plans 2022/23</b> |   |                    |                   |   |
|--------------------------------------|---|--------------------|-------------------|---|
| <b>Item No.</b>                      | <b>Name of Policy</b>                         | <b>Completed %</b> | <b>Reviewed %</b> | <b>Date adopted by council or comment on failure to adopt</b> |
|                                      | 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  |

| <b>HR Policies and Plans 2022/23</b> |   |                    |                   |   |
|--------------------------------------|---|--------------------|-------------------|---|
| <b>Item No.</b>                      | <b>Name of Policy</b>   | <b>Completed %</b> | <b>Reviewed %</b> | <b>Date adopted by council or comment on failure to adopt</b> |
|                                      | ICT Incident and Problem Management Policy  | 100%               | 100%              | 31/05/2022  |
|                                      | ICT Orgplus Installation Procedure  | 100%               | 100%              | 31/05/2022  |
|                                      | 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  |

| <b>HR Policies and Plans 2022/23</b> |   |                    |                   |   |
|--------------------------------------|---|--------------------|-------------------|---|
| <b>Item No.</b>                      | <b>Name of Policy</b>   | <b>Completed %</b> | <b>Reviewed %</b> | <b>Date adopted by council or comment on failure to adopt</b> |
|                                      | 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  |
|                                      | 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                                 |
| <b>Total</b>                          | <b>13</b>          | <b>03</b>                    | <b>4,69%</b>                          | <b>0</b>                          |

| 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.

| <b>TRAINING</b>                                     | <b>TOTAL NUMBER OF COUNCILLORS</b> | <b>TOTAL NUMBER OF SENIOR MANAGERS</b> | <b>TOTAL NUMBER OF OFFICIALS BELOW SENIOR MANAGERS</b> | <b>GRAND TOTAL</b> |
|---|------------------------------------|--|--|--------------------|
| MUNICIPAL FINANCE MANAGEMENT PROGRAMM               | 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                  |



COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| TRAINING                             | TOTAL NUMBER OF COUNCILLORS         | TOTAL NUMBER OF SENIOR MANAGERS | TOTAL NUMBER OF OFFICIALS BELOW SENIOR MANAGERS | GRAND TOTAL |
|--------------------------------------|-------------------------------------|---------------------------------|---|-------------|
| 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           |
| 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**

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 INDICATE THE EXPENDITURE BY TYPE

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

| <b>Financial Overview: 2022/23 Summary: Statement of financial Performance</b> | <b>Budget 2022/23</b> | <b>Actual 2022/23</b> | <b>Variance</b>     |
|--|-----------------------|-----------------------|---------------------|
| 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       |
| <b>Equals: Surplus/ deficit</b>  | <b>R 291,185,085</b>  | <b>R 191,606,687</b>  | <b>R 99,578,398</b> |

The municipality has calculated the surplus/deficit based 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<br>2022/23 | YTD Actual<br>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 ACTUAL 2022/23 |
|---------------------------------|----------------|--------------------|
|                                 | 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             |
| <b>Total Revenue</b>            | <b>773 227</b> | <b>739 740</b>     |

## 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 of 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 make use of a number of operating ratios and indicators to enable to benchmark financial performance.*

|  |  |
|--|--|
| <b>ASSET 1</b>                               |  |
| <b>Name</b>                                  | Property plant and equipment   |
| <b>Description</b>                           | Electricity Network  |
| <b>Key staff involved</b>                    | T. Makhuele  |
| <b>Staff Responsibilities</b>                | Ensure that the Electricity network is in good working order in order to ensure that all communities have access to electricity. |
| <b>Asset Value</b>                           | R 8,024,649  |
| <b>Capital Implications/<br/>Financing</b>   | Department of Energy for new projects and internal finance for maintenance and other non-funded electrical projects.             |
| <b>Policies in place to<br/>manage asset</b> | Yes  |
| <b>ASSET 2</b>                               |  |
| <b>Name</b>                                  | Property plant and equipment   |
| <b>Description</b>                           | Land and Buildings   |
| <b>Key staff involved</b>                    | D Khanyi & T.R Shimange  |
| <b>Staff Responsibilities</b>                | To ensure that out keeping and maintenance of the buildings at all times.  |
| <b>Asset Value</b>                           | R 108,530,749  |
| <b>Capital Implications/<br/>Financing</b>   | Repairs and maintenance are funded internally.   |
| <b>Policies in place to<br/>manage asset</b> | Yes  |
| <b>ASSET 3</b>                               |  |
| <b>Name</b>                                  | Roads  |
| <b>Description</b>                           | Roads  |
| <b>Key staff involved</b>                    | Hlungwane A.K & T. Mabasa  |

|  |  |
|--|--|
| <b>Staff Responsibilities</b>              | To ensure that all roads are maintained and utilised at their optimal levels.    |
| <b>Asset Value</b>                         | R 307,339,934  |
| <b>Capital Implications/<br/>Financing</b> | All roads' constructions are funded by MIG but maintenance is funded internally. |
| <b>Policies in place to manage asset</b>   | 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<br>Restated*           |
|---|---------|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                 |         |                             |                             |
| <b>Receipts</b>   |         |                             |                             |
| 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>          |
| <b>Payments</b>   |         |                             |                             |
| 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>        |
| <b>Net cash flows from operating activities</b>             | 37      | <b><u>265,881,960</u></b>   | <b><u>242,640,665</u></b>   |
| <b>Cash flows from investing activities</b>                 |         |                             |                             |
| 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)                 |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(366,898,246)</u></b> | <b><u>(345,023,658)</u></b> |
| <b>Cash flows from financing activities</b>                 |         |                             |                             |
| Finance lease payments                                      |         | (1,598,168)                 | (2,228,097)                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b><u>(102,614,454)</u></b> | <b><u>(104,611,090)</u></b> |
| Cash and cash equivalents at the beginning of the year      |         | 296,869,186                 | 401,480,276                 |
| <b>Cash and cash equivalents at the end of the year</b>     | 14      | <b><u>194,254,732</u></b>   | <b><u>296,869,186</u></b>   |

### 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 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 2022/23 financial year in line with 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 the SCM processes and expenditure.

## 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



## 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.

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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)  |



## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| 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 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

### General Information

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



**Collins Chabane Local Municipality**

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

**General Information**

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**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 Mahlawule 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 Nolove 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**

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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  
Nevhatalu TG CA(SA)  
Makhubele E

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

### Index

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

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| Accounting Officer's Report                          | 6       |
| Statement of Financial Position                      | 7       |
| Statement of Financial Performance                   | 8       |
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| Statement of Comparison of Budget and Actual Amounts | 11 - 15 |
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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**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the 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:

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**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

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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 2022-23 ANNUAL REPORT

## 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<br>Restated*    |
|--|---------|----------------------|----------------------|
| <b>Assets</b>                                  |         |                      |                      |
| <b>Current Assets</b>                          |         |                      |                      |
| 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          |
|  |         | <b>265,268,877</b>   | <b>356,040,380</b>   |
| <b>Non-Current Assets</b>                      |         |                      |                      |
| 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       | 1,126,500            | 1,126,500            |
| Other financial assets                         | 7       | 2                    | 2                    |
|  |         | <b>1,609,474,225</b> | <b>1,309,006,089</b> |
| <b>Total Assets</b>                            |         | <b>1,874,743,102</b> | <b>1,665,046,469</b> |
| <b>Liabilities</b>                             |         |                      |                      |
| <b>Current Liabilities</b>                     |         |                      |                      |
| 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            |
|  |         | <b>108,501,424</b>   | <b>94,588,069</b>    |
| <b>Non-Current Liabilities</b>                 |         |                      |                      |
| Finance lease obligation                       | 15      | 3,593,778            | -                    |
| Employee benefit obligation                    | 8       | 16,525,308           | 16,368,816           |
| Provisions                                     | 17      | 553,749              | 799,426              |
|  |         | <b>20,672,835</b>    | <b>17,168,242</b>    |
| <b>Total Liabilities</b>                       |         | <b>129,174,259</b>   | <b>111,756,311</b>   |
| <b>Net Assets</b>                              |         | <b>1,745,568,843</b> | <b>1,553,290,158</b> |
| Accumulated surplus                            |         | 1,745,568,846        | 1,553,290,167        |

\* See Note 42



# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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<br>Restated*    |
|---|---------|----------------------|----------------------|
| <b>Revenue</b>                                      |         |                      |                      |
| <b>Revenue from exchange transactions</b>           |         |                      |                      |
| Sale of stands                                      | 19      | 7,514,150            | 2,343,000            |
| Service charges                                     | 20      | 5,559,004            | 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           |
| <b>Total revenue from exchange transactions</b>     |         | <b>44,319,415</b>    | <b>33,043,546</b>    |
| <b>Revenue from non-exchange transactions</b>       |         |                      |                      |
| <b>Taxation revenue</b>                             |         |                      |                      |
| Property rates                                      | 23      | 33,887,616           | 35,500,164           |
| <b>Transfer revenue</b>                             |         |                      |                      |
| Government grants & subsidies                       | 24      | 605,090,990          | 589,426,024          |
| Public contributions and donations                  | 25      | 36,883,987           | 5,400,931            |
| Interest on arrear receivables                      | 19      | 8,022,225            | 6,459,328            |
| Gain on assets/ Fair value adjustments              | 19      | 11,154,499           | 2,631,735            |
| Traffic fines                                       | 19      | 382,250              | 372,150              |
| <b>Total revenue from non-exchange transactions</b> |         | <b>695,421,557</b>   | <b>619,790,330</b>   |
| <b>Total revenue</b>                                | 19      | <b>739,740,972</b>   | <b>652,833,876</b>   |
| <b>Expenditure</b>                                  |         |                      |                      |
| 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)        | (95,964,824)         |
| General Expenses                                    | 33      | (122,329,589)        | (99,560,892)         |
| <b>Total expenditure</b>                            |         | <b>(548,134,285)</b> | <b>(447,874,395)</b> |
| <b>Operating surplus</b>                            |         | <b>191,606,687</b>   | <b>204,959,481</b>   |
| Fair value adjustments                              | 35      | 1,980,086            | (1,469,979)          |
| Loss on disposal of assets                          | 34      | (1,308,094)          | -                    |
|   |         | <b>671,992</b>       | <b>(1,469,979)</b>   |
| <b>Surplus for the year</b>                         |         | <b>192,278,679</b>   | <b>203,489,502</b>   |

\* See Note 42

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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)         |
| <b>Restated* Balance at July 1, 2022 as restated*</b> | <b>1,553,290,167</b> | <b>1,553,290,167</b> |
| Changes in net assets                                 |                      |                      |
| Surplus for the year                                  | 192,278,679          | 192,278,679          |
| Total changes   | 192,278,679          | 192,278,679          |
| <b>Balance at June 30, 2023</b>                       | <b>1,745,568,846</b> | <b>1,745,568,846</b> |
| Note(s)   |                      |                      |

\* See Note 42



# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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<br>Restated*           |
|---|-----------|-----------------------------|-----------------------------|
| <b>Cash flows from operating activities</b>                 |           |                             |                             |
| <b>Receipts</b>   |           |                             |                             |
| 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>          |
| <b>Payments</b>   |           |                             |                             |
| 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>        |
| <b>Net cash flows from operating activities</b>             | <b>37</b> | <b><u>265,881,960</u></b>   | <b><u>242,640,665</u></b>   |
| <b>Cash flows from investing activities</b>                 |           |                             |                             |
| 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)                 |
| <b>Net cash flows from investing activities</b>             |           | <b><u>(366,898,246)</u></b> | <b><u>(345,023,658)</u></b> |
| <b>Cash flows from financing activities</b>                 |           |                             |                             |
| Finance lease payments                                      |           | (1,598,168)                 | (2,228,097)                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |           | <b><u>(102,614,454)</u></b> | <b><u>(104,611,090)</u></b> |
| Cash and cash equivalents at the beginning of the year      |           | 296,869,186                 | 401,480,276                 |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>14</b> | <b><u>194,254,732</u></b>   | <b><u>296,869,186</u></b>   |

\* See Note 42

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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 |
|---|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| <b>Figures in Rand</b>                              |                      |                     |                      |                                    |  |           |
| <b>Statement of Financial Performance</b>           |                      |                     |                      |                                    |  |           |
| <b>Revenue</b>                                      |                      |                     |                      |                                    |  |           |
| <b>Revenue from exchange transactions</b>           |                      |                     |                      |                                    |  |           |
| Sales of goods                                      | -                    | -                   | -                    | 7,514,159                          | 7,514,159                                  |           |
| Service charges - refuse                            | 6,424,344            | -                   | 6,424,344            | 5,559,694                          | (864,650)                                  | Note 53   |
| 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)                                |           |
| <b>Total revenue from exchange transactions</b>     | <b>105,822,440</b>   | <b>22,127,999</b>   | <b>127,950,439</b>   | <b>44,319,415</b>                  | <b>(83,631,024)</b>                        |           |
| <b>Revenue from non-exchange transactions</b>       |                      |                     |                      |                                    |  |           |
| <b>Taxation revenue</b>                             |                      |                     |                      |                                    |  |           |
| Property rates                                      | 34,777,356           | -                   | 34,777,356           | 33,887,616                         | (889,740)                                  |           |
| <b>Transfer revenue</b>                             |                      |                     |                      |                                    |  |           |
| 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)                                  |           |
| <b>Total revenue from non-exchange transactions</b> | <b>592,793,756</b>   | <b>52,483,000</b>   | <b>645,276,756</b>   | <b>695,421,557</b>                 | <b>50,144,801</b>                          |           |
| <b>Total revenue</b>                                | <b>698,616,196</b>   | <b>74,610,999</b>   | <b>773,227,195</b>   | <b>739,740,972</b>                 | <b>(33,486,223)</b>                        |           |
| <b>Expenditure</b>                                  |                      |                     |                      |                                    |  |           |
| 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)         | (50,775,059)                       | (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)                               |           |
| <b>Total expenditure</b>                            | <b>(408,842,942)</b> | <b>(73,199,168)</b> | <b>(482,042,110)</b> | <b>(548,134,285)</b>               | <b>(66,092,175)</b>                        |           |
| <b>Operating surplus</b>                            | <b>289,773,254</b>   | <b>1,411,831</b>    | <b>291,185,085</b>   | <b>191,606,687</b>                 | <b>(99,578,398)</b>                        |           |
| Fair value adjustments                              | -                    | -                   | -                    | 1,980,086                          | 1,980,086                                  |           |
| Loss on disposal of assets                          | -                    | -                   | -                    | (1,308,094)                        | (1,308,094)                                |           |

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

**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   |                 |             |              |                                    |  |           |
|   | -               | -           | -            | 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 2022-23 ANNUAL REPORT

## 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                            |                      |                      |                      |                                    |  |           |
| <b>Statement of Financial Position</b>     |                      |                      |                      |                                    |  |           |
| <b>Assets</b>                              |                      |                      |                      |                                    |  |           |
| <b>Current Assets</b>                      |                      |                      |                      |                                    |  |           |
| 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           | 5,882,067                          | (48,838,933)                               |           |
| Cash and cash equivalents                  | 397,605,000          | (88,163,000)         | 309,442,000          | 194,254,732                        | (115,187,268)                              |           |
|  | <b>563,154,000</b>   | <b>(163,499,000)</b> | <b>399,655,000</b>   | <b>265,268,877</b>                 | <b>(134,386,123)</b>                       |           |
| <b>Non-Current Assets</b>                  |                      |                      |                      |                                    |  |           |
| 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            | 3,404,819                          | (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)                              |           |
|  | <b>1,376,333,000</b> | <b>376,260,000</b>   | <b>1,752,593,000</b> | <b>1,609,474,225</b>               | <b>(143,118,775)</b>                       |           |
| <b>Total Assets</b>                        | <b>1,939,487,000</b> | <b>212,761,000</b>   | <b>2,152,248,000</b> | <b>1,874,743,102</b>               | <b>(277,504,898)</b>                       |           |
| <b>Liabilities</b>                         |                      |                      |                      |                                    |  |           |
| <b>Current Liabilities</b>                 |                      |                      |                      |                                    |  |           |
| 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                | 23,875,000           | (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                                    |           |
|  | <b>149,150,000</b>   | <b>(8,506,000)</b>   | <b>140,644,000</b>   | <b>108,501,424</b>                 | <b>(32,142,576)</b>                        |           |
| <b>Non-Current Liabilities</b>             |                      |                      |                      |                                    |  |           |
| 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                                    |           |
|  | <b>125,547,000</b>   | <b>-</b>             | <b>125,547,000</b>   | <b>20,672,835</b>                  | <b>(104,874,165)</b>                       |           |
| <b>Total Liabilities</b>                   | <b>274,697,000</b>   | <b>(8,506,000)</b>   | <b>266,191,000</b>   | <b>129,174,259</b>                 | <b>(137,016,741)</b>                       |           |
| <b>Net Assets</b>                          | <b>1,664,790,000</b> | <b>221,267,000</b>   | <b>1,886,057,000</b> | <b>1,745,568,843</b>               | <b>(140,488,157)</b>                       |           |

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

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

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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 |
|---|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| <b>Figures in Rand</b>                                      |                      |                     |                      |                                    |  |           |
| <b>Cash Flow Statement</b>                                  |                      |                     |                      |                                    |  |           |
| <b>Cash flows from operating activities</b>                 |                      |                     |                      |                                    |  |           |
| <b>Receipts</b>   |                      |                     |                      |                                    |  |           |
| 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)                               |           |
|   | <b>617,599,000</b>   | <b>162,109,000</b>  | <b>779,708,000</b>   | <b>710,927,533</b>                 | <b>(68,780,467)</b>                        |           |
| <b>Payments</b>   |                      |                     |                      |                                    |  |           |
| Employee costs and supplier payments                        | (353,622,000)        | (74,180,000)        | (427,802,000)        | (445,045,573)                      | (17,243,573)                               |           |
| <b>Net cash flows from operating activities</b>             | <b>263,977,000</b>   | <b>87,929,000</b>   | <b>351,906,000</b>   | <b>265,881,960</b>                 | <b>(86,024,040)</b>                        |           |
| <b>Cash flows from investing activities</b>                 |                      |                     |                      |                                    |  |           |
| 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)           | -                    | -                                  | -  |           |
| <b>Net cash flows from investing activities</b>             | <b>(289,500,000)</b> | <b>(49,834,000)</b> | <b>(339,334,000)</b> | <b>(366,898,246)</b>               | <b>(27,564,246)</b>                        |           |
| <b>Cash flows from financing activities</b>                 |                      |                     |                      |                                    |  |           |
| Finance lease payments                                      | -                    | -                   | -                    | (1,598,168)                        | (1,598,168)                                |           |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(25,523,000)</b>  | <b>38,095,000</b>   | <b>12,572,000</b>    | <b>(102,614,454)</b>               | <b>(115,816,383)</b>                       |           |
| Cash and cash equivalents at the beginning of the year      | -                    | -                   | -                    | 296,869,186                        | 296,869,186                                |           |
| <b>Cash and cash equivalents at the end of the year</b>     | <b>(25,523,000)</b>  | <b>38,095,000</b>   | <b>12,572,000</b>    | <b>194,254,732</b>                 | <b>181,052,803</b>                         |           |
| <b>Reconciliation</b>                                       |                      |                     |                      |                                    |  |           |

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

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#### 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.



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#### 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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#### 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.

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#### 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.

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#### 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:

| <b>Class</b>                                    | <b>Category</b>                            |
|---|--|
| 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:

| <b>Class</b>  | <b>Category</b>                                |
|---|--|
| 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.

## Collins Chabane Local Municipality

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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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### Accounting Policies

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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 was 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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#### 1.16 Revenue from non-exchange transactions (continued)

##### Government grant and 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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#### 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 an 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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Figures in Rand

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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**Notes to the Annual Financial Statements**

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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            | 44,817,626           | (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           |
| <b>Total</b>         | <b>1,803,587,662</b> | <b>(202,774,864)</b>                                | <b>1,600,812,798</b> | <b>1,451,101,308</b> | <b>(150,357,986)</b>                                | <b>1,300,743,322</b> |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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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          | 325,618,508        | -                            | -                  | -                  | (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          |
|                      | <b>1,300,743,322</b> | <b>366,898,246</b> | <b>36,883,987</b>            | <b>(1,308,095)</b> | <b>135,323,949</b> | <b>(172,325,536)</b> | <b>(58,193,790)</b> | <b>(7,408,518)</b> | <b>199,233</b>      | <b>1,600,812,798</b> |

##### 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           |
|                       | <b>997,679,406</b> | <b>344,714,950</b> | <b>(427,568)</b> | <b>203,071,801</b> | <b>(197,590,870)</b> | <b>(44,427,215)</b> | <b>(2,277,182)</b> | <b>1,300,743,322</b> |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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### Notes to the Annual Financial Statements

| Figures in Rand | 2023 | 2022 |
|-----------------|------|------|
|-----------------|------|------|

#### 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           |
|                             | <b>42,839,054</b> | <b>42,839,054</b> |

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         |
|                           | <b>516,906,178</b> | <b>433,997,623</b> |

##### Expenditure incurred to repair and maintain property, plant and equipment

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

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| 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            |
|                          | <b>16,929,124</b> | <b>28,654,301</b> |

#### 5. Intangible assets

|                          | 2023                |   |                | 2022                |   |                |
|--------------------------|---------------------|---|----------------|---------------------|---|----------------|
|                          | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value | Cost /<br>Valuation | Accumulated<br>amortisation<br>and<br>accumulated<br>impairment | Carrying value |
| Computer software, other | 8,825,739           | (5,330,920)   | 3,494,819      | 8,825,739           | (3,749,496)   | 5,076,243      |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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### Notes to the Annual Financial Statements

Figures in Rand 2023      2022

#### 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

Impairments

113,841,784    113,841,784  
(113,841,782)    (113,841,782)

2                    2

**Non-current assets**

Residual interest at cost

2                    2

**Collins Chabane Local Municipality**

(Registration number LIM345)

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**Notes to the Annual Financial Statements**

| Figures in Rand   | 2023                                | 2022                                |
|---|-------------------------------------|-------------------------------------|
| <b>7. Other financial assets (continued)</b>                                      |                                     |                                     |
| <b>Allowance for impairment</b>   |                                     |                                     |
| <b>Reconciliation of provision of impairment of other financial assets - 2023</b> |                                     |                                     |
| Investment - VBS  | Opening<br>balance<br>(113,841,782) | Closing<br>balance<br>(113,841,782) |
| <b>Reconciliation of provision of impairment of other financial assets - 2022</b> |                                     |                                     |
| Investment - VBS  | Opening<br>balance<br>(122,410,519) | Reversals<br>8,568,737              |
|   |                                     | Closing<br>balance<br>(113,841,782) |

**Collins Chabane Local Municipality**

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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        |
|   | <b>23,927,749</b> | <b>22,280,599</b> |

**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.

|                   |                   |                   |
|-------------------|-------------------|-------------------|
|                   | <b>2023</b>       | <b>2022</b>       |
| Long term portion | R3 436 000        | R3 419 000        |
| Current portion   | R864 000          | R522 000          |
|                   | <b>R4 300 000</b> | <b>R3 941 000</b> |

**Reconciliation of long service award:**

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
|                          | <b>2023</b>       | <b>2022</b>       |
| Opening liability        | R3 941 000        | R3 834 000        |
| Current-service cost     | R546 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        | <b>R4 300 000</b> | <b>R3 941 000</b> |

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

**Key assumptions**

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



**Collins Chabane Local Municipality**

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**Notes to the Annual Financial Statements**

Figures in Rand 2023      2022

**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        |
|                   | <b>R7 932 749</b> | <b>R7 790 599</b> |

**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             | R884 384          | R746 180          |
| Expected benefits vesting | (R437 037 )       | (R406 293)        |
| Actuarial Loss/ (gain)    | (R1 315 307)      | R1 505 144        |
| <b>Closing liability</b>  | <b>R7 932 749</b> | <b>R7 790 599</b> |

**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. Acturial 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           |
|                   | <b>R11 695 000</b> | <b>R10 549 000</b> |

**Collins Chabane Local Municipality**

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**Notes to the Annual Financial Statements**

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**8. Employee benefit obligations (continued)**

**Reconciliation of PEMA award:**

|                          | 2023               | 2022               |
|--------------------------|--------------------|--------------------|
| Opening liability        | R 10 549 000       | R 9 130 000        |
| 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)          |
| <b>Closing liability</b> | <b>R11 695 000</b> | <b>R10 549 000</b> |

**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        | 3,656,625        |
| Land inventory    | 2,690,104        | 190,104          |
|                   | <b>5,151,258</b> | <b>3,845,729</b> |

|  |           |           |
|--|-----------|-----------|
| Inventories recognised as an expense during the year | 4,322,355 | 5,771,872 |
|--|-----------|-----------|

"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)      |
|                             | <b>2,563,745</b> | <b>2,620,111</b> |

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) |
|-----------------|-------------|-------------|

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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### Notes to the Annual Financial Statements

| Figures in Rand   | 2023                 | 2022                 |
|---|----------------------|----------------------|
| <b>11. Receivables from non-exchange transactions</b>   |                      |                      |
| Traffic fines   | 1,808,530            | 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)        |
|   | <b>9,561,668</b>     | <b>7,373,307</b>     |
| <b>Ageing for rates.</b>  |                      |                      |
| 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            | 2,684,348            |
| 91-120 days   | 2,548,112            | 2,476,788            |
| 121-365 days  | 20,468,242           | 33,922,296           |
| > 365 days  | 101,874,031          | 75,205,562           |
|   | 131,993,910          | 121,171,489          |
| Less: Allowance for impairment  | (122,641,373)        | (114,012,355)        |
|   | <b>9,352,537</b>     | <b>7,159,134</b>     |
| Fair value of consumer debtors approximates the carrying amount thereof.                        |                      |                      |
| <b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b> |                      |                      |
| Opening balance   | (114,012,355)        | (98,898,530)         |
| Provision for impairment  | (8,629,018)          | (15,315,825)         |
|   | <b>(122,641,373)</b> | <b>(114,012,355)</b> |
| <b>12. Consumer receivables from exchange transaction</b>                                       |                      |                      |
| <b>Gross balances</b>   |                      |                      |
| Refuse  | 24,038,584           | 22,070,008           |
| Consumer debtors - other  | 100,189,683          | 92,011,135           |
|   | <b>124,208,267</b>   | <b>114,081,141</b>   |
| <b>Less: Allowance for impairment</b>   |                      |                      |
| Refuse  | (22,579,864)         | (21,090,074)         |
| Others  | (95,948,336)         | (90,013,344)         |
|   | <b>(118,526,200)</b> | <b>(111,103,418)</b> |
| <b>Net balance</b>  |                      |                      |
| Refuse  | 1,458,720            | 979,932              |
| Other   | 4,223,347            | 1,997,791            |
|   | <b>5,682,067</b>     | <b>2,977,723</b>     |
| <b>Refuse</b>   |                      |                      |
| 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)         |
|   | <b>1,458,721</b>     | <b>979,932</b>       |

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| Figures in Rand   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>12. Consumer receivables from exchange transaction (continued)</b> |                     |                     |
| <b>Other</b>  |                     |                     |
| 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          |
|   | <u>(95,946,336)</u> | <u>(90,013,344)</u> |
|   | <b>4,223,346</b>    | <b>1,997,791</b>    |
| <b>Summary of debtors by customer classification</b>                  |                     |                     |
| <b>Residential</b>  |                     |                     |
| 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         |
|   | <u>150,490,335</u>  | <u>141,084,819</u>  |
| <b>Industrial/ Commercial</b>   |                     |                     |
| 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          |
|   | <u>18,074,325</u>   | <u>20,478,966</u>   |
| <b>Government</b>   |                     |                     |
| 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          |
|   | <u>87,737,517</u>   | <u>73,688,845</u>   |
|   | -                   | -                   |
| <b>Total</b>  |                     |                     |
| 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         |
|   | <u>256,202,178</u>  | <u>235,252,631</u>  |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## 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                 |
|---|----------------------|----------------------|
| <b>12. Consumer receivables from exchange transaction (continued)</b> |                      |                      |
| 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)          |
|   | <u>(118,526,200)</u> | <u>(111,103,418)</u> |

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

### 13. VAT receivable

|     |            |            |
|-----|------------|------------|
| VAT | 48,055,407 | 42,354,324 |
|-----|------------|------------|

### Reconciliation of General Ledger and SARS Statement

|  | <u>2023</u>              | <u>2022</u>             |
|--|--------------------------|-------------------------|
| 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  | <u>-13 574 032</u>       | <u>-10 340 253</u>      |
| <b>VAT balance per SARS Statement</b>                      | <u><b>24 670 191</b></u> | <u><b>4 778 787</b></u> |

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         | -                  |
|  | <u>194,254,732</u> | <u>296,869,186</u> |

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 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand 2023      2022

#### 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         |
| <b>Total</b>  | <b>194,159,733</b>      | <b>296,869,186</b> | <b>100,663,322</b> | <b>194,254,733</b> | <b>296,869,186</b> | <b>401,480,276</b> |

#### 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        | -              |
| <b>Present value of minimum lease payments</b> | <b>5,403,537</b> | <b>953,555</b> |
| Non-current liabilities                        | 3,593,778        | -              |
| Current liabilities                            | 1,809,759        | 953,555        |
|  | <b>5,403,537</b> | <b>953,555</b> |

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        | -                |
|   | <b>9,234,000</b> | <b>2,849,980</b> |

#### 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**

(Registration number LIM345)

Annual Financial Statements for the year ended June 30, 2023

**Notes to the Annual Financial Statements**

| Figures in Rand   | 2023               | 2022               |
|---|--------------------|--------------------|
| <b>18. Payables from exchange transactions</b>  |                    |                    |
| 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            | 280,155            |
| Retention   | 56,634,455         | 50,558,003         |
| Department of Transport   | 2,899,116          | 1,466,329          |
|   | <b>90,055,224</b>  | <b>84,872,751</b>  |
| <b>19. Total revenue</b>  |                    |                    |
| 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            |
|   | <b>739,740,972</b> | <b>652,833,876</b> |
| <b>The amount included in revenue arising from exchanges of goods or services are as follows:</b> |                    |                    |
| 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         |
|   | <b>44,319,415</b>  | <b>33,043,546</b>  |
| <b>The amount included in revenue arising from non-exchange transactions is as follows:</b>       |                    |                    |
| <b>Taxation revenue</b>   |                    |                    |
| Property rates  | 33,887,616         | 35,500,164         |
| <b>Transfer revenue</b>   |                    |                    |
| 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            |
|   | <b>695,421,557</b> | <b>619,790,330</b> |



# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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### Notes to the Annual Financial Statements

| Figures in Rand  | 2023                 | 2022                 |
|--|----------------------|----------------------|
| <b>19. Total revenue (continued)</b>   |                      |                      |
| <b>Nature</b>  |                      |                      |
| 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   |                      |                      |
| <b>20. Service charges</b>   |                      |                      |
| Refuse removals  | 5,559,694            | 4,875,772            |
| <b>21. Rental income</b>   |                      |                      |
| Rental income - third party  | 319,942              | 165,813              |
| <b>22. Interest revenue</b>  |                      |                      |
| <b>Interest revenue</b>  |                      |                      |
| 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.                             |                      |                      |
| <b>23. Property rates</b>  |                      |                      |
| <b>Rates received</b>  |                      |                      |
| Property rates   | 33,887,616           | 35,500,164           |
| <b>Valuations</b>  |                      |                      |
| 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        |
|  | <b>3,589,499,003</b> | <b>3,597,492,004</b> |

# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

## Collins Chabane Local Municipality

(Registration number LIM345)

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### 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         |
|  | <b>458,352,000</b> | <b>442,518,004</b> |

##### Capital grants

|   |                    |                    |
|---|--------------------|--------------------|
| Municipal Infrastructure Grant (MIG)                      | 138,889,000        | 114,758,000        |
| Intergrated National Electrification Program Grant (INEP) | 7,849,980          | 12,150,020         |
|   | <b>146,738,980</b> | <b>126,908,020</b> |
|   | <b>605,090,980</b> | <b>569,426,024</b> |

##### 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) |
|   | <b>-</b>    | <b>-</b>    |

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) |
|   | <b>-</b>      | <b>-</b>      |

The grant conditons were met as at year-end.

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

##### Intergrated 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)     |
|   | <b>4,734,000</b> | <b>2,849,980</b> |

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)

**Collins Chabane Local Municipality**

(Registration number LIM345)

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**Notes to the Annual Financial Statements**

Figures in Rand

|  | 2023 | 2022 |
|--|------|------|
|--|------|------|

**24. Government grants and subsidies (continued)**

|   |             |             |
|---|-------------|-------------|
| Current-year receipts                   | 1,750,000   | 1,784,000   |
| Conditions met - transferred to revenue | (1,750,000) | (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 |
|------------------------------------|------------|-----------|

**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.

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### Notes to the Annual Financial Statements

Figures in Rand

|  | 2023 | 2022 |
|--|------|------|
|--|------|------|

#### 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 | 12,489,141         | 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                             | 15,604,090         | 14,303,318         |
| Uniform allowance                                     | 10,000             | 10,000             |
|   | <b>132,896,073</b> | <b>122,762,015</b> |

#### 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        |
|                     | <b>1,484,392</b> | <b>421,665</b> |

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          | -                |
|                     | <b>1,352,491</b> | <b>1,092,343</b> |

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         | -                |
|                     | <b>982,154</b> | <b>1,095,562</b> |

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 | 862,780          | 135,243        |
| Car Allowance       | 231,161          | 38,145         |
| Acting allowance    | 4,525            | 215,104        |
|                     | <b>1,118,466</b> | <b>388,492</b> |

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| Figures in Rand | 2023 | 2022 |
|-----------------|------|------|
|-----------------|------|------|

#### 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          |
|                     | <b>830,962</b> | <b>1,144,359</b> |

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        | -                |
|                     | <b>985,511</b> | <b>1,144,360</b> |

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

PMS Manager - Mrs TMD Maputla started acting on the position effective from May 2022.

##### Acting Senior Manager Technical Services

|                  |        |   |
|------------------|--------|---|
| Acting allowance | 68,673 | - |
|------------------|--------|---|

Manager: Electrical acted on the position for Senior Manager from July 2022 to September 2022

##### Acting Senior Manager - Community Services

|                  |        |   |
|------------------|--------|---|
| Acting allowance | 88,294 | - |
|------------------|--------|---|

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        |
|   | <b>28,265,224</b> | <b>26,555,060</b> |

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| Figures in Rand                              | 2023               | 2022              |
|--|--------------------|-------------------|
| <b>28. Depreciation and amortisation</b>     |                    |                   |
| Property, plant and equipment                | 58,193,625         | 45,097,048        |
| Amortisation of assets                       | 1,581,434          | 1,491,021         |
|  | <b>59,775,059</b>  | <b>46,588,069</b> |
| <b>29. Impairment of assets</b>              |                    |                   |
| <b>Impairments</b>                           |                    |                   |
| Property, plant and equipment                | 7,408,518          | 2,277,187         |
| <b>30. Finance cost</b>                      |                    |                   |
| Finance leases                               | 76,732             | 71,769            |
| <b>31. Impairment</b>                        |                    |                   |
| Debt impairment                              | 31,194,086         | 25,440,478        |
| <b>32. Contracted services</b>               |                    |                   |
| <b>Outsourced services</b>                   |                    |                   |
| Security services                            | 17,174,312         | 14,689,043        |
| <b>Consultants and professional services</b> |                    |                   |
| 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        |
|  | <b>149,259,900</b> | <b>95,964,624</b> |
| <b>33. General expenses</b>                  |                    |                   |
| 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          | 3,785,101         |
| 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          | 3,615,488         |
| 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                        | 34,501,588         | 24,028,257        |
| Indigent expenses                            | 2,201,250          | 3,827,125         |
|  | <b>122,329,589</b> | <b>99,560,892</b> |



# COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

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### Notes to the Annual Financial Statements

| Figures in Rand                                     | 2023               | 2022               |
|---|--------------------|--------------------|
| <b>34. Loss on disposal of assets</b>               |                    |                    |
| Gains or losses on disposal of assets               | (1,308,094)        | -                  |
| <b>35. Fair value adjustments</b>                   |                    |                    |
| Investment property (Fair value model)              | 1,980,086          | (1,469,979)        |
| <b>36. Auditors' remuneration</b>                   |                    |                    |
| Fees  | 5,047,641          | 4,633,561          |
| <b>37. Cash generated from operations</b>           |                    |                    |
| Surplus   | 192,278,679        | 203,489,502        |
| <b>Adjustments for:</b>                             |                    |                    |
| 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         |
| <b>Changes in working capital:</b>                  |                    |                    |
| 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          |
|   | <b>265,881,960</b> | <b>242,640,665</b> |
| <b>38. Financial instruments disclosure</b>         |                    |                    |
| <b>Categories of financial instruments</b>          |                    |                    |
| <b>2023</b>   |                    |                    |
| <b>Financial assets</b>                             |                    |                    |
|   | 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        |
|   | <b>209,598,467</b> | <b>209,598,467</b> |
| <b>Financial liabilities</b>                        |                    |                    |
|   | 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          |



**Collins Chabane Local Municipality**

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| <b>38. Financial instruments disclosure (continued)</b> | <b>95,458,761</b>  | <b>95,458,761</b>  |
| <b>2022</b>   |                    |                    |
| <b>Financial assets</b>                                 |                    |                    |
|   | 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        |
|   | <b>307,220,216</b> | <b>307,220,216</b> |
| <b>Financial liabilities</b>                            |                    |                    |
|   | At cost            | Total              |
| Trade and other payables from exchange transactions     | 84,872,751         | 84,872,751         |
| Finance lease obligations                               | 963,555            | 963,555            |
|   | <b>85,826,306</b>  | <b>85,826,306</b>  |
| <b>39. Commitments</b>                                  |                    |                    |
| :   |                    |                    |
| <b>Already contracted for but not provided for</b>      |                    |                    |
| • Capital   | 421,197,105        | 364,208,485        |
| • Operational   | 63,223,823         | 96,241,638         |
|   | <b>484,420,928</b> | <b>460,450,123</b> |

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

**Collins Chabane Local Municipality**

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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 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, Firts 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

**Collins Chabane Local Municipality**

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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, Firts 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 urget 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 anlawful 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.

**Collins Chabane Local Municipality**

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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 2022-23 ANNUAL REPORT

### Collins Chabane Local Municipality

(Registration number LIM345)

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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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### Collins Chabane Local Municipality

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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 Radzihoni 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 |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### Collins Chabane Local Municipality

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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 Makhomisani 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           | 41,845           | 32,376           | 243,801           |
| Cllr Baloyi ME   | 552,150           | 133,003          | 42,900           | 728,053           |
| Cllr Makondo N   | 93,534            | 23,384           | 18,500           | 135,418           |
|                  | <b>20,532,506</b> | <b>4,693,941</b> | <b>3,038,776</b> | <b>28,265,223</b> |

#### 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      | 54,488        | 44,400              | 316,830 |
| Cllr Maluleke ET                 | 237,155      | 55,931        | 44,400              | 337,486 |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

### Collins Chabane Local Municipality

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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 Ndowe 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  | 26,900 | 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 Rekhotso 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     | 88,596  | 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 | 208,033 |
| 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           | 208,794           |
| Cllr Mathebula ME     | 141,994           | 32,403           | 29,095           | 203,492           |
| Cllr Chauke GP        | 141,994           | 35,705           | 29,095           | 208,794           |
| Cllr Makhomisanani 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           |
|                       | <b>18,918,533</b> | <b>4,494,666</b> | <b>3,141,862</b> | <b>26,555,060</b> |

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.

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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**

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#### 42. Prior-year adjustments (continued)

##### 2022

|                               | Note | As previously reported | Correction of error |  | Restated        |
|-------------------------------|------|------------------------|---------------------|--|-----------------|
| Property, Plant and Equipment |      | 1,323,081,871          | (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          |
| <b>Surplus for the year</b> |      |  | <b>22,312,225</b>   |

#### 43. Comparative figures

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

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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 | 2,583,745          | 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                  |
|  | <b>212,062,214</b> | <b>309,840,329</b> |

##### 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.

|                                     |  | Less than 1<br>year | Between 1 and<br>2 years | Between 2 and<br>5 years | Over 5 years |
|-------------------------------------|--|---------------------|--------------------------|--------------------------|--------------|
| At June 30, 2023                    |  |                     |                          |                          |              |
| Payables from exchange transactions |  | 90,056,224          | -                        | -                        | -            |
| Finance Lease obligation            |  | 5,403,537           | -                        | -                        | -            |
| At June 30, 2022                    |  |                     |                          |                          |              |
| Payables from exchange transactions |  | 84,872,751          | -                        | -                        | -            |
| Finance lease obligation            |  | 953,555             | -                        | -                        | -            |



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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:

|                                     | 2023       | 2022       |
|-------------------------------------|------------|------------|
| Financial instrument                |            |            |
| 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 quitable 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)      |
|                            | <b>209,368,622</b> | <b>144,801,997</b> |

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)      |
|                   | <b>753,978</b> | <b>674,812</b> |

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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)     |
|   | <b>4,090,350</b> | <b>6,897,409</b> |

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

**Councillors' arrear consumer accounts**

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

| June 30, 2023    | Outstanding<br>more than 90<br>days<br>R | Total<br>R    |
|------------------|--|---------------|
| Cllr Chauke FT   | -  | 7,631         |
| Cllr Mabasa J    | -  | 347           |
| Cllr Mashila D   | -  | 3,806         |
| Cllr Matamela MS | -  | 5,663         |
| Cllr Mudau TJ    | -  | 21,986        |
| Cllr Shivambu S  | -  | 3,677         |
| Cllr Sithole MW  | -  | 648           |
|                  | <b>-</b>                                 | <b>43,758</b> |
|                  |  |               |
| June 30, 2022    | Outstanding<br>more than 90<br>days<br>R | Total<br>R    |
| Cllr Mashila D   | -  | 32,043        |
| Cllr Matamela MS | -  | 5,707         |
|                  | <b>-</b>                                 | <b>37,750</b> |

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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<br>(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 | - |
|----------------------|-----------|---|

#### 53. Segment information

##### General information

**Collins Chabane Local Municipality**

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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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#### 53. Segment information (continued)

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

2023

|                                  | Spatial<br>Planning and<br>Development | Community<br>Services | Technical<br>Services | Unallocated        | Total              |
|----------------------------------|--|-----------------------|-----------------------|--------------------|--------------------|
| <b>Revenue</b>                   |  |                       |                       |                    |                    |
| 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          |
| <b>Total segment revenue</b>     | <b>81,180,699</b>                      | <b>10,211,049</b>     | <b>146,738,980</b>    | <b>501,610,244</b> | <b>739,740,972</b> |
| <b>Total revenue</b>             |  |                       |                       |                    | <b>739,740,972</b> |

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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

|   | Spatial<br>Planning and<br>Development | Community<br>Services | Technical<br>Services | Unallocated          | Total                |
|---|--|-----------------------|-----------------------|----------------------|----------------------|
| <b>53. Segment information (continued)</b>      |  |                       |                       |                      |                      |
| <b>Expenditure</b>                              |  |                       |                       |                      |                      |
| 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)          |
| <b>Total segment expenditure</b>                | <b>80,918,514</b>                      | <b>58,780,154</b>     | <b>111,200,272</b>    | <b>296,563,355</b>   | <b>547,462,295</b>   |
| <b>Total segmental surplus/(deficit)</b>        |  |                       |                       |                      | <b>192,278,677</b>   |
| <b>Assets</b>                                   |  |                       |                       |                      |                      |
| 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            |
| <b>Total segment assets</b>                     | <b>-</b>                               | <b>4,179,632</b>      | <b>382,901,594</b>    | <b>1,487,661,875</b> | <b>1,874,743,101</b> |



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**Notes to the Annual Financial Statements**

Figures in Rand

|   | Spatial<br>Planning and<br>Development | Community<br>Services | Technical<br>Services | Unallocated        | Total                |
|---|--|-----------------------|-----------------------|--------------------|----------------------|
| <b>53. Segment information (continued)</b>                      |  |                       |                       |                    |                      |
| Total assets as per Statement of financial Position             |  |                       |                       |                    | <b>1,874,743,101</b> |
| <b>Liabilities</b>  |  |                       |                       |                    |                      |
| Finance Lease obligation - Current                              | -                                      | -                     | -                     | 1,809,750          | 1,809,750            |
| 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              |
| <b>Total segment liabilities</b>                                | -                                      | -                     | -                     | <b>129,174,258</b> | <b>129,174,258</b>   |
| <b>Total liabilities as per Statement of financial Position</b> |  |                       |                       |                    | <b>129,174,258</b>   |



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### Notes to the Annual Financial Statements

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#### 53. Segment information (continued)

2022

|                                  | Spacial<br>Plannign and<br>Development | Community<br>Services | Technical<br>Services | Unallocated        | Total              |
|----------------------------------|--|-----------------------|-----------------------|--------------------|--------------------|
| <b>Revenue</b>                   |  |                       |                       |                    |                    |
| 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                      | -                                      | 3,148,088             | -                     | -                  | 3,148,088          |
| 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          |
| <b>Total segment revenue</b>     | <b>50,169,430</b>                      | <b>46,455,361</b>     | <b>128,692,020</b>    | <b>427,517,065</b> | <b>652,833,876</b> |
| <b>Entity's revenue</b>          |  |                       |                       |                    | <b>652,833,876</b> |

## COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

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Figures in Rand

|  | Spacial<br>Plannign and<br>Development | Community<br>Services | Technical<br>Services | Unallocated        | Total                |
|--|--|-----------------------|-----------------------|--------------------|----------------------|
| <b>53. Segment information (continued)</b>                 |  |                       |                       |                    |                      |
| <b>Expenditure</b>   |  |                       |                       |                    |                      |
| Employee related costs                                     | -                                      | -                     | -                     | 122,762,015        | 122,762,015          |
| Remuneration of Councillors                                | -                                      | -                     | -                     | 28,555,080         | 28,555,080           |
| 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           |
| <b>Total segment expenditure</b>                           | <b>-</b>                               | <b>-</b>              | <b>28,654,301</b>     | <b>396,914,261</b> | <b>425,568,562</b>   |
| <b>Total segmental surplus/(deficit)</b>                   |  |                       |                       |                    | <b>227,265,314</b>   |
| <b>Assets</b>  |  |                       |                       |                    |                      |
| 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            |
| <b>Total segment assets</b>                                | <b>15,846,749</b>                      | <b>141,154,376</b>    | <b>1,089,000,757</b>  | <b>441,356,744</b> | <b>1,687,358,626</b> |
| <b>Total assets as per Statement of financial Position</b> |  |                       |                       |                    | <b>1,687,358,626</b> |

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Annual Financial Statements for the year ended June 30, 2023

**Notes to the Annual Financial Statements**

Figures in Rand

|   | Spacial<br>Plannign and<br>Develoment | Community<br>Services | Technical<br>Services | Unallocated       | Total              |
|---|---------------------------------------|-----------------------|-----------------------|-------------------|--------------------|
| <b>53. Segment information (continued)</b>                      |                                       |                       |                       |                   |                    |
| <b>Liabilities</b>  |                                       |                       |                       |                   |                    |
| 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                                    | -                                     | -                     | -                     | 5,011,783         | 5,011,783          |
| Unspent grants and receipts                                     | -                                     | -                     | -                     | 2,849,977         | 2,849,977          |
| Employee benefits obligation                                    | -                                     | -                     | -                     | 16,368,816        | 16,368,816         |
| Provision   | -                                     | -                     | -                     | 799,426           | 799,426            |
| <b>Total segment liabilities</b>                                | <b>-</b>                              | <b>1,466,329</b>      | <b>50,558,003</b>     | <b>59,738,300</b> | <b>111,762,632</b> |
| <b>Total liabilities as per Statement of financial Position</b> |                                       |                       |                       |                   | <b>111,762,632</b> |

**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 stadiuim.

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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 maintenance** - 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 increase 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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| Figures in Rand | 2023 | 2022 |
|-----------------|------|------|
|-----------------|------|------|

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

**APPENDIX B: MPAC OVERSIGHT REPORT**

## APPENDIX C: AUDIT COMMITTEE REPORT

### AUDIT COMMITTEE ANNUAL REPORT 2022/2023

We are pleased to present our report for the financial year ended 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 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 deviations were reported by the internal auditors and the Auditor General South Africa (AGSA). 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 in so far as achievement of planned targets is concerned and submission of portfolio of evidence timely.

#### 6. Compliance with laws and regulations



A number of non-compliance with the enabling laws and regulations were revealed by Audit Committee and AGSA during the year. Thus, there is a 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 implementation of AGSA findings from 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 ended 30 June 2023 before and after the audit, the Committee is of the view that, in all material respects, it complied with the relevant provisions of the MFMA and GRAP and fairly presents the financial position at that date and the results of its operations and cash flows for the year then 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, in all material respects, the entity complied with the relevant provisions of the MFMA and Framework for Managing Programme Performance Information (FMPPPI) and fairly presents the performance of the entity at that date. Furthermore, the Audit Committee concurs with 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 which 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, Councilors, 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 for a thorough review to take place.   |
| COF 2 | Payables differences noted ( Accounting treatment of auctioned land) | The municipality recognized 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 2nd 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 this donations or title deeds for the donated Land where furnished to the</p> |

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO.   | HEADING   | DETAILS  | IMPACT             | COMMENT  |
|-------|---|--|--------------------|--|
|       |   |  |                    | <p>preparation team in finance late into the preparation process in addition to this the title deed of the affected portion of Land that was auctioned erroneously missed and not submitted to finance.</p> <p>This opened up another loophole that could have affected the completeness of the FAR.</p> |
| 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  |

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 which include confirming if the UIFW is recoverable.      |
| COF 10 | High Vacancy rates                             |  | Compliance/            | The municipality must consider keeping an organogram which 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 which 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                         | The municipality did business with people  | Deficiency/ Immaterial | SCM and expenditure practitioners should ensure that the suppliers are not in the service of the state by reviewing the CSD  |

COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO.    | HEADING  | DETAILS  | IMPACT                 | COMMENT  |
|--------|--|--|------------------------|--|
|        | interest by state employee                                   | in the service of the state  |                        | report and 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  | 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   |
|--------|--|---|------------|---|
|        |  | for as at 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 which 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 capitalizable 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 with regards to the keeping of trip authorizations and fuel</p> |



COLLINS CHABANE LOCAL MUNICIPALITY 2022-23 ANNUAL REPORT

| NO.    | HEADING  | DETAILS  | IMPACT              | COMMENT   |
|--------|--|--|---------------------|---|
|        |  |  |                     | cards as well as reconciliation per trip authorizing to the fuel reports per month.   |
| COF 21 | Consequence Management- No indication that MPAC considered if the amounts would be recoverable | <p>The 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 in order 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 a agent acting on  | Material disclosure | Improved understanding of the GRAP reporting standards (GRAP 109)   |

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|        |   | behalf of a principle ( collection of fees on behalf of department of Transport (principal)   |            |   |
| 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.  |
| 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 |

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| 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/<br>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.<br><br>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 the criteria for being a full set of financial statements as they did not have the statement of changes in equity | Potential for immaterial                              | Evaluation committee must be capacitated to know how a full set of financials and also 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  |

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|--------|---|--|------------------------------------|---|
| 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 capitalized 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 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 | Compliance                         | Management needs to increase departmental cohesion between technical services and finance (Assets section) this will help in determining challenges facing the project and progress on the project which may have financial accounting reporting implications |

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|        |  | and when they were completed.   |   |   |
| 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 to 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 this errors.   |
| COF 37 | Fruitless and wasteful expenditure incurred incomplete | The 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 | Immaterial/Potential to be qualitatively material | Management must ensure that the Tuk Tuk's are brought into use  |
| COF 39 | Bid awarded to a bidder with a lower                   | The municipality awarded a supplier who was a grade lower   | Material  | SCM and Technical services need to ensure that proper specifications are done to inform the budgeted amounts for the  |

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|        | than required CIDB grading                   | in terms of CIDB grading.   |            | 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.   |

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