

**COLLINS CHABANE  
LOCAL MUNICIPALITY**  
Since 2016



**COLLINS CHABANE LOCAL MUNICIPALITY 2023/24 ANNUAL  
REPORT**

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## ABBREVIATIONS/CONCEPTS AND MEANING

ABBREVIATIONS/ CONCEPTS	MEANING
<b>Accountability documents</b>	Documents used by executive authorities to give " <i>full and regular</i> " reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe " <i>what we do</i> ".
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>ADM</b>	Amatole District Municipalities.
<b>AG</b>	Office of the Auditor General.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>BTO</b>	Budget and Treasury Office.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>CBOs</b>	Community Based Organizations.
<b>CDWs</b>	Community Development Workers.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>DBSA</b>	Development Bank of Southern Africa.
<b>DEDEA</b>	Department of Economic Development and Environmental Affairs.
<b>DM</b>	District Municipality.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>ECDC</b>	Eastern Cape Development Corporation.
<b>EPWP</b>	Expanded Public Works Programmes.

<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>FY</b>	Financial Year
<b>General performance indicators</b>	<b>Key</b> After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>GDP</b>	Gross Domestic Product.
<b>HDI</b>	Human Development Index.
<b>HH</b>	Households.
<b>HOD</b>	Head of Department.
<b>HR</b>	Human Resource.
<b>IDP</b>	Integrated Development Plan.
<b>IWMP</b>	Integrated Waste Management Plan
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>IT</b>	Information Technology.
<b>LED</b>	Local Economic Development.
<b>LM</b>	Local Municipality.
<b>MFMA</b>	Municipal Finance Management Act.
<b>MIG</b>	Municipal Infrastructure Grant.
<b>MOU</b>	Memorandum of Understanding.
<b>MPAC</b>	Municipal Public Accounts Committee.
<b>MSA</b>	Municipal Systems Act (Act No. 32 of 2000).
<b>National performance areas</b>	<b>Key</b> Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation
<b>NGOs</b>	Non-Governmental Organizations.
<b>NLM</b>	Collins Chabane Local Municipality.
<b>NYDA</b>	National Youth Development Agency.
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>PDOHS</b>	Provincial Department of Human Settlements

<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this
	EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>PGDP</b>	Provincial Growth and Development Plan.
<b>PMS</b>	Performance Management System.
<b>PMU</b>	Project Management Unit.
<b>Service Delivery Budget Implementation Plan (SDBIP)</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>SDF</b>	Spatial Development Framework.
<b>SME</b>	Small Micro Enterprise.
<b>Vote:</b>	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.
<b>WSA</b>	Water Service Authority.
<b>WSDP</b>	Water Service Development Plan.
<b>WSP</b>	Water Service Provider.
<b>WTW</b>	Water Treatment Works.

## CHAPTER 1

### COMPONENT A: EXECUTIVE SUMMARY BY THE MAYOR'S FOREWORD



The 2023/2024 Annual Report of Collins Chabane Local Municipality has been prepared in line with the provisions of various pieces of legislations like the Local Government Municipal Systems Act, 2000 read together with the provisions of the Local Government Municipal Finance Management Act 56 of 2003. Section 121(1) of the Local Government Municipal Finance Management Act 2003, states that, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The Council of a municipality must within nine months after the end of the financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The 2023/24 municipal financial year commenced on 1 July 2023 and ended on 30 June 2024. It is my privilege to present the 2023/24 Annual Report of Collins Chabane Municipality to the community of Collins Chabane and to our stakeholders. The five-year term of local government provides an opportunity for us to review the previous financial year's performance and improve thereon.


During the 2023/24 financial year, Collins Chabane Local Municipality made good progress in fulfilling its constitutional obligation of delivering basic services to the communities guided by its vision to deliver services in an integrated and community driven service manner.

Collins Chabane community played a key role in achieving our goals by participating optimally on municipal programmes through public participation structures and platforms that we have such as ward committee meetings, IDP/PMS and Budget Rep forums and Mayoral Imbizo. Your contributions enabled us to confirm where our key challenges lie and construct a plan to address them.



The Annual Report is one of the highly reputable tools of government and in terms of accountability, to assess the effectiveness of the Municipality and the impact it has on the community. It also gives an overview of the state of financial affairs of the Municipality and the administrative and governance maturity levels of the institution.

In conclusion, I would like to express my gratitude to every community member, ward Committee members, Councilors, Management and Staff members for their support

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

**Councilor S.G Maluleke**  
**His Worship, the Mayor:**

## COMPONENT B: EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER



The 2023/24 Annual Report serves a communication tool that reflects an overview of the municipal activities, performance in service delivery and financial position aimed at improving the lives of Collins Chabane communities. With the declining economic condition placing extra burden on the Municipality, it become evident that the 2023/24 financial year was a difficult year.

With this said Collins Chabane Local Municipality remained focused on accomplishing our strategic goals and the creation of environment conducive for financial stability, the promotion of organisation well-being and ultimately the improvement of effective and efficient service delivery for all communities. The Municipality focuses intensely on ensuring that the vision and mission of the organisation was clearly brought across to the public.

### **Administrative Functionality**

The administration has been stronger than ever and with the support and guidance of the Council we have made a remarkable stride in achieving our vision "A Spatial integrated and sustainable local economy by 2030."

### **Performance Management**

The performance management policy was reviewed, and individual performance workshops were held with the Senior Managers and Middle Managers. The aim of this exercise was not only to prepare them for the coming financial year but also to create a performance culture throughout the entire organisation. For the 2023/24 financial year institutional annual performance is sitting at **90 %** which shows a regress by **4%** as compared to **94%** of 2022/23 financial year. All senior managers are appointed to execute the administrative functions of the municipality.

## **Communication**

Municipality has implemented several communication systems to keep the public abreast with the progress and information that affects them. After the implementation and successful execution of newsletter, a messaging system proceeded and established a social media presence. This platform has ensured that we have interactive, real time communication with our communities

## **LED**

The municipality is determined to ensure that we meet our strategic objectives of Local Economic Development. We have placed our focus on job creation within the areas via EPWP and CWP. We are pleased to have a good relationship with our LED stakeholders and looking forward to the coming financial year to make new and improved changes in the LED environment.

## **Good governance**

Good governance remains crucial to the success of the organisation and the value of a well-functioning Council with its Committee structures, as well as Ward Committees cannot be overstated by the institution. The municipality received qualified audit opinion with findings in 2023/24. Audit Action Plan has been developed by the Municipality to resolve findings that were raised by AG

All reasonable steps were taken into consideration to maintain effective, efficient and transparent system of financial, risk management and internal control.

## **Public participation**

The municipality realises that community participation is a major implication on democratising service delivery. Therefore, we continue to utilize space for public participation programmes where we communicate regularly with communities and disseminate relevant information through structures that are in place.

## **Financial Sustainability**

The financial viability of Collins Chabane Local Municipality has not improved as several problems stills prevail and the municipality is still very dependent on grant funding. We are considerate of indigent people to receive goods and services such as housing, water and sanitation, refuse removal and electricity.

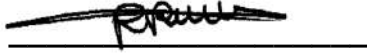
## **Joint projects and functions with Sector Departments**

The Municipality share the area and community with other spheres of government and has to work closely with National, Provincial department and District Municipality to ensure effective implementation of various projects and functions.

In conclusion, I would like to thank the Mayor, Executive Committee, Councilors and Senior Managers who dedicated themselves and worked hard in ensuring that the people of Collins Chabane benefit from improved quality of life in a sustainably functional municipal area. I also commend all the staff, irrespective of the rank, their commitment, dedication, loyalty and hard work that contributed to a successful year. Last but not least I acknowledge the good relationship that prevailed with sector departments and organised Labour.

**R.R SHILENCE**

**MUNICIPAL MANAGER**

A handwritten signature in black ink, appearing to read "R.R. Shilence", is written over a solid horizontal line.

## 1.1 INTRODUCTION TO MUNICIPAL BACKGROUND

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 2023 to 30 June 2024. 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. VISION AND MISSION

The Collins Chabane Local Municipality committed itself to the following vision and mission:

### 1.2.1 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

## 1.3 MUNICIPAL CORE VALUES/STANDARDS

Linked to the mission, the municipality identified the following **CORE VALUES** to be adhered to by the Councilors, management and the officials of the Municipality for all the interactions with customers:

- **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

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

### **1.4.1 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
- Electricity

### **1.4.2 GEOGRAPHIC PROFILE**

The Collins Chabane Local Municipality is a Category B municipality situated within the Vhembe District in the far north of the Limpopo Province. The municipality shares borders with Musina in the north, Thulamela in the north-east, the Mopani District in the south, and Makhado in the west. It is one of the four municipalities in the district, making up 20% of its geographical area. It was established by the amalgamation of portions of the Thulamela and Makhado Local Municipalities in August 2016.

The administrative seat of the Municipality finds itself in Malamulele and the municipal area is divided into 36 wards which consists of 173 villages.

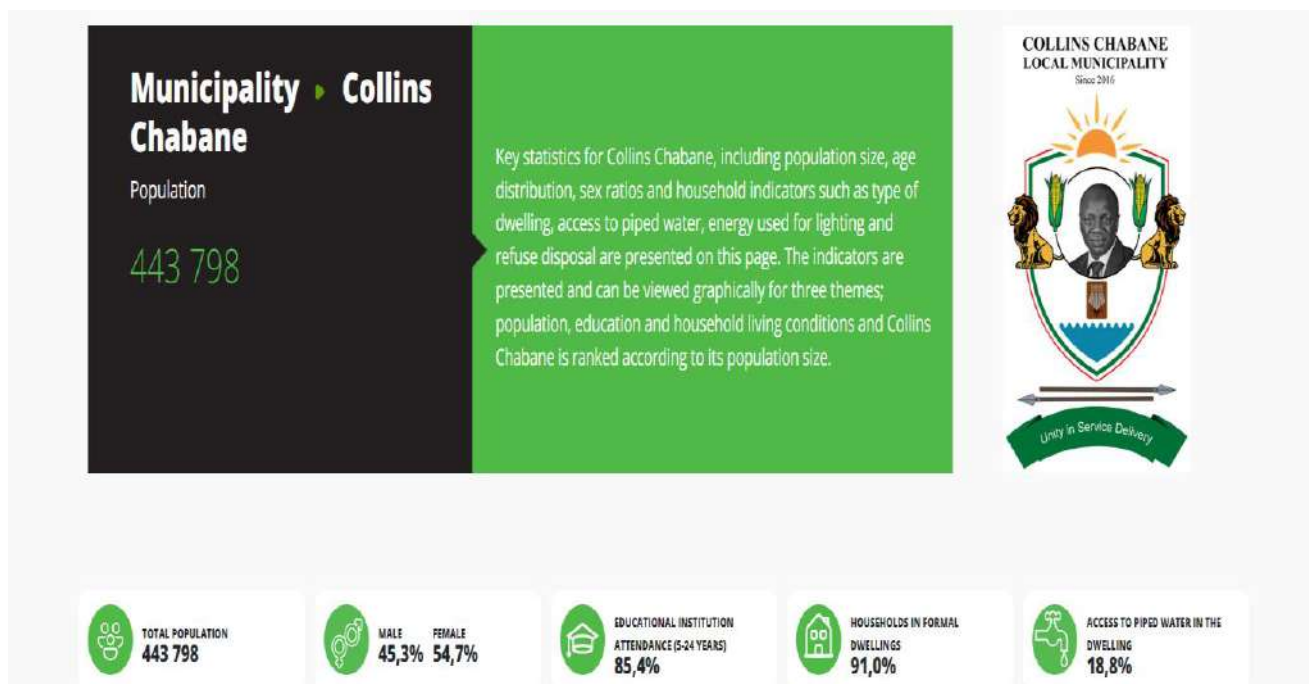
Area: 5 003km<sup>a</sup>

Main Economic Sectors: Agriculture, community services, finance, trade, transport

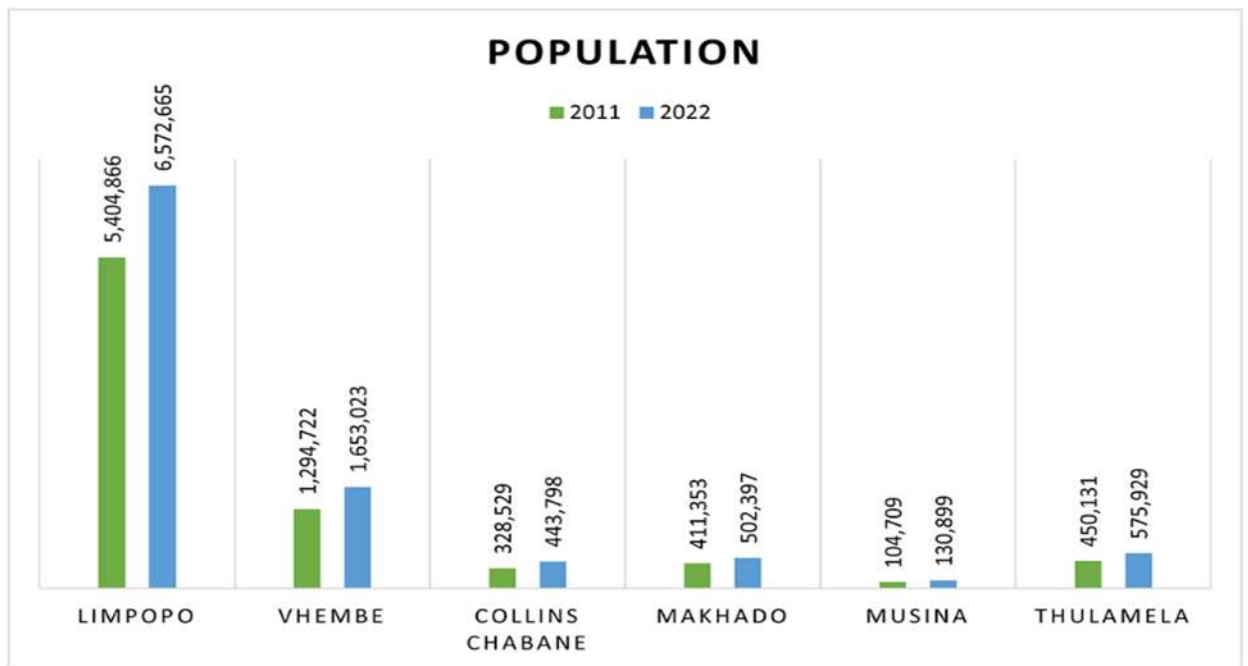
#### **1.4.2.1 MAPS OF COLLINS CHABANE LOCAL MUNICIPALITY**



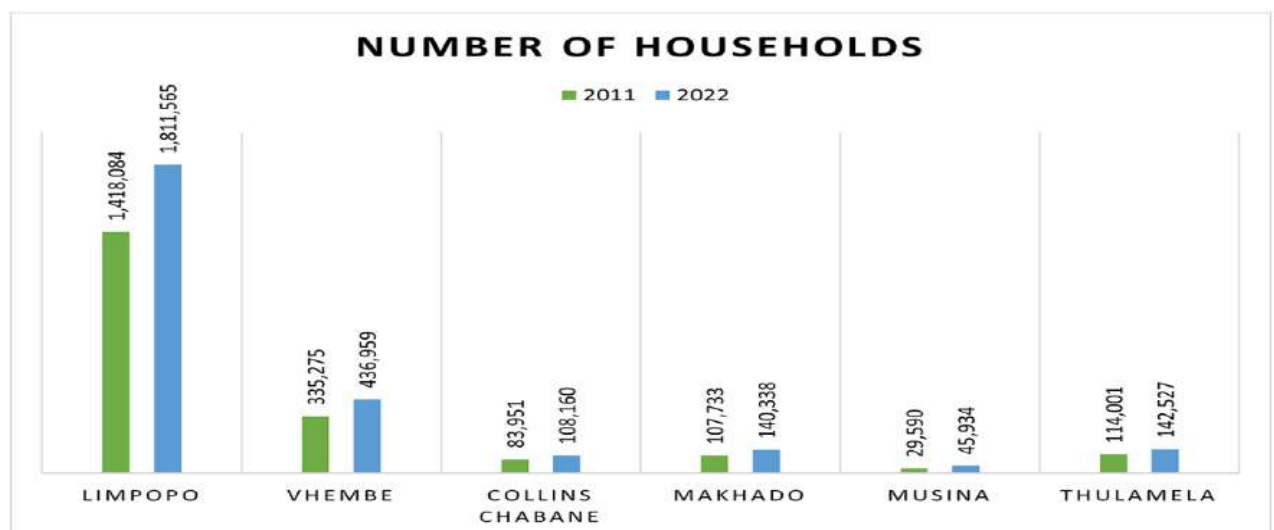
#### 1.4.2.2 DEMOGRAPHIC PROFILE:



### 1.4.2.3 POPULATION

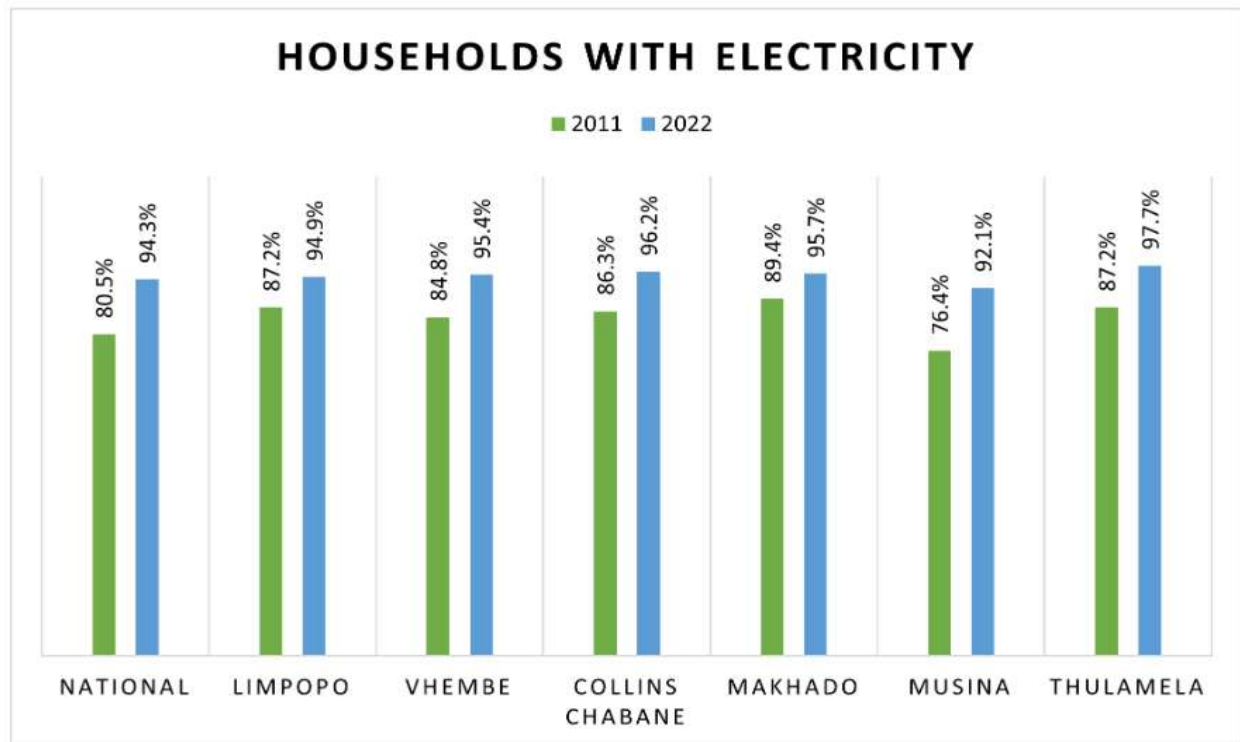


### 1.4.2.4 NUMBER OF HOUSEHOLDS

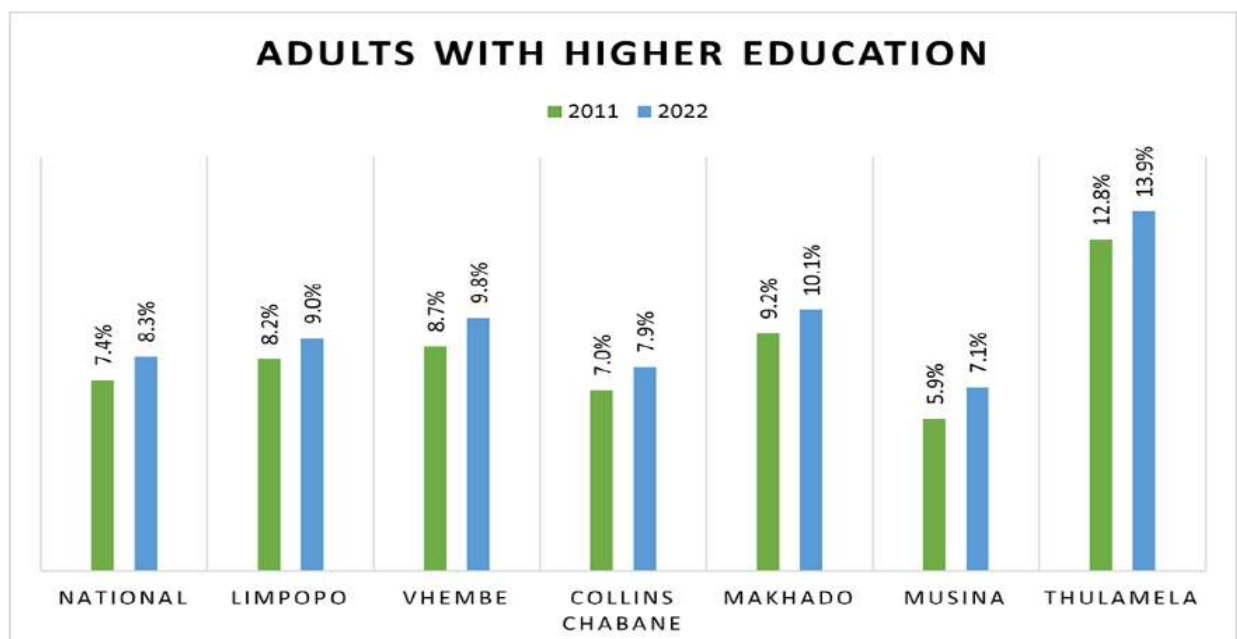




#### 1.4.2.5 PERCENTAGE OF HOUSEHOLDS CONNECTED TO THE ELECTRICITY GRID.



#### 1.4.2.6 PERCENTAGE OF PEOPLE WHO HAVE A HIGHER-EDUCATION QUALIFICATION.



## **1.5 SERVICE DELIVERY OVERVIEW**

### **1.5.1 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.

### **1.5.2 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.

### **1.5.3 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.

## 1.6 FINANCIAL OVERVIEW

For the year under review, municipal budgeted surplus was R 206 451 454 and incurred an actual surplus of R 127 499 740

### **FINANCIAL OVER VIEW: 2023/24 FINANCIAL YEAR**

#### **SUMMARY: STATEMENT OF FINANCIAL PERFORMANCE**

<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>ACTUAL</b>
	<b>2023/24 FINANCIAL YEAR</b>	<b>2023/24 FINANCIAL YEAR</b>
<b>Total Revenue by Source (Excluding Capital Transfers)</b>	<b>638,865,000</b>	<b>615,157,882</b>
<b>Capital Transfers</b>	<b>116,501,000</b>	<b>116,501,000</b>
<b>Total Revenue by Source (Including Capital Transfers)</b>	<b>755,366,000</b>	<b>731,658,882</b>
<b>Less Total Expenditure</b>	<b>548,914,546</b>	<b>596,349,659</b>
<b>Equals: Surplus/deficit</b>	<b>206,451,454</b>	<b>127,499,740</b>

## CHAPTER 2

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 INTRODUCTION TO GOVERNANCE:

Collins Chabane Local Municipality is a Category B which forms part of the five (4) local municipalities under the Vhembe District Municipality (VDM). A local municipality is a type of municipality that serves as the third, and most local, tier of local government.

#### 2.2 POLITICAL GOVERNANCE STRUCTURE

Collins Chabane Local Municipality has a total number of 36 Ward Councilors and 35 PR Councilors.

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councilors are also actively involved in community work and the various special programs in the municipal area.

##### 2.2.1 CURRENT POLITICAL GOVERNANCE STRUCTURE

POLITICAL STRUCTURE	FUNCTION
MAYOR: Cllr Maluleke S.G	FUNCTION:  The Mayor of a municipality: Presides at meetings of the executive committee; and Performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by Municipal Council or the Executive Committee.
SPEAKER: Cllr Mbedzi T.S	FUNCTION:  The Speaker of a municipal council: Presides at meetings of the council; Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); Must ensure that the council meets at least quarterly; Must maintain order during the meetings; Must ensure compliance in the council and council committees with the Code of conduct set out in schedule 1 to the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000); and Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.

CHIEF WHIP: Cllr Baloyi M.E	<p>Functions of the Chief Whip</p> <p>Political management of council meetings and committee meetings</p> <p>Inform councilors of meetings called by the Speaker and the Mayor and ensuring that such meetings quorate</p> <p>Advises the Mayor and Speaker on the Council agenda</p> <p>Informs councilors on important matters on the relevant agenda</p> <p>Advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers addressing the Council</p> <p>Ensures that councilors' motions are prepared and timeously tabled in terms of the procedural rules of Council</p> <p>Assisting the Speaker in the counting of votes</p> <p>Advising the Mayor and Speaker of urgent motions</p> <p>Advising the Mayor and Speaker on how to deal with important items not disposed of at a Council meeting</p>
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#### **EXECUTIVE COMMITTEE:**

NAME OF MEMBERS	HEAD OF PORTFOLIO
Cllr Mavikane X.S	Portfolio Head of Technical Services
Cllr Thovhakale M.S	Portfolio Head of Community Services
Cllr Manganyi M.N	Portfolio Head of Finance
Cllr Chauke F.T	Portfolio Head of Corporate Services
Cllr Lebea M.E	Portfolio Head of Planning and Development
Cllr Mahlawule T.P	Portfolio Head of Special Programmes
Cllr Mabasa D	Portfolio Head of Legislation and traditional affairs
Cllr Baloyi D.L	Exco Member
Cllr Shiburi S.K	Exco Member

### 2.2.2 TABLE OF CHAIRPERSONS OF PORTFOLIO COMMITTEES:

NO	CHAIRPERSON OF PORTFOLIO COMMITTEE	POLITICAL PARTY
1	CLLR W MABASA	ANC
2	CLLR T.S MUDAU	ANC
3	CLLR Z.W SUNDUZA	ANC
4	CLLR H.M MALULEKE	ANC
5	CLLR H.F MATHAVHA	ANC
6	CLLR H.R BALOYI	ANC
7	CLLR J MABASA	ANC
8	CLLR H.J BALOYI	ANC
9	CLLR L.R MALULEKE	ANC
10	CLLR H.G CHAUKE	ANC
11	CLLR M.J SHANDUKANI	ANC
12	CLLR S.E MAKHOMISANI	ANC
13	CLLR H.D NDOVE	ANC
14	CLLR S.M REKHOTSO	ANC

### 2.2.3 COUNCILLORS

Below is a table that categorise the Councilor's within their specific political parties and wards:

WARD NO:	COUNCILLOR	POLITICAL PARTY
1	CLLR R.E MARINGA	ANC
2	CLLR M.J SHANDUKANI	ANC
3	CLLR H.R MAREMANE	ANC
4	CLLR G.M RIKHOTSO	ANC
5	CLLR P.F MASHIMBYE	ANC
6	CLLR S MAKHUBELE	ANC
7	CLLR M.S THOVHAKALE	ANC
8	CLLR T.M MUTELE	ANC
9	CLLR G KHANGE	ANC
10	CLLR E BAMUZA	ANC
11	CLLR H.F MATHAVHA	ANC
12	CLLR D.L TSHOTELI	ANC
13	CLLR T.E MALULEKE	ANC
14	CLLR T.S MUDAU	ANC
15	CLLR X.S MAVIKANE	ANC
16	CLLR H.L MANGANYI	ANC
17	CLLR G.D MASANGU	ANC
18	CLLR H.J BALOYI	ANC
19	CLLR N MUNYAI	INDEPENDENT

20	CLLR D MABASA	ANC
21	CLLR H.R BALOYI	ANC
22	CLLR C MHANGWANA	ANC
23	CLLR H.M MALULEKE	ANC
24	CLLR K.R CHABALALA	ANC
25	CLLR M.C CHAUKE	ANC
26	CLLR M.J BALOYI	ANC
27	CLLR S SHIVAMBU	ANC
28	CLLR J MABASA	ANC
29	CLLR T.S CHAUKE	ANC
30	CLLR S HLUNGWANI	ANC
31	CLLR M.W SITHOLE	ANC
32	CLLR H.G CHAUKE	ANC
33	CLLR W MABASA	ANC
34	CLLR M.C MABUNDA	ANC
35	CLLR C CHABANGU	ANC
36	CLLR M.L MATHEBULA	ANC

#### 2.2.4 TABLE OF PR COUNCILLORS:

NO	PR COUNCILLORS:	POLITICAL PARTY
1	CLLR F.T CHAUKE	ANC
2	CLLR M.E LEBEA	ANC
3	CLLR R.P MUDAU	ANC
4	CLLR N.M MANGANYI	ANC
5	CLLR T.P MAHLAWULE	ANC
6	CLLR Z.W SUNDUZA	ANC
7.	CLLR L.R MALULEKE	ANC
8.	CLLR S.E MAKHOMISANI	ANC
9.	CLLR H.D NDOVE	ANC
10	CLLR S.M RIKHOTSO	ANC
11	CLLR M.E MATHEBULA	ANC
12	CLLR M.S MATAMELA	ANC
13	CLLR N.R RASIUBA	ANC
14	CLLR T.R CHAUKE	ANC
15	CLLR M.M MULAUDZI	ANC
16	CLLR M.G CHAUKE	ANC
17	CLLR T.J BILA	ANC
18	CLLR G.P CHAUKE	EFF
19	CLLR D.L BALOYI	EFF
20	CLLR T.G HLATSWAYO	EFF
21	CLLR R.M MAFANELA	EFF
22	CLLR B.S MALOLEKA	EFF

23	CLLR S.L SIWEYA	EFF
24	CLLR R.M MALULEKE	EFF
25	CLLR S.K SHIBURI	AL
26	CLLR K.R MUTHUBI	AL
27	CLLR T.M MASIA	DA
28	CLLR N.S MAKONDO	APC
29	CLLR T.J MUNARINI	KYN
30	CLLR K.K MABASA	ACDP
31	CLLR M.J MANGANYE	XIMOKO
32	CLLR Z.Q MIYAMBO	PAC

### 2.2.5 POLITICAL DECISION-MAKING STRUCTURES:

Decisions are taken through the Council and the Executive Committee oversees that all resolutions are implemented. MPAC plays an oversight role.

## 2.3. ADMINISTRATIVE GOVERNANCE

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

### 2.3.1 ROLE OF THE ACCOUNTING OFFICER

The Municipal Manager is the Accounting Officer of the Municipality. S/He is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. S/He is assisted by his/her directors which constitutes the Management Team, whose structure is outlined in the table below:

Designation	Name
<b>Municipal Manager</b>	<b>Shilenge R.R</b>
<b>Chief Financial Officer</b>	<b>Maluleke N.V</b>
<b>Senior Manager: Planning &amp; Development</b>	<b>Radali A.C</b>
<b>Senior Manager: Corporate services</b>	<b>Maputla T.M.D</b>
<b>Senior Manager: Technical Services</b>	<b>Baloyi P.M</b>
<b>Senior Manager: Community services</b>	<b>DR. Maluleke G.L</b>



## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

### **2.4 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS**

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41. As outlined in Chapter 3 of the Intergovernmental Relations Framework (2005), the Implementation Protocols (IP) better known as Memorandum of Understanding (MOU) is a useful tool to operationalize the management of a Joint Programme to realize government developmental outcomes. The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to work jointly, 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.

#### **2.4.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

Collins Chabane Local Municipality attends the Provincial MUNIMEC and Provincial Municipal Infrastructure Forum, Local Government Communications Forum, EPWP Provincial Steering Committee, Chief Audit Executive Forum, Provincial Legal Advisor's Forum, Provincial Round Table on Public Participation, Chief Audit Executive Forum, HRD & Collective bargaining Working Group, Provincial Skills Development Facilitators Forum to consult on matters of mutual interest and where the state and progress of municipalities are addressed.

#### **2.4.2 DISTRICT INTERGOVERNMENTAL STRUCTURES**

Collins Chabane Municipality attends the District IGR and District Mayors Forum (DIMAFO), Speakers Forum, District Municipal Manager's Forum, District Strategic Manager's Forum, District Internal Audit Forum, District Engineering Forum, District Communicators Forum (DCF), District Legal Advisor's Forum, District Wide Planning and Economic Development Forum, District Agricultural Forum, District Corporate Services District Forum (CSDF), District Skills Development Facilitators Forum, District Tourism Forum, District Aids Council, District Finance Forum and District IDP/Budget and PMS Representative Forum and District Initiation Forum.

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

### **2.5 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Section 16 of the Municipal System Act (MSA) refer specifically to the development of a culture of community participation within Municipality. It states that a Municipality must develop a culture of Municipal governance that complement formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of

- The preparation, implementation, review of the IDP
- Establishment, implementation, review of the IDP
- Monitoring and review of the performance, including the outcomes and impact of such performance.
- Preparation of the Municipal budget.

#### **2.5.1 PUBLIC MEETINGS**

##### **2.5.1.1 COMMUNICATION, PARTICIPATION AND FORUMS**

As guided and inspired by the Legal framework that includes the Constitution of the Republic of South Africa, The Municipal Systems Act 32 of 2000, as well as the Municipal Structures Act No.117 Of 1998, Collins Chabane Local municipality has ensured regular and effective communication with the community. The Municipality has to manage strategically information flow with relevant target groups, and also to ensure that communication in all spheres of government is driven by a clear message to improve the lives of the people.

It is widely recognized and understood that an organization's success rests on how well it understands the needs of its customers, and how it responds to those needs by delivering what is required. Good Customer Care clearly implies delivering a professional service, providing access to quality information, providing services that are timely, cost effective, and useful, for Government's core objectives. The Presidential Hotline is an electronic tool we are utilizing to manage queries, complaints.

Below is a communication checklist of the compliance to the communication requirements:

<b>Communication Activities</b>	<b>Yes/No</b>
Communication Unit	Yes
Communication strategy	Yes
Communication policy	Yes
Customer satisfaction survey	No
Functional Complaint management system	Yes
Newsletter distributed quarterly	No

**The municipality has ensured during the year that there is full participation of the public through:**

- IDP/Budget and PMS Representative Forums.

- IDP /Budget and PMS Road shows.
- Local Communicator's Forum.

Notices were issued on time and dispatched in public places to ensure that each Ward is afforded the opportunity to participate.

### 2.5.1.2 WARD COMMITTEES

The Ward Committees support the Ward Councilors who receives report on development, participate in development planning processes and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all Ward Committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

### WARD COMMITTEE MEETINGS

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

### 2.5.1.3 IDP PARTICIPATION AND ALIGNMENT

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 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted to Council within the stipulated time frames?	No

## **COMPONENT D: CORPORATE GOVERNANCE**

### **2.6 OVERVIEW OF CORPORATE GOVERNANCE**

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

#### **2.6.1 RISK MANAGEMENT**

Collins Chabane Municipality recognize that proactive risk management is essential for effective governance and service delivery. Our structured risk management approach ensures that potential threats are identified, assessed, and mitigated to safeguard municipal operations and financial sustainability. To enhance oversight, the Audit Committee plays a pivotal role in monitoring risk management efforts. A dedicated Risk Committee Chairperson has been appointed, reporting directly to the Accounting Officer and providing quarterly updates to the Audit Committee. This ensures that risk management remains a priority at the highest levels of municipal administration.

The Audit Committee not only oversees risk mitigation strategies but also provides technical support to the Council, enabling informed decision-making. Through this framework, the Council upholds its duty of care, skill, and diligence by continuously identifying, assessing, and addressing potential risks. Furthermore, the Audit Committee actively recommends strategic risk management policies and monitors their implementation to foster a culture of accountability and resilience within the municipality. This commitment to effective risk governance strengthens our ability to deliver reliable services, promote financial stability, and build public trust.

During the period under review, the municipality took significant progress in refining its risk management approach by developing the following specialized risk registers:

- Strategic Risk Register to addresses municipality-wide risks that may impact long-term goals.
- Departmental Operational Risk Registers tailored to specific operational risks within municipal departments.
- Fraud Risk Register focused on preventing and mitigating fraudulent activities
- mSCOA and OHS Risk registers to strengthen transparency and compliance with laws and regulation.
- ICT Risk Register to enhances cybersecurity and information systems resilience.

These initiatives align with our broader Risk Mitigation Plan, aimed at continuously improving our risk management system and reinforcing a culture of accountability across all levels of governance. By prioritizing risk management, Collins Chabane Municipality ensures a stable and resilient foundation for effective service delivery and community development.

## **2.6.2 ANTI CORRUPTION AND ANTI FRAUD**

### **Commitment to a Corruption-Free Municipality**

During the 2023-24 financial year, no allegations of fraud or corruption were reported to the Municipality through any of the available reporting channels. Internally, one case of alleged fraud related to fuel theft was identified and has since been referred to the South African Police Service (SAPS) for further investigation.

At our Municipality, we uphold a strict zero-tolerance policy towards fraud, corruption, maladministration, and any dishonest activities. Any such incidents are thoroughly investigated, and decisive actions are taken against those responsible. These actions may include criminal charges, civil and administrative proceedings, and financial recoveries where applicable.

### **Encouraging Transparency and Accountability**

We believe that combating fraud and corruption is a collective responsibility. Employees, community members, and stakeholders are encouraged to report any suspected fraudulent activities to the Municipality or through designated government platforms. To strengthen our efforts, Vhembe District Municipality, in partnership with all four local municipalities, including Collins Chabane, launched a shared Anti-Fraud and Corruption Hotline. Reports can be submitted to key offices, including: Office of the Mayor, Office of the Speaker and Office of the Municipal Manager. Additionally, reports can be made through the following hotlines:

📞 **Presidential Hotline:** 17737

📞 **Premier's Hotline:** 0800 864 729

📞 **VDM Anti-Fraud Hotline:** 0800 115 446

All reports are directed to the Municipal Manager, who ensures that they are properly addressed in collaboration with the district. Strict confidentiality is maintained throughout the process, ensuring that whistleblowers are protected and that reports are only shared with authorized investigators.

### **Proactive Measures in Fraud Prevention**

Beyond reactive measures, the Municipality is committed to preventing fraud and corruption through continuous education and awareness. During the year, we conducted workshops and campaigns to educate Senior Management and middle management, Traffic Officials, Budget & Treasury and Councilors. These initiatives reinforce our commitment to ethical governance and accountability, ensuring that our Municipality remains a transparent and corruption-free institution.

## **2.6.3 AUDIT COMMITTEE**

The current audit committee has an effective audit committee, which is constituted by five independent members and it meets at least four times per annum as per its approved terms of reference, although additional special meetings may be arranged as the need arises.

**The purpose of the committee is to provide:**

- Independent assurance on the adequacy of the risk management framework, performance management, governance and the control environment.
- Independent scrutiny of the municipality's financial and non-financial performance; and
- To oversee the financial reporting and compliance processes.

**The key benefits of the audit committee are as follows:**

- Increasing public confidence in the objectivity and fairness of both financial and non-financial reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

**Summary of Audit Committee responsibilities:**

The responsibilities of the Committee, as laid down in the Charter, include providing oversight on financial reporting and other matters such as the monitoring of governance processes, controls and risk management in the municipality. The Committee also ensures effective communication between the internal auditors, external auditors, the Council and management.

**During this period the Committee conducted the following business and made recommendations for improvement in the relevant areas:**

- Approval of the Risk Based Annual Internal Audit Plan and Three-Year Rolling Plan.
- Reviewed the Annual Financial Statement for 2023/2024 financial year.
- Reviewed the municipalities financial and performance reports.
- Reviewed the risk management framework of the municipality.
- Reviewed the Performance Management policy of the municipality.
- Considered litigation matters facing the municipality.
- Reviewed Internal Audit quarterly reports.
- Reviewed External and Internal Audit recommendations, monitoring and tracking thereof.
- Ensures that an Audit Action Plan is developed and monitor progress thereof on issues that were raised on the previous years by the Auditor General of South Africa.

### **2.6.3.1 MEMBERS OF THE AUDIT COMMITTEE**

The Committee comprises of five independent executive members. Representatives from the office of the Auditor General, Internal Audit and senior management of the municipality attend committee meetings on an *ex officio status*. In terms of our Charter at least four (04) meetings should be held during a financial year. We are pleased to announce that all four meetings were held in the 2023/2024 financial year. Details of the Committee members are as follows:

<b>No.</b>	<b>INITIAL &amp; SURNAME</b>	<b>POSITION</b>
1.	Mudau FJ	Chairperson -Audit Committee
2.	Mabuza JM	Member -Audit Committee
3.	Ngobeni SAB	Member -Audit Committee

4.	Nevhotalu TG CA(SA)	Member -Audit Committee
5.	Makhubele E	Member -Audit Committee - Resigned

**Collins Chabane Local Municipality has an in-house Internal Audit function that consists of Chief Audit Executive and Internal Auditor.** Each municipality and each municipal entity must have an internal audit unit, subject to MFMA section 165 (1) (2).

(2) The internal audit unit of a municipality or municipal entity must—

- (a) Prepare a risk-based audit plan and an internal audit program for each financial year.
- (b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
  - (i) internal audit.
  - (ii) internal controls.
  - (iii) accounting procedures and practices.
  - (iv) risk management.
  - (v) performance management.
  - (vi) loss control; and
  - (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and Perform such other duties as may be assigned to it by the accounting officer.

## 2.6.5 COMMUNICATION

Local Government has a legal obligation and a political responsibility to ensure that there is regular and effective communication with the community. The Constitution of Republic of South Africa Act, 1996 and other statutory enactment all impose an obligation on local government communication and required high levels of transparency, accountability, openness, participatory, democracy and direct communication with the communities to improve the lives of all.

### 2.6.5 .1 MUNICIPAL WEBSITES:

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirement of Section 75 of the MFMA and Section 21 (b) of the MSA as amended. The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be reviewed, accurate and timeously updated.

The Municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easily and convenient access to relevant information. The Municipal website should serve as an integral part of the municipality's communication strategy. The website was later in the financial year upgraded with a new look and feel to be user friendly, documents according to Municipal Systems Act and Municipal Finance Management Act have been updated e.g. Tenders, vacancies, notices and monthly budget.

## 2.6.6 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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.

## **2.6.7 BY LAWS**

Below is a list of all the available by-laws developed and tabled to Council.

### **MUNICIPAL BY LAWS**

<b>NAME</b>	<b>COUNCIL ADOPTION</b>	<b>STATUS</b>
Advertising billboard by-law	2019	Operational
Hardware Storage by-law	2019	Operational
Noise Control by-law	2021	Operational
Waste Management by-Law	2022	Operational
Paupers by-Law	2022	Operational
Cemetery by-Law	2022	Operational
Street Trading by-law	2023	Operational
Places of public worship	2023	Operational

## **2.6.8 SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy of the Municipality is deemed to be fair, equitable, transparent, competitive and cost effective as required by Section 217 of the Constitution. SCM Policy complies duly with the requirement of Section 112 of the MFMA as well as the Supply Chain Management Regulations. The Policy was drafted based on the SCM Model Policy issued by National Treasury and amended to suit the local circumstances within the ambit of the regulatory framework and sometimes even stricter than the legal requirement.

### **2.6.8.1 DISCLOSURE OF FINANCIAL INTEREST**



The officials, Councilors have all declared the business interest for this current financial year in order to improve transparency and accountability in Supply Chain Management.

#### **2.6.8.2 COMPETITIVE BIDS**

The Accounting officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

## CHAPTER 3

### COMPONENT A - BASIC SERVICES

#### INTRODUCTION TO BASIC SERVICES

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

#### 3.1. WATER PROVISION & 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

There is only one Waste Water Treatment facility in the municipal area, located in Malamulele. The existing Waste Water Treatment Plant in Malamulele is operating at its full capacity.

#### 3.2. ELECTRICITY

The Millennium Development Goal states that all households must have universal access to electricity by 2025. Access to electricity will alleviate poverty as the use of electricity supports lighting and cooking facilities. Eskom supplies electricity in the jurisdiction of Collins Chabane Local Municipality. The 2022 Stats SA Community Survey figures depicts that there are 83,951 households in the municipal area, of which 86.3%% of those households have access to electricity.

Eskom provides and maintains electricity supply to the areas of Collins Chabane in accordance with their Rural Electrification Programme. Collins Chabane local municipality is only responsible for maintenance of public lighting and its own buildings.

#### RURAL ELECTRIFICATION PROGRAMME

##### PROJECTS STATUS QUO

PROJECT	PROGRESS TO DATE	CHALLENGES
Electrification of 200 households at Xitlhlelani	200 households constructed and connected with electricity infrastructure at Xitlhlelani	None

Electrification of 400 households at Mahlohlwane	1.400 Households not constructed and connected with electricity infrastructure 2.All preparations of house connections have been done(planting of shack poles ,drilling into households , Mounting households ready board and Mounting of pole boxes)	1.Closing span cannot be done since the line has no capacity 2.House connections cannot be done until line has been energized 3. We couldn't connect to the existing network because there is no capacity to energize 400 households
Construction and connection of 57 households at Mphakati phase 2	57 households constructed and connected with electricity infrastructure at Mphakati phase 2	None
Construction and connection of 250 households at Xithlelani phase 2	250 households at Xithlelani phase 2 constructed and connected with electricity infrastructure	None
Construction and connection of 77 households at Roadhuis	77 households constructed and connected with electricity infrastructure at Roadhuis	None
Pre-Engineering of 419 households at Nthlaveni Block C (200) Phungwani (60) Hlungwani (40) Hasani Dakari (79) and Nyavani (40)	Detailed designs for construction and connection of 419 households at Nthlaveni Block C (200)Phungwani (60)Hlungwani (40)Hasani Dakari (79) and Nyavani (40) developed	None

An addition 377 households (Mdavula Village 294 and Mbalati Village 74) 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.

## PROJECTS STATUS QUO

PROJECT	PROGRESS TO DATE	CHALLENGES
Installation of 30 smart solar street lights installed at ward 28 and 35	30 smart solar street lights installed at ward 28 and 35  (Ward 28 (15) and ward 35 (15))	None
Installation of 45 smart solar street lights at ward 6,12 and 14	45 smart solar street lights installed at ward 6,12 and 14  (Ward 6 (15) , ward 12(15) and ward 14 (15))	None
Installation of electrical Streets lights at Malamulele Town,	30 Streets lights infrastructure installed at Malamulele Town	None

### 3.2. WASTE MANAGEMENT (REFUSE COLLECTIONS)

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

### 3.3. HOUSING

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

Collins Chabane Local Municipality housing backlog is estimated at +-4000.

FINANCIAL YEAR	ALLOCATION	COMPLETED	NOT COMPLETED
2023/2024	428	428	0

### 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 & MAINTENANCE

#### INTRODUCTION TO ROADS

Technical Services department is primarily responsible for the maintenance and rehabilitation of the Municipal roads and stormwater drainage network within the Collins Chabane Municipal area. The municipality is responsible for 100% access to local roads within its jurisdiction, which include all streets within Malamulele, Vuwani and rural areas. It ensures the maintenance of a number of municipal roads which serve all communities and are regularly maintained, with the objective of addressing specific needs. The majority of municipal roads are gravel.

The municipality is responsible for the repairing of potholes on the existing surfaced road and unblocking and cleaning of drainage ketch pit to maintain free flow storm water. Rehabilitation of existing roads, and re-gravelling and blading of gravel roads in rural and Malamulele and Vuwani on regular basis. There are approximately 3465, 35 km of roads in the municipal area. Only 136.16 km of these roads are tarred which translates to (3.9%) of the roads in the municipal area.

A total of 15.7km gravel roads maintained through re-gravelling in the municipality

#### PROJECTS STATUS QUO

PROJECT	PROGRESS TO DATE	CHALLENGES
Construction of 2.5km Ring Road at Phaphazela	Completed	None
Construction of 2.5km Ring Road at Oliphantshoek	Completed	None
Construction of 2.5km Ring Road at Altein	Completed	None
Construction of 3.4 km Ring Road at Magomani	3.4km Ring Road Constructed up to practical completing at Magomani	None
Construction of 2.6km at Malamulele D extension 3	Completed	None
Construction of 6.3 km at Malamulele internal street phase 2	Completed	None

Opening and Widening 5.6 km street in Malamulele Business park	1.7 km of 5.6 km street surfaced in Malamulele Business park	None
Rehabilitation of Vuwani Internal 6.9 km Streets	Completed	None
Construction of Low Level Bridges at Ward (11,12,13 and 14)	Four Low Level Bridges Constructed at 4 Wards (11,12,13 and 14)	None
Construction of 2.85km Ring Road at Misevhe A,B,C and D	2.5 km roadbed and subbase of 2.85km ring road constructed at Misevhe A,B,C and D	Delay in signing of the contractor Cessions
Construction of 2.5 at Botsoleni Ring Road	2.65km roadbed and subbase of 2.65 km Ring Road constructed at Botsoleni	None
Construction of 2.5 at Nghezimani Ring Road	2.5 km roadbed and subbase of 2.82 km Ring Road constructed at Nghezimani	None
Construction of 2.85 at Masia Headkraal Ring Road	2.5 km roadbed and subbase of 2.85 km Ring Road constructed at Masia Headkraal	Delay in signing of the contractor Cessions.
Construction of 7.26 km Ring Road at Xihosana	4.5 km Ring Road paved of 7.26 km Ring Road at Xihosana	None
Construction of 8.7 km Ring Road at Josefa	4 km of 8.7 km Ring Road paved at Josefa	None

#### **GRADING PROGRAMME:**

- The grading programme is divided into four clusters which are Hlanganani Cluster, Vuwani Cluster, Malamulele Cluster and Saselemanani Cluster.
- One grader is allocated to one Ward for a period of three weeks in is done on a rotational basis to focus on grading of identified critical areas.
- Upon lapsing of three weeks regardless of whether all critical identified road are finalized the grader is moved to another ward.

## **REGRAVELING**

### **PROJECTS STATUS QUO**

<b>PROJECT</b>	<b>PROGRESS TO DATE</b>	<b>CHALLENGES</b>
Re-gravelling of 4.5km in Thlaveni C	Completed	None
Re-gravelling 2.3km in Mashau	Completed	None
Re-gravelling 1km in Mashau	Completed	None

## **REHABILITATION OF STREETS**

### **PROJECTS STATUS QUO**

<b>PROJECT</b>	<b>PROGRESS TO DATE</b>	<b>CHALLENGES</b>
Rehabilitation of Collins Chabane drive and Nhlalala street	Completed	None
Rehabilitation of Nkondo and Pfunekani street	Completed	None

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

### **3.5. PLANNING**

#### **INTRODUCTION TO PLANNING**

The Department comprises of four divisions namely: Spatial Planning and Land Use; Local Economic Development; Property Housing Building and Property Management; and Integrated Development Planning.

#### **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

## **PROJECTS STATUS QUO**

<b>PROJECT</b>	<b>PROGRESS TO DATE</b>
Demarcation Of Sites	<ul style="list-style-type: none"> <li>• Sites Demarcated In The Following Villages: Kings View And Kings View Ext 1</li> </ul>
Formalization And Proclamation: Saselamani	<ul style="list-style-type: none"> <li>• Application Approved By Tribunal</li> <li>• Draft General Plans Submitted To Office Of Surveyor General For Approval</li> </ul>
Township Establishment At Majosi	<ul style="list-style-type: none"> <li>• General Plans Approved By The Surveyor General</li> <li>• Opening Of Township Register Underway</li> </ul>
Formalization And Proclamation: Mabandla	<ul style="list-style-type: none"> <li>• Application Approved By Tribunal</li> <li>• Draft General Plans Submitted To Office Of Surveyor General For Approval</li> </ul>
Township Establishment At Mtititi Altein	<ul style="list-style-type: none"> <li>• Community Resolution Didn't Materialise</li> <li>• Process of Identifying Alternative Site Underway.</li> </ul>



Submit The Land Development Application For The Formalization Of Vuwani	<ul style="list-style-type: none"> <li>• LAND DEVELOPMENT APPLICATION APPROVED BY MPT.</li> <li>• DRAFT GENERAL PLANS HAVE BEEN APPROVED</li> </ul>
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### 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 2023/24 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.

#### 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.

#### PROJECTS STATUS QUO

PROJECT	PROGRESS TO DATE
Cooperative support	Equipment's purchased and 17 Cooperatives supported
Construction of 5 Market Stalls at Xitlhelani	5 Market stalls constructed at Xitlhelani
Construction of 5 Market Stalls at Xitlhelani Phase 2	5 Market stalls at constructed Xitlhelani Phase 2

## **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 which is conducted once per quarter of which the total is four in a financial year.

## **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

### 3.11. 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.

### PROJECTS STATUS QUO

PROJECT	PROGRESS TO DATE
Upgrading of Bungeni Stadium	Elevated tank ,drainage system of the soccer pitch installed and soccer pitch levelled at Bungeni Stadium
Construction of Davhana Stadium	Roof structure on the pavilion installed at Davhana Stadium

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**

### **3.12. 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 2023/24 Financial Year:

<b>LOCATION:</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Malamulele Cemetery	213 graves	250 graves	215 graves
Vuwani Cemetery	5 graves	120 graves	130 graves

## **COMPONENT J: CORPORATE POLICY, OFFICES AND OTHER SERVICES**

### **3.13. 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 2024:

<b>Status of cases</b>	<b>Number of cases</b>
Number of pending litigation from previous financial years	43
Number of litigation received	02
Number of litigation resolved	05
Number of pending litigation	40
Main contributing challenges	Neo-Constitutionalism

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

## COMPONENT K: ORGANISATIONAL PERFORMANCE

KPA	TOTAL KPIS	TOTAL ACHIEVED	TOTAL ACHIEVED NOT	ACHIEVED PERCENTAGE	UNACHIEVED PERCENTAGE
<b>Municipal Transformation and Organisational Development</b>	08	08	0	100%	0%
<b>Spatial Rationale</b>	09	06	03	67%	33%
<b>Basic Service Delivery and Infrastructure Development</b>	39	35	04	90%	10%
<b>Local Economic Development</b>	06	06	0	100%	0%
<b>Municipal Finance Management and Viability</b>	13	11	02	85%	15%
<b>Good Governance and Public Participation</b>	11	11	0	100%	0%
<b>Total</b>	86	77	09	90%	10%

The municipality had a total of 86 key performance indicators for 2023/24 financial year compared to 99 in the prior year (2022/23). For the year under review 2023/24 the Municipality achieved 77 of reported 86 targets which amounts to 90 % achievement as compared to 94% in the prior year which marks a regress of 4% in 2023/2024 financial year.

## 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	YEAR: 2022/23	YEAR: 2023/24	
	Employees No.	Employees No.	Vacancies No.
Office of the Municipal Manager	15	08	09
Technical Services	70	47	62
Community Services	125	103	114
Corporate Services	34	33	34
Planning and Development	16	34	12
Budget and Treasury	23	38	22
<b>Totals</b>	<b>283</b>	<b>263</b>	<b>253</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 resources 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.

#### THE FOLLOWING IS THE LIST OF POLICIES THAT WERE TABLED TO COUNCIL

NO	POLICY DESCRIPTION	YEAR OF REVIEW	DEPARTMENT
<b>CORPORATE SERVICES</b>			
1.	Placement Policy	2023	Corporate Services
2.	Leave Policy	2023	Corporate Services
3.	Staff Provisioning Policy	2023	Corporate Services
4.	Bereavement Policy for Councillors	2023	Corporate Services
5.	Bereavement Policy for Officials	2023	Corporate Services
6.	Training and Development Policy	2023	Corporate Services
7.	Acting Allowance Policy	2023	Corporate Services
8.	Employee Assistant Policy	2023	Corporate Services
9.	Occupational Health and Safety Policy	2023	Corporate Services
10.	Employment Equity Policy	2023	Corporate Services
11.	Overtime Policy	2023	Corporate Services
12.	Remuneration Policy	2023	Corporate Services
13.	Attendance and Punctuality Policy	2023	Corporate Services
14.	Disability Policy	2023	Corporate Services
15.	Municipal Employees Sports Policy	2023	Corporate Services
16.	Dress Code Policy	2023	Corporate Services
17.	Sexual Harassment Policy	2023	Corporate Services
18.	Danger Allowance Policy	2023	Corporate Services
19.	Performance Management System Policy and Framework	2023	Corporate Services
20.	Mayor's Bursary Fund Policy	2023	Corporate Services
21.	Public Participation Policy	2023	Corporate Services
22.	Fleet Management Policy	2023	Corporate Services
23.	Communication Policy	2023	Corporate Services
24.	Communication Strategy	2023	Corporate Services
25.	ICT Telecommunication Policy	2023	Corporate Services

26.	Records Management Policy	2023	Corporate Services
27.	ICT Operating System Security Control Policy	2023	Corporate Services
28.	ICT Data Backup and Recovery Policy	2023	Corporate Services
29	ICT Disaster Recovery Policy	2023	Corporate Services
30.	ICT Service Level Agreement Management Policy (ICT and CCLM)	2023	Corporate Services
31.	ICT Service Level Agreement Management Policy (External Service Providers/Vendors)	2023	Corporate Services
32.	ICT User Access Management Policy	2023	Corporate Services
33.	ICT Management Policy	2023	Corporate Services
34.	ICT Change Management Policy	2023	Corporate Services
35.	ICT Patch Management Policy	2023	Corporate Services
36.	ICT Adding New User Procedure	2023	Corporate Services
37.	ICT Equipment and Usage Policy	2023	Corporate Services
38.	ICT Firewall and Procedure Policy	2023	Corporate Services
39.	ICT Internet Acceptance Use Policy	2023	Corporate Services
40.	ICT Incident and Problem Management Policy	2023	Corporate Services
41.	ICT Orgplus Installation Procedure	2023	Corporate Services
42.	ICT Project Framework	2023	Corporate Services
43.	ICT Tel-Trace Procedure	2023	Corporate Services
44.	ICT Website Content Approval Procedure	2023	Corporate Services
45.	ICT Confidential and Non-Disclosure Contract	2023	Corporate Services
46.	ICT Security Control Policy	2023	Corporate Services
47.	ICT Procedure Manual User Access Review	2023	Corporate Services
48.	ICT Municipal Corporate Governance of Information and Communication Technology Policy	2023	Corporate Services
49	Car Allowance Policy	2023	Corporate Services
<b>BUDGET AND TREASURY</b>			
50.	Subsistence and Travel Policy	2023	Budget and Treasury

51.	Investment and Cash Management Policy	2023	Budget and Treasury
52.	Indigent Policy	2023	Budget and Treasury
53.	Unclaimed Deposit Policy	2023	Budget and Treasury
54.	Writing Off of Irrecoverable Debt Policy	2023	Budget and Treasury
55.	Tariff Policy	2023	Budget and Treasury
56.	Property Rates Policy	2023	Budget and Treasury
57.	Budget Policy	2023	Budget and Treasury
58.	Virement Policy	2023	Budget and Treasury
59.	Contract Management Policy	2023	Budget and Treasury
60.	Credit Control and Debt Collection Policy	2023	Budget and Treasury
61.	Funding and Reserve Policy	2023	Budget and Treasury
62.	Asset Management Policy	2023	Budget and Treasury
63.	Unauthorised, Irregular, Fruitless and Wasteful Expenditure Policy	2023	Budget and Treasury
64.	Supply Chain Management Policy	2023	Budget and Treasury
65.	Cost Containment	2023	Budget and Treasury
66.	Unauthorised Irregular and Fruitless Expenditure Policy	2023	Budget and Treasury
67.	Expenditure Policy	2023	Budget and Treasury
68.	Inventory Management Policy	2023	Budget and Treasury
69.	Consultants Policy	2023	Budget and Treasury
70.	Fraud Prevention Policy	2023	Budget and Treasury
71.	UIF Policy	2023	Budget and Treasury
<b>MUNICIPAL MANAGER'S OFFICE</b>			
72.	Risk Management Strategy	2023	Municipal Manager's Office
73.	Risk Management Committee Charter	2023	Municipal Manager's Office
74.	Risk Management Policy	2023	Municipal Manager's Office
75.	Audit Committee Charter	2023	Municipal Manager's Office
76.	Anti-Fraud and Corruption Strategy	2023	Municipal Manager's Office
77.	Whistle Blowing Policy	2023	Municipal Manager's Office

<b>PLANNING AND DEVELOPMENT</b>				
78.	Spatial Development Framework	2023	Planning and Development	
79.	Land use Scheme Policy	2023	Planning and Development	
80.	Parking Policy	2023	Planning and Development	
81.	Cleaning Procedure Manual	2023	Planning and Development	
82.	Facilities Management Policy	2023	Planning and Development	
83.	Land Disposal Policy	2023	Planning and Development	
<b>TECHNICAL SERVICES</b>				
84.	EPWP Policy	2023	Technical Services	

## **WORKFORCE POLICY DEVELOPMENT**

All the above-mentioned Policies were adopted by Council

### **4.3. INJURIES AND SICK LEAVE**

#### **4.3.1 INJURIES**

<b>Number and Cost of Injuries on Duty</b>				
<b>Type of injury</b>	<b>Injury Leave Taken</b>	<b>Employees using injury leave</b>	<b>Proportion employees using sick leave</b>	<b>Average Injury Leave per employee</b>
	<b>Days</b>	<b>No.</b>	<b>%</b>	<b>Days</b>
<b>Required basic medical attention only</b>	13	13	100%	2
<b>Temporary total disablement</b>	0	0	0	0
<b>Permanent disablement</b>	0			
<b>Fatal</b>	1	0	0	0
<b>Total</b>	14	13	100%	2

#### **4.3.2 SICK LEAVE**

<b>Number of days and Cost of Sick Leave (excluding injuries on duty)</b>				
<b>Total sick leave</b>	<b>Proportion of sick leave without medical certification</b>	<b>Employees using sick leave</b>	<b>Total employees in post*</b>	<b>*Average sick leave per Employees</b>

Days	%	No.	No.	Days
724	14%	26	303	14

#### 4.4. PERFORMANCE REWARDS

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

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.5. SKILLS DEVELOPMENT AND TRAINING

##### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building for municipal employees and Councilors was dealt with in terms of the Workplace Skills Plan, which is compiled annually and submitted to LGSETA for approval. The capacity building programmes were conducted using the municipal budget and mandatory grant received from the LGSETA.

TRAINING	TOTAL NUMBER OF COUNCILLORS	TOTAL NUMBER OF SENIOR MANAGERS	TOTAL NUMBER OF OFFICIALS BELOW SENIOR MANAGERS	GRAND TOTAL
Municipal Standard Charts of Accountants (MSCOA)		01		
Supply Chain Management Workshop			01	
Munsoft AFS Training		01		
Talent Management Seminar	02			
Municipal Manager's Forum		01		
Training Committee Workshop			05	
Municipal Staff Regulation Workshop	03			
2024/2025 Tabled Budget Engagement Session		01		
Munsoft Training			08	
Municipal Manager's Forum		01		
CIGRAFO Annual Conference		01		
Insurance Products and Claims Training			03	
Use of Consultants in Year Monitoring Tool Session Training Workshop		01		

<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>
Workshop Cohesion		01		
Implementation of Programmes of Building Social Cohesion		01		
GRAP/IPSAS Financial Reporting Training			03	
Onboarding of Service Providers for Audit of Existing Prepayment Meters		01		
Economic Development & Job Creation , Human Settlement and Development Working Group		01		
Orgplus Training			03	
ESRI Conference		02		
CIGRAFO Provincial Conference		01		
2023/2024 Mid-Year Budget Engagement Session		01		
POPI Act Training		01		
Quarterly Meeting for Provincial Training & Enterprise Development Forum		01		
SCM Preferential Procurement Regulations		01		
Economic Development and Job Creation Working Group		01		
SMME Funding Opportunities Seminar for Local Economic Development		01		
Construction Industry Development Board (CIDB)			08	
AFS Analysis and Review Training Workshop		01		
Municipal Standard Charts of Accountants (MSCOA)		01	09	
Construction Industry Development Board (CIDB)		01		
Occupational Health & Safety Training			01	
Chartered Institute of Government Finance , Audit & Risk Officers		01		
Records Management			36	
Occupational Directed Education Training &		01	09	

<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>
Development Practices (ODETDP) NQF Level 04				
Information and Communication Technology Internship for 15 Interns				
Municipal Finance Management Programme Learnership		11	04	
Municipal Finance Management Programme Learnership			07	
Payroll Management, Reconciliation, Taxation and VAT Comprehensive Training Course			05	
Basic Computing	03			
Work Integrated Learning N6 for 20 Learners				
Bid Committee			02	
Work Integrated Learning N6 for 16 learners				
Internal Auditing	03			
Plumbing NQF Level 04 Learnership for 30 Unemployed				
Ward Committee Governance NQF Level 02 for 172 Ward Committees				
Traffic Police Internship			16	
NC Building and Civil Construction			01	
	<b>TOTAL NUMBER OF COUNCILLORS TRAINED</b>	<b>TOTAL NUMBER OF SENIOR MANAGERS</b>	<b>TOTAL NUMBER OF OFFICIALS</b>	<b>GRAND TOTAL</b>
	11	36	121	168

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

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 2023/2024

OPERATING & CAPITAL EXPENDITURE ANALYSIS THE BELOW TABLE INDICATE THE EXPENDITURE BY TYPE

<b>Financial overview: 2023/24 Summary of financial Performance</b>	<b>Budget 2023/2024</b>	<b>Actual 2023/24</b>	<b>Variance</b>
Total Revenue by source ( Excluding Capital Transfers)	638,865,000	615,157,882	23,707,118
Capital Transfers	116,501,000	116,501,000	-
Total Revenue by source ( Including Capital Transfers)	755,366,000	731,658,882	23,707,118
Less: Total Expenditure	548,914,546	604,159,142	(55,244,596)
<b>Equals: Surplus/deficit</b>	<b>206,451,454</b>	<b>127,499,740</b>	<b>78,951,714</b>

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



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 2023/24	YTD Actual 2023/24	Variance
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Employee related costs	145 884	146 501	(617)
Remuneration Of councillors	31 246	29 545	1 700
Debt impairment	5 897	35 524	29 627
Depreciation & asset impairment	62 282	71 379	9 097
Finance charges	-	164	164
Bulk purchases	-	-	-
Contracted services	184 756	164 756	20 091
Capital Projects (MIG)	91 570	91 570	-
Repairs and maintenance	41 945	30 729	11 216
Other expenditure	76 904	110 301	33 397

## INCOME ANALYSIS

Description	Budget 2023/24	YTD ACTUAL 2023/24
	<b>R'000</b>	<b>R'000</b>
Property Rates	35 470	35 824
Service Charges	5 665	5 672
Transfer recognized-Operational	500 909	503 381

Transfer recognized-Capital	116 501	116 501
Other Revenue	96 821	175 280
<b>Total Revenue</b>	<b>755 366</b>	<b>731 658</b>

## 5.2 GRANTS

### 5.2.1 Operational Grants for 2023/24 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	Equitable Share	-	-	486,442,000.00	-	486,442,000.00	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	-	-	1,404,000.00	-	1,404,000.00	1,404,000.00	-
4	Municipal Disaster Relief Grant	4,500,000.00	-	-	9,000,000.00	9,000,000.00	11,566,257.00	1,933,743.00
		4,500,000.00	-	490,396,000.00	9,000,000.00	499,396,000.00	15,520,257.00	1,933,743.00

The municipality spent 89% on operational conditional grants, it has subsequently applied for rollover to National Treasury and the grant has been approved. The municipality did not spend 100% on Municipal Disaster Relief Grant.

### 5.2.2 Capital Grants for 2023/24 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	-	-	91,570,000.00	-	91,570,000.00	91,570,000.00	-
2	Integrated National Electrification Programme Grant	4,734,000.00	-	12,504,000.00	7,693,000.00	20,197,000.00	24,931,000.00	-
		4,734,000.00	-	104,074,000.00	7,693,000.00	111,767,000.00	116,501,000.00	-

The municipality received R 7 693 000 additional funding in the year under review, R 7 693 000 is for Integrated National Electrification Programme Grant. The municipality Spent 100% on INEP Grant (Rollover, DoRA allocation and Additional Funding

### 5.3 ASSET MANAGMENT

Asset management is practiced within the organization based on a comprehensive asset management policy. The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Assets) owned or controlled by the municipality to ensure the following:

Implementation of the approved Asset Management Policy as required in terms of section 63 of the Municipal Finance Management Act (MFMA). Verify assets in possession of the Council annually, during the course of the financial year.

Keep a complete and balanced record of all assets in possession of the Council. Report in writing all asset losses, where applicable, to Council. Those assets are valued and accounted for in accordance with a statement of GRAP.

Those assets are properly maintained and safeguarded. The roles of the following are clearly defined within the Asset Management Policy:

- Municipal Manager
- Chief Finance Officer

- Asset Section
- Manager Budget Section
- Manager Expenditure Section
- SCM & Procurement Section
- All other departments

Asset Management is performed in line with the Asset Management Policy as described above. The control and safeguarding of assets remain the responsibility of each department. Each department budgets for the necessary maintenance of the assets under their control in order for the assets to achieve their economic life spans.

## **COMPONENT B: SPENDING AGAINST CAPITAL BUDGET**

### **5.4. CAPITAL SPENDING ON 5 LARGEST PROJECTS**

<b>Description</b>	<b>Budget</b>	<b>Adjusted Budget</b>	<b>Actual</b>	<b>Variance</b>
Acquisitions:Outsourced Corp Serv Construction of Municipal Office Building(new)	30,000,000.00	30,124,000.00	30,124,000.00	-
Acquisitions:Outsourced UPGRADING OF BUNGENI STADIUM	12,146,000.00	15,008,018.00	15,008,018.00	-
Acquisitions:Outsourced CONSTRUCTION OF JOSEFA RING ROAD-MIG	17,000,000.00	24,545,606.00	24,545,606.00	-
Acquisitions:Outsourced CONSTRUCTION OF XIHOSANA RING ROAD- MIG	18,000,000.00	39,180,188.00	39,180,188.00	-
Acquisitions:Outsourced Olifantshoek Road 2.5 km	15,000,000.00	15,000,000.00	15,000,000.00	-

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENT

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

### Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		16,639,296	23,065,195
Service charges		2,318,820	3,591,116
Grants and subsidies		612,582,619	611,475,004
Interest income		16,910,819	18,002,852
Other receipts		75,572,033	54,793,366
		<u>724,023,587</u>	<u>710,927,533</u>
<b>Payments</b>			
Employee costs		(178,558,002)	(158,993,360)
Suppliers and other payments		(313,125,970)	(293,189,593)
		<u>(491,683,972)</u>	<u>(452,182,953)</u>
<b>Net cash flows from operating activities</b>	37	<b><u>232,339,615</u></b>	<b><u>258,744,580</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	<u>(328,265,642)</u>	<u>(359,760,866)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		<u>(1,974,613)</u>	<u>(1,598,168)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(97,900,640)</u></b>	<b><u>(102,614,454)</u></b>
Cash and cash equivalents at the beginning of the year		194,254,732	296,869,186
<b>Cash and cash equivalents at the end of the year</b>	15	<b><u>96,354,092</u></b>	<b><u>194,254,732</u></b>

#### COMMENT ON CASH FLOW OUTCOMES:

Collection on property rate decreased from R 23 065 195 to R 16 639 296 and the interest income decreased by R 2 000 000 as compared with the previous financial year. The municipal cash and cash keeps on decreasing each financial year.

## CHAPTER 6

### AUDITOR GENERAL AUDIT FINDINGS

Component A: Auditor-General Opinion

Auditor General Report on Financial Performance 2023/2024	
Audit Report status	Qualified

# Report of the auditor-general to Limpopo Provincial Legislature and council of Collins Chabane Municipality

## Report on the audit of the financial statements

### Qualified opinion

1. I have audited the financial statements of the Collins Chabane Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net 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, except for the effects of the matters described in the basis for qualified audit opinion section of my audit report, the financial statements present fairly, in all material respects, the financial position of the Collins Chabane municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the requirements of the Standards of Generally Recognised Accounting Practices (Standards of GRAP), the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (DoRA).

### Basis for qualified opinion

#### Payables from exchange transactions

3. The municipality did not account for payables from exchange transactions in accordance with *GRAP 104, Financial Instruments*. The municipality did not have adequate systems in place to account for payables from exchange transactions. I identified transactions that did not qualify to be recognised in payables from exchange transactions. Consequently, payables from exchange transactions disclosed in note 19 to the financial statements was overstated by R15 351 704 while general expenditure was overstated by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

#### Interest on arrear receivables

4. The municipality did not account for interest on arrear receivables in accordance with *GRAP 104 Financial Instruments* and *GRAP 108 Statutory Receivables*. Consequently, interest on arrear receivables disclosed in note 20 to the financial statements was understated by R8 288 930 and receivables were understated by the same amount. Additionally, there was an impact on the surplus for the period.

#### Commitments

5. The municipality did not account for capital commitments in accordance with *GRAP 17, Property, plant and equipment*. I identified material differences between capital commitments disclosed in the financial statements and the underlying records. Consequently, capital



commitments disclosed in note 39 to the financial statements was understated by R77 107 183.

## **Context for opinion**

6. 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.
7. 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## **Emphasis of matters**

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

### **Restatement of corresponding figures**

10. As disclosed in note 42 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

### **Significant uncertainty**

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

### **Impairments – trade debtors**

12. As disclosed in note 32 to the financial statements, material losses of R35 524 370 were incurred as a result of a write-off of irrecoverable trade debtors.

## **Other matter**

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

### **Unaudited disclosure notes**

14. 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

15. 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.
16. 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

17. 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.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page XX, forms part of our auditor's report.

## Report on the audit of the annual performance report

19. 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.
20. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery and infrastructure development	[XX]	Promote community wellbeing and environmental welfare

Key performance area	Page numbers	Purpose
<b>Spatial rationale</b>	[XX]	Integrated human settlements

21. I evaluated the reported performance information for the selected key performance area 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.

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

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

24. I did not identify any material findings on the reported performance information for the selected programme key performance areas.

## Other matter

25. I draw attention to the matter below.

### Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides explanations for measures taken to improve performance. This



information should be considered in the context of the material findings on the reported performance information.

27. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any measures taken to improve performance are included in the annual performance report on pages XX to XX.

#### Basic service delivery and infrastructure development

<i>Targets achieved: 90%</i> <i>Budget spent 99%</i>		
Key indicator not achieved	Planned target	Reported achievement
To construct and connect 400 households with electricity infrastructure at Mahlohlwane by 30 June 2024	400 households constructed and connected with electricity infrastructure at Mahlohlwane by 30 June 2024	400 Households not constructed and connected with electricity infrastructure  All preparations of house connections have been done (planting of shack poles, drilling into households, Mounting households ready board and Mounting of pole boxes).
To construct and connect 236 households with electricity infrastructure at Nhombelani (26) Mahonisi (100) and Mphakati (110) by 30 June 2024.	236 households constructed and connected with electricity infrastructure at Nhombelani (26) Mahonisi (100) and Mphakati (110) by 30 June 2024.	Nil
To Construct 2.85 km roadbed and subbase of 2.85 km Ring Road at Misevhe A, B, C and D by 30 June 2024.	2.85km roadbed and subbase of 2.85 km Ring Road constructed at Misevhe A, B, C and D by 30 June 2024.	2.5 km roadbed and subbase of 2.85km ring road constructed at Misevhe A, B,C and D.
To Construct 2.85 km roadbed and subbase of 2.85 km Ring Road at Masia Headkraal by 30 June 2024.	2.85 km roadbed and subbase of 2.85 km Ring Road constructed at Masia Headkraal by 30 June 2024	2.5 km roadbed and subbase of 2.85 km Ring Road constructed at Masia Headkraal.

## Spatial rationale

<p><i>Targets achieved: 67%</i></p> <p><i>Budget spent 100%</i></p>		
Key indicator not achieved	Planned target	Reported achievement
To conduct community meeting for the formalization and proclamation of township at Mititi area by 30 June 2024.	Community meeting conducted for the formalization and proclamation of township at Mititi area by 30 June 2024.	Community meeting not conducted for the formalization and proclamation of township at Mititi Area.
To submit the draft general plan to the office of the surveyor general for approval of formalisation and proclamation of Township at Mabandla area by 30 June 2024.	Draft general plan submitted to the office of the surveyor general for approval of formalisation and proclamation of Township at Mabandla area by 30 June 2024.	Draft general plan submitted to the office of the Surveyor General for approval of formalization and proclamation of township at Mabandla area.
To approve the layout plan and acquire approval letter from LEDET for formalization and proclamation of township at Majosi area by 30 June 2024.	Layout plan approved and acquire approval letter from LEDET acquired for formalization and proclamation of township at Majosi area by 30 June 2024.	Layout plan approved and letter from LEDET acquired for formalization and proclamation of township at Majosi area.

## Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

## Report on compliance with legislation

29. 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.
30. 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.
31. 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.

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

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

33. 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 disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

#### **Revenue management**

34. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

#### **Expenditure management**

35. Reasonable steps were not taken to prevent irregular expenditure amounting to R32 795 752 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.
36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 125 568 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 and penalties charged to the municipality.
37. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R86 344 991, 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 debt impairment and general expenses.

#### **Consequence management**

38. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
39. Unauthorised expenditure was certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA.
40. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.



41. Some of the 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.
42. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
43. Fruitless and wasteful expenditure were certified by council certified as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.
44. Cases of financial misconduct which constitute a crime committed by officials were not always reported to the South African Police Service, as required by the municipal regulations on financial misconduct procedures and criminal proceedings 10(1).

#### Strategic planning and performance management

45. 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).

#### Other information in the annual report

46. 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.
47. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
48. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

50. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
51. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report
52. 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.
53. Management did not review and monitor compliance with applicable legislation as evidenced with the material findings issued not in line with Standards of GRAP requirements and material non compliances identified on various subject matters.
54. Management did not implement proper record keeping processes and controls to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting.

## Other reports

55. I draw attention to the following investigation 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.
56. 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 block for the municipality. The investigation was in progress at the date of the auditor's report.

*Auditor - General*

Polokwane

30 November 2024



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## Annexure to the auditor's report

The annexure includes the following:

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

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

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

#### Financial statements

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

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

## Communication with those charged with governance

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

Legislation	Sections or regulations
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)
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)

ANNEXURE A	Annual Financial Statement
ANNEXURE B	Auditor General Report
ANNEXURE C	Audit Action Plan
ANNEXURE D	2023/24 Annual Performance Report
ANNEXURE E	Audit Committee Report
ANNEXURE F	MPAC Oversight Report

**COLLINS CHABANE  
LOCAL MUNICIPALITY**  
Since 2016



**Collins Chabane Local Municipality  
(Registration number LIM345)  
Annual Financial Statements  
for the year ended 30 June 2024**



# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## 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 125 Collins Chabane Drive Malamulele 0982
<b>Business address</b>	Municipal Offices 125 Collins Chabane Drive Malamulele 0982
<b>Postal address</b>	Private Bag X9271 Malamulele 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 30 June 2024

## General Information

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### Mayoral Committee

#### Executive Mayor

Cllr Maluleke SG

#### Speaker

Cllr Mbedzi TS

#### Chief Whip

Cllr Baloyi ME

#### Members of the Executive Committee

Cllr Maluleke SG

Cllr Chauke TF (Appointed 15 November 2023)

Cllr Thovhakale MS

Cllr Lebea ME

Cllr Manganyi MN (Appointed 15 November 2023)

Cllr Shiburi SK (Appointed 15 November 2023)

Cllr Mavikane SX (Appointed 15 November 2023)

Cllr Mabasa D

Cllr Mahlawule TP

Cllr Baloyi DL (Terminated 11 June 2024)

Cllr Chauke HG (Moved to Sec 79 Chairpersons 15 November 2023)

Cllr Maluleke LR ( Moved to Sec 79 Chairpersons 15 November 2023)

Cllr Mashila D (Terminated 15 November 2023)

#### Audit Committee members

Mudau FJ (Chairperson)

Mabuza JM

Ngobeni SAB

Nevhutalu TG CA(SA)

Makhubele E

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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### Other members of municipal council

Cllr Maremane HR  
Cllr Bila TJ (Terminated May 2024)  
Cllr Mashimbye FP  
Cllr Mutele TM  
Cllr Mavikane SX  
Cllr Shivambu S  
Cllr Matamela SM  
Cllr Masangu GD  
Cllr Chauke TR  
Cllr Maluleke ET  
Cllr Ndove HD  
Cllr Mudau TS  
Cllr Mabasa KK  
Cllr Ngobeni MR (Deceased)  
Cllr Mabasa J  
Cllr Baloyi HR  
Cllr Sunduza SZ  
Cllr Chabangu TC  
Cllr Mabunda MC  
Cllr Munyai N  
Cllr Sithole MW  
Cllr Shandukani MJ  
Cllr Rekhoto SM  
Cllr Miyambo ZQ  
Cllr Baloyi MJ  
Cllr Hlabangwani TL (Resigned 13 October 2023 & resumed 17 July 2024)  
Cllr Masia TM  
Cllr Rikhotso GM  
Cllr Mathavha HF  
Cllr Baloyi HJ  
Cllr Manganyi HL  
Cllr Mabasa W  
Cllr Mhangwane C  
Cllr Khange G  
Cllr Makhubele 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 Makhomisan SE  
Cllr Maringa RE  
Cllr Manganye MJ  
Cllr Manganyi MN  
Cllr Muthubi KR  
Cllr Mulaudzi MM  
Cllr Chaoke TS  
Cllr Chauke MG  
Cllr Munarini TJ  
Cllr Yingwani T (Terminated)  
Cllr Maluleke LR  
Cllr Chauke FT (Appointed 15 November 2023)



# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## General Information

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Cllr Chauke HG (Appointed 15 November 2023)

Cllr Siweya SL (Appointed 15 November 2023)

Cllr Makondo NS (Appointed 15 November 2023)

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## 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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# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Index

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### Abbreviations used:

COIDA	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
CFO	Chief Financial Officer
AGSA	Auditor-General of South Africa
CIGFARO	Chartered Institute of Governance, Finance, Audit and Risk Officers
CCLM	Collins Chabane Local Municipality
MM	Municipal Manager
INEP	Integrated National Electrification Programme
FMG	Finance Management Grant
ME's	Municipal Entities
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant (Previously CMIP)
WIP	Work in Progress
EPWP	Extended Public Works Programme
VAT	Value Added Tax
SALGA	South African Local Government Association
PPPFA	Preferential Procurement Policy Framework Act
UIF	Unemployment Insurance Fund
PAYE	Pay As You Earn
WCA	Workmen's Compensation Act

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly 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 the municipality.

The annual financial statements set out on pages 8 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024.



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**Shilenge RR**  
**Municipal Manager**

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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

### 1. Incorporation

The municipality was incorporated on August 10, 2016 and obtained its certificate to commence 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 councillors and 36 wards.

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 1,854,459,367 and that the municipality's total assets exceed its liabilities by R 1,854,459,367.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality and that sound annual financial statements will remain in force for so long as it takes to maintain the solvency of the municipality.

### 3. Events after the reporting period

The following events occurred since the end of the financial year.

Collins Chabane Local Municipality//VBS Liquidation (Creditor's Claim).

A dividend amounting to R20, 125,845.79 was successfully collected/approved for payment from the VBS liquidators on 24 November 2024. The financial statements have been adjusted to reflect this information. As detailed in Note 8.

There were no other material subsequent events, apart from those mentioned above, that occurred from the end of the financial year to the date of these audited annual financial statements.

### 4. Accounting policies

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

### 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.

  
\_\_\_\_\_  
Shilenge RR  
Municipal Manager

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Notes	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	10	5,055,869	6,771,260
Receivables from exchange transactions	11	2,802,708	2,563,745
Receivables from non-exchange transactions	12	10,115,171	9,561,669
Consumer receivables from exchange transactions	13	7,655,120	5,399,564
VAT receivable	14	25,037,315	48,055,407
Cash and cash equivalents	15	96,354,092	194,254,732
Other receivable	8	20,125,846	-
		<b>167,146,121</b>	<b>266,606,377</b>
<b>Non-Current Assets</b>			
Investment property	3	3,000,014	3,720,015
Property, plant and equipment	4	1,834,453,386	1,587,791,385
Intangible assets	5	1,960,350	3,494,819
Heritage assets	6	1,126,500	1,126,500
Other financial assets	7	2	2
		<b>1,840,540,252</b>	<b>1,596,132,721</b>
<b>Total Assets</b>		<b>2,007,686,373</b>	<b>1,862,739,098</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	16	2,076,344	1,809,759
Payables from exchange transactions	19	120,356,945	96,660,439
Employee benefit obligation	9	7,274,399	7,402,441
Unspent conditional grants and receipts	17	1,933,743	9,234,000
Provisions	18	1,037,020	553,749
		<b>132,678,451</b>	<b>115,660,388</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	16	1,517,434	3,593,778
Employee benefit obligation	9	19,031,121	16,525,308
		<b>20,548,555</b>	<b>20,119,086</b>
<b>Total Liabilities</b>		<b>153,227,006</b>	<b>135,779,474</b>
<b>Net Assets</b>		<b>1,854,459,367</b>	<b>1,726,959,624</b>
Accumulated surplus		1,854,459,367	1,726,959,624
<b>Total Net Assets</b>		<b>1,854,459,367</b>	<b>1,726,959,624</b>

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Notes	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of stands	20	732,167	7,514,159
Service charges	21	5,672,816	5,559,694
Rendering of services	20	2,443,223	2,894,937
Interest on arrear receivables	20	1,812,568	1,459,309
Agency services	20	4,148,166	3,949,163
Licences and permits	20	4,979,837	4,619,359
Rental income	22	343,707	319,942
Investment revenue	23	16,910,819	18,002,852
Fair value adjustments	35	-	1,659,997
<b>Total revenue from exchange transactions</b>		<b>37,043,303</b>	<b>45,979,412</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	35,824,726	33,887,616
<b>Transfer revenue</b>			
Government grants & subsidies	25	619,882,876	605,090,980
Public contributions and donations	26	2,759,595	41,003,987
Interest on arrear receivables	20	14,765,291	8,022,225
Other income - VBS investment	20	20,125,846	-
Gain on assets/Fair value adjustments	20	69,145	10,667,629
Traffic fines	20	1,188,100	382,250
<b>Total revenue from non-exchange transactions</b>		<b>694,615,579</b>	<b>699,054,687</b>
<b>Total revenue</b>	20	<b>731,658,882</b>	<b>745,034,099</b>
<b>Expenditure</b>			
Employee related costs	27	(146,501,305)	(132,896,073)
Remuneration of councillors	28	(29,545,233)	(28,265,223)
Depreciation and amortisation	29	(71,379,513)	(68,159,030)
Impairment loss/Reversal of impairments	30	(4,925,923)	(7,408,518)
Finance costs	31	(164,854)	(76,732)
Debt impairment	32	(35,524,370)	(22,253,651)
Repairs and maintenance	4	(30,729,439)	(16,929,124)
Bad debts written off		(2,612,456)	(8,975,582)
Contracted services	33	(164,664,936)	(149,259,900)
General expenses	34	(110,301,630)	(130,333,682)
Fair value adjustments	35	(4,885,776)	-
Loss on disposal of assets		(2,923,707)	(1,308,094)
<b>Total expenditure</b>		<b>(604,159,142)</b>	<b>(565,865,609)</b>
<b>Surplus for the year</b>		<b>127,499,740</b>	<b>179,168,490</b>

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
<b>Restated* Balance at 01 July 2022 as restated</b>	<b>1,547,791,134</b>	<b>1,547,791,134</b>
Changes in net assets		
Surplus for the year	179,168,490	179,168,490
Total changes	179,168,490	179,168,490
Adjustments		
Prior year adjustments Note 42	(13,110,191)	(13,110,191)
<b>Restated* Balance at 01 July 2023 as restated</b>	<b>1,726,959,627</b>	<b>1,726,959,627</b>
Changes in net assets		
Surplus for the year	127,499,740	127,499,740
Total changes	127,499,740	127,499,740
<b>Balance at 30 June 2024</b>	<b>1,854,459,367</b>	<b>1,854,459,367</b>



# Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		16,639,296	23,065,195
Service charges		2,318,820	3,591,116
Grants and subsidies		612,582,619	611,475,004
Interest income		16,910,819	18,002,852
Other receipts		75,572,033	54,793,366
		<u>724,023,587</u>	<u>710,927,533</u>
<b>Payments</b>			
Employee costs		(178,558,002)	(158,993,360)
Suppliers and other payments		(313,125,970)	(293,189,593)
		<u>(491,683,972)</u>	<u>(452,182,953)</u>
<b>Net cash flows from operating activities</b>	37	<u><b>232,339,615</b></u>	<u><b>258,744,580</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	<u>(328,265,642)</u>	<u>(359,760,866)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		<u>(1,974,613)</u>	<u>(1,598,168)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(97,900,640)</b></u>	<u><b>(102,614,454)</b></u>
Cash and cash equivalents at the beginning of the year		194,254,732	296,869,186
<b>Cash and cash equivalents at the end of the year</b>	15	<u><b>96,354,092</b></u>	<u><b>194,254,732</b></u>

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Sale of stands	78,339,994	(28,481,199)	<b>49,858,795</b>	732,167	<b>(49,126,628)</b>	Note 54
Service charges	6,765,000	(1,100,000)	<b>5,665,000</b>	5,672,816	<b>7,816</b>	
Rendering of services	2,622,006	309,199	<b>2,931,205</b>	2,443,223	<b>(487,982)</b>	
Rental income	301,000	80,000	<b>381,000</b>	343,707	<b>(37,293)</b>	
Interest on arrear receivables	8,784,000	-	<b>8,784,000</b>	1,812,568	<b>(6,971,432)</b>	
Agency services	4,416,000	483,000	<b>4,899,000</b>	4,148,166	<b>(750,834)</b>	
Licences and permits	7,596,000	227,000	<b>7,823,000</b>	4,979,837	<b>(2,843,163)</b>	
Interest received - investment	25,538,000	(4,000,000)	<b>21,538,000</b>	16,910,819	<b>(4,627,181)</b>	
<b>Total revenue from exchange transactions</b>	<b>134,362,000</b>	<b>(32,482,000)</b>	<b>101,880,000</b>	<b>37,043,303</b>	<b>(64,836,697)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	36,621,000	(1,151,000)	<b>35,470,000</b>	35,824,726	<b>354,726</b>
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##### Transfer revenue

Government grants & subsidies	598,546,000	18,864,000	<b>617,410,000</b>	619,882,876	<b>2,472,876</b>
Levies	-	-	-	20,125,846	<b>20,125,846</b>
Public contributions and donations	-	-	-	2,759,595	<b>2,759,595</b>
Traffic fines	606,000	-	<b>606,000</b>	1,188,100	<b>582,100</b>
Gain on assets/ Fair value adjustments	-	-	-	69,145	<b>69,145</b>
Interest on arrear receivables	-	-	-	14,765,291	<b>14,765,291</b>

<b>Total revenue from non-exchange transactions</b>	<b>635,773,000</b>	<b>17,713,000</b>	<b>653,486,000</b>	<b>694,615,579</b>	<b>41,129,579</b>
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<b>Total revenue</b>	<b>770,135,000</b>	<b>(14,769,000)</b>	<b>755,366,000</b>	<b>731,658,882</b>	<b>(23,707,118)</b>
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##### Expenditure

Employee related costs	(146,733,000)	849,000	<b>(145,884,000)</b>	(146,501,305)	<b>(617,305)</b>
Remuneration of councillors	(30,897,500)	(348,500)	<b>(31,246,000)</b>	(29,545,233)	<b>1,700,767</b>
Repairs and maintenance	(35,668,000)	(6,277,546)	<b>(41,945,546)</b>	(30,729,439)	<b>11,216,107</b>
Depreciation and amortisation	(51,219,000)	(11,063,000)	<b>(62,282,000)</b>	(71,379,513)	<b>(9,097,513)</b>
Impairment loss/ Reversal of impairments	-	-	-	(4,925,923)	<b>(4,925,923)</b>
Finance costs	-	-	-	(164,854)	<b>(164,854)</b>
Debt Impairment	(5,897,000)	-	<b>(5,897,000)</b>	(35,524,370)	<b>(29,627,370)</b>
Bad debts written off	-	-	-	(2,612,456)	<b>(2,612,456)</b>
Contracted Services	(137,227,000)	(47,529,000)	<b>(184,756,000)</b>	(164,664,936)	<b>20,091,064</b>
General Expenses	(50,030,000)	(26,874,000)	<b>(76,904,000)</b>	(110,301,630)	<b>(33,397,630)</b>

<b>Total expenditure</b>	<b>(457,671,500)</b>	<b>(91,243,046)</b>	<b>(548,914,546)</b>	<b>(596,349,659)</b>	<b>(47,435,113)</b>
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<b>Operating surplus</b>	<b>312,463,500</b>	<b>(106,012,046)</b>	<b>206,451,454</b>	<b>135,309,223</b>	<b>(71,142,231)</b>
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# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on disposal of assets	-	-	-	(2,923,707)	<b>(2,923,707)</b>	
Fair value adjustments	-	-	-	(4,885,776)	<b>(4,885,776)</b>	
	-	-	-	<b>(7,809,483)</b>	<b>(7,809,483)</b>	
<b>Surplus before taxation</b>	<b>312,463,500</b>	<b>(106,012,046)</b>	<b>206,451,454</b>	<b>127,499,740</b>	<b>(78,951,714)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>312,463,500</b>	<b>(106,012,046)</b>	<b>206,451,454</b>	<b>127,499,740</b>	<b>(78,951,714)</b>	

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

### Statement of Financial Position

#### Assets

##### Current Assets

Inventories	3,846,000	800,000	<b>4,646,000</b>	5,055,869	<b>409,869</b>	Note 54
Other receivable	-	-	-	20,125,846	<b>20,125,846</b>	
Receivables from exchange transactions	18,553,000	(715,000)	<b>17,838,000</b>	2,802,708	<b>(15,035,292)</b>	
Receivables from non-exchange transactions	-	-	-	10,115,171	<b>10,115,171</b>	
VAT receivable	9,745,000	-	<b>9,745,000</b>	25,037,315	<b>15,292,315</b>	
Consumer receivables from non-exchange transactions	64,954,000	(748,000)	<b>64,206,000</b>	7,655,120	<b>(56,550,880)</b>	
Cash and cash equivalents	372,708,000	(111,237,000)	<b>261,471,000</b>	96,354,092	<b>(165,116,908)</b>	
	<b>469,806,000</b>	<b>(111,900,000)</b>	<b>357,906,000</b>	<b>167,146,121</b>	<b>(190,759,879)</b>	

##### Non-Current Assets

Investment property	2,060,000	-	<b>2,060,000</b>	3,000,014	<b>940,014</b>	
Property, plant and equipment	1,596,486,000	7,688,000	<b>1,604,174,000</b>	1,834,453,386	<b>230,279,386</b>	
Intangible assets	6,076,000	(1,000,000)	<b>5,076,000</b>	1,960,350	<b>(3,115,650)</b>	
Heritage assets	1,127,000	-	<b>1,127,000</b>	1,126,500	<b>(500)</b>	
Other financial assets	-	-	-	2	<b>2</b>	
	<b>1,605,749,000</b>	<b>6,688,000</b>	<b>1,612,437,000</b>	<b>1,840,540,252</b>	<b>228,103,252</b>	
<b>Total Assets</b>	<b>2,075,555,000</b>	<b>(105,212,000)</b>	<b>1,970,343,000</b>	<b>2,007,686,373</b>	<b>37,343,373</b>	

#### Liabilities

##### Current Liabilities

Finance lease obligation	954,000	-	<b>954,000</b>	2,076,344	<b>1,122,344</b>	
Payables from exchange transactions	159,760,000	500,000	<b>160,260,000</b>	120,356,948	<b>(39,903,052)</b>	
Employee benefit obligation	6,927,000	-	<b>6,927,000</b>	7,274,399	<b>347,399</b>	
Unspent conditional grants and receipts	-	-	-	1,933,743	<b>1,933,743</b>	
Provisions	-	-	-	1,037,020	<b>1,037,020</b>	
	<b>167,641,000</b>	<b>500,000</b>	<b>168,141,000</b>	<b>132,678,454</b>	<b>(35,462,546)</b>	

##### Non-Current Liabilities

Finance lease obligation	-	-	-	1,517,434	<b>1,517,434</b>	
Employee benefit obligation	17,168,000	-	<b>17,168,000</b>	19,031,121	<b>1,863,121</b>	
	<b>17,168,000</b>	-	<b>17,168,000</b>	<b>20,548,555</b>	<b>3,380,555</b>	
<b>Total Liabilities</b>	<b>184,809,000</b>	<b>500,000</b>	<b>185,309,000</b>	<b>153,227,009</b>	<b>(32,081,991)</b>	
<b>Net Assets</b>	<b>1,890,746,000</b>	<b>(105,712,000)</b>	<b>1,785,034,000</b>	<b>1,854,459,364</b>	<b>69,425,364</b>	

## Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1,890,746,000	(105,712,000)	<b>1,785,034,000</b>	1,854,459,367	<b>69,425,367</b>	

## Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Property rates	16,129,000	(403,000)	<b>15,726,000</b>	16,639,296	<b>913,296</b>	Note 54
Service charges	2,976,500	(385,500)	<b>2,591,000</b>	2,318,820	<b>(272,180)</b>	
Government grants and subsidies	601,533,000	18,864,000	<b>620,397,000</b>	612,582,619	<b>(7,814,381)</b>	
Interest income	25,538,000	(4,000,000)	<b>21,538,000</b>	16,910,819	<b>(4,627,181)</b>	
Other receipts	155,868,000	(27,382,000)	<b>128,486,000</b>	75,572,033	<b>(52,913,967)</b>	
	<b>802,044,500</b>	<b>(13,306,500)</b>	<b>788,738,000</b>	<b>724,023,587</b>	<b>(64,714,413)</b>	
<b>Payments</b>						
Employee costs and supplier payments	(400,556,000)	(80,179,000)	<b>(480,735,000)</b>	(491,683,972)	<b>(10,948,972)</b>	
<b>Net cash flows from operating activities</b>	<b>401,488,500</b>	<b>(93,485,500)</b>	<b>308,003,000</b>	<b>232,339,615</b>	<b>(75,663,385)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(325,650,000)	(17,751,000)	<b>(343,401,000)</b>	(328,265,642)	<b>15,135,358</b>	
<b>Cash flows from financing activities</b>						
Finance lease payments	-	-	-	(1,974,613)	<b>(1,974,613)</b>	
Net increase/(decrease) in cash and cash equivalents	75,838,500	(111,236,500)	<b>(35,398,000)</b>	(97,900,640)	<b>(62,502,640)</b>	
Cash and cash equivalents at the beginning of the year	296,869,000	-	<b>296,869,000</b>	194,254,732	<b>(102,614,268)</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>372,707,500</b>	<b>(111,236,500)</b>	<b>261,471,000</b>	<b>96,354,092</b>	<b>(165,116,908)</b>	
<b>Reconciliation</b>						

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand	Notes	2024	2023
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### 1. Significant accounting policies

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

#### 1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Materiality

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

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

The municipality does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

#### 1.5 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 entity, 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.

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Investment property (continued)

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.

### 1.6 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

### Subsequent 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.

Land is carried at cost and is not depreciated.

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

Components of assets that are significant relative to the overall asset and have different useful lives are depreciated separately. The annual depreciation rates are based on the estimated average asset lives outlined in the MFMA - Local Government Capital Assets Management Guidelines.



# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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

Item	Depreciation method	Average useful life (years)
Buildings/ Community Assets	Straight-line	5 - 30
Electrical	Straight-line	3 - 80
Solid waste	Straight-line	5 - 55
Computer equipment	Straight-line	3 - 10
Furniture and office equipment	Straight-line	3 - 10
Motor vehicles	Straight-line	4 - 15
Plant, machinery and equipment	Straight-line	2 - 20
Bridges	Straight-line	15 - 80
Roads	Straight-line	5 - 80
Storm water drainage	Straight-line	20 - 80
Other infrastructure assets	Straight-line	5 - 30
Leased assets	Straight-line	Limited to the contract term

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

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

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

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity 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 whenever there is an indication that an asset may be impaired. An assessment to determine whether such an indication exists is conducted at each reporting date. If the carrying amount of an item of property, plant, and equipment exceeds its estimated recoverable amount (or recoverable service amount), the asset is written down to its recoverable amount. An impairment loss is then recorded in the Statement of Financial Performance. Note that an impairment loss on a revalued asset is treated as a revaluation decrease.

#### Derecognition

Items of property, plant, and equipment are derecognized when they are disposed of or when there are no further economic benefits or service potential expected from their use. The gain or loss resulting from the derecognition of such an item is included in the surplus or deficit at the time of derecognition. This gain or loss is determined as the difference between any net disposal proceeds and the carrying amount of the item.

The municipality separately discloses expenditure related to the repair and maintenance of property, plant, and equipment in the notes to the financial statements (see note 4).

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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:

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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

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# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.7 Intangible assets (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

#### Derecognition

Intangible assets are derecognised:

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

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

### 1.8 Heritage assets

Heritage assets are assets that have 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

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 assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

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

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

### 1.9 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

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Financial instruments (continued)

- 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.

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

#### Class

Consumer receivables from exchange transactions  
Receivables from non-exchange transactions  
Cash and cash equivalents  
Other receivables from exchange transactions  
Other financial assets

#### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

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

#### Class

Trade and other payables from exchange transactions  
Finance lease liabilities

#### Category

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

### Initial recognition

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

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Financial instruments (continued)

#### Initial measurement

The municipality measures a financial asset and financial liability initially at its fair value (for financial instruments not classified as fair value through profit or loss (FVPL), plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value of a financial instrument upon initial recognition is typically the transaction price, unless a different fair value is evident from observable market data. For financial instruments that are not traded in an active market, the municipality employs a discounted cash flow model incorporating entity-specific variables to determine fair value. Differences may arise between the fair value initially recognized (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 recognized in profit or loss only to the extent that they relate to changes in factors (including time) that market participants would consider when 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

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Financial instruments (continued)

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 60 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 equivalents

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.

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 investments

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

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### 1.9 Financial instruments (continued)

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.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

#### 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.

### 1.10 Statutory receivables

#### Identification

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

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

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

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### 1.10 Statutory receivables (continued)

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

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

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

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



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### 1.10 Statutory receivables (continued)

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

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

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

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

### Derecognition

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

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

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

### 1.11 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.

### 1.12 Leases

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

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

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### 1.12 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.

### 1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Subsequently inventories are measured at the lower of cost and net realisable value.

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

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

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

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

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

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

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

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

### 1.14 Impairment of cash-generating assets

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

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

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

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### 1.14 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is either:

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

### 1.15 Employee benefits

#### Identification

#### Employee benefits

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

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 provided in exchange for the termination of an employee's employment as a result of either:

- (a) a municipality's decision to terminate an employee's employment before the normal retirement date; or
- (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

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 postemployment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

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### 1.15 Employee benefits (continued)

#### Short-term employee benefits

##### Recognition and measurement

##### All 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

##### Recognition and measurement

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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### 1.15 Employee benefits (continued)

#### Termination benefits

##### Recognition

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

- (a) terminate the employment of an employee or group of employees before the normal retirement date; or
- (b) 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.

### 1.16 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity 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.

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### 1.16 Provisions and contingencies (continued)

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

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

#### 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;

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### 1.16 Provisions and contingencies (continued)

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

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

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

### 1.17 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

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### 1.18 Revenue from exchange transactions

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

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

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

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

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

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

### Interest

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

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

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

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

Control of an asset arises 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 applies to assets acquired at no consideration and disposal of assets.

#### Gain/loss on fair value

Gain/ loss on fair value - this applies to the movement on fair value adjustments on investment property as at year-end.

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

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

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

#### Public contributions and donations

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

#### 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 as rates account has been issued to the rate payers.

# Collins Chabane Local Municipality

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## Accounting Policies

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

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

#### Government grants 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.

### 1.20 Investment income

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

### 1.21 Accounting by principals and agents

#### Identification

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

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

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

#### Identifying whether an entity is a principal or an agent

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

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

#### Binding arrangement

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

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

# Collins Chabane Local Municipality

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## Accounting Policies

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### 1.21 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.

### 1.22 Translation of foreign currencies

### 1.23 Changes in accounting policies, estimates and errors

Accounting policies are the specific principles, bases, conventions, rules and practices applied by a municipality in preparing and presenting financial statements. A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Prospective application of a change in an accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are:

- (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and
  - (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.
- Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

The effect of a change in an accounting estimate shall be recognised prospectively.

### 1.24 Comparative figures

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

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Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.25 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.

### 1.26 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.

### 1.27 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.

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.

### 1.28 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 entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

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

# Collins Chabane Local Municipality

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## Accounting Policies

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### 1.28 Segment information (continued)

#### Measurement

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

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

### 1.29 Budget information

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

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

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

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

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 an explanation of +-10% variance on comparison of budget and actual amounts.

### 1.30 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 person in their dealings with the municipality.

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

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

# Collins Chabane Local Municipality

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## Accounting Policies

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### 1.31 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.

### 1.32 Expenditure

Expenditure is recognised in the financial statements on an accrual basis.

### 1.33 Consumer deposits

Consumer deposits represents funds received by the municipality as security for payment of consumer accounts. The amount represent the actual cash received and can either be paid back or set off against an consumer account. The gross un-utilised deposit amount is indicated. No interest is paid to the consumers on the deposits held by the municipality.

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

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### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 2023 Improvements to the Standards of GRAP 2023</li></ul>	To be determined	To be determined
<ul style="list-style-type: none"><li>GRAP 1 (amended): Presentation of Financial Statements (Going Concern)</li></ul>	To be determined	To be determined
<ul style="list-style-type: none"><li>GRAP 103 (as revised): Heritage Assets</li></ul>	To be determined	To be determined
<ul style="list-style-type: none"><li>iGRAP 22 Foreign Currency Transactions and Advance Consideration</li></ul>	01 April 2025	To be determined
<ul style="list-style-type: none"><li>GRAP 104 (as revised): Financial Instruments</li></ul>	01 April 2025	To be determined

## Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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#### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3,000,014	-	3,000,014	3,720,015	-	3,720,015

#### Reconciliation of investment property - 2024

	Opening balance	Transfers out	Fair value adjustments	Total
Investment property	3,720,015	(50,003)	(669,998)	3,000,014

#### Reconciliation of investment property - 2023

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	1,739,931	(2)	1,980,086	3,720,015

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.

During the current year, the land with a value of R50,003 was transferred to land inventory for sale.

The value of investment property was reduced by R669,998 due to illegal occupation.

#### Fair valuation:

The fair values of investment property as disclosed in the annual financial statements are based on the valuation by Luthendo Group, an independent valuer who is adequately qualified and has experience in the valuation industry.

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

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

#### Repairs and maintenance:

There were no repairs and maintenance costs incurred on the investment properties during the reporting period.

#### Rental income:

There was no rental income raised from occupation of investment property during the year.



## Collins Chabane Local Municipality

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### Notes to the Annual Financial Statements

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#### 4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	28,713,442	-	28,713,442	28,713,442	-	28,713,442
Buildings	45,175,487	(9,562,386)	35,613,101	44,617,626	(7,859,859)	36,757,767
Movable assets	144,878,780	(69,139,522)	75,739,258	142,305,828	(51,718,911)	90,586,917
Community assets	259,546,666	(51,346,151)	208,200,515	239,591,182	(38,769,224)	200,821,958
Roads infrastructure	970,875,691	(123,209,586)	847,666,105	749,849,564	(98,226,464)	651,623,100
Leased assets	5,972,093	(2,655,915)	3,316,178	5,972,094	(659,889)	5,312,205
WIP - infrastructure	527,570,086	-	527,570,086	462,727,030	-	462,727,030
Electricity assets	130,332,630	(22,697,929)	107,634,701	124,437,915	(13,188,949)	111,248,966
<b>Total</b>	<b>2,113,064,875</b>	<b>(278,611,489)</b>	<b>1,834,453,386</b>	<b>1,798,214,681</b>	<b>(210,423,296)</b>	<b>1,587,791,385</b>

## Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

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

##### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Donated assets	Disposals	Transfers received	Transfers out	Depreciation	Impairment loss	Impairment reversal	Total
Land	28,713,442	-	2,740,000	-	-	(2,739,998)	-	-	-	28,713,442
Buildings	36,757,767	557,859	-	-	-	-	(1,702,525)	-	-	35,613,101
Movable assets	90,586,917	2,674,193	-	(47,885)	88,739	-	(17,582,198)	(277,538)	297,030	75,739,258
Community assets	200,821,958	2,833,210	-	-	17,122,274	-	(12,255,365)	(321,562)	-	208,200,515
Roads infrastructure	651,623,100	10,268,488	-	(135,822)	217,334,140	-	(31,406,904)	(16,897)	-	847,666,105
Leased assets	5,312,205	-	-	-	-	-	(1,996,027)	-	-	3,316,178
WIP - Infrastructure	462,727,030	326,078,650	-	-	-	(261,235,594)	-	-	-	527,570,086
Electricity assets	111,248,966	-	-	-	5,894,719	-	(4,902,028)	(4,606,956)	-	107,634,701
	<b>1,587,791,385</b>	<b>342,412,400</b>	<b>2,740,000</b>	<b>(183,707)</b>	<b>240,439,872</b>	<b>(263,975,592)</b>	<b>(69,845,044)</b>	<b>(5,222,953)</b>	<b>297,030</b>	<b>1,834,453,386</b>

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

	Opening balance	Additions	Donated assets	Disposals	Transfers received	Transfers out	Depreciation	Impairment loss	Impairment reversal	Total
Land	10,973,442	-	20,240,000	-	-	(2,500,000)	-	-	-	28,713,442
Buildings	37,127,042	1,339,542	-	(1,585)	-	-	(1,655,706)	(51,526)	-	36,757,767
Movable assets	90,674,082	18,366,104	-	(25,047)	-	-	(16,142,953)	(2,471,475)	186,206	90,586,917
Community assets	143,017,451	2,483,065	-	(714,757)	68,094,675	(220,814)	(10,895,179)	(942,483)	-	200,821,958
Roads infrastructure	611,957,351	2,200,544	16,643,987	(566,706)	53,595,214	-	(31,579,194)	(628,096)	-	651,623,100
Leased Assets	844,886	5,971,718	-	-	-	-	(1,504,399)	-	-	5,312,205
WIP - Infrastructure	306,715,244	325,616,508	-	-	-	(169,604,722)	-	-	-	462,727,030
Electricity assets	94,796,217	-	10,920,765	-	13,634,060	-	(4,800,165)	(3,314,938)	13,027	111,248,966
	<b>1,296,105,715</b>	<b>355,977,481</b>	<b>47,804,752</b>	<b>(1,308,095)</b>	<b>135,323,949</b>	<b>(172,325,536)</b>	<b>(66,577,596)</b>	<b>(7,408,518)</b>	<b>199,233</b>	<b>1,587,791,385</b>

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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

#### Pledged as security

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

#### Other information

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

Malamulele D Street	-	41,969,488
Upgrading of Vuwani Stadium	869,566	869,566
	<b>869,566</b>	<b>42,839,054</b>

#### The following projects were delayed due to budget constraints:

Construction of traffic circle Malamulele	434,783	434,783
Construction of road at Masakona Village	869,565	869,565
Construction of stormwater channel at Malamulele B	869,321	869,321
Construction of ring road at Muchipisi Village	869,565	869,565
Construction of Jim Jenos Access Road to public	869,565	869,565
Construction of Tiyani Mall intersection	434,783	434,783
Construction of sub-offices traffic/DLTC and VTS at Hlaganani	869,550	869,550
Vuwani traffic and licensing admin block	434,783	434,783
Rehabilitation of Saseleman taxi rank	848,315	848,315
	<b>6,500,230</b>	<b>6,500,230</b>

#### Cumulative work in progress (WIP) expenditure as per GRAP 16.92(a) and GRAP 17.87(a) for the reported period is as follows:

Building infrastructure	137,753,602	108,530,749
Community assets	103,839,161	87,785,993
Electrical infrastructure	1,812,335	1,374,074
Roads infrastructure	284,164,980	265,036,213
	<b>527,570,078</b>	<b>462,727,029</b>

#### The completion of the project was delayed due to pre cast concrete:

Construction of municipal building	137,753,602	108,530,749
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#### Details of properties

#### The completion of the project was delayed due to re-prioritisation of budget

Construction of Highmast lights	1,374,074	1,374,074
Widening of streets in Business Park	36,821,691	23,921,071
	<b>38,195,765</b>	<b>25,295,145</b>

#### The completion of the project was delayed due to licence approval from Limpopo Department of Economic Development, Environment and Tourism (LEDET) and Department of Water and Sanitation (DWS)

Development of Landfill Site	49,887,018	49,887,018
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# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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

#### 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
Buildings	-	4,063,105
Machinery and equipment	12,709,325	2,349,849
Roads infrastructure	15,987,480	5,328,698
Motor vehicles	-	2,093,933
Community assets	-	19,268
	<b>28,696,805</b>	<b>16,929,124</b>

### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,825,739	(6,865,389)	1,960,350	8,825,739	(5,330,920)	3,494,819

#### Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	3,494,819	(1,534,469)	1,960,350

#### Reconciliation of intangible assets - 2023

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

#### Other information

The municipality has reviewed the useful lives, residual values and performed assessment of impairment as at 30 June 2024.

# Collins Chabane Local Municipality

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### 6. Heritage assets

	2024			2023		
	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 2024

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

#### Reconciliation of heritage assets 2023

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

### 7. Other financial assets

#### Residual interest at cost

Investment - VBS	113,841,784	113,841,784
	113,841,784	113,841,784
Impairments	(113,841,782)	(113,841,782)
	<b>2</b>	<b>2</b>

#### Non-current assets

Residual interest at cost	2	2
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#### Allowance for impairment

#### Reconciliation of provision of impairment of financial assets - 2024

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

#### Reconciliation of provision of impairment of financial assets - 2023

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

### 8. Other receivable

VBS investment	20,125,846	-
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# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 9. Employee benefit obligations

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

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

Defined benefit obligation: Long service award	(4,590,000)	(4,300,000)
Defined benefit obligation: Unused leave days	(8,947,520)	(7,932,749)
Defined benefit obligation: Post employment medical aid	(12,768,000)	(11,695,000)
	<b>(26,305,520)</b>	<b>(23,927,749)</b>
Non-current liabilities	(19,031,121)	(16,525,308)
Current liabilities	(7,274,399)	(7,402,441)
	<b>(26,305,520)</b>	<b>(23,927,749)</b>

#### 9.1 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 2024.

Long service awards relate to the legal obligation to provide long service awards. Actuarial benefits have been calculated for 263 eligible employee as at 30 June 2024 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.

Non-current portion	4,416,000	3,436,000
Current portion	174,000	864,174
	<b>4,590,000</b>	<b>4,300,000</b>

The fair value of plan assets includes:

Changes in the long service award liability are as follows:

Opening balance	4,300,000	3,941,000
Service cost	620,000	545,000
Interest cost	462,000	419,000
Expected benefit vesting	72,000	(83,000)
Actuarial gain	(864,000)	(522,000)
	<b>4,590,000</b>	<b>4,300,000</b>

Represented by:

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

#### Key assumptions

Discount rate	11,95 %	12,00 %
General salary inflation rate	6,65 %	7,00 %
Net discount rate	4,63 %	5,00 %
Average retirement age (Years)	62	62

# Collins Chabane Local Municipality

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### 9. Employee benefit obligations (continued)

#### 9.2 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.

Non-current portion	2,198,121	1,539,308
Current portion	6,749,399	6,393,441
	<b>8,947,520</b>	<b>7,932,749</b>

Changes in the unused leave days liability are as follows:

Opening balance	7,932,749	7,790,599
Service cost	1,076,277	1,030,110
Interest cost	907,527	863,384
Expected benefit vesting	(883,623)	(437,037)
Actuarial gain	(85,410)	(1,315,307)
	<b>8,947,520</b>	<b>7,932,949</b>

Key assumptions

Discount rate	11,90 %	12,09 %
General salary inflation	6,93 %	7,25 %
Net discount rate	4,64 %	4,52 %
Average retirement age (Years)	62	62

### Sensitivity analysis

A one percentage point change in assumed cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the current service cost	1,150,041	1,012,809
Effect on the interest cost	986,420	838,318
Effect on the defined benefit obligation	9,685,000	8,299,000

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### 9. Employee benefit obligations (continued)

ARCH Actuarial Consultants were the appointed actuaries for the year ending 30 June 2024.

The Actuaries used the expected inflation assumption of 5.93% that was obtained from the differential between market yields on index-linked bonds (5.16%) consistent with the estimated terms of the liabilities and those of nominal bonds (11.90%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as  $(11.90\% - 0.50\% - 5.16\%) / 1.0516$ .

#### Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables, adjusted for female lives.

#### Normal and average retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

### 9.3 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 2024.

PEMA relate to the legal obligation to provide medical aid contribution after retirement. Actuarial benefits have been calculated for eligible employee as at 30 June 2024 that are entitled to Post employment medical aid.

The post employment health care benefit 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.

Non-current portion	12,417,000	11,550,000
Current portion	351,000	145,000
	<b>12,768,000</b>	<b>11,695,000</b>

#### Changes in the post employment medical aid liability are as follows:

Opening balance	11,695,000	10,549,000
Service cost	764,000	731,000
Interest cost	1,461,000	1,244,000
Expected benefit vesting	(145,000)	(111,000)
Actuarial gain	(1,007,000)	(718,000)
	<b>12,768,000</b>	<b>11,695,000</b>

#### Key assumptions

Discount rate	12,35 %	12,57%
Medical aid contribution inflation rate	7,81 %	8,17 %
Net discount rate	4,21 %	4,07 %

#### Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	<b>+1% increase</b>	<b>-1% decrease</b>
Effect on the current service cost	932,000	632,000
Effect on the interest cost	1,679,000	1,282,000



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### 9. Employee benefit obligations (continued)

Effect on the defined benefit obligation	14,684,000	11,190,000
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The effect of a 1 year movement is assumed, the mortality rates are as follows on the ensuing years assumptions:

	+1 year	-1 year
Total accrued liability	12,412,000	13,119,000
Effect on interest cost	1,420,000	1,503,000
Effect on service cost	742,000	784,000

A medical aid contribution inflation rate of 7.81% per annum has been assumed. This is 1.50% in excess of expected consumer price index (CPI) inflation over the expected term of the DBO, namely 6.31% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.21% per annum which derives from  $((1+12.35\%)/(1+7.81\%))-1$ .

The CPI inflation assumption of 6.31% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the DBO (5.21%) and those of fixed interest bonds (12.35%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was thus determined as follows:  $((1+12.35\%-0.50\%)/(1+5.21\%))-1$ .

### Demographic assumptions

Mortality before retirement has been based on the SA 85-90 mortality tables. Mortality post-employment (for pensioners) has been based on the PA (90)-1 with a 1% mortality improvement p.a. from 2010.

Continuation of membership at retirement is 75%

Proportion with a spouse dependant at retirement is 60%

Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy at retirement is 10%

### Normal and average retirement age

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 year

### Notable benefit plan risks faced by the Municipality can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- **Longevity:** The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- **Volatility of open-ended, long-term DBO:** The risk that the DBO may be volatile which is exacerbated by its long-term nature.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the DBO for the Municipality.

### 10. Inventories

Consumable stores	5,055,739	2,461,154
Land inventory	130	4,310,106
	<b>5,055,869</b>	<b>6,771,260</b>

Inventories recognised as an expense during the year	7,360,633	4,322,355
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"Land inventory is recognised at fair value which equate to net realisable value due to illegal occupation."

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>10. Inventories (continued)</b>		
<b>Inventory pledged as security</b>		
No inventories were pledged as collateral for the municipality's liabilities.		
<b>11. Receivables from exchange transactions</b>		
Deposits	2,228,300	2,084,102
Sundry debtors	7,949,681	7,854,916
Sundry debtors - impairment	(7,375,273)	(7,375,273)
	<b>2,802,708</b>	<b>2,563,745</b>
There were no sundry debtors pledged as collateral.		
<b>Reconciliation of provision for impairment of other receivables from exchange transactions</b>		
Opening balance	(7,375,273)	(7,375,273)
<b>12. Receivables from non-exchange transactions</b>		
Traffic fines	2,574,730	1,608,530
Traffic fines - Impairment	(2,056,480)	(1,399,398)
Property rates	150,186,827	131,993,910
Property rates - Impairment	(140,589,906)	(122,641,373)
	<b>10,115,171</b>	<b>9,561,669</b>
<b>Ageing for rates</b>		
Current (0 - 30 days)	2,816,642	2,808,412
31 - 60 days	2,574,922	2,280,248
61 - 90 days	2,311,192	2,214,865
91 - 120 days	2,269,438	2,548,112
121 - 365 days	17,432,987	20,468,242
> 365 days	122,781,647	101,674,031
Less: Allowance for impairment	(140,589,906)	(122,641,373)
	<b>9,596,922</b>	<b>9,352,537</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>518,249</b>	<b>209,132</b>
<b>Total receivables from non-exchange transactions</b>	<b>10,115,171</b>	<b>9,561,669</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	(122,641,373)	(114,012,355)
Provision for impairment	(17,948,533)	(8,629,018)
	<b>(140,589,906)</b>	<b>(122,641,373)</b>
<b>13. Consumer receivables from exchange transactions</b>		
<b>Gross balances</b>		
Refuse	27,038,517	24,003,417
Consumer debtors - other	116,061,553	99,922,347

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## Notes to the Annual Financial Statements

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### 13. Consumer receivables from exchange transactions (continued)

**143,100,070      123,925,764**

#### Less: Allowance for impairment

Refuse

(25,565,164)      (22,579,864)

Consumer debtors - other

(109,879,786)      (95,946,336)

**(135,444,950)      (118,526,200)**

#### Net balance

Refuse

1,473,353      1,423,553

Customer debtors - other

6,181,767      3,976,011

**7,655,120      5,399,564**

#### Refuse

Current (0 -30 days)

486,243      475,716

31 - 60 days

388,000      370,759

61 - 90 days

372,115      359,840

91 - 120 days

360,070      364,288

121 - 365 days

2,744,880      2,896,908

> 365 days

22,687,209      19,571,074

(25,565,164)      (22,615,032)

**1,473,353      1,423,553**

#### Customer debtors - other

Current (0 -30 days)

1,587,159      881,973

31 - 60 days

1,543,909      850,409

61 - 90 days

1,513,090      845,649

91 - 120 days

1,484,513      834,483

121 - 365 days

10,727,155      6,806,628

> 365 days

99,205,727      89,950,540

(109,879,786)      (96,193,671)

**6,181,767      3,976,011**

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Figures in Rand	2024	2023
<b>13. Consumer receivables from exchange transactions (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Residential</b>		
Current (0 -30 days)	2,012,701	1,841,324
31 - 60 days	1,942,592	1,442,856
61 - 90 days	1,826,683	1,401,559
91 - 120 days	1,790,911	1,394,095
121 - 365 days	13,301,499	11,867,143
> 365 days	146,270,646	123,137,842
	<b>167,145,032</b>	<b>141,084,819</b>
<b>Industrial/ Commercial</b>		
Current (0 -30 days)	659,199	729,544
31 - 60 days	281,764	565,452
61 - 90 days	253,135	729,580
91 - 120 days	243,619	520,835
121 - 365 days	1,745,682	5,101,154
> 365 days	16,927,746	12,832,401
	<b>20,111,145</b>	<b>20,478,966</b>
<b>Government</b>		
Current (0 -30 days)	2,218,144	2,984,033
31 - 60 days	2,282,474	1,673,891
61 - 90 days	2,116,578	1,652,287
91 - 120 days	2,079,490	1,644,489
121 - 365 days	15,857,841	25,058,603
> 365 days	81,476,190	40,675,542
	<b>106,030,717</b>	<b>73,688,845</b>
<b>Total</b>		
Current (0 -30 days)	4,890,044	5,554,901
31 - 60 days	4,506,831	3,682,198
61 - 90 days	4,196,396	3,783,427
91 - 120 days	4,114,021	3,559,420
121 - 365 days	30,905,022	42,026,900
> 365 days	244,674,582	176,645,785
	293,286,896	235,252,631
Less: Allowance for impairment	(285,631,776)	(229,853,067)
	<b>7,655,120</b>	<b>5,399,564</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(118,526,200)	(111,103,418)
Contributions to allowance	(16,918,750)	(7,422,782)
	<b>(135,444,950)</b>	<b>(118,526,200)</b>

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### Notes to the Annual Financial Statements

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#### 14. VAT receivable

VAT	25,037,315	48,055,407
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#### Reconciliation of General Ledger and SARS Statement

VAT balance per GL/AFS	25,037,315	48,055,407
Less: Reconciling items	-12,603,456	-9,811,183
Less: Unclaimed VAT	-10,590,129	-13,574,032
<b>VAT balance per SARS Statement</b>	<b>1,843,823</b>	<b>24,670,191</b>

#### 15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	24,681,142	121,923,643
Short-term deposits	71,672,950	72,331,089
	<b>96,354,092</b>	<b>194,254,732</b>

The municipality holds 12 months fixed deposit investments with FNB, ABSA and Nedbank. The ABSA investment commenced in December 2023. The FNB investment matured in November 2023. The Nedbank investment matured in October 2023 and the reinvestment was made in December 2023.

No cash and cash equivalents were pledged as collateral.

#### The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB Current Account - 62632407020	24,681,143	121,923,644	296,869,186	24,681,143	121,923,644	296,869,186
FNB 12 Month Fixed Deposit - 76201583143	-	35,971,128	-	-	35,971,128	-
Nedbank 12 Month Fixed Deposit - 03/788166908/000	-	36,359,960	-	-	36,359,960	-
Nedbank - 12 Month Fixed Deposit - 03/7881166908/000004	35,868,837	-	-	35,868,837	-	-
ABSA - 12 Month Fixed Deposit - 2081408049	35,804,112	-	-	35,804,112	-	-
<b>Total</b>	<b>96,354,092</b>	<b>194,254,732</b>	<b>296,869,186</b>	<b>96,354,092</b>	<b>194,254,732</b>	<b>296,869,186</b>

## Collins Chabane Local Municipality

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### Notes to the Annual Financial Statements

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<b>16. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	2,172,074	1,974,613
- in second to fifth year inclusive	1,537,858	3,709,932
	3,709,932	5,684,545
less: future finance charges	(116,154)	(281,008)
<b>Present value of minimum lease payments</b>	<b>3,593,778</b>	<b>5,403,537</b>
<b>Present value of minimum lease payments due</b>		
- within one year	2,076,344	1,809,759
- in second to fifth year inclusive	1,517,434	3,593,778
	<b>3,593,778</b>	<b>5,403,537</b>
Non-current liabilities	1,517,434	3,593,778
Current liabilities	2,076,344	1,809,759
	<b>3,593,778</b>	<b>5,403,537</b>

Municipality has entered into a contract to lease photocopier machines for a period of 36 months. The lease agreement provides for monthly payments with a 10% annual escalation.

The municipality is also required to pay extra charges per month based on usage. This extra charge includes all printing & copying services, labour, breakdown calls, spares, transport, toner, and drums but excludes paper.

Contingent rent	6,973,574	1,803,514
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### 17. Unspent conditional grants and receipts

There following were unspent grants as at 30 June 2024.

**Unspent conditional grants and receipts comprises of:**

<b>Unspent conditional grants and receipts</b>		
Integrated National Electrification Programme (INEP)	-	4,734,000
Disaster Relief Grant (DRG)	1,933,743	4,500,000
	<b>1,933,743</b>	<b>9,234,000</b>

### 18. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Additions	Total
Provision for performance bonus	553,749	483,271	1,037,020

#### Reconciliation of provisions - 2023

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

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 19. Payables from exchange transactions

Trade payables	26,715,005	28,077,263
Payments received in advanced from customers	2,286,721	2,210,563
Payments received in advanced from customers - Land auction	13,717,242	-
Sundry creditors	339,057	2,589,435
Accrued bonus - 13th cheque	3,427,671	3,293,978
Unallocated deposits	1,414,526	955,629
Retention	70,781,213	56,634,455
Department of Transport	1,675,510	2,899,116
	<b>120,356,945</b>	<b>96,660,439</b>

### 20. Revenue

Sale of stands	732,167	7,514,159
Rendering of services	2,443,223	2,894,937
Service charges	5,672,816	5,559,694
Interest on arrear receivables - exchange transactions	1,812,568	1,459,309
Agency services	4,148,166	3,949,163
Licences and permits	4,979,837	4,619,359
Rental income	343,707	319,942
Interest earned - Bank	16,910,819	18,002,852
Property rates	35,824,726	33,887,616
Government grants & subsidies	619,882,876	605,090,980
Public contributions and donations	2,759,595	41,003,987
Other income - VBS investment	20,125,846	-
Interest on arrear receivables - non exchange transactions	14,765,291	8,022,225
Gain or (Loss) on assets/ Fair value adjustments	69,145	10,667,629
Traffic fines	1,188,100	382,250
	<b>731,658,882</b>	<b>743,374,102</b>

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

Sale of stands	732,167	7,514,159
Service charges	5,672,816	5,559,694
Rendering of services	2,443,223	2,894,937
Interest on arrear receivables	1,812,568	1,459,309
Agency services	4,148,166	3,949,163
Licences and permits	4,979,837	4,619,359
Rental income	343,707	319,942
Interest earned - Bank	16,910,819	18,002,852
	<b>37,043,303</b>	<b>44,319,415</b>

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

##### Taxation revenue

Property rates	35,824,726	33,887,616
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##### Transfer revenue

Government grants & subsidies	619,882,876	605,090,980
Public contributions and donations	2,759,595	41,003,987
Interest on arrear receivables	14,765,291	8,022,225
Gain on assets/Fair value adjustments	69,145	10,667,629
Other income - VBS investment	20,125,846	-
Traffic fines	1,188,100	382,250
	<b>694,615,579</b>	<b>699,054,687</b>

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### 20. Revenue (continued)

Nature and type of services in-kind are as follows:

#### Nature

Rendering of services - This include revenue for sale of tender documents, approval of building plans and proof of residence fees.

Service revenue - Is the revenue from refuse removal services provided by the municipality

### 21. Service charges

Refuse removal	5,672,816	5,559,694
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### 22. Rental income

#### Facilities and equipment

Rental income - third party	343,707	319,942
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### 23. Investment revenue

#### Interest revenue

Bank	11,612,819	15,884,765
Investments	5,298,000	2,118,087
	<b>16,910,819</b>	<b>18,002,852</b>

During the current year, interest was earned from the primary bank account and a 12-month fixed deposit.

### 24. Property rates

#### Rates received

Property rates	35,824,726	33,887,616
----------------	------------	------------

#### Valuations

Residential	1,619,180,000	1,479,770,500
Commercial	364,087,000	410,979,000
Agricultural	153,014,000	412,449,000
Government	1,640,850,000	1,286,300,503
	<b>3,777,131,000</b>	<b>3,589,499,003</b>



# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

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### 25. Government grants & subsidies

#### Operating grants

Equitable share	486,442,000	454,043,000
Financial Management Grant (FMG)	2,550,000	2,550,000
Extended Public Works Programme Grant (EPWP)	1,404,000	1,759,000
Disaster Relief Grant (DRG)	11,566,257	-
LG SETA Grant	1,419,619	-
	<b>503,381,876</b>	<b>458,352,000</b>

#### Capital grants

Municipal Infrastructure Grant (MIG)	91,570,000	138,889,000
Integrated National Electrification Program Grant (INEP)	24,931,000	7,849,980
	<b>116,501,000</b>	<b>146,738,980</b>
	<b>619,882,876</b>	<b>605,090,980</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	2,550,000
Conditions met - transferred to revenue	(2,550,000)	(2,550,000)
	-	-

The grant conditions were met as at year-end.

The grant is used to promote and support reforms to municipal financial management and implementation of MFMA, 2003.

#### Extended Public Works Programme Grant (EPWP)

Current-year receipts	1,404,000	1,759,000
Conditions met - transferred to revenue	(1,404,000)	(1,759,000)
	-	-

The grant conditions were met as at year-end.

The grant is used to create temporary work for unemployed people.

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### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>25. Government grants &amp; subsidies (continued)</b>		
<b>Disaster Relief Grant (DRG)</b>		
Balance unspent at beginning of year	4,500,000	-
Current-year receipts	9,000,000	4,500,000
Conditions met - transferred to revenue	(11,566,257)	-
	<b>1,933,743</b>	<b>4,500,000</b>

Conditions still to be met - remain liabilities (see note 17). The grant conditions were not met in 2024.

The reason the disaster grant was not spent in full is because the grant was transferred to the municipality on 29 February 2024, which was four months before the end of the financial year. Due to time constraints, it was not possible to spend the allocation on time.

The grant is used for re-gravelling roads and construction of low level bridges.

#### LG SETA Grant

Current-year receipts	1,419,619	-
Conditions met - transferred to revenue	(1,419,619)	-
	-	-

The grant conditions were met as at year-end.

The grant is used for training municipality staff to enhance their skills in their respective positions.

#### Municipal Infrastructure Grant (MIG)

Current-year receipts	91,570,000	138,889,000
Conditions met - transferred to revenue	(91,570,000)	(138,889,000)
	-	-

The grant conditions were met as at year-end.

This grant was used to construct municipal infrastructure to provide basic services for the benefit of communities.

#### Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	4,734,000	2,849,980
Current-year receipts	20,197,000	9,734,000
Conditions met - transferred to revenue	(24,931,000)	(7,849,980)
	-	<b>4,734,000</b>

The grant conditions were met as at year-end.

The grant is used for electrification of villages projects.

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 26. Public contributions and donations

Public contributions and donations	2,759,595	41,003,987
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#### 2024:

The municipality received a computer and monitor donation from the Department of Economic Development, Environment & Tourism to support business registrations program.

The Department of Public Works, Roads and Infrastructure donated land to the municipality.

#### 2023:

The municipality received donation for roads rehabilitation and land.

### 27. Employee related costs

Basic	97,758,941	88,027,076
Bonus	8,474,733	7,191,895
Medical aid - company contributions	6,298,403	5,599,657
UIF	546,344	488,129
Other payroll levies	29,360	25,192
Leave pay provision charge	1,369,034	1,213,566
Travel, motor car, accommodation, subsistence and other allowances	11,972,742	12,469,141
Overtime payments	1,214,682	1,248,279
Long-service awards	1,175,608	875,424
Housing benefits and allowances	235,677	53,624
Pension fund contribution	17,404,781	15,694,090
Uniform allowance	15,000	10,000
Cellphone allowance	6,000	-
	<b>146,501,305</b>	<b>132,896,073</b>

#### Remuneration of Municipal Manager

Annual remuneration	1,096,483	1,099,964
Car allowance	292,225	281,542
Performance bonus	92,726	102,886
	<b>1,481,434</b>	<b>1,484,392</b>

#### Remuneration of Chief Finance Officer

Annual remuneration	903,909	912,734
Car allowance	239,932	231,161
Performance bonus	54,381	52,797
Leave pay	-	155,799
	<b>1,198,222</b>	<b>1,352,491</b>

#### Remuneration of Senior Manager - Corporate Services

Annual remuneration	903,909	730,277
Car allowance	239,932	193,015
Performance bonus	97,885	-
Acting allowance	-	58,862
	<b>1,241,726</b>	<b>982,154</b>

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Employee related costs (continued)</b>		
<b>Remuneration of Senior Manager - Spatial Planning and Development</b>		
Annual remuneration	903,909	882,780
Car allowance	239,932	231,161
Performance bonus	54,381	-
Acting allowance	-	4,525
	<b>1,198,222</b>	<b>1,118,466</b>
<b>Remuneration of Senior Manager - Technical Services</b>		
Annual remuneration	903,909	657,019
Car allowance	239,932	173,943
	<b>1,143,841</b>	<b>830,962</b>
<b>Remuneration of Senior Manager - Community Services</b>		
Annual remuneration	903,909	620,852
Car allowance	239,932	153,726
Performance bonus	-	52,797
Leave payment	-	158,136
	<b>1,143,841</b>	<b>985,511</b>
<b>28. Remuneration of councillors</b>		
Executive Mayor	1,002,979	952,533
Speaker	811,389	759,984
Other councillors	27,730,865	26,552,706
	<b>29,545,233</b>	<b>28,265,223</b>
<b>29. Depreciation and amortisation</b>		
Property, plant and equipment	69,845,044	66,577,596
Intangible assets	1,534,469	1,581,434
	<b>71,379,513</b>	<b>68,159,030</b>
<b>30. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	4,925,923	7,408,518
<b>31. Finance costs</b>		
Finance leases	164,854	76,732
<b>32. Impairment</b>		
Debt impairment	35,524,370	22,253,651

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>33. Contracted services</b>		
<b>Outsourced Services</b>		
Security Services	17,334,312	17,174,312
<b>Consultants and Professional Services</b>		
Business and Advisory	61,405,158	28,222,412
IT services and others	69,248,189	88,936,992
Legal Cost	16,677,277	14,926,184
	<b>164,664,936</b>	<b>149,259,900</b>
<b>34. General expenses</b>		
Advertising and administrative	711,099	2,484,144
Auditors remuneration	5,414,795	5,047,641
Bank charges	967,772	925,847
Consumables	14,565,702	18,329,171
Insurance	7,185,173	8,071,761
Printing and stationery	1,666,080	1,102,885
Protective clothing	5,593,126	3,058,232
Subscriptions and membership fees	87,004	96,295
Telephone and fax	463,238	733,403
Venue, conference and catering	5,484,392	7,415,318
Accommodation	6,787,828	5,821,187
Ward committees	7,302,324	6,907,598
Travel - local	2,557,009	1,435,431
Electricity	8,130,164	7,206,710
Licences and permits (non-vehicle)	400,698	2,018,244
IDP forum and other trainings	6,667,524	6,950,696
Bursary	1,389,300	1,257,927
Information and technology	7,521,886	6,764,263
Transfers expenditure	19,683,078	41,152,160
Indigent expenses	7,723,438	2,201,250
Workmen's Compensation Assessment	-	1,353,519
	<b>110,301,630</b>	<b>130,333,682</b>
<b>35. Fair value adjustments</b>		
Investment property (Fair value model)	(4,118,709)	1,539,561
Eskom deposits	144,198	120,436
Land inventory - Transferred out	(911,265)	-
	<b>(4,885,776)</b>	<b>1,659,997</b>
<b>36. Auditors' remuneration</b>		
Fees	5,414,795	5,047,641

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>37. Cash generated from operations</b>		
Surplus	127,499,740	179,168,490
<b>Adjustments for:</b>		
Depreciation and amortisation	71,379,513	68,159,030
Gain on sale of assets and liabilities	2,923,707	1,308,094
Fair value adjustments	4,885,776	(1,659,997)
Finance costs - Finance leases	164,854	76,732
Impairment loss	4,925,923	7,408,518
Debt impairment	35,524,370	22,253,651
Bad debts written off	2,612,456	8,975,582
Movements in provisions	483,271	(245,677)
Gain on assets	(69,145)	(10,667,629)
VBS investment	(20,125,846)	-
Public contributions and donations	(2,759,595)	(41,003,987)
Interest on arrear receivables	(16,577,859)	(9,481,534)
Adjusting for transfer expenditure	19,683,078	41,152,160
<b>Changes in working capital:</b>		
Inventories	1,715,391	(2,925,531)
Receivables from exchange transactions	(238,963)	56,366
Consumer receivables from exchange transactions	(2,255,556)	(2,421,841)
Receivables from non-exchange transactions	(553,502)	(7,802,020)
Payables from exchange transactions	7,530,013	5,711,236
VAT	23,018,092	(5,701,083)
Unspent conditional grants and receipts	(7,300,257)	6,384,020
Other receivable	(20,125,846)	-
	<b>232,339,615</b>	<b>258,744,580</b>
<b>38. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2024</b>		
<b>Financial assets</b>		
	At cost	Total
Receivables from non-exchange transactions	10,115,171	10,115,171
Consumer receivables from exchange transactions	7,655,120	7,655,120
Cash and cash equivalents	96,354,092	96,354,092
	<b>114,124,383</b>	<b>114,124,383</b>
<b>Financial liabilities</b>		
	At cost	Total
Trade and other payables from exchange transactions	120,356,945	120,356,945
Finance lease obligations	3,593,778	3,593,778
	<b>123,950,723</b>	<b>123,950,723</b>
<b>2023</b>		
<b>Financial assets</b>		
	At cost	Total
Receivables from non-exchange transactions	9,561,669	9,561,669
Consumer receivables from exchange transactions	5,399,564	5,399,564
Cash and cash equivalents	194,354,732	194,354,732

**Notes to the Annual Financial Statements**

Figures in Rand	2024	2023
<b>38. Financial instruments disclosure (continued)</b>	<b>209,315,965</b>	<b>209,315,965</b>

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 38. Financial instruments disclosure (continued)

#### Financial liabilities

	At cost	Total
Trade and other payables from exchange transactions	90,055,224	90,055,224
Finance lease obligations	5,403,537	5,403,537
	<b>95,458,761</b>	<b>95,458,761</b>

### 39. Commitments

#### Authorised expenditure

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

• Capital	327,463,510	475,878,221
• Operational	44,673,669	64,256,892
	<b>372,137,179</b>	<b>540,135,113</b>

##### Total operational commitments

Already contracted for but not provided for	372,137,179	540,135,113
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##### Total commitments

##### Total commitments

Authorised operational expenditure	372,137,179	540,135,113
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Commitments in respect of capital and operational expenditure are disclosed inclusive of VAT.

### 40. Contingencies

Litigation comprised of the lawsuits which are deemed to be possible obligations 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

##### Cases

##### 1. Nyari Violet & Others (Applicants) versus LIM 345 [Collins Chabane] Local Municipality (Respondent) - Case Number 832/18 for finalisation as Case Number 1036/18

Nyari Violet and her twenty-five (25) other colleagues (the Applicants) were procured to serve as workers under the Extended Public Works Programme (EPWP) within Collins Chabane Local Municipality (the Municipality). Their contract has since been terminated by the municipality.

The municipality lawyers & management considers the likelihood of the success to be in favour of the municipality.



## Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Contingencies (continued)</b>		
<b>2. Midiro Civils and Construction CC (First Applicant) &amp; Lebaka Construction (Pty) Ltd (Second Applicant) versus Engineerex (Pty) Ltd (First Respondent) &amp; Collins Chabane Local Municipality (Second Respondent) - Case Number 5472/2018 and</b>	17,165,134	17,165,134
<b>Engineerex (Pty) Ltd (Applicant) versus Midiro Civils and Construction CC (First Respondent), Lebaka Construction (Pty) Ltd Municipality (Second Respondent) &amp; Collins Chabane Local Municipality (Third Respondent) - Case Number A5472/2018</b>		
Dispute over a payment certificate for the construction of Xikundu Ring Road.		
The municipality lawyers and management considers the likelihood of the success against the municipality being successful as indeterminable.		
<b>3. Collins Chabane Local Municipality (Applicant) versus Chris Maluleke (1st Respondent) and Others - Case Number 1450/2020</b>	3,000,000	-
Dispute over a piece of land at Malamulele D Extension 3.		
The municipality lawyers & management considers the likelihood of the success against the municipality to be indeterminable.		
<b>4. MM INDUSTRIES (PTY) LTD &amp; ANOTHER (Plaintiffs) // COLLINS CHABANE LOCAL MUNICIPALITY (Defendant) - Case Number: 45/2021</b>	1,730,618	-
Dispute regarding retention funds claim for a road construction.		
The municipality lawyers & management considers the likelihood of the success against the municipality to be indeterminable.		
<b>5. Midiro Civils and Construction JV Lebaka Constuction (Pty) Ltd (1st Plaintiff), Lebaka Construction (Pty) Ltd (2nd Plaintiff) &amp; Midiro Civilis and Construction CC (3rd Plaintiff) Vs Collins Chabane Local Municipality (Defendant) - Case Number 2632/2021</b>	4,716,691	4,716,691
Claims for retention funds plus interest for the upgrade of Xikundu Ring Road.		
The municipality lawyers & management considers the likelihood of the success against the municipality to be indeterminable.		
<b>6. Khazamula Philemeon Mahange (Plaintiff) and Collins Chabane Local Municipality (Defendant) - Case Number D446/2/2021</b>		
Claims for damages due to alleged collision between the claimants' vehicle and the municipality's grader.		
The municipality lawyers & management considers the likelihood of the success against the municipality to be indeterminable.		
<b>7. Jackson Transport Pty (Ltd) (Plaintiff) versus Collins Chabane Local Municipality (Defendant) - Case Number D446/2/2021</b>	190,974	190,974
Claim for collision damages suffered due to an unmarked speed hump on R81 road.		
The municipality lawyers & management considers the likelihood of the success to be in favour of the municipality.		

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>40. Contingencies (continued)</b>		
<b>8. Rakgogo P [Applicant] // South African Local Government Bargaining Council (SALGBC) [1st Respondent] &amp; Others</b>		
Dispute over an alleged unfair labour practice against one of the employees of Collins Chabane Local Municipality (the Municipality)		
The municipality lawyers & management considers the likelihood of the success to be in favour of the municipality.		
<b>9. Mafemani David Chabalala (Plaintiff) // Collins Chabane Local Municipality (Defendant)</b>	78,862	-
Claims for damages due to alleged collision between the claimants' vehicle and the municipality's grader.		
The municipality lawyers & management considers the likelihood of the success are in favour of the municipality.		
<b>10. Nesengani Traditional Community (Applicant) // Collins Chabane Local Municipality (1st Respondent) and 4 Others)</b>		
Dispute over the right of the title to the land ownership/possession for the remainder of Schuynshoogte 29 LT farm at the Vuwani area.		
The municipality lawyers & management considers the likelihood of the success are in favour of the municipality.		
<b>11. Nkuna, Jan Wisani (Applicant) versus Collins Chabane Local Municipality (1st Respondent), Registrar of Deeds Polokwane (2nd Respondent), Divhani Mudau (3rd Respondent) and Tshindima Family Trust (4th Respondent)</b>		
Dispute over the title deed transfer for a portion of land in Business Park Area.		
The municipality lawyers & management considers the likelihood of the success are in favour of the municipality.		
	<u>26,882,279</u>	<u>22,072,799</u>

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 40. Contingencies (continued)

#### Contingent assets

##### Cases

#### Collins Chabane Local Municipality // VBS Liquidation (Creditors Claim)

R120 000 000 worth of the municipality's funds unlawfully invested with VBS to be claimed from liquidators. R8 568 736 have so far been recouped with R91 305 418 outstanding.

The municipality lawyers & management considers the likelihood of the successful claim from the liquidators to be in favour of the municipality.

#### State versus L & E Construction (Pty) Ltd in re: Collins Chabane Local Municipality (Plaintiff) versus L & E Construction and Projects (Pty) Ltd (First Defendant) & Lufuno Michael Musalafu (Second Defendant)

Criminal case opened against service provider for unpaid monies mistakenly paid to them.

634,000 -

The municipality lawyers & management considers the likelihood of the success to be indeterminable.

634,000 -

### 41. Related parties

#### Relationships

Remuneration of key management personnel

Refer to note 27

RR Shilenge (Municipal Manager)

NV Maluleke (Chief Financial Officer)

AC Radali (Senior Manager Spatial Planning and Development)

MP Baloyi (Senior Manager Technical Services)

GL Maluleke (Senior Manager Community Services)

TMD Maputla (Senior Manager Corporate Services)

Refer to the detail remuneration below:

Councillors

#### Related party transactions

#### Remuneration of management

#### Management class: Councillors

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 41. Related parties (continued)

2024

Name	Basic salary	Car allowance	Cellphone allowance	Total
Cllr Maluleke SG (Mayor)	956,409	-	46,570	1,002,979
Cllr Mbedzi TS (Speaker)	619,935	144,884	46,570	811,389
Cllr Baloyi ME (Chief Whip)	581,380	137,215	46,570	765,165
Cllr Maremane HR	247,069	57,898	46,570	351,537
Cllr J Bila ST	234,805	54,832	44,096	333,733
Cllr Lebea ME	325,684	76,549	46,570	448,803
Cllr Mashimbye FP	247,069	57,898	46,570	351,537
Cllr M Mutele ST	247,069	57,898	46,570	351,537
Cllr Chauke HG	320,408	75,230	46,570	442,208
Cllr Baloyi DL	309,469	72,496	44,096	426,061
Cllr Shivambu S	247,069	57,898	46,570	351,537
Cllr Mabasa SD	325,684	76,549	46,570	448,803
Cllr S Matamela SM	247,069	57,898	46,570	351,537
Cllr Masangu GD	247,069	57,898	46,570	351,537
Cllr R Chauke ST	247,069	57,898	46,570	351,537
Cllr Maluleke ET	247,069	57,898	46,570	351,537
Cllr Ndove TS	316,211	74,302	46,570	437,083
Cllr Mudau TS	569,760	134,458	46,570	750,788
Cllr Mabasa KK	247,069	57,898	46,570	351,537
Cllr Mabasa J	316,211	74,302	46,570	437,083
Cllr Baloyi HR	316,211	74,302	46,570	437,083
Cllr W Sunduza SZ	316,211	74,302	46,570	437,083
Cllr C Chabangu ST	247,069	57,898	46,570	351,537
Cllr Mabunda MC	247,069	57,898	46,570	351,537
Cllr N Munyai	247,069	57,898	46,570	351,537
Cllr W Sithole SM	247,069	57,898	46,570	351,537
Cllr J Shandukani SM	316,211	74,302	46,570	437,083
Cllr M Rekhoto SS	316,211	74,302	46,570	437,083
Cllr Q Miyambo SZ	247,069	57,898	46,570	351,537
Cllr Baloyi MJ	247,069	57,898	46,570	351,537

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

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### 41. Related parties (continued)

Cllr Hlabangwani TL	91,727	19,063	15,234	126,024
Cllr Masia TM	247,069	57,898	46,570	351,537
Cllr Rikhotso GM	247,069	57,898	46,570	351,537
Cllr Thovhakale MS	438,959	101,609	46,570	587,138
Cllr Mathavha HF	316,211	74,302	46,570	437,083
Cllr Baloyi HJ	316,211	74,302	46,570	437,083
Cllr Manganyi HL	247,069	57,898	46,570	351,537
Cllr Mabasa W	316,211	74,302	46,570	437,083
Cllr Mhangwani C	247,069	57,898	46,570	351,537
Cllr Khange G	247,069	57,898	46,570	351,537
Cllr Mashila D	146,332	31,621	19,151	197,104
Cllr Makhubela S	247,069	57,898	46,570	351,537
Cllr Bamuzi E	247,069	57,898	46,570	351,537
Cllr Hlatswayo TG	247,069	57,898	46,570	351,537
Cllr Mafanela RM	247,069	57,898	46,570	351,537
Cllr Maluleka RM	247,069	57,898	46,570	351,537
Cllr Mathebula ML	247,069	57,898	46,570	351,537
Cllr Rasiuba NR	247,069	57,898	46,570	351,537
Cllr Mahlawule TP	325,684	76,549	46,570	448,803
Cllr Maluleke HM	316,211	74,302	46,570	437,083
Cllr Tshoteli LD	247,069	57,898	46,570	351,537
Cllr Maloleka SB	247,069	57,898	46,570	351,537
Cllr Chabalala KR	247,069	57,898	46,570	351,537
Cllr Chauke MC	247,069	57,898	46,570	351,537
Cllr Hlungwani S	247,069	57,898	46,570	351,537
Cllr Mathebula ME	247,069	57,898	46,570	351,537
Cllr Chauke GP	247,069	57,898	46,570	351,537
Cllr E Makhomisanani SS	316,211	74,302	46,570	437,083
Cllr Maringa RE	247,069	57,898	46,570	351,537
Cllr Manganye MJ	247,069	57,898	46,570	351,537
Cllr Manganyi MN	141,775	30,693	19,151	191,619
Cllr Mulaudzi MM	247,069	57,898	46,570	351,537
Cllr Chaoke TS	247,069	57,898	46,570	351,537
Cllr Chauke MG	247,069	57,898	46,570	351,537
Cllr Munarini TJ	247,069	57,898	46,570	351,537
Cllr Yingwani T	72,310	14,208	11,317	97,835

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

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### 41. Related parties (continued)

Cllr Maluleke LR	380,480	86,990	46,570	514,040
Cllr Chauke FT	494,844	121,775	46,570	663,189
Cllr Mavikane SX	580,163	137,214	46,570	763,947
Cllr Mudau RP	243,752	57,898	46,570	348,220
Cllr Makondo NS	239,330	57,898	46,570	343,798
Cllr Manganyi MN	322,134	80,532	27,419	430,085
Cllr Siweya SL	126,726	31,681	25,564	183,971
Cllr Shiburi SK	122,441	29,126	23,502	175,069
Cllr Muthubi KR	122,441	29,126	23,502	175,069
	<b>21,453,713</b>	<b>4,811,438</b>	<b>3,280,082</b>	<b>29,545,233</b>

### 2023

	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 SE (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 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 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 Ndove HD	303,074	72,021	42,900	417,995
Cllr Mudau TS	544,804	130,331	42,900	718,035

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 41. Related parties (continued)

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 Sunduza SZ	303,302	72,021	42,900	418,223
Cllr Chabangu ST	237,695	56,121	42,900	336,716
Cllr Mabunda MC	237,155	56,121	42,900	336,176
Cllr Munyai N	237,155	56,121	42,900	336,176
Cllr Sithole SM	237,155	56,121	42,900	336,176
Cllr Shandukani SM	303,074	72,021	42,900	417,995
Cllr Rekhotsi SS	303,074	72,021	42,900	417,995
Cllr Miyambo SZ	237,927	56,121	42,900	336,948
Cllr Baloyi MJ	237,155	56,121	42,900	336,176
Cllr Hlabangwani TL	237,155	56,121	42,900	336,176
Cllr Masia TM	238,033	56,121	42,900	337,054
Cllr Rikhotso GM	237,155	56,121	42,900	336,176
Cllr Thovhakale MS	552,150	133,003	42,900	728,053
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 Bamuzi E	234,431	56,121	42,900	333,452
Cllr Hlatwayo TG	234,431	56,121	42,900	333,452
Cllr Mafanela RM	234,431	56,121	42,900	333,452
Cllr Maluleke 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

## Collins Chabane Local Municipality

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### Notes to the Annual Financial Statements

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#### 41. Related parties (continued)

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 Makhomisa 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
Cllr Yingwani T	234,431	56,121	42,900	333,452
Cllr Maluleke LR	553,027	133,003	42,900	728,930
Cllr Chauke FT	299,284	72,021	42,900	414,205
Cllr Mavikane SX	477,772	119,881	39,500	637,153
Cllr Mudau RP	169,580	41,645	32,376	243,601
Cllr Baloyi ME	552,150	133,003	42,900	728,053
Cllr Makondo N	93,534	23,384	18,500	135,418
	<b>20,990,788</b>	<b>4,798,805</b>	<b>3,076,176</b>	<b>28,571,699</b>



# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 42. Prior period errors

Commitments were erroneously disclosed in the prior year.

#### Authorised expenditure

	Balance as previously reported	Correction of prior period error	Restated balance
Capital	421,197,105	54,681,116	475,878,221
Operational	63,223,823	1,033,069	64 256 892
	<b>484,420,928</b>	<b>55,714,186</b>	<b>540,135,113</b>

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

#### Statement of financial position

##### 2022

	Note	As previously reported	Correction of error	Restated
Accumulated surplus		(1,553,290,167)	5,499,032	(1,547,791,135)
Trade payables		(25,000,714)	(5,499,032)	(30,499,746)
		<b>(1,578,290,881)</b>		<b>- (1,578,290,881)</b>

##### 2023

	Note	As previously reported	Correction of error	Restated
Investment property	3	4,040,106	(320,089)	3,720,017
Land	4	26,213,442	2,500,000	28,713,442
Community assets - Cost	4	235,124,798	4,466,384	239,591,182
Community assets - Accumulated depreciation	4	(38,899,120)	129,896	(38,769,224)
Movable assets - Cost	4	142,769,767	(463,939)	142,305,828
Movable assets - Accumulated depreciation	4	(52,182,786)	463,875	(51,718,911)
Roads infrastructure - Cost	4	707,880,075	41,969,489	749,849,564
Roads infrastructure - Accumulated depreciation	4	(89,984,261)	(8,242,203)	(98,226,464)
WIP - Infrastructure	4	516,571,945	(53,844,915)	462,727,030
Land inventory	10	2,690,104	1,620,002	4,310,106
Refuse - write off	13	24,038,584	(35,167)	24,003,417
Consumer debtors - other	13	100,169,683	(247,336)	99,922,347
Trade payables	19	(26,723,745)	(1,353,519)	(28,077,264)
Payments received in advance from customers	19	(2,457,899)	247,336	(2,210,563)
Accumulated surplus		(1,740,069,814)	13,110,186	(1,726,959,628)
		<b>(190,819,121)</b>		<b>- (190,819,121)</b>

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 42. Prior period errors (continued)

#### Statement of financial performance

##### 2023

	Note	As previously reported	Correction of error	Restated
Gain on assets / Fair value adjustments	20	11,154,499	(486,870)	10,667,629
Public contributions and donations	26	36,883,987	4,120,000	41,003,987
Property, plant and equipment - Depreciation	29	(58,193,625)	(8,383,970)	(66,577,595)
Debt impairment/Write off	32	(31,194,066)	(35,167)	(31,229,233)
General expenses - WCA	34	-	(1,353,519)	(1,353,519)
Transfers expenditure	34	(34,501,586)	(6,650,574)	(41,152,160)
Fair value adjustments	35	1,980,086	(320,089)	1,659,997
<b>Surplus for the year</b>		<b>(73,870,705)</b>	<b>(13,110,189)</b>	<b>(86,980,894)</b>

#### Cash flow statement

##### 2023

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Suppliers and other payments		(286,052,213)	(7,137,380)	(293,189,593)
Cash flow from investing activities				
Purchase of property, plant and equipment		(366,898,246)	7,137,380	(359,760,866)

#### Errors

The following prior period errors adjustments occurred:

##### Investment property

The stands amounting to R 320 089 sold in the prior years were double accounted for under land inventory and investment property which resulted in an overstatement of investment property. The error was corrected in the current year through reclassification to accumulated surplus by restating the opening balance

##### Land

The land donated (ERF 234 PTN 36) amounting to R 2 500 000 in the previous year was incorrectly classified as land inventory. The error was corrected in the current year through reclassification to Land PPE by restating the opening balance.

##### Community assets

The rehabilitation of Malamulele Taxi Rank amounting to R 2 486 592.84 with a depreciation of R14 603.26 was completed in the prior year but not capitalized. The error was corrected in the current year through capitalization to community assets by restating the opening balance.

The Beautification of Malamulele Park amounting to R 2 738 260.26 with a depreciation of R127 750 was completed in the prior year but not capitalized. The error was corrected in the current year through capitalization to community assets by restating the opening balance.

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 42. Prior period errors (continued)

Malamulele Taxi Rank building shop amounting to –R 758 469.39 with a depreciation of -R271 663.60 was demolition in the prior year during the construction of rehabilitation of Malamulele taxi rank. The error was corrected in the current year through disposal under community assets by restating the opening balance

#### Movable Assets

Equipment amounting to R 460 949 with a depreciation of R 460 885 were stolen in the prior year, but not disposed from the machinery and equipment. The error was corrected in the current year by restating the opening balance through disposal.

Furniture amounting to R 2 990.24 with a depreciation of R 2 990.04 were auctioned in the prior year, but not disposed from the furniture and office equipment. The error was corrected in the current year by restating the opening balance through disposal.

#### Roads Infrastructure – accumulated depreciation

Malamulele D phase 1 with an amount of R 41 969 488.43 and depreciation of R 8 242 203.33 was completed in the prior year but not capitalized. The error was corrected in the current year by restating the opening balance through capitalization of the project.

#### WIP - Infrastructure

Electrical Infrastructure WIP - The error of transfer out of electrification of household which were completed in the prior year amounting to R 6 650 574 was corrected in the current year, through restating the electrical infrastructure category under WIP through restating the opening balance.

Community assets WIP - The error of capitalization of projects under WIP community assets category amounting to R 5 224 853 which were completed in the prior year was corrected in the current year, through restating the WIP opening balance.

Roads infrastructure WIP - The error of capitalization of projects under WIP roads infrastructure category amounting to R 41 969 488 which was completed in the prior year was corrected in the current year, through restating the WIP opening balance.

#### Land Inventory

There was an omission of previously donated land amounting to R 4 120 000. The omission was corrected in the current year by restating the opening balance.

The land donated (ERF 234 PTN 36) amounting to R 2 500 000 in the previous year was incorrectly classified under land inventory. The error was corrected in the current year through reclassification to Land PPE by restating the opening balance.

#### PPE Depreciation

Depreciation was misstated by R 8 383 970 as at 30 June 2023, due to omitted completed projects not capitalized and assets not disposed in the prior year. The error was corrected in current year by restating the opening figure.

#### Trade Payables

Payable due to the Department of Labour for Compensation for Injury on Duty cover which accumulated over a number of financial years since the municipality's inception, previously unaccounted for.

R5 499 302 was adjusted in the opening balance of accumulated surplus for the 2022/2023 financial year to account for the impact of the correction in the years preceding 2022/2023 financial year.

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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### 42. Prior period errors (continued)

#### Refuse Write-off

Refuse write-off was misstated by R35 167 as at 30 June 2023. Write-off for two accounts, (No. 200007 & 200009) was previously not accounted for. The error was corrected in the current year by restating the opening balance figure.

#### Consumer Debtors - Other & Payment received in advance from consumers

Consumer debtors were misstated by R247 336 as at 30 June 2023. The payment received in advance was incorrectly misstated resulting in an overstatement on debtors with credit balances. The error was corrected in the current year by restating the opening balance figure.

#### Capital Commitments

Capital commitments were misstated by R51 166 636.61 for the year ended 30 June 2023. The closing balance for the contractor (Mkhacani construction) was incorrectly excluded on the audited adjusted commitment register in 2022/2023. The error was corrected in the current year by restating the opening balance figure.

#### Operational Commitments

Operational commitments were misstated by R2 456 194.28 in 2022/23 financial year, due to the following:

A completed project for Feasibility on Light Industries was incorrectly included on the commitment register in 2022/23 financial year at R978 205.72 resulting in an overstatement of commitments. The error is corrected by restating the opening balance.

Two other projects Formalization and Proclamation of Settlement: Mavandla, Malamulele and Establishment of a Townships were incorrectly recorded on the commitment register VAT exclusive while payments are deducted VAT Inclusive resulting in the understatement of commitments by R3 434 400. The error is corrected by restating the opening balance.

#### General Expenses- WCA

Expenditure due to the Department of Labour for Compensation for Injury on Duty cover which accumulated over a number of financial years since the municipality's inception, previously unaccounted for.

R1 353 519 was adjusted in the opening balance of accumulated surplus for the 2022/2023 financial year to account for the impact of the correction in the years preceding 2022/2023 financial year. The error was corrected in the current year by restating the opening balance figure.

### 43. Comparative figures

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

# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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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.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	120,356,945	-	-	-
Finance lease obligation	2,076,344	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	96,660,439	-	-	-
Finance lease obligation	5,403,537	-	-	-

#### Credit risk

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

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

	2024	2023
Maximum credit exposure		
Receivables from exchange transactions	2,802,708	2,563,745
Receivables from non-exchange transactions	10,115,171	9,561,669
Consumer receivables from exchange transactions	7,655,120	5,399,564
Cash and cash equivalents	96,354,092	194,254,732
Other financial assets	2	2

#### Market risk

#### Interest rate risk

As the municipality has interest-bearing assets which include short-term deposits and main account. The municipality's income and operating cash flows are substantially independent of changes in market interest rates.

#### Interest rate exposure

Short-term deposits	71,672,950	72,331,089
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# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 45. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 1,854,459,367 and that the municipality's total assets exceed its liabilities by R 1,854,459,367.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The municipality will continue to receive its equitable shares for the financial year 2024/25.

### 46. Events after the reporting date

The following events occurred since the end of the financial year.

Collins Chabane Local Municipality//VBS Liquidation (Creditor's Claim).

A dividend amounting to R20,125,845.79 was successfully collected/approved for payment from the VBS liquidators on 24 November 2024. The financial statements have been adjusted to reflect this information. As detailed in Note 8.

There were no material subsequent events, apart from those mentioned above, that occurred from the end of the financial year to the date of these audited consolidated and separate annual financial statements.

### 47. Unauthorised expenditure

Opening balance as previously reported	209,368,622	144,801,997
Add: Unauthorised expenditure - current	86,344,991	85,664,874
Less: Written off	(85,664,874)	(21,098,249)
<b>Closing balance</b>	<b>210,048,739</b>	<b>209,368,622</b>

Unauthorised expenditure for the financial year ended 30 June 2024: R86,344,991 and 30 June 2023: R85,664,874. This was mainly caused by non-cash items which include depreciation and impairment of property, plant and equipment, debt impairments and fair value adjustments for investment properties, general expenses and loss on disposal of assets.

An unauthorised expenditure of R85,664,874 incurred in the previous financial year was investigated by MPAC and approved for write-off by Council during June 2024.

The Written-off unauthorised expenditure was not as a result of budget overrides and the expenditure was not incurred as a result of moving funds from one department to service a different department.

### 48. Fruitless and wasteful expenditure

Opening balance as previously reported	1,377,361	674,812
Add: Fruitless and wasteful expenditure identified - current	1,125,568	981,118
Less: Written off	(21,269)	(278,569)
<b>Closing balance</b>	<b>2,481,660</b>	<b>1,377,361</b>

During the current year fruitless and wasteful expenditure incurred were investigated by MPAC and Council approved the write off of R21,269 during June 2024: 2023: 278,569.

The fruitless and wasteful expenditure written-off was due to Telkom, Eskom and SARS interest and penalties charged to the municipality. The council approved the write-off as there was no intent for the municipality to incur fruitless expenditure and this was not caused by negligence, so there was no need to open a case.

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
<b>49. Irregular expenditure</b>		
Opening balance as previously reported	4,090,350	6,897,409
Add: Irregular expenditure - current	32,795,752	5,706,484
Less: Amount written off - current	(33,735,900)	(8,513,543)
<b>Closing balance</b>	<b>3,150,202</b>	<b>4,090,350</b>

During the current year irregular expenditure was investigated by MPAC and Council approved the write-off of R33,735,900 2022/23 R8,513,543

The Irregular expenditure written-off was incurred due to not following proper SCM processes, however, the Municipality did receive the services required from the service providers and these were aligned to the specifications. The irregular expenditure was not due to ill intent to cause the irregular expenditure, there was no political bearer in the transaction. Furthermore, the municipality did not suffer any financial loss due to the irregular expenditure.

### 50. Additional disclosure in terms of Municipal Finance Management Act

#### Audit fees

Current year subscription / fee	5,414,795	5,047,641
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#### Pension and Medical Aid Deductions

Current year subscription / fee	23,703,184	21,293,747
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#### VAT

VAT receivable	25,037,315	48,055,407
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# Collins Chabane Local Municipality

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Annual Financial Statements for the year ended 30 June 2024

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

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding more than 90 days R	Total R
Cllr Baloyi HR	1,870	1,870
Cllr Baloyi MJ	3,563	3,563
Cllr Baloyi ME	157	157
Cllr Chabalala KR	2,476	2,476
Cllr Chauke FT	5,518	5,518
Cllr Mabasa D	114	114
Cllr Mabasa KK	9,265	9,265
Cllr Mabasa J	347	347
Cllr Maluleke SG	211	211
Cllr Manganyi MN	727	727
Cllr Matamela MS	7,532	7,532
Cllr Mathebula ME	1,894	1,894
Cllr Mbedzi SM	159	159
Cllr Munarini TJ	17,883	17,883
Cllr Munyai N	62	62
Cllr Shuvambu S	3,677	3,677
Cllr Mizamani W	648	648
	<b>56,103</b>	<b>56,103</b>

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



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## Notes to the Annual Financial Statements

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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.

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved by the Municipal Manager. The total deviations for the period amounted to R8 114 758 (2023: R7 355 868) which has been tabled to council for noting in terms of Section 36(2).

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the financial statements. The amount for deviations consists of the following categories that make up the disclosed balance:

#### Category:

(i) In an emergency	1 253 642	1 811 568
(ii) Goods or services available from a single provider	5 379 500	4 283 062
(iii) for the acquisition of special works of art or historic objects where specifications are difficult to compile.	65 000	157 753
(v) Exceptional case where it is impractical or impossible to follow the official procurement process	1 416 617	1 103 485
	<b>8 114 759</b>	<b>7 355 868</b>

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

### 52. Accounting by principals and agents

The municipality is a party to a principal-agent arrangement(s).

The municipality is an agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport. The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as income from agency services in the Statement of Financial Performance as licences and permits and agency fees. The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

The agreement commenced on the 1st day of April 2024, and shall be in force and valid for a period of three (3) years terminating on the 31st day of March 2027, not withstanding the date of signature by both parties.

#### Municipality as an agent - Department of Transport

##### Revenue recognised

Revenue recognised as compensation for transactions carried out on behalf of the DoT	4,148,166	3,949,163
Revenue earned on behalf of the principal	22,019,183	18,166,152

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

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### 52. Accounting by principals and agents (continued)

#### Liabilities recognised

Reconciliation of the Department of Transport payable

Opening balances	2,899,116	1,466,329
Revenue collected on behalf of the principal	22,019,184	18,166,152
Amount received and paid to principal	(23,242,790)	(16,733,365)
Amount due to the Department of Transport	<u>1,675,510</u>	<u>2,899,116</u>

#### Municipality as principal - Tirhani Auctioneers

#### Resources (including assets and liabilities) of the entity under the custodianship of the agent

Collins Chabane Local Municipality entered into an agreement with Tirhani Auctioneers Gauteng CC to auction business stands on behalf of the municipality.

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

#### Fee paid

Fee paid as compensation to the agent	-	3,842,150
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### 53. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to council on the basis of five (5) 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.

#### Types of services by segment

These reportable segments as well as the services for each segment are set out below:

Reportable segment	Services
Spatial Planning and Development	Town planning, economic development, and spatial services
Community Services	Traffic services, waste management services, and property taxes
Technical Services	Roads construction and maintenance, electrical and buildings services
Budget and Treasury	Operational and support services
Office of the Municipal Manager	Operational and support services

The grouping of these segments is consistent with the functional classification of municipal activities, which considers the nature of the services, the beneficiaries of such services, and the fees charged for the services rendered.

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

### 53. Segment information (continued)

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

2024

	Spatial Planning and Development	Community Services	Technical Services	Budget & Treasury	Unallocated	Total
<b>Revenue</b>						
Sale of stands	732,167	-	-	-	-	732,167
Service charges	-	5,672,816	-	-	-	5,672,816
Rendering of services	1,250,253	122,181	-	1,070,789	-	2,443,223
Interest on arrear receivables	14,765,291	1,812,568	-	-	-	16,577,859
Agency services	-	4,148,166	-	-	-	4,148,166
Licences and permits	-	4,979,837	-	-	-	4,979,837
Rental income	-	343,707	-	-	-	343,707
Investment revenue	-	-	-	16,910,819	-	16,910,819
Other income - VBS investment	-	-	-	-	20,125,846	20,125,846
Property rates	35,824,726	-	-	-	-	35,824,726
Government grants & subsidies	-	11,566,257	117,905,000	488,992,000	1,419,619	619,882,876
Gain on assets/Fair value adjustments	-	-	-	-	69,145	69,145
Traffic fines	-	1,188,100	-	-	-	1,188,100
Public contributions and donations	2,740,000	-	-	-	19,595	2,759,595
<b>Total segment revenue</b>	<b>55,312,437</b>	<b>29,833,632</b>	<b>117,905,000</b>	<b>506,973,608</b>	<b>21,634,205</b>	<b>731,658,882</b>
<b>Entity's revenue</b>						<b>731,658,882</b>
<b>Expenditure</b>						
Employee related costs	20,644,952	44,139,851	17,863,988	58,796,159	5,056,355	146,501,305
Remuneration of councillors	448,803	728,053	763,947	430,085	27,174,345	29,545,233
Depreciation and amortisation	-	12,255,365	36,308,932	-	22,815,216	71,379,513
Impairment loss/Reversal of impairments	-	321,562	4,623,853	-	(19,492)	4,925,923
Finance costs	-	-	-	-	164,854	164,854
Debt impairment	14,008,356	3,642,381	-	-	13,933,456	31,584,193
Repairs and maintenance	2,670,508	-	24,659,586	1,366,711	1,709,022	30,405,827

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## Notes to the Annual Financial Statements

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	Spatial Planning and Development	Community Services	Technical Services	Budget & Treasury	Unallocated	Total
<b>53. Segment information (continued)</b>						
Bad debts written off	-	-	-	2,612,456	-	2,612,456
Contracted services	32,708,167	18,190,918	-	22,891,982	90,873,869	164,664,936
General expenses	3,089,119	5,002,975	29,134,338	59,028,235	14,370,575	110,625,242
Loss on disposal of assets	-	-	135,822	-	2,787,885	2,923,707
Fair value adjustments	5,029,974	-	-	-	(144,198)	4,885,776
<b>Total segment expenditure</b>	<b>78,599,879</b>	<b>84,281,105</b>	<b>113,490,466</b>	<b>145,125,628</b>	<b>178,721,887</b>	<b>600,218,965</b>
<b>Total segmental surplus/(deficit)</b>	<b>(23,287,442)</b>	<b>(54,447,473)</b>	<b>4,414,534</b>	<b>361,847,980</b>	<b>(157,087,682)</b>	<b>131,439,917</b>
<b>Assets</b>						
<b>Current</b>						
Inventories	-	-	-	-	5,055,869	5,055,869
Receivables from exchange transactions	-	-	-	-	2,802,708	2,802,708
Receivables from non-exchange transactions	9,596,922	518,249	-	-	-	10,115,171
Consumer receivables from exchange transactions	-	1,473,353	-	-	6,181,767	7,655,120
Other receivable - VBS investment	-	-	-	-	20,125,846	20,125,846
VAT receivable	-	-	-	25,037,315	-	25,037,315
Cash and cash equivalents	-	-	-	96,354,092	-	96,354,092
<b>Non-current</b>						
Investment property	-	-	-	-	3,000,014	3,000,014
Property, plant and equipment	28,713,442	208,200,515	1,482,870,892	-	114,668,537	1,834,453,386
Intangible assets	-	-	-	-	1,960,350	1,960,350
Heritage assets	-	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	-	2	2
<b>Total segment assets</b>	<b>38,310,364</b>	<b>210,192,117</b>	<b>1,482,870,892</b>	<b>121,391,407</b>	<b>154,921,593</b>	<b>2,007,686,373</b>
<b>Total assets as per Statement of financial Position</b>						<b>2,007,686,373</b>
<b>Liabilities</b>						
<b>Current</b>						
Finance lease obligation	-	-	-	-	2,076,344	2,076,344

# Collins Chabane Local Municipality

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## Notes to the Annual Financial Statements

Figures in Rand

### 53. Segment information (continued)

	Spatial Planning and Development	Community Services	Technical Services	Budget & Treasury	Unallocated	Total
Payables from exchange transactions	13,717,242	1,675,510	70,781,213	-	34,182,980	120,356,945
Employee benefit obligation	-	-	-	-	7,274,399	7,274,399
Unspent conditional grants and receipts	-	1,933,743	-	-	-	1,933,743
Provisions	-	-	-	-	1,037,020	1,037,020
<b>Non-current</b>						
Finance lease obligation	-	-	-	-	1,517,434	1,517,434
Employee benefit obligation	-	-	-	-	19,031,121	19,031,121
<b>Total segment liabilities</b>	<b>13,717,242</b>	<b>3,609,253</b>	<b>70,781,213</b>	<b>-</b>	<b>65,119,298</b>	<b>153,227,006</b>
<b>Total liabilities as per Statement of financial Position</b>						<b>153,227,006</b>

### 2023

	Spatial Planning and Development	Community Services	Technical Services	Budget & Treasury	Unallocated	Total
<b>Revenue</b>						
Sale of stands	7,514,159	-	-	-	-	7,514,159
Service charges	-	5,559,694	-	-	-	5,559,694
Rendering of services	2,894,937	-	-	-	-	2,894,937
Interest on arrear receivables	-	-	-	-	9,481,534	9,481,534
Agency services	-	3,949,163	-	-	-	3,949,163
Licences and permits	-	4,619,359	-	-	-	4,619,359
Rental income	-	319,942	-	-	-	319,942
Investment income	-	-	-	18,002,852	-	18,002,852
Fair value adjustments	-	-	-	-	1,659,997	1,659,997
Property rates	33,887,616	-	-	-	-	33,887,616
Government grants and subsidies	-	-	146,738,980	456,593,000	1,759,000	605,090,980
Public contributions and donations	24,360,000	-	16,643,987	-	-	41,003,987
Gain on assets/Fair value adjustments	-	-	-	-	10,667,629	10,667,629
Traffic fines	-	382,250	-	-	-	382,250

# Collins Chabane Local Municipality

(Registration number LIM345)

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## Notes to the Annual Financial Statements

Figures in Rand

### 53. Segment information (continued)

<b>Total segment revenue</b>	<b>68,656,712</b>	<b>14,830,408</b>	<b>163,382,967</b>	<b>474,595,852</b>	<b>23,568,160</b>	<b>745,034,099</b>
<b>Total revenue</b>						<b>745,034,099</b>
<b>Expenditure</b>						
Employee related costs	8,794,995	19,931,350	12,839,022	55,723,546	35,607,161	132,896,074
Remuneration of councillors	339,908	427,705	728,053	637,153	26,132,405	28,265,224
Depreciation and amortisation	-	10,622,929	36,380,101	-	20,837,599	67,840,629
Impairment loss/Reversal of impairments	-	942,483	3,943,034	-	2,523,001	7,408,518
Finance costs	-	-	-	-	76,732	76,732
Debt impairment	8,629,018	4,715,582	-	-	21,789,643	35,134,243
Repairs and maintenance	2,532,860	3,047,242	7,618,106	-	3,730,916	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	-	59,647,145	130,333,682
Loss on disposal of assets	-	-	-	-	1,308,094	1,308,094
<b>Total segment expenditure</b>	<b>92,420,300</b>	<b>78,536,095</b>	<b>131,326,927</b>	<b>56,360,699</b>	<b>210,808,199</b>	<b>569,452,220</b>
<b>Total segmental surplus/(deficit)</b>	<b>(23,763,588)</b>	<b>(63,705,687)</b>	<b>32,056,040</b>	<b>418,235,153</b>	<b>(187,240,039)</b>	<b>175,581,879</b>
<b>Assets</b>						
<b>Current</b>						
Inventories	-	-	-	-	6,771,260	6,771,260
Receivables from exchange transactions	-	-	-	-	2,563,745	2,563,745
Receivables from non-exchange transactions	9,352,537	209,132	-	-	-	9,561,669
Consumer receivables from exchange transactions	-	1,423,553	-	-	3,976,011	5,399,564
Vat receivable	-	-	-	48,055,407	-	48,055,407
<b>Non-current</b>						
Cash and cash equivalents	-	-	-	194,254,732	-	194,254,732
Investment property	-	-	-	-	3,720,015	3,720,015
Property, plant and equipment	28,713,442	200,821,958	1,225,599,096	-	132,656,889	1,587,791,385
Intangible assets	-	-	-	-	3,494,819	3,494,819
Heritage assets	-	-	-	-	1,126,500	1,126,500
Other financial assets	-	-	-	-	2	2
<b>Total segment assets</b>	<b>38,065,979</b>	<b>202,454,643</b>	<b>1,225,599,096</b>	<b>242,310,139</b>	<b>154,309,241</b>	<b>1,862,739,098</b>

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand

	Spatial Planning and Development	Community Services	Technical Services	Budget & Treasury	Unallocated	Total
<b>53. Segment information (continued)</b>						
<b>Total assets as per Statement of financial position</b>						<b>1,862,739,098</b>
<b>Liabilities</b>						
<b>Current</b>						
Finance lease obligation	-	-	-	-	1,809,759	1,809,759
Payables from exchange transactions	-	2,899,116	56,634,455	-	37,126,869	96,660,440
Employees benefit obligation	-	-	-	-	7,402,441	7,402,441
Unspent conditional grants and receipts	-	4,500,000	4,734,000	-	-	9,234,000
<b>Non-current</b>						
Finance lease obligation	-	-	-	-	3,593,778	3,593,778
Employee benefit obligation	-	-	-	-	16,525,308	16,525,308
Provisions	-	-	-	-	553,749	553,749
<b>Total segment liabilities</b>	<b>-</b>	<b>7,399,116</b>	<b>61,368,455</b>	<b>-</b>	<b>67,011,904</b>	<b>135,779,475</b>
<b>Total liabilities as per Statement of financial position</b>						<b>135,779,475</b>

**Collins Chabane Local Municipality**

(Registration number LIM345)  
Annual Financial Statements for the year ended 30 June 2024

**Notes to the Annual Financial Statements**

Figures in Rand	2024	2023
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**54. Budget differences**

**Material differences between budget and actual amounts**

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

**Differences between budget and actual amounts basis of preparation and presentation**



# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 54. Budget differences (continued)

#### A. Explanation of variances on the statement of financial performance

**Sale of stands:** The variance is due to legal litigation involving claims against the municipality over the land. These legal disputes have resulted in interdicts that have affected the full value of the properties.

**Rendering of services:** The variance is attributable to lower capital expenditure and a reduction in the number of projects. Issues with tender documents and errata, also contributed to the variance.

**Interest on arrear receivables:** The variance noted is due the increase in the customer balances as interest is charged on outstanding balances. (It should be noted that the budgeted interest under revenue from exchange transactions included interest on arrears disclosed under transfer revenue.)

**Agency services:** The variance is due the limited capacity in the testing station, the shortage of face value documents caused by delays from Department of Transport, resignation of one official in Vuwani resulted in the reduction of number of tests, and community strikes in Vuwani resulted in irregular functioning of the station.

**Licences and permits:** The variance is due the limited capacity in the testing station, the shortage of face value documents caused by delays from Department of Transport, resignation of one official in Vuwani resulted in the reduction of number of tests, and community strikes in Vuwani resulted in irregular functioning of the station.

**Interest income -** Variance is due to the decrease in the bank balance and inability to pay by consumers.

**Traffic fines:** The variance is due to the execution of warrants of arrest for unpaid traffic summonses.

**Gain on assets/ Fair values adjustments:** The variance is due to an asset (Microphone) that was found on the floor that was not on the fixed asset register.

**Repairs and maintenance:** Savings were realized as a result of the municipality's plant being new and in good condition, requiring less maintenance than budgeted.

**Depreciation and amortisation:** Increased depreciation and amortization are due to the addition of new assets and the completion of capital projects during the year.

**Impairment loss/ Reversal of impairments:** The variance is because this line item was not budgeted for.

**Finance costs:** The variance relates to finance lease liability and it was not budgeted for.

**Debt impairment:** The variance is due to the inability to services debt by consumers hence impairment to reflect recoverable amount.

**General expenses:** The variance is linked to the municipality's growth, including new staff appointments and the implementation of new projects

**Loss on disposal of assets:** The variance is because this line item was not budgeted for.

**Fair value adjustments:** The variance is because this line item was not budgeted for.

#### B. Explanations of variances on the statement of financial position

**Receivables from exchange transactions:** There is a variance because the budget incorrectly consolidated the receivables from both exchange and non-exchange transactions. Higher-than-expected write-offs and impairments also contributed to the variance.

**Receivables from non-exchange transactions:** Receivables from exchange transactions: There is a variance because the budget incorrectly consolidated the receivables from both exchange and non-exchange transactions. Higher-than-expected write-offs and impairments also contributed to the variance.

**Consumer receivables from non-exchange transactions:** The variance is because the budget was based on gross figures

# Collins Chabane Local Municipality

(Registration number LIM345)

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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### 54. Budget differences (continued)

without considering impairments and write-offs, leading to discrepancies.

**VAT receivables:** The budget did not account for reconciling items such as unclaimed VAT, retention amounts, and accruals. It was based solely on expected cash refunds from the receiver.

**Cash and cash equivalents:** The variance is due to municipal growth, increased spending, and the implementation of capital projects

**Investment property:** Variances are due to fair value adjustments made to investment properties at year-end, which were not fully anticipated in the budget.

**Property, plant and equipment:** The variance is due to increase in estimation for capital projects and the additional allocation received during the year. There was an acceleration in completion of other projects.

**Intangible assets:** Fewer intangible assets were acquired than originally budgeted.

**Other financial assets:** The variance is because this line item was not budgeted for.

**Payables from exchange transactions:** The variance is due to fewer accrued invoices at year-end and planned quicker settlements to suppliers.

**Finance lease obligation:** The variance is because this line item was not budgeted for.

**Unspent conditional grants and receipts:** The variance is because this line item was not budgeted for.

### C. Explanations of variances on the statement of cash flows

**Property rates:** More cash was received than budgeted due to the successful implementation of a debt relief initiative, which improved revenue collection.

**Interest income:** Variance is due to the decrease in the bank balance and inability to pay by consumers.

**Other receipts:** Variance is attributed to legal litigation affecting property sales, which influenced the expected cash receipts from other sources.

**Finance lease obligation:** The variance is because this line item was not budgeted for.

ANNEXURE B AUDIT ACTION PLAN

No of findings	Comaf No		FINANCIAL YEAR						
			Municipality Name	Collins Chabane Local Municipality					
			Audit Opinion						
			Reporting Period						
			Audit Findings	Finding status	Nature of Findings	Root Cause	Action Plan Description	Progress	Action Date
		RATING							
1	11	Audit report matters	Payables incorrectly captured	Recurring	Internal control deficiency	Invalid creditors accounts were included in the creditors due to management oversight. In certain instances, the supplier would have already been paid thought the cash book instead of the creditors module, which then leads to the supplier remaining as a supplier when they were already paid.  In other instances, the creditor will be loaded on the system when an order is issued out which may not necessarily result to a complete transaction.	Ensure that creditors are paid through the creditors module instead of cashbook.	In progress	07/02/2025
2	11	Audit report matters	Payables: Cut off issues noted	Recurring	Internal control deficiency	Insufficient review of the creditor's reconciliation.	Intensify our internal controls by performing and reviewing creditor reconciliations on a monthly basis.	In progress	07/02/2025
3	11	Audit report matters	Payables: Payables recognised for transaction already paid for	Recurring	Internal control deficiency	Lack of proper Internal controls, and sufficient review of the creditor's reconciliation.	To ensure that creditors reconciliations are performed and reviewed on a monthly basis.	In progress	11/02/2025

<b>4</b>	<b>12</b>	Audit report matters	Payables: Payables recognised at incorrect amounts	Recurring	Internal control deficiency	Lack of proper Internal controls, and sufficient review of the creditors reconciliation.	To ensure that creditors reconciliations are performed and reviewed on a monthly basis.	In progress	11/02/2025
<b>5</b>	<b>18</b>	Audit report matters	Payables: Payables recognised at incorrect amounts- Eskom	Recurring	Internal control deficiency	Lack of internal controls to prevent and detect invalid creditors being recognized as trade payables.	Intensify our internal controls by preparing and reviewing creditors reconciliations on a monthly basis.	In progress	04/02/2025
<b>6</b>	<b>46</b>	Audit report matters	Receivables: Interest not levied on long outstanding debtors	New	Internal control deficiency	Non implementation of controls over daily and monthly processing and reconciling of transactions	Interest will be levied on outstanding debt in line with the municipality credit control policy.	In progress	21/02/2025
<b>7</b>	<b>13</b>	Audit report matters	Commitments: Understatement of capital commitments.	Recurring	Internal control deficiency	Lack of sufficient review by management.	To update commitment register on monthly basis and ensure continuous review by SCM Manager, Approved by CFO. Internal audit to audit the register prior to year-end.	In progress	28/02/2025
<b>8</b>	<b>26</b>	Audit report matters	Commitments: Misclassification of capital commitments.	Recurring	Internal control deficiency	Lack of sufficient review by management.	To capture and review projects in the commitment register in accordance to grap standards. This will be done on monthly basis, CFO to approve.	In progress	31/01/2025
<b>9</b>	<b>40</b>	Audit report matters	Commitments: Understatement noted on prior period adjustment.	Recurring	Internal control deficiency	Lack of sufficient review by management.	To update and review commitment register on monthly basis, CFO to approve.	In progress	31/01/2025
<b>10</b>	<b>49</b>	Audit report matters	Commitments: Understatement noted on prior period adjustment.	Recurring	Internal control deficiency	Inadequate reviews of the operational commitment register	To capture and review projects in the commitment register in line with GRAP standards on monthly basis to ensure correct disclosures in the AFS	In progress	31/03/2025
<b>11</b>	<b>51</b>	Audit report matters	Commitments: Misstatement of commitments	Recurring	Internal control deficiency	Ineffective controls for the preparation of the financial statements to ensure that they comply with the requirements of GRAP	Properly review of commitment register every or before submissions and approval by CFO.	In progress	31/03/2025

<b>12</b>	<b>56</b>	Audit report matters	Consequence management: UIFW opening balance not investigated	Recurring	Internal control deficiency	Management oversight	To ensure timely submission of Irregular, Fruitless &Wasteful and Unauthorised Expenditure to various committees for review and Council for approval and referral to MPAC for further investigation	In progress	31/03/2025
<b>13</b>	<b>32</b>	Audit report matters	UIFW: Material non-compliance noted	Recurring	Internal control deficiency	Management oversight	Management to capacitate MPAC through training and liaison with oversight structure (Treasury, Coghsta, Salga and AGSA).	Completed	31/03/2025
<b>14</b>	<b>34</b>	Audit report matters	UIFW: Material non-compliance noted on write off	Recurring	Internal control deficiency	Lack of training of MPAC personnel	The findings has been resolved . Management to review AFS vs APR prior to finalisation	In progress	31/03/2025
<b>15</b>	<b>42</b>	Audit report matters	UIFW: Non-compliance noted	Recurring	Internal control deficiency	Management oversight	<p>To ensure documents are reviewed in line with SCM regulations prior to appointment processes so that the municipality does not incur irregular expenditure</p> <p>Adherence to section 65 of the MFMA by paying our creditors within a stipulated number of days(30) to curb interest being levied to the municipality.</p>	In progress	31/03/2025

<b>16</b>	<b>46</b>	Audit report matters	UIFW: Non-compliance noted	Recurring	Internal control deficiency	Lack of sufficient review by management.	Proper/regular update of fruitless and wasteful expenditure register to ensure completeness of transactions contained on the register.	In Progress	25/02/2025
<b>17</b>	<b>60</b>	Audit report matters	Consequence management: Non-compliance noted	Recurring	Internal control deficiency	Lack of adequate monthly reconciliation of petrol cards usage.	Management is currently busy intensifying internal controls to be followed when Municipality cars are fueled, i.e Fuel Requisition Forms. Fuel request forms to be linked to log books and trip authorisations. Fuel usage reports to be regularly analysed, variations and exceptions to be followed-up.	In progress	31/03/2025
<b>18</b>	<b>7</b>	Other Important matters	PPE: Completeness of delayed projects	New	Internal control deficiency	Inadequate review of the Assets Register and PPE disclosure note.	Management to conduct verification of the projects on Work in Progress (WIP) to ensure that all projects which have indicators of been complete and not capitalized are capitalized. Assets Register to be updated.	Completed	31/03/2025
<b>19</b>	<b>14</b>		PPE: Issues noted on physical verification	Recurring	Internal control deficiency	Incorrect use of coordinates.	Verificaiton Agricultural land – Management will re-verify the land and update the locaiton coordinates to esnure that are correct as per the land locaiton. Camera – Management will rerify the camera and ensure that the assets decsption are ligned to the actual assets on the ground and bar – code.	Completed	31/03/2025
<b>20</b>	<b>29</b>	Other Important matters	PPE: Completeness issues noted	New	Internal control deficiency	The transaction was missed during the review of general ledger,due to lack of proper transaction description.	Management to conduct verification of the projects on Work in Progress (WIP) to ensure that all projects which have indicators of been complete and not capitalized are capitalized. Assets Register to be updated.	In progress	31/03/2025

<b>21</b>	<b>29</b>	Other Important matters	PPE: Misstatements noted on streetlights additions	New	Internal control deficiency	The transaction was missed during review of General Ledger, because it was not clearly defined as a stand alone project.	Management to review the general ledger to ensure that all transactions which are misclassified to other projects are correctly classified and identifiable. Adjusting journals to be processed in the Financial System.	In progress	31/03/2025
<b>22</b>	<b>45</b>	Other Important matters	PPE: Overstatement of WIP noted.	Recurring	Internal control deficiency	Inadequate review of general ledger transactions caused by transaction description not been clear.	Management to liaise with Performance Management Unit during the preparation of Assets Register to ensure, that completed projects are capitalized to the asset register and the indicators used by performance Management to report on target achieved are aligned with the one used to capitalized completed projects in terms of GRAP.	In progress	31/03/2025
<b>23</b>	<b>55</b>	Other Important matters	PPE: Misstatements noted on disclosure note	New	Internal control deficiency	Inadequate review of the Asset Register	Management to update the disclosure note to ensure accuracy and completeness. Preparation of Interim Financial will allow adequate time for review. The PPE Note disclosure to be updated to reflect all projects taking long to complete.	Completed	31/03/2025
<b>24</b>	<b>31</b>	Other Important matters	PPE: Overstatement of PPE WIP Additions.	Recurring	Internal control deficiency	Misclassified of transaction processing between WIP and repairs and maintenance.	Management to revisit the whole populations of transaction during the preparations together with the payment vouchers to ensure that transactions are correctly classified. Adjusting journals to be processed in the financial system. Management to review Asset Register and GL to ensure completeness and valuation of assets. Preparation Interim Financials will ensure sufficient time for review of transactions.	In progress	31/03/2025
<b>25</b>	<b>39</b>	Other Important matters	PPE: Inconsistencies noted on useful lives of assets.	New	Internal control deficiency	Inadequate record keeping of Assets Management Policy	Management to ensure that the accounting policy note on the AFS is correctly updated through review and the correct approved management assets policy is used during the preparations. AFS Accounting policy to be updated with useful lives as per the assets Policy	Completed	31/03/2025
<b>26</b>	<b>53</b>	Other Important matters	Prior period error: Issues noted with disclosure	New	Internal control deficiency	Insufficient review of the annual financial statements by management.	CFO to ensure timeous review of AFS to identify and correct errors. Development of Interim Financial Statements will assist to build up controls toward year-end procedures.	In progress	04/02/2025

<b>27</b>	<b>52</b>	Other Important matters	Contingent assets: Overstatement of contingent assets.	New	Internal control deficiency	Insufficient review of the financial statements and supporting schedules to confirm that they are free from material errors	The interim Financial Statements will be prepared and the supporting schedules to be review.	Completed	24/02/2025
<b>28</b>	<b>9</b>	Other Important matters	Cash flow: Misstatements noted	Recurring	Internal control deficiency	Lack of regular reviews of the financial records to ensure accuracy and completeness.	Reviews of the financial records on a monthly basis.	Completed	
<b>29</b>	<b>23</b>	Other Important matters	Statement of comparison of budget and actual(SoBA) : Misstatement noted	New	Internal control deficiency	Lack of sufficient review of the financial statements by management	The Statement of Comparison of budget and actual will be reviewed in the interim financial statements.	Completed	
<b>30</b>	<b>33</b>	Other Important matters	SoBA: Issues noted on SoBA and the approved budget	New	Internal control deficiency	Insufficient review of the SoBA and the budget summary.	Management will ensure that sufficient review is performed during the interim financial statements.	In progress	
<b>31</b>	<b>33</b>	Other Important matters	SoBA: Issues noted with explanation of variances	New	Internal control deficiency	Lack of sufficient review.	The statement of comparison between budget and actual will be reviewed in during the interim financial statements and the material variance explanation will be reviewed.	Completed	
<b>32</b>	<b>16</b>	Other Important matters	Employee related costs - COE: Journals not supported by appropriate evidence	New	Internal control deficiency	Lack of sufficient supporting evidence of journals	Intensify our internal controls to ensure that journals are supported with relevant transactions and reviewed before approved on the system.	In progress	31/03/2025



<b>33</b>	<b>30</b>	Other Important matters	COE: Issues noted	New	Internal control deficiency	Lack of sufficient review processes prior to payments being processed.	<p>1. The municipality has introduced, in October 2024, a Monitoring Tool in the form of a Route Form that captures transactions made on the system and review of the transaction in October 2024 to ensure elimination of incorrect payments and improve the level of accountability.</p> <p>2. Monitoring Tool in the form of Monthly Report that include listing of employee related costs such as Acting Appointments, Terminations, Appointments and many more has been introduced in December 2024 to eliminate incomplete listings at the end of the financial year</p> <p>A continuous monitoring and evaluation of use of the Monitoring tools is taking place on daily and monthly basis.</p>	Completed	
<b>34</b>	<b>41</b>	Other Important matters	Statement of changes in net assets - SONA: Misstatements noted	New	Internal control deficiency	Management oversight	Management will ensure that there is an intensive review of financial statement prior submission for audit purposes.	Completed	
<b>35</b>	<b>50</b>	Other Important matters	Segment reporting: Issues noted on reportable segments	Recurring	Internal control deficiency	Inadequate review of financial statement prior submission for audit process.	The CFO will intensively review the Annual Financial statement prior submission to auditors and other stakeholders. Development of the interim financial statements will allow the review and correction of the disclosures.	In progress	14/01/2025
<b>36</b>	<b>27</b>	Other Important matters	Expenditure: Overstatement of auditor's remuneration	Recurring	Internal control deficiency	<p>The expenditure manager did not prepare regular accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>The expenditure manager did not ensure compliance with applicable legislation.</p>	<p>Intensify our internal controls to detect any duplication of transactions before it can occur.</p> <p>Management (CFO) will ensure that payments are done through the creditors' module to eliminate duplications.</p>	In Progress	14/01/2025

<b>37</b>	<b>48</b>	Other Important matters	Expenditure: Non-compliance with 30-day payment period	Recurring	Internal control deficiency	Non-adherence to legislation.	Invoices are registered and monitored when submitted at expenditure section, and also to encourage user departments to consider the issued date on the invoices submitted to them.  CFO to create an email address/ folder for AGSA invoices (AGSAinvoices@collinschabane.gov.za) which the AG will forward their invoices to. this will assist the municipal employees to have access to the invoices on time.	In Progress	
<b>38</b>	<b>25</b>	Other Important matters	Execution: Limitation of scope – RFI 21	Recurring	Internal control deficiency	Inadequate record keeping.	To ensure that completed payment vouchers are audited on a quarterly basis and kept at expenditure section according to EF numbers for easy access when needed by AG.  Manager Expenditure to conduct monthly reconciliations on fuel expenditure, the reconciliations must be approved by CFO. Asset Manager must ensure that Fleet documents and files all supporting documents for the fuel expenditure incurred- Fleet to ensure that all logbooks, request for fuel and receipts are filed for monthly transactions, log books and requests are authorised by manager.	In progress	
<b>39</b>	<b>59</b>	Other Important matters	Expenditure: Fuel expenditure	New	Internal control deficiency	Internal control deficiency	Intensify our internal controls by performing creditors reconciliations on a monthly basis.	Completed	14/01/2025
<b>40</b>	<b>59</b>	Other Important matters	Related parties: Incorrect disclosure for comparative figures.	New	Internal control deficiency	Internal control deficiency	Adequate and timely AFS reviews will be performed to ensure accuracy and completeness.	Completed	
<b>41</b>	<b>59</b>	Other Important matters	Provisions: Classification issue noted.	New	Internal control deficiency	Management oversight	Adequate and timely AFS reviews will be performed to ensure accuracy and completeness. The finding has been subsequently resolved during audit adjustment. The management will implement effective controls for the preparation of the financial statements to ensure that they comply with the requirements of GRAP and also to avoid recurrence of the finding.	Completed	

<b>42</b>	<b>37</b>	Other Important matters	Receivables: Issues noted on impairment	Recurring	Internal control deficiency	Management oversight	Adjustment was done	In Progress	
<b>43</b>	<b>57</b>	Other Important matters	Debt write off: Issues noted on corresponding figure	New	Internal control deficiency	Management oversight	Management will ensure that there is an intensive review of financial statement prior submission for audit purposes. Interim Financials will facilitate review of information.	Completed	14/01/2025
<b>44</b>	<b>44</b>	Other Important matters	UIFW: Note 48 incomplete	New	Internal control deficiency	Management oversight	Proper/regular update of fruitless and wasteful expenditure register to ensure completeness of transactions contained on the register.	In Progress - Theft of fuel Completed: Solar Panels	22/02/2025
<b>45</b>	<b>54</b>	Other Important matters	UIFW: Note 48 Incomplete	Recurring	Internal control deficiency	Management oversight	Proper/regular update of fruitless and wasteful expenditure register to ensure completeness of transactions contained on the register.	Completed	22/02/2025
<b>46</b>	<b>17</b>	Other Important matters	PDO- BSD: Reported achievement overstatement	Recurring	Internal control deficiency	Management oversight	The finding has been resolved,Management to review AFS vs APR prior to finalization of reports.	Completed	25/02/2025
<b>47</b>	<b>38</b>	Other Important matters	POD: Inconsistencies noted on reported achievement			Management oversight	The finding has been resolved. Management to review AFS vs APR prior to finalisation.	Completed	25/02/2025

48	36	Other Important matters	POD: Issues noted on reported achievement			Management oversight	The finding has been resolved, to ensure that documents are reviewed prior to being finalized and continuous review of the report .	Completed	25/02/2025
49	47	Other Important matters	Overstatement of achievements	Recurring	Internal control deficiency	Senior manager: Corporate services did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.	The finding has been resolved. Management will ensure review of AFS vs APR to ensure consistency and accuracy.	Completed	25/02/2025
50	58	Other Important matters	PDO: Overstatement of achievements	Recurring	Internal control deficiency	Senior manager: Corporate services did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.	The finding has been resolved, to ensure that documents are reviewed prior to being finalized. Management will ensure review and reconciliation of AFS and APR at year end.	Completed	

<b>51</b>	<b>15</b>	Other Important matters	Procurement and contract management - P&C: Incomplete registers submitted for audit.			Lack of oversight	To review the contract register and ensure that it is continuously updated. All active contracts will be included in the contract register	In Progress	25/02/2025
<b>52</b>	<b>35</b>	Other Important matters	) P&C: Issues noted on obtaining three quotations	New	Internal control deficiency	The Supply Chain Management Manager and Municipal Manager did not ensure that reasons for not obtaining at least three written price quotations were documented and approved as required by the municipality's SCM policy	Management will ensure that there's compliance with legislative requirements. Reports will be reviewed to ensure that they are aligned to legislations prior to appointment processes. Where necessary, reasons will be documented where less than the required quotations were obtained, followed by approval processes.	In Progress	12/02/2025
<b>53</b>	<b>35</b>	Other Important matters	P&C: Issues noted with deviations	Recurring	Internal control deficiency	The municipal manager, chief financial officer and the SCM manager did not implement, review and monitor compliance with applicable laws and regulations.	To ensure proper disclosure of deviation in line with accounting standards  To ensure continues review of the deviation register for completeness purposes	In Progress	12/02/2025

ANNEXURE C 2023/24 ANNUAL PERFORMANCE REPORT



ORGANISATIONAL PERFORMANCE REPORT

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
01	To review 84 municipal policies and submit to Council for approval by 30 June 2024	83 Municipal policies reviewed and approved by council	84 Municipal policies reviewed and submitted to Council for approval by 30 June 2024	Municipal Policies review	Own Funding	OPEX	01/07/2023	30/06/2024	Target Achieved	84 Municipal policies reviewed and submitted to Council for approval	None	None	Q4: Policies & Council Resolutions	Corporate Services
02	Number of LLF Meetings convened by 30 June 2024	12 LLF Meetings convened	12 LLF Meetings convened by 30 June 2024	LLF Meetings	Own Funding	OPEX	01/07/2023	30/06/2024	Target Achieved	12 LLF Meetings convened	None	None	Q1- Q4: Minutes & Attendance Registers	Corporate Services
03	To develop and Submit the Workplace Skills Plan and Annual Training Report to LGSETA by 30 June 2024	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 2024	Workplace skills plan and Annual Training Report	Own Funding	OPEX	01/07/2023	30/06/2024	Target Achieved	Workplace skills plan and annual training report developed and submitted to LGSETA	None	None	Q4: Acknowledgement letter from LGSETA	Corporate Services
04	To implement 20 trainings and development programmes by 30 June 2024	24 trainings and development programmes implemented	20 trainings and development programmes implemented by 30 June 2024	Training and development	Own Funding	R 700,000	01/07/2023	30/06/2024	Target Achieved	20 training and development programmes implemented	None	None	Q1-Q4 Invitation, Attendance Register	Corporate Services
05	To Conduct one Employee Assistance Programme by 30 June 2024	Employee wellness Programme conducted	One Employee Assistance Programme conducted by 30 June 2024	Employee Assistance Programme	Own Funding	R 600 000. 00	01/07/2023	30/06/2024	Target Achieved	One Employee Assistance Programme conducted	None	None	Q-4 Invitation and attendance register	Corporate Services
06	Number of organizational performance reports developed and submitted to Council for approval by 30 June 2024	8 organizational performance report developed and approved by Council	8 organizational performance reports developed and submitted to Council for approval by 30 June 2024	Organizational performance reports	Own Funding	OPEX	01/07/2023	30/06/2024	Target Achieved	8 organizational performance reports developed and submitted to Council for approval	None	1. None	Q1:2022/23 Annual Performance report .2022/23 4th quarter report. Q2 2023/24 1st quarter SDBIP	Corporate Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
													report. Q3 2023/24 2nd quarter SDBIP report ,2023/24 Mid-year Report, Q4 2022/23 Annual Report & Oversight report 2023/24 3rd quarter	
07	Number of Section 57 Managers With signed performance agreements by 30 June 2024	6 Section 57 Managers with signed performance agreements	6Section 57 Managers with signed performance agreements by 30 June 2024	Performance Agreement	Own Funding	OPEX	01/07/2023	30/06/2024	Target Achieved	6 Section 57 Managers with signed performance agreements	None	None	Q1: Signed Performance Agreements	Municipal Manager
08	% litigation cases attended to by 30 June 2024 (Litigation cases received by Number of Litigation Cases attended to)	100% litigation cases attended to (9/9)	100% litigation cases attended to by 30 June 2024 (Litigation cases received by Number of Litigation Cases attended to)	Management of litigations	Own Funding	R 12,804,804	01/07/2023	30/06/2024	Target Achieved	100% litigation cases attended to (9/9)	None	None	Q1 -Q4: Litigation Register	Municipal Manager



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DEVELOPMENT OBJECTIVE: INTEGRATED SPATIAL AND HUMAN SETTLEMENT														
09	To Demarcate and Survey 3124 Sites at 9 villages by 30 June 2024 ( Green farm (502) Tshikonelo Graham (600) Tshiawelo(100) Vhurivhuri (200) Mukondeni (186) Vuswayi (500) Maphiveni (409) Mabodhlongwa (412) and Makhasa (215) )	New indicator	3124 Sites Demarcated and Surveyed at 9 villages by 30 June 2024 ( Green farm (502) Tshikonelo Graham (600) Tshiawelo(100) Vhurivhuri (200) Mukondeni (186) Vuswayi (500) Maphiveni (409) Mabodhlongwa (412) and Makhasa (215) )	Demarcation and Survey of Sites.	Own Funding	R 8,263,171	01/07/2023	30/06/2024	Target Achieved	3290 Sites Demarcated and Surveyed at 9 Villages ( Green farm (502) Tshikonelo Graham (460) Tshiawelo(100) Vhurivhuri (200) Mukondeni (189) Vuswayi (500) Maphiveni (713) Mabodhlongwa (412) and Makhasa (214) )	None	None	Q1: Inception Report Q2: Draft Layout Plan Q3: Specialist Studies Q4: Draft General Plans	Planning and Development
10	To conduct community meeting for the formalization and proclamation of township at Mtititi area by 30 June 2024	Community resolution obtained for the establishment of a township at Mtititi area	Community meeting conducted for the formalization and proclamation of township at Mtititi Area by 30 June 2024	Formalization & proclamation of settlement: Mtititi	Own Funding	R31,766,829	01/07/2023	30/06/2024	Target Not Achieved	Community meeting not conducted for the formalization and proclamation of township at Mtititi Area	Community Meeting did not materialized due to community unrest caused by resistance of township establishment at the identified area	Alternative site for the establishment of the township is being identified.	Q1: Draft General Plan Q2: Conditions of Establishment Q3: Letter from Mtititi Community Q4: Agenda and attendance register	Planning and Development
11	To submit the draft general plan to the office of the Surveyor General for approval of formalization and proclamation of township at Mabandla area by 30 June 2024	Mabandla Area not Formalized and Proclaimed. Awaiting Public Participation and submission of the land development application to MPT	Draft general plan submitted to the office of the Surveyor General for approval of formalization and proclamation of township at Mabandla area by 30 June 2024	Formalization & Proclamation Mabandla	Own Funding		01/07/2023	30/06/2024	Target Achieved	Draft general plan submitted to the office of the Surveyor General for approval of formalization and proclamation of township at Mabandla area	None	None	Q1: Draft General Plans Q2: Conditions of Establishment Q3: Approved Layout Plan & letter from LEDET Q4: Proof of submission to Office of the SG.	Planning and Development
12	To approve the layout plan and acquire approval letter from LEDET for formalization and	Majosi Area not Formalized and proclaimed. Awaiting Public	Layout plan approved and letter from LEDET acquired for	Formalization & Proclamation Majosi	Own Funding		01/07/2023	30/06/2024	Target Achieved	Layout plan approved and letter from LEDET acquired for formalization and	None	None	Q1: Draft General Plans Q2: Conditions of Establishment	Planning and Development

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	proclamation of township at Majosi area by 30 June 2024.	Participation and submission of the land development application to MPT	formalization and proclamation of township at Majosi area by 30 June 2024.							proclamation of township at Majosi area			Q3: Municipal Planning Tribunal Agenda Q4: Approved layout plan and letter from LEDET	
13	To submit application to Municipal Planning Tribunal for consideration for formalization and proclamation of township in Vuwani area by 30 June 2024.	Community resolution obtained to formalize Township in Vuwani	Application submitted to the Municipal Planning Tribunal for consideration for formalization and proclamation of township in Vuwani Area by 30 June 2024.	Formalization & Proclamation in Vuwani	Own Funding		01/07/2023	30/06/2024	Target Achieved	Application submitted to the Municipal Planning Tribunal for consideration for formalization and proclamation of township in Vuwani Area	None	None	Q1: Draft General Plans Q2: Conditions of Establishment Q3: Proof of advertisement Q4: Municipal Planning Tribunal Agenda	Planning and Development
14	To submit the draft general plan to the office of the Surveyor General for approval for formalization and proclamation of township at Saselamani area by 30 June 2024	New Indicator	Draft general plan submitted to the office of the Surveyor General for approval for formalization and proclamation of township at Saselamani area by 30 June 2024	Formalization and Proclamation in Saselamani	Own Funding		01/07/2023	30/06/2024	Target Not Achieved	Draft general plan not submitted to the office of the Surveyor General for approval for formalization and proclamation of township at Saselamani area	Consent letter from rural development has not yet been received to enable the submission to the office of the Surveyor General	To make follow up with the Department of Rural Development	Q1: Draft General Plans Q2: Conditions of Establishment Q3: Approved layout plan and letter from LEDET Q4: Proof of submission of Draft General Plans to office of the Surveyor General.	Planning and Development
15	To conduct 4 Municipal Planning Tribunal Sitzings by 30 June 2024.	4 Municipal Planning Tribunal Sitzings conducted	4 Municipal Planning Tribunal Sitzings conducted by 30 June 2024.	Implementation Of SPLUMA	Own Funding	R 600,000.00	01/07/2023	30/06/2024	Target Not Achieved	3 Municipal Planning Tribunal Sitzings conducted	The Municipal Planning Tribunal time of office lapsed end of august and the process for establishment was underway	Municipal Planning Tribunal was established and gazetted in December 2024	Q1-Q4: Invite, Minutes and Attendance Register	Planning and Development
16	To transfer 35 Land Parcels Previously Registered in the name of Thulamela and Makhado to Collins Chabane by 30 June 2024.	All Land Parcels Previously Registered in the name of Thulamela and Makhado transferred to Collins Chabane	35 Land Parcels Previously Registered in The Name of Thulamela and Makhado transferred to Collins Chabane by 30 June 2024	Registration Of Land Parcels	Own Funding	R 500 000.00	01/07/2023	30/06/2024	Target Achieved	35 Land Parcels Previously Registered in the name of Thulamela and Makhado transferred to Collins Chabane	None	None	Q1: List of Properties to be Transferred. Q2: Appointment Letter Q3: Copy of Transfer Documents Q4: Proof of Submission to Deeds Office.	Planning and Development
17	To compile and publish Municipal Supplementary	Municipal General	Municipal Supplementary	Supplementary	Own Funding	R	01/07/2023	30/06/2024	Target Achieved	Municipal Supplementary	None	None	Q1: Inception Report,	Planning and

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	Valuation Roll for comments by the community by 30 June 2024.	Valuation Roll compiled and approved by Council	Valuation Roll compiled and published for comments by the community by 30 June 2024.	Valuation Roll		1,200,000				Valuation Roll compiled and published for comments by the community			Category count amended report Q2: Draft Supplementary Valuation Roll Q3: Public Notice Q4: Supplementary Valuation Roll	Development

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED ACCESS TO SUSTAINABLE BASIC SERVICES														
18	To install 30 smart solar street lights at ward 28 and 35 by 30 June 2024  (Ward 28 (15) and ward 35 (15))	New indicator	30 smart solar street lights installed at ward 28 and 35 by 30 June 2024  (Ward 28 (15) and ward 35 (15))	Installation of 30 smart solar street lights installed at ward 28 and 35	Own Funding	4 000 000.00	01/07/2023	30/06/2024	Target Achieved	30 smart solar street lights installed at ward 28 and 35  (Ward 28 (15) and ward 35 (15))	None	None	Q2:Appointment letter Q3:Progress report Q4: completion certificate	Technical Services
19	To install 45 smart solar street lights at ward 6 ,12 and 14 by 30 June 2024  (ward 6 (15) , ward 12 (15) and ward 14 (15))	New indicator	45 smart solar street lights installed at ward 6,12 and 14 by 30 June 2024  ( ward 6 (15) , ward 12(15) and ward 14 (15))	Installation of 45 smart solar street lights at ward 6,12 and 14			01/07/2023	30/06/2024	Target Achieved	45 smart solar street lights installed at ward 6,12 and 14  ( ward 6 (15) , ward 12(15) and ward 14 (15) )	None	None	Q2:Appointment letter Q3:Progress report Q4: completion certificate	Technical Services
20	To install 30 Streets lights infrastructure at Malamulele Town by 30 June 2024	New indicator	30 Streets lights infrastructure installed at Malamulele Town by 30 June 2024	Installation of electrical Streets lights at Malamulele Town,	Own Funding	2 000 000.00	01/07/2023	30/06/2024	Target Achieved	30 Streets lights infrastructure installed at Malamulele Town	None	None	Q3:Appointment letter Q4:Progress report	Technical Services
21	To construct and connect 200 households with electricity infrastructure at Xithlelani by 30 June 2024	New indicator	200 households constructed and connected with electricity infrastructure at Xithlelani by 30 June 2024	Electrification of 200 households at Xithlelani	INEP	R 4 000 000.00	01/07/2023	30/06/2024	Target Achieved	200 households constructed and connected with electricity infrastructure at Xithlelani	None	None	Q1:Appointment letter Q2: Progress report Q3: Progress report and completion Certificate	Technical Services

22	To construct and connect 400 households with electricity infrastructure at Mahlohlwane by 30 June 2024	New indicator	400 households constructed and connected with electricity infrastructure at Mahlohlwani by 30 June 2024	Electrification of 400 households at Mahlohlwane	INEP	R 8 000 000.00	01/07/2023	30/06/2024	Target Achieved not	1.400 Households not constructed and connected with electricity infrastructure 2.All preparations of house connections have been done(planting of shack poles ,drilling into households , Mounting households ready board and Mounting of pole boxes)	1.Closing span cannot be done since the line has no capacity 2.House connections cannot be done until line has been energized 3. We couldn't connect to the existing network because there is no capacity to energize 400 households	1.To resubmitted the business plan with the revised scope to the Department of Mineral Affairs  2..To appoint another contractor for the construction of 4km 22kv Feeder line from Nkavele village to Mahlohlwani village in order to energize 400 households	Q1: Appointment Letter Q2: progress report Q3:Progress Report Q4: completion certificate	Technical Services
23	To construct and connect 57 households with electricity infrastructure at Mphakati phase 2 by 30 June 2024	New indicator	57 households constructed and connected with electricity infrastructure at Mphakati phase 2 by 30 June 2024	Construction and connection of 57 households at Mphakati phase 2			01/07/2023	30/06/2024	Target Achieved	57 households constructed and connected with electricity infrastructure at Mphakati phase 2	None	None	Q3: Appointment Letter Q4: progress report and completion certificate	Technical Services
24	To construct and connect 250 households with electricity infrastructure at Xithlelani phase 2 by 30 June 2024	New indicator	250 households at Xithlelani phase 2 constructed and connected with electricity infrastructure by 30 June 2024	Construction and connection of 250 households at Xithlelani phase 2			01/07/2023	30/06/2024	Target Achieved	250 households at Xithlelani phase 2 constructed and connected with electricity infrastructure	None	None	Q3:Appointment letter Q4: Progress Report and completion Certificate	Technical Services
25	To construct and connect 77 households with electricity infrastructure at Roadhuis by 30 June 2024	New indicator	77 households constructed and connected with electricity infrastructure at Roadhuis by 30 June 2024	Construction and connection of 77 households at Roadhuis			01/07/2023	30/06/2024	Target Achieved	77 households constructed and connected with electricity infrastructure at Roadhuis	None	None	Q3:Appointment letter Q4: Progress Report and completion Certificate	Technical Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
26	To develop detailed designs for construction and connection of 419 households at Nthlaveni Block C (200) Phungwani (60) Hlungwani (40) Hasani Dakari (79) and Nyavani (40) by 30 June 2024	New indicator	Detailed designs for construction and connection of 419 households at Nthlaveni Block C (200) Phungwani (60) Hlungwani (40) Hasani Dakari (79) and Nyavani (40) by 30 June 2024	Pre-Engineering of 419 households at Nthlaveni Block C (200) Phungwani (60) Hlungwani (40) Hasani Dakari (79) and Nyavani (40) by 30 June 2024	INEP	R 504 000.00	01/07/2023	30/06/2024	Target Achieved	Detailed designs for construction and connection of 419 households at Nthlaveni Block C (200)Phungwani (60)Hlungwani (40)Hasani Dakari (79) and Nyavani (40) developed	None	None	Q3:Appointment letter Q4: detailed designs	Technical Services
27	To construct and connect 236 households with electricity infrastructure at Nhombelani (26) Mahonisi (100) and Mphakati (110) by 30 June 2024	Electrical poles for construction and connection of 236 households with electricity planted at Nhombelani (26) Mahonisi (100) and Mphakati (110)	236 households constructed and connected with electricity infrastructure at Nhombelani (26) Mahonisi (100) and Mphakati (110) by 30 June 2024	Electrification of 236 households at Nhombelani Mahonisi and Mphakati	INEP	R 4 734 000	01/07/2023	30/06/2024	Target Not Achieved	Nil	-The project was completed in the prior year 2022/23 financial year - Management didn't remove the project during adjustment of the SDBIP	None	Q1: completion certificate	Technical Services
28	% of reported Municipal high masts lights and streets lights maintained by 30 June 2024 (number of reported faults by number of maintained )	New indicator	100 % of reported Municipal high masts lights and streets lights maintained by 30 June 2024 (number of reported faults by number of maintained )	Maintenance of high masts lights	Own Funding	R 100,000	01/07/2023	30/06/2024	Target Achieved	100 % of reported Municipal high masts lights and streets lights maintained (135 faults reported /135 faults maintained )	None	None	Q1-Q4 faults report register and maintenance report	Technical Services
29	To pave 2.km of 2.5km Ring Road at Phaphazela by 30 June 2024	1.2km stabilised base layer of 2.5km Ring Road Constructed at Phaphazela	2.km of 2.5km Ring Road paved at Phaphazela by 30 June 2024	Construction of 2.5km Ring Road at Phaphazela	Own Funding	R 17 000 000.00	01/07/2023	30/06/2024	Target Achieved	2.km of 2.5km Ring Road paved at Phaphazela	None	None	Q1-Q4: Progress report	Technical Services

NO.	KEY PERFORMANCE	BASELINE	ANNUAL TARGETS	PROJECT	FUNDING	ADJUSTED	START	END DATE	STATUS OF	ACTUAL ANNUAL	CHALLENGES	INTERVENTION	PORTFOLIO OF	DEPT.
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	INDICATORS/MEASURABLE OBJECTIVE			NAME	SOURCE	BUDGET 23/24	DATE		ACHIEVEMENT	PERFORMANCE			EVIDENCE	
30	To Construct 2.5km Ring Road up to practical completing at Oliphantshoek by 30 June 2024	2.4 km stabilised base layer of 2.5km Ring Road Constructed at Oliphantshoek	2.5km Ring Road Constructed up to practical completion at Oliphantshoek by 30 June 2024	Construction of 2.5km Ring Road at Oliphantshoek	Own Funding	R 15 000 000.00	01/07/2023	30/06/2024	Target Achieved	2.5km Ring Road Constructed up to practical completion at Oliphantshoek	None	None	Q1-Q3: Progress report Q4: practical Completion certificate	Technical Services
31	To Construct 2.5km Ring Road at Altein by 30 June 2024	1km paving of 2.5km ring road Constructed at Altein	2.5km Ring Road Constructed at Altein by 30 June 2024	Construction of 2.5km Ring Road at Altein	Own Funding	R 11,858,201	01/07/2023	30/06/2024	Target Achieved	2.5km Ring Road Constructed at Altein	None	None	Q1-Q2: Progress report Q3: Completion certificate	Technical Services
32	To Construct 3.4km Ring Road up to practical completing at Magomani by 30 June 2024	1.2km paving of 2.5km Ring Road Constructed at Magomani	3.4km Ring Road Constructed up to practical completing at Magomani by 30 June 2024	Construction of 3.4 km Ring Road at Magomani	Own Funding	R 12 000 000.00	01/07/2023	30/06/2024	Target Achieved	3.4km Ring Road Constructed up to practical completing at Magomani	None	None	Q1-Q3: Progress report Q4: practical Completion certificate	Technical Services
33	To construct 0.9 km internal street at Malamulele D extension 3 by 30 June 2024	1.7km pavement of 2.6 km Internal Street Constructed at Malamulele D extension 3	0.9 km internal street constructed at Malamulele D extension 3 by 30 June 2024	Construction of 2.6km at Malamulele D extension 3	Own Funding	R 6 000 000	01/07/2023	30/06/2024	Target Achieved	0.9 km internal street constructed at Malamulele D extension 3	None	None	Q1:Completion Certificate	Technical Services
34	To Construct 6.3km internal street road at Malamulele D phase 2 by 30 June 2024	2.1km subbase of 6.3km Road Constructed at Malamulele D ext. 3 internal street phase 2	6.3km internal street Road Constructed at Malamulele phase 2 by 30 June 2024	Construction of 6.3 km at Malamulele internal street phase 2	Own Funding	R 44,300,000	01/07/2023	30/06/2024	Target Achieved	6.3km internal street road Constructed at Malamulele D phase 2	None	None	Q1-Q3: Progress report Q4: Completion certificate	Technical Services
35	To surface 1.7km of 5.6 km streets in Malamulele Business park by 30 June 2024	2.8km road Surfacing of 5.6 km streets constructed at Malamulele Business park	1.7 km of 5.6 km street surfaced in Malamulele Business park by 30 June 2024	Opening and Widening 5.6 km street in Malamulele Business park	Own Funding	R 10,200,000	01/07/2023	30/06/2024	Target Achieved	1.7 km of 5.6 km street surfaced in Malamulele Business park	None	None	Q1-Q4: Progress report	Technical Services
36	To rehabilitate 1.8 Km of 6.9 km Internal Streets at Vuwani by 30 June 2024	4.1km pavement of 6.9 km Internal Streets	1.8 km of 6.9 km Internal Streets rehabilitated at Vuwani	Rehabilitation of Vuwani	Own Funding	R 10 000 000.00	01/07/2023	30/06/2024	Target Achieved	1.8 km of 6.9 km Internal Streets rehabilitated at Vuwani	None	None	Q1-Q3: Progress report Q4:	Technical Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
		constructed at Vuwani	Vuwani by 30 June 2024	Internal 6.9 km Streets									completion certificate	
37	To Construct four low level bridges at 4 Wards by 30 June 2024 (11,12,13 and 14)	New indicator	Four low level Bridges Constructed at 4 Wards by 30 June 2024 (11,12,13 and 14)	Construction of Low Level Bridges at Ward (11,12,13 and 14)	Own Funding	R 3 500 000.00	01/07/2023	30/06/2024	Target Achieved	Four Low Level Bridges Constructed at 4 Wards (11,12,13 and 14)	None	None	Q2:Appointment letters Q:3 Completion certificate	Technical Services
38	To Construct 2.85 km roadbed and subbase of 2.85 km Ring Road at Misevhe A,B,C and D by 30 June 2024	Detailed designs for construction of 2.85km Ring Road at Misevhe A,B,C and D developed	2.85km roadbed and subbase of 2.85 km Ring Road constructed at Misevhe A,B,C and D by 30 June 2024	Construction of 2.85km Ring Road at Misevhe A,B,C and D	Own Funding	R 9,134,250	01/07/2023	30/06/2024	Target Not Achieved	2.5 km roadbed and subbase of 2.85km ring road constructed at Misevhe A,B,C and D	Delay in signing of the contractor Cessions	None	Q.2Advertisement, Appointment letters, Site establishment minutes Q3-Q4:Progress report	Technical Services
39	To construct roadbed and subbase of 2.65 km Ring Road at Botsoleni by 30 June 2024	Detailed designs for construction of 2.65km Ring Road at Botsoleni developed	2.65km roadbed and subbase of 2.65 km Ring Road constructed at Botsoleni by 30 June 2024	Construction of 2.5 at Botsoleni Ring Road	MIG	R 9,134,250	01/07/2023	30/06/2024	Target Achieved	2.65km roadbed and subbase of 2.65 km Ring Road constructed at Botsoleni	None	None	Q.2Advertisement, Appointment letters, Site establishment minutes Q3-Q4:Progress report	Technical Services
40	To Construct 2.5 km roadbed and subbase of 2.82 km Ring Road at Nghezimani by 30 June 2024	Detailed designs for construction of 2.5km Ring Road at Nghezimani developed	2.5 km roadbed and subbase of 2.82 km Ring Road constructed at Nghezimani by 30 June 2024	Construction of 2.5 at Nghezimani Ring Road	MIG	R 9,134,250	01/07/2023	30/06/2024	Target Achieved	2.5 km roadbed and subbase of 2.82 km Ring Road constructed at Nghezimani	None	None	Q.2Advertisement, Appointment letters, Site establishment minutes Q3-Q4:Progress report	Technical Services
41	To Construct 2.85 km roadbed and subbase of 2.85 km Ring Road at Masia Headkraal by 30 June 2024	Detailed designs for construction of 2.85km Ring Road at Masia Headkraal developed	2.85 km roadbed and subbase of 2.85 km Ring Road constructed at Masia Headkraal by 30 June 2024	Construction of 2.85 at Masia Headkraal Ring Road	MIG	R 9,134,250	01/07/2023	30/06/2024	Target not Achieved	2.5 km roadbed and subbase of 2.85 km Ring Road constructed at Masia Headkraal	Delay in signing of the contractor Cessions.	Contractor cessions have been signed on the 5 <sup>th</sup> of April 2024	Q.2Advertisement, Appointment letters, Site establishment minutes Q3-Q4:Progress report	Technical Services
42	To pave 4.5 km Ring Road of 7.26 km Ring Road at	7.26 km Ring Road at	4.5 km Ring Road paved of 7.26 km Ring Road at	Construction of 7.26 km Ring	MIG	R 18 000 000.00	01/07/2023	30/06/2024	Target Achieved	4.5 km Ring Road paved of 7.26 km	None	None	Q1-Q4: Progress report	Technical Services



NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
	Xihosana by 30 June 2024	Xihosana not Constructed Only construction of sub-base layer for 7.26km done	Xihosana by 30 June 2024	Road at Xihosana						Ring Road at Xihosana				
43	To pave 4 km of 8.7 km Ring Road at Josefa by 30 June 2024	1.8 km selected layer of 8.7 km Ring Road Constructed at Josefa	4 km of 8.7 km Ring Road paved at Josefa by 30 June 2024	Construction of 8.7 km Ring Road at Josefa	MIG	R 17 000 000.00	01/07/2023	30/06/2024	Target Achieved	4 km of 8.7 km Ring Road paved at Josefa	None	None	Q1-Q4: Progress report	Technical Services
44	To install the elevated tank ,drainage system of the soccer pitch and level soccer pitch at Bungeni Stadium by 30 June 2024	Borehole refurbishment not completely done	Elevated tank ,drainage system of the soccer pitch installed and soccer pitch levelled at Bungeni Stadium by 30 June 2024	Upgrading of Bungeni Stadium	MIG	R 9,122,000	01/07/2023	30/06/2024	Target Achieved	Elevated tank ,drainage system of the soccer pitch installed and soccer pitch levelled at Bungeni Stadium	None	None	Q1-Q4: Progress report	Technical Services
45	To Install roof structure on the pavilion at Davhana Stadium by 30 June 2024	Gate house ,ablution block and pipeline system constructed at Davhana stadium	Roof structure on the pavilion installed at Davhana Stadium by 30 June 2024	Construction of Davhana Stadium	Own Funding	R 10 000 000.00	01/07/2023	30/06/2024	Target Achieved	Roof structure on the pavilion installed at Davhana Stadium	None	None	Q1-Q4: Progress report	Technical Services
46	Number of Square meter of municipal road maintained by 30 June 2024	New indicator	1380.94 Square meter of municipal road maintained by 30 June 2024	Municipal Roads	Own Funding	R 8 000 000.00	01/07/2023	30/06/2024	Target Achieved	1380.94 Square meter of municipal road maintained	None	None	Q1-Q4 Municipal Roads maintenance report	Technical Services
47	To conduct assessment on Collins Chabane Local Municipality Roads and Storm water Master Plan by 30 June 2024	New indicator	Assessment on Collins Chabane Local Municipality Roads and Storm water Master Plan conducted by 30 June 2024	Road and Storm Water Master Plan	Own Funding	R 3,409,000	01/07/2023	30/06/2024	Target Achieved	Assessment on Collins Chabane Local Municipality Roads and Storm water Master Plan conducted	None	None	Q2: Evidence Progress report	Technical Services
48	To rehabilitate 4km internal streets in Malamulele town by 30 July 2024 (Collins Chabane drive 1 km ,nhlalala street 1 km	New indicator	4km internal streets rehabilitated in Malamulele town by 30 July 2024 (Collins Chabane drive 1 km ,nhlalala street 1 km	Rehabilitation of Malamulele town internal street	Own Funding	R 10 000 000	01/07/2023	30/06/2024	Target Achieved	4 km Internal streets rehabilitated in Malamulele town (Collins Chabane drive 1 km ,nhlalala street 1 km ,Pfunekani street 1	None	None	Q2:Appointment letters, Q4:Completion certificate	Technical Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
	,Pfunekani street 1 km and nkondo street 1 km )		,Pfunekani street 1 km and nkondo street 1 km )							km and nkondo street 1 km )				
49	To construct Post tensioning , concrete pouring of the middle section of the third floor and brickwork on third floor west and east of Municipal Office Building at Malamulele by 30 June 2024	Concrete slab on 2 <sup>nd</sup> floor of Municipal Office Building at Malamulele Constructed	Post tensioning , concrete pouring of the middle section of the third floor and brickwork on third floor west and east of Municipal Office Building constructed at Malamulele by 30 June 2024	Construction of Municipal Office Building at Malamulele	Own Funding	R 33,500,000	01/07/2023	30/06/2024	Target Achieved	Post tensioning , concrete pouring of the middle section of the third floor and brickwork on third floor west and east of Municipal Office Building constructed at Malamulele	None	None	Q1-Q4:Progress reports	Technical Services
50	To construct 5 Market stalls at Xithlelani by 30 June 2024	Foundation for 5 Market stalls at Xithlelani constructed	5 Market stalls constructed at Xithlelani by 30 June 2024	Construction of 5 Market Stalls at Xithlelani	Own Funding	4 000 000.00	01/07/2023	30/06/2024	Target Achieved	5 Market stalls constructed at Xithlelani	None	None	Q2:Progress Report, Completion Certificate	Technical Services
51	To construct 5 Market stalls at Xithlelani Phase 2 by 30 June 2024	New Indicator	5 Market stalls constructed at Xithlelani Phase 2 by 30 June 2024	Construction of 5 Market Stalls at Xithlelani Phase 2	Own Funding		01/07/2023	30/06/2024	Target Achieved	5 Market stalls at constructed Xithlelani Phase 2	None	None	Q1:Item,Council Resolution Progress Report Q2:Progress Report Q3:Completion Certificate	Technical Services
52	Number Kilometre of road re-gravelled within Collins Chabane local municipality by 30 June 2024 (4.5km Ntlhaveni C,2.3 km Mashau and 1.km Mashau)	New indicator	6.3km Kilometre of road re-gravelled within Collins Chabane local municipality by 30 June 2024 (4.5km Ntlhaveni C,2.3 km Mashau and 1.km Mashau)	Maintenance of gravel roads	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	7.8km Kilometre of road re-gravelled within Collins Chabane local municipality (4.5km Ntlhaveni C,2.3 km Mashau and 1.km Mashau)	None	None	Q:4 Appointment Letters, completion certificate	Technical Services
DEVELOPMENT OBJECTIVE: PROMOTE COMMUNITY WELL-BEING AND ENVIRONMENTAL WELFARE														
53	To Conduct 4 Environmental Education and clean-up/Awareness campaign by 30 June 2024	12 Environmental Education & clean-up/Awareness	4 Environmental Education & clean-up/Awareness Campaign	Environmental Education & Clean up Campaigns	Own Funding	R 256,235	01/07/2023	30/06/2024	Target Achieved	4 Environmental Education & clean-up/Awareness Campaign conducted	None	None	Q1:-Q4 Report, Invite, Attendance and Register Pictures	Community Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
		Campaign conducted	conducted by 30 June 2024											
54	To conduct two Arrive Alive Campaigns by 30 June 2024	Two (02) Arrive Alive Campaigns Hosted	Two arrive alive Campaigns conducted by 30 June 2024	Hosting of Arrive Alive Campaigns	Own Funding	R 50,000	01/07/2023	30/06/2024	Target Achieved	Two Arrive Alive Campaigns conducted	None	None	Q:2 invitation and report Q:4 invitation report	Community Services
55	To provide waste collection services at Malamulele and Vuwani once per week by 30 June 2024	Waste collection services provided at Malamulele and Vuwani once per week	Waste collection services provided at Malamulele and Vuwani once per week by 30 June 2024	Waste collection	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	Waste collection services provided at Malamulele and Vuwani once per week	None	None	Q1-Q4 : Job Cards and waste collection schedule	Community Services
56	% of reported disaster cases attended to by 30 June 2024 ( number of reported cases against cases attended to )	100% of reported disaster cases responded to(50/50)	100% of reported disaster cases attended toby 30 June 2024 ( number of reported cases against cases attended to )	Disaster management	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	100% of reported disaster cases attended to (83/83)	None	None	Q1-Q4: disaster incident register and disaster management impact assessment form	Community Services

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: INTEGRATED LOCAL ECONOMY														
57	To review and submit LED strategy to Council for approval by 30 June 2024	New indicator	LED strategy reviewed and submitted to Council for approval by 30 June 2024	Reviewing of LED strategy	Own Funding	R 960,000	01/07/2023	30/06/2024	Target Achieved	LED strategy reviewed , submitted and approved by council	None	None	Q1:appointment letter Q2: inception report and status quo report Q3: Draft LED strategy Q4: LED strategy	Planning and Develop ment
58	To purchase equipment's to support 17 Cooperatives by 30 June 2024	10 equipment's purchased to support Cooperatives	Equipment's purchased to support 17 Cooperatives by 30 June 2024	Cooperative support	Own Funding	R 640,000	01/07/2023	30/06/2024	Target Achieved	Equipment's purchased and 17 Cooperatives supported	None	None	Q-1 list of identified cooperatives to be supported & Public Notice Q-2 Needs assessment Q-3 Specifications and appointment letter Q-4 Delivery note	Planning and Develop ment
59	To coordinate two (2) Local Reference Committee Meetings by 30 June 2024	New indicator	Two (2) Local Reference Committee Meetings coordinated by 30 June 2024	Local Reference Committee Meetings	Opex	Opex	01/07/2023	30/06/2024	Target Achieved	Two (2) Local Reference Committee Meetings coordinated	None	None	Q.3 Invite and attendance register Q 4 Invite and attendance register	Planning and Develop ment
60	To purchase 50 street pole advertising board by 30 June 2024	New indicator	50 street pole advertising board purchased by 30 June 2024	Street pole advertising	Own Funding	R 100 000.00	01/07/2023	30/06/2024	Target Achieved	50 street pole advertising board purchased	None	None	Q2: appointment letter Q3: Delivery note	Planning and Develop ment
61	To conduct two (2) business inspection by 30 June 2024	New indicator	Two (2) business inspections conducted by 30 June 2024	Business inspections	Opex	Opex	01/07/2023	30/06/2024	Target Achieved	Two business inspections conducted	None	None	Q.3 Invite and attendance register Q.4 Invite and attendance register	Planning and Develop ment
62	To Coordinate three(3) LED Forum by 30 June 2024	Four (04) LED Forums Coordinated and Hosted	Three (3) LED forum coordinated by 30 June 2024	LED forum	Opex	Opex	01/07/203	30/06/2024	Target Achieved	Three(03) LED forum coordinated	None	None	Q4. Invite and attendance register	Planning & Develop ment

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: SOUND FINANCIAL MANAGEMENT AND VIABILITY														
63	To update the GRAP Asset Management Register by 30 June 2024	GRAP Asset Management Register updated	GRAP Asset Management Register updated by 30 June 2024	GRAP Asset Management Register	Own Funding	R 5,170,000	01/07/2023	30/06/2024	Target Achieved	GRAP Asset Management Register updated	None	None	Q1-Q4 Updated Asset Register	Budget and Treasury
64	% Revenue collected by 30 June 2024	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 )	100% Revenue collected by 30 June 2024	Revenue Management	Own Funding	Opex	01/07/2023	30/06/2024	Target Not Achieved.	49% Annually Projected Revenue collected.  (Actual collection of R 20 269 525 against billing of R 41 497 542 (Rates & Refuse Only))	1.Late delivery of statement from Munsoft 2.non-payment on government debt 3.Deceased property owners 4.Untracable Consumers 5. Inactive Accounts from Makhado & Thulamela Municipality that are not yet written-off.	1. Introduction of new revenue sources needed (e.g. Water & Electricity License) 2.Government registration of all its properties 3. Appointment of independent statement distributor.	Q1-Q4 Financial Report	Budget and Treasury
65	% Capital budget spent by 30 June 2024	96% spending on projected capital budget spent (R 326, 503, 415 / R 339, 334, 000)	100% Capital budget spent by 30 June 2024	Capital Budget	Own Funding	Opex	01/07/2023	30/06/2024	Target Not Achieved	89% Capital Budget Spent R304 102 000 of Projected budget R343 401 000 (Own Funded Projects and Grants Projects)	Slow implementation of projects	To develop catch up plan	Q1-Q4 Financial Report	Budget and Treasury
66	% advertised tenders adjudicated within legislative timeframe by 30 June 2024 (within 90 days)	New indicator	100% advertised tenders adjudicated within legislative timeframe by 30 June 2024 (within 90 days)	Adjudication of Tenders	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	100% advertised tenders adjudicated within legislative timeframe.	None	None	Q1-Q4 Tender Register and Report	Budget and Treasury
67	To develop interim financial statement and submit to Municipal Manager by 30 June 2024	Interim Financial Statement developed and Submitted to Municipal Manager	Interim financial statement developed and submitted to Municipal Manager by 30 June 2024	Interim Financial Statement	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	Interim financial statement developed and submitted to Municipal Manager	None	None	Q3: Interim financial statements	Budget and Treasury

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
68	To submit the Annual Financial Statement to AGSA, Treasuries and COGHSTA by 31 August 2023	2021-22 Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA	Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA by 31 August 2023	AFS	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	Annual Financial Statement submitted to AGSA, Treasuries and COGHSTA	None	None	Q1: AFS and Acknowledgements of Submission	Budget and Treasury
69	To submit 2023-24 budget adjustment to Council for approval by 28 February 2024	2022-23 Budget adjusted and approved by Council	2023-24 budget adjustment submitted to Council for approval by 28 February 2024	Budget adjustment	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	2023-24 budget adjustment submitted and approved by Council	None	None	Q3: Adjusted budget & Council Resolution	Budget and Treasury
70	To submit 24/25 draft budget to Council for approval by 31 March 2024	23/24 Draft Budget Submitted to Council	24/25 Draft Budget Submitted to Council for approval by 31 March 2024	Draft Budget development	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	24/25 Draft Budget Submitted and approved by Council	None	None	Q3: Draft Budget and Council Resolution	Budget and Treasury
71	To submit 2024/25 Final budget to council for approval by 31 May 2024	2023/24 Final Budget Submitted and approved by Council	2024/25 Final Budget Submitted to Council for approval by 31 May 2024	Budget development	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	2024/25 Final Budget Submitted and approved by Council	None	None	Q4: Final Budget & Council Resolution	Budget and Treasury
72	Number of section 52 report submitted to Council within 30 days after the end of the quarter by 30 June 2024	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 2024	Section 52 Reports	Own Funding	Opex	01/07/2023	30/06/2024	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
73	Number of section 71 report submitted to the Mayor & Provincial Treasury within 10 days after the end of the Month by 30 June 2024	12 section 71 report submitted to the Mayor & Provincial Treasury within 10 days after the end of the Month	12 section 71 report submitted to the Mayor & Provincial Treasury within 10 days after the end of the Month by 30 June 2024	Section 71 Reports	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	12 section 71 report submitted to the 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
74	To compile section 72 report and submit to the Mayor and Treasuries by 31 January 2024	Section 72 report compiled and submitted to the Mayor and Treasuries by the 25 January 2023	Section 72 report compiled and submitted to the Mayor and Treasuries by 31 January 2024	Section 72 Report	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	Section 72 report compiled and submitted to the Mayor and Treasuries	None	None	Q:3 Section 72 report and Acknowledgement of Receipts	Budget and Treasury
75	% of indigent households with access to free basic services (electricity) by 30 June 2024 (number of approved applicant by number of	New indicator	100% indigent households with access to free basic services (electricity) by 30 June 2024 (number of	Free basic services	Own funding	R 8,850,000	01/06/2023	30/06/2024	Target Achieved	100% indigent households with access to free basic services (electricity)(15150/1 5150)	None	None	Q1-Q4 Indigent list and Eskom invoice	Budget and Treasury

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
	applicant receiving free basic services )		approved applicant by number of applicant receiving free basic services )											

NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
DEVELOPMENT OBJECTIVE: IMPROVED GOVERNANCE AND ADMINISTRATION														
76	To hold 3 Communicator forums by 30 June 2024	4 Communicator forums held	3 Communicator forums held by 30 June 2024	Communications Forums	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	3 Communicator forums held	None	None	Q2:-Q4: Invites and Attendance Registers	Corporate Services
77	To hold 4 ordinary and 8 Special Council meetings by 30 June 2024	4 ordinary Council and 20 Special Council meetings held	4 ordinary Council and 8 Special Council meetings held by 30 June 2024	Council Services (Council Meetings)	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	4 Ordinary Council and 8 Special Council meetings held	None	None	Q1-Q4 Council Minutes and attendance register	Corporate Services
78	Number of ordinary EXCO meetings held by 30 June 2024	4 ordinary EXCO and 20 Special EXCO meetings held	12 ordinary EXCO meetings held by 30 June 2024	Council Services (EXCO meetings )	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	12 ordinary EXCO meetings held	None	None	Q1-Q4 EXCO Minutes and attendance register	Corporate Services
79	To award 14 learners with mayoral bursary by 30 June 2024	10 learners awarded with mayoral bursary	14 learners awarded with mayoral bursary by 30 June 2024	Mayoral bursary	Own Funding	Opex	01/07/2023	30/06/2024	Target Achieved	14 learners awarded with mayoral bursary	None	None	Q-2 advert and bursary application form Q-3 Confirmation letter	Corporate Services
80	% of ICT Maintenance and Support attended to by 30 June 2024 (number request reported against number of request attended to )	100 % ICT Maintained and Supported (4 791/ 4791)	100% of ICT Maintenance and Support attended to by 30 June 2024 (number request reported against number of request attended to )	ICT Maintenance and Support	Own Funding	R 32,206,173	01/07/2023	30/06/2024	Target Achieved	100 % ICT Maintained and Supported (2068/2068)	None	None	Q1-Q4: system report	Corporate Services
81	To conduct 4 IT Vulnerability Scan by 30 June 2024	IT Vulnerability Scan conducted	4 IT Vulnerability Scan conducted by 30 June 2024	IT Security Vulnerability Scan	Own Funding	R 508,378	01/07/2023	30/06/2024	Target Achieved	4 IT Vulnerability Scan conducted	None	None	Q1-Q4 Vulnerability Scan conducted	Corporate Services
82	% of ICT equipment purchased by 30 June 2024 (number of ICT equipment request by number of ICT equipment purchased )	100% of IT equipment purchased ( 1097/1097 )	100% of ICT equipment purchased by 30 June 2024 (number of ICT equipment request by number of ICT equipment purchased )	Purchasing ICT equipment	Own Funding	R 1,000,000.00	01/07/2023	30/06/2024	Target Achieved	100% of ICT equipment purchased (211/211)	None	None	Q1-Q4 Delivery note / invoice	Corporate Services
83	To hold 4 Audit Performance Committee meetings by 30 June 2024	4 audit and Performance committee meetings held	4 audit and Performance committee meetings held by 30 June 2024	Auditing	Own Funding	R 800,000	01/07/2023	30/06/2024	Target Achieved	4 audit and Performance committee meetings held	None	None	Q1-Q4 Invitation ,Minutes and attendance register	Municipal Manager



NO.	KEY PERFORMANCE INDICATORS/MEASURABLE OBJECTIVE	BASELINE	ANNUAL TARGETS	PROJECT NAME	FUNDING SOURCE	ADJUSTED BUDGET 23/24	START DATE	END DATE	STATUS OF ACHIEVEMENT	ACTUAL ANNUAL PERFORMANCE	CHALLENGES	INTERVENTION	PORTFOLIO OF EVIDENCE	DEPT.
84	To hold 4 risk management committee meetings by 30 June 2024	4 risk management committee meetings held	4 risk management committee meetings held by 30 June 2024	Risk management committee meetings	Own Funding	R 190,000	01/07/2023	30/06/2024	Target Achieved	4 risk management committee meetings held	None	None	Q1-Q4 Invitation ,Minutes and attendance register	Municipal Manager
DEVELOPMENT OBJECTIVE: EFFECTIVE COMMUNITY PARTICIPATIION														
85	To conduct 3 Mayoral Imbizo by 30 June 2024	4 Mayoral Imbizo conducted	3 Mayoral Imbizo conducted by 30 June 2024	Mayoral Imbizo	Own Funding	R 1,200,000	01/07/2023	30/06/2024	Target Achieved	3 Mayoral Imbizo conducted	None	None	Q1:-Q3: Invites and Attendance Registers	Corporate Services
86	To review and submit the 2024/25 IDP to Council for approval by 30 June 2024	2023/24 IDP reviewed and submitted to Council for approval	2024/25 IDP reviewed and submitted to Council for approval by 30 June 2024	IDP Review	Own Funding	R 1 700 000	01/07/2023	30/06/2024	Target Achieved	2024/25 IDP reviewed, submitted and approved by council	None	None	Q1; IDP process Plan and Council Resolution & Need Analysis Report and Attendance Registers Q2: Invite, Attendance Registers & Strategic Planning Report Q3. Draft IDP & Council Resolution Q4: Invite, Public Notice, Attendance Registers & Final IDP and Council Resolution	Municipal Manager/ Planning and Development



## **ANNEXURE D AUDIT COMMITTEE REPORT**

### **AUDIT COMMITTEE ANNUAL REPORT 2023/2024**

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

#### **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 2024 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 2024 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 (FMPPi) 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 qualified 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

**ANNEXURE E MPAC OVERSIGHT REPORT**

**COLLINS CHABANE LOCAL MUNICIPALITY**



**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE  
(MPAC)**

**OVERSIGHT REPORT ON THE 2023/2024 ANNUAL REPORT OF THE COLLINS CHABANE LOCAL MUNICIPALITY**

## **1. FOREWORD BY THE CHAIRPERSON OF MPAC**

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

In the light of this responsibility, 13<sup>th</sup> Ordinary Council on 30<sup>th</sup> January 2025, tabled the 2023/24 Draft Annual Report of the Collins Chabane Local Municipality for consideration. Council subsequently referred the 2023/24 Annual Report to the MPAC for interrogation so that an Oversight Report could be developed. MPAC in fulfilling its responsibility assigned to it by Council, MPAC held its meetings on the following dates:

- 23 January 2025
- 17 February 2025
- 18 February 2025
- 19 February 2025
- 20 February 2025
- 21 February 2025
- 07 March 2025
- 18 March 2025
- 21 March 2025
- 25 March 2025
- 28 March 2025

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

MPAC noted both improvements in certain performance areas, as reflected in the 2023/24 Annual Report, but also unsatisfactory performance in some areas as reflected in the Oversight Report. As a result, MPAC has raised concerns and made recommendations on a number of issues that require immediate intervention.

MPAC will furthermore ensure that recommendations developed in the 2023/24 Oversight Report are fully implemented by the municipal administration and this will be monitored through quarterly reports by MPAC. In considering the 2023/24 Annual Report, MPAC also consulted the 2022/23 Oversight Report to establish those areas that are still outstanding that could be incorporated into the 2023/24 Oversight Report. It is my belief that if Council considers these recommendations and the administration implements them fully, the CCLM should move to a better audit opinion.

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

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

CLLR MUDAU T. S

CHAIRPERSON

**31 – 03 – 2025**

DATE



## **2. PURPOSE**

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

The purpose of this Oversight Report, compiled by Council's Municipal Public Accounts Committee (MPAC), on the 2023/24 Annual Report of the Collins Chabane Local Municipality to adhere to the legislation as mentioned in the above paragraph.

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

- Undertaking a review and analysis of the Annual Report.
- Inviting, receiving and considering inputs from Councillors and Support Committees.
- Considering written comments received on the Annual Report through the public consultation process.
- Conducting Public Participation and Public Hearing to allow the local community or any organs of state to make representations on the Annual Report.
- Receiving and Considering Council's Audit Committee's views and comments on the Annual Financial Statements and the Performance Report.
- Preparing the draft Oversight Report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organs of state, Council's Audit Committee and Councillors.

### **3. INTRODUCTION**

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

### **4. BACKGROUND**

The Collins Chabane Local Municipality has been guided by; Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA) and National Treasury Circulars in the process of drafting the Annual Report. In adhering to these, the Municipal Administration has submitted the Annual Report 2023/24 to the Council at the Council meeting held on 30 January 2025 for consideration. This process was followed by the preparation of the oversight report. The Collins Chabane Local Municipality Council has resolved that the Municipal Public Accounts Committee is the relevant committee within the Municipality to carry out the activities of the Oversight Committee. The Municipal Public Accounts Committee, as prescribed in the MFMA, has been holding meetings to discuss the performance of the overall municipality through the use of the 2023/24 Annual Report. The Committee has performed its oversight role within the MFMA specified municipal oversight completion period.

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

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

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

## **5. COLLINS CHABANE LOCAL MUNICIPALITY MPAC MEMBERS**

The MFMA Circular No.32 (Municipal Finance Management Act No.56 of 2003) states that the Oversight Committee should be made up of only non-executive Councillors. It further provides that municipal officials cannot serve as members of an oversight committee. All meetings of the oversight committee must be open to the public and timely notice of meetings should be given to enable representations to be made.

The formation of the Oversight Committee varies from municipality to municipality. Some of the municipalities in South Africa appoint members from its Council to carry out the activities of an oversight committee. However, in the CCLM this role is referred to the Municipal Public Accounts Committee. The Collins Chabane Local Municipality's 2023/24 financial year MPAC membership is constituted as follows:

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

MPAC is constituted as follows:

- 4.1 Cllr T.S Mudau (Chairperson)
- 4.2 Cllr G.D Masangu
- 4.3 Cllr E Bamuza
- 4.4 Cllr S Makhubele
- 4.5 Cllr T.M Mutele
- 4.6 Cllr K.R Chabalala
- 4.7 Cllr M.J Baloyi
- 4.8 Cllr T.M Masia
- 4.9 Cllr S.L Siweya
- 4.10 Cllr B.S Maluleke
- 4.11 Cllr K.K Mabasa
- 4.12 Cllr N.S Makondo
- 4.13 Cllr K.R Muthubi

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

- a) Report from Auditor General
- b) Management Report
- c) National Treasury MFMA Circular no. 63
- d) National Treasury MFMA Circular no. 32
- e) MPAC Guide and Toolkit Circular no. 92

## 6. TIME CONSIDERATIONS

### 5.1 Meeting Schedule

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

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

The Annual Report 2023/24 was tabled at council meeting on 30<sup>th</sup> January 2025 and referred to the MPAC as an Oversight Committee in the Municipality. The MFMA prescribes that the oversight must be submitted to the Council on or before 31 March 2025 and be adopted by 31 March of the same year.

The meeting schedule of the Municipal Public Accounts Committee from 23 January 2025 to 31 March 2025 is outlined below:

#### DATE, VENUE AND ACTIVITY

DATE	VENUE	ACTIVITY	Resolutions taken
23 January 2025	Civic Centre Council Chamber	MPAC workshop with AGSA in preparations of Annual Report assessment.	As per resolution register
17 – 21 February 2025	Jericho resort	MPAC retreat to analyse the 2023/24 Annual Report, representatives from the office of the Auditor General, COGHSTA, Treasury Municipality's Internal	As per resolution register

		<b>Audit and Supply Chain Management attended the retreat to provide guidance on the scrutinisation of the Annual report.</b>	
<b>07 March 2025</b>	<b>Virtual meeting</b>	<b>Considered responses from the Executive Arm on 2023/24 Annual Report, formulate follow-up questions, preparations of Public Participation on 2023/24 Annual Report.</b>	<b>As per resolution register</b>
<b>18 March 2025</b>	<b>Malamulele Town Hall</b>	<b>Public Participation on 2023/24 Annual Report meeting with stakeholders.</b>	<b>As per resolution register</b>
<b>21 March 2025</b>	<b>Virtual meeting</b>	<b>Preparations for Public Hearing on 2023/24 Annual Report.</b>	<b>As per resolution register</b>
<b>25 March 2025</b>	<b>Malamulele Town Hall</b>	<b>Public Hearing Meeting with the Executive Arm to discuss their responses to the questions and follow-up questions to the 2023/24 Annual report in Public.</b>	<b>As per resolution register</b>
<b>28 March 2025</b>	<b>Virtual</b>	<b>Final preparation of Oversight report on 2023/25 Annual Report.</b>	<b>As per resolution register</b>

<b>31 March 2025</b>	<b>Malamulele Town Hall</b>	<b>Tabling of MPAC's Oversight Report on 2023/24 Annual Report to Council.</b>	<b>As per resolution register</b>
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## **7. LEGAL FRAMEWORK**

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

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

Circular No. 32 of the Municipal Finance Management Act, Act 56 of 2003 recommends that councils should consider the establishment of an Oversight Committee under Sections 33 and 79 of the Municipal Structures Act 1998. The Circular states that this

committee and, if needed, sub-committees, could be responsible for the detailed analysis and review of the Annual Report and then drafting an Oversight Report that may be taken to full Council for discussion. Such committee, according to this Circular, may receive and review representations made by the public and also seek inputs from other Councillors and Council Portfolio Committees.

## **8. PUBLIC PARTICIPATION AND HEARING IN OVERSIGHT PROCESS**

Section 130 of the MFMA stipulates that public participation must be a central element of all processes relating to an Annual Report. In so doing, the aforementioned Section instructs that the meetings of a municipal council or committee established by Council at which an Annual Report is to be discussed or at which decisions concerning an annual report are to be taken, must be open to the public and any organs of state.

As part of promoting public participation in the oversight process, municipalities are obliged to undertake the following additional actions:

- Invite written submissions from the local community or organs of state on the Annual Report.
- Make public all meetings at which the Annual Report will be discussed.
- Representatives of the Auditor-General are entitled to attend and to speak at any meeting that deals with the Annual Report.
- Engage in a process of public participation on the Annual Report.



In this regard, the Municipality undertook the following initiatives to promote public participation in the oversight process:

<b>MECHANISM TO PROMOTE PUBLIC PARTICIPATION AND PUBLIC HEARING</b>	<b>STATUS</b>	<b>COMMENTS</b>
Invitation to public to submit comments on the Annual Report	Done: Invitations and Annual report documents were sent to different stakeholders on the 12 <sup>th</sup> of March 2025.	The municipality conducted a Public Participation on the 18 <sup>th</sup> of March 2025, and a Public Hearing on the 25 <sup>th</sup> of March 2025.
Make public all meetings of Council's oversight committee that will consider the Annual Report	Done: Local newspaper adverts were sent out on the 10 <sup>th</sup> of March 2025 and were published on the 12 <sup>th</sup> of March 2025	All meetings were advertised on local media platforms within the Municipality.
Representatives of the Auditor-General invited to meetings of Council that will consider Annual Report	Done: The Senior Manager Ms Magongwa was present as a representative from Auditor-General. The council was held on the 30 <sup>th</sup> of January 2025 at Malamulele Town Hall.	Auditor-General's representatives invited to the council meeting convened for tabling of the Annual Report to council by the Mayor.
Assessment of 2023/24 Annual Report	Done:	The assessment took place on the 17 <sup>th</sup> – 21 <sup>st</sup> February 2025.

## **9. OVERSIGHT COMMITTEE RECOMMENDATIONS**

At the first meeting of MPAC held on 17<sup>th</sup> of February 2025 to consider the Annual Report, the meeting agreed that it would exercise its oversight functions in the following manner: That MPAC would attend as follows to its work in respect of the 2023/24 Annual Report and the Audit Report by the Auditor-General for the year ended 30 June 2024:

- First meeting: Annual Consolidated Financial Statements and Auditor-General's Audit Findings.
- Second meeting: Service Delivery Performance.
- Third meeting: Management Report.
- Fourth meeting: Recapping of all chapters from 1 to 6 of the Annual Report.
- Fifth meeting: questions and responses from Management.
- Sixth meetings: meeting the public.
- Seventh meeting: Start developing Oversight Report.

The discussions and recommendations of MPAC will be presented in accordance with the areas identified above, namely:

Area 1 Auditor-General's Audit findings.

Area 2 Annual Consolidated Financial Statements.

Area 3 Performance Scorecard Reports.

## 10. QUESTIONS FOR CONSIDERATION BY MPAC (2023-2024)

The table below reflect the audit findings and questions:

No.	Items	Findings	Questions	Response by Management
01	<b>MAYOR'S FOREWORD AND EXECUTIVE SUMMARY</b>	<b>EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER:</b>  Page 9 of the annual report reflects that institutional performance regressed by 4% from 94% in 2022/23 to 90% in 2023/24	<b>What caused the regression in performance management?</b>	The municipality regressed due to incorrect reporting and delayed projects
02	<b>POLITICAL AND ADMINISTRATIVE GOVERNANCE</b>	<b>THE MUNICIPAL COUNCIL:</b>  Page 18 of the annual report reflects that Municipality has 32 PR councillors meanwhile the correct number is 35.	<b>What brings the total number of the PR councillors to 32?</b>	When the list was compiled, PMT Cllrs were excluded as they were already included in the table one in page 18
03		<b>ADMINISTRATIVE GOVERNANCE:</b>  Page 23 of the annual report reflects the role of the Accounting Officer that he/she		

		is assisted by his/her directors which constitutes the management team, whose structure is outlined in the table below:	<b>Which table is the report referring to?</b>	Typo error. The table has been included
<b>04</b>	<b>PUBLIC ACCOUNTABILITY AND PARTICIPATION</b>	<b>COMMUNICATION, PARTICIPATION AND FORUMS:</b>  Page 24 and 25 under communication, the report reflects the communication checklist of compliance to the communication requirement	<b>1. Why didn't the Municipality comply with the requirements of customer satisfaction survey and newsletter distribution?</b>  <b>2. What measures does the Municipality have in place to comply with the requirements?</b>	The cost containment measures barred municipalities from spending on newsletter and such may result in irregular expenditure. The paragraph to be excluded in the report.  Upon completion of data cleansing project, the municipality will consider using emails, smses to inform our stakeholders about the municipal services and the benefits of paying for services.
<b>05</b>		<b>IDP PARTICIPATION AND ALIGNMENT:</b>	<b>Why is the Municipality failing to submit the quarterly alignment</b>	The reports are currently being submitted, see the attached council resolution



			<ul style="list-style-type: none"> <li>• <b>Is there any enforcement of these by-laws?</b></li> </ul>	
<b>08</b>	<b>BASIC SERVICES</b>	<p><b>WASTE MANAGEMENT:</b></p> <p>Page 33 of the annual report reflects that waste management include refuse collections, waste disposal, street cleaning and recycling and collection is done on a weekly basis where Municipality skip bins are placed</p>	<ul style="list-style-type: none"> <li>• <b>Are all wards covered by the distribution of skip bins, If not what are the plans?</b></li> <li>• <b>What criteria does the Municipality use to locate / place the skip bins?</b></li> <li>• <b>Is the Municipality making awareness of the usage of the skip bins?</b></li> </ul>	<p>No. Financial constraints, however we are planning to budget though will not cater for all villages at once.</p> <p>The assessment of areas where there were more cases of illegal dumping that poses health hazards to community members. Given the availability of funds, the wish is to ensure that all villages will have skip bins</p> <p>Awareness are conducted on month to month basis. That's environmental and cleaning campaigns</p>



11		<p><b>SKILLS DEVELOPMENT AND TRAINING:</b></p> <p>Page 50 – 52 of the annual report shows a table of total number for all departments training.</p>	<p><b>Why is the total number of Cllrs trained lower than the number of Senior Managers?</b></p>	<p>It is expected that administration should receive more capacity building interventions than any other official in the municipality given their high responsibilities. It is incorrect to compare senior managers with their employers (councillors). It is common cause that councillors are the ones taking senior managers to training</p>
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## DETAILED AUDIT FINDINGS

No	Items	Findings	Questions	Response by Management
12	PAYABLES	<p>Page 10 of the audit report indicates: it was noted that the municipality recognised a Liability i.e. Trade Payables for transactions that did not occur. For the transactions in <i>Table A</i>, the municipality created purchase orders upon appointment of the supplier, however there was no supply of goods/services as at 30 June 2024 by the supplier. The transactions are therefore not a liability as defined as the Municipality does not have a present obligation arising from any past event.</p>	<p><b>1. Why did the Municipality include transactions that were not for 2023/24 financial year?</b></p> <p><b>2. Was sufficient time allowed for the cleaning of these accounts?</b></p> <p><b>3. What steps is management taking to correct this issue?</b></p> <p><b>4. Did the management go back and investigate on the orders that are hanging in the system to ensure that you post the correct journals?</b></p>	<p>1) The creditors recons performed were not adequately done and reviewed sufficiently for early detect.</p> <p>2) The error should have been detected through routine creditor's reconciliation.</p> <p>3) Management is ensuring that monthly adequate reconciliations are being performed and being reviewed by the Manager expenditure and CFO on a monthly basis to allow corrections to be effected.</p> <p>4) Management undertook to investigate all open orders and clear long standing orders. Upon identify them management passed credit notes to reverse</p>

			<p><b>5. Is the Municipality performing monthly creditors' reconciliations that are reviewed and approved by senior officials?</b></p> <p><b>6. Request of age analysis – Please provide the reasons per transaction and the progress made since the matter was reported.</b></p>	<p>all open orders that will not materialize.</p> <p>5) Yes, the municipality is now performing monthly creditor's reconciliations that are being reviewed by the Manager and CFO.</p> <p>6) Yes, the documents can be made available.</p>
<b>13</b>	<b>PAYABLES: CUT OFF ISSUES NOTED</b>	It was noted that the Municipality recognised a liability for a transaction that occurred after year end. Refer to <i>Table A</i> , the invoice was received after year end on 18 July 2024 and the service i.e. attendance of conference awards that took place on 18-21 August 2024 was also received after year end. The transaction is therefore not a liability as defined.	<b>MPAC require an age analysis of the payables, can you furnish this information?</b>	Yes.
<b>14</b>	<b>PAYABLES: PAYABLES RECOGNISED FOR TRANSACTION ALREADY PAID FOR.</b>	It was noted that the Municipality recognised a liability for a transaction that had already been paid for as of 30 June 2024. Refer to Table A below, the payment was made on 13 October 2023. The transaction is therefore not a liability as defined.	<p><b>1. How did the current situation arise, despite your daily reconciliation process?</b></p> <p><b>2. What control processes does the Municipality have in place to ensure that correct suppliers are recognised as payables?</b></p>	<p>The creditor's reconciliations being performed were not prepared adequately and reviewed sufficiently.</p> <p>2) Effective creditor's reconciliations are being performed monthly with thorough reviews being done by the Manager and CFO.</p>

			<p>Are there any daily/monthly reviews being performed to ensure that errors are picked up and corrected on time?</p> <p>3. Does the Municipality have a standard procedure manual, If the answer is yes, is it functional or has it been implemented. How was it communicated to staff and are those that are responsible for ensuring implementation aware of the standard procedure manual?</p>	<p>3) Yes, the municipality does have a procedure manual for capturing of transactions, however it was not effectively communicated.</p>
15	<b>PAYABLES RECOGNISED AT INCORRECT AMOUNTS</b>	<p>It was noted that the Municipality recognised a liability at an incorrect amount, Table A indicates the amount as per the municipal records of R 2 129 047.18.</p> <p>Table B indicates the amount as per the supplier statement of accounts of R 1 811 512.53.</p>	<p>1. Why was the payables recognised at an incorrect amount?</p> <p>2. Can the Municipality confirm whether the orders are being reviewed prior to processing? Who is the responsible official that was supposed to conduct the review and ensure the accuracy of the</p>	<p>1) The creditors recons performed were not adequately done and reviewed sufficiently for early detect</p> <p>2) The error should have been detected through routine creditor's reconciliation.</p>

			<p>amount included in the accounting records?</p> <p><b>3. What actions has management taken against the officials and/or remedy the situation to avoid recurrence?</b></p>	<p>3) Management is ensuring that monthly adequate reconciliations are being performed and being reviewed by the Manager expenditure and CFO.</p> <p>4) Management undertook to investigate all open orders and clear long standing orders. Upon identify them management passed credit notes to reverse all open orders that will not materialize.</p> <p>5) The municipality is now performing creditor's reconciliations that are being reviewed by the Manager and CFO.</p> <p>6)</p>
<b>16</b>	<b>RECEIVABLES: INTEREST NOT LEVIED ON LONG OUTSTANDING DEBTORS.</b>	The municipality did not charge interest for the debts, shown in the MR, that have been long outstanding.	<p><b>1. What have the Municipality done so far, can you provide an update on the actions taken to address the qualification paragraph relating to the interest not charged on outstanding debtors (inactive accounts)?</b></p> <p><b>2. What steps have the Municipality followed in</b></p>	<p>1) The municipality has prepared a schedule of inactive debtors which will be tabled to Council for write-off, as well as engaging Munsoft to help with the recalculation of interest on inactive accounts prior to finalization of submission of the write-off to Council.</p>

			<p>order to trace the debtors and what was the outcome?</p> <p>3. When is the Municipality anticipating to submit to council?</p> <p>4. Have the Municipality developed the audit action plan, are you implementing it, who sits in your staring committee, do you also invite your other stakeholders like: AGSA, Treasury, COGHSTA and SALGA?</p>	<p>Management anticipates to submit to council by the end of April 2025. Management developed actions to address all findings raised from the Auditor-General, progress meetings are held every Wednesday.</p>
17	<b>COMMITMENTS: UNDEERSTATEMENT OF CAPITAL COMMITMENTS.</b>	<p>The municipality incorrectly calculated expenditure incurred, and retentions amount for the projects in Annexure A. The differences are depicted in the attached annexure.</p>	<p>1. Is the Municipality now updating the commitment register as and when you make appointments, payments, when variation orders are approved?</p> <p>2. Is the Municipality maintaining the supportive documents?</p> <p>3. Is the Municipality now updating the contract and commitment register on monthly basis?</p> <p>4. Is the Municipality reconciling the most recent payment history to the actual payments?</p>	<p>1. The commitment register was not being updated regularly updated as and when transactions that affect the capital commitments occurred. To correct the situation, the Supply Chain Manager has been tasked with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers.</p>

			<p><b>5. Does the Municipality have a retention register or payment certificate register per project that shows the correct amount and who is monitoring the implementation part? What steps have you taken to ensure that the retention register/commitment reflect the correct amount or balance?</b></p> <p><b>6. Please provide the proof within a period of 7 days? (so that we can write-off that qualification paragraph)</b></p>	<p>2. The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers.</p> <p>3. Yes, the register is updated as and when there is movement in the projects as well as reconciling to the technical services payment certificate.</p> <p>4. The municipality does maintain the retention register which also informs retention as it appears on the commitments register.</p> <p>5. The activities are performed by the SCM accountant and reviewed by the manager expenditure.</p>
<b>18</b>	<b>COMMITMENTS MISCLASSIFICATION OF COMMITMENTS:</b>	It was noted that the contract in Table A has been incorrectly included as a Capital commitment, this is not in compliant with GRAP as the contract is for demarcation of sites which does not get capitalized to PPE.	<p><b>1. Why was the expenditure classified as capital commitment instead of operational commitment?</b></p> <p><b>2. Who reviews the documents after preparations on daily/monthly basis?</b></p>	<p>1. It an error that occurred during the preparation of the AFS as the control of updating the commitment register was not done regularly.</p>

			<p><b>3. Why did the Municipality fail to review schedule prior being submitted for audit purposes?</b></p> <p><b>4. What are the steps in place to ensure that the register is sufficiently reviewed?</b></p>	<p>2. The supply chain unit with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers (SCM Accountant prepares), SCM Manager reviews and CFO approves.</p> <p>3. The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers.</p> <p>The register is updated as and when there is movement in the projects as well as reconciling to the technical services payment certificate.</p>
<b>19</b>	<b>COMMITMENTS: UNDERSTATEMENT NOTED ON PRIOR PERIOD ADJUSTMENT.</b>	During the recalculation of the opening balance for the 2024 financial year for Shwings Construction and Projects, the Municipality erroneously excluded amounts paid for cessions under Shwings. The difference is depicted in the report:	<b>Review processes must be conducted at all times.</b>	Supply chain unit with the responsibility of updating the commitment register as and when appointments and payments are made to suppliers.

				<p>The copies of appointments and payment vouchers are being filed as and when appointments and payment vouchers. The register is updated as and when there is movement in the projects as well as reconciling to the technical services payment certificate.</p> <p>The municipality does maintain the retention register which also informs retention as it appears on the commitments register. The activities are performed by the SCM accountant and reviewed by the manager expenditure.</p>
<b>20</b>	<b>(12-14) CONSEQUENCES MANAGEMENT: UIFW OPENING BALANCE NOT INVESTIGATED.</b>	MPAC did not investigate unauthorised, irregular and fruitless & wasteful expenditure from the prior years:	<b>Certain steps were not reflecting in our minutes and the report. Recommendation... MPAC need to improve in their minutes and reporting templates</b>	
<b>21</b>	<b>(15) UIFW: NON-COMPLIANCE NOTED.</b>	It was noted that reasonable steps were not taken to prevent irregular expenditure fruitless and wasteful and unauthorised expenditure as the	<b>1. Why did the Municipality fail to comply with the requirements of the MFMA section 32 in its entirety?</b>	1. Unauthorised expenditure was caused by allocation of inadequate



		<p>municipality incurred these unwanted expenditures as follows:</p>	<p><b>2. Who are the responsible officials that led to the Municipality incurring UIFWe?</b></p> <p><b>3. What is the Municipality doing to ensure that UIFWe is not incurring?</b></p> <p><b>4. What consequence management is the Municipality implementing to enforce compliance?</b></p>	<p>budget for non-cash items (depreciation and amortisation of assets, fair value adjustment).</p> <p>2. Fruitless and Wasteful expenditure was caused by late payment of invoices, the majority of it R1m was for COIDA non-compliance. Management is in discussions with Department of Labour to establish the exact interest/penalties incurred. The municipality was not receiving invoices from DoL which the invoices were only sent to municipality in May 2024 with the said interest. On 28 February 2025, Management visited the DoL to establish the basis of the interest which at least half of it will be reversed.</p>
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22	<b>(17) CONSEQUENCE MANAGEMENT: NON-COMPLIANCE NOTED.</b>	Contrary to the above, the fuel theft by the employees of the municipality was not reported to the South African Police Services (SAPS)	<ol style="list-style-type: none"> <li>1. What is the total value / amount that was incurred as a result of fuel theft?</li> <li>2. Who are the officials involved and how many are they?</li> <li>3. What consequence has been taken towards the official/s?</li> <li>4. What strategies is the Municipality going to put in place to ensure that these type of cases does not occur anymore?</li> <li>5. Does the Municipality have any suspected fraud related cases that you have already identified, not only in relation to fuel theft, but any other case that you have identified?</li> <li>6. Did the Municipality disclose it as fruitless and wasteful expenditure, did you report it, did you refer it to Financial Misconduct Board, did you open an official case with the SAPS to ensure that who was</li> </ol>	<ol style="list-style-type: none"> <li>1. An estimation based on the investigations by Legal, an exact amount therefore cannot be quantified.</li> <li>2. Refer to the investigation report.</li> <li>3. Recovery of the losses through monthly salary deductions and bonus forfeiture.</li> <li>4. All fuel cards are kept by Fleet Office. Drivers request for refills of fuel on approved form authorised by respective manager corresponding to log books, job cards and trip authorisations. Fleet office to monitor fuel usage vs exception reports.</li> <li>5. No.</li> <li>6. The disclosure was done on adjustment of AFS.</li> </ol>
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			liable is consequenced?	
23	<b>(18) PPE: COMPLETENESS OF DELAYED PROJECTS</b>	It was noted that the municipality did not disclose the construction of the municipal office building as a delayed project as the project is significantly behind schedule:	<b>1. Why were the projects delayed?</b> <b>2. Does the Municipality have a register for all the projects, does it clearly identify the projects that are running in terms of capital or operational expenditure, the start and completion time?</b> <b>3. Who was responsible for the monitoring of various projects?</b> <b>4. What are the corrective measures/actions is the Municipality going to put in place to make sure that this does not occur again?</b>	1. Technical. 2. SCM keeps a contract register for all projects (Capital and Operational). 3. Technical Department. 4. Review of capital expenditure vs supporting documentation and update meeting between Finance and Technical.
24	<b>(19) ISSUES NOTED ON PHYSICAL VERIFICATION</b>	1. Properties that are recorded as land in the fixed asset register of the municipality have been noted to be properties that are occupied as follows: 2. During physical verification, a camera with bar code 16195 (selected asset) was not seen. The camera that the auditors were referred to had bar code 16191 which is recorded as a <i>catalayst 9300 * 8 network module</i> in the fixed asset register. The selected asset could, therefore, not be verified.	<b>1. How often is the Municipality doing its asset verification to ensure that the asset register is complete and is compliant with GRAP standards?</b> <b>2. Why did the Municipality record the land at a wrong amount without recognising the fact that it was occupied by other properties / people?</b>	1. Major asset count is done at year-end and quarterly for new additions. 2. An error in recording of the GPS co-ordinates which led to the wrong asset identification. The mistake was subsequently corrected. 3. Error with the co-ordinates recorded.

			<p><b>3. Why did the Municipality not pick up the matter during the asset verification?</b></p> <p><b>4. Who is responsible in ensuring that asset is captured and recorded at the correct amount?, because it was occupied by other people.</b></p> <p><b>5. What steps did the Municipality take to ensure that the matter is addressed?</b></p> <p><b>6. Who is responsible in ensuring that assets that must be bar-coded are bar-coded?, why were the assets not bar-coded correctly?</b></p>	<p>4. Asset Manager and CFO.</p> <p>5. Management revisited the population to ensure that all the co-ordinates were correct and made the corrections required.</p> <p>6. Asset Manager.</p>
25	<b>(22) ) PPE: OVERSTATED OF WIP NOTED.</b>	<p>during the audit of Work in Progress Additions, it was noted that on the annual performance report as at 30 June 2024, there was a target achieved and a completion certificate for the Rehabilitation of Pfunekani Streets &amp; Nkondo Street dated 16 May 2024 however the amount was still recognized in the work in progress fixed asset register as at 30 June 2024 and not capitalized. Thus, causing the work in progress balance to be overstated and the depreciation amount to be understated. Refer to table below:</p>	<p><b>1. Why was the asset included in the register?</b></p> <p><b>2. Who is responsible for the review and updating of asset register? Why was this not done correctly?</b></p> <p><b>3. What steps did the Municipality take to ensure that the matter is addressed?</b></p> <p><b>4. What review processes are taking</b></p>	<p>1. The asset should be in the asset register but since it was complete, it was supposed to have been correctly capitalised and removed from classification as Work-in-Progress. The correction was subsequently made.</p> <p>2. Asset Manager, CFO. The error was due to different information</p>

			place from capturing of the payment up until it being completed?	<p>provided to Finance and Performance Management.</p> <p>3. Timeous completion of FS to allow review and comparison with APR for consistency. Also improved communication with Technical Department on status of projects (implementation) to correctly identify the stage of completion for assets.</p>
26	<b>(23) PPE: MISSTATEMENTS NOTED ON DISCLOSURE NOTE</b>	The disclosed information on cumulative expenditure for work-in-progress (WIP) as at year-end does not agree to the cumulative work-in-progress disclosed in the main PPE note. The difference is noted below:	<p><b>1. How soon does the Municipality submit the AFS to stakeholders including the Audit Committee for review processes?</b></p> <p><b>2. What are the standards / timelines the Municipality have on draft AFS and APR preparations prior submission to AGSA?</b></p>	<p>1. During the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> weeks of August as per AFS preparation plan.</p> <p>2. The AFS and APR must be submitted to the AGSA for audit not later than two months after the end of each financial year, meaning they are submitted by 31 August which gives an allowance of two months for the preparation.</p>

29	<b>(25) PPE: INCONSISTENCES NOTED ON USEFUL LIVES OF ASSETS.</b>	During the audit of PPE depreciation, it was noted that the useful lives disclosed in the annual financial statements as per Note 1.6 accounting policies were not consistent to the ones that have been documented in the asset management policy as at 30 June 2024. Furthermore, inspected the fixed asset register and further noted that the useful lives used to calculate the depreciation cost was different from the AFS and asset management policy. Refer to the table below for more details.	<p><b>Who is responsible for useful lives asset management?</b></p> <p><b>How often does the Municipality train / capacitate officials in asset management unit?</b></p> <p><b>Is the training conducted yielding desired results?</b></p>	<ol style="list-style-type: none"> <li>1. Asset Manager and CFO.</li> <li>2. At least annually officials attend GRAP update trainings.</li> <li>3. Yes.</li> </ol>
30	<b>(32) COE: JOURNALS NOT SUPPORTED BY APPROPRIATE EVIDENCE.</b>	<p>Journals prepared for misclassification of employee related costs could not be confirmed if they were valid and accurate. This is due to the supporting evidence provided with the journals not being sufficient as documented below:</p> <ul style="list-style-type: none"> <li>• Information provided as supporting evidence for the journals requested only shows the amount that is corrected. The evidence provided does not have detailed descriptions with evidence, stipulating reasons for the journals (What was the initial transaction/error, how/where the error was recorded, reasons for the correction and how was it corrected)</li> </ul>	<ol style="list-style-type: none"> <li>1. What control measures does the Municipality have in terms of journal preparations and approval of journals?</li> <li>2. Who was the responsible official?</li> <li>3. What steps did the Municipality put in place to ensure that journals are supported by supportive and appropriate information?</li> </ol>	<ol style="list-style-type: none"> <li>1. Duties are segregated from preparation till approval to support the journal entries</li> </ol> <p>Manager: Expenditure</p> <p>Duties are segregated from preparation till approval to support the journal entries</p>
31	<b>(33) COE: ISSUES NOTED</b>	<p>Contrary to the above requirement, we have noted the following control deficiencies:</p> <ol style="list-style-type: none"> <li>1. Performance Bonuses</li> </ol> <p>During the audit of senior management performance bonuses, it was noted that the performance bonus of the senior manager Mrs Maputla TMD was erroneously paid before the scoring and finalisation of the performance scores was completed during April 2024. The bonus was paid during August 2023 which is 9 months before the finalisation of the approvals from the panellists</p>	<ol style="list-style-type: none"> <li>1. Why has the Municipality paid performance bonus to a Senior Manager without conducting performance assessment as required by MSA?</li> <li>2. What records / reports were used to pay the bonus?</li> <li>3. Who was the responsible official?</li> </ol>	<p>There was oversight in terms of changing the employee from the Manager to Senior Manager on the system, hence the error was noted. The system has since been set in line with employee benefits.</p>

		<p>as per the policy resulting in non-compliance with the policy. The bonus was therefore erroneously paid in advance.</p> <p>2. Acting Allowance listing During the audit of employee related costs – acting allowances costs, it was noted that the approved acting allowance listing was not complete as the list did not include the employee TRJ Shimange (Manager Spatial and Land Use) who was acting as a Senior Manager (Planning and Development) during the month of April 2024.</p> <p>3. Terminations Listing During the audit of Employee related costs – Terminations, it was noted that the termination dates as per the approved acting allowance listing did not correspond with the termination dates per the signed acknowledgement letter for the below listed terminated employees.</p>	<p><b>Acting Allowance</b> <b>Why did we submit incomplete listing</b></p> <p><b>What are we doing to correct the issues and what control processes are put in place to avoid the errors from recurring</b></p> <p><b>Terminations</b> <b>What exactly happened?</b> <b>Who prepares, who reviews and who approves and based on what information</b></p> <div></div>	<p>2. The system was automated to pay annual bonus to the former senior manager whilst she was still a PMS manager and upon detection of the error, the money was subsequently recovered back from her salary</p> <p>3. HR Office, however the money was recovered</p> <p>4. Acting allowance listing was not properly reviewed</p> <p>5. Review of policy to ensure that termination procedures include removal of automation of bonus payment prompt, however confirmation will be done</p>
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				<p>6. The finding was not captured correctly in the report. What the auditor was querying was the completeness of acting listing which was an oversight issue. Thorough review processes are taking place to avoid errors from recurring again. The conclusion in the report indicate that the finding was resolved</p>
32	<p><b>(36) EXPENDITURE: OVERSTATEMENT OF AUDITOR'S REMUNERATION.</b></p>	<p>It was noted that the municipality made duplicate payments to the supplier in Table A, it was identified that the payments made were relating to one invoice. The municipality therefore recognized and paid for expenditure that did not occur, this is not in compliance with MFMA and GRAP. Furthermore, it was noted that for the Invoices in Table B duplicate expenditure was recognized however only one payment was made. This is also not in compliance with GRAP as expenditure that did not occur was recognized by the Municipality.</p>	<ol style="list-style-type: none"> <li>1. Why has the Municipality paid 1 invoice twice?</li> <li>2. What is the Municipality doing to recover the overpayment?</li> <li>3. How will the Municipality mitigate the risk of duplicating payments?</li> <li>4. Give us a list of any overpayment that happened?</li> <li>5. What steps have the Municipality put in</li> </ol>	<ol style="list-style-type: none"> <li>1. The AGSA invoices were paid not using the creditor's module which resulted in duplications.</li> <li>2. The AGSA did record a credit for the municipality, therefore subsequent invoices were deducted from the credit balance. The municipality only started paying once the credit was depleted.</li> <li>3. None were identified.</li> </ol>



			<b>place to ensure that there are no duplicate payments in future?</b>	4. All credit payments to be done through creditor's module.
<b>33</b>	<b>(37) EXPENDITURE: NON-COMPLIANCE WITH 30-DAY PAYMENT PERIOD</b>	We noted that there were supplier invoices that were not paid within 30 days as prescribed by the MFMA. Refer to the table A in the MR for details of the transaction:	<b>1. Why is the Municipality not honouring invoices and pay within 30 days as required by the MFMA?</b>  <b>2. Who delayed the payments?</b>  <b>3. What steps have the municipality put in place to ensure that invoices are paid within 30 days?</b>	1. The university invoice was misplaced, other invoices did not have sufficient budget at submission, therefore budget availability was supposed to be resolved prior to payment to avoid unauthorised expenditure. The AGSA invoices were submitted during audit process in 2023 which caused the invoices to be misplaced. To resolve the problem, an email address folder for submission of the AGSA was created where SCM and Expenditure personnel will directly receive an email with the invoice(s) once sent by the AGSA. This will minimise having invoices misplaced.
<b>34</b>	<b>(38) EXECUTION: LIMITATION OF SCOPE – RFI 21</b>	During execution phase of the audit, information in <b>Annexure A</b> was requested from management and insufficient information was submitted.	<b>1. Does the Municipality have proper records management system in place for easy retrieval when such records are</b>	1. Management is reviewing documents filing system to ensure that all documents can be easily retrieved on

			<p><b>required? If yes, why was the Municipality unable to respond to the RFI?</b></p> <p><b>2. Why did the Municipality delay the submission of information to the AGSA?</b></p> <p><b>3. Who are the responsible officials?</b></p> <p><b>4. What steps have the municipality put in place to ensure that there is no delay in submission of information?</b></p>	<p>time. The current system was proven to be having gaps.</p> <p>2. The actual challenge was on reconciliation of the information submitted to the AGSA as most of the documents which were reported to have not been submitted were actually in the possession of the AGSA in a different component.</p> <p>3. Improve tracking of information submitted to the AGSA and to identify duplicate requests.</p>
<b>35</b>	<b>(40) RELATED PARTIES: INCORRECT DISCLOSURE FOR DISCLOSURE COMPARATIVE FIGURES.</b>	The councillors depicted on the below were disclosed in 2024 comparative figures, but their term ended in 2021/2022 financial year end and not reappointed for 2023 financial year.	<p><b>1. What are the AFS preparations timelines and compliance thereof?</b></p> <p><b>2. When were the consultant appointed?</b></p> <p><b>3. Why do we continue using consultants?</b></p> <p><b>4. Recommendation: review of AFS prior to submission to AGSA.</b></p>	<p>1. The AFS and APR must be submitted to the AGSA for audit not later than two months after the end of each financial year, meaning they are submitted by 31 August which gives an allowance of two months for the preparation.</p> <p>2. Consultants for AFS preparations were appointed in June 2024.</p> <p>3. It was for capacity constraints in Finance,</p>

				<p>however, in current year, management has resolved to compile AFS internally. Finance officials are continuously being capacitated in this regard.</p> <p>4. Timeous preparation of the FS with allow sufficient review internally and by external stakeholders.</p>
36	<b>(50) ) PDO: OVERSTATEMENT OF ACHIEVEMENTS</b>	<p>During the audit of pre-determined objectives, it was noted that the performance indicator: To Construct 3.4km Ring Road up to practical completing at Magomani by 30 June 2024 was recorded as Target achieved, however it was not complete as at 30 June 2024.</p>	<p><b>1. Why has the Municipality reported the target to be achieved meanwhile it was not achieved?</b></p> <p><b>2. Was there any monetary spent on the reported performance?</b></p> <p><b>3. Was this an error?</b></p> <p><b>4. Who was responsible for reporting on this Indicator?</b></p> <p><b>5. What are the steps taken to ensure that we report accurately on achievements?</b></p>	<p>1. Practical completion is when the asset is available for use.</p> <p>2. Money was spent for the project as because it was a valid project that was being constructed. The issue it on agreement with the AG on the stage of completion of the asset.</p> <p>3. There was no error, the asset was confirmed to n=be 3.4km which the auditors subsequently resolved the finding.</p>

## **11. RECOMMENDATIONS**

Having fully considered the Collins Chabane Local Municipality's 2023/24 Annual Report, the Oversight Committee (MPAC) resolves to recommend to Council the following:

- 10.1 That the Municipality must continue to 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 UIFWe is recoverable.
- 10.2 That all reports must be reviewed before taken to council.
- 10.3 That monitoring of projects before and during construction must take place on continuous basis with the qualified engineers.
- 10.4 That the Municipality must work hard to encourage communities to pay for services in order to increase the rate of revenue collection, register to vote, establish more townships etc., in order to move from grade 3 to grade 4.
- 10.5 That the Internal Audit Unit must continuously conduct audit in order to detect any irregularities.
- 10.6 That the AFS must be prepared reviewed and submitted in time, following compliance.
- 10.7 That outsourcing must be reduced and the service providers must work with municipal employees in order to capacitate them.
- 10.8 That the Council, having fully considered the Annual Report of the CCLM for the 2023/24 financial year, adopts the Oversight Report, to this agenda, as presented by MPAC.

## **11. CONCLUSION.**


MPAC would like to commend the Mayor Cllr Maluleke S.G, Municipal Manager Mr Shilenge R.R and all Senior Managers for the support provided during the engagement processes. The content of the Annual Report has been interrogated and found to be compliant with all legislative guidelines. MPAC is pleased that all the recommendations made to the Annual Report has been captured.

MPAC would like to appreciate the cooperation and support received from the Mayor, Municipal Manager and all senior managers during the Public Participation and Public Hearing.

**It is therefore recommended that Collins Chabane Local Municipal Council adopt the Annual Report 2023/24 without any reservation and place the report on the municipal website for public consumption.**

**The MPAC committee wishes to extend its gratitude to the following parties:**

- **The Management for the support to the committee during its operations, and for the relevant documentation the committee received.**
- **The Accounting officer (MM) for his interventions to enable the committee to deliver on its mandate.**
- **The Corporate Services Department for assisting in coordinating all MPAC activities.**
- **The Speaker (Chairperson of council) for giving MPAC positive support all the times.**
- **The Mayor, Executive committee and all Councillors for positive support given to MPAC during execution of their mandate.**
- **The entire residents of Collins Chabane Local Municipality for their maximum participation throughout the process.**

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

**Chairperson : Mudau T.S**

**31 – 03 - 2025**

**Date**

## CONTACT US

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Monday - Friday 07h45 - 16h30