



EPHRAIM MOGALE
Local Municipality



Cllr Given Moimana

Mayor of Ephraim Mogale Local Municipality



2024/2025

ANNUAL REPORT


"Re Hlabolla Setshaba"



**A NATION
THAT WORKS FOR ALL**

"A world Class Agricultural Hub of Choice"

 Ephraim Mogale Local Municipality

 www.ephraimmogalelm.gov.za

 013 261 8400

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4. AGSA Executive Management Report
5. Audit Committee Report on the Annual Report for 2024/2025 FY

ACRONYMS

AFS – Annual Financial Statement

AGSA – Auditor General of South Africa

CFO- Chief Financial Officer

CoGHSTA - Cooperative Governance, Human Settlement and Traditional affairs

COMMAF - Communication of Management Audit Findings

COVID-19 – Coronavirus diseases 2019

CSF - Community Safety Forum

CWP – Community Work Programme

DIEMP – District Integrated Environmental Management Plan

DLTC – Driving License Testing Centre

DMRE – Department of Mineral Resources and Energy

DOTCS – Department of Transport and Community Safety

EAP – Employee Assistance Programme

EEP - Employment Equity Plan

EPMLM – Ephraim Mogale Local Municipality

EPWP – Expanded Public Works Programme

ESKOM – Electricity Supply Commission

EXCO – Executive Committee

GIS – Geographic Information System

GNT - Great North Transport

GRAP - Generally Recognised Accounting Practice

HOD – Head of Department

HPS – High Pressure Sodium

ICT – Information Communication and Technology

IDP – Integrated Development Plan

INEP - Integrated National Electrification Programme

IWMP – Integrated Waste Management Plan

KPA- Key Performance Area

KPI- Key Performance Indicator

LAN – Local Area Network

LED – Local Economic Development

LEDA – Limpopo Economic Development Agency

LEDET – Local Economic Development, Environment and Tourism

LGSETA – Local Government Sector Education and Training Authority

LRC – Local Reference Committee

MBCHB- Bachelor of Medicine and Bachelor of Surgery

MFMA – Municipal Finance Management Act

MFMP - Municipal Finance Management Programme

MHS – Municipal Health Systems

MIG- Municipal Infrastructure Grant

MISA - Municipal Infrastructure Support Agency

MM – Municipal Manager

MPAC – Municipal Public Accounts Committee

MSA – Municipal Systems Act

MSCOA - Municipal Standard Chart of Accounts

MTERF- Medium-term Revenue and Expenditure Framework

NDP – National Development Plan

NERSA - National Energy Regulator of South Africa

NGO – Non-Governmental Organization

NYDA – National Youth Development Agency

OHS – Occupational Health and Safety

PMS – Performance Management Systems

PMU – Project Management Unit

PR – Proportional Representative

SAC – Sports Arts and Culture

SALGA – South African Local Government Association

SANRAL- South African National Roads Agency SOC Ltd

SCM – Supply Chain Management

SDBIP – Service Delivery & Budget Implementation Plan

SDF – Spatial Development Framework

SEDA –Small Enterprise Development Agency

SMMEs - Small, Medium and Micro Enterprises

SOMA - State of the Municipal Address

SPLUMA - Spatial Planning and Land Use Management Act

UNISA – University of South Africa

VAT – Value Added Tax

VIP – Ventilation Improved Pit Latrine

VPN – Virtual Private Network

WSP – Work Skills Plan

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

The Ephraim Mogale Local Municipality's Annual Report for the period 1 July 2024 to 30 June 2025 is presented in compliance with according to Section 121 of the Municipal Finance Management Act 56 of 2003 read as well as Section 46 (1) of the Municipal Systems Act of 2000. The Annual Report serves as a communication tool for providing broad information on activities carried out and services provided and for comparing actual service delivery with projected service delivery. The information in this annual report will inform the community and assist the wider public to assess how the municipality has performed in relation to stewardship of community needs, efficiency, effectiveness, and cost-effectiveness of operations. Chapter 1 of the report provides Mayor's foreword and an overview of the Municipal Manager with a brief summary of key service delivery essentials.

COMPONENT A: MAYOR'S FOREWORD

1.1 MAYOR'S FOREWORD



a. Vision

"To be a World Class Agricultural Hub of Choice".

b. Key Policy Developments

This report follows the Audit processes for the 2024/2025 Financial Year by the Auditor General South Africa. From a governance and assurance perspective, the municipality maintained an Unqualified Audit Opinion with findings, reflecting stability in the credibility of financial statements while highlighting areas requiring continuous improvement.

Despite all challenges we will strive to continue rendering high quality services to our communities during 2024/2025 financial year. The Municipality committed itself to the principles of innovation and improved service delivery to take us forward into the future.

c. Key Service Delivery Improvements

In the year under review the municipality successfully implemented the following capital projects as Multiyear projects.

Table 1: Roads Projects

| Project name | Ward | Number of kilometres in roads tarred | Project value | Expenditure | Progress to date | Challenges |
|--|--------|--------------------------------------|----------------|----------------|------------------|------------|
| Matlala Ramoshebo Internal Streets (multiyear) | Ward 5 | 3.0 | R20 130 682.00 | R28 060 373,94 | 56% complete | None |

| | | | | | | |
|---|---------|------|----------------|----------------|---------------|------|
| Uitvlucht Internal streets (multi-Year) | Ward 2 | 4.85 | R24 725 521.00 | R24 794 042,53 | 100% complete | None |
| OTHER PROJECTS | | | | | | |
| Matlerekeng sports facility | Ward 4 | N/A | R2 000 000.00 | R 2 654 900,61 | 16% Complete | None |
| Mamphokgo Sports Complex (Multiyear) | Ward 10 | N/A | R 9 000 000.00 | R2 640 079,44 | 43% Complete | None |
| Keerom Community Hall | Ward 2 | N/A | R1 287 790,00 | R1 271 480.25 | 100% Complete | None |

Table 2: Electrical Projects

| Project name | Ward | Project value | Expenditure | Progress to date | Challenges |
|--|---------|---------------|---------------|-----------------------------|------------|
| High mast lights – (Ward 3) | Ward 3 | R 4 850 000 | R4 437 917.00 | Completed | None |
| High mast lights – (Ward 12) | Ward 12 | R 3 700 000 | R3 779 437.00 | Completed | None |
| Electrical Master Plan | N/A | R 1 500 000 | R799 713.04 | Draft Master Plan submitted | None |
| Replace Mini-substation Stand 338 Mopanie Street | Ward 7 | R 2 500 000 | R1 856 658.92 | Completed | None |

d. Public Participation

The municipality has developed an annual public participation program. The program targets all 16 wards and specific villages. These meetings afford politicians the opportunity to report back on progress made and direct contact with ordinary community members. The Municipality continued to develop and improve mechanisms to ensure a culture of participative governance as a priority. Cluster-Based consultation has been adopted as a form of participatory community action linked to the Integrated Development Planning (IDP) process. Ward committees enhance a more effective communication between the council and the community.

Table 3: Public Participation Meetings

| Public Meetings |
|--|
| Nature and purpose of meeting held in 2024/2025 |
| Public Participation on 2023/2024 Annual Report |
| Public Participation on 2025/2026 Draft IDP/Budget |
| Back to School Opening Campaign |
| MPAC Public Hearing Meetings |

e. Future Actions

The speaker's office facilitated constant interaction with the communities by quarterly ward committee meetings with their constituencies, to get the problems encountered in their wards. The mayor's office also embarks on the mayoral outreach programs focusing on focal groups, i.e. women, children, disabilities, etc.


f. Agreements / Partnerships (announcements on special partnerships initiated)

During the period under review, the municipality did not have any partnership with any State-Owned Enterprises or the Private Sector, however we received grants of MIG and FMG from sector departments to support the municipality.

g. Conclusion

The Municipality acknowledge the progress made and very conscious about the fact that some segments of communities are still living in depressing poverty, we remain committed and determined to persevere in realising the key focus areas that Council adopted in the IDP 2024- 2025. In terms of our Vision, the Municipality wants to thank the community of the municipality as well as all other stakeholders for their will to participate in the affairs of the Municipality. We appeal to all our stakeholders to continue to do so, by joining hands with the Municipality to make EPMLM **"To be a World Class Agricultural Hub of Choice"**.

(Signed by :)



Mayor: Cllr. G.M.H. Moimana

COMPONENT B: EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S OVERVIEW



The preparation and publication of the Annual Report is a legislative requirement as per Section 46 of the Municipal Systems Act 32 of 2000 and Section 121 of the Municipal Finance Management Act 56 of 2003. Section 46 (1) and (2) outlines the frequency of the Annual Report and what should be reflected therein; whilst Section 121 of the Municipal Finance Management Act provides timeframes within which the report should be prepared and made available for perusal by the council and its committees. It further set out latest date by which the report should be approved by council and then ultimately be adopted and publicized an official service delivery report of the municipality. Again, in terms of section 121 of the MFMA the purpose of an annual report is:

- To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.
- To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

Accordingly, the main role of the accounting officer in the preparation of this report was to ensure that the report is completed timeously and that it accurately recounts the key activities undertaken in the year under review, giving a clear indication of achievements, non-achievement, challenges and opportunities realized while undertaking such activities. Key among such achievements include the 100% MIG spending and successful completion of capital projects thereof. The municipality also managed to fill all section 54 and 56 managers during the 2024/2025 financial year. The municipality has maintained its 2024/2025 Unqualified Audit Opinion with findings by obtaining Unqualified Audit Opinion with findings again in the 2024/2025 financial year.

M.E. MOROPA
MUNICIPAL MANAGER

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Ephraim Mogale Local Municipality's population is youthful consisting of 42% youth, with Sepedi being the main language. The following analogy provides an overview of the important demographic Indicators of Ephraim Mogale Local Municipality. It covers the population size, age distribution, unemployment, income generation, educational levels and services backlogs. The socio-economic profile of the Municipality provides an indication of poverty levels, development prospectus and breaks it down from villages to wards. The population size is 132 468. The population in the municipality constitutes 97, 8% blacks, 1, 6% whites, with other population groups making up the remaining 0, 6%. The sex ratio in the municipality is 88.9, meaning that for every 100 women there are 88 men.

The name of the Municipality was changed from Greater Marble-Hall to Ephraim Mogale Local Municipality by an amendment of section 12 notice in Provincial Gazette No 1721 by General notice 10 of 2010 on the 28th of January 2010 with new Logo and slogan-RE HLABOLLA SECHABA which means "WE DEVELOP OUR PEOPLE".

The Ephraim Mogale Local municipality is composed of the former Marble Hall New City, Moutse West, and Leeuwfontein/Moganyaka, portion of former Hlogotlou/Lepelle TRC, portion of former Greater Nebo North TRC, the entire area of former Middle Lepelle TRC, portion of Naboomspruit/Roedtan, Thusang TLC area and part of the former Springbokvlakte TLC.

The municipality was established soon after the elections in 2005 in terms of section 12 notice no .302 dated 1 October 2000. The municipality was a cross-boundary municipality which comprises 16 villages, Marble Hall town and farming areas in Mpumalanga and 2 townships and 47 villages in Limpopo. The municipality has been incorporated in Limpopo province in accordance with proclamation no.422 dated 27 December 2005. The municipality is named after the struggle hero Ephraim Mogale. The municipality borders Makhuduthamaga local municipality in the south, Elias Motswaledi local municipality in the east Lepelle Nkumpi local municipality in Capricorn District, Mookgopong local municipality in Waterberg and Mpumalanga's Dr. JS Moroka local municipality. It is situated about 150km from Polokwane, 100km from Mokopane, 145km from Pretoria, and 250km from Mbombela. The municipality is the second smallest of the five local municipalities in the district, constituting 14.4% of the area with 1911.07 square kilometers of the district's 13 264 square kilometers. Land ownership is mostly traditional, and the municipality is predominantly rural with about 56 settlements, most of which are villages. The municipality has 16 wards.

Table 4: The powers and function of the municipality

| Function | Municipal Authority | District Authority | Remarks |
|----------------------------|---------------------|--------------------|---|
| 1.Air Pollution | No | Yes | |
| 2.Building regulations | Yes | | |
| 3.Childcare facilities | Yes | | |
| 4.Electricity reticulation | Yes | | License for Marble Hall town and Eskom reticulates rest of municipality |
| 5.Fire fighting | No | Yes | |
| 6.Local tourism | Yes | | |

| Function | Municipal Authority | District Authority | Remarks |
|---|---------------------|--------------------|---|
| 7.Municipal airport | Yes | | |
| 8.Municipal planning | Yes | | |
| 9.Municipal Health Service | No | Yes | |
| 10.Municipal Public Transport | Yes | | Bus & Taxi rank in private ownership |
| 11.Pontoons & Ferries | Yes | | |
| 12.Storm water | Yes | | |
| 13.Trading regulations | Yes | | |
| 14.Water (potable) | | Yes | |
| 15.Sanitation | | Yes | |
| 16.Beaches and amusement facilities | Yes | | |
| 17.Billboards and the display of advertisements in public places | Yes | | |
| 18.Cemetries, funeral parlours and crematoria | Yes | | |
| 19.Cleansing | Yes | | |
| 20.Control of public nuisance | Yes | | |
| 21.Control of undertakings that sell liquor to the public | Yes | | |
| 22.Facilities for the accommodation, care and burial of animals | Yes | | |
| 23.Fencing and fences | Yes | | |
| 24.Licensing of dogs | Yes | | |
| 25.Licensing and control of undertakings that sell food to the public | Yes | | |
| 26.Local amenities | Yes | | |
| 27.Local sports facilities | Yes | | |
| 28.Markets | Yes | | |
| 29.Municipal Abattoirs | Yes | | |
| 30.Municipal parks and recreation | Yes | | |
| 31.Municipal roads | Yes | | |
| 32.Noise pollution | Yes | | |
| 33.Pounds | Yes | | |
| 34.Public places | Yes | | |
| 35.Refuse removal refuse dumps and solid waste disposal | Yes | | The land fill site in Marble Hall town is licenced and authorised |
| 36.Street trading | Yes | | |
| 37.Street lighting | Yes | | Whole Municipal area |
| 38.Traffic and parking | Yes | | |
| 39.Registration authority | Yes | | |

Table 5: The demographics of the municipality

| Population | Households | Males | Females | Youth |
|------------|------------|-------|---------|--------|
| 132 468 | 35 953 | 63175 | 69293 | 42 542 |

Source: Stats SA Census 2022

Table 6: Natural Resources

| Natural Resources | |
|------------------------|--|
| Major Natural Resource | Relevance to Community |
| Land | Agricultural and Human Settlement |
| Dam | Tourism attraction, Agricultural use and Consumption |
| Minerals | Economic Empowerment and job creation |
| <i>T 1.2.7</i> | |

Ephraim Mogale Local Municipality Is Established to Perform the Following Key Performance Areas:

- Municipal transformation and organizational development
- Basic service delivery and infrastructure development
- Local economic development
- Financial viability
- Good governance and public participation
- Spatial Rationale

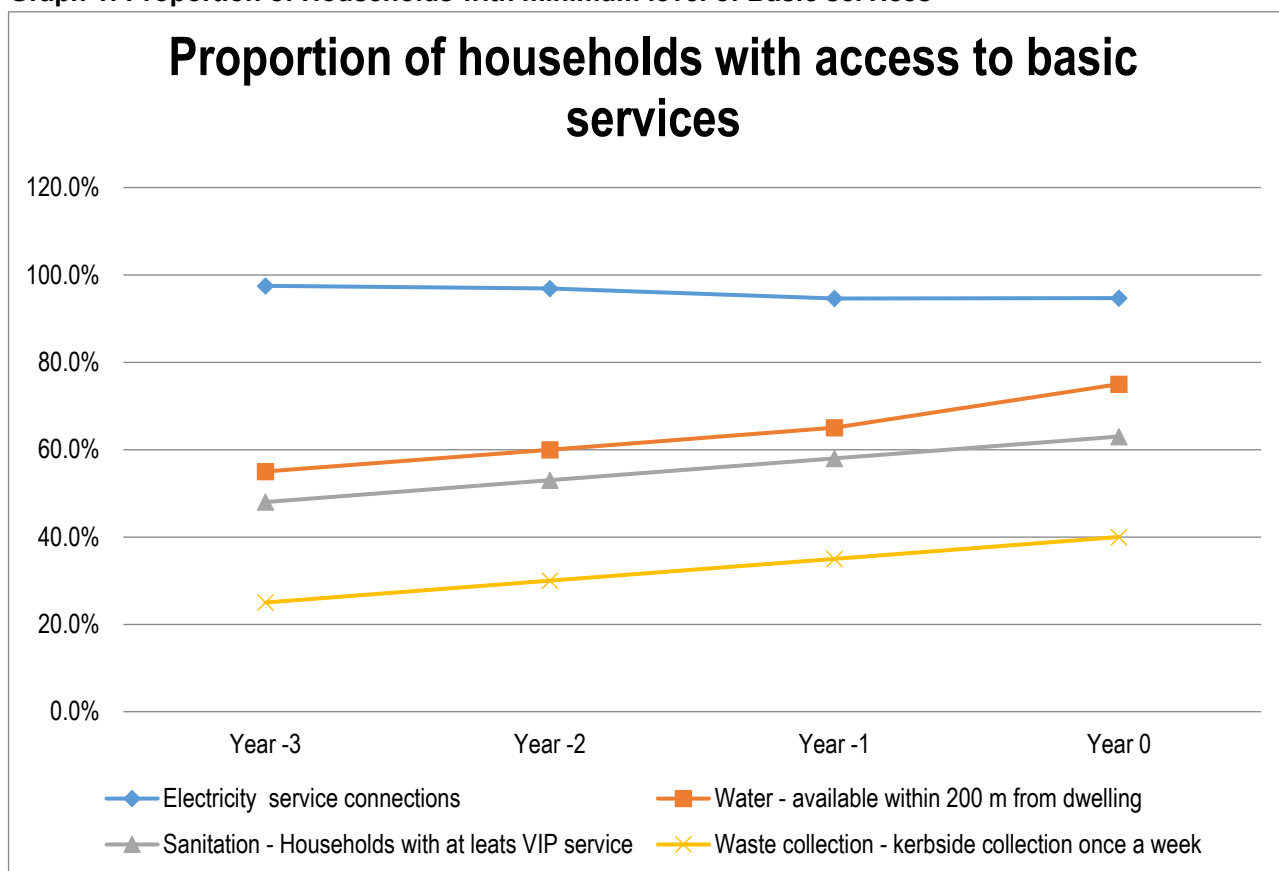
1.4 BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT OVERVIEW

The municipality's core business is to provide safe and sound road infrastructure network and uninterrupted electricity network to its community. Water and Sanitation are provided by Sekhukhune District Municipality and electricity is provided by Eskom in the rural parts of the municipality. The electrification backlog was maintained at less than 6%. Supply in the license area was maintained with interruptions within the NERSA specification although vandalism is a challenge.

Table 7: Proportion of Households with minimum level of Basic services

| Proportion of Households with minimum level of Basic services | | | | |
|---|---------|---------|---------|--------|
| | Year -3 | Year -2 | Year -1 | Year 0 |
| Electricity service connections | 96.9% | 94.6% | 94.7% | 94.6% |
| Water - available within 200 m from dwelling | 55% | 60% | 65% | 75% |
| Sanitation - Households with at least VIP service | 48% | 53% | 58% | 63% |
| Waste collection - kerbside collection once a week | 18,2 % | 18,2% | 18,2 % | 18,2% |

Graph 1: Proportion of Households with minimum level of Basic services



The Backlog on Services

With regard to the provision of free basic water, Sekhukhune District Municipality is providing to approximately 90% of households.

Table 8: Access to Piped Water

| Municipality | Piped (tap) water inside the dwelling | Piped (tap) water inside the yard | Piped (tap) water on communal stand | Backlog |
|----------------|---------------------------------------|-----------------------------------|-------------------------------------|---------|
| Ephraim Mogale | 10 122 | 11 702 | 2 014 | 12 115 |

Census:2022

Sanitation

The provision of sanitation in EPMLM faces considerable challenges at present. The situation is more of a concern than it was the case with water. The municipality has different households that use different types of toilet facilities. In town the municipality uses flushing toilets while in the rural areas

there are few households that use flushing toilets. The rest of the population in the rural areas of the municipality use pit latrines.

Table 9: Sanitation Backlog

| EPMLM | Total number of households | Households | %Backlog |
|-------|----------------------------|------------|----------|
| | 33 936 | 12 217 | 36% |

Households with access to sanitation services.

Table 10: Electricity Backlog

| EPMLM | Households | Backlog |
|-------|---------------------|---------|
| | 35 953 (STATS 2022) | 6% |

All residential areas connected to the electrical grid. Backlog at 6% after ESKOM completed 2 projects with 486 connections and 122 infills. The ESKOM INEP program is not keeping up with the increase in growth.

Table 11: Public lighting backlog

| EPMLM | Villages | Backlog |
|-------|----------|---------|
| | 56 | 46% |

This is just areas with some form of public lighting and not 100% coverage. The purpose of public lighting is to improve road and general safety of the public. The Municipality experiences a huge challenge with ESKOM not installing supply points, the very high cost of connections and the tariff being changed to business tariffs. Due to these ESKOM challenges projects have been completed but not energized or not fully energized at Manapyanne, Matseding Moganyaka, Malebitsa, Leeuwfontein RDP, Makgatle and Hlopha. Due to capacity constraints on the ESKOM network in Moutse West the Municipality installed 6 solar masts at Doornlaagte/Klopper.

Table 12: Refuse Collection services Backlog

| EPMLM | Households | Backlog |
|-------|------------|---------|
| | 33 936 | 81.2% |

Households with access to refuse collections services at least once a week (6369).

1.5 FINANCIAL HEALTH OVERVIEW

The below financial overview tables illustrate that the municipality is grant dependent. The 2024/2025 financial year was 57% grant dependent and 43% own revenue. The MIG grant was spent 100% in the 2024/2025 financial year.

Table 13: Financial Overview on own Revenue and Grant

| Financial Overview - 2024/2025 | | | |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Description | Original Budget | Adjusted Budget | Actuals |
| Rands | | | |
| Income | 190 518 000.00 | 213 318 050.00 | 207 362 406.00 |
| Grants | 255 801 000.00 | 255 801 000.00 | 267 333 041.00 |
| Sub- Total | 446 319 000.00 | 469 119 050.00 | 474 695 447.00 |
| Less Expenditure | 426 239 245.00 | 439 204 245.00 | 420 480 185.00 |
| Net Total | 20 079 755.00 | 29 914 805.00 | 54 215 262.00 |

Table 14: Financial Overview on Employee Costs, Operational Expenditure and Finance charges and Depreciation

| Operating Spending | |
|----------------------------------|----------|
| Detail | % |
| Employee Costs | 99.5% |
| Operational Expenditure | 86% |
| Finance charges and Depreciation | 102% |

Employee related costs in 2024/2025 financial year was 99.5%. Operating expenditure is seating at 86% with Finance charges and Depreciation at 102%.

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

Human resource services for the municipality are reasonably effective and efficient, and relatively meet the expectations of the community at large. The department is responsible for attracting skilled workforce, motivating workforce to perform the required tasks and continuous capacity building of personnel.

Table 15: Organizational Development Overview

| Category | Number |
|-------------------------------|---------------|
| Total posts on the organogram | 327 |
| Total number of employees | 239 |
| Total number of vacancies | 88 |
| Number of terminations | 11 |
| Number of retirements | 03 |
| Resignations | 04 |
| Death | 03 |
| Contract ended | 01 |
| Retention/Promotions | 0 |

Committees Established to Strengthen Human Resource Management

- OHS Committee
- EAP Committee
- Sports Committee
- Employment Equity Committee
- Training Committee
- Local Labour Forum

Table 16: Community Bursaries awarded to continuing and new student in 2024/2025 Academic Year

| BURSAR NAME | INSTITUTION | COURSE NAME | WARD | COURSE LEVEL | COURSE RESULTS | STATUS |
|-------------|---|---------------------|------|-----------------|----------------|--------|
| Kgaphola R | Sefako Makgatho Health Science University | MBCHB | 10 | 2 nd | In Progress | |
| Mathonsi F | University of Witwatersrand | MBCHB | 08 | 6 th | In Progress | |
| Baloyi M | University of Cape Town | MBCHB | 07 | 1 st | In Progress | |
| Modisha N | University of Witwatersrand | Bachelor of Science | 05 | 2 nd | In Progress | |
| Matlala P | University of Cape Town | MBCHB | 16 | 3 rd | In Progress | |

Table 17: Employee Bursaries awarded to continuing and new student in 2024/2025 Academic Year

| EMPLOYEE NAME | INSTITUTION | COURSE NAME | COURSE LEVEL | COURSE STATUS/ RESULTS |
|-----------------------|------------------------|---|--------------|------------------------|
| Blommie Masha | UNISA | Diploma Public and Management | First | In Progress |
| Sipho Baloyi | Rosebank College | Bachelor of Administration | First | In Progress Submitted |
| Nthabisheng Mokwena | MANCOSA | BCom Human Resource Management | Second | In Progress Submitted |
| Baby Mashabela | Regent Business School | BCom Human Resource Management | Third | In Progress |
| Charles Madisha | IQ Academy | Higher certificate in Human Resource Management | On hold | In Progress Submitted |
| Salome Phaahla | MANCOSA | Bachelor of Administration | Third | In Progress Submitted |
| Kanegelo Mahlobogwane | MANCOSA | Bachelor of Administration | Third | In Progress Submitted |

| | | | | |
|---------------------------------|-----------------------------------|--|---------|-------------|
| Lungile Mbonani | UNISA | Postgraduate Diploma Accounting Science | First | Completed |
| Ms Ruth Maloka | Regenesys | Bachelor of Public Management | Third | In Progress |
| Ms Bushy Modisha | Sekhukhune TVET College | Diploma in Public Management | Second | Completed |
| Ms Toffy Mabelane (Matsekoleng) | Sekhukhune TVET College | Diploma in Human Resource Management | Second | Completed |
| Mr Enerst Rampedi | Sekhukhune TVET College | Diploma in Public Management | Second | Completed |
| Ms Surprise Shokwane | Regenesys | Higher Certificate in Public Management | Third | In Progress |
| Ms Anna Motong | Regenesys | Bachelor of Public Management | Second | In Progress |
| Mr Kgothatso Matlawa | Stadion Higher Education | Diploma in Management (Project Management) | Second | In Progress |
| Mr Daniel Mamahlodi | Enterprise University of Pretoria | Programme in Project Management | First | Completed |
| Mr Daniel Sedutla | Regent Business School | Bachelor of Administration | On-hold | In Progress |

1.7 AUDITOR GENERAL OF SOUTH AFRICA REPORT

The Municipality committed itself to the principles of innovation and improved service delivery to take us forward into the future. EPMLM have obtained an unqualified audit opinion with findings during the 2024/2025 financial year.

See Chapter 6: Auditor-General Report 2024/2025

1.8 STATUTORY ANNUAL REPORT PROCESS

Table 18: Statutory annual report process followed in 2024/2025 financial year.

| No | Activity | Timeframe |
|----|---|-----------|
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period. | July |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise 4 th quarter Report for previous financial year | |
| 4 | Submit draft Annual Performance Report to Internal Audit | |
| 5 | Municipal entities submit draft annual performance reports to MM | |

| | | |
|----|--|---------------------|
| 6 | Audit/Performance committee considers draft Annual Performance Report of municipality and entities (where relevant) | August |
| 7 | Mayor tables the unaudited Annual Performance Report | |
| 8 | Municipality submits draft Annual Performance Report including consolidated annual financial statements and performance report to Auditor General. | |
| 9 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 10 | Auditor General assesses draft Annual Performance Report including consolidated Annual Financial Statements and Performance data | September - October |
| 11 | Municipalities receive and start to address the Auditor General's comments | November - December |
| 12 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | January |
| 13 | Annual Report is made public, and representation is invited | February |
| 14 | Oversight Committee assesses Annual Report | March |
| 15 | Council adopts Oversight report | March -April |
| 16 | Oversight report is made public | |
| 17 | Oversight report is submitted to relevant provincial councils | |
| 18 | Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input. | January |

The alignment of IDP, budget and the performance system are important, as the three documents are the strategic documents of the municipality. They serve as a guiding tool to determine whether the municipality is working towards achieving its set goals and objectives, while using the budget in the correct manner, to avoid wasting public funds. This is done through the performance management, where there will be quarterly reporting about the performance of the municipality and whether the budget is still aligned to the set objectives, or if it is being spent on something that is not helping achieve set objectives and goals. Performance management helps to give an early indication of non-performance and allows for the taking of corrective measures as soon as possible.

It is also a compliance issue to meet the deadlines, as non-compliance will result in a negative audit opinion for the municipality. Meeting deadlines also assists with receiving feedback, comments and inputs from relevant stakeholders, and helps with rectifying mistakes whilst learning good practice at the same time.

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution of the Republic of South Africa NO. 108 OF 1996 Section 151 (3) states that the council of municipality has the right to govern on its own initiative, the local government affairs of the local community. The Municipality's Council comprises of the political and administrative components responsible for decision-making and implementation respectively. The mayor is the political Head of the Institution, and the Speaker is the Head of Council. The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislations. The

municipality has the authority to take any possible actions to effectively exercise powers assigned to it.

Overview

The municipality is a category B municipality with an Executive Committee system with thirty-two Councillors, sixteen ward Councillors and sixteen PR Councillors. The municipality has Five full time Councillors, namely the mayor who heads the Executive committee, the Speaker who is head of Council, and three executive committee members. The Executive Committee consist of six members including the mayor. The five members of the executive committee are heads of each of the portfolio committees namely, Budget & Treasury Office, Infrastructure Services, Corporate Services, Community Services and Planning & Economic Development. The Chairpersons of each of this committees form the Chairperson of Chairpersons committee. All items emanating from the five departments are submitted to the Executive committee and recommendations from executive committee are submitted via the portfolio committees to council for consideration.

The municipality have an Audit and Performance Committee that provides guidance and recommendations on financial processes and performance and provides comments on the annual report to MPAC committee established to provide council with an oversight report on the annual report. The oversight report gets published once it has been considered by Council for comments by members of the public.

2.1. POLITICAL GOVERNANCE

The municipality is composed by the Mayor Cllr GMH Moimana, Speaker Cllr Lentsoane R.M, the Chief Whip of Council: Cllr L Magane and 05 other Executive committee members and other Councillors. There are also Section 80 & 79 committees that process all the issues before they go to council.

The Municipality consists of 32 Councillors of both elected (ward representatives) and proportional (councillors). Each of the ward Councillors chairs a ward committee as part of the Ward Precatory System that brings participation down to community level. Ward Councillors play a central role in the communication process between the communities they represent and the council, reporting back regularly through ward meetings and assisting the community in identifying needs and priority areas of development which feed into the municipalities planning process. The new demarcation increases the wards from 14 to 16 and from 27 Councillors to 32 respectively. A full list of Councilors is attached as Appendix A, while appendix B sets out committees and their purposes who were sworn in during the 2024/2025 financial year.

Executive Committee

The Mayor of the Municipality, Councilor GMH Moimana, assisted by the Executive Committee, heads the executive arm of the Municipality. Although accountable for the strategic direction and performance of the Municipality, the Mayor operates in consultation with the Executive Committee.

Table 19: Executive Committee

| EXECUTIVE COMMITTEE (SECTION 80) | |
|---|---|
| Name | Designation |
| Cllr Moimana GMH | Mayor |
| Cllr Tshiguvho ME | EXCO Member: Corporate Services |
| Cllr Jacobs PR | EXCO Member: Planning & Economic Development Services |
| Cllr Manaswe TM | EXCO Member: Community Services |
| Cllr Sedibane FS | EXCO Member: Budget & Treasury Services |
| Cllr Ramphele M | EXCO Member: Infrastructure Services |

The table below categories the Councilors within their specific political parties and wards for the 2024/2025 financial year:

Table 20: Councilors within their specific political parties

| Surname & initials | Position | Gender | Party | Contacts |
|-------------------------------|---|---------------|--------------|-----------------|
| Cllr Moimana GMH | Mayor | Male | ANC | 083 576 7248 |
| Cllr Tshiguvho ME | Exco Corporate Services | Female | ANC | 076 383 7656 |
| Cllr Sedibane FS | Exco Budget & Treasury | Male | ANC | 076 051 3137 |
| Cllr Ramphela MR | Exco Infrastructure Services | Female | ANC | 083 245 3586 |
| Cllr Jacobs PR | Exco Planning & Economic Development Services | Male | DA | 064 949 5529 |
| Cllr Manasoe TM | Exco Community Services | Female | EFF | 072 847 9441 |
| Cllr Lentsoane RM | Speaker | Female | ANC | 060 567 7177 |
| Cllr Magane L | Chief-Whip | Female | ANC | 071 413 6041 |
| Cllr Mabaso T. | PR Councillor | Male | ANC | 076 052 0073 |
| Cllr Mogale T | PR Councillor | Male | BPSA | 076 544 9648 |
| Cllr Letsela NS | PR Councillor | Female | DA | 076 052 8187 |
| Cllr Prinsloo D | PR Councillor | Male | VF PLUS | 076 399 9089 |
| Cllr Makola ML | PR Councillor | Male | EFF | 076 052 7443 |
| Cllr Lekgwathi E | PR Councillor | Male | EFF | 071 368 1553 |
| Cllr Mashiane SM | PR Councillor | Female | EFF | 081 834 6920 |
| Cllr Modipa SR | PR Councillor | Female | EFF | 063 703 1476 |
| Cllr Mmeshi SJ | PR Councillor | Male | EFF | 060 882 5833 |

| Surname & initials | Position | Gender | Party | Contacts |
|--------------------|---------------|--------|-------------|--------------|
| Cllr Manasoe TM | PR Councillor | Female | EFF | 076 285 3787 |
| Cllr Maelane KM | PR Councillor | Male | EFF | 066 196 2776 |
| Cllr Rabalao SS | Ward 1 | Male | ANC | 066 110 6239 |
| Cllr Thobejane PJ | Ward 2 | Male | ANC | 078 601 3244 |
| Cllr Kutu TC | Ward 3 | Male | ANC | 072 615 1789 |
| Cllr Sebothoma KW | Ward 4 | Male | Independent | 082 833 5599 |
| Cllr Lekoatsipa LR | Ward 5 | Female | ANC | 071 252 6221 |
| Cllr Ramphela RM | Ward 6 | Female | ANC | 083 245 3586 |
| Cllr Jacobs PR | Ward 7 | Male | DA | 064 949 5529 |
| Cllr Aphane KM | Ward 8 | Male | ANC | 079 025 6445 |
| Cllr Magatla NL | Ward 9 | Female | ANC | 076 150 8428 |
| Cllr Seloma RM | Ward 10 | Male | ANC | 072 402 0602 |
| Cllr Mahubane SE | Ward 11 | Male | Independent | 072 023 4828 |
| Cllr Maphopha MM | Ward 12 | Female | ANC | 076 981 9516 |
| Cllr Nkoane TP | Ward 13 | Male | ANC | 072 194 9290 |
| Cllr Phahlamohlaka | Ward 14 | Male | ANC | 076 800 5816 |
| Cllr Mokwana BZ | Ward 15 | Male | ANC | 072 849 0100 |
| Cllr Mmamahlako K | Ward 16 | Male | ANC | 079 184 7502 |

2.2 ADMINISTRATIVE GOVERNANCE

Introduction

The administration is headed by the Municipal Manager who is the accounting officer and have five departments, namely, Budget & Treasury, Infrastructure Services, Corporate Services, Community Services and Planning & Economic Development headed by section 56 Managers who report directly to the Municipal Manager. An Internal Audit division has been established and the Chief Audit Executive reports directly to the Municipal Manager. Senior Management as well as Management meetings are held to co-ordinate service delivery and evaluate and monitor the performance of the administration. Evaluation and Adjudication bid committees are in place to ensure that tenders are

dealt with in terms of supply chain management processes to ensure that projects are implemented in accordance with Budget/IDP/SDBIP.

Table 21: Ephraim Mogale Local Municipality Top Management

The table below reflects the 2024/2025 Top Management of Ephraim Mogale Local Municipality.

| July 2024 – June 2025 | | |
|--|-----------------------|--------|
| Designation | Name | Gender |
| Municipal Manager | Moropa M.E. | M |
| Director Corporate Services | Rampedi M.R. | F |
| Director Economic Development and Planning | Tjebane T. | F |
| Director Community Services | Maphutha-Mashaba M.Y. | F |
| Chief Financial Officer | Modisane T.T. | M |
| Director Infrastructure Services | Maphutha T.P. | M |

Portfolio Committee's

Section 80 committees are ad hoc committees of the executive committee that specialize in a specific functional area of the municipality and may in some instances make decisions on specific functional issues depending on whether delegations have been granted to them. They are appointed to advise the mayor on policy matters and any other matter to be considered by the mayor.

Section 79 committees are permanent standing committees appointed to advise the Municipal Council, to play oversight on behalf of the of council and report accordingly. Section 79.A Committee is also a standing committee of the council that investigates the matters referred to them by the committee and they are also guided by a toolkit.

The name and portfolio of each Member of the Municipal Committees are listed in the table below for the period 01 July 2024 – 30 June 2025:

Table 22: Municipal committees

| CORPORATE SERVICES PORTFOLIO COMMITTEE | | | |
|--|---------------------|-------------|--------------|
| NO. | NAME OF COUNCILLORS | DESIGNATION | CELL NUMBERS |
| 1 | Cllr Seloma RM | Chairperson | 072 402 0602 |
| 2 | Cllr Maphopha MM | Whippery | 076 981 9516 |
| 3 | Cllr Lekoatsipa RL | Member | 071 252 6221 |
| 4 | Cllr Mokwana BZ | Member | 072 849 0100 |
| 5 | Cllr Modipa SR | Member | 063 703 1476 |

| | | | |
|--|-------------------|-------------|--------------|
| 6 | Cllr Tshiguvho EM | EXCO | 076 383 7656 |
| BUDGET AND TREASURY PORTFOLIO COMMITTEE | | | |
| 1 | Cllr Kutu TC | Chairperson | 072 615 1789 |
| 2 | Cllr Mmamahlako K | Whippery | 079 184 7502 |
| 3 | Cllr Magatla LM | Member | 076 150 8428 |
| 4 | Cllr Seloma RM | Member | 072 402 0602 |
| 5 | Cllr Prinsloo D | Member | 076 399 9089 |
| 6 | Cllr Lekgoathi LR | Member | 071 368 1553 |
| 7 | Cllr Sedibane FS | EXCO | 076 051 3137 |
| PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE | | | |
| 1 | Cllr Mamahlako K | Chairperson | 079 184 7502 |
| 2 | Cllr Nkoana TP | Whippery | 076 800 5816 |
| 3 | Cllr Rabalago SS | Member | 066 110 6239 |
| 4 | Cllr Prinsloo D | Member | 076 399 9089 |
| 5 | Cllr Magatla NL | Member | 076 150 8428 |
| 6 | Cllr Makola ML | Member | 076 052 7443 |
| 7 | Cllr Mogale T | Member | 076 544 9648 |
| 8 | Cllr Jacobs PR | EXCO | 064 949 5529 |
| COMMUNITY SERVICES PORTFOLIO COMMITTEE | | | |
| 1 | Cllr Maphopha MM | Chairperson | 076 981 9516 |
| 2 | Cllr Kutu C | Whippery | 072 615 1789 |
| 3 | Cllr Nkoana TP | Member | 072 194 9290 |
| 4 | Cllr Magatla NL | Member | 076 150 8428 |
| 5 | Cllr Modipa R | Member | 063 703 1476 |
| 6 | Cllr Mogale T | Member | 076 544 9648 |

| | | | |
|---|----------------------|-------------|--------------|
| 7 | Cllr Manasoe TM | EXCO | 072 847 9441 |
| INFRASTRUCTURE PORTFOLIO COMMITTEE | | | |
| 1 | Cllr Mokwana ZB | Chairperson | 072 849 0100 |
| 2 | Cllr Nkoana TP | Whippery | 072 194 9290 |
| 3 | Cllr Makola ML | Member | 076 052 7443 |
| 4 | Cllr Lekoatsipa RL | Member | 071 252 6221 |
| 5 | Cllr Seloma RM | Member | 072 402 0602 |
| 6 | Cllr Maphopha MM | Member | 076 981 9516 |
| 7 | Cllr Ramphele M | EXCO | 083 245 3586 |
| CHAIRPERSON OF CHAIRPERSONS | | | |
| 1 | Cllr Nkoana TP | Chairperson | 072 194 9290 |
| 2 | Cllr Phahlamohlaka T | Whippery | 076 800 5816 |
| 3 | Cllr Maphopha MM | Member | 076 981 9516 |
| 4 | Cllr Kutu C | Member | 072 615 1789 |
| 5 | Cllr Lekoatsipa RL | Member | 071 252 6221 |
| 6 | Cllr Magatla NL | Member | 076 150 8428 |
| 7 | Cllr Mabaso T | Member | 076 052 0073 |
| 8 | Cllr Mmamahloko K | Member | 079 184 7502 |
| 9 | Cllr Mokwana ZB | Member | 072 849 0100 |
| 10 | Cllr Seloma RM | Member | 072 402 0602 |
| RULES & ETHICS COMMITTEE | | | |
| 1 | Cllr Phahlamohlaka T | Chairperson | |
| 2 | Cllr Magatla L | Whispery | |
| 3 | Cllr Maphopha MM | Member | |
| 4 | Cllr Rabalago SS | Member | |

| | | |
|--|-------------------|-------------|
| 5 | Cllr Mokwana BZ | Member |
| 6 | Cllr Mashiane S | Member |
| 7 | Cllr Maelane K | Member |
| MUNICIPAL PUBLIC ACCOUNTS COMMITTEE | | |
| 1 | Cllr Mabaso T | Chairperson |
| 2 | Cllr Letsela N | Member |
| 3 | Cllr Thobejane P | Member |
| 4 | Cllr Mahubane SE | Member |
| 5 | Cllr Aphane C | Member |
| 6 | Cllr Sebothoma KW | Member |
| 7 | Cllr Maelane KM | Member |
| RULES & PETITIONS COMMITTEE | | |
| 1 | Cllr Lekoatsipa L | Chairperson |
| 2 | Cllr Rabalago SS | Whippery |
| 3 | Cllr Seloma RM | Member |
| 4 | Cllr Mahubane SE | Member |
| 5 | Cllr Magatla N L | Member |
| 6 | Cllr Modipa R | Member |
| GEOGRAPHIC NAME CHANGE | | |
| 1 | Cllr Lentsoane RM | Chairperson |
| 2 | Cllr Maphopa MM | Whippery |
| 3 | Cllr Kutu TC | Member |
| 4 | Cllr Modipa R | Member |
| 5 | Mr Jan Phasha | Official |
| 6 | Mr D Molefe | Official |

| PROGRAMMING COMMITTEE | | |
|-------------------------|------------------------|-----------------|
| 1 | Cllr Lentsoane RM | Speaker |
| 2 | Cllr Nkoane TP | Chair of chairs |
| 3 | Cllr Magane L | Chief-Whip |
| 4 | Cllr Mmamahlako K | Member |
| 5 | Cllr Maelane KM | Member |
| 6 | Cllr Prinsloo D | Member |
| 7 | Cllr Sebothoma KW | Member |
| 8 | Cllr Sedibane F | EXCO |
| DISTRICT REPRESENTATIVE | | |
| 1 | Cllr Lekoatsipa LR | Chairperson |
| 2 | Cllr Magatla N L | Whippery |
| 3 | Cllr Maelane K M | Member |
| 4 | Cllr Letsela N | Member |
| STUDY GROUP | | |
| 1 | Cllr Magana NL | Chairperson |
| 2 | ALL whips | Member |
| WOMEN CAUCUS | | |
| 1 | Cllr Magatla NL | Chairperson |
| 2 | All Woman's councilors | Member |

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Introduction

There are platforms established to maintain relationship between all three spheres of government. The purpose of the platforms is consultation with various interest groups and all other key

stakeholders to ensure that sectorial issues and projects are well captured within the IDP of the municipality for implementation.

Table 23: District and Provincial Intergovernmental Structures

| District and Provincial Intergovernmental Structures | Provincial Intergovernmental Structures |
|---|---|
| 1. District Monitoring and Evaluation forum | 1. Provincial Monitoring and Evaluation forum |
| 2. Mayor’s forum | 2. Premier mayor’s forum |
| 3. Municipal manager’s forum | 3. Municipal Manager’s forum |
| 4. Debt forum | 4. Debt forum |
| 5. CFO’s forum | 5. CFO’s forum |
| 6. IDP forum | 6. Provincial Development Planning Forum |
| 7. Communicators Forum | 7. Communicators Forum |
| 8. Home Affairs Stakeholders Forum | 8. Home Affairs Stakeholders Forum |
| 9. Batho Pele Forum | 9. Batho Pele Forum |
| 10. Speakers Forum | 10. Speakers Forum |
| 11. MPAC Forum | 11. MPAC Forum |
| 12. District PMS Forum | 12. MIG Provincial Forum |
| 13. District Back to Basic Engagement Reporting Session | 13. Risk & Internal Audit Forum |
| 14. Technical directors Forum | 14. Whip of Council Forum |
| 15. MIG District forum | |
| 16. Risk & Internal Audit Forum | |
| 17. Whip of Council Forum | |

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Council performs the legislative functions. They focus on legislative, oversight and participatory roles, and have delegated their executive function to the Mayor and the Executive Committee. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, Councilors are also actively involved in community work and the various social development programmes in the Municipal Area.

2.4 PUBLIC MEETINGS

The municipality has developed an annual public participation program. The program targets all 16 wards and specific villages. These meetings afford politicians the opportunity to report back on progress made and direct contact with ordinary community members. The Municipality continued to develop and improve mechanisms to ensure a culture of participative governance as a priority. Cluster-

Based consultation has been adopted as a form of participatory community action linked to the Integrated Development Planning (IDP) process. Ward committees enhance more effective communication between the council and the community.

Table 24: Public Meetings

| Public Meetings |
|--|
| Nature and purpose of meeting held in 2024/2025 |
| Public Participation on 2023/2024 Annual Report |
| Public Participation on 2025/2026 Draft IDP/Budget |
| Back to School Opening Campaign |
| MPAC Public Hearing Meetings |

2.5 COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS

Local Government has a responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa Act 1996 and other statutory enactments, all impose an obligation on Local Government communicators and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

The communities, on the other hand, have a right and a responsibility to participate in local government affairs and decision-making and ample provision is made in the above-mentioned legislation for them to exercise their right in this respect. Our democratic government is committed to the principle of Batho Pele and this, means that those we elect to represent us (Councilors at the municipal level) and those who are employed to serve us (municipal officials at municipal level) must always put people first in what they do.

South Africa has adopted a system of developmental local government, which addresses the inequalities, and backlogs of the past while ensuring that everyone has access to basic services, to opportunities and an improved quality of life. To be successful, communications must focus on the issues that are shown to impact on the residents' perceptions, quality of service, and value for money and efficiencies. They should ideally look to close the communication-consultation loop.

Good customer care is of fundamental importance to any organization, and analysis here shows that residents view the municipality's people relations in a negative light. A successful Communication Strategy therefore links the people to the municipality's programme for the year.

Table 25: Below is a communication checklist of the compliance to the communication requirements.

| Communication Activity | Functionality |
|-------------------------------|----------------------|
| Communication Unit | Yes |

| Communication Activity | Functionality |
|--|---------------|
| Communication Strategy | Yes |
| Communication Policy | Yes |
| Customer Satisfaction Surveys | Yes |
| Functional Complaint Management Systems | Yes |
| Newsletters distributed at least quarterly | 4 Quarters |

Section 16 of the Municipal Systems Act (MSA) refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements 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 municipality. Such participation is required in terms of:

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

During the 2024/2025 financial year, the Office of the Speaker facilitated the capacitating of ward committees in all the 16 wards in Ephraim Mogale Local Municipality. To ensure functionality, training to the ward committee members was provided by SALGA/LGSETA facilitators, guidelines on operational matters were issued by the Speaker and oversight at ward committee meetings provided by personal attendances by the Speaker and/or his authorized personnel. By constant supervision from the Office of the Speaker it was ensured that ward committee meetings and report back at public meetings were held in each ward in addition to the IDP related meetings and budgetary consultative meetings held in clustered wards.

2.6 IDP PARTICIPATION AND ALIGNMENT

The purpose of IDP participation and alignment is to ensure faster and more appropriate delivery of services and providing a framework for economic and social development in a municipality. A range of links exist between integrated development planning and its developmental outcomes which have great relevance in particular context of financial crisis of municipalities, urgency of service delivery and employment generation. Integrated development planning can contribute towards eradicating the development legacy of the past making the notion of developmental local government work and fostering co-operative governance.

Table 26: IDP Participation and Alignment Criteria

| 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 57 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 within stipulated time frames? | Yes |

COMPONENT D: CORPORATE GOVERNANCE

The EPMLM has an organizational structure that was approved by the Council during the adoption of the IDP and budget. The structure has approved posts as follows:

- Created/ approved post = 327
- Filled posts = 239
- Vacant = 88

Council has delegated its administration duties to the Municipal Manager who has five departmental heads in charge of the following departments:

- Corporate Services.
- Economic Development and Planning
- Community Services
- Infrastructure development, and
- Budget and Treasury

There are supportive functions that are attached to the office of the Municipal Manager, whose main aim is to ensure compliance and efficiency of systems and processes. They are as follows:

- Internal Audit
- Risk Management

- Integrated Development Planning & Performance Management Systems
- Council Support
- Office of the Mayor
- Office of the Speaker

2.7 AUDIT AND PERFORMANCE COMMITTEE

Section 166 of the MFMA obligates every municipality and municipal entity to establish an Audit Committee as an independent advisory body, Therefore EPMLM has established an independent in terms of Section 166 of the MFMA Act No. 56 of 2003.

Ephraim Mogale Local Municipality appointed the current Audit and Performance Committee as envisaged in section 166 of the Municipal Finance Management Act (MFMA) and section 45 of the Municipal Systems Act. The Audit and Performance Committee is an independent advisory body, appointed by Council to assist Council in discharging its responsibilities. It is established in terms of Section 166 of the Municipal Finance Management Act 56 of 2003 and article 14 (2) (a) of the Municipal Planning and Performance Management Regulations 2001. The specific duties and or responsibilities and the way it will operate are set out in the Audit Committee Charter, Circular 65 of the MFMA and Section 166 of the Municipal Finance Management Act 56 of 2003. The audit and Performance committee charter is reviewed by the committee and approved annually by the Council.

The Committee has adopted its charter as their written terms of reference approved by the council which outlines the mandate of the audit committee, formal terms of reference are regularly updated and approved by the Council to ensure relevance and consistency with the MFMA, Municipal Systems Act (No 32 of 2000) and other related regulations, guides, and best practice.

The following audit committee members were appointed by the Council on the 1st of November 2020 for a period of three years, subsequently the contract was extended by the end of October 2023 and only for members serving their first 3 years as per MFMA circular 65 of the National Treasury.

Composition of the Audit Committee

Section 166 provides for a minimum requirement for the composition of an audit committee. The audit committee must comprise of at least three (3) people who are not in the employment of the municipality or municipal entity. In terms of best practice, the number and/or size of audit committees can be increased to address the requirements, peculiarities, and needs of the municipality or its entity which will also be guided by the approved charter. Therefore, EPMLM Audit Committee consists of four (4) members re-appointed by way of extending the term of office during November 2023 as per Council resolution SC 02/03/2023 with different skills and field of expertise and who are not in the employ of the municipality or municipal entity.

Table 27: The table below depicts the list of Audit Committee members and their attendance.

| Name of members | Designation | Designation | Name of members |
|-----------------|-------------|-------------|-----------------|
| Mr. ML Malapela | Chairperson | Chairperson | Mr. ML Malapela |
| Adv. GT Moeng | Member | Member | Adv. GT Moeng |
| Mr. LM Mokwena | Member | Member | Mr. LM Mokwena |

| | | | |
|-----------------|---|---|-----------------|
| Mr. DM Mmapheto | Member and Chairperson of the Risk Management Sub-Committee | Member and Chairperson of the Risk Management Sub-Committee | Mr. DM Mmapheto |
|-----------------|---|---|-----------------|

The following skills and experience were discharged by the committee of members to enhance the committee's representation and its performance to offer objective and quality advice.

- Financial management
- Legal
- Admin and Governance (i.e., Internal Audit, Risk Management, IT, Human Resources).
- Performance Management

The Committee performed its functions as contained in the Audit Committee Charter approved by the Council on the 30th of June 2024. Then reported and accounted to the Council as follows:

Table 28: Reports Audit Committee Accounted for during 2024/2025

| Accounting for the Period Ending | Reported to Council on | Outcome |
|----------------------------------|------------------------|-------------------------------|
| 30 September 2024 | 21 October 2024 | Report adopted (OC2/1/2024). |
| 31 December 2024 | 23 January 2024 | Report adopted (OC4/01/2024). |
| 31 March 2025 | 23 April 2025 | Report adopted (OC4/03/2025). |
| 30 June 2025 | 25 July 2025 | Report adopted (OC1/05/2025). |

During the year reported hereon, the committee did a sterling job in carrying out its advisory duties in matters relating to internal control, risk management, effective governance, oversight and advisory on performance management matters as per section 45 of the Municipal Systems Act.

The following are some of the key resolutions and/or recommendations made by the committee in the aforesaid meetings:

- Review of AoPO by management
- Filling of all funded vacant positions as per the approved organizational structure
- Make budget provisions to capacitate internal audit unit and minimize use of consultants.
- Implementation of revenue enhancement strategy.
- UIFW reduction strategy.
- The municipality develops and implements a strategy to improve its indigent management.
- Conduct ICT Investigation regarding CYBER attack.
- Appointment of the additional audit committee member with ICT skill
- AGSA action plan management to re-work on the root causes
- Quarterly monitoring progress on AGSA action plan by conducting audit technical committee meeting bi-weekly.
- Risk Committee Chairperson assists with the Combined Assurance Committee.

- The ICT manager addresses all 15 findings raised on the internal audit report in the first quarter.
- Contract Register be reviewed.
- CFO must improve on the SCM appointment processes.
- Appointment of the additional audit committee member with ICT skill.
- Municipal manager to closely monitor the timeline on the submission of information to AGSA.

2.8 INTERNAL AUDIT UNIT

Internal Audit is an independent, objective, assurance and consulting activity designed to add value and improve the municipality's operations. The unit assists the municipality in accomplishing its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, system of the internal control and governance processes. By its nature, Internal Audit Unit is a governance structure which facilitates improvement on service delivery vehicles by reviewing the design and effectiveness of the system of internal controls around the core mandate and support functions of the municipality. Its role is critical in promoting and enhancing control of the environment through auditing and recommending solutions to management.

Section 165 of the MFMA requires that each municipality and each municipal entity must have an internal audit unit, subject to Section (3). The internal audit unit of a municipality or municipal entity must:

- Prepare a risk-based audit plan and an internal audit program for each financial year.
- Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:
 - Internal audit.
 - Internal controls.
 - Accounting procedures and practices.
 - Risk and risk management.
 - Performance management.
 - Loss control.
 - Compliance with this Act, the annual Division of Revenue Act, and any other applicable legislation.
- And perform any other duties as may be assigned to it by the accounting officer.

During the year reported hereon, internal audit in performing the above indicated duties the following report was tabled to the audit and performance committee as per the above regulation.

- ICT Management Review
- 1st, 2nd, 3rd and 4th Quarter AoPI Review.
- Mid-Term Budget and Performance Review
- Adjusted Budget Review
- Adjusted SDBIP Review
- IDP Preparation Processes Review
- Payroll management review
- SBDIP Review
- Leave Management Review

- Budget Preparation Processes Review
- External and Internal Audit Follow-up
- Internal Audit Governance Documents

In strengthening the unit, the internal audit has developed the following governing documents and tabled them to the audit and performance committee which has recommended them to council for approval.

- Internal Audit Charter.
- Internal Audit Methodology.
- Internal Audit Three Year Rolling Plan and,
- Internal Audit Annual Plan.
- Combine Assurance framework

2.9 RISK MANAGEMENT

The municipality in the financial year reported hereon, has established the risk management function as per MFMA Section 62 (i) (c) which requires a municipality to have and maintain an effective, efficient and transparent system of risk management. The risk management unit has been successfully established, necessary enablers such as policy documents and oversight committee have been developed and/or set.

Building on; the municipality now seeks to approach risk management as more than just a compliance matter, but rather a value-add function which should be fully embedded in the municipality's operations across. The philosophy is that risk management is as much about identifying opportunities as avoiding or mitigating losses. In our recently reviewed strategy, Risk Management is articulated as a logical and systematic process of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process, in a way that enables an organization to minimize losses and maximize opportunities.

The drive for local government transformation with limited resources has tended to force municipalities into taking a less conservative approach to service delivery with a proportional increase in their risk exposure. Ongoing local government reforms have provided a broad administrative framework for further improvements to occur. These include more stringent corporate governance requirements, greater flexibility and a focus on results and accountability. Risk management trends and components already overlap with those of internal auditing, performance management, programme and project management, financial management, change management, customer care, communication, etc. and require incremental inclusion in current and plans of the entire organization. The management of risk by implication is a managerial function, even so individual sections, departments and directorates differ in their exposure and reaction to risks and thus departments, sections and individuals form a vital part of the overall risk management process within the Municipality.

The Municipality strives, so far, successfully to be amongst the best in local government. In our continuously changing governance environment (the latest of such changes now been mSCOA); it is imperative that the Council remains updated on key changes and challenges and how these affect the operation of business in today's environment. This will not be achieved without an effective, efficient, soundly funded and managed risk strategy that seeks to maximize its impact on the organization with minimum resources at its disposal. National Treasury Public Sector Risk Management Framework

affirms that no organization has the luxury of functioning in a risk-free environment and public institutions are especially vulnerable to risk associated with fulfilling their mandates.

Risk Management Practices requires the Accounting Officer to manage the strategic and operational risks of the municipality. The municipality's risk management system provides for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact. The system also identifies strategic and operational risks and assigns responsibility to appropriate officials within the municipality.

The municipality has a Risk Management Committee in place that meets on quarterly basis and is made of the Directors and divisional managers and is chaired by an Audit Committee member who is not in the employ of the municipality. The Risk Management Committee has its terms of reference.

The Risk Register is updated on an annual basis. The Risk Management Unit monitors progress on implementation of mitigating factors as stated in Risk Register on a quarterly basis. Status to date on the implementation of mitigating factors is therefore reported to both Risk Management Committee and Audit Committee on a quarterly basis. As the municipality embarks on new initiatives and programmes the Municipality keeps a separate emerging risk register for any emerging risks that occurred during the current year that could have a negative impact on the municipality's ability to achieve its strategic objectives.

The Council is ultimately responsible for risk management supremacy with EXCO and Audit Committee playing a very crucial oversight role as a function that is delegated to them and legislated. The status of strategic and operational risks is reported and monitored on regular basis by Risk Management Unit and Risk Management Committee who give feedback to the Accounting Officer and Audit Committee

The below indicates the top 10 risks within the Municipality. The municipality is fully aware of the root causes of the 10 and other risks identified in the risk registers; and has been able to put in place mitigating strategies within the SDBIP for 2024/2025 which goes to outer year of the MTERF.

The following were identified and rated as top ten (10) Strategic risks of the Municipality: -

1. Noncompliance applicable legislations and prescripts.
2. Community unrest (strikes).
3. Possible fraud and corruption.
4. Reputational risks.
5. Low revenue collection.
6. Inability to attract and retain skilled personnel.
7. Inadequate Skills and Competency.
8. Theft and Vandalism of projects.
9. Aging infrastructure.
10. Land invasion (Urban sprawl settlements).

2.10 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m) (i) identifies supply chain measures to be enforced to combat fraud and corruption, favoritism, unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

The municipality has adopted and refers to the following policy documents as strategic guidelines in combating corruption and fraud:

- Anti-corruption and fraud prevention policy and strategy
- Whistle blowing policy.

The Municipality also conducted fraud risk assessment at the beginning of the financial year where the management identified fraud risks faced by the Municipality. These fraud risks were identified as those that have the potential to prevent the Municipality from achieving its objectives. Out of fraud risks identified by the management, a fraud risks register was compiled. Progress on mitigating factors / action plans is monitored by the Risk Management Unit on a quarterly basis and the outcomes are reported to the Accounting Officer, Risk Management Committee and Audit Committee.

In addition, the municipality also conducts anti-fraud and corruption awareness on a quarterly basis to all municipal stakeholders' i.e. internal and external stakeholders.

2.11 SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2024/2025 financial year. Certain amendments to the SCM Policy were tabled before Council to improve operational efficiency.

The Municipality is required to forward its SCM Policy to the Limpopo Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM regulations. Ephraim Mogale Local Municipality SCM Policy complies with the regulatory framework. The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive, and cost-effective. The Municipality applies the bid committee system for procurement above R 300,000 and for the procurement of long-term contracts.

The bid committees, namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively.

In Compliance the bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

In the year under review, 2024/2025, The Municipality approved the planned capital projects through a procurement plan document which was also send to provincial treasury. The Procurement plan had 30 planned capital projects which amounted to R 88 621 360,00. the total project amount composed of R 47 470 200,00 from Grants and R 41 151 160.00 from Own funding. The implementation of the plan was as follows:

| Item | Number of Projects | Project implementation status quo |
|------|--------------------|--|
| 1 | 02 | Two of the 30 projects were Procured through National Treasury RT Contracts |
| 2 | 01 | One out of 30 projects were not initiated for procurement however reprioritized during budget adjustment to other projects |
| 3 | 20 | Twenty out of 30 projects were appointed as planned |
| 4 | 07 | Seven out of the 30 projects where part of the contracted services (e.g. Multiyear Projects) |

2.12 BY-LAWS

The municipality did not gazette any By-laws in the year under review.

2.13 WEBSITES

The municipal website is an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies. The Municipality has a service level agreement with SITA for website maintenance. The Municipal Website is updated on a regular basis when required.

Table 29: Documents published on the Municipality's / Entity's Website

| Municipal Website: Content and Currency of Material | |
|---|-----------------|
| Documents published on the Municipality's / Entity's Website | Yes / No |
| Current annual and adjustments budgets and all budget-related documents | Yes |
| All current budget-related policies | Yes |

| | |
|---|-----|
| The previous annual report (Year -1) | Yes |
| The annual report (Year 0) published/to be published | yes |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards | Yes |
| All service delivery agreements (Year 0) | Yes |
| All long-term borrowing contracts (Year 0) | Yes |
| All supply chain management contracts above a prescribed value (give value) for Year 0 | Yes |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1 | Yes |
| Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | Yes |
| Public-private partnership agreements referred to in section 120 made in Year 0 | Yes |
| All quarterly reports tabled in the council in terms of section 52 (d) during Year 0 | Yes |
| <i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i> | |
| <i>T 2.10.1</i> | |

2.14 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The community satisfaction survey conducted highlighted important challenges facing the municipality. Among the challenges facing the municipality is to confront the issues in certain villages which made it impossible for a survey to take place. Many of the residents have indicated their displeasure with service delivery. These residents complain about traffic control and motor vehicle licensing, streets and storm water, housing and libraries. These issues could result in a negative image and untenable consequences for the municipality. They, however, credit the municipality, and they are happy with the overall performance of the municipality as a reflection of the current government.

The results of the survey should be read in conjunction with Sekhukhune District Municipality Customer Survey. The intention should be to link the two and identify similar issues that must be pursued by the municipality via the District Intergovernmental Structures. Moreover, the survey results link with planning instruments like IDP, Ward Based Plans and Service Standards. In certain cases, the results may imply revision of certain important planning documents. Addressing the issues raised will improve the rating of the municipality as one of the top performers in local government.

CHAPTER 3: SERVICE DELIVERY

COMPONENT A: BASIC SERVICES

Introduction to Basic Services

The municipality performs the following functions in relation to the provision of Basic Services:

- a. Electricity
- b. Free Basic Service and Indigent Support
- c. Roads and storm water
- d. Repair and maintenance of existing infrastructure
- e. Provision of Free Basic electricity
- f. Waste Management

3.1 WATER PROVISION

Sekhukhune District Municipality is both water service authority and provider, them responsibly for bulk water supply and Household connections. In the 2024/2025 financial year, no projects were constructed in the Ephraim Mogale local Municipality.

3.2 WASTEWATER (SANITATION) PROVISION

Sekhukhune District Municipality is responsible for wastewater bulk provision and the maintenance of the wastewater network since they're both the water authority and water service provider.

3.3 ELECTRICITY

3.3.1 INTRODUCTION

The Ephraim Mogale Local Municipality is the service authority for the provision of electricity but only has a license for the distribution of electricity in the town of Marble Hall. ESKOM provides electricity to the areas outside the Municipal license area. All villages have been connected to the ESKOM grid. ESKOM completed 486 connections and 122 infills. The electrification backlog in the license area is zero and 2135 households in the Municipal (ESKOM license) area of the total number of 35 953 households (census survey 06/2022) which is 6%. These are new extensions and in-fills. The current approved plan is to complete 119 connections at Leeufontein Extension and 22 at Ngwalemong. There is also provision for 150 infills. The ESKOM/INEP program is not keeping up with the population growth. The Municipality decided to assist and applied for INEP funding for pre-engineering design of Driefontein, Malebitsa and Mohlalaotwane. There is a huge capacity challenge in Moutse West resulting in the main backlog being in that area and projects requiring network upgrades at additional cost.

3.3.2 TOP 3 PRIORITIES

1. Public lighting maintenance and expansion

The Municipality is successfully maintaining all the installed public lighting. The Municipality approved the Public Lighting Master plan on 28 May 2019. The Municipality started to implement several projects, but the very poor service provide by ESKOM is delaying completion. After seeking support at different Government departments ESKOM still refused to provide the services it was paid for.

- 2019/2020 Install 8 high mast lights at Manapyane - ESKOM installed and energized only 7 of the 8 supply points.

- 2021/2022 Install 3 high mast lights at Matseding - ESKOM installed and energized only two.
- 2022/2023 Install 4 high mast lights at Moganyaka - ESKOM installed 1 supply point
- 2023/2024 Install 6 high mast lights at Malebitsa – ESKOM must still provide quotations
- 2023/2024 Install 6 high mast lights at Leeufontein RDP – ESKOM was paid but must still install the supply points.
- 2024/2025 Installed 3 mast lights at Makgatle and 3 at Hlopa – ESKOM was paid but must still install the supply points.
- 2024/2025 Installed 5 solar mast lights at Klopper/Doornlaagte and one at Spitspunt

The very high cost of ESKOM supply points and their slow or no reaction on installation of the supply points is a huge challenge. Lack of funding is a challenge for new installations and maintenance as the serviced areas don't generate any income.

2. Distribution network maintenance

The projects of the Municipality focus on maintenance, refurbishment and replacement. The Municipality wants to grow and applied for a capacity increase from 7.5MVA to 10MVA. The Municipality paid for the upgrade and provided the required security. ESKOM is busy with the project and aims to complete the upgrade within 2 years. The Municipality completed transformer and Ring Main Unit maintenance, and The Municipality serviced 20 Ring Main Unit maintenance as planned. 55 transformers were serviced but the test results were still outstanding. A old minisubstation was replaced with a new bigger unit.

3. Accurate metering

The Municipality succeeded in maintaining energy losses at 4.90% which is well below the NERSA requirement of 12% by doing monthly meter reading internally and using handheld electronic devices to capture readings and pictures of meters. The Municipality is doing deviation investigations to identify problems. More than 80% of residential customers have now changed to prepaid metering and the number is still growing slowly but SSEG installations have reduced the number again. A hundred meters were purchased to convert or replace problematic meters.

3.3.3 MEASURES TO IMPROVE PERFORMANCE

1. Public lighting

The Municipality approved the Public Lighting Master Plan and is trying to expand public lighting to all areas according to the guidelines in the plan. Four new projects are being planned with 6 new mast lights at Mamphokgo, Mmakgatle, Phetwane and Extension 6. The Municipality will continue with maintenance but will have to start keeping completely new LED fittings in stock for breakdown replacement. The new LED technology is effective and energy efficient but difficult to repair as the components are manufacturer specific and the technology keeps on changing with new development. Apart from funding the biggest issue is the high cost of ESKOM supply points, very long construction time by ESKOM of these points and the very high energy tariff charged by ESKOM for public lighting. The Municipality needs assistance from NERSA and Government to engage ESKOM and such a request was submitted to NERSA, DMRE, CoGHSTA and ESKOM. Unfortunately, there was no improvement. The office of the Mayor engaged ESKOM and there will be regular progress meetings to track progress on all the ESKOM problems. The Municipality completed the 8 new mast lights in

August 2021 and paid the ESKOM quotations. Unfortunately, four years later only 7 have been energized. Since then none of the new projects were completed by ESKOM.

It was also decided that once the current MIG projects have been completed most light projects would be placed in the MIG program again. Most projects were removed from the MIG program after ESKOM continued to fail to supply connections points to energize the projects for 4 years. This problem still exists. Any new installation will require more funding for energy and maintenance but at this stage no additional source of income has been secured. There are no immediate solutions for the inadequate funding. The Municipality converted all fittings to more energy efficient LED fittings but on all the new projects ESKOM now moved the Municipality to the most expensive business tariff which then consumes all the saving that was achieved by using LED fittings.

2. Distribution network maintenance

The Municipality already applied and paid for more capacity in line with the Electricity Master plan. The Municipality started with the review of the Electricity Master Plan in 2024/25 and will complete it in 2024/2025. According to the Maintenance plan the transformers will be serviced and tested and 20 RMu's will be serviced. A 300kVA minisubstation will also be replaced.

3. Accurate metering

The Municipality will continue to read its own meters based on the excellent results. Deviation reports will still be done to ensure losses are managed. More customers will be converted to prepaid metering to reduce reading and billing errors and to secure income. The Municipality will continue to replace problematic conventional meters and prepaid meters in the new financial year to reduce operating costs and possible losses. The correct meters will be installed for grid -tied Small Scale Embedded Generators

3.3.4 SUCCESS AND CHALLENGES

1. SUCCESS

- Electricity losses at 4.90 %. (NERSA limit 12%)
- The repair of faulty public lighting fittings was achieved at 100% per quarter for the whole year.
- Transformers serviced and tested.
- Twenty Ring Main Units serviced.
- The installation of a second supply to the Industrial Substation was completed.
- Six new solar mast lights were installed at Klopper/Doornlaagte and six in Ward 12 (Makgatle & Hlopa). Waiting for ESKOM supply points.
- Revenue Plan by DBSA project started and Cost of Supply Study completed
- INEP funding secured for pre-engineering designs

2. CHALLENGES

- Population and electrification backlog are growing fast with limited funding and ESKOM network capacity constraints.
- Service provided by ESKOM:
 - Very high cost of new supply points

- Very long time for construction and energization of new supply points.
- Very high tariff on new public lighting supplies
- Very long time on restoration of reported faults
- Incorrect accounts.
- Increase in construction and maintenance cost but no increase in revenue.

In license area

- (a) Informal densification is putting the network under pressure
- (b) Development in unauthorized areas which cannot be electrified.
- (c) Encroachment – road reserves and servitudes
- (d) Infrastructure vandalized and stripped especially in Extension 4(Industrial area), 5 and 6 (Phase three completely stripped-transformer, cables, meter kiosks and streetlights)

3.3.5 ADDRESSING SERVICE BACKLOGS

Due to the continuous growth the backlog is now also growing, and the INEP allocation is not keeping up and in certain areas the network is out of capacity and ESKOM avoid these areas. ESKOM plans to increase capacity only after 2030.

ESKOM Total for 2023/2024 was: 736 connections
 ESKOM Total for 2024/2025 was: 608
 ESKOM Total planned for 2025/205: 259

Although the whole backlog is within the ESKOM license area the 259 connections will not even make an impact on the backlog and the Municipality decided. The Municipality received grant funding to complete 250 households.

Table 29: Connections

| N o | Year | Connections | Backlog | Connections as % of backlog |
|-----|---------|-------------|---------|-----------------------------|
| 1 | 2018/19 | 708 | 1191 | 59% |
| 2 | 2019/20 | 779 | 867 | 90% |
| 3 | 2020/21 | 512 | 1106 | 46% |
| 4 | 2021/22 | 549 | 1942 | 28% |
| 5 | 2022/23 | 372 | 1915 | 19% |
| 6 | 2023/24 | 736 | 1960 | 38% |
| 7 | 2024/25 | 608 | 2135 | 28% |

The Municipality will cooperate with ESKOM to eradicate the backlog. Councilors submit the backlog data to the Municipality who submit it to ESKOM. After investigating the projects ESKOM submitted a project proposal to the Municipality for approval. ESKOM then implemented the projects with funding from the INEP allocation for the Municipality. This will not even maintain the backlog not to mention eradicate the backlog. The number of new households is growing fast although there is no visible economic growth or development. The Municipality applied for pre-engineering for three projects namely Mohlalaotwane, Driefontein and Malebitsa where there is fast growth, but the ESKOM network

doesn't have capacity at Malebitsa and Driefontein. Eventually Eskom agreed to the electrification of Driefontein and Malebitsa subject to a bulk upgrade or the Eskom network.

The Municipality developed a public lighting master plan but needs to source funding for new installations as well as funding for maintenance and energy consumption. With the very high Eskom supply point cost and the new Eskom business 4 charges of R5.46/kWh for new installations, which is more than double the old tariff, it requires a lot of funding. The Municipality installed the first solar mast light where there was no Eskom capacity, but it is not yet the best option due to cost, limited cover and security risk to equipment. Unfortunately, the Municipality has not been successful in collecting revenue from communities receiving services outside the NERSA license area. Currently there is no funding from MIG for new public lighting installations as the MIG program is full.

Table 30: Electricity Service Delivery Levels

| Electricity Service Delivery Levels | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Households | | | | |
| Description | Year -3 | Year -2 | Year -1 | Year 0 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| <u>Energy: (above minimum level)</u> | | | | |
| Electricity (at least min. service level) (esk 1% +munic conv) | 340 | 340 | 655 | 625 |
| Electricity - prepaid (min. serv level. data availability challenges est. 99% + pp munic) | 33 671 | 33 698 | 33 337 | 32 193 |
| <i>Minimum Service Level and Above sub-total</i> | 34 011 | 34 038 | 33 993 | 33 818 |
| <i>Minimum Service Level and Above Percentage</i> | 94.6% | 94.7% | 94.5% | 94.0% |
| <u>Energy: (below minimum level)</u> | | | | |
| Electricity (< min. service level- Only backlog) | 1 942 | 1 915 | 1 960 | 2 135 |
| Electricity - prepaid (< min. service level - Only backlog) | 0 | 0 | | 0 |
| Other energy sources – no official project or data | 0 | 0 | | 0 |
| <i>Below Minimum Service Level sub-total</i> | 1 942 | 1 915 | 1 960 | 2 135 |
| <i>Below Minimum Service Level Percentage</i> | 5.4% | 5.3% | 5.5% | 6% |
| Total number of households | 35 953 | 35 953 | 35 953 | 35 953 |
| Data is an estimate based on STATS 2016, STATS 2022 | | | | |

Table 31: Households - Electricity Service Delivery Levels below the minimum

| Households - Electricity Service Delivery Levels below the minimum | | | | |
|---|-------------------|----------------|----------------|---------------|
| Description | Households | | | |
| | Year -3 | Year -2 | Year -1 | Year 0 |

| | Actual 19/20 No. | Actual 20/21 No. | Actual 22/23 No. | Original Budget No. | Adjusted Budget No. | Actual No. |
|---|------------------------|------------------------|------------------------|---------------------------|---------------------------|---------------|
| Formal Settlements | | | | | | |
| Total households | 984 | 995 | 1 036 | 1 045 | 1 018 | 1 022* |
| Households below minimum service level | 0 | 0 | 0 | 0 | 0 | 0 |
| Proportion of households below minimum service level | 0% | 0% | 0% | 0% | 0% | 0% |
| Informal Settlements | | | | | | |
| Total households | 34 969 | 34 958 | 34 917 | 34 908 | 34 935 | 34 931 |
| Households below minimum service level | 1 942 | 1 915 | 1 968 | 1960 | 2 214 | 2 135 |
| Proportion of households below minimum service level | 5.6% | 5.47% | 5.64% | 5.60% | 6.33% | 6.11% |
| | 35 953 | 35 953 | 35 953 | 35 953 | 35 953 | 35 953 |
| Data is an estimate based on STATS 2016 and STATS 2022. Data from ESKOM not accurate. | | | | | | |
| *Internally audited | | | | | | |

Table 32: Electricity Service Policy Objectives Taken From IDP

| Electricity Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|---|--|--|--|--|--|--|--|---|
| Service Objectives | Outline Service Targets | Year -1 23-24 | | Year 0 24-25 | | | Year 1 25-26 | | |
| | | Target | Actual | Target | | Actual | Target | | |
| Service Indicators (i) | (ii) | *Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Current Year (viii) | *Current Year (ix) | *Following Year (x) |
| Service Objective xxx | | | | | | | | | |
| Provision of minimum supply of electricity - ESKOM | Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level) | 767* Addition al HHs (1915 HHs below minimum) | 736* Addition al HHs (1960H Hs below minimum) | 767* Addition al HHs (1960H Hs below minimum) | 543* Addition al HHs (2215 HHs below minimum) | 608* Addition al HHs (2135 HHs below minimum) | 291* addition al HHs (2214 HHs below minimum) | 291* addition al HHs (2387H Hs below minimum) | 350 addition al HHs (2550H Hs below minimum) |
| Maintain Public Lighting | Do quarterly maintenance on all | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

| | | | | | | | | | |
|------------------------|----------------------------|----|----|----|----|----|----|----|----|
| | streetlights – 3980 | | | | | | | | |
| Ensure reliable supply | Transformer maintenance | 51 | 10 | 51 | 55 | 56 | 56 | 56 | 56 |
| Ensure reliable supply | Ring Main Unit Maintenance | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |

Table 33: Capital Expenditure Year 0: Electricity Services

| Capital Expenditure Year 0: Electricity Services R' 000 | | | | | |
|---|---------------|--------------------------|--------------------------------------|--------------------------------------|----------------------------|
| Capital Projects | Year 0 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure (excl vat) | Variance from original budget | Total Project Value |
| Total All | 14 534 | 15 868 | 13 145 | 17% | |
| Replace Minisubstation stand 338 Mopani Street | 2 500 | 2 500 | 1 856 | 26% | 1856 |
| Purchase 100 kWh meters | 350 | 350 | 277 | 21% | 277 |
| Industrial substation second supply Phase 4 | 1 300 | 747 | 749 | 0% | 749 |
| Tool Sets (3 tool sets 0boxes complete with tools) | 120 | 120 | 90 | 25% | 90 |
| Replace 6 wood poles on O/H line – Dump site | 150 | 150 | 88 | 41% | 88 |
| Mast Light connections – Leeufontein RDP | 900 | 886 | 896 | -1% | 896 |
| Mast Lights connections - Malebitsa | 900 | 700 | 0 | 100% | 0 |
| High Mast Lights – Ward 3 | 3 500 | 4 850 | 4 437 | 9% | 4 437 |
| High Mast Lights – Ward 12 | 3 500 | 3 700 | 3 221 | 13% | 3 221 |
| New light delivery vehicle with toolbox canopy | 700 | 700 | 634 | 9% | 634 |
| Electrification of households - Driefontein | 141 | 56 | 56 | 0% | 56 |
| Electrification of households - Malebitsa | 267 | 142 | 153 | -8% | 153 |
| Electrification of households - Driefontein | 206 | 122 | 122 | 0% | 122 |
| Moganyaka high mast light connections | 0 | 566 | 566 | 0% | 566 |
| Matseding high mast light connection | 0 | 150 | 0 | 100% | 0 |
| Manapyane high mast light connections | 0 | 129 | 0 | 100% | 0 |
| | | | | | 13 145 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i> | | | | | |
| COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL: | | | | | |
| <ul style="list-style-type: none"> • Electrical Master Plan, Operation and Maintenance Plan and Public Lighting Master Plan available and being implemented. • Electrification Backlog at 6% • Losses at 4.90% | | | | | |

- The Municipality is promoting alternative energy with an approved and Small-Scale Embedded Policy and Tariff.
- The Municipality does not owe Eskom on any of its accounts.
- Maintenance and refurbishment are still a priority. Transformers serviced but test results were still outstanding. Twenty Ring Main Units were serviced and tested.
- The repair of faulty public lighting fittings was done (streetlights and high mast lights)
- The Municipality have stand-by capacity at its administration, Finance and Traffic offices to ensure business continuation during load shedding and interruptions.
- The Municipality continues to extend the public lighting services although funding and Eskom supply points is a huge challenge. Twelve new mast lights have been installed. Six of these masts were the first solar mast lights installed. Twenty three mast lights still await the installation of the Eskom supply points.
- The DBSA approved the application for a Revenue Plan which started at the end of the financial year, and it provided the required Cost of Supply Study that allowed the implementation of the tariff increase. It will also identify new revenue streams to expand and maintain service delivery.

Three largest capital projects

The 3 largest projects were related to asset replacement for increased capacity and the expansion of services like public lighting.

1. Replace minisubstation at stand 338 Mopani Street – The Municipality continue to replace old assets according to the Electrical master Plan and the Operation and Maintenance Plan. The priority is age, technology and capacity. The minisubstation at stand 338 was old, at full capacity with obsolete MV switchgear. It was replaced with a completely new unit and the capacity increased from 315kVA to 500kVA.

2. High Mast Lights – Ward 3 – The Municipality expanded the public lighting service by installing 6 new solar mast lights. Five masts was installed at Doornlaagte /Klopper and one at Spitspunt. Eskom does not have any capacity in the area and solar mast was the only option.

3. High Mast Lights -Ward 12 – The Municipality expanded the public lighting service by installing 6 new additional mast lights in Ward 12. Three at Makgatle and three at Hlopa. Eskom must still provide supply points.

The five-year projects as planned in the IDP might not be achieved within the available budget due to the following factors:

- Unavailability of components locally
- Fluctuation of copper prices
- Exchange rate on specialized imported equipment
- Changes in priority due to development/densification
- Increasing cost of maintenance – (material and service providers)
- Reprioritization due to theft and vandalism
- Non-compliant bidders and very high profit margins

Electrical network supply reliability has been maintained but some of the old medium voltage cables will have to be replaced, which the Municipality has been doing in phases every year. Metering/billing accuracy has been maintained because the Municipality continued with its own meter reading with electronic meter reading devices with images for verification, but the devices must be replaced. Billing data must still be cleaned up and will be done during the Revenue Plan. There will have to be a continuous replacement of meters and there was another project for the acquisition of 100 meters. Correct metering must be installed at all SSEG installations. Losses have managed well below NERSA levels (12%) at 4.90%, which is good news for the Municipality and its customers. The Electrical business is still financially viable

but needs to be ring fenced and the Revenue Plan will provided a detailed Cost of Supply study to revise the tariff structures. ESKOM is using “tariff restructuring” to implement increases above the approved NERSA tariffs and the Municipality will have to get assistance as it will not allowed to do the same. The Municipality does not owe ESKOM on any of its accounts.

ESKOM

All villages have been grid connected to the electrical supply. ESKOM succeeded in the completion of 2 planned projects with 486 connections and 122 infills. The current INEP allocation to ESKOM and the connections completed is not keeping up with the fast growth and will not eradicate the backlog. The Municipality was trying to assist and received funding for pre-engineering design of three villages. The ESKOM network is also limited in available capacity for more connections in the Moutse West area and there is a huge backlog. There is still no proper planning for new extensions in tribal controlled areas and at the beginning of every project resident quickly starts building many new houses in the hope that the project will be extended, which is impossible.

ESKOM is implementing Free Basic Electricity on behalf of the Municipality and currently we don't experience a problem with their implementation, but the indigent register must be revised regularly. The Municipality needs access to the relevant systems to confirm when beneficiaries pass away.

3.4 WASTE MANAGEMENT

The municipality provides waste management services that includes waste collection, street cleaning (in Marble Hall town only), and waste disposal at Marble Hall Landfill site. Clearing and cleaning illegal dumping of waste it is done as and when is required throughout the Municipal jurisdiction. Regular solid waste collection service is provided to business, institutions and households within the jurisdiction of the Municipality. Waste collection from residential premises is carried out on a weekly or bi-weekly basis either by kerbside and /or communal bin collection. Rent a bin services/number of skip bins requested by clients are also rendered to residential in Marble Hall according to the approved tariffs and they are collected as and when the bin is full for safer disposal. The total percentage of households is as stated per the Stats SA census 2022 and the figures is used for all the planning and reporting in the Municipality.

The Municipality managed to consistently deliver a weekly kerb side refuse collection service in the following villages namely Marble Hall (ward 7), Leeuwfontein (ward 8), Leeuwfontein RDP (ward 8), Elandskraal (ward 15) as per schedule.

Number of bulk containers (skip bins) are strategically placed at the villages to give communities further access to weekly refuse collection and to reduce illegal dumping of waste to the following villages, Moganayaka, Manapyane, Regae, Mamphokgo, Makgatle, Letebejana and Matlerekeng (one container per village) to be collected once a week or as required. Provision of refuse removal services is rendered also to the businesses and industries to be collected once, or more times a week or daily depending on the nature of the business.

According to the 2016 Consumer census survey , the Municipality has a total number of 33936 households and the currently 6369 households have access to weekly refuse collection service. It means that only 18.8% of the households have access with a backlog of 81.2%. The status of the number of households in the rural areas is challenging.

The municipality has one permitted landfill site with permit number 16/2/7/B300/D58/ZI/P261 which is situated at Marble Hall portion 476 of the farm Loskop-Noord 12 JS. The site is classified as a GMB-

and the license was issued by the Department of Water Affairs and Forestry in 1997. The site is owned and operated by Ephraim Mogale Local Municipality. The site is adequately fenced with lockable gates and 24hours security guards, offices and cloakrooms.

The topographical survey and the legal limitation on the height of the landfill is 3 meters above ground level as condition 3.10 in the permit. Limpopo Economic Development, Environment and Tourism (LEDET) as the licensing authority has increased the 3 meters with 1.5 meters to allow more available airspace. The site is currently operating towards closure. The site adjacent to the current landfill site has been identified for the establishment of the new landfill site. LEDET has appointed Mamadi and Company as a professional service provider to assist the municipality with the application for licensing and development of the new landfill site. The process of acquiring the license is still underway. The municipality needs to source funds for the rehabilitation and closure plans of the existing landfill and the development of the new site. There is a weighbridge installed on site with an estimated waste of 17000 tons of which is reported monthly on the South African Waste Information System. The Integrated Waste Management Plan is endorsed by the MEC of LEDET.

Separation at source is part of the recycling process is done by the local recyclers and it is collected by different recycling companies and individuals. Recycling is prioritised, and individual community members are encouraged to recycling of bottles, papers, plastic etc. as this will result in a clean surroundings and job creation. A recycling strategy will be developed in line with the Intergrated Waste Management Plan (IWMP). The municipality has designated the Waste Management Officer (WMO) in November 2023. In collaboration with the voluntary group of concern community members of the Letebjane, Mamphokgo and Moganyaka villages are doing the cleaning of rivers, and picking litter along the main road from Leeuwfontein intersetion up to Letebjane village. The Municipality assist with refuse bags and the collection of refuse. They are also doing recycling on a small scale and are recognised by the Sekhukhune District Municipality, Provincial department (LEDET) and DFFE.

The municipality has established a recycling forum. The municipality also forms part of the Sekhukhune District Recycling and Environmetal fora. School recycling is done under the guidance of the district forum. Funding is a major cocern however, the Department of Economic Development, Environment and Tourism (LEDET) is assiting were possible. The municipality has 06 employees allocated to the waste management unit who are assisting with day-to-day activities such as eradication of illegal dumping, street cleaning and litter picking. Proper effective awareness campaigns to educate communities with Environmental issues such as waste management and cleanliness, clearing of illegal dumping of waste throughout the Municipality is an ongoing process and is already done at hotspot villages such as Leeuwfontein, Letebejana, Manapyane and Marble Hall Town.

Challenges that are faced with waste management

The topographical nature of the municipality and due to fact that there is only one registered landfill which is situated in Marble Hall town poses a huge challenges in extending refuse removal services to all the households within the jurisdiction of Ephraim Mogale Local Municipality. Furthermore, limited resources such as human and equipments are the contributing factors to non extension of refuse collection services.

The non payment of refuse collection services in Leeuwfontein and Elandskraal is also not yet finalised and the delay to extend services to other areas is still a huge challenge. There are no other private entities contracted to do refuse collection in the municipality.

Table 34: Refuse disposal for Households within EPMLM (RELY ON STATS SA FIGURES 2011 AND SURVEY 2016)

| Description | Households | | | |
|--|------------|---------------|---------------|---------------|
| | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 |
| | Actual | Actual | Actual | Actual |
| | No. | No. | No. | No. |
| <i>Solid Waste Removal: (Minimum level)</i> | | | | |
| Removed at least once a week | 6369 | 6369 | 6369 | 6369 |
| <i>Minimum Service Level and Above sub-total</i> | 6369 | 6369 | 6369 | 6369 |
| <i>Minimum Service Level and Above percentage</i> | | 18.8% | 18.8% | 18.8% |
| <i>solid Waste Removal: (Below minimum level)</i> | | | | |
| Removed less frequently than once a week | | 0 | 0 | 0 |
| Using communal refuse dump | | Unknown | Unknown | Unknown |
| Using own refuse dump | | Unknown | Unknown | Unknown |
| Other rubbish disposal | | | - | - |
| No rubbish disposal | | 26,567 | 26,567 | 26,567 |
| <i>Below Minimum Service Level sub-total</i> | | 28,317 | 28,317 | 28,317 |
| <i>Below Minimum Service Level percentage</i> | | 81.2% | 81.2% | 81.2% |
| Total number of households | | 33,936 | 33,936 | 33,936 |

3.5 HOUSING

This is not a function of municipality. The Limpopo department of CoGHSTA coordinates all housing issues. The Limpopo Department of CoGHSTA has allocated construction of 152 RDP houses to the municipality during the 2024/2025. Service providers were appointed, and the project are still in progress.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Introduction

The Ephraim Mogale Municipality only provided Free Basic Electricity to the indigent. The policy is reviewed in line with the Municipal Indigent Policy. The municipality has set a target of 912 beneficiaries to receive Free Basic Electricity in the 2024/2025 financial year and manages to provide for 612 beneficiaries who are on the indigent register by 30 June 2025.

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROADS, BRIDGES AND STORM WATER

The Municipality is responsible for the provision, development and maintenance of the internal streets within the villages. The road and stormwater master plan was developed in the year 2017 to assist the Municipality with specifying the conditions of the roads throughout the municipal area and further proposes a priority list for intervention. The Master plan has also included maintenance plan (routine and periodic) that indicate the different treatment on surfaced roads and the period of application. The Master plan is outdated and need to be reviewed.

The municipality has the following related strategic objectives for the reporting period:

- To improve access to viable roads and facilitate tarring.
- To facilitate provision of storm water drainage for all Municipal roads

These objectives are funded by MIG and Equitable Share; however, the municipality needs more resources, both financial and human, to be able to address the backlog as planned.

3.7 ROADS

The Municipality is responsible for the provision, development and maintenance of the internal streets within the villages. The Municipality also maintains all the roads within the Municipal area and there are teams dedicated to that. The teams are as follows.

- Gravel/Dirt roads Maintenance team
- Surfaced roads maintenance team including drainages.
- Road marking team

The total length of the road network under ownership of Ephraim Mogale Local Municipality is 1162.9km from the Road Master plan exercise done in 2017, of which 965.15 km are gravel and 196.85 km are surfaced. This excludes roads owned by SANRAL, Province, District Municipality, and Private Roads. This translates to only 16.93% of the network being surfaced and the rest of network, i.e. 84.16%, being gravel.

The Municipality has managed to reduce the gravel backlog and increase the surfaced roads by 4.85 km. The gravel roads back log is now sitting at 965.15km, and the surfaced roads length has increased to 196.85km.

Most of the existing surfaced road infrastructure has reached its design life span and routine maintenance is no longer the solution. The municipality needs to invest and focus in preserving the life of the existing roads infrastructure by putting funds aside for heavy maintenance including repair, reseal, fog spray and rehabilitation. The types of treatments for different types are best described in the Road and Stormwater Master plan.

Table 35: Asphalted & Gravel Road Infrastructure & Cost of Construction/Maintenance

| Asphalted Road Infrastructure Kilometers | | | | | | |
|---|-----------------------|------------------------------|-------------------------------------|-----------------------------------|--------------------------|---------------|
| | Total asphalted roads | New roads asphalt | Existing asphalt roads re-asphalted | Existing asphalt roads re-sheeted | Asphalt roads maintained | |
| 2021/2022 | 158.40 | 12.25 | 0 | 1.35 | 179.92 | |
| 2022/2023 | 179.92 | 4.28 | 0 | 0 | 184.20 | |
| 2023/2024 | 187.5 | 4.50 | 0 | 0 | 192.00 | |
| 2024/2025 | 192.00 | 4.85 | 0 | 0 | 196.85 | |
| Gravel Road Infrastructure Kilometres | | | | | | |
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to tar | Gravel roads graded/maintained | | |
| 2021/2022 | 995.68 | 0 | 13.60 | 982.08 | | |
| 2022/2023 | 982.08 | 0 | 4.28 | 977.8 | | |
| 2023/2024 | 974.50 | 0 | 4.50 | 970.00 | | |
| 2024/2025 | 970.00 | 0 | 4.85 | 965.15 | | |
| Cost of Construction/Maintenance R' 000 | | | | | | |
| | Gravel | | | Tar | | |
| | New | Gravel – Tar | Maintained | New | Re-worked | Maintained |
| 2021/2022 | 0.00 | R54 830 000.00 | R4 000 000.00 | R0.00 | R0.00 | R4 000 000.00 |
| 2022/2023 | 0.00 | R30 189 000.00 | R3 947 000.00 | R0.00 | R0.00 | R3 947 000.00 |
| 2023/2024 | 0.00 | R36 755 000.00 | R8 000 000.00 | R0.00 | R0.00 | R8 000 000.00 |
| 2024/2025 | 0.00 | R 63 796 000.00 | R8 500 000.00 | R0.00 | R0.00 | R8 500 000.00 |

Table 36: Road Service Policy Objectives Taken From IDP

| Road Service Policy Objectives Taken From IDP | | | | | | | | | |
|---|-------------------------|---------------------|--------|--------------------|--------------------|-------------------|-----------------------|--------------------|---------------------|
| Service Objectives | Outline Service Targets | Year 1(2022/2023) | | Year 2(2023/2024) | | Year 3(2024/2025) | | | |
| | | Target | Actual | Target | Actual | Target | | | |
| Service Indicators (i) | (ii) | Previous Year (iii) | (iv) | *Previous Year (v) | *Current Year (vi) | (vii) | *Previous Year (viii) | *Current Year (ix) | *Following Year (x) |

| Service Objective xxx | | | | | | | | | | |
|---|--|------------------------------|------------------------------|----------------------------|-----------------------------|---------|-------------------------|--------|---|--------|
| Elimination of gravel roads in townships | 196.85Kilometers of gravel roads tarred (965.15 Kilometres of gravel road remaining) | 12.25kms gravel roads tarred | 4.280kms gravel roads tarred | 4.8kms gravel roads tarred | 4.85kms gravel roads tarred | 4.85kms | 4.85kms of roads tarred | 4.85km | 5 | 6.kms |
| Development of municipal roads as required | 196.85kms of municipal roads developed | 12.25kms | 4.280kms | 4.8kms | 4.85kms | 4.85kms | 4.85km | 4.85km | | 4.3kms |

Table 37: Financial Performance Year 0: Road Services

| Financial Performance Year 0: Road Services R'000 | | | | | |
|---|------------------|-----------------|-------------------|--------------|--------------------|
| Details | 2023/2024 | 2024/2025 | | | |
| | Actual | Original Budget | Adjustment Budget | Actual | Variance to Budget |
| Total Operational Revenue | R0.00 | | | | |
| Expenditure: | | | | | |
| Employees | 8 862 015.00 | | | | |
| Repairs and Maintenance | 5 000 000.00 | 8 500 000.00 | 0.00 | 8 500 000.00 | 0.00 |
| Other | 0.00 | | | | |
| Total Operational Expenditure | | | | | |
| Net Operational Expenditure | | | | | |
| Net expenditure variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. | | | | | |
| Capital Expenditure Year 2024/2025: Road Services R' 000 | | | | | |
| Capital Projects | 2024/2025 | | | | |

| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
|--|----------------------|--------------------------|---------------------------|--------------------------------------|----------------------------|
| Total All | R44 201299.39 | R59 201 299.39 | R59 201 299.39 | R15 000 000.00 | |
| Upgrading of Uitvlugt Bus Route-4.85km | R24 725 518,00 | 24 725 521,00 | R 24 794 042,53 | R68 524,53 | R 39 770 000,01 |
| Construction of Matlala Ramoshebo Internal Road (Multi Year) -Ward 5-4.3km | R12 130 685,00 | R 28 060 373,94 | R 28 060 373,94 | R15 929 688.94 | R 51 678 780,96 |
| Construction of Driefontein Internal Road | R0.00 | R 3 421 463,90 | R 3 421 463,90 | R 3 421 463,90 | R35 525 613,51 |
| Construction of Morarela Internal Road | R0.00 | R 2 925 418,70 | R 2 925 418,70 | R 2 925 418,70 | R47 292 756,02 |
| <i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i> | | | | | |

In the financial year 2024/2025, the allocation pertaining to roads projects originally constituted R44 201299.39 of the MIG allocation. An additional amount of R15 000 000.00 was allocated resulting to an upward adjustment of R59 201 299.39 in accordance with sections 18 and 19 of the 2024 DoRA, of the Division of Revenue Act, 2024, (Act No. 24 of 2024) (DoRA) as amended by the Division of Revenue Amendment Act, 2024 (Act No. 48 of 2024) (DoRAA)

MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE

The percentage of MIG Expenditure for 2024/2025 was 100.0% including PMU establishment fees.

Table 38: Municipal Infrastructure Grant Funded Projects

| Municipal Infrastructure Grant Funded Projects | |
|--|----------------------------|
| R63 796 000.00 | |
| MIG projects | MIG projects Budget |
| Upgrading of Uitvlugt Bus Route-4.85km | R 24 794 042,53 |
| Construction of Matlala Ramoshebo Internal Road (Multi Year) - Ward 5- 4.3km | R 28 060 373,94 |
| Construction of Driefontein Internal Road | R 3 421 463,90 |
| Construction of Morarela Internal Road | R 2 925 418,70 |
| Construction of Matlerekeng Sport Facility | R 2 654 900,61 |
| PMU Operational (5%) | R 1 939 800,00 |

| | |
|------------------------------|-----------------------|
| Total MIG expenditure | R63 796 000.00 |
|------------------------------|-----------------------|

3.8 TRANSPORT

Transport is an important component for economic improvement and development, both for commuters, SMME'S and big businesses, investors and for transport services.

There are different modes of transport in EPMLM, taxi, bus, private cars etc. The most well-established transport mode is the Taxi operations with its associations established and regulating the industry. Great North Transport (GNT) is the only bus service operating in EPMLM and not in all the communities. There is a major demand of GNT Services in some villages to make their journey safer and economical to Marble Hall as a town.

The Annual Arrive alive campaigns in collaboration with District and Provincial departments were successfully held in December 2024 and April 2025 where road users were made aware of the road traffic act conditions, whereby vehicles and driver licenses were inspected. Traffic section conducted several Roadblocks which the aim was to make effective of the Traffic Contravention system for revenue collection. Traffic Services which include normal law enforcement was done in Marble Hall and there is still a challenge in extending the service to other villages.

Challenges

Re allocation of hawkers to the hawker stall away from the N11 is still a huge challenge, the process is stuck due to resistance from the hawkers to move to the hawker stall and the deliberately stay away from the meetings. A new strategy needs to be formulated for implementation and Participation.

3.8.1 LICENSING

Department of Transport and Community Safety together with Ephraim Mogale Municipality share the services of Driving Licence Testing Canters in a ratio of 80:20 (DOTCS gets 80 percent and EMPLM gets 20%). The Licensing and Registration Centre (DLTC) is a Grade B. The municipality uses electronic Learners License. The electronic learners' license is the corrective measure implemented to curb corruption in the DLTC. The system is user-friendly and 100% fair and has been found to eliminate fraud and corruption in the Learners Licence tests. The position for Senior Licensing Officer has been vacant for a long time and needs to be filled as soon as possible.

3.9 STORMWATER

The Municipality is managing approximately 118km of storm water control structures including pipes, channel and catch pits. The Municipality is also constructing new storm water structure with each new road. The Municipality is maintaining and cleaning the storm water structures every month and there is a team dedicated for the maintenance of storm water.

Challenges for Roads and storm water provision and maintenance and Unavailability of planning data

- Aging infrastructure
- Huge backlog
- Uncontrolled storm water in villages
- Rolling and Mountainous terrain (groundwater; rocks and Siltation)
- Limited and Inadequate budget for the maintenance and development of new infrastructure
- Poor performance and workmanship by service providers
- Mushrooming of business forums in various villages and their expensive demands in various projects
- Mining of gravel material from borrow pits in tribal lands.
- Outdated roads and stormwater Master plan

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

Ephraim Mogale local municipality through the Planning and Economic Department is responsible for the overall planning of the municipality. Through the Town Planning Services Unit, the Municipality facilitates the implementation of the Spatial Planning and Land Use Management Act 2013, (Act 16 of 2013), EPMLM Spatial Planning and Land Use By-law, 2017, EPMLM Spatial Development Framework, 2018, EPMLM Land Use Management Scheme 2019 and other planning laws and prescripts.

The Town Planning and Building division is responsible for the provision of strategic direction regarding the spatial planning of towns, townships and rural settlement areas in EPMLM. The Municipality receives all Land Development Applications within the Jurisdiction through the office of Town Planning as guided by the Ephraim Mogale Spatial Planning and Land Use Management By-Law, 2017. The Land Use and Land Development Applications are separated into 2 categories, whereby Category 1 is decided upon by the Tribunal and Category 2, unopposed applications are decided by the Authorized Official of the Municipality.

The council of Ephraim Mogale in the council resolution SC1/04/2019 has agreed to establish a joint District Municipal Planning Tribunal to exercise the powers and perform functions of decision making on Land Use Applications and appoint the Authorized Official to receive and decide of land development applications and land use applications within the municipality. The municipality entered into an agreement with the Sekhukhune District Joint Municipality and the other 3 Municipalities for the establishment of Sekhukhune Joint District Municipal Planning Tribunal.

Table 39: Below are all applications received and for the financial year 2024/2025

| Date Received | Category | Description | Approved/Not Approved |
|----------------------|-----------------|---|------------------------------|
| 22/07/2024 | Category 2: | SUBDIVISION OF PTN 576 OF THE FARM LOSKOP NOORD 12 JS. | Approved |
| 22/07/2024 | Category 1: | REZONING OF THE SUBDIVIDED PTN OF PTN 576 OF THE FARM LOSKOP NOORD 12 JS. | Approved |
| 09/09/2024 | Category 2: | APPLICATION FOR SUBDIVISION OF ERF 193. | Not Approved |
| 17/09/2024 | Category 2: | CONSENT IN RESPECT OF TITLE DEED. | Approved |
| 22/10/2024 | Category 2 | EXEMPTION OF SUBDIVISION PORTION 576, 980 AND 1229 OF THE FARM LOSKOP NOORD 12 JS | Approved |
| 3/10/2022 | Category 2 | SPECIAL CONSENT FOR THE PURPOSE OF FORMALISING A TELECOMMUNICATION MAST. | Approved |
| 14/11/2024 | Category 2 | RELAXATION OF BUILDING LINE OF ON ERF 193 MARBLE HALL EXTENSION 2. | Not approved |
| 15/01/2025 | Category 2 | EXEMPTION:PTN 529, 1229 AND 980 OF THE FARM LOSKOP NOORD 12-JS | Approved |
| 22 JANUARY 2025 | Category 2 | EXEMPTION- SUBDIVISION OF PTN 72 OF THE FARM LOSKOP | Approved |
| 22 JANUARY 2025 | Category 2 | EXEMPTION: PORTION 1084 AND 1083 OF THE FARM LOSKOP NOORD 12 JS | Approved |

| Date Received | Category | Description | Approved/Not Approved |
|------------------|------------|--|-----------------------|
| 22 JANUARY 2025 | Category 2 | EXEMPTION: PORTION 1330 OF THE FARM LOSKOP NOORD 12 JS AND PTN 1 OF ERF 2810 MARBLE HALL EXTENSION 7 TOWNSHIP. | Approved |
| 03 FEBRUARY 2025 | Category 2 | EXEMPTION: PORTION 409 OF THE FARM LOSKOP NOORD 12 JS | Approved |
| 26 MARCH 2025 | OAS | OAS (COFFEE CONNECT) | PENDING DECISION |
| 26 MARCH 2025 | OAS | OAS (RAYEL) | PENDING DECISION |
| 01 APRIL 2025 | Category 2 | SPECIAL CONSENT: ERF 2077 MARBLE HALL TOWNSHIP, EXTENSION 6 | APPROVED |
| 06 MAY 2025 | Category 1 | REZONING FROM RESIDENTIAL 1 TO RESIDENTIAL 2 FOR THE PURPOSE OF DWELLING UNITS. ERF 592 | DECISION STAGE |
| 20 MAY 2025 | Category 1 | ERF 202 REZONING FROM RESIDENTIAL 1 TO BUSINESS 1 | DECISION STAGE |
| 20 MAY 2025 | Category 1 | ERF 914: REZONING FROM RESIDENTIAL 1 TO RESIDENTIAL 3 AND REMOVAL OF RESTRICTIVE CONDITION | OUTSTANDING DOCUMENTS |

The configuration of the municipal area and the existing spatial pattern (topography, population distribution and sprawl) together with causal factors (land ownership, established land uses) are impediments to the successful implementation of a Development Strategy to achieve the four developmental outcomes proposed in the White Paper on Local Government.

Restricted access to land by the Municipality due to inhibitive land cost (privately owned land) and statutory deterrents (state – owned land under tribal custodianship) would exacerbate attempts by the Council to orchestrate and encourage the development of a beneficial spatial pattern within the municipal area.

3.11 LOCAL ECONOMIC DEVELOPMENT

The Local Economic Development responsibility is amongst the core components of the Integrated Development Plans in terms of section 26 (c) Municipal Systems Act which states “that the councils development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs.”

The municipal area is a major producer of citrus and table grapes. Cotton and vegetable production is also substantial. Cattle ownership among subsistence farmers is largely based in the rural villages. Production areas are scenically attractive and, together with the Flag Boshielo Dam, provide supply side opportunities for tourism development. The Schuinsdraai Nature Reserve, which is adjacent to Flag Boshielo Dam, adds to this opportunity. There is positive development regarding the emergence of black people venturing in the tourism sector within the municipality though grading of the tourism facilities remains the biggest challenge.

Mining activity includes dolomite and dimension stone. Marble Hall town has a very large, but underutilized industrial park. The manufacturing companies in the industrial area of marble hall are Granor Passi, McCains and Tiger Brand Foods vegetable processing. Other tenants in the industrial park are mostly distributors and businesses that repair motor vehicles and other equipment. The local construction industry is very small but is growing rapidly. Wholesale and retail trade development has always been overshadowed by facilities that are available in the adjacent Groblersdal. A large network of informal traders operates throughout the municipal area.

The municipality reviewed its Local Economic Development strategy as an important document which guides the strategic economic focus of the municipality in improving the local economy. The LED strategy proposed short-, medium- and long-term potential projects which the municipality should mobilize resources and various stakeholders to implement such projects with potential to turn around the local economy.

The functional LED forum which holds regular meetings to reflect on the economic development programmes and strategize on the improvement of the economic situation in the municipality. The forum remains an important platform to monitor the performance of the LED unit and the necessary enabler for economic growth agenda in the municipality.

The municipality adopted the Business Licensing By-law and the Draft Standard By-law for Township Economies to regulate and support both informal and formal business. The LED unit conducted awareness for compliance with regulations in various wards and issued 75 business licenses. The municipality need to improve on inspections in collaboration with Department of Home Affairs, Limpopo Economic Development, Environment and Tourism, Sekhukhune District Municipality and South African Police Services (SAPS) to monitor compliance.

The Tourism Forum as a structure that assist in exploring and exploiting tourism sector for economic growth and ensure that this sector become at the centre of the overall planning continue to hold regular meetings to guide tourism activities. It is the platform that tourism product owners such as accommodations, craft and restaurants interface in order to ensure that the conducive environment is also created for such businesses to thrive. The forum need support from the Limpopo Economic Development, Environment and Tourism (LEDET).

The capacity building for SMMEs and co-operatives is crucial for the improvement of the participation in the mainstream of the economy. The municipality collaborated with Limpopo Economic Development Agency (LEDET) and Small Enterprise Development Agency (SEDA) to conduct trainings which focused on various components of business management such as Strategy, Marketing, Finance, Human Resources, Technology and Equipment as well as Business Operations.

The municipality took a crucial milestone for SMMEs and Cooperative development by adopting the LED project funding policy. The aim of the policy is to provide financial assistance in acquisition of tools, material and other services that could unlock and improve the performance of the SMMEs and Cooperatives. The municipality provided SMMEs and Cooperatives with equipment such as sewing machines, chicken feeds, baking stoves and chicken feeds. The total of 21 local SMMEs and Cooperatives were financially assisted during the financial year under review.

The municipality organised a successful LED summit with focus on agriculture as a dominant sector with potential to create more job opportunities. The summit remains a priority programme.

Table 40: LED Thrust & Strategies

| Thrust | Strategies |
|--|---|
| Economic base development | Creating enabling environment, agro-processing industrial development, tourism development and promotion, SMMEs and informal business development and mining development and promotion. |
| Institutional Transformation and development | Municipal capacity building, Capacity to deal with disasters. |
| Infrastructure development | Integrated infrastructure development. |
| Human Resource Development | Adult Basic Education and Training, Human Resource development strategy, |
| Spatial and Land Development | Growth points development |

The National Development Plan (NDP) recognises the role of the informal traders in the overall economic growth of the country with potential to create job opportunities. The municipality continue to ensure that the sector become more organised and regular engagements are held to also reorganise the trading stalls as well as attending to their day-to-day frustrations. The LED unit assisted in electing the new committee that will assist the municipality to better control the informal trading activities.

Table 41: Challenges & Strategies & Proposed Solutions

| Challenge | Proposed Solution |
|-----------|-------------------|
| | |

| | |
|--|---|
| Lack of equipment for de-bushing for start-up projects | To engage with the Limpopo Department of Agriculture and Rural Development to make a provision for the de-bushing equipment. |
| Limited funding for projects | Initiate partnerships with external donors and funding agencies to provide additional funding for projects. The municipality has ongoing engagements with Afrimat and Lime Chem mine to consider empowering local SMMEs with potential to create job opportunities. |
| Inconsistency of membership particularly in cooperatives | Pre-registration workshop for potential co-operators to understand principles of cooperatives. |

Table 42: LED Job Creation

| Jobs Created during 2024/2025 through CWP & EPWP | |
|--|-------------------------------------|
| Year | No Jobs created through CWP |
| 2024/2025 | 985 |
| Year | No Jobs created through EPWP |
| 2024/2025 | 119 |
| Year | No Jobs created through MIG |
| 2024/2025 | 69 |

The Community Works Programme remains the biggest government initiative that provides employment safety net for the unemployed active citizens, and the programme suffered budget cut and reduced participants to 985 job opportunities in the municipality. The municipality convenes Local Reference Committee (LRC) quarterly to monitor the implementation of the programme in conjunction with COGHSTA in the province in order to ensure that PPE, other working tools are provided to the participants and useful work in communities is not compromised.

3.12 LIBRARIES AND COMMUNITY FACILITIES

Library services are regulated by the National Library of South Africa Act, 1998 (Act 92 Of 1998), with the intention to collect, preserve and make available a country's history to all of its citizens. The municipality has one library which is situated in Marble Hall town which has just been renovated this financial year under review. The library is administered by the Department and the municipality through a Service Level Agreement entered between the two parties. The library was issued and provided with Blind Reading System donated for the community by the Department of SAC. The provision of material is the responsibility of the Department. The rotation and the provision of new books in all languages is still a challenge.

The library is utilised by community members who lives in Marble Hall town, Students and members from other villages who can travel to Town. The challenge is to extend the services to other areas as it cannot be easily accessible by community members due to the vastness of the municipal area but fortunately one (1) library in Moutse West is under construction. The municipality will continue to engage the DSAC for the allocation of other additional libraries in the other parts of the municipality. The municipality is operating with only one librarian seconded by the Provincial Department.

3.13 CEMETRIES

The municipality planned to fence two (2) cemeteries in Leeuwfontein and Mamphokgo during the year under review, but the target was not achieved due to limited budget. The directorate will continue to fence village-based cemeteries according to the priority list in the next financial year. There are 55 cemeteries at sixteen (16) wards in the Municipal area. The municipality is currently operating only at Marble Hall town and Leeuwfontein Cemeteries. There is no Crematorium in the municipal area.

A huge demand for digging of graves in the whole area of the Municipality occurred during the pandemic and thereafter. The capacity of the municipality for digging with one TLB is simply not enough. It also became evidence that in some rural areas the role of community members to dig graves became a very big challenge. The Municipality budgeted for the procurement of a TLB and was achieved.

There is a Draft Cemetery Management Plan developed. There is a need for extension of cemeteries in most villages as their cemeteries have reached their full capacity which then working together with Councilors and Traditional leaders will assist in that regard.

3.14 SOCIAL PROGRAMMES - CHILD CARE, AGED CARE

Table 43: Department of Social Services is responsible for this function in the Municipal area.

| Number of old age homes | Number of drop-in centres | Number of children's homes (CYCC) | Number of disability centres | Number of women safe house centres | Number of home-based carers |
|-------------------------|---------------------------|-----------------------------------|------------------------------|------------------------------------|-----------------------------|
| 01 | 06 | 0 | 05 | 0 | 13 |

Table 44: Number of Early Childhood Development (ECD) centres

| Number of EDCs | Registered ECDs | Unregistered ECDs | Funded ECDs |
|----------------|-----------------|-------------------|-------------|
| 96 | 68 | 28 | 49 |

COMPONENT D: ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

Air Pollution control is the current function and responsibility of Sekhukhune District Municipality. The Local Municipality is referring all relevant complaints in this regard to the District Environmental Pollution Control section.

Key to Environmental Pollution Control aspects will be to manage the following using some of the Municipal Health Services By-laws to be promulgate the first two have be discussed in other function above:

Land/Soil Pollution:

- Illegal dumping and burning of waste, farming, mining, factories, etc.

Water Pollution:

- Mining and mining activities, industrial wastewater, municipal wastewater, agricultural wastewater, unprotected landfill sites, illegal dumping, etc.

Air Pollution: Air quality Management Functions

Compliance monitoring

The district has developed an Integrated Environmental Management Plan (IEMP) and there is an Air Quality Management Plan in place that is being reviewed to update things that have changed. The compliance monitoring on reported pollution of mines like dust control and water pollution are done by the Air Quality section at the district. However, compliance monitoring is challenging due to the capacity at the District Municipality

3.16 BIO-DIVERSTY – LANDSCAPE

A Landscaping Master plan was drawn by Habitat Landscaping Architects for the Marble Hall town as part of the upgrading of the town. The Plan is implemented in a phased approach in the 2024/2025 financial year, park equipment such as swings, roundabouts and concrete bollards were procured and erected in the parks in Extension 3 and Extension 6.

The municipality does not have enough staff to render this service, hence the municipality appointed 05 EPWP personnel as part of Public Works Programme to assist in keeping the town clean and beautiful and as part of job creation. This EPWP programme has yielded good results for the municipality and the community in relation to the unemployed youth and women.

The Municipality, in its endeavor to increase its aesthetic sense of Marble Hall town, has 12 parks in and around town of Marble Hall. All parks are also maintained by cutting grass, debushing and removing debris. Although proper park development will be part of the landscaping phase in program. The main challenge is the proper maintenance of parks with limited personnel and the destruction of the infrastructure by the public.

COMPONENT E: HEALTH

3.17 CLINICS

The municipality has a total of 15 clinics as follows:

| No. | Clinic | Village | Ward |
|-----|----------------------------|-------------------|---------|
| 1 | Vlakplaas Clinic | Malebitsa | Ward 1 |
| 2 | Spitspunt Clinic | Spitspunt | Ward 3 |
| 3 | Moutse West Clinic | Keerom | Ward 2 |
| 4 | Makeepsvlei Clinic | Rathoke | Ward 4 |
| 5 | Witfontein Clinic | Mamaneng | Ward 6 |
| 6 | Toitskraal Clinic | Matlala Ramoshebo | Ward 5 |
| 7 | Marble Hall Clinic | Marble Hall | Ward 7 |
| 8 | Moganyaka Clinic | Leeuwfontein | Ward 8 |
| 9 | Marulaneng Clinic | Moganyaka | Ward 9 |
| 10 | Moeding Clinic | Moeding | Ward 11 |
| 11 | Matlala Clinic | Mohlalaotwane | Ward 11 |
| 12 | Mmotoaneng Clinic | Mmotoaneng | Ward 12 |
| 13 | Matlala Gateway Clinic | Tsimanyane | Ward 16 |
| 14 | Elandskraal Clinic | Elandskraal | Ward 15 |
| 15 | Van Der Merweskraal Clinic | Regae | Ward 14 |

HIV/Aids Coordination

The Municipality does have a HIV/AIDS coordinator which is responsible for all activities in trying to reduce HIV/Aids prevalence in the municipal area. Average prevalence of around 10% is still occurring. Two Local Aids council meetings and three awareness campaigns were held. The success rate of the LAC meetings is not up to standard, and challenges are stakeholder attendance at meetings and the constant changing of meeting dates. A proper fixed program for LAC meeting in conjunction with the Mayoral office needs to be established for the coming year. Stakeholder involvement in the Local Aids Council is a serious challenge, because of not attendance and non-reporting by departments and NGO's. There is a serious endeavour together with the Districts AIDS Council to implement measures for proper functional LAC and Structures.

3.18 AMBULANCE SERVICES

The Ephraim Mogale Local municipal area is serviced by Private - and Provincial ambulance services. Life 24 and Pro Med private ambulance service is stationed in Marble Hall and the Provincial ambulance services are based in Matlala Hospital.

3.19 HEALTH INSPECTION: FOOD INSPECTION ETC

Environmental Health/ Municipal Health Services

The Environmental Health function is the responsibility of the Sekhukhune District Municipality. The Municipality is working together with the assigned Environmental Health practitioners promote clean and safe communities in relation to the underneath functions. Capacity at District level is also putting a burden on the service there are only two assigned practitioners for the Ephraim Mogale Local Municipality.

The Constitution of the Republic of South Africa, 1996 (Act No: 108 of 1996) allocates Municipal Health Services (MHS) as a Local Government function under Part B of Schedule 4, section 156(1)(a). On the other hand, the National Health Act, 2003, defines Municipal Health Services (MHS) as follows:

- Waste management
- Water quality monitoring
- Health surveillance of premises
- Surveillance and prevention of communicable diseases excluding immunisations
- Vector control
- Environmental pollution control
- Disposal of the dead
- Food control
- Chemical safety

COMPONENT F: SECURITY AND SAFETY

3.20 POLICE

Police function is a national function coordinated at the Provincial Department. The Municipality provides public safety services through effective and informed Law Enforcement of the National Road Traffic Act, National Land Transport Act, National Land Transport Transition act and the Municipal By-Laws. Other services provided also include but are not limited to escorts and point duties that promote the free flow of traffic at accidents and events or marches. The Traffic Division also aims at having a well-informed and educated public by working together with the Limpopo Department of Transport {Road Safety Division} in their Educational and Road Safety Programs. The purpose of the safety and

security unit is to ensure that vehicle and pedestrian traffic are controlled effectively (24) twenty-four hours a day (365) three hundred and sixty-five days a year. Municipality works jointly with Limpopo Provincial Department of Transport and the SAPS to reduce accidents during the festive seasons that include the Easter and Christmas holidays. The municipality is responsible for Community Safety Forum (CSF) established the CSF which assisted the community in ensuring safety and security related matters, e.g., bail application, crime prevention initiatives. The municipality had budget limitation and there were no dedicated staff to focus on this matter, however the municipality sustained the functionality of CSF and are supporting the structure wherever they can assist in transport and venue accommodation.

3.21 FIRE

Currently the district has four (4) fire stations located within the three Local Municipalities: Elias Motswaledi, Makhuduthamaga and Fetakgomo Tubatse respectively.

Fire prevention, safety and protection

The role of the fire service in the district has expanded far beyond fire suppression. With this expansion, fire prevention, fire safety and public education have appropriately begun receiving an increased emphasis as the proactive elements of a fire service delivery system. The district communities are dependent on the fire service to ensure their protection against dangers of fire, entrapment, explosion, dangerous goods incidents and any emergency event that may occur in the community.

The fire service has a variety of fire vehicles capable of engaging and/or of providing backup services at any reasonable fire engagement. However apart from the specialized vehicles all stations essentially require having other fire and rescue tools, to effectively and efficiently operate, of which they do not have in this financial year.

3.22 DISASTER MANAGEMENT

The municipality has appointed a full time Disaster Management Officer who is rendering services of conducting eight Disaster Awareness Campaigns annually, two campaigns in different wards per quarter as allocated and doing assessments in families affected by disaster. Disaster relief material is bought each year to assist whenever Disaster strikes, which is blankets and sponge mattresses that are kept in stock and issued when necessary. The unit has made a request for the procurement of a Disaster Vehicle with the aim of fast tracking and assisting in the delivery of temporary shelters and relief material as and when required. Continuous discussions between the Local and District Municipality are also done to enhance the understanding of the function. A Disaster Management Plan was also developed for the local Municipality.

COMPONENT G: SPORT AND RECREATION

3.23 SPORT AND RECREATION

There are two sport, arts and culture officers which coordinate sport activities in the Municipality and align programs to District and provincial activities.

A successful Heritage Day and Mayor's cup tournament were held during the 2024/2025 financial year. The Local Football Association is active in arranging league games for soccer in villages in the Municipality where after the winners compete against other winners in the district – and in the province. A Softball league has also been established and there is active participation from community members. The Leeuwfontein soft ball team did also participate in district events. The Moutse marathon is a private organized event where the Municipality is giving administrative support, and the event is held annually with participant from all over the country. Provincial Games were held and attended in Sekhukhune District Municipality by the Municipal employees, and they were competing in codes such as Golf, Pool, Volleyball, Netball and Soccer.

COMPONENT H: CORPORATE SERVICES

3.24 EXECUTIVE AND COUNCIL

Executive committee is the principal committee of the council which receives reports from the other committees of the council, and which must forward these reports together with its recommendations to the council when it cannot dispose of the matter in terms of its delegated powers. The executive committee must identify the needs of the municipality, review and evaluate those needs in order of priority. The committee recommends to municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, considering any applicable national and provincial development plans.

3.25 FINANCIAL SERVICES

The Financial Services is ensuring efficiency and compliance with the Municipal Finance Management Act (MFMA) as well as other applicable laws and regulations ultimately leading to better service delivery. The management of the municipal finances involves both a strategic and operational component.

Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the Municipality must put in place clear financial goals, Policies and tools to implement its Strategic Plan. The overall Strategic Plan is to ensure that there is transparency, accountability and sound Financial Management.

- Forming part of this plan are key performance areas such as ensuring that all statutory reporting is compiled and submitted to the different spheres of government timeously.
- Annual Financial Statements are prepared in accordance with GRAP and submitted on time,
- effective and efficient utilization of financial resources,
- Compliance to the Supply Chain Management Policy and the maintenance of assets effectively with respect to additions; disposals; impairments on the assets register.

3.26 HUMAN RESOURCES SERVICES

Human resource comprises of occupational health services, human resource personnel, training, organisational development, labour relations and Employee Assistance Programmes. It is responsible for the recruitment processes, human capital, leave administration, disciplinary procedures, skills development, organisational design, employee assistance programme and labour relation issues.

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES

The municipality has also managed to install and maintain backup system, VPN established, LAN restructured, and Server room upgraded. ICT unit is responsible for running daily, weekly, monthly data and backups. It ensures that municipal website is always functional and to provide user support. ICT unit ensures that network is always available to all municipal applications such as Munsoft, emails, Collaborator, internet, payroll system and leave system for efficient and effective service delivery. The unit also managed the VPN connections for Managers and Directors as their duties are flexible so that they can be able to always access municipal server when they are out of the office. Ephraim Mogale Local Municipality has ICT unit in place with the total number of 03 officials. ICT unit is responsible for running daily, weekly, monthly data and backups. It ensures that municipal website is always functional and to provide user support. Information Communication Technology (ICT) services is best positioned to promote effective administration in order to achieve service delivery targets and ultimately have an impact on socio economic development. It is therefore integral to the functionality and efficiency of the Municipality. The target for the reporting period was to achieve improved ICT systems, processes and compliant infrastructure. Service delivery priorities for ICT are to ensure that the municipality has efficient and effective backup systems, officials are trained on ICT and all municipal sites are connected through internet. The municipality have the printing services which is extended to satellite Offices on operation lease for 36-month period to provide printing and photocopier service.

3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

For the year under review, the municipality was engaged in numerous litigation matters, both at the Labour Court, Regional Court and High Court, varying from poor work performance from the appointed consulting engineer and subsequent termination of the contract, interdict emanating from the termination, arbitration, irregular appointment, judicial review of setting aside the appointment, water treatment and sewer issues, civil recovery and claim for damages emanating from an irregular appointment. The municipality had a total of eight (10) matters that are currently before our various courts in the financial year under review. Six (6) were instituted by the third parties against the municipality and four (4) was instituted by the municipality against third parties.

Most of these matters have been set down for trial/hearing during 2026 and 2027 years.

COMPONENT I: ORGANISATIONAL PERFORMANCE SCORECARD

Performance on National Performance Indicators

The following table indicate the municipality’s performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators were linked to the National Key Performance Areas.

This component includes the Annual Performance Scorecard Report for the current year as reflected below. The section contains a comprehensive breakdown of the individual Departmental performance. The scores highlight the progress with respect to performance not only at a departmental level, but also represents the progress made within each Key Performance Area (KPA).

Comparison Institutional Performance Levels 2022/2023 – 2024/2025

Table 45: Institutional Performance Comparison

The following section contains a comprehensive breakdown of the individual Departmental performance. The scores highlight the progress with respect to performance not only at a departmental level, but also represents the progress made within each Key Performance Area (KPA).

| KPA No | KPA | Annual Performance Targets for 2022/2023 FY | | | Annual Performance Targets for 2023/2024 FY | | | Annual Performance Targets for 2024/2025 FY | | | |
|--------|--|---|--------------------|--------------------|---|--------------------|--------------------|---|--------------------|------------------------|---------------------|
| | | Total KPI's Asses sed | Targe ts Achie ved | % Target Achie ved | Total KPI's Asses sed | Target s Achie ved | % Target Achie ved | Total KPI's Asses sed | Targe ts Achie ved | Targe ts Not Achie ved | % Targe t Achie ved |
| 1 | Spatial Rationale | 11 | 10 | 91% | 12 | 07 | 58% | 13 | 09 | 04 | 69% |
| 2 | Basic Service Delivery and Infrastructure Development | 48 | 35 | 73% | 41 | 35 | 85% | 43 | 38 | 05 | 88% |
| 3 | Local Economic Development | 15 | 14 | 93% | 15 | 14 | 93% | 14 | 14 | 0 | 100% |
| 4 | Municipal Transformation and Institutional Development | 28 | 22 | 79% | 32 | 30 | 94% | 33 | 25 | 08 | 76% |
| 5 | Municipal Financial Viability and Management | 16 | 16 | 100% | 17 | 17 | 100% | 17 | 16 | 01 | 94% |

| KPA No | KPA | Annual Performance Targets for 2022/2023 FY | | | Annual Performance Targets for 2023/2024 FY | | | Annual Performance Targets for 2024/2025 FY | | | |
|--------|--|---|------------------|-------------------|---|------------------|-------------------|---|------------------|----------------------|-------------------|
| | | Total KPI's Assessed | Targets Achieved | % Target Achieved | Total KPI's Assessed | Targets Achieved | % Target Achieved | Total KPI's Assessed | Targets Achieved | Targets Not Achieved | % Target Achieved |
| 6 | Good Governance and Public Participation | 47 | 42 | 89% | 48 | 43 | 90% | 46 | 41 | 05 | 89% |
| | TOTAL | 165 | 139 | 84% | 165 | 146 | 88% | 166 | 143 | 23 | 86% |

Table 46: Individual Departmental performance

| No | Department | Annual Performance Targets for 2024/2025 FY | | | |
|----|---------------------------------|---|------------------|----------------------|-------------------|
| | | Total KPI's Assessed | Targets Achieved | Targets Not Achieved | % Target Achieved |
| 1 | Budget & Treasury Services | 17 | 16 | 01 | 94% |
| 2 | Infrastructure Services | 30 | 28 | 02 | 93% |
| 3 | Office of the Municipal Manager | 42 | 38 | 04 | 90% |
| 4 | Planning & Economic Development | 27 | 23 | 04 | 85% |
| 5 | Community Services | 21 | 17 | 04 | 81% |
| 6 | Corporate Services | 29 | 21 | 08 | 72% |
| | TOTAL | 166 | 143 | 23 | 86% |

CHAPTER 4 – HUMAN RESOURCE MANAGEMENT

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Human resource services for the municipality are effective and efficient, and meet the expectations of the community at large. Human resources have the following service delivery priorities:

- Attracting skilled workforce
- Ensuring that the workforce is motivated to perform the required tasks
- Continuous capacity building of personnel
- Retaining the existing staff
- Employees Assistance programme
- Employees Occupational Health and Safety
- Organisational design
- Sound labour relations

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The tables below depict the number of vacant positions within the whole municipality divided by the total number of positions within the whole municipality multiplied by 100 equals your vacancy rate.

Table 47: Employee totals, turnover and vacancies

| Description | 2024/2025 | | | |
|--|----------------|------------|-----------|------------|
| | Approved Posts | Employees | vacancies | Variance |
| | No. | No. | No. | % |
| Municipal Manager's Office | 35 | 26 | 9 | 74% |
| Infrastructure Services | 74 | 58 | 16 | 78% |
| Budget and Treasury Services | 33 | 26 | 7 | 79% |
| Planning & Economic Development Services | 11 | 9 | 2 | 82% |
| Community Services | 123 | 82 | 41 | 67% |
| Corporate Services | 51 | 38 | 13 | 75% |
| Totals | 327 | 239 | 88 | 73% |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The municipality has established policies and procedures for the management of workforce. It has the following divisions that ensure that employee rights and needs are being met through appropriate and legitimate processes and systems. Compliance is achieved in terms of approved municipal policies and procedures which are in line with the SALGA Collective agreement and relevant national legislation.

The Municipality has also developed systems in terms of MSA 2000 S67 by developing an Employment Equity Plan (EEP) which has been reviewed for the next five years (2023-2027). The old EEP targets were not achieved as planned because of lack of proper monitoring and supervision of the plan, however, a reviewed EEP has been developed for five years which is adopted by the Council.

4.2 POLICIES

The municipality has developed numerous policies as a guideline to all officials. The following policies are in place:

Table 48: Approved and reviewed policies

| Ref | Policy Name | Approved | Reviewed | File/Resolution Number |
|-----|---|----------|------------|------------------------|
| 1 | Credit Control & Debt Collection policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 2 | Tariffs and Rates policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 4 | Property Rates policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 5 | Asset Management policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 6 | Supply chain policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 7 | Virement policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 8 | Indigent policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 9 | Funding and Reserves policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 10 | Budget policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 13 | Fleet Management policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 14 | Appointment of Consultant Policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |

| Ref | Policy Name | Approved | Reviewed | File/Resolution Number |
|-----|--|----------|------------|------------------------|
| 15 | Unknown Direct Deposit Policy | Yes | 27/05/2022 | 17/17/5/1 & 17/17/5 |
| 17 | Acting Allowance Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 18 | Travel and Subsistence policy | Yes | 22/05/2024 | ESC/03/2024 |
| 19 | Transport Allowance Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 20 | Overtime, standby and emergency work policy | Yes | 22/05/2024 | ESC/03/2024 |
| 21 | Recruitment, Selection and Appointment Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 22 | Cellphone and Mobile Data allowance Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 23 | Training and Development Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 24 | Dress Code in the Workplace Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 25 | Attendance and Punctuality Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 26 | Cellphone and Mobile Data Policy for Senior Managers and Councillors | Yes | 22/05/2024 | ESC/03/2024 |
| 27 | Leave administration Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 28 | Incapacity due to ill health | Yes | 22/05/2024 | ESC/03/2024 |
| 29 | Sexual Harassment Policy | Yes | 22/05/2024 | ESC/03/2024 |
| 30 | Bursary Policy for Employees | Yes | 22/05/2024 | ESC/03/2024 |

4.3 INJURIES, SICKNESS AND SUSPENSIONS

- One (01) official was suspended from duty for misconduct during the year under review.
- None of our employees were dismissed from duty for misconduct during the year under review.
- Nine (09) injuries were reported on duty and the incidents were reported to the Department of Labour.

Table 49: Injuries, sickness and suspensions

| Number and Cost of Injuries on Duty | | | | | |
|--|---------------------------|-------------------------------------|--|--|-----------------------------|
| Type of injury | Injury Leave Taken | Employees using injury leave | Average injury leave taken per employee | Average Injury Leave per employee | Total Estimated Cost |
| | Days | No. | % | Days | R'000 |
| Required basic medical attention only | 16 | 9 | 3.64% | (1) 2 days (2) 2 days (3) 4 days (4) 2 days (5) 1 day (6) 1 day (7) 1 day (8) 2 days (9) 1 day | R0.00 |
| Temporary total disablement | 0 | 0 | 0% | 0 | 0 |
| Permanent disablement | 0 | 0 | 0% | 0 | 0 |
| Fatal | 0 | 0 | 0% | 0 | 0 |
| Total | 15 | 8 | 0% | 15 | R0.00 |

4.4 PERFORMANCE REWARDS

The municipality conducted the 2023/2024 Annual Performance Assessments and 2024/2025 Mid-year performance assessments for Municipal Manager and all Directors who signed the performance agreement with the municipality, and no one qualified for bonuses.

The mid-year assessment is the measure taken by municipality in improving performance because through the session Directors are offered an opportunity to state their challenges and they are assisted by panel members as to how they can overcome those challenges and be able to achieve their target by the end of the financial year.

In the 2023/2024 financial years annual performance assessments, all six senior managers qualified for performance reviews based on the fact that they have been engaged with the municipality for more than six (6) months during the period under review. The senior managers are indicated below:

- Municipal Manager: Moropa M.E.
- Chief Financial Officer: Modisane T.T.
- Director Corporate services: Rampedi M.R.
- Director Community services: Maphutha-Mashaba M.Y.
- Director Planning & Economic Development services: Tjebane T.
- Director Infrastructure Services: Maphutha T.P.

In the 2024/2025 financial years mid-term performance assessments, all six senior managers qualified for performance reviews based on the fact that they have been engaged with the municipality for less than six (6) months during the period under review. The senior managers are indicated below:

- Municipal Manager: Moropa M.E.
- Chief Financial Officer: Modisane T.T.
- Director Corporate services: Rampedi M.R.
- Director Community services: Maphutha-Mashaba M.Y.
- Director Planning & Economic Development services: Tjebane T.
- Director Infrastructure Services: Maphutha T.P.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Workplace Skills Plan (WSP)

The municipality has a Workplace Skills Plan (WSP) that is utilised for capacity building of staff. Each department is requested to forward their training plans to corporate services in May each year, in order to be included in the WSP - which serves as a guide as to how many officials should undergo training in the next financial year. The plan is also used to determine the expenditure for training. For the year under review 231 employees received different training. The WSP and annual training report were submitted to LGSETA at the end of the financial year. Municipality spent R2 000 000.00 on employees training.

Table 50: Training for officials

| PROGRAMME | NO. OF OFFICIALS | STATUS |
|-----------|------------------|-------------|
| MFMP | 07 | In progress |

| | | |
|---|------------|-----------|
| System administrator, Organizational and individual performance | 04 | Completed |
| Performance suite End user | 18 | Completed |
| CPMD | 02 | Completed |
| Local Government Women in leadership Development Programme | 08 | Completed |
| Individual performance for non-HR practitioners | 29 | Completed |
| Munsoft Performance Assist Administrators training | 24 | Completed |
| Machine operators training and license Renewal | 26 | Completed |
| Ethical Conduct on Municipal officials | 29 | Completed |
| Training in Records Management | 52 | Completed |
| Training in Supply Chain Management Processes | 32 | Completed |
| Total | 231 | |

Table 51: Training for Councillors

| PROGRAMME | NO. OF COUNCILLORS | STATUS |
|--|---------------------------|---------------|
| Bachelor of Public Management | 02 | Completed |
| MFMP | 05 | Completed |
| Higher Certificate in Public Management | 01 | Completed |
| Certificate in Labour Dispute Resolution Practice | 01 | Completed |
| Councillors' workshop on Recruitment and Selection | 28 | Completed |
| Integrated Councillor Induction Production NQF Level 5 | 05 | Completed |

| | | |
|--------------|-----------|--|
| Total | 42 | |
|--------------|-----------|--|

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

The municipality manages its workforce expenditure very well, as we have policies in place such as Standby and overtime policies, travelling allowance policies, cellphone allowance policy that are complied with before any expenditure can be incurred. The municipality has the organisational structure that is aligned to the IDP and budget, to ensure that all workforce expenditure has been budgeted for. The three documents - IDP, budget and organisational structure - are approved by council every year.

CHAPTER 5: FINANCIAL PERFORMANCE

Introduction

The Municipality handed over the Annual Financial Statements to the Auditor General Limpopo, as per the Municipal Finance Management Act, on 30 August 2025 for the financial year 2024/2025. The aforesaid components of the financial statements discussed in detail below.

5.1 STATEMENT OF FINANCIAL PERFORMANCE

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Sale of goods | 334 000 | (15 000) | 319 000 | 58 155 | (260 845) | 1 |
| Service charges | 94 065 000 | 7 001 000 | 101 066 000 | 93 699 285 | (7 366 715) | 2 |
| Rental of facilities and equipment | 95 000 | - | 95 000 | 65 875 | (29 125) | 3 |
| Agency fees | 6 110 000 | - | 6 110 000 | 6 124 052 | 14 052 | 4 |
| Other income | 487 000 | 16 242 000 | 16 729 000 | 4 918 035 | (11 810 965) | 5 |
| Interest received | 29 377 000 | (536 000) | 28 869 050 | 29 186 672 | 317 622 | 6 |
| Total revenue from exchange transactions | 130 468 000 | 22 692 000 | 153 188 050 | 134 052 074 | (19 135 976) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 49 415 000 | - | 49 415 000 | 47 103 916 | (2 311 084) | 7 |
| Basic Charges | - | - | - | 12 428 913 | 12 428 913 | 2 |
| Interest on outstanding receivable balance | 10 510 000 | - | 10 510 000 | 13 281 826 | 2 771 826 | 8 |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 255 801 000 | - | 255 801 000 | 267 333 041 | 11 532 041 | 9 |
| Fines, Penalties and Forfeits | 125 000 | - | 125 000 | 495 677 | 370 677 | 10 |
| Licences or Permits | - | 80 000 | 80 000 | - | (80 000) | 5 |
| Total revenue from non-exchange transactions | 315 851 000 | 80 000 | 315 931 000 | 340 643 373 | 24 712 373 | |
| Total revenue | 446 319 000 | 22 772 000 | 469 119 050 | 474 695 447 | 5 576 397 | |
| Expenditure | | | | | | |
| Employee related costs | (118 816 000) | (183 000) | (118 999 000) | (118 477 123) | 521 877 | 11 |
| Remuneration of councillors | (15 879 000) | (708 000) | (16 587 000) | (15 861 040) | 725 960 | 12 |
| Repairs and Maintenance | (27 443 689) | - | (27 443 689) | (17 194 135) | 10 249 554 | 13 |
| Depreciation and amortisation | (65 700 000) | - | (65 700 000) | (60 546 587) | 5 153 413 | 14 |
| Finance costs | (2 940 000) | - | (2 940 000) | (9 525 139) | (6 585 139) | 15 |
| Operating Lease Expenses | (1 772 002) | - | (1 772 002) | (1 424 641) | 347 361 | 16 |
| Debt Impairment | (16 639 000) | - | (16 639 000) | (22 518 220) | (5 879 220) | 17 |
| Impairment of Assets | - | - | - | 273 852 | 273 852 | 17.1 |
| Bulk purchases | (52 495 000) | (8 060 000) | (60 555 000) | (67 608 613) | (7 053 613) | 18 |
| Contracted Services | (53 602 311) | (1 109 000) | (54 711 311) | (46 989 589) | 7 721 722 | 19 |
| Grants and Subsidies | (3 484 243) | - | (3 484 243) | (1 069 665) | 2 414 578 | 20 |
| General Expenses | (67 468 000) | (2 905 000) | (70 373 000) | (59 539 285) | 10 833 715 | 21 |
| Total expenditure | (426 239 245) | (12 965 000) | (439 204 245) | (420 480 185) | 18 724 060 | |
| Operating surplus | 20 079 755 | 9 807 000 | 29 886 755 | 54 215 262 | 24 328 507 | |
| Profit / (Loss) on disposal of fixed assets | - | - | - | (10 302 899) | (10 302 899) | 22 |
| Fair value adjustments | - | - | - | 2 149 340 | 2 149 340 | 23 |
| Actuarial gains/losses | - | - | - | 213 789 | 213 789 | 23.1 |

Property rates

The original budget of property rates for 2024/2025 financial year was R49 million. The actual revenue generated was R47 million mainly because of some farm properties that were transferred to Elius Motswaledi Local Municipality.

Service charges

The service charges for electricity and refuse removal original budget were R94 million, which was adjusted to R101 Million. The actual revenue collected was R93 Million. This could be attributed to most households now utilizing alternative energy such as Solar Pannels and Gas.

Interest received.

The original budget for interest received was R29 million which was adjusted to R28 million. The actual interest received was R29 million.

Transfer recognized – operational.

This is revenue realized from both conditional and unconditional operating grants and subsidies including equitable share. All the operating grants were fully spent.

Transfer recognized – Capital.

This is revenue realized from MIG grant. The Final budget for MIG amounted to R63 795 000. There was 100% spending on MIG Grant.

Comments on Financial Performance: Expenditure

Employee related cost

The original budget for employee costs was R118 million, and it was adjusted to R118 million. The actual expenditure incurred is R 118 million and this resulted in a saving of R0.5 million mainly because of vacant positions which were not filled in 2024/2025 Financial year.

Depreciation and asset impairment

Provision was made in the budget for capital asset depreciation and impairment, and the budget thereof was R65.7 Million.

Bulk purchases

The major portion of this line item was mainly for the purchase of electricity. The actual expenditure incurred was R67 Million in 2024/2025 financial year.

General expenditure

The original budget was R67 Million, and it was adjusted upward to R70 million and the actual expenditure incurred was R59 Million and this resulted in a saving variance of R10 million.

5.2 GRANTS

| Discription | Final Budget | YTD Actual | % |
|-----------------|-----------------------|-----------------------|-------------|
| Equitqble share | 201 842 000.00 | 201 842 000.00 | 100% |
| MIG | 63 796 000.00 | 63 796 000.00 | 100% |
| FMG | 3 100 000.00 | 3 100 000.00 | 100% |
| EPWP | 1 549 000.00 | 1 549 000.00 | 100% |
| INEP | 368 000.00 | 368 000.00 | 100% |
| Total | 270 655 000.00 | 270 655 000.00 | 100% |

Comment on Operating Transfers and Grants

All grants gazetted for 2024/2025 financial year were received. The total amount received on operational grants amounted to R270 million during the 2024/2025 financial year.

The municipality managed to spend 100% of MIG and all other Operational Grant.

Comment on Conditional Grants and Grants Received from Other Sources

No grants were received from other sources.

5.3 ASSET MANAGEMENT

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Statement of Financial Position

Assets

Current Assets

| | | | | | | |
|--|--------------------|---------------|--------------------|--------------------|--------------------|------|
| Inventories | 33 972 000 | (299 000) | 33 673 000 | 36 338 178 | 2 665 178 | 24 |
| Receivables from Exchange transactions | - | - | - | 8 142 087 | 8 142 087 | 25.1 |
| Consumer debtors | 24 824 000 | (3 251 000) | 21 573 000 | 4 | (21 572 996) | 25 |
| Receivables from non-exchange transactions | 92 415 000 | 3 623 000 | 96 038 000 | 804 040 | (95 233 960) | 26 |
| VAT receivable | 6 152 000 | - | 6 152 000 | - | (6 152 000) | 27 |
| Consumer debtors | 12 274 000 | - | 12 274 000 | 96 268 062 | 83 994 062 | 28 |
| Cash and cash equivalents | 234 545 000 | - | 234 545 000 | 382 921 325 | 148 376 325 | 29 |
| | 404 182 000 | 73 000 | 404 255 000 | 524 473 696 | 120 218 696 | |

Non-Current Assets

| | | | | | | |
|-------------------------------|----------------------|-------------------|----------------------|--------------------|----------------------|----|
| Investment property | 136 247 000 | - | 136 247 000 | 81 228 561 | (55 018 439) | 30 |
| Property, plant and equipment | 956 137 000 | 11 328 000 | 967 465 000 | 893 236 557 | (74 228 443) | 31 |
| Intangible assets | 22 000 | - | 22 000 | - | (22 000) | 32 |
| Heritage assets | 170 000 | - | 170 000 | 213 500 | 43 500 | 33 |
| Eskom Deposits | 677 000 | - | 677 000 | 2 316 253 | 1 639 253 | 34 |
| | 1 093 253 000 | 11 328 000 | 1 104 581 000 | 976 994 871 | (127 586 129) | |

Total Assets

| | | | | | | |
|--|----------------------|-------------------|----------------------|----------------------|--------------------|--|
| | 1 497 435 000 | 11 401 000 | 1 508 836 000 | 1 501 468 567 | (7 367 433) | |
|--|----------------------|-------------------|----------------------|----------------------|--------------------|--|

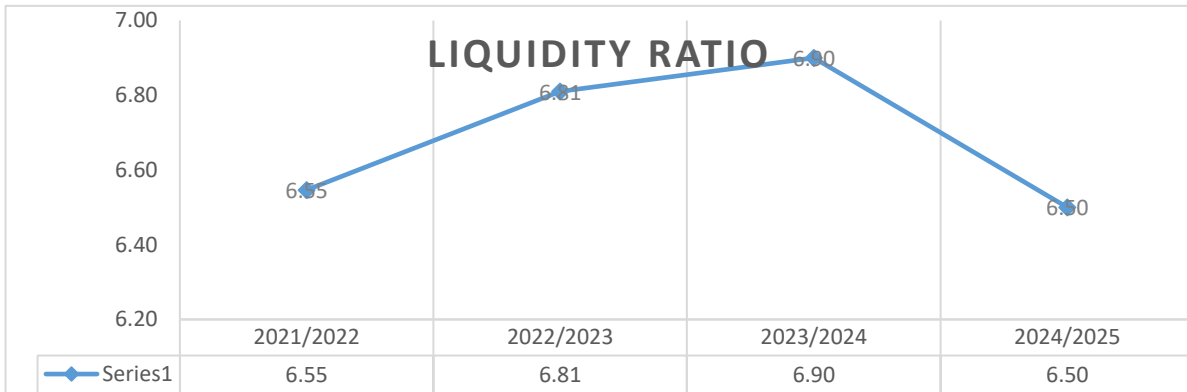
Comment on Asset Management:

The asset register value for 2024/2025 was budgeted for R1.4 billion. The value of the municipal assets is R1.5 billion.

5.4 FINANCIAL RATIO'S

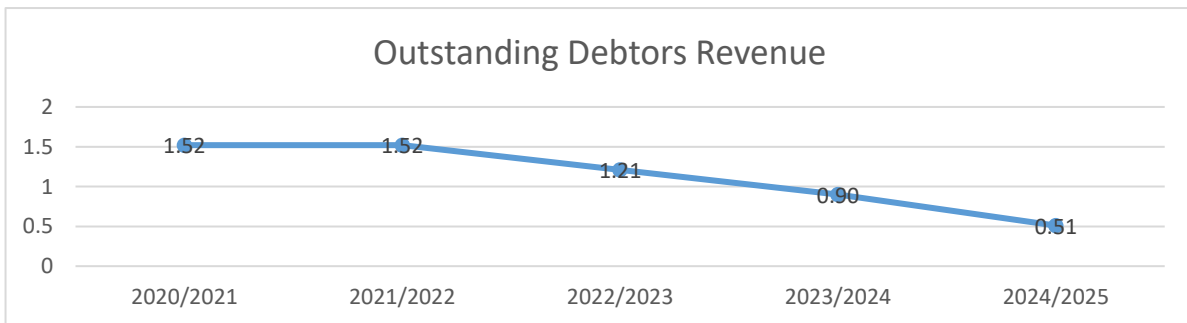
Graph 1: Liquidity ratio

Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets by the municipality's current liabilities. A higher ratio is better.



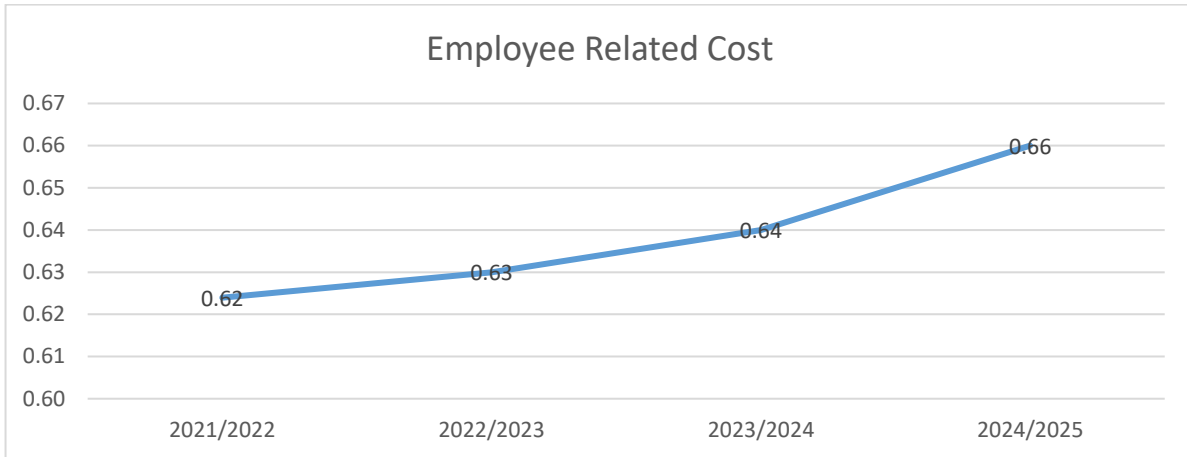
Graph 2: Outstanding Debtors to revenue

Outstanding Service Debtors to Revenue - Measures how much money is still owed by the community for electricity, waste removal and other services, compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.



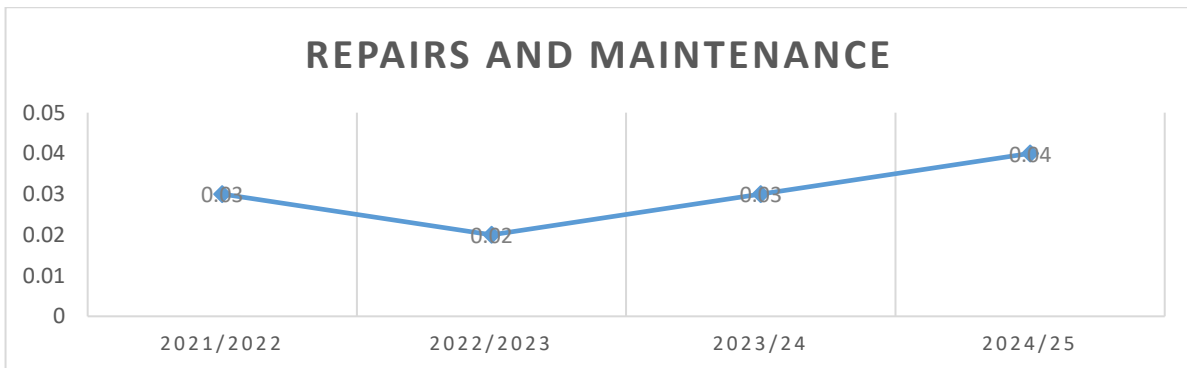
Graph 3: Employee cost

Employee related cost ratio measures what portion of revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.



Graph 4: Repairs and maintenance

Repairs and Maintenance - This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by total revenue excluding capital revenue.



Comment on Financial Ratios:

The municipality is in the process of improving its ability to spend the 8% threshold of operating expenditure for repairs and maintenance. Liquidity will also improve as the municipality has placed stringent internal controls over unnecessary expenditure, to improve the cash flow situation.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Introduction

Capital expenditure relates mainly to construction of projects that will have value lasting over many years. Capital expenditure is funded from grants and own revenue. Component B deals with capital spending, indicating where the funding comes from and whether the Municipality is able to spend the

available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent.

Graph 5: Capital Expenditure 2024/2025

Reconciliation of property, plant and equipment - 2025

| | Opening balance | Additions | Disposals | Transfers | Derecognition | Changes in Landfill site Valuation | Write offs | Depreciation | Impairment loss | Impairment reversal | Total |
|------------------------|--------------------|-------------------|------------------|--------------|--------------------|------------------------------------|------------------|---------------------|------------------|---------------------|--------------------|
| Land | 5 975 219 | - | - | - | - | - | - | - | - | - | 5 975 219 |
| Buildings | 20 647 189 | 2 996 782 | - | - | - | - | - | (1 443 412) | - | - | 22 200 559 |
| Plant and machinery | 14 075 869 | 15 007 383 | - | - | - | - | (256 558) | (2 897 035) | - | - | 25 929 659 |
| Motor vehicles | 1 669 577 | 1 281 258 | (597 877) | - | - | - | - | (327 747) | - | - | 2 025 211 |
| Office equipment | 1 896 645 | 762 000 | - | - | - | - | (39 333) | (375 744) | - | - | 2 243 568 |
| IT equipment | 2 969 474 | 6 305 960 | - | - | - | - | (42 772) | (773 924) | - | - | 8 458 738 |
| Infrastructure | 689 537 131 | 6 495 252 | - | 45 495 927 | (2 261 690) | - | - | (48 825 939) | (462 062) | 735 914 | 690 714 533 |
| Community | 61 619 543 | - | - | 6 076 139 | (7 688 616) | - | - | (3 323 480) | - | - | 56 683 586 |
| Work-in-Progress (WIP) | 43 077 725 | 65 206 159 | - | (51 572 065) | - | - | - | - | - | - | 56 711 819 |
| Leased Assets | 23 022 970 | - | - | - | - | - | - | (2 579 306) | - | - | 20 443 664 |
| Landfill | 11 066 130 | - | - | - | - | (9 216 129) | - | - | - | - | 1 850 001 |
| | 875 557 472 | 98 054 794 | (597 877) | 1 | (9 950 306) | (9 216 129) | (338 663) | (60 546 587) | (462 062) | 735 914 | 893 236 557 |

5.6 SOURCE OF FINANCE

Comment on Sources of Funding:

The capital budget for 2024/2025 financial year was funded from Municipal Infrastructure Grant and Internal Funding.

5.7 CAPITAL SPENDING ON LARGEST PROJECTS

| | Original Budget 2022/2023 | Adjustment Budget 2023/2024 | YTD Actual |
|------------------------------------|------------------------------|-----------------------------------|----------------------|
| Matlala Ramoshebo Internal Route | 12 130 682.00 | 28060373 | 28060373 |
| Matlerekeng Sports Facility 202527 | 10 000 000.00 | 2654900 | 2654900 |
| Morarela Internal Road | 1 000 000.00 | 3421463 | 3421463 |
| Driefontein Internal road | 1 000 000.00 | 2925418 | 2925418 |
| Uitvlucht Internal Bus Route W | 24 725 521.00 | 24794042 | 24794042 |
| | 48 856 203.00 | 61 856 196.00 | 61 856 196.00 |

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

Introduction

The cash flow outcome presents the actual revenue and actual payments made during the year under review. Actual revenue realized should be differentiated from revenue billed because revenue billed does not portray the holistic financial position and performance of the municipality.

As a result, the cash flow outcome is presented on a cash basis as opposed accrual basis of accounting.

5.8 CASH FLOW

Comment on Cash-Flow Outcomes:

Cash and cash equivalent at the beginning of the financial year was R359 million. The actual cash and cash equivalent as at end of the financial year 2024/2025 is R382 million.

Cognizance should be taken that the municipality is still dependent on grants since a major portion of revenue realized is made up of Transfer recognized (both operating and capital).

5.10 BORROWING AND INVESTMENTS

| Actual Borrowings 2022/2023 -2024/2025 - R'000 | | | |
|---|------------------|------------------|------------------|
| Instrument | 2022/2023 | 2023/2024 | 2024/2025 |
| <u>Municipality</u> | | | |
| Long-term loans (annuity/reducing balance) | N/A | N/A | N/A |
| Long-term loans (non-annuity) | N/A | N/A | N/A |
| Local registered stock | N/A | N/A | N/A |
| Instalment credit | N/A | N/A | N/A |
| Financial leases | N/A | 17 062 | 8 952 |
| PPP liabilities | N/A | N/A | N/A |
| Finance granted by cap equipment supplier | N/A | N/A | N/A |
| Marketable bonds | N/A | N/A | N/A |
| Non-marketable bonds | N/A | N/A | N/A |
| Bankers' acceptances | N/A | N/A | N/A |
| Financial derivatives | N/A | N/A | N/A |
| Other securities | N/A | N/A | N/A |
| Municipal Total | N/A | N/A | N/A |
| <u>Municipal Entities</u> | | | |
| Long-term Loans (annuity/reducing balance) | N/A | N/A | N/A |
| Long-term Loans (non-annuity) | N/A | N/A | N/A |
| Local registered stock | N/A | N/A | N/A |

| Actual Borrowings 2022/2023 -2024/2025 - R'000 | | | |
|---|------------|------------|------------|
| Instalment credit | N/A | N/A | N/A |
| Financial leases | N/A | N/A | N/A |
| PPP liabilities | N/A | N/A | N/A |
| Finance granted by cap equipment supplier | N/A | N/A | N/A |
| Marketable bonds | N/A | N/A | N/A |
| Non-Marketable bonds | N/A | N/A | N/A |
| Bankers' acceptances | N/A | N/A | N/A |
| Financial derivatives | N/A | N/A | N/A |
| Other Securities | N/A | N/A | N/A |
| Entities Total | N/A | N/A | N/A |

| Municipal and Entity Investments 2022/2023 – 2024/2025 - R'000 | | | |
|---|------------------|------------------|------------------|
| Investment type | 2022/2023 | 2023/2024 | 2024/2025 |
| <u>Municipality</u> | | | |
| Securities - national government | – | – | – |
| Listed corporate bonds | – | – | – |
| Deposits –bank | - | - | 200 000 |
| Deposits -public investment commissioners | – | – | – |
| Deposits -corporation for public deposits | – | – | – |
| Bankers 'acceptance certificates | – | – | – |
| Negotiable certificates of deposit – Banks | – | – | – |
| Guaranteed endowment policies (sinking) | - | – | – |
| Repurchase agreements – Banks | – | – | – |
| Municipal bonds | – | – | – |

| Municipal and Entity Investments 2022/2023 – 2024/2025 - R'000 | | | |
|---|------------------|------------------|------------------|
| Investment type | 2022/2023 | 2023/2024 | 2024/2025 |
| Other | – | – | – |
| | | | |
| <u>Municipal Entities</u> | | | |
| Securities - National government | – | – | – |
| Listed corporate bonds | – | – | – |
| Deposits – Bank | – | – | – |
| Deposits - Public Investment Commissioners | – | – | – |
| Deposits - Corporation for Public Deposits | – | – | – |
| Bankers' acceptance certificates | – | – | – |
| Negotiable certificates of deposit- Banks | – | – | – |
| Guaranteed endowment policies (sinking) | – | – | – |
| Repurchase agreements – Banks | – | – | – |
| Municipal bonds | – | – | – |
| Other | - | - | - |
| Entities Sub-Total | – | – | – |
| Consolidated Total: | 0 | 0 | 200 000 |

Comment on Borrowing and Investments:

5.11 PUBLIC PRIVATE PARTNERSHIPS

Not applicable

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2024/2025 financial year. Certain amendments to the SCM Policy were tabled before Council to improve operational efficiency.

The Municipality is required to forward its SCM Policy to the Limpopo Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM regulations. Ephraim Mogale Local Municipality SCM Policy complies with the regulatory framework. The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive, and cost-effective. The Municipality applies the bid committee system for procurement above R 300,000 and for the procurement of long-term contracts.

The bid committees, namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively.

In Compliance the bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

In the year under review, 2024/2025, The Municipality approved the planned capital projects through a procurement plan document which was also send to provincial treasury. The Procurement plan had 30 planned capital projects which amounted to R 88 621 360,00. the total project amount composed of R 47 470 200,00 from Grants and R 41 151 160.00 from Own funding. The implementation of the plan was as follows:

| Item | Number Projects | of | Project implementation status quo |
|------|-----------------|----|--|
| 1 | 02 | | Two of the 30 projects were Procured through National Treasury RT Contracts |
| 2 | 01 | | One out of 30 projects were not initiated for procurement however reprioritized during budget adjustment to other projects |
| 3 | 20 | | Twenty out of 30 projects were appointed as planned |
| 4 | 07 | | Seven out of the 30 projects where part of the contracted services (e.g. Multiyear Projects) |

5.13 GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognized Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from the standards. The adoption of the standards and interpretation thereof did not have a significant impact on the financial position, financial performance or cash flows of the municipality.

CHAPTER 6: AUDITOR GENERAL REPORT

The municipality received an Unqualified Audit Opinion with findings from the Office of the Auditor General with respect to 2024/2025 financial year.

COMPONENT A: AUDITOR GENERAL SOUTH AFRICA'S OPINION OF FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL'S REPORT 2024/2025

Refer attached report from the office of the Auditor General for the 2024/2025 financial year ended 30 June 2025.

GLOSSARY

| | |
|---------------------------------|---|
| Accessibility indicators | Explore whether the intended beneficiaries are able to access services or outputs. |
| Accountability documents | 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. |
| Activities | 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> ”. |
| Adequacy indicators | The quantity of input or output relative to the need or demand. |
| Annual Report | 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. |
| Approved Budget | The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive. |
| Baseline | 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. |
| Basic municipal service | A municipal service that is necessary to ensure an acceptable and reasonable quality of life for citizens within that particular area. If not provided it may endanger the public health and safety or the environment. |
| Budget year | The financial year for which an annual budget is to be approved – means a year ending on 30 June. |
| Cost indicators | The overall cost or expenditure of producing a specified quantity of outputs. |
| Distribution indicators | The distribution of capacity to deliver services. |

| | | |
|--|-------------|--|
| Financial Statements | | 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. |
| General performance indicators | Key | After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally. |
| Impact | | The results of achieving specific outcomes, such as reducing poverty and creating jobs. |
| Inputs | | 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. |
| Integrated Development Plan (IDP) | Plan | Set out municipal goals and development plans. |
| National performance areas | Key | <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation |
| Outcomes | | The medium-term results for specific beneficiaries 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". |
| Outputs | | 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. |
| Performance Indicator | | 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) |
| Performance Information | | Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure. |

| | |
|--|--|
| Performance Standards: | 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 EPMS performance standards are divided into indicators and the time factor. |
| Performance Targets: | The level of performance that municipalities and their 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. |
| Service Delivery Budget Implementation Plan | 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. |
| Vote: | <p>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.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p> |

EPHRAIM MOGALE LOCAL MUNICIPALITY

ADJUSTED ANNUAL PERFORMANCE REPORT FOR 2024/2025 FINANCIAL YEAR



“To be a World-class Agricultural Hub of Choice”

Slogan - RE HLABOLLA SECHABA

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1. Foreword

The purpose of this report is to give feedback regarding the performance of the Ephraim Mogale Local Municipality as required through The Municipal Systems Act No 32 of 2000, section 41(e) and the Municipal Finance Management Act 56 of 2003, section 52(d). The information included in this report is based on the IDP¹ and SDBIP² as developed for the financial year for 2024/2025 financial year. The scorecards were developed to reflect ***cumulative performance***; therefore, the status of indicators is a reflection of the overall performance level achieved year to date.

2. Executive Summary

This report serves as the **Annual Performance Report** for the **2024/2025** financial year **ending 30th of June 2025**. It provides feedback on the performance level achieved (accumulative reporting) against the targets as laid out in the IDP/SDBIP Scorecard. In the case of under-performance, the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures taken to address these challenges are included thereto.

The overall performance for the Ephraim Mogale Local Municipality is based on a composite Performance Scorecard of each Department comprising of all indicators assessed in the period under review. The overall Annual Institutional performance achieved for the 2024/2025 financial year reflected an **86%** with only **143** out of **166 KPI's** assessed attaining set targets.

Improvement performance levels were experienced in five Key Performance Areas as depicted in the Table Ref No1 except Key Performance Areas 1: Spatial Rationale. The departments need to take responsibility and accountability for service delivery and related activities measured in the performance reports, as this is a public document and reflects negatively on the municipality's commitment to service delivery. We need to instil a culture of accountability in the organisation and significantly improve the levels of monitoring and evaluation which are a prerequisite to ensure responsible management decisions can be taken.

¹ Integrated Development Plan

² Service Delivery and Budget Implementation Plan

3. Key Performance Areas and Organizational Strategic Objectives

The following Key Performance Areas and Strategic Objectives have been adopted by the municipality for the purposes of reporting on the attainment of the Institutional performance indicators and targets

KPA 1: Spatial Development Analysis and Rationale

Strategic Objective: Plan for the future and promote integrated human settlement and agrarian reform

KPA 2: Service Delivery and Infrastructure Development

Strategic Objective A: Improve community well-being through provision of accelerated basic service delivery

Strategic Objective B: Improved social well-being

KPA 3: Local Economic Development

Strategic Objective A: Grow the economy and provide livelihood support

KPA 4: Municipal Transformation and Institutional Development

Strategic Objective A: Develop and retain skilled and capacitated workforce

KPA 5: Municipal Financial viability and Management

Strategic Objective: Become Financially Viable

KPA 6: Good Governance and Public Participation

Strategic Objective: Sound Governance through effective oversight

4. Comparison of Institutional Performance Levels 2022/2023 – 2024/2025

Table 1: Institutional Performance Comparison

| KPA No | KPA | Annual Performance Targets for 2022/2023 FY | | | Annual Performance Targets for 2023/2024 FY | | | Annual Performance Targets for 2024/2025 FY | | | |
|--------|--|---|------------------|-------------------|---|------------------|-------------------|---|------------------|----------------------|-------------------|
| | | Total KPI's Assessed | Targets Achieved | % Target Achieved | Total KPI's Assessed | Targets Achieved | % Target Achieved | Total KPI's Assessed | Targets Achieved | Targets Not Achieved | % Target Achieved |
| 1 | Spatial Rationale | 11 | 10 | 91% | 12 | 07 | 58% | 13 | 09 | 04 | 69% |
| 2 | Basic Service Delivery and Infrastructure Development | 48 | 35 | 73% | 41 | 35 | 85% | 43 | 38 | 05 | 88% |
| 3 | Local Economic Development | 15 | 14 | 93% | 15 | 14 | 93% | 14 | 14 | 0 | 100% |
| 4 | Municipal Transformation and Institutional Development | 28 | 22 | 79% | 32 | 30 | 94% | 33 | 25 | 08 | 76% |
| 5 | Municipal Financial Viability and Management | 16 | 16 | 100% | 17 | 17 | 100% | 17 | 16 | 01 | 94% |
| 6 | Good Governance and Public Participation | 47 | 42 | 89% | 48 | 43 | 90% | 46 | 41 | 05 | 89% |
| | TOTAL | 165 | 139 | 84% | 165 | 146 | 88% | 166 | 143 | 23 | 86% |

The following section contains a comprehensive breakdown of the individual Departmental performance. The scores highlight the progress with respect to performance not only at a departmental level, but also represents the progress made within each Key Performance Area (KPA).

Table 2: Individual Departmental performance

| No | Department | Annual Performance Targets for 2024/2025 FY | | | |
|----|---------------------------------|---|------------------|----------------------|-------------------|
| | | Total KPI's Assessed | Targets Achieved | Targets Not Achieved | % Target Achieved |
| 1 | Budget & Treasury Services | 17 | 16 | 01 | 94% |
| 2 | Infrastructure Services | 30 | 28 | 02 | 93% |
| 3 | Office of the Municipal Manager | 42 | 38 | 04 | 90% |
| 4 | Planning & Economic Development | 27 | 23 | 04 | 85% |
| 5 | Community Services | 21 | 17 | 04 | 81% |
| 6 | Corporate Services | 29 | 21 | 08 | 72% |
| | TOTAL | 166 | 143 | 23 | 86% |

5. Service Delivery and Performance Indicator

The high level non-financial measurable performance objectives in the form of service delivery targets and other related performance indicators form part of this section of the SDBIP. These indicators and targets will be cascaded to departmental scorecards, which will be used for internal monitoring of the organisation and relevant individuals.

5.1 KPA 1: SPATIAL RATIONALE

Strategic Objective: Plan for the future and promote integrated human settlement and agrarian reform.

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|--|-------------------------------|---|------------|------------|----------|--------------------|---|--------------|----------------------------|---|---|--|---------------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| Compliance with Town Planning Scheme regulations | Land Use Management | % of land use complaint applications received and processed within 60 days as per the SPLUMA Act 16 of 2013 | SR01 | Internal | Internal | 100% (9/9) | 100% | 100% (15/15) | Target Achieved | None | None | Completed land use application forms, register and report. | Planning & Economic Development |
| Review of the Land Use Scheme | | Reviewed Land Use Scheme-law gazetted by June 2025 | SR02 | 600 000.00 | 0.00 | 0 | 1 | 0 | Target Not Achieved | Delay publication of notice on the provincial gazette | The notice has been published and letter submitted to the MEC | Reviewed Land Use Scheme | |
| Compliance with National Building Regulations | Building Plans Administration | % of buildings; constructed with approved plans, received and inspected within 5 days compliance to National Building Regulations and Building Standards Amendments Act No 49 of 1995 | SR03 | Internal | Internal | 100% (3/3) | 100% | 100% (5/5) | Target Achieved | None | None | Individual site inspection reports | |

| | | | | | | | | | | | | |
|--|--|---|------|------------|----------|------------|------------------------------------|------------------------------------|----------------------------|--|---|--|
| | | % of New Building Plans of less than 500 square meters received and assessed within 28 days of receipt of plans | | Internal | Internal | 100% (1/1) | 100% | 100% (14/14) | Target Achieved | None | None | Building Plans and submission register |
| | | % of New Building Plans of more than 500 square meters received and assessed within 60 days of receipt of plans | | Internal | Internal | 100% (3/3) | 100% | 100% (16/16) | Target Achieved | None | None | Building plans and submission register |
| | | % of land use contraventions attended to per quarter | | Internal | Internal | 100% (4/4) | 100% | 100% (35/35) | Target Achieved | None | None | Land use contraventions register and issue Letters |
| Feasibility study: Landing strip | | Number of Landing strip Feasibility study done by June 2025 | SR04 | 600 000.00 | 0.00 | 0 | 1 Feasibility study: Landing strip | 0 Feasibility study: Landing strip | Target Not Achieved | Service provider not appointed due to outstanding valuation report | Fast track the conclusion of the valuation report | Feasibility study: Landing strip |
| Subdivision of ERF 625 of Marble Hall EXT5 | | Develop general plan for Subdivision of ERF 625 of Marble Hall EXT5 by June 2025 | SR05 | 570 000.00 | 0.00 | 0 | 1 Approved General plan | 0 Approved General plan | Target Not Achieved | Confirmation of validity period of existing geotechnical report | Geotechnical report is still valid, and project has been initiated. | Approved General plan |
| Site Demarcation | | Number of General Plan developed and approved by Council by June 2025 | SR10 | 500 000.00 | 0.00 | 0 | 1 Approved General Plan | 0 Approved General Plan | Target Not Achieved | Unavailability of land for township establishment | Land identified and donation from Public Works initiated. | Approved General Plan |

| | | | | | | | | | | | | |
|--|-----------------------------------|---|------|------------|----------|-----|------------------------|------------------------|-----------------------------------|------|------|--|
| Human settlement | Facilities Maintenance Management | Number of quarterly progress reports in terms of new housing units provided by CoGHSTA submitted to Council per quarter | SR07 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly Progress Report |
| Supply of GIS Tools, Datasets and Technical Assistance | Management of GIS System | Supply of GPS data loggers by June 2025. | SR11 | 439 740.00 | 0.00 | New | 2 GPS data loggers | 2 GPS data loggers | Target Achieved | None | None | GPS data loggers report. |
| | | Provision of GIS baseline dataset by June 2025. | New | | | New | 1 GIS baseline dataset | 1 GIS baseline dataset | Target Achieved | None | None | GIS baseline dataset report |
| | | Number of GIS strategy Develop by June 2025. | New | | | New | 1 final GIS strategy. | 1 final GIS strategy. | Target Achieved | None | None | Final GIS strategy. |
| Operation Clean Audit (OPCA) | Operation Clean Audit (OPCA) | % of Auditor General matters resolved as per the approved Audit Action plan (PED) by June 2025 | SR12 | Internal | Internal | N/A | 100% | N/A | No AG findings raised against PED | None | None | Progress report on implementation AGSA remedial plan |

5.2 KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objective A: Improve community well-being through provision of accelerated basic service delivery
Strategic Objective B: Improved social well-being

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|---|--------------------|---|------------|--------------|---------------|-----------------------------|---|-----------------------------|-----------------|------------|-------------------|-----------------------------------|-------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| Transformer Maintenance and oil testing | Electricity | Number of transformers tested by June 2025 | BSO 1 | 4 199 400.00 | R3,518,129.45 | 10 transformers tested | 55 transformers tested | 55 transformers tested | Target Achieved | None | None | Completion certificate | Infrastructure Services |
| Ring Main Unit Maintenance | | Number of ring main units serviced by June 2025 | BSO 2 | | | 20 Ring main units serviced | 20 Ring main units serviced | 20 Ring main units serviced | Target Achieved | None | None | Completion certificate | |
| Public Lighting- Inspection of streets lights | | Number of Street light fittings routinely inspected by June 2025 | BSO 3 | 650 000.00 | R56,195.14 | 3980 | 3956 | 3956 | Target Achieved | None | None | Monthly Inspection reports | |
| Public Lighting- Maintenance of streetlights | | % of faulty Street light fittings repaired after routine inspection within 90 days. | BSO 4 | | | 100% | 100% | 100% | Target Achieved | None | None | Inspection/repair monthly reports | |
| Public Lighting- Inspection of Mast lights | | Number of Mast lights fittings routinely inspected by June 2025 | BSO 5 | | | 2460 | 2556 | 2556 | Target Achieved | None | None | Monthly Inspection reports | |

| | | | | | | | | | | | |
|---|--|------|--------------|--------------|--------------------------|------------------------------------|-----------------------------------|----------------------------|---|---|--|
| Public Lighting-Maintenance of Mast Lights | % of Faulty Mast light fittings repaired after routine inspection within 90 days | BS06 | | | 100% | 100% | 100% | Target Achieved | None | None | Inspection/repair monthly reports |
| Electrical Master Plan | Number of Electrical Master Plans reviewed by June 2025 | BS07 | 1 500 000.00 | 799 713.04 | New | 01 Reviewed Electrical Master Plan | 0 Reviewed Electrical Master Plan | Target Not Achieved | Draft plan submitted. Additional works issued to Service Provider to align the master plan with the DBSA revenue management plan. | Additional works issued to Service Provider to align the master plan with DBSA revenue management plan. | Reviewed Electrical Master Plan |
| Replace Mini substation Stand 338 Mopanie Street | Number of Mini substations replaced by June 2025 | BS11 | 2 500 000.00 | 1 856 658.92 | New | 1 mini substation replaced | 1 mini substation replaced | Target Achieved | None | None | Completion certificate. New minisub |
| Purchase 100 kWh meters. | Number of kWh meters purchased by June 2025 | BS12 | 350 000.00 | 277 986.00 | 100 kWh meters purchased | 100 kWh meters purchased | 100 kWh meters purchased | Target Achieved | None | None | Delivery note and invoice. |
| Industrial Substation Second Supply Phase 4 (cable) | Meter of new cable installed from stand 863 to Ind Substation by June 2025 | New | 747 763.00 | 749 448.40 | 700m cable installed | 700m cable installed | 700m cable installed | Target Achieved | None | None | Completion certificate. |
| Tool Sets (3 tool sets-boxes complete with tools) | Number of toolboxes with tools purchased by June 2025 | BS13 | 120 000.00 | 90 120.00 | New | 3 toolboxes with tools purchased | 3 toolboxes with tools purchased | Target Achieved | None | None | Delivery note, Invoice and actual tools. |

| | | | | | | | | | | | | |
|--|--|---|----------|--------------|--------------|-----|--|--|----------------------------|--|--|---|
| Replace 6 wood poles on O/H line – Dump site | | Number of wood poles replaced by June 2025 | BS1 6 | 150 000.00 | 88 750.00 | New | 6 wood poles replaced | 6 wood poles replaced | Target Achieved | None | None | Delivery note and invoice. New poles |
| Mast light connections - Leeuwfontein RDP | | Number of high mast light connections paid for by June 2025 | BS1 7 | 886 649.00 | 896 305.85 | New | 6 high mast light connections paid | 6 high mast light connections paid | Target Achieved | None | None | Invoice and proof of payment (ESKOM function) |
| Mast light connections - Malebitsa | | Number of high mast light connections paid for by June 2025 | BS1 7 | 900 000.00 | 0.00 | New | 6 high mast light connections paid | 0 high mast light connections paid | Target Not Achieved | The municipality was unable to obtain the quotations from Eskom. Eskom is experiencing capacity constraints in the area. | The mast lights will be connected after the BULK Upgrade to Malebitsa under INEP | Invoice and proof of payment (ESKOM function) |
| High mast lights – (Ward 3) | | Number of mast lights installed by June 2025 | BS2 0 | 4 850 000.00 | 4 437 917.00 | New | 6 mast lights installed | 6 mast lights installed | Target Achieved | None | None | Completion certificate |
| High mast lights – (Ward 12) | | Number of mast lights installed by June 2025 | BS2 1 | 3 500 000.00 | 3 779 437.00 | New | 6 mast lights installed | 6 mast lights installed | Target Achieved | None | None | Completion certificate |
| New Light Delivery Vehicle with toolbox canopy | | Number of new Light Delivery Vehicle with toolbox canopy purchased by June 2025 | BS2 2 | 700 000.00 | 634 782.61 | New | 1 new Light Delivery Vehicle with toolbox canopy purchased | 1 new Light Delivery Vehicle with toolbox canopy purchased | Target Achieved | None | None | Delivery note and invoice. Vehicle registration |

| | | | | | | | | | | | | |
|---|--------------------|---|-----------|--------------|---------------|-----|---|---|-----------------|------|------|---|
| Electrification of households – Driefontein | | Number of electrification designs completed and submitted by June 2025 | BS2 4 | 141 000.00 | 56 400.00 | New | 1 electrification designs completed and submitted | 1 electrification designs completed and submitted | Target Achieved | None | None | Approved design. |
| Electrification of households - Malebitsa | | Number of electrification designs completed and submitted by June 2025 | BS2 5 | 267 000.00 | 153 383.21 | New | 1 electrification designs completed and submitted | 1 electrification designs completed and submitted | Target Achieved | None | None | Approved design. |
| Electrification of households - Mohlalaotwane | | Number of electrification designs completed and submitted by June 2025 | BS2 6 | 206 000.00 | 122 167.98 | New | 1 electrification designs completed and submitted | 1 electrification designs completed and submitted | Target Achieved | None | None | Approved design. |
| Operation Clean Audit (OPCA) | | % of Auditor General matters resolved as per the approved Audit Action plan (Infrastructure) by June 2025 | BS1 55 | Internal | Internal | New | 100% | 100% | Target Achieved | None | None | Progress report on implementation AGSA remedial plan |
| Matlereke ng sports facility | Roads & Stormwater | % of physical progress constructed by June 2025 | BS9 0 | 2 000 000.00 | R2 654 900,61 | New | 15% of physical progress constructed | 16.0% of Physical progress constructed | Target Achieved | None | None | Design Report, Tender advert, appointment letter, Progress report |

| | | | | | | | | | | | |
|---|--|-------|---------------|---------------|---|--------------------------------------|---|-----------------|------|------|--|
| Mamphokgo Sports Complex (Multiyear) | % of physical progress constructed by June 2025 | BS91 | 9 000 000.00 | 2 640 079,44 | Bulb for the high mast lights | 40% of Physical progress constructed | 42.78% of Physical progress constructed | Target Achieved | None | None | Design Report, Tender advert, appointment letter, Site handover Minutes, Progress report |
| Matlala Ramoshebo Internal Streets (multiyear) | Kilometers of road Earthworks by June 2025 | BS120 | 20 130 682.00 | 28 060 373,94 | New | 3km of road earthworks constructed | 3km of road earthworks constructed | Target Achieved | None | None | Tender advert, appointment letter & Progress Report |
| Uitvlucht Internal streets (multi-Year) | Kilometers of road constructed by June 2025 | BS122 | 24 725 521.00 | 24 794 042,53 | 4.85km earthworks constructed | 4.85km of road constructed | 4.85km of road constructed | Target Achieved | None | None | Progress Report, Completion Certificate |
| Keerom Community Hall | Number of the community halls constructed by June 2025 | BS123 | 1 287 790.00 | 1 271 480.25 | 324 m ² of Wall plate (Brickwork) construction | 1 community hall constructed | 1 community hall constructed | Target Achieved | None | None | Progress Report & Completion certificate |
| Supply and delivery of mechanical broom sweeper | No of mechanical broom sweeper purchased by June 2025 | BS102 | 2 500 000.00 | 2 328 245.00 | New | 1 mechanical broom sweeper purchased | 1 mechanical broom sweeper purchased | Target Achieved | None | None | Invoice and delivery Note |
| Streets | Kilometers of roads graded per quarter | BS125 | 8 500 000,00 | 6 703 487.20 | 2735.3km | 1500km | 2295.3km | Target Achieved | None | None | Inspection report |
| | M ² of base and surface patched per quarter | BS126 | | | 3799.65 m ² | 2500m ² | 4305.7 m ² | Target Achieved | None | None | Inspection report |

| | | | | | | | | | | | | | |
|------------------------------------|-----------------------------------|---|--------|--------------|--------------|----------|------------------------------------|------------------------------------|----------------------------|---|---|---------------------------|--------------------|
| | | Kilometer of stormwater drains and channels cleaned per quarter | BS1 27 | | | 29.314km | 29.7 km | 33.072km | Target Achieved | None | None | Inspection report | |
| | | Kilometers of surfaced roads marked by per quarter | BS1 28 | 419,600.00 | R 411,472.25 | 197.01km | 172 km | 195.12km | Target Achieved | None | None | Inspection report | Community Services |
| Mechanical Road Marker | | Number of Mechanical Road Marker purchased by June 2025 | BS1 03 | R300,000.00 | R0.0 | New | 1 Mechanical Road Marker purchased | 0 Mechanical Road Marker purchased | Target Not Achieved | Service provider is appointed but could not deliver | The project to be adjusted for implementation in the 2025/2026 fy | Delivery note and Invoice | |
| Maintenance of Municipal buildings | Facilities Maintenance Management | Number of quarterly status report in terms of municipal buildings maintained as per the approved municipal maintenance plan | BS1 29 | 3 160 000.00 | 3 126 352.68 | 4 | 4 | 4 | Target Achieved | None | None | Maintenance report. | Corporate Services |
| Landscaping & Greening | Parks Management | Number of landscaping and greening implemented by June 2025 | BS1 41 | 1 400 000.00 | 0.00 | 1 | 1 | 0 | Target Not Achieved | The Parks and Recreation Plan to facilitate the project could not be concluded on time. | To conclude the Parks and Recreation Plan | Final progress report | Community Services |
| Front Loader TLB | | Number of front Loader TLB purchased by June 2025 | BS1 04 | 2 000 000.00 | R166 4817.88 | New | 1 Front Loader TLB purchased | 1 Front Loader TLB purchased | Target Achieved | None | None | Delivery note and invoice | |

| | | | | | | | | | | | | |
|-------------------------|------------------|--|--------|--------------|--------------|---|--|--|-----------------|------|------|---|
| Parks Tools | | % of parks tools purchased by June 2025 | BS1 50 | 314 700.00 | 269 000.00 | 100% parks tools purchased | 100% parks tools purchased | 100% parks tools purchased | Target Achieved | None | None | Delivery note and invoice |
| Refuse Containers | Waste Management | Number of Refuse Containers purchased by June 2025 | BS1 31 | 1 400 000.00 | 1 395 000.00 | 5 Refuse Containers purchased | 6 Refuse Containers purchased | 6 Refuse Containers purchased | Target Achieved | None | None | Delivery note and invoice |
| Upgrading & Maintenance | | Number of landfill sites upgraded and maintained by Mar 2025 | BS1 35 | 404 500,00 | 226 300 | 1 landfill report | 1 landfill report | 1 landfill report | Target Achieved | None | None | Landfill report |
| Waste Collection | | Number of villages with access to a minimum level of basic waste collection per week | BS1 44 | Internal | Internal | 3 villages per week 156 annually Leeuwfontein, Elandskraal & Leeuwfontein RDP | 3 villages per week 156 annually (Leeuwfontein Elandskraal Leeuwfontein RDP) | 3 villages per week 156 annually (Leeuwfontein Elandskraal Leeuwfontein RDP) | Target Achieved | None | None | Quarterly signed waste collection reports/ logbook/ Work schedule |
| | | Number of households in Marble Hall with access to a minimum level of basic waste collection once per week | | Internal | Internal | ±915 h/h week 47580 households annually | ±915 household per week (±11895 quarterly) | ±915 household per week (±11895 quarterly) | Target Achieved | None | None | Monthly signed waste collection reports/ Billing report |

| | | | | | | | | | | | | |
|------------------------------|------------------------------|--|--------|------------|----------|-------------------------------------|---|--|----------------------------|-------------------------------------|------------------------------|---|
| | | Number of Refuse containers placed in villages for access to refuse collection once per week | | Internal | Internal | 5 villages per week 260 annually | 5 containers placed in 5 villages per week Regae Manapyane Moganyaka Mamphogo Makgatle (260 annually) | 7 containers placed in 7 villages per week Regae Manapyane Moganyaka Mamphogo Makgatle Matlerekeng Letebejana (364 annually) | Target Achieved | None | None | Monthly signed waste collection reports/ Logbooks /schedule of work |
| Cemetery Fencing | Parks Management | Number of Cemeteries fenced | BS1 51 | 900 000.00 | 0.00 | 1 | 1 | 0 | Target Not Achieved | Market response was above estimated | To be budgeted for 2025/2026 | Final Handover report |
| Operation Clean Audit (OPCA) | Operation Clean Audit (OPCA) | % of Auditor General matters resolved as per the approved Audit Action plan (Community) by June 2025 | BS1 55 | Internal | | 100% | 100% | 100% | Target Achieved | None | None | Progress report on implementation AGSA remedial plan |

5.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Objective A: Grow the economy and provide livelihood support

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|-------------------------------------|----------------------------|---|--|-----------|--------------|--------------------|---|--------|-----------------|-----------------|-------------------|----------------------------------|---------------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| LED Support | Local Economic Development | Number of training workshops conducted for SMME's per quarter | LED 01 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Reports and Attendance registers | Economic Development & Planning |
| LED forum | | Number of quarterly LED forum meetings held per quarter | LED 02 | 42 438.00 | 28 594.00 | 4 | 4 | 4 | Target Achieved | None | None | Minutes and Attendance Registers | |
| LED Summit | | Hosting of Summit by 30 June 2025 | LED 03 | 61 000.00 | 11 945.00 | 2 | 1 | 1 | Target Achieved | None | None | Reports and Attendance Register | |
| Effective CWP Local Reference Forum | | Number of quarterly CWP Local Reference Forum meetings held per quarter | LED 06 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Minutes and Attendance Register | |
| EPWP Expense | | EPWP | Number of EPWP job opportunities created through EPWP by June 2025 | LED 07 | 2 933 159.00 | 1 460 966.00 | 96 | 70 | 84 | Target Achieved | None | None | |

| | | | | | | | | | | | | |
|--|----------------------------|--|--------|------------|------------|-----|----|----|-----------------|------|------|--|
| | | Number of EPWP progress reports provided per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly reports |
| LED Exhibition | Local Economic Development | Number of LED Exhibition conducted by June 2025 | LED 12 | 95 317.00 | 59 400.00 | 1 | 1 | 1 | Target Achieved | None | None | Report and the register of Exhibitors |
| LED Support | | Number of LED SMMEs & Cooperatives projects supported by June 2025 | LED 11 | 615 000.00 | 615 000.00 | 27 | 10 | 21 | Target Achieved | None | None | Report and Attendance Register |
| | | Number of Reports on Status of LED funded projects compiled by June 2025 | | Internal | Internal | 2 | 2 | 2 | Target Achieved | None | None | Quarterly Reports |
| Review of LED Projects Funding Policy | | Number of LED Projects Funding Policy Reviewed | New | Internal | Internal | New | 1 | 1 | Target Achieved | None | None | Reviewed LED Funding Policy Submitted to Council. |
| Development of Business Licensing Policy | | Number of Business Licensing Policy Developed | New | Internal | Internal | New | 1 | 1 | Target Achieved | None | None | Developed Business Licensing Policy Submitted to Council |

| | | | | | | | | | | | | | |
|--------------------------------|--|--|--------|----------|----------|---|---|---|-----------------|------|------|--|--|
| Social Responsibility Programs | | Number of quarterly reports with respect to the implementation of Social Labour Plan (SLP)/Corporate Social Investment (CSI) programmes of Mining Companies by June 2025 | LED 14 | Internal | Internal | 2 | 2 | 2 | Target Achieved | None | None | Quarterly Reports | |
| Management of Informal Traders | | Number of business Licensing awareness workshops held by June 2025 | LED 16 | Internal | Internal | 2 | 2 | 2 | Target Achieved | None | None | Invitation, Report and attendance register | |
| | | Number of quarterly reports on the implementation of Limpopo Business Regulation Act per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly Reports | |

5.4 KPA 4: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Strategic Objective A: Develop and retain skilled and capacitated workforce.

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|------------------------------------|---------------------------|---|------------|------------|--------------|--------------------|---|--------|---------------------|---------------------------------------|---|--|------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| Employment Equity | Institutional Development | Number of EE Committee meetings held per quarter | MT ODO 1 | Internal | Internal | 4 | 4 | 3 | Target Not Achieved | Capacity constrained and understaffed | Appoint an EE personnel | Invitation, minutes and Attendance registers | Corporate Services |
| Review of organizational structure | | Review Organizational structure and align to the IDP and Budget by 30 June 2025 | MT ODO 2 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Approved Organizational structure and council resolution | |
| Training Courses | | Number of training committee meetings held by the per quarter | MT ODO 3 | Internal | Internal | 4 | 4 | 3 | Target Not Achieved | Training meeting notice not signed. | Advice management to sign notices in order to hold meetings | Invitation, Minutes and attendance register. | |
| | | Number of workforce & Councillors trained as per target of Workplace Skill Plan (WSP) per quarter | | | 1 070 000,00 | 955 932.21 | 130 | 60 | 247 | Target Achieved | None | None | |
| Occupational Health and Safety | Workplace Health, Safety | Number of quarterly Workplace Health and Safety Forum meetings held per quarter | MT ODO 6 | 291 681.00 | 313 201.55 | 4 | 4 | 4 | Target Achieved | None | None | Invitation, minutes and attendance register. | |

| | | | | | | | | | | | | |
|---------------------|---------------------------|---|---------|------------|------------|------|------|------|----------------------------|---|--|---|
| | | Number of Health and Safety policy developed/review by June 2025 | | Internal | Internal | 1 | 1 | 0 | Target Not Achieved | Target was incorrectly captured in the SDBIP as the policy is reviewed as a when required | The current policy is reviewed as and when required. Improve Quality Review of the SDBIP | Reviewed Policy submitted to Council. |
| Employee programmes | Employee programmes | Number of Employee Wellness Programs held by June 2025 | MT OD08 | 321 819.00 | 277 404.96 | 4 | 4 | 4 | Target Achieved | None | None | EAP reports and Attendance registers |
| Top learners Awards | Institutional Development | Number of reports for learners' awards conducted by Mar 2025 | MT OD10 | 179 268.60 | 145 350.00 | 1 | 1 | 1 | Target Achieved | None | None | Invitation, Top learners Awards report and Attendance registers |
| Labour Forum | Labour Relations | Number of monthly Local Labour Forum (LLF) held as scheduled per quarter | MT OD11 | Internal | | 12 | 12 | 1 | Target Not Achieved | Delay in submission of LLF items | Set attainable due dates for submission of items | Invitation, Minutes and attendance registers. |
| | | % of disciplinary proceedings initiated in relation to reported matters on a quarterly basis. | | Internal | | 100% | 100% | 100% | Target Achieved | None | None | Report and Attendance registers. |
| Policies | Policies | Number of new / reviewed policies submitted to Council by June 2025 | MT OD12 | Internal | | 18 | 15 | 15 | Target Achieved | None | None | Developed/ Reviewed Policy submitted to Council. |

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|---------------------------------|------------------------------|--|---------|------------|------------|------|------|-----|---------------------|---|---|--|
| Operation Clean Audit (OPCA) | Operation Clean Audit (OPCA) | % of Auditor General matters resolved as per the approved Audit Action plan (Corporate) by June 2025 | MT OD30 | Internal | | 100% | 100% | 60% | Target Not Achieved | HR Plan and Review and Alignment of Recruitment and Selection Policy Awaits consultation with LLF | Speed up the consultation processes. | Progress report on implementation AGSA remedial plan |
| Bursary fund: community members | Institutional Development | Number of annual community bursaries allocated by Jan 2025 | MT OD14 | 954 000,00 | 713 154.05 | 5 | 5 | 3 | Target Not Achieved | 2 bursary holders took a gap year | Advertise bursary for community members | Report and proof of registration. |
| Bursary fund: staff | | Number of annual staff bursaries allocated by Jan 2025 | MT OD15 | 420 000,00 | 162 046.15 | 23 | 20 | 17 | Target Not Achieved | Municipality could not advertise for new applications as there are insufficient funds to sponsor new bursars. | Budget sufficiently for the next financial year | Report and proof of registration. |
| Records management | Records management | Number of quarterly status reports in terms of the record management system submitted to the Municipal Manager | MT OD16 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly report compiled. |

| | | | | | | | | | | | | |
|------------------------------|--|---|---------|--------------|--------------|----|------|------|-----------------|------|------|--|
| Customer care | Customer / Stakeholder Relationship Management | Number of quarterly Customer Complaint reports submitted to the Municipal Manager (inclusive of Premier & Presidential Hotline) per quarter | MT OD17 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly reports Compiled. |
| | | Number of Batho Pele committee meetings held per quarter | | Internal | | 10 | 10 | 10 | Target Achieved | None | None | Invitation, Minutes and attendance register |
| | | Number of Batho Pele Outreach Event held by Sept. 2025 | | 88 000.00 | 88 000.00 | 1 | 1 | 1 | Target Achieved | None | None | Invitation, Event Report and Attendance Register |
| Purchase of office furniture | | % of office furniture procured by June 2025 | MT OD19 | 900 000.00 | 771 500.00 | 0% | 100% | 100% | Target Achieved | None | None | Delivery Note |
| Mobile Office | | % of units of office mobile offices procured by June 2025 | MT OD20 | 2 700 000.00 | 2 688 015.00 | 0% | 100% | 100% | Target Achieved | None | None | Delivery Note |
| Programming | ICT | Number of quarterly network maintenance conducted per quarter | MT OD21 | 8 500 000.00 | 7 742 971.33 | 4 | 4 | 4 | Target Achieved | None | None | Quarterly reports |

| | | | | | | | | | | | | |
|---------------------------------|----------------|---|----------|---------------|---------------|------|------|------|-----------------|------|------|---|
| ICT steering committee meetings | | Number of quarterly ICT steering committee meetings held in terms of the implementation of the ICT governance strategy and policy per quarter | MT OD2 2 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Invitation, Minutes and attendance register |
| Website Hosting | | % of hosting and management of the website by SITA per quarter | MT OD2 3 | 160 000.0 0 | 75 358.3 2 | 100% | 100% | 100% | Target Achieved | None | None | Quarterly reports |
| Legal Service | Legal Services | % of Civil & Labour Litigations attended by per quarter | MT OD 25 | 5 500 000.0 0 | 5 383 002.4 6 | 100% | 100% | 100% | Target Achieved | None | None | Quarterly reports |
| | | % of Service Level Agreements (SLA's) processed within the time frame of 30 days of the appointment of the service provider per quarter | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly Report on SLA's. |

| | | | | | | | | | | | | | |
|-------------------------|------------------------|--|----------|------------|------------|------|------|------|----------------------------|----------------------|--|--|---------------------------------|
| | | % Employment Contracts processed within the time frame of 30 days from the date of appointment per quarter | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly Report on Employment Contracts | |
| IDP Process | IDP | 2025/2026 Final IDP tabled and approved by Council by the May 2024 | MT OD2 6 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Council Resolution | Office of the Municipal Manager |
| | | 2025/2026 IDP/Budget review Process Plan developed by Aug 2023 | | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Council Resolution | |
| | | Annual Strategic Lekgotla Planning session convened as scheduled by Feb 2025 | | 795 180.00 | 799 840.00 | 1 | 1 | 1 | Target Achieved | None | None | Minutes and attendance register | |
| Performance Assessments | Performance Management | % of Individual assessment of all employees below section 56 conducted by June 2025 | MT OD2 7 | Internal | Internal | New | 100% | 0% | Target Not Achieved | Capacity constraints | Capacitate the IDP & PMS Unit by appointing enough personnel | Performance Assessments report | |

| | | | | | | | | | | | | | |
|---|--|--|----------|------------|------------|---|---|---|-----------------|------|------|--|--|
| | | Number of performance review for section 54/56 conducted by Mar 2025 | | Internal | Internal | 2 | 2 | 2 | Target Achieved | None | None | Section 54/56 Performance Assessments report | |
| Review performance management Framework | | Reviewed Performance Management Framework by June 2025 | MT OD2 8 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Reviewed performance management Framework | |
| PMS Quarterly Lekgotla | | Number of Quarterly institutional Performance Reports submitted to Council per quarter | MT OD2 9 | 92 74 7.00 | 92 74 7.00 | 4 | 4 | 1 | Target Achieved | None | None | Quarterly institutional Performance Reports | |

5.5 KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Objective: Become Financially Viable

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|---------------------|------------------------------------|---|------------|----------|----------|--------------------|---|---------|----------------------------|--|---|--|--------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| Revenue enhancement | Financial Management | % outstanding service debtors to revenue per quarter | FV01 | Internal | Internal | 67.20% | 60% | 67.86% | Target Achieved | None | None | Submitted Section 71 report. | Budget & Treasury Office |
| | | % improvement in revenue enhancement per quarter | | Internal | Internal | 42.37% | 40% | 36.52% | Target Not Achieved | Stagnant revenue streams and few improvements on residential areas (moving from vacant to improved residential, no occupational certificate has been received for this quarter) Slow progress on the sale of municipal stands | DBSA commenced with assisting the municipality on revenue enhancements. | Billing reports | |
| | | % of consumer payment received with respect to municipal services provided as compared to that billed per quarter | | Internal | Internal | >85% | >85% | >85.08% | Target Achieved | None | None | Billing collection report | |
| Creditors payments | Financial Accounting (Expenditure) | % of approved (compliant) invoices paid within 30 days per quarter | FV02 | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Approved (compliant) invoices register | |

| | | | | | | | | | | | | |
|--|-------------------------|---|------|----------|----------|-----------------|-----------------|-----------------|-----------------|------|------|--------------------------------|
| Compilation of annual and adjustment budget | Budget Management | Submission of MTRE Budget by the 31 May 2025 | FV03 | Internal | Internal | Approved Budget | Approved Budget | Approved Budget | Target Achieved | None | None | Submitted budget to Council |
| Compilation of In Year reports | Financial Management | Number of quarterly section 52(d) MFMA reports submitted to the Mayor per quarter | FV04 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Submitted Section 71 report |
| | | Number of monthly section 71 MFMA reports submitted to EXCO per quarter | | Internal | Internal | 12 | 12 | 12 | Target Achieved | None | None | Submitted Section 52(d) report |
| | | Section 72 (midyear) MFMA report submitted to the Mayor by Jan 2025 | | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Submitted Section 72 report |
| | | Number of MFMA checklists submitted per quarter as legislated | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | MFMA checklists |
| Implementation of SCM regulations and policies | Supply Chain Management | Number of quarterly SCM procurement plan reports submitted to the Executive Committee per quarter | FV05 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly SCM reports |
| | | Number of quarterly SCM reports submitted to the MM per quarter | | Internal | Internal | 12 | 12 | 12 | Target Achieved | None | None | Quarterly SCM reports |

| | | | | | | | | | | | | |
|---------------------------------------|---|--|------|----------|----------|------|------|------|-----------------|------|------|--|
| GAMAP/G RAP Asset Register | Asset Manage ment | GRAP Compliance Fixed Asset Register in place July 2025 | FV06 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | GRAP Compliance Fixed Asset Register |
| Fleet Managem ent | | Number of Fleet Management reports submitted to Council per quarter | FV07 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Monthly Fleet Management report & Council Resolution |
| | | Annual submission of the asset verification report to the MM by Sept 2025 | | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Asset verification report |
| Annual Financial Statement | Financia l Manage ment | Draft Annual Financial Statements (AFS) submitted on or before the Aug 2025 | FV08 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Proof of submission from AG |
| Financial Managem ent Grant | | % of FMG grant spent per quarter | FV09 | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | FMG report |
| Operation Clean Audit (OPCA) | Operati on Clean Audit (OPCA) | % of Auditor General matters resolved as per the approved Audit Action plan (BTO) by June 2025 | FV10 | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Progress report on implementation AGSA remedial plan |

5.6 KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective: Sound Governance through effective oversight

| Project Name | Priority Programme | KPI | IDP Ref No | Budget | Actual | Baseline 2023/2024 | Annual Performance Targets for 2024/2025 FY | | | | | Portfolio of Evidence | Responsible Department |
|----------------------|----------------------------|---|------------|------------|------------|--------------------|---|--------|----------------------------|------------------------------|--|---|---------------------------------|
| | | | | | | | Target | Actual | Achievements | Challenges | Corrective Action | | |
| Special Programs | Transversal | Number of quarterly Special Programs held in terms of the (Elderly, Children, Disabled, Traditional Health Practitioners, LGBT, HIV/ Aids and other marginalised groups per quarter | GG01 | 359 024.00 | 359 024.00 | 4 | 4 | 4 | Target Achieved | None | None | Invitation, report and attendance register | Office of the Municipal Manager |
| Public participation | Public Participation | Number of Public participation consultation held by June 2025 | GG02 | 630 000.00 | 630 000.00 | 2 | 2 | 2 | Target Achieved | None | None | Invitation, Report and Attendance register | |
| | State of Municipal Address | State of Municipal Address conducted by June 2025 | | 325 500.00 | 0.00 | 0 | 1 | 0 | Target Not Achieved | The target was underbudgeted | To be held during 2025/2026 financial year | Invitation, Report and attendance register. | |

| | | | | | | | | | | | | |
|--------------------------------------|-------------------|--|------|--------------|--------------|------|------|------|-----------------|------|------|--|
| Ward committee support | Ward Committee | Number of monthly Ward Committees meetings held per quarter | GG03 | 2 800 000.00 | 2 800 000.00 | 192 | 192 | 192 | Target Achieved | None | None | Report, and attendance register |
| | | Hosting of Annual Ward Committee Conference by Dec 2024 | | 1 127 600,00 | 1 127 600,00 | 1 | 1 | 1 | Target Achieved | None | None | Invitation, Report and attendance register |
| | | Number of annual Ward Committee operational plans submitted to Council by Dec 2024 | | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Annual ward committee report |
| | Indigents | % of (indigents) households with access to free basic electricity services per quarter | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Indigent Register, Quarterly summary report and Eskom Invoices |
| | | Number of reports on reviewed indigent register compiled per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Reviewed indigent register Reports |
| Mayoral programme: Youth development | Youth Development | Number of Youth programmes / initiatives implemented per quarter | GG04 | 609 000.00 | 602 160.00 | 4 | 4 | 4 | Target Achieved | None | None | Invitation, Quarterly Youth reports and attendance register |

| | | | | | | | | | | | | |
|---|---|--|------|-----------|-----------|---|----|----|---------------------|---------------------|------------------------|---|
| Management of Municipal Media Platforms | Customer/ Stakeholder Relationship Management | Number of quarterly newsletters published per quarter | GG05 | 882002.00 | 882000.00 | 1 | 4 | 3 | Target Not Achieved | Insufficient Budget | Allocate enough budget | Published Newsletters |
| | | Number of reports generated on media platforms per quarter | | | | 2 | 4 | 4 | Target Achieved | None | None | Municipal media platforms quarterly reports |
| Council Functionality | | Number of ordinary Council meeting held per quarter as per the approved Calendar of events | GG06 | Internal | | 4 | 4 | 5 | Target Achieved | None | None | Council Resolution, minutes and Attendance register |
| | | Number of sets of Council meetings resolutions resolved within the prescribed timeframe of (3) months (Total organisation) | | Internal | | 6 | 4 | 4 | Target Achieved | None | None | Council Resolution register |
| | | Number of monthly EXCO meetings held per quarter | | Internal | | 4 | 12 | 12 | Target Achieved | None | None | Notice, minutes and attendance register |

| | | | | | | | | | | | | | |
|------------------------------|---------------------|--|------|------------|------------|-----|----|----|----------------------------|---|--|---|--------------------|
| | | Number of Section 79 Committee meetings held per quarter | | Internal | | 12 | 12 | 12 | Target Achieved | None | None | Minutes of Section 79 Committee meeting | |
| | | Number of Council meetings resolutions resolved within the prescribed timeframe of (3) months (Total organisation) | | Internal | | 9 | 4 | 4 | Target Achieved | None | None | Quarterly status report of Council resolutions resolved | |
| MPAC functionality | | Number of quarterly MPAC meetings held per quarter | GG07 | Internal | | 4 | 8 | 8 | Target Achieved | None | None | Invitation, MPAC meeting reports and attendance register. | |
| | | Submission of Oversight Report to Council by the Mar 2025 | | Internal | | 8 | 1 | 1 | Target Achieved | None | None | Annual Performance Oversight Report | |
| Disaster Awareness Campaigns | Disaster Management | Number of disaster awareness campaigns conducted per quarter | GG08 | 285 000.00 | 255 158.26 | 1 | 8 | 8 | Target Achieved | None | None | Disaster Awareness Campaigns reports and attendance registers | Community Services |
| Disaster Truck | | Number of Disaster Truck purchased by June 2025 | GG09 | 700 000.00 | 0.00 | New | 1 | 0 | Target not Achieved | Due to Lead time of delivery outside the financial year | Application for rollover in the 2025/2026 financial year | Delivery note and Invoice | |

| | | | | | | | | | | | | |
|------------------------------|-----------------------|--|----------|----------------|----------------|------|------|------|-----------------|------|------|---|
| Arrive Alive Campaigns | Road safety awareness | Number of Arrive Alive Campaigns conducted by June 2025 | GG1 1 | 60 00 0.00 | 37 352.18 | 10 | 10 | 10 | Target Achieved | None | None | Arrive Alive Plan and report |
| Mayor's cup | Sport and Recreation | Number of mayors cup events held by Mar 2025 | GG1 7 | 442 9 92.00 | 439,4 10.00 | 1 | 1 | 1 | Target Achieved | None | None | Final report of Mayors cup |
| Heritage Day celebration | Arts and Culture | Number of Heritage events held by Sep 2024 | GG1 9 | 158 742.00 | 208 190.00 | 1 | 1 | 1 | Target Achieved | None | None | Final report of Heritage celebration |
| Security Management Services | Security Services | % implementation of Security upgrade plan activities by June 2025. | GG2 5 | 337 800.00 | 308,7 67.00 | 100% | 100% | 100% | Target Achieved | None | None | Security upgrade plan implementation report |
| | | Number of Security monitoring & Incident management reports complied per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Security monitoring & Incident management reports |
| | | Number of Security awareness/educational campaigns conducted by June 2025 | | Internal | Internal | 2 | 2 | 2 | Target Achieved | None | None | Invitations, Attendance Register and Program |

| | | | | | | | | | | | | | |
|------------------------|------------------------|---|------|------------|---------------|----|----|----|-----------------|------|------|---|---------------------------------|
| | | Number of Municipal Buildings Safe-guarded through contracted service provider per quarter | | 20 000 000 | 17 961 709.14 | 25 | 20 | 20 | Target Achieved | None | None | Security management meeting report and attendance register. | |
| Performance Management | Performance Management | Submission of Final audited consolidated Annual Report 2023/2024 to Council on or before January 2025 | GG26 | Internal | | 1 | 1 | 1 | Target Achieved | None | None | Signed Annual Report | Office of the Municipal Manager |
| | | 2024/2025 Adjusted Budget and 2024/2025 SDBIP approved by the Mayor by Feb 2025 | | Internal | | 1 | 1 | 1 | Target Achieved | None | None | Signed Adjustment Budget and SDBIP | |
| | | Final 2025/2026 SDBIP approved by the mayor within 28 days after approval of Budget | | Internal | | 1 | 1 | 1 | Target Achieved | None | None | Signed SDBIP | |

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|----------------|------------------|---|----------|--------------|---------------------|----|----|----|----------------------------|--|---|---|
| Internal Audit | Risk Based audit | Number of Internal Audit report submitted to the Audit Committee per quarter (the internal audit report will comprise of the audit reports due as per the approved annual audit plan) | GG2 7 | 1 324 000 | 1 932 830.4 2 | 20 | 17 | 17 | Target Achieved | None | None | Quarterly Internal audit reports. |
| | Internal Audit | Audit Committee Charter reviewed by the Council by the June 2025 | | Internal | Internal | 1 | 1 | 0 | Target Not Achieved | Due to exhausted number of AC meetings budgeted for the year | To table Audit Committee Charter to Council | Council resolution |
| | | Internal Audit governance documents and Strategic Internal Audit Plan approved by Audit Committee by June 2025 | | Internal | Internal | 3 | 3 | 0 | Target Not Achieved | Due to exhausted number of AC meetings budgeted for the year | To table the governance documents and strategic internal audit plan approved by audit committee in July | 3-year strategic audit plan and Annual Internal Audit Plan, IA Methodology and IA Charter- approved by AC |

| | | | | | | | | | | | | |
|------------------------------|------|---|------|----------|----------|------|------|------|-----------------|------|------|--|
| | | % Of the progress made on monitoring of the Internal Audit Action Plan per quarter (Total Organisation) | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly Internal audit monitoring /follow-up reports |
| | | external quality assurance review/assessment of the internal audit function by June 2025 | | Internal | Internal | 0 | 1 | 1 | Target Achieved | None | None | External quality assurance assessment report |
| Operation Clean Audit (OPCA) | OPCA | Action Plan on issues raised by the Auditor General compiled and tabled to Council by Jan 2025 | GG29 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Approved Action Plan |
| | | % Of the progress made on monitoring of the Auditor General Audit Action plan by June 2025 (Total organisation) | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly AG Action Plan monitoring /follow-up report |

| | | | | | | | | | | | | |
|--|-------------------------------|--|----------|------------|-----------------|------|------|------|-----------------|------|------|--|
| Audit & Performance Committee | Audit & Performance Committee | Number of quarterly Audit & Performance Committee Meetings held per quarter | GG3 0 | 480 000.00 | R 465,997.68 | 4 | 4 | 4 | Target Achieved | None | None | Invitation, Minutes of the A&P Committee meetings with attendance register |
| | | Number of quarterly Audit & Performance Committee Reports to council per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Council resolutions |
| Anti-fraud awareness workshops/campaigns | Risk Management | Anti-fraud and Corruption Activity plan approved by June 2025 | GG3 1 | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Anti-fraud and corruption activity plan |
| | | % execution per quarter of activities outlined in the Anti-fraud and corruption activity plan (Total Organisation) | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly Risk management reports and activity reports |
| | | Number of quarterly anti-fraud and corruption awareness campaigns held per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly Anti-Fraud & Corruption article and The Voice of Ephraim Mogale Local Municipality Newsletter. |

| | | | | | | | | | | | | | |
|---------------------------|-----------------|---|----------|----------|----------|------|------|------|-----------------|------|------|-----------------------------------|--|
| Risk Management Committee | Risk Management | Number of quarterly Risk Committee Meetings held per quarter | GG3 2 | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Risk committee Agenda pack | |
| | | Number of Risk Management reports submitted to the Audit Committee per quarter | | Internal | Internal | 4 | 4 | 4 | Target Achieved | None | None | Quarterly Risk Report | |
| | | % execution of Risk management plan within prescribed timeframes per quarter (Total organisation) | | Internal | Internal | 100% | 100% | 100% | Target Achieved | None | None | Quarterly Risk management reports | |
| | | Number of Risk Assessment Report held per year. | | Internal | Internal | 1 | 1 | 1 | Target Achieved | None | None | Risk Assessment Report | |

6. PERFORMANCE OF SERVICE PROVIDERS FOR 2024/2025 FINANCIAL YEAR

This report is prepared in accordance with Section 46(1) (a) of the Local Government Municipal Systems Act 32 of 2000 which requires that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and each of the service providers during the financial year.

| Service /Project | Service Provider | Date appointed | End of the Contract | Revised completion date | Bid Amount | Expenditure | Performance Rating 1-5 |
|--|---|------------------|--|-------------------------|------------------------|--------------|------------------------|
| Payroll | SAGE (VIP) | 06/01/2011 | Month to Month | N/A | Schedule of rates | R 105797.70 | 5 |
| Prepaid vending services | CONLOG | 01/11/2021 | 30/10/2024 | N/A | Schedule of rates | R181104.44 | 5 |
| Valuation Services | Montani Valuers | 10/01/2022 | 30/06/2027 | N/A | Schedule of rates | R100 000 | 5 |
| Financial System | Munsoft | 01/07/2022 | 30/06/2025 | N/A | Schedule of rates | R1777004.92 | 5 |
| Banking Services | FNB | 01/07/2023 | 30/06/2026 | N/A | Schedule of rates | R122877,92 | 4 |
| Data Enrichment | Gensize Consulting | 23/08/ 2023 | 23/08 /2026 | N/A | R 1 268 450,00 | R411 125,00 | 5 |
| Debt Collection | Poe Global Solutions | 01/03/2024 | 28/02/2027 | N/A | 9% on collection | R135541.36 | 3 |
| Postage of customer statements | Mail tronic | 01/06/2024 | 31/05/2027 | N/A | Schedule of rates | R20318.65 | 4 |
| Asset Management | TJ Rasemeni Projects | 01/06/2024 | 30/06/2027 | N/A | R9 240 370,43 | R 2412302,12 | 5 |
| Quarterly Maintenance of Server Room and Fire Detectors in Registry. | Multinet Systems Pty Ltd | 10 February 2022 | 01 March 2025 (Currently on a month to month) | N/A | R200 159.80 | 0 | 5 |
| Offsite Document Archiving. | Ironmountain (Pty) Ltd, formerly (Docufile Pty Ltd) | 15 May 2014 | Month to Month | N/A | Monthly cost: R2380.86 | R7142.58 | 5 |
| Purchase of Office Furniture | Dimo Surveys and Civil Construction | 01 Nov. 2024 | 31 st October 2026 | N/A | R661 825.00 | R611 800.00 | 5 |
| | T Selona Trading | 01 Nov. 2024 | 31 st October 2026 | N/A | R1 206 525.95 | R275 425.00 | 5 |

| Service /Project | Service Provider | Date appointed | End of the Contract | Revised completion date | Bid Amount | Expenditure | Performance Rating 1-5 |
|---|---|----------------|--|-------------------------|----------------|-----------------|------------------------|
| | Rakgole And Sons Projects | 01 Nov. 2024 | 31 st October 2026 | N/A | R1 347 880.50 | 0 | 0 |
| Mobile Office | Rebakone Steel & Building Construction | 26 Feb.2025 | 30 April 2027 (including 24 months warranty) | N/A | R2 688 015.00 | R2 688 015.00 | 5 |
| Mamphokgo sports complex | Phamela Engineering Services (Consultant) | 20/11/2023 | 19/10/2026 | N/A | R9 000 000.00 | R981 316.27 | 3 |
| | Noko Pheladi B1 Construction | 22/04/2025 | 21/10/2025 | N/A | | R1 658 763,17 | 2 |
| Matlerekeng Sport Facility | Bashimane Consulting Engineers (Consultant) | 20/11/2023 | 19/10/2026 | N/A | R2 000 000,00 | R 1 621 079,36 | 4 |
| | Atnom Group (PTY) LTD | 19/06/2025 | 20/03/2026 | N/A | | R1 033 821,25 | 3 |
| Matlala Ramoshebo Internal Road (multi-year) | Kipp Consulting Engineers (Consultant) | 20/11/2023 | 19/10/2026 | N/A | R20 130 682,00 | R 6 505 755,03 | 3 |
| | Mothakge Phadima Construction | 03/11/2024 | 30/09/2025 | N/A | R0.00 | R 21 554 618,91 | 3 |
| Keerom Community Hall | Pheladichuene /Best Enough JV | 21/02/2024 | 27/08/2024 | N/A | R1 287 790,00 | R 1 271 480.25 | 3 |
| Uitvlucht Internal streets (Multi Year) | Rabbitfoot/Onboard Consulting JV | 31/10/2024 | 12/03/2025 | N/A | R24 725 518.00 | R 24 794 042,53 | 3 |
| EPMLM/8/3/490 Transformer Maintenance | Mmakika Matshetso Joint Venture | 22/03/2024 | 04/07/2024 | 30/07/2024 | R1 412 545.00 | R441 583.11 | 2 |
| EPMLM/8/3/481 Supply and installation of 700-meter MV cable | Seteshe Group | 22/04/2024 | 31/08/2024 | N/A | R2 906 846.03 | R861 865.66 | 3 |
| EPMLM/8/3/497 Supply and install high mast lights at Ward 3 | Kingki Electrical Contractor | 12/12/2024 | 16/04/2025 | N/A | R 2 956 730.28 | R0.00 | 3 |
| EPMLM/8/3/497 Supply and install high mast lights at Ward 12 | Salvatrrix Trading and Projects | 12/12/2024 | 16/04/2025 | N/A | R 2 976 795.38 | R0.00 | 2 |
| EPMLM/8/3/495 Appointment of a panel maximum of three service providers for electrification programme (Turnkey) - Driefontein | Kuhlemcebo Engineers | 10/10/2024 | 30/06/2025 | N/A | R206 000.00 | R64 860.00 | 3 |
| EPMLM/8/3/495 Appointment of a panel maximum of three service providers for electrification programme (Turnkey) - Malebitsa | Akula Trading 176 | 15/10/2024 | 30/06/2025 | N/A | R267 000.00 | R176 390.70 | 3 |
| EPMLM/8/3/495 Appointment of a panel maximum of three service providers for | Risima Project Management | 10/10/2024 | 30/06/2025 | N/A | R141 000.00 | R140 493.18 | 2 |

| Service /Project | Service Provider | Date appointed | End of the Contract | Revised completion date | Bid Amount | Expenditure | Performance Rating 1-5 |
|--|---|----------------|---------------------|-------------------------|-----------------------------|-----------------------|------------------------|
| electrification programme (Turnkey) - Mohlalaotwane | | | | | | | |
| Appointment of a service provider for the provision of professional service to develop an electrical master plan | Reliant Consulting | 07/02/2025 | 27/08/2025 | N/A | R 1 358 898.00 | R 919 370.40 | 3 |
| EPMLM/8/3/509 Transformer Maintenance Oil-purification | Kingki Electrical Contractor | 22/04/2025 | 05/09/2025 | N/A | R 2 154 263.37 | R 1 950 371.25 | 3 |
| EPMLM/8/3/510 11kV Ring Main Unit Maintenance | Reliant Consulting | 22/04/2025 | 05/08/2025 | N/A | R 1 450 462.01 | R 1 437 376.31 | 3 |
| EPMLM/8/3/504 Replace a minisubstation at 338 Mopanie street | Madikoe Africa | 22/04/2025 | 22/08/2025 | N/A | R 2 584 877.59 | R 2 135 157.76 | 3 |
| Supply and Delivery of light delivery vehicle | Fumani Holdings | | | N/A | R 730 000.00 | R 730 000.00 | 3 |
| EPMLM/8/3/508 Appointment of a service provider for the supply and delivery of 100 kWh meters | Vaicro Industrial | 10/03/2025 | 10/07/2025 | N/A | R 277 986.00 excl vat | R 277 986.00 excl vat | 3 |
| SITA | Municipal Website Maintenance | 2/July/2024 | 30 Juneee 2027 | N/A | Quarterly cost: R 12,559.72 | R 12,665.52 | 5 |
| Telkom SA | Telephone and VPN Connection | 14 /04/2020 | Month to month | 01/31/2025 | Quarterly Cost R 146,391.63 | R 334065.40 | 5 |
| Matupunuka ICT | Routine Maintenance of Municipal ICT Infrastructure | 30/06/2023 | 30/06/2026 | N/A | Quarterly cost: R 966,414 | R 644276 | 5 |
| Supply delivery and offloading of hot cold mix Asphalt bitumen products and crack filler for 36 months | Sechaba sa Naledi(PTY)LTD | 19/12/2023 | 03-year contract | N/A | Schedule of rates | R836 360.00 | 5 |
| | Dimpho tsa Mogale (PTY)LTD | 19/12/2023 | | N/A | | R661 000.00 | 5 |
| EpMLM/8/3/477 - Supply and delivery of road maintenance equipment's for 36 months | Mamogobo ALF (PTY)LTD | 22/11/2024 | 03-year contract | N/A | Schedule of rates | R820 800.00 | 5 |
| | MABE Multi Projects | 22/11/2024 | | N/A | | R818 400.00 | 2 |
| Co-Sourcing of Internal Audit Services | Thabi Consultant | 10/05/2025 | 09/05/2025 | N/A | Schedule of rates | R 344 862,29 | 5 |
| Co-Sourcing of Internal Audit Services | Mera Ketso Business Solution | 10/05/2025 | 09/05/2025 | N/A | Schedule of rates | R 343 828,14 | 5 |

7. DESCRIPTION OF PERFORMANCE SCORING

| Level | Terminology | Description |
|--------------|--|---|
| 5 | Outstanding performance | Performance far exceeds the standard expected |
| 4 | Performance significantly above expectations | Performance is significantly higher than the standard expected in the job |
| 3 | Fully effective | Performance fully meets the standards expected in all areas of the job |
| 2 | Not fully effective | Performance is below the standard required for the job in key areas |
| 1 | Unacceptable performance | Performance does not meet the standard expected for the job |

APPROVAL

M.E. MOROPA
MUNICIPAL MANAGER

Date:



Ephraim Mogale Local Municipality
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
Published 30 June 2025

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

South African Category C Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act No. 117 of 1998)

Nature of business and principal activities

Provision of basic services in terms of Local Municipality function as defined by the Municipal Structures Act. (Act No. 117 of 1998)

Mayoral committee

Cllr Moimana GMH (Mayor)

Cllr Lentsoane R (Speaker)

Cllr Magane L (Chief Whip)

Traditional Leaders

Kgoshi-Lehwelele-Matlala M

Kgoshi Matlala RD

Kgoshi Rahlagane MP

Kgoshi Kekana MF

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

General Information

Councillors

Cllr Moimana GMH (Mayor)
Cllr Lentsoane R (Speaker)
Cllr Magane L (Chief Whip)
Cllr Ramphela RM(Exco member)
Cllr Jacobs PR(Exco member)
Cllr Sedibane FS(Exco member)
Cllr Mashiane SM
Cllr Tshiguvho EM(Exco member)
Cllr Aphane KM
Cllr Thobejane PM
Cllr Kutu TC
Cllr Sebothoma KW
Cllr Lekoatsipa LR
Cllr Magatla NL
Cllr Seloma RM
Cllr Mahubane SE
Cllr Maphopha MM
Cllr Nkoana TP
Cllr Phahlamohlaka T
Cllr Mokwana BZ
Cllr Mmamahlako K
Cllr Mogale T
Cllr Letsela NS
Cllr Dries P
Cllr Makola ML
Cllr Modipa SR
Cllr Mmeshi SJ
Cllr Maelane KM
Cllr Mmanaswe TM (Exco member)
Cllr Mabaso T
Cllr Rabalao S
Cllr Lekgoathi L

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

General Information

| | |
|------------------------------------|---|
| Municipal Demarcation Code | LIM471 |
| Grading of local authority | Grade 2 Low Capacity Municipality |
| Accounting Officer | Mr ME Moropa |
| Chief Finance Officer (CFO) | Mr TT Modisane |
| Registered office | No. 13 Ficus street Civic centre Marble Hall Limpopo 0450 |
| Business address | No. 13 Ficus street Civic centre Marble Hall Limpopo 0450 |
| Postal address | P.O Box 111 Marble Hall Limpopo 0450 |
| Bankers | First National Bank (Primaty Bank Account) |
| Attorneys | Popela Maaake Inc Attorneys Khumalo Masondo Attorneys Inc Mphoke PK Magane Inc Verveen Attorneys NJ Morero Inc TJ Machete Attorneys Rachoene Attorneys Kgolishi A Mamabolo Attorneys Dabishi Nthambeleni Inc KNT Attorneys Machaka NC Inc |
| Auditors | Mmakola Matsimela Inc Auditor General South Africa (AGSA), Limpopo Business Unit. Enquiries:Gerhard Ordendaal . Email:godendaal@agsa.co.za |

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

| | |
|-------|--|
| SALGA | South African Local Government Association |
| DBSA | Development Bank of South Africa |
| GRAP | Generally Recognised Accounting Practice |
| WCA | The Workmen's Compensation Act |
| MPAC | Municipal Public Accounts Committee |
| SCM | Supply Chain Management |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| UIF | Unemployment Insurance Fund |
| WCA | Workers Compensation Assistance |
| VAT | Value Added Tax |
| AGSA | Auditor General of South Africa |
| PAYE | Pay as you earn |
| EPWP | Expanded Public works Programme |
| PPE | Property, Plant and Equipment |
| SDL | Skills Development Levy |

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

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

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records 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 2026 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the Municipality's Annual Financial Statements. The Annual Financial Statements have been examined by the Municipality's external auditors and their report is presented as part of these financial statements.

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in notes to these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The Annual Financial Statements set out on page 11, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
Mr ME Moropa

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025

The report herein provides the year-end report for the Audit and Performance Committee (herein referred as “the Audit Committee”) as of 30 June 2025.

BACKGROUND AND STATUTORY REQUIREMENTS

The purpose of this report is to communicate to the council the audit committee's progress in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2025.

The audit committee was established in terms of section 166 of the MFMA which requires every municipality to establish an independent audit committee, which must advise the municipal council, political office bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee has adopted its terms of reference (Audit and Performance Committee Charter) which is regularly reviewed and approved by the council. The audit committee is pleased to present its report for the financial year ending 30 June 2025.

AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of members listed below, including the chairperson, Mr. LM Malapela. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. although additional special meetings may be called as the need arises.

The Audit Committee was able to meet eleven (11) times during the financial year under review as per the approved terms of reference. The meetings include the 7 special and 4 ordinary audit committee meetings. The Chief Audit Executive is the permanent invitee to the audit committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee. The table below shows the attendance of members and scheduled meetings.

The current Audit Committee was appointed during November 2020 for a period of 3 years, and the committee was reappointed for the second term ending October 2026. The members of the audit committee were all independent from the Municipality.

The vacancy on the audit committee was not filled during the year under review, the post became vacant when one member's office term came to an end in 2023 and the other member passed on 19 May 2025.

Below is the list of members and meeting attendances of the members:

| NAME OF THE MEMBER | POSITON | DATE OF CONTRACT AMENDMENT | QUALIFICATIONS | ORDINARY MEETINGS | SPECIAL MEETINGS |
|--------------------|-------------|----------------------------|---|-------------------|------------------|
| Mr. LM Malapela | Chairperson | 01 November 2023 | CFE-Certified Fraud Examiner ,CIA-Certified Internal Auditor,CCSA-Certification in Control Self Assessment,Master of Philosophy (MPhil: Internal Auditing) , Post Graduate Diploma: Internal Auditing,BTech-Internal Auditing ,National Diploma Internal Auditing | 4 | 7 |

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

| | | | | | |
|-----------------|--------|--|---|---|---|
| Adv. GT Moeng | Member | 01 November 2023 | Master of Business Leadership ,Post Graduate Programme in Executive Development,Advance Management Development Programme,L.L.B Degree ,B. Juris Degree. | 4 | 7 |
| Mr. ML Mokwena | Member | 01 November 2023 (Date passed on the 19 May 2025) | Certificate in Municipal Finance , Certificate in Real Estate , Articles of Training BCom Accounting. | 3 | 6 |
| Mr. MA Mmapheto | Member | 01 November 2023 | National Diploma in: Internal Auditing , B Tech: Internal Audit, Post Graduate Diploma: Internal Audit. | 4 | 7 |

Mr. Mokwena passed on during May 2025. The Audit Committee values his contributions to the municipality and will forever be sadly missed.

Members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function, and the external auditors, collectively and individually, on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The committee also held a meeting with the honorable mayor and reported to council on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality. The Chief Audit Executive has unrestricted access to the chairperson of the audit committee.

Four (4) ordinary meetings and seven (7) special committee meetings were held during the year. The seven (7) special meetings were amongst others for the purposes of:

- Unaudited Draft Annual Financial Statements (before submission to the AGSA)
- Unaudited Draft Annual Performance Report (before submission to the AGSA)
- AGSA 2023/24 Audit Strategy
- AGSA 2023/24 Audit Report
- 2023/2024 Annual Report
- AGSA 2023/24 Audit Action Plan
- Mid-Year Budget and Performance Report
- 2024/25 Draft adjusted SDBIP and Budget
- 2024/25 Draft IDP and Budget

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager
- All Senior Managers and Operational Managers.
- Other officials (as and when required);
- Chief Audit Executive and Internal Auditor.
- Limpopo Provincial Treasury.
- CoGHSTA.

DISCHARGE OF THE AUDIT COMMITTEE RESPONSIBILITIES REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

One of the primary responsibilities of the Audit Committee is the review and evaluation of the Annual Financial Statements. The committee reviewed the 2024/25 Annual Financial Statements prior to submission to the Auditor General South Africa on 31 August 2025.

These Annual Financial Statements are prepared by management in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No 12 of 2009) (DORA).

The committee reviewed the quarterly financial reports issued to council during the financial year and continues to provide oversight over the financial controls in preparation of the annual financial statements. Management is responsible for the

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

preparation of the annual financial statement and should continue to strengthen the controls to ensure that they are prepared in accordance with the applicable accounting frameworks and are free from misstatements and errors.

INTERNAL AUDIT

The Accounting Officer is obliged, in terms of section 165 of the MFMA, to ensure that the municipality has a system of internal audit under the control and direction of the audit committee. The Internal Audit function of Ephraim Local Municipality is established in the Office of the Municipal Manager, and it discharges its mandate in terms of the approved Internal Audit Charter. During the year, the Audit Committee reviewed and approved the internal audit charter, risk based internal audit plan, internal audit methodology, project audit reports and the quarterly internal audit reports to the audit committee.

Internal Audit implemented all the planned assurance engagements for the 2024/25 financial year. The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. The Audit Committee noted some improvement in the effectiveness of the internal controls during the financial year. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance. The Committee has noted that there is a need to improve monitoring, oversight and implementation by Management in managing internal controls.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the Municipality over financial and risk management have improved though there are still some areas that require attention from management. In line with section 62 (c) (ii) of the MFMA, and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The Audit Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the findings by the Auditor-General South Africa on internal controls for the year ended 30 June 2025 and the implementation is at 95.5% implemented, 4.5% is not implemented. We are of the view that management is committed to resolving the 5% not yet implemented. Management should implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.

RISK MANAGEMENT

The audit committee is responsible for the oversight of the risk management function. The risk management committee has been established and reports to the audit committee on its activities in assisting the municipality with risk management. A member of the audit committee currently serves on the risk management committee as the independent chairperson and is appointed in writing by the accounting officer.

The Municipality has an effective Risk Management Function that is headed by Risk Officer who reports to the Municipal Manager and the Risk Management Committee. The Audit Committee has reviewed the risk register and the reports from the Risk Management Committee and is generally satisfied with the maturity of the risk management process. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.

PERFORMANCE MANAGEMENT

The audit committee has reviewed and considered the in-year performance reports and performance results reported by management in the quarterly and mid-term performance reports. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported; however, challenges are still experienced with the reliability of information reported and the lack of portfolio of evidence to substantiate the reported performance.

The Audit Committee is pleased that the internal audit function reviewed the quality of the performance targets and indicators and reviewed the alignment of the IDP, Budget and the SDBIP before final submission to council and continues to assist in verifying the reported performance against the supporting evidence. The Audit Committee continues to monitor the implementation of the municipal planned activities through the review of the quarterly performance reports and budget implementation reports.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit and the Combined Assurance Forum. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan.

ICT GOVERNANCE

The Audit Committee reviewed quarterly ICT reports in the year under review. Internal Audit findings relating to ICT were not fully implemented and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. For the year under review management implemented 60% of the ICT risk mitigations measures and 40% were not implemented. The Audit Committee had advised the Accounting Officer to appoint a qualified ICT Steering Committee Chairperson who will help capacitate the unit and improve controls thereof.

REPORTING

The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

relevant quarter.

APPRECIATION

The Audit Committee wishes to thank Municipal Council, management and staff for their continued commitment to improving effective control of the environment and good governance in the municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.

CONCLUSION

The audit committee acknowledged the co-operation and assistance by the Ephraim Mogale Local Municipality for coordinating the activities of the Committee. We also acknowledge the commitment of the Municipal Manager and Management of Ephraim Mogale Local Municipality in strengthening corporate governance and in maintaining unqualified audit opinion.

The Audit Committee further acknowledged the commitment of good governance led by the Honorable Mayor and the Council and further express gratitude to the Chief Audit Executive and for the support and commitment to the work of the audit committee.

We remain confident that all recommendations that have been made by the Internal Audit and Auditor General of South Africa shall continue to receive necessary attention of management and the council with the quest to achieve clean audit outcomes.

We are committed to fully execute our assurance and oversight function to strengthening Corporate Governance and Clean Administration.

Mr. LM Malapela

Audit Committee Chairperson

Ephraim Mogale Local Municipality

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Audit Committee Report

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

The operating results and state of affairs of the Municipality are fully set out in the attached Annual Financial Statements and do not in our opinion require any further comment.

Net surplus of the Municipality was 66 588 862 (2024: surplus 49 219 783), as restated. The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

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

2. Going concern

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

The ability of the municipality to continue as a going concern is certain for the foreseeable medium-term revenue and expenditure framework and medium-term budget periods as submitted to National Treasury. The ability of the municipality to continue as a going concern is certain for the foreseeable medium-term revenue and expenditure framework and medium-term budget periods as submitted to the National Treasury.

3. Subsequent events

The accounting officer has not identified events after reporting date as in GRAP 14 guidelines.

4. Accounting policies

The Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

5. Accounting Officer

The Accounting Officer of the Municipality during the year and to the date of this report is as follows :

| Name | Nationality |
|---|---------------|
| Mr ME Moropa | South African |
| • The Accounting Officer Mr ME Moropa was appointed Tuesday, 02 May 2023, to date | |

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

6. Council, Mayor and Internal Audit

Councillors

The councillors retain full control over the municipality, its plans and strategy;

acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

- is of a unitary structure comprising:

- Mayor

- Speaker.

- Executive committee councillors, and

- Councillors.

Mayor

The roles of the Mayor and Accounting Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor performs their oversight role and duties in terms of the prescribed legislation and delegated authorities

Internal Audit

The municipality had a Chief Audit Executive and a full time Internal Auditor for the year under review. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

The Annual Financial Statements set out on page 11, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 June 2025 and were signed on its behalf by:

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

| Figures in Rand | Note(s) | 2025 | 2024 Restated* |
|--|---------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 9 | 36 338 178 | 36 694 142 |
| Receivables from exchange transactions | 8 | 8 142 087 | 4 082 314 |
| Receivables from non-exchange transactions | 4&5 | 804 040 | 4 089 586 |
| Consumer debtors from exchange transaction | 6 | 16 789 038 | 12 468 201 |
| Consumer debtors from non - exchange transaction | 6 | 79 479 024 | 73 680 321 |
| Cash and cash equivalents | 3 | 382 921 325 | 359 462 683 |
| | | 524 473 692 | 490 477 247 |
| Non-Current Assets | | | |
| Investment property | 10 | 81 228 561 | 79 101 561 |
| Property, plant and equipment | 11 | 893 236 557 | 875 557 472 |
| Heritage assets | 12 | 213 500 | 191 160 |
| Eskom Deposits | 7 | 2 316 253 | 1 861 591 |
| | | 976 994 871 | 956 711 784 |
| Total Assets | | 1 501 468 563 | 1 447 189 031 |
| Liabilities | | | |
| Current Liabilities | | | |
| Finance lease obligation | 54 | 8 952 691 | 8 649 743 |
| Payables from exchange transactions | 14 | 63 428 689 | 61 115 986 |
| Consumer deposits | 15 | 1 276 313 | 1 293 811 |
| Employee benefit obligation | 18 | 1 546 882 | 999 950 |
| Provisions | 17 | - | 2 977 664 |
| | | 75 204 575 | 75 037 154 |
| Non-Current Liabilities | | | |
| Finance lease obligation | 54 | - | 8 952 691 |
| Employee benefit obligation | 18 | 28 183 590 | 25 196 946 |
| Provisions | 17 | 34 835 970 | 41 346 666 |
| | | 63 019 560 | 75 496 303 |
| Total Liabilities | | 138 224 135 | 150 533 457 |
| Net Assets | | 1 363 244 428 | 1 296 655 574 |
| Reserves | | | |
| Revaluation reserve | | 149 510 | 149 510 |
| Accumulated surplus | | 1 363 094 931 | 1 296 506 064 |
| Total Net Assets | | 1 363 244 441 | 1 296 655 574 |

* See Note 2 & 47

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

| Figures in Rand | Note(s) | 2025 | 2024 Restated* |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Sale of goods | 56 | 58 155 | 95 116 |
| Service charges | 19 | 93 699 285 | 77 946 160 |
| Rental of facilities and equipment | 57 | 65 875 | 67 643 |
| Agency fees | 55 | 6 124 052 | 5 594 755 |
| Other income | 20 | 4 918 035 | 3 641 288 |
| Interest received | 21 | 29 186 672 | 27 144 082 |
| Total revenue from exchange transactions | | 134 052 074 | 114 489 044 |
| Revenue from non-exchange transactions | | | |
| Taxation revenue | | | |
| Property rates | 23 | 47 103 916 | 48 883 748 |
| Basic Charges | 59 | 12 428 913 | 11 692 930 |
| Interest on outstanding receivable balances | 22 | 13 281 826 | 10 203 038 |
| Transfer revenue and other receipts | | | |
| Government grants & subsidies | 24 | 267 333 041 | 242 769 959 |
| Fines, Penalties and Forfeits | 58 | 495 677 | 453 296 |
| Total revenue from non-exchange transactions | | 340 643 373 | 314 002 971 |
| Total revenue | | 474 695 447 | 428 492 015 |
| Expenditure | | | |
| Employee related costs | 25 | (118 477 123) | (108 962 225) |
| Remuneration of councillors | 26 | (15 861 040) | (15 050 571) |
| Repairs and Maintenance | 11 | (17 194 135) | (19 173 047) |
| Depreciation and amortisation | 27 | (60 546 587) | (62 265 429) |
| Finance costs | 28 | (9 525 139) | (8 652 108) |
| Operating lease Expense | 49 | (1 424 641) | (1 626 783) |
| Debt Impairment | 29 | (22 518 220) | 3 337 935 |
| Impairment of assets | 11 | 273 852 | (2 128 126) |
| Bulk purchases | 30 | (67 608 613) | (56 886 156) |
| Contracted Services | 31 | (46 989 589) | (35 143 812) |
| Grants and Subsidies | 50 | (1 069 665) | (12 870 282) |
| General Expenses | 32 | (59 539 285) | (57 127 466) |
| Total expenditure | | (420 480 185) | (376 548 070) |
| Operating surplus | | 54 215 262 | 51 943 945 |
| Profit / (Loss) on disposal of Fixed assets | 11 | (10 302 899) | (880 816) |
| Fair value adjustments | 33 | 2 149 340 | 2 105 730 |
| Actuarial Gain / (Loss) | 18 | 213 789 | (3 949 076) |
| Profit/(loss) on disposal of Inventory | 9 | (708 343) | - |
| Gain/(losses) on landfill site Valuation | 17 | 4 780 193 | - |
| Reversal of Financial Assets Impairment | 13 | 16 241 520 | - |
| | | 12 373 600 | (2 724 162) |
| Surplus for the year | | 66 588 862 | 49 219 783 |

* See Note 2 & 47

Ephraim Mogale Local Municipality

(Registration number LIM 471)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

| Figures in Rand | Revaluation reserve | Accumulated surplus / deficit | Total net assets |
|---|------------------------|----------------------------------|----------------------|
| Balance 1 July , 2023 | 149 510 | 1 241 247 323 | 1 241 396 833 |
| Surplus for the year 47 | - | 49 219 783 | 49 219 783 |
| Opening balance as previously reported | 149 510 | 1 290 467 106 | 1 290 616 616 |
| Opening balance as previously reported | 149 510 | 1 290 467 113 | 1 290 616 623 |
| Adjustments | | | |
| Correction of errors 47 | - | 6 038 956 | 6 038 956 |
| Restated* Balance at 01 July 2024 as restated* | 149 510 | 1 296 506 069 | 1 296 655 579 |
| Changes in net assets | | | |
| Surplus for the year | - | 66 588 862 | 66 588 862 |
| Total changes | - | 66 588 862 | 66 588 862 |
| Balance at 30 June 2025 | 149 510 | 1 363 094 931 | 1 363 244 441 |
| Note(s) | | | |

* See Note 2 & 47

Cash Flow Statement

Figures in Rand

Note(s)

2025

2024
Restated*

Cash flows from operating activities

Receipts

| | | | |
|---------------------------------|--|--------------------|--------------------|
| Sale of goods and services | | 139 828 213 | 142 841 305 |
| Government grants and subsidies | | 267 333 041 | 242 769 959 |
| Interest income | | 28 869 050 | 26 739 861 |
| Other receipts | | 4 918 035 | 3 641 288 |
| | | <u>440 948 339</u> | <u>415 992 413</u> |

Payments

| | | | |
|----------------|--|----------------------|----------------------|
| Employee costs | | (131 556 128) | (121 537 647) |
| Suppliers | | (194 126 779) | (196 100 917) |
| Finance costs | | (1 750 413) | (2 780 721) |
| | | <u>(327 433 320)</u> | <u>(320 419 285)</u> |

Net cash flows from operating activities

35 113 515 017 95 573 128

Cash flows from investing activities

| | | | |
|---|----|---------------------|---------------------|
| Purchase of property, plant and equipment | 11 | (98 054 794) | (59 467 856) |
| Proceeds from sale of property, plant and equipment | 10 | 543 682 | 853 442 |
| Proceeds from cash investments | | 16 241 520 | - |
| Deposit (Security held in advance) movement | | (137 040) | 11 493 555 |
| | | <u>(81 406 632)</u> | <u>(47 120 859)</u> |

Cash flows from financing activities

| | | | |
|------------------------|--|-------------|-------------|
| Finance lease payments | | (8 649 743) | (7 619 436) |
|------------------------|--|-------------|-------------|

Net increase/(decrease) in cash and cash equivalents

23 458 642 40 832 833

Cash and cash equivalents at the beginning of the year

359 462 683 318 629 848

Cash and cash equivalents at the end of the year

3 382 921 325 359 462 681

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Sale of goods | 334 000 | (15 000) | 319 000 | 58 155 | (260 845) | 1 |
| Service charges | 94 065 000 | 7 001 000 | 101 066 000 | 93 699 285 | (7 366 715) | 2 |
| Rental of facilities and equipment | 95 000 | - | 95 000 | 65 875 | (29 125) | 3 |
| Agency fees | 6 110 000 | - | 6 110 000 | 6 124 052 | 14 052 | 4 |
| Other income | 487 000 | 16 242 000 | 16 729 000 | 4 918 035 | (11 810 965) | 5 |
| Interest received | 29 377 000 | (536 000) | 28 869 050 | 29 186 672 | 317 622 | 6 |
| Total revenue from exchange transactions | 130 468 000 | 22 692 000 | 153 188 050 | 134 052 074 | (19 135 976) | |
| Revenue from non-exchange transactions | | | | | | |
| Taxation revenue | | | | | | |
| Property rates | 49 415 000 | - | 49 415 000 | 47 103 916 | (2 311 084) | 7 |
| Basic Charges | - | - | - | 12 428 913 | 12 428 913 | 2 |
| Interest on outstanding receivable balance | 10 510 000 | - | 10 510 000 | 13 281 826 | 2 771 826 | 8 |
| Transfer revenue | | | | | | |
| Government grants & subsidies | 255 801 000 | - | 255 801 000 | 267 333 041 | 11 532 041 | 9 |
| Fines, Penalties and Forfeits | 125 000 | - | 125 000 | 495 677 | 370 677 | 10 |
| Licences or Permits | - | 80 000 | 80 000 | - | (80 000) | 5 |
| Total revenue from non-exchange transactions | 315 851 000 | 80 000 | 315 931 000 | 340 643 373 | 24 712 373 | |
| Total revenue | 446 319 000 | 22 772 000 | 469 119 050 | 474 695 447 | 5 576 397 | |
| Expenditure | | | | | | |
| Employee related costs | (118 816 000) | (183 000) | (118 999 000) | (118 477 123) | 521 877 | 11 |
| Remuneration of councillors | (15 879 000) | (708 000) | (16 587 000) | (15 861 040) | 725 960 | 12 |
| Repairs and Maintenance | (27 443 689) | - | (27 443 689) | (17 194 135) | 10 249 554 | 13 |
| Depreciation and amortisation | (65 700 000) | - | (65 700 000) | (60 546 587) | 5 153 413 | 14 |
| Finance costs | (2 940 000) | - | (2 940 000) | (9 525 139) | (6 585 139) | 15 |
| Operating Lease Expenses | (1 772 002) | - | (1 772 002) | (1 424 641) | 347 361 | 16 |
| Debt Impairment | (16 639 000) | - | (16 639 000) | (22 518 220) | (5 879 220) | 17 |
| Impairment of Assets | - | - | - | 273 852 | 273 852 | 17.1 |
| Bulk purchases | (52 495 000) | (8 060 000) | (60 555 000) | (67 608 613) | (7 053 613) | 18 |
| Contracted Services | (53 602 311) | (1 109 000) | (54 711 311) | (46 989 589) | 7 721 722 | 19 |
| Grants and Subsidies | (3 484 243) | - | (3 484 243) | (1 069 665) | 2 414 578 | 20 |
| General Expenses | (67 468 000) | (2 905 000) | (70 373 000) | (59 539 285) | 10 833 715 | 21 |
| Total expenditure | (426 239 245) | (12 965 000) | (439 204 245) | (420 480 185) | 18 724 060 | |
| Operating surplus | 20 079 755 | 9 807 000 | 29 886 755 | 54 215 262 | 24 328 507 | |
| Profit / (Loss) on disposal of fixed assets | - | - | - | (10 302 899) | (10 302 899) | 22 |
| Fair value adjustments | - | - | - | 2 149 340 | 2 149 340 | 23 |
| Actuarial gains/losses | - | - | - | 213 789 | 213 789 | 23.1 |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

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 | | | | | | |
| Profit/(loss) on disposal of Inventory | - | - | - | (708 343) | (708 343) | 24 |
| Gain/(losses) on landfill site Valuation | - | - | - | 4 780 193 | 4 780 193 | 24.1 |
| Reversal of Financial Assets Impairment | - | - | - | 16 241 520 | 16 241 520 | 24.2 |
| | - | - | - | 12 373 600 | 12 373 600 | |
| Surplus before taxation | 20 079 755 | 9 807 000 | 29 886 755 | 66 588 862 | 36 702 107 | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 20 079 755 | 9 807 000 | 29 886 755 | 66 588 862 | 36 702 107 | |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|-------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 33 972 000 | (299 000) | 33 673 000 | 36 338 178 | 2 665 178 | 24 |
| Receivables from Exchange transactions | - | - | - | 8 142 087 | 8 142 087 | 25.1 |
| Consumer debtors | 24 824 000 | (3 251 000) | 21 573 000 | 4 | (21 572 996) | 25 |
| Receivables from non-exchange transactions | 92 415 000 | 3 623 000 | 96 038 000 | 804 040 | (95 233 960) | 26 |
| VAT receivable | 6 152 000 | - | 6 152 000 | - | (6 152 000) | 27 |
| Consumer debtors | 12 274 000 | - | 12 274 000 | 96 268 062 | 83 994 062 | 28 |
| Cash and cash equivalents | 234 545 000 | - | 234 545 000 | 382 921 325 | 148 376 325 | 29 |
| | 404 182 000 | 73 000 | 404 255 000 | 524 473 696 | 120 218 696 | |
| Non-Current Assets | | | | | | |
| Investment property | 136 247 000 | - | 136 247 000 | 81 228 561 | (55 018 439) | 30 |
| Property, plant and equipment | 956 137 000 | 11 328 000 | 967 465 000 | 893 236 557 | (74 228 443) | 31 |
| Intangible assets | 22 000 | - | 22 000 | - | (22 000) | 32 |
| Heritage assets | 170 000 | - | 170 000 | 213 500 | 43 500 | 33 |
| Eskom Deposits | 677 000 | - | 677 000 | 2 316 253 | 1 639 253 | 34 |
| | 1 093 253 000 | 11 328 000 | 1 104 581 000 | 976 994 871 | (127 586 129) | |
| Total Assets | 1 497 435 000 | 11 401 000 | 1 508 836 000 | 1 501 468 567 | (7 367 433) | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Finance lease obligation | 7 619 000 | - | 7 619 000 | 8 952 691 | 1 333 691 | 35 |
| Payables from exchange transactions | 50 752 000 | (186 000) | 50 566 000 | 63 428 689 | 12 862 689 | 35 |
| Consumer deposits | 1 518 000 | - | 1 518 000 | 1 276 313 | (241 687) | 37 |
| Employee benefit obligation | - | - | - | 1 546 882 | 1 546 882 | 38 |
| Provisions | 19 184 000 | - | 19 184 000 | - | (19 184 000) | 39 |
| | 79 073 000 | (186 000) | 78 887 000 | 75 204 575 | (3 682 425) | |
| Non-Current Liabilities | | | | | | |
| Finance lease obligation | 19 273 000 | - | 19 273 000 | - | (19 273 000) | 40 |
| Employee benefit obligation | 16 070 000 | - | 16 070 000 | 28 183 590 | 12 113 590 | 41 |
| Provisions | 17 206 000 | - | 17 206 000 | 34 835 970 | 17 629 970 | 42 |
| | 52 549 000 | - | 52 549 000 | 63 019 560 | 10 470 560 | |
| Total Liabilities | 131 622 000 | (186 000) | 131 436 000 | 138 224 135 | 6 788 135 | |
| Net Assets | 1 365 813 000 | 11 587 000 | 1 377 400 000 | 1 363 244 432 | (14 155 568) | |
| Net Assets | | | | | | |
| Reserves | | | | | | |
| Revaluation reserve | 150 000 | - | 150 000 | 149 509 | (491) | 43 |
| Accumulated surplus | 1 365 663 000 | 11 587 000 | 1 377 250 000 | 1 363 094 932 | (14 155 068) | 44 |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

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 | | | | | | |
| Total Net Assets | 1 365 813 000 | 11 587 000 | 1 377 400 000 | 1 363 244 441 | (14 155 559) | |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Sale of goods and services | 130 998 000 | 3 436 000 | 134 434 000 | 139 828 213 | 5 394 213 | 45 |
| Government grants and subsidies | 255 801 000 | - | 255 801 000 | 267 333 041 | 11 532 041 | 45 |
| Interest income | 24 127 000 | 3 273 000 | 27 400 000 | 28 869 050 | 1 469 049 | 45 |
| Other Receipts | 12 918 000 | 15 674 000 | 28 592 000 | 4 918 035 | (23 673 965) | 45 |
| | 423 844 000 | 22 383 000 | 446 227 000 | 440 948 339 | (5 278 662) | |
| Payments | | | | | | |
| Employee costs and Suppliers | (333 852 000) | (11 070 000) | (344 922 000) | (325 682 907) | 19 239 093 | 46 |
| Finance costs | (2 940 000) | - | (2 940 000) | (1 750 413) | 1 189 587 | 46 |
| | (336 792 000) | (11 070 000) | (347 862 000) | (327 433 320) | 20 428 680 | |
| Net cash flows from operating activities | 87 052 000 | 11 313 000 | 98 365 000 | 113 515 019 | 15 150 018 | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (89 921 000) | (11 328 000) | (101 249 000) | (98 054 794) | 3 194 206 | 47 |
| Proceeds from sale of property, plant and equipment | - | - | - | 543 682 | 543 682 | |
| Deposit (Security held in advance) movement | - | - | - | (137 040) | (137 040) | |
| Proceeds from cash investments | - | - | - | 16 241 520 | 16 241 520 | |
| Net cash flows from investing activities | (89 921 000) | (11 328 000) | (101 249 000) | (81 406 632) | 19 842 368 | |
| Cash flows from financing activities | | | | | | |
| Finance lease payments | - | - | - | (8 649 743) | (8 649 743) | |
| Net increase/(decrease) in cash and cash equivalents | (2 869 000) | (15 000) | (2 884 000) | 23 458 644 | 26 342 643 | |
| Cash and cash equivalents at the beginning of the year | 237 414 000 | - | 237 414 000 | 359 462 681 | 122 048 681 | 48 |
| Cash and cash equivalents at the end of the year | 234 545 000 | (15 000) | 234 530 000 | 382 921 325 | 148 391 324 | |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

| Figures in Rand | Note(s) | 2025 | 2024 |
|-----------------|---------|------|------|
|-----------------|---------|------|------|

1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 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.

1.2 Significant judgements and sources of estimation uncertainty

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

Receivables

The Municipality assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value at the end of each reporting period. A write down of inventory to the lower of cost or net realisable value is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Municipality is the current bid price.

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

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

Value in use of non-cash generating assets

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Goodwill is tested on an annual basis for impairment.

Provisions

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

Residual values, useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives, residual values and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the municipality. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives..

Post-retirement benefits and other long-term benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement and longterm benefit obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension or other long-term liability. Where there is no market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post retirement and other long-term obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

The municipality uses the government bond rate to discount future cash flows.

Allowance for impairment of financial assets

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

Budget Information

A difference of 10% or more between budget and actual amounts is regarded as material. All material differences are explained in the notes to the annual financial statements.

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Material Losses

Material losses are losses that occur due to factors other than normal production and utilisation and are regarded as material if their omission or misstatement will affect the decisions made by users of the information. The losses disclosed include that of technical losses and non-technical losses related to water. Losses that occur due to normal production and utilisation are classified as production costs and factored into the municipality's tariffs. They, therefore, do not constitute material losses. If actual production and utilisation losses exceed the normal budgeted production and utilisation losses factored into the tariff, this difference is considered material losses

Service Charges

Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognised as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Going Concern

Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on the grants from National and Provincial Government, to conclude that the going concern assumptions used in the compilation of its annual financial statements, is appropriate.

Residual value of property, plant and equipment

Management has determined that none of its infrastructure assets have an active market value, and the value of the amount at the end of their useful lives would therefore be insignificant

Useful lives of property, plant and equipment and investment property held at cost

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management judgements on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Operating lease commitment.

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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1.3 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.

Fair value

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

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gains or losses arising from the retirement or disposal of investment property are the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

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

- Management's intended usage of the property; and
- the extent to which it is owner occupied.

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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.

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1.4 Property, plant and equipment (continued)

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.

Impairment of Property, Plant and Equipment, Intangible Assets and Heritage Asset

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash generating assets.

Impairment of Non-cash-generating Assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Property, plant and equipment is depreciated over the expected useful lives to the estimated residual value. The depreciation charge for each period is recognised in surplus or deficit. Small assets with cost or deemed cost of less than R1,000 will not be subject to perpetual restatement of useful life. Management indicated that due to the nature of these items like chairs and dustbins, once the initial depreciation period has passed it will be deemed to be fully used and any further use to be incidental in nature and that asset values should not be attached to these high risk incidental benefits.

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

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

| Item | Depreciation method | Average useful life |
|-----------|---------------------|---------------------|
| Land | | Indefinite |
| Buildings | Straight-line | 10-30 years |

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1.4 Property, plant and equipment (continued)

| | | |
|-----------------------|---------------|-------------|
| Leased Assets | Straight-line | 3-10 years |
| Plant and machinery | Straight-line | 2-15 years |
| Motor vehicles | Straight-line | 7-15 years |
| Office equipment | Straight-line | 5-15 years |
| IT equipment | Straight-line | 5 -15 years |
| Infrastructure Assets | Straight-line | 2-100 years |
| Community Assets | Straight-line | 5-25 years |

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

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.5 Site restoration and dismantling cost

The Municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a Municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

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Significant Accounting Policies

1.6 Heritage assets

Heritage assets are initially measured at cost.

When 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 to initial measurement after recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at a date of the revaluation less any subsequent impairment losses.

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

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

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.

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

The municipality derecognised heritage assets 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 the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

1.7 Financial instruments

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

Classification

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

| Class | Category |
|---|--|
| Receivables from exchange transactions | Financial asset measured at amortised cost |
| Receivables from non- exchange transactions | Financial asset measured at amortised cost |
| Consumer debtors | Financial asset measured at amortised cost |
| Eskom deposits | Financial asset measured at amortised cost |
| Cash and cash equivalents | Financial asset measured at amortised cost |
| VAT Accruals | Financial asset measured at amortised cost |

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

| Class | Category |
|-------------------------------------|--|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits | Financial liability measured at amortised cost |
| Accruals | Financial liability measured at amortised cost |
| Finance lease obligation | Financial liability measured at amortised cost |

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Significant Accounting Policies

1.7 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

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, a Municipality 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.

Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

The provision for bad debt amount will be an accumulative expression of a percentage of the amount of the debt occurrence at a certain ageing category and an amount that represents an accumulation of individual debt amounts.

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the impairment for the receivables is calculated based on historical collection rate ratios.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in the carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset 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 asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished—i.e., when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 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.

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

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Significant Accounting Policies

1.8 Statutory receivables (continued)

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), whichever is applicable.

Impairment losses

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

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

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

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

In estimating the future cash flows, 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

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1.8 Statutory receivables (continued)

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.

1.9 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the 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.

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1.9 Inventories (continued)

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.

Inventory - unsold property held for sale

Unsold properties that were approved for sale by the Council is held as inventory. The properties previously held as investment property at market value is transferred in terms of GRAP 16 and GRAP 12 at market value as the deemed cost of the individual properties. The market value is then considered to be the deemed cost is then considered as the carrying value of the item from the date transferred to unsold properties held for sale. 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.

1.10 Value-added Tax (VAT)

VAT is accounted for on an accrual basis and payable on the cash basis.

The municipality is registered for VAT on the payments (cash) basis under the VAT Act (section 15(2A)), declaring output tax upon receipt from customers and claiming input tax upon payment to suppliers. However, the annual financial statements are prepared on the accrual basis per GRAP 1 (paragraph .03), recognizing VAT rights and obligations when underlying transactions occur. Input and output VAT accruals arise from contractual exchange transactions and are classified as receivables/payables from exchange transactions. Upon cash settlement, amounts transfer to the VAT control account, reclassified as statutory receivables or payables with SARS, arising from legislation.

Accruals are measured at the transaction amount per the VAT Act. Statutory items in the VAT control are measured net (output less input) as specified in legislation excluding time value. Input/output VAT accruals are presented separately as current assets/liabilities without offsetting, reflecting distinct transactions.

The net VAT control balance is presented as a statutory receivable/payable from exchange transactions if applicable.

Impairment is assessed for statutory items, reducing carrying amounts for expected credit losses (e.g., uncollectible output VAT). The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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1.11 Employee benefits

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:

- 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 services to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected

cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

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

- current service cost;
- interest cost;
- actuarial gains and losses;
- past service cost.

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

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1.11 Employee benefits (continued)

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

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

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

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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1.11 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide other long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method to determine is the present value of the obligations.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

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

- current service cost;
- interest cost;
- actuarial gains and losses, which shall all be recognised immediately.

Termination benefits

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

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

The entity is demonstrably committed to a termination when the municipality 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.

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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Significant Accounting Policies

1.12 Provisions and contingencies (continued)

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

Where the related asset is measured using the cost model::

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit. if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached

the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.13 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus or deficit. Prior

year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made..

1.14 Accounting by principals and agents

Identification

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

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.

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Significant Accounting Policies

1.14 Accounting by principals and agents (continued)

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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 is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the Municipality is an agent.

Recognition

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

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

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

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Significant Accounting Policies

1.15 Revenue from exchange transactions

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.

Unclaimed Deposits

The following procedure will be followed prior to write-off of unclaimed deposits

Should unclaimed monies not be claimed within a period of Three (3) years the monies will be written off from the register to accumulated surplus.

The following process must be followed before any monies are receipted in accumulated surplus:

The register will be advertised in the media in terms of section 21A of the Systems Act, Act 32 of 2000 that it will lie open for public inspection.

Such register must lie open for a period of a month.

The register will be made available for inspection at the main municipal buildings.

The prescribed form must be completed with documentary proof should any monies be claimed by a customer or creditor.

After a 54 month period a report will be submitted to Council on the unclaimed monies to be written off from the register and be transferred to accumulated surplus.

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest and dividends

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

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Significant Accounting Policies

1.15 Revenue from exchange transactions (continued)

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

Interest is recognised, in surplus or deficit, using the effective interest rate method..

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Significant Accounting Policies

1.16 Revenue from non-exchange transactions

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Municipality.

When, as a result of a non-exchange transaction, the Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Property rates

The Municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the Municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

Basic Electricity Levy

Basic electricity charges are levied on all conventional meters based on the customer account category and the type of electrical load (either single-phase or three-phase). These levies are included in the annual tariffs approved by the council .Additionally, a basic vacant levy is charged on all unoccupied residential properties

Basic electricity levies are billed monthly and are not dependent on consumption.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system..

Transfers

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

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

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Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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

Debt forgiveness and assumption of liabilities

The Municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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. The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by receivables.

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised on receipt when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier. When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier..

Gifts and donations, including goods in-kind

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

Services in-kind

Except for financial guarantee contracts, the Municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related 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.

Where services in-kind are not significant to the Municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the Municipality disclose the nature and type of services in-kind received during the reporting period.

Concessionary loans received

A concessionary loan is a loan granted to or received by a property, plant and equipment on terms that are not market related.

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Significant Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

1.17 Investment income

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

1.18 Borrowing costs

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

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

1.19 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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1.19 Leases (continued)

Operating leases - lessee

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

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

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

1.20 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase of sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.21 Comparative figures

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

1.22 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.23 Unauthorised expenditure

Unauthorised expenditure in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA and include:

- a) Overspending of the total amount appropriated in the municipality's approved budget;
- b) Overspending of the total amount appropriated for a vote in the approved budget;
- c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of allocation" otherwise than in accordance with any conditions of the allocation; or
- f) A grant by the municipality otherwise than in accordance with this Act.

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1.23 Unauthorised expenditure (continued)

All expenditure relating to operational unauthorised expenditure is initially recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure relating to capital expenditure is initially recognised as an asset in the statement of financial position in the year the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense or asset, and where council resolves on recovery, it is subsequently accounted for as revenue in the statement of financial performance and debtors in the statement of financial position. When the payment is subsequently received, the payment is receipted against the debtor.

For operational expenditure and capital assets the amounts are recognised excluding VAT.

The unauthorised expenditure note to the financial statements is disclosed excluding VAT..

1.24 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.

1.25 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes..

1.26 Segment information

A segment is an activity of an entity:

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

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

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.

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1.27 Budget information

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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.

1.28 Related parties

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

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.

1.29 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.

Notes to the Annual Financial Statements

| | | |
|-----------------|------|------|
| Figures in Rand | 2025 | 2024 |
|-----------------|------|------|

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The municipality did not adopt any new standards and interpretations in the Current financial year.

2.2 Standards and Interpretations early adopted

The municipality did not early adopt any standards and interpretations:

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2. New standards and interpretations (continued)

2.3 Standards and interpretations issued, but not yet effective

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

| Standard/ Interpretation | Effective date:Years beginning on or after | Expected impact: |
|--|---|--|
| GRAP 1 (amended): Presentation of Financial Statements | 01 April 2009 | Unlikely there will be a material impact |
| GRAP 103 Heritage Assets | 01 April 2009 | Unlikely there will be a material impact |
| GRAP 106 Transfer of Functions Between Entities Not Under Common Control | 01 April 2009 | Unlikely there will be a material impact |
| GRAP 107 Mergers | 01 April 2009 | Unlikely there will be a material impact |
| GRAP 105 Transfer of Functions Between Entities Under Common Control | 01 April 2009 | Unlikely there will be a material impact |

3. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|--------------------|--------------------|
| Bank balances | 152 694 569 | 336 619 387 |
| Short-term deposits | 230 226 756 | 22 843 296 |
| | 382 921 325 | 359 462 683 |

The short term deposit for 2024 and 2025 financial year is inclusive of R13 582 000 which is a guarantee for the Eskom bulk account.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank then placed VBS Mutual bank under curatorship in 2018. The Municipality had a short-term deposit of R 83 658 548. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury only guaranteed retail depositors up to R100 000 per depositor, corporate and Municipalities deposits were not guaranteed. The Municipality then impaired the total investment of R 83 658 548 since there was no future cash flow expected from the VBS Mutual bank. The letter issued by the curator on the 11th March 2018 stated that the bank will cease to accrue further interest as at the date it was placed under curatorship. As such the R83 658 548 has been determined using a straight line method to accrue interest since end of February and 11 March 2018. The municipality did not receive any confirmation from the curator, and it was confirmed that the investment should be fully impaired or written off for the financial year ending 30 June 2020. No additional information was received from the Provincial Government and the curator of the VBS Mutual Bank until during 2022 financial year when part of the investment was recovered amounting to R6 112 400. The recovered amount has led to impairment reversal in the financial year 2021/2022. Financial year 2024/2025 Municipality, recovered again an amount of R16 241 520.00. Management assessed the impairment and concluded that the full balance of the impairment is R61 284 628.00 for the 2024/2025 financial year.

Credit rating

| | | |
|-----|-------------|-------------|
| AAA | 152 694 569 | 336 619 388 |
|-----|-------------|-------------|

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Annual Financial Statements for the year ended 30 June 2025

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3. Cash and cash equivalents (continued)

The Municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|---|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 June 2025 | 30 June 2024 | 30 June 2023 | 30 June 2025 | 30 June 2024 | 30 June 2023 |
| FNB Cheque A/C | 152 648 131 | 332 165 217 | 318 615 064 | 152 694 569 | 336 619 388 | 318 629 848 |
| FNB Call A/C No. 63063720974 | 24 648 180 | 22 843 296 | - | 24 648 180 | 22 843 296 | - |
| FNB Fixed Deposit A/C No. 76208154733 | 51 355 370 | - | - | 51 355 370 | - | - |
| ABSA Fixed Deposit A/C No. 2081917559 | 51 407 178 | - | - | 51 407 178 | - | - |
| Nedbank Fixed Deposit A/C No. 03/7881098821/00003 | 51 391 301 | - | - | 51 391 301 | - | - |
| Standard Bank Fixed Deposit A/C 038826801002 | 51 424 726 | - | - | 51 424 726 | - | - |
| Total | 382 874 886 | 355 008 513 | 318 615 064 | 382 921 324 | 359 462 684 | 318 629 848 |

4. Receivables

Gross balances

| | | |
|---------------------|------------------|------------------|
| Receivables - other | 660 370 | 660 370 |
| Fines | 8 160 741 | 7 734 566 |
| | 8 821 111 | 8 394 936 |

Less: Allowance for impairment

| | | |
|---------------------|--------------------|--------------------|
| Receivables - other | (660 366) | (660 366) |
| Fines | (7 786 506) | (7 296 744) |
| | (8 446 872) | (7 957 110) |

Net balance

| | | |
|-------|---------|---------|
| Fines | 374 235 | 437 822 |
|-------|---------|---------|

Fines

| | | |
|--------------|----------------|----------------|
| 31-60 days | 43 000 | 58 000 |
| 61-90 days | 57 500 | 40 750 |
| 91-120 days | 46 400 | 24 250 |
| 121-365 days | 8 013 841 | 7 611 566 |
| > 365 days | (7 786 506) | (7 296 744) |
| | 374 235 | 437 822 |

Operational Debtors

| | | |
|------------|---------|---------|
| > 365 days | 2025 | 2024 |
| | 660 370 | 660 370 |

Reconciliation of allowance for impairment

| | | |
|----------------------------------|------------------|--------------------|
| Balance at beginning of the year | 7 957 112 | (7 495 666) |
| Contributions to allowance | (489 762) | (461 446) |
| | 7 467 350 | (7 957 112) |

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|---|----------------------|----------------------|
| 5. Receivables from non-exchange transactions | | |
| Unauthorised debit orders | 29 826 | 29 826 |
| Staff Debtors | 399 979 | 399 979 |
| Government grants and subsidies | - | 3 221 959 |
| Fines | 374 235 | 437 822 |
| | 804 040 | 4 089 586 |
| Receivables from non-exchange transactions pledged as security | | |
| None of the receivables were pledged as security. | | |
| Statutory receivables included in receivables from non-exchange transactions above are as follows: | | |
| Traffic fines | 374 235 | 437 822 |
| 6. Consumer debtors | | |
| Gross balances | | |
| Basic Electricity - Non - Exchange Electricity | 13 042 185 | 10 831 533 |
| Electricity | 6 647 433 | 5 513 976 |
| Interest from exchange debtors | 4 545 288 | 4 494 064 |
| Interest from non-exchange debtors | 54 649 038 | 45 048 689 |
| Rates | 118 718 526 | 105 888 298 |
| Refuse | 12 894 892 | 11 057 714 |
| VAT and sundry | 6 598 263 | 4 203 147 |
| | 217 095 625 | 187 037 421 |
| Less: Allowance for impairment | | |
| Basic Electricity - Non - Exchange Electricity | (6 968 275) | (5 877 234) |
| Electricity | (425 901) | (361 705) |
| Interest from exchange debtors | (1 827 053) | (2 994 689) |
| Interest from non-exchange debtors | (30 614 008) | (24 635 655) |
| Rates | (69 348 442) | (57 575 310) |
| Refuse | (8 627 895) | (7 455 622) |
| VAT and sundry | (3 015 989) | (1 988 684) |
| | (120 827 563) | (100 888 899) |
| Net balance | | |
| Basic Electricity - Non - Exchange Electricity | 6 073 910 | 4 954 299 |
| Electricity | 6 221 532 | 5 152 271 |
| Interest from exchange debtors | 2 718 235 | 1 499 375 |
| Interest from non-exchange debtors | 24 035 030 | 20 413 034 |
| Rates | 49 370 084 | 48 312 988 |
| Refuse | 4 266 997 | 3 602 092 |
| VAT and sundry | 3 582 274 | 2 214 463 |
| | 96 268 062 | 86 148 522 |

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| 6. Consumer debtors (continued) | | |
| Included in above is receivables from exchange transactions | | |
| Electricity | 6 221 534 | 5 152 271 |
| Refuse | 4 266 998 | 3 602 092 |
| VAT and sundry | 3 582 248 | 2 214 463 |
| Interest | 2 717 784 | 1 499 375 |
| | 16 788 564 | 12 468 201 |
| Included in above is receivables from non-exchange transactions | | |
| Rates | 49 370 085 | 48 312 988 |
| Basic electricity - non exchange | 6 073 909 | 4 954 300 |
| Interest | 24 035 030 | 20 413 035 |
| | 79 479 024 | 73 680 323 |
| Net balance | 96 267 588 | 86 148 524 |
| Rates | | |
| Current (0-30 days) | 5 611 859 | 6 514 610 |
| 31-60 days | 1 862 742 | 1 926 983 |
| 61-90 days | 1 842 302 | 1 746 980 |
| 91-365 days | 109 401 624 | 95 699 725 |
| Impairment | (69 348 442) | (57 575 310) |
| | 49 370 085 | 48 312 988 |
| Electricity | | |
| Current (0-30 days) | 5 590 715 | 4 623 683 |
| 31-60 days | 156 601 | 134 920 |
| 61-90 days | 113 329 | 59 518 |
| 91-365 days | 786 789 | 695 855 |
| Impairment | (425 900) | (361 705) |
| | 6 221 534 | 5 152 271 |
| Interest from exchange debtors | | |
| Current (0 -30 days) | 4 202 | 161 875 |
| 31 - 60 days | - | 126 475 |
| 61 - 90 days | - | 122 089 |
| 121 - 365 days | 4 540 634 | 4 083 624 |
| Impairment | (1 827 052) | (2 994 688) |
| | 2 717 784 | 1 499 375 |
| Interest from non-exchange debtors | | |
| Current (0 -30 days) | 2 152 576 | 1 745 982 |
| 31 - 60 days | 1 039 629 | 961 292 |
| 61 - 90 days | 1 028 940 | 927 781 |
| 121 - 365 days | 50 427 893 | 41 413 635 |
| Impairment | (30 542 848) | (24 635 655) |
| | 24 106 190 | 20 413 035 |

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| Figures in Rand | 2025 | 2024 |
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| 6. Consumer debtors (continued) | | |
| Refuse | | |
| Current (0 -30 days) | 669 539 | 484 174 |
| 31 - 60 days | 187 415 | 183 117 |
| 61 - 90 days | 177 031 | 159 535 |
| 91 - 365 days | 11 860 907 | 10 230 887 |
| Impairment | (8 627 895) | (7 455 622) |
| | 4 266 997 | 3 602 091 |
| Basic Electricity - non exchange | | |
| Current (0-30 days) | 1 410 876 | 1 089 006 |
| 31-60 days | 302 278 | 257 619 |
| 61-90 days | 278 482 | 222 421 |
| 91-365 days | 11 050 549 | 9 262 487 |
| Impairment | (6 968 275) | (5 877 234) |
| | 6 073 910 | 4 954 299 |
| Other | | |
| Current (0 -30 days) | 1 561 797 | 930 409 |
| 31 - 60 days | 239 383 | 96 752 |
| 61 - 90 days | 232 852 | 66 511 |
| 91 - 365 days | 4 564 232 | 3 109 475 |
| Impairment | (3 015 989) | (1 988 684) |
| | 3 582 275 | 2 214 463 |

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| Figures in Rand | 2025 | 2024 |
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| 6. Consumer debtors (continued) | | |
| Summary of debtors by customer classification | | |
| Consumers | | |
| Current (0-30 days) | 4 191 722 | 3 107 916 |
| 31-60 days | 1 204 907 | 1 127 838 |
| 61-90 days | 1 165 579 | 985 922 |
| 91-365 days | 71 925 489 | 61 366 940 |
| | <hr/> | <hr/> |
| | 78 487 697 | 66 588 616 |
| Less: Allowance for impairment | (44 048 383) | (36 815 014) |
| | <hr/> | <hr/> |
| | 34 439 314 | 29 773 602 |
| Industrial/commercial | | |
| Current (0-30 days) | 12 729 915 | 12 370 307 |
| 31-60 days | 2 556 768 | 2 522 013 |
| 61-90 days | 2 487 180 | 2 299 164 |
| 91-365 days | 119 727 923 | 102 279 307 |
| | <hr/> | <hr/> |
| | 137 501 786 | 119 470 791 |
| Less: Allowance for impairment | (76 163 000) | (63 568 435) |
| | <hr/> | <hr/> |
| | 61 338 786 | 55 902 356 |
| National and Grovincial Government | | |
| Current (0-30 days) | 79 928 | 71 516 |
| 31-60 days | 26 372 | 37 307 |
| 61-90 days | 20 176 | 19 750 |
| 91-365 days | 979 216 | 849 441 |
| | <hr/> | <hr/> |
| | 1 105 692 | 978 014 |
| Less: Allowance for impairment | (616 179) | (505 447) |
| | <hr/> | <hr/> |
| | 489 513 | 472 567 |
| Total | | |
| Current (0-30 days) | 17 001 565 | 15 549 738 |
| 31-60 days | 3 788 047 | 3 687 158 |
| 61-90 days | 3 672 935 | 3 304 836 |
| 91-365 days | 192 632 627 | 164 495 688 |
| | <hr/> | <hr/> |
| | 217 095 174 | 187 037 420 |
| Less: Allowance for impairment | (120 827 561) | (100 888 896) |
| | <hr/> | <hr/> |
| | 96 267 613 | 86 148 524 |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | (100 888 897) | (106 901 878) |
| Contributions to allowance | (19 938 665) | 6 012 982 |
| | <hr/> | <hr/> |
| | (120 827 562) | (100 888 896) |
| Type of exchange | | |
| Consumer debtors from exchange transaction | 16 789 038 | 12 468 201 |
| Consumer debtors from non - exchange transaction | 79 479 024 | 73 680 321 |
| | <hr/> | <hr/> |
| | 96 268 062 | 86 148 522 |

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

6. Consumer debtors (continued)

Statutory Receivables - Rates

Property rates is tax levied in terms of Local Government Property Rates Act, Act No. 6 of 2004. The Act empowers the municipality to adopt by-laws to give effect to the implementation of its rates policy i.e., levying of property rates on all rateable property in its area (except as provided otherwise within law).

The municipality recognise statutory receivables using GRAP 108 at their transaction amount per approved tariffs through billing.

The municipality measure 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:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) any amounts derecognised

The municipality derecognise a statutory receivable, or a part thereof, when the rights to the cash flows from the receivable are settled, expire or are waived.

Consumer debtors additional information

Consumer debtors accounts are required to be settled after 30 days, interest is charged after this date at a rate of prime plus 2%. The fair value of trade and other receivables approximates their carrying amounts.

7. Eskom Deposits

| | | |
|---------------|-----------|-----------|
| Eskom Deposit | 2025 | 2024 |
| | 2 316 253 | 1 861 591 |

A security deposit is held by Eskom who is the bulk electricity supplier to the municipality. Eskom pays interest annually on the security deposit held.

An amount of R11 493 554 previously held by Eskom as security deposit has been expensed in the 2023/2024 financial year for the purpose of electricity upgrades.

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Notes to the Annual Financial Statements

| Figures in Rand | 2025 | 2024 |
|--|------------------|------------------|
| 8. Receivables from exchange transactions | | |
| Receivables | | |
| Input VAT Accrual | 1 381 154 | 888 074 |
| VAT receivable from SARS (Cash basis) | 4 816 447 | 3 194 240 |
| Interest Accrued on Investment i | 1 944 486 | - |
| | 8 142 087 | 4 082 314 |

VAT receivable

Input VAT accruals represent the municipality's right to claim VAT on purchases of goods and services from suppliers, recognized on an accrual basis in the financial statements in accordance with GRAP 1 (paragraph .03), even though the municipality is registered on the payments (cash) basis for VAT purposes under the VAT Act (section 15(2A)). These accruals arise from contractual arrangements with suppliers and are initially classified as receivables from exchange transactions under GRAP 104 (paragraph .11), as they stem from enforceable contractual rights to recover VAT once payment is made. VAT accrual is not netted off with output VAT.

Cash basis input VAT refers to the deductible input tax claimed from SARS upon actual payment to suppliers, as permitted for municipalities under the VAT Act (section 15(2A); SARS VAT 419 Guide, Chapter 2.1). In the financial statements, this is recognized on transfer from the input VAT accrual account to the VAT control account, reclassified as a statutory receivable under GRAP 108 (paragraph .01), arising directly from legislation requiring SARS to refund the amount in cash.

Cash basis input VAT is included in the net VAT receivable from SARS, presented above.

Statutory Receivables - VAT

VAT receivable Cash basis is a statutory receivable per GRAP 108.

In terms of the VAT Act, 1991 (Act No. 89 of 1991) and its amendments, municipalities must be VAT registered and must declare Output tax on the taxable supply of goods and services and claim Input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

That VAT balance accumulates every time the municipality transact in taxable supplies.

Statutory receivable (VAT) is written off only when SARS reduces an assessment, and the municipality objection is denied by SARS. There are no VAT balances that are past due as at year end.

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

Balance of Statutory receivables at year end:

| | | |
|---------------------------------------|-----------|-----------|
| VAT receivable from SARS (Cash basis) | 4 816 447 | 3 194 243 |
|---------------------------------------|-----------|-----------|

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| | | |
|-----------------|------|------|
| Figures in Rand | 2025 | 2024 |
|-----------------|------|------|

9. Inventories

| | | |
|-----------------------------------|-------------------|-------------------|
| Consumables | 1 478 678 | 764 142 |
| Unsold Properties Held for Resale | 34 859 500 | 35 930 000 |
| | 36 338 178 | 36 694 142 |

Inventory classification - Consumables, are held in stock for use in the municipality's day to day operations. This is then drawn from the account on a needs basis. Unsold Properties - Held for Resale are unsold stands which are held in inventory as the Council resolved to sell the stands in Extension 6.

Valuation of Inventory

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

Subsequently inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and current replacement cost where they are held for; distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Municipality inventory is not pledged as security for any Liabilities.

Inventory movement for the year - consumables

| | 2025 | 2024 |
|------------------------|------------------|----------------|
| Opening balance | 764 142 | 774 040 |
| Issues | (1 885 541) | (3 320 807) |
| Returns | - | 14 700 |
| Purchases | 2 600 077 | 3 296 209 |
| Closing Balance | 1 478 678 | 764 142 |

Inventory movement for the year - Unsold properties held for sale:

| | 2025 | 2024 |
|------------------------|-------------------|-------------------|
| Opening Balance | 35 930 000 | 35 930 000 |
| Sales During the year | (362 157) | - |
| Profit/(Loss) on Sales | (708 343) | - |
| Closing Balance | 34 859 500 | 35 930 000 |

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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10. Investment property

| | 2025 | | | 2024 | | |
|---------------------|---------------------|---|----------------|---------------------|---|----------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Investment property | 81 228 561 | - | 81 228 561 | 79 101 561 | - | 79 101 561 |

Reconciliation of investment property - 2025

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 79 101 561 | 2 127 000 | 81 228 561 |

Reconciliation of investment property - 2024

| | Opening balance | Fair value adjustments | Total |
|---------------------|--------------------|---------------------------|------------|
| Investment property | 77 016 561 | 2 085 000 | 79 101 561 |

Pledged as security

None of the investment property has been pledged as security.

There are no restrictions on the realisability of investment property or the remittance of the revenue and proceeds of disposal. The municipality does not have any contractual obligation to purchase, construct or develop investment property or for repair, maintenance or enhancement as at the end of the period under review. 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.

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

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10. Investment property (continued)

Details of valuation

The effective date of the revaluations was 30 June 2025. Valuations were performed by an independent valuer, Montani Property Valuers, as registered professional valuer's, that are not connected to the municipality and have recent experience in location and category of the investment property being valued. Montani Property Valuers is registered as - Authorised Property valuers as per Section 22 of the Property valuer's Profession Act 2000 (No 47 of 2000) Registered with the SA Council for the Property Valuation Profession (SACPVP)

The valuation was prepared in accordance with the Guidance Notes of the Appraisal and Valuation Standards manual of the Royal Institution of Chartered Surveyors (RICS) - Global Standards, and in conformity with the Guidance Notes of the International Valuation Standards Council (IVSC) adapted for South African Law and Regulations.

The basis of our valuation is 'Market Value', and this is defined by the RICS, SAIV and IVSC as:

'The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'

Amounts recognised in surplus and deficit for the year.

| | | |
|---|--------|--------|
| Rental revenue from investment property | 65 875 | 67 643 |
|---|--------|--------|

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Annual Financial Statements for the year ended 30 June 2025

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11. Property, plant and equipment

| | 2025 | | | 2024 | | |
|-------------------------|----------------------|---|--------------------|----------------------|---|--------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 5 975 219 | - | 5 975 219 | 5 975 219 | - | 5 975 219 |
| Buildings | 42 142 289 | (19 941 730) | 22 200 559 | 39 145 507 | (18 498 318) | 20 647 189 |
| Plant and machinery | 57 518 553 | (31 588 894) | 25 929 659 | 44 451 284 | (30 375 415) | 14 075 869 |
| Motor vehicles | 8 089 541 | (6 064 330) | 2 025 211 | 7 588 578 | (5 919 001) | 1 669 577 |
| Office equipment | 8 081 518 | (5 837 950) | 2 243 568 | 7 523 951 | (5 627 306) | 1 896 645 |
| IT equipment | 11 951 631 | (3 492 893) | 8 458 738 | 5 925 558 | (2 956 084) | 2 969 474 |
| Infrastructure | 1 318 126 950 | (627 412 417) | 690 714 533 | 1 272 261 221 | (582 724 090) | 689 537 131 |
| Community | 71 797 700 | (15 114 114) | 56 683 586 | 74 558 021 | (12 938 478) | 61 619 543 |
| Work in -Progress (WIP) | 56 711 819 | - | 56 711 819 | 43 077 725 | - | 43 077 725 |
| Leased Assets | 25 814 273 | (5 370 609) | 20 443 664 | 25 814 273 | (2 791 303) | 23 022 970 |
| Landfill | 10 252 385 | (8 402 384) | 1 850 001 | 19 468 514 | (8 402 384) | 11 066 130 |
| Total | 1 616 461 878 | (723 225 321) | 893 236 557 | 1 545 789 851 | (670 232 379) | 875 557 472 |

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

| | Opening balance | Additions | Disposals | Transfers | Derecognition | Changes in Landfill site Valuation | Write offs | Depreciation | Impairment loss | Impairment reversal | Total |
|------------------------|--------------------|-------------------|------------------|--------------|--------------------|--|------------------|---------------------|--------------------|------------------------|--------------------|
| Land | 5 975 219 | - | - | - | - | - | - | - | - | - | 5 975 219 |
| Buildings | 20 647 189 | 2 996 782 | - | - | - | - | - | (1 443 412) | - | - | 22 200 559 |
| Plant and machinery | 14 075 869 | 15 007 383 | - | - | - | - | (256 558) | (2 897 035) | - | - | 25 929 659 |
| Motor vehicles | 1 669 577 | 1 281 258 | (597 877) | - | - | - | - | (327 747) | - | - | 2 025 211 |
| Office equipment | 1 896 645 | 762 000 | - | - | - | - | (39 333) | (375 744) | - | - | 2 243 568 |
| IT equipment | 2 969 474 | 6 305 960 | - | - | - | - | (42 772) | (773 924) | - | - | 8 458 738 |
| Infrastructure | 689 537 131 | 6 495 252 | - | 45 495 927 | (2 261 690) | - | - | (48 825 939) | (462 062) | 735 914 | 690 714 533 |
| Community | 61 619 543 | - | - | 6 076 139 | (7 688 616) | - | - | (3 323 480) | - | - | 56 683 586 |
| Work-in-Progress (WIP) | 43 077 725 | 65 206 159 | - | (51 572 065) | - | - | - | - | - | - | 56 711 819 |
| Leased Assets | 23 022 970 | - | - | - | - | - | - | (2 579 306) | - | - | 20 443 664 |
| Landfill | 11 066 130 | - | - | - | - | (9 216 129) | - | - | - | - | 1 850 001 |
| | 875 557 472 | 98 054 794 | (597 877) | 1 | (9 950 306) | (9 216 129) | (338 663) | (60 546 587) | (462 062) | 735 914 | 893 236 557 |

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Disposals | Transfers | Derecognition | Changes in Landfill site Valuation | Write offs | Depreciation | Impairment loss | Impairment reversal | Total |
|------------------------|--------------------|-------------------|------------------|--------------|--------------------|--|-----------------|---------------------|--------------------|------------------------|--------------------|
| Land | 5 975 219 | - | - | - | - | - | - | - | - | - | 5 975 219 |
| Buildings | 21 786 657 | 155 500 | - | - | - | - | - | (1 294 968) | - | - | 20 647 189 |
| Plant and machinery | 14 115 085 | 2 871 586 | - | - | - | - | (31 841) | (2 878 961) | - | - | 14 075 869 |
| Motor vehicles | 2 868 866 | - | (581 068) | - | - | - | - | (618 221) | - | - | 1 669 577 |
| Office equipment | 2 314 007 | 83 083 | - | - | - | - | (10 951) | (489 494) | - | - | 1 896 645 |
| IT equipment | 1 338 887 | 2 199 805 | - | - | - | - | (30 620) | (538 598) | - | - | 2 969 474 |
| Infrastructure | 690 902 816 | 784 900 | - | 50 701 063 | (1 079 778) | - | - | (49 921 044) | (4 298 846) | 2 448 019 | 689 537 131 |
| Community | 62 258 411 | 2 041 580 | - | - | - | - | - | (2 403 149) | (277 299) | - | 61 619 543 |
| Work-in-Progress (WIP) | 42 447 387 | 51 331 401 | - | (50 701 063) | - | - | - | - | - | - | 43 077 725 |
| Leased Assets | 25 609 344 | - | - | - | - | - | - | (2 586 374) | - | - | 23 022 970 |
| Landfill | 786 427 | - | - | - | - | 11 814 323 | - | (1 534 620) | - | - | 11 066 130 |
| | 870 403 106 | 59 467 855 | (581 068) | - | (1 079 778) | 11 814 323 | (73 412) | (62 265 429) | (4 576 145) | 2 448 019 | 875 557 472 |

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11. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed taking longer to complete

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete:

| Project Name | Commence Date | Reason for taking longer | 2025 | 2024 |
|----------------------------|---------------|---|-----------|-----------|
| Tshikanoshi Sports Complex | 2021/06/30 | The project has experienced delays in completion due to budgetary constraints. Expenditure incurred to date primarily relates to design costs. As these costs are not subject to deterioration, management has assessed that no indicators of impairment exist at year-end | 5 013 938 | 5 013 938 |
| Driefontein Internal Road | 2022/06/30 | Although the project experienced delays due to budgetary constraints, implementation commenced during the 2024/25 financial year. The project is expected to commence in the 2025/26 financial year. Management has assessed that no impairment indicators are present. | 4 439 412 | 1 895 570 |
| Mathukuthela Internal Road | 2022/06/30 | The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end | 2 119 113 | 2 119 113 |

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| 11. Property, plant and equipment (continued) | | | |
| Matlala Ramoshebo Internal Route | 2022/06/30 | 26 473 433 | 2 073 108 |
| | | | |
| Matlerekeng Internal Bus Route | 2022/06/30 | 2 110 652 | 2 110 652 |
| | | | |
| Moeding Unternal Street | 2022/06/30 | 1 918 568 | 1 918 568 |
| | | | |
| Mokwaneng Internal Road | 2022/06/30 | 1 579 523 | 1 579 523 |

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| 11. Property, plant and equipment (continued) | | | | |
| Parks Development Landscaping | 2022/06/30 | The project has been delayed due to budgetary constraints. However, budget allocations have been approved to enable commencement and completion of the project within the next three financial years. Accordingly, management has assessed that no indicators of impairment exist at year-end | 1 776 818 | 1 776 818 |
| | | | 45 431 457 | 18 487 290 |

No portion of Property, Plant and Equipment has been pledged as security for Liabilities, other than obligation under finance leases.

| | | |
|--|---------|--------|
| Amounts received from insurance proceeds Terms and conditions | 583 947 | 37 500 |
|--|---------|--------|

Reconciliation of Work-in-Progress 2025

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|-----------------------------------|------------------------------|-------------------|
| Opening balance | 31 489 336 | 11 588 387 | 43 077 723 |
| Additions/capital expenditure | 57 460 232 | 7 746 213 | 65 206 445 |
| Transferred to completed items | (45 497 611) | (6 076 139) | (51 573 750) |
| | 43 451 957 | 13 258 461 | 56 710 418 |

Reconciliation of Work-in-Progress 2024

| | Included within Infrastructure | Included within Community | Total |
|--------------------------------|-----------------------------------|------------------------------|-------------------|
| Opening balance | 36 886 387 | 5 561 000 | 42 447 387 |
| Additions/capital expenditure | 45 304 014 | 6 027 387 | 51 331 401 |
| Transferred to completed items | (50 701 065) | - | (50 701 065) |
| | 31 489 336 | 11 588 387 | 43 077 723 |

Expenditure incurred to repair and maintain property, plant and equipment

| | | |
|---------------------|-------------------|-------------------|
| Buildings | 3 644 310 | 1 384 535 |
| Plant and machinery | 293 784 | 370 866 |
| Motor vehicles | 5 716 470 | 3 990 549 |
| IT equipment | 99 874 | 41 058 |
| Infrastructure | 7 439 696 | 13 322 651 |
| Community | - | 82 389 |
| | 17 194 134 | 19 192 048 |

During the year no instances of delayed maintenance was identified that would have an effect on the lifespan or capacity of any asset. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality

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12. Heritage assets

| | 2025 | | | 2024 | | |
|----------------|------------------|-------------------------------|----------------|------------------|-------------------------------|----------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Sculptures | 122 180 | - | 122 180 | 100 240 | - | 100 240 |
| Artefacts | 500 | - | 500 | 500 | - | 500 |
| Mayoral chains | 90 820 | - | 90 820 | 90 420 | - | 90 420 |
| Total | 213 500 | - | 213 500 | 191 160 | - | 191 160 |

Reconciliation of heritage assets 2025

| | Opening balance | Revaluation increase/(decrease) | Total |
|----------------|-----------------|---------------------------------|----------------|
| Sculptures | 100 240 | 18 370 | 122 180 |
| Artefacts | 500 | - | 500 |
| Mayoral chains | 90 420 | 3 970 | 90 820 |
| | 191 160 | 22 340 | 213 500 |

Reconciliation of heritage assets 2024

| | Opening balance | Revaluation increase/(decrease) | Total |
|----------------|-----------------|---------------------------------|----------------|
| Sculptures | 83 080 | 17 160 | 100 240 |
| Artefacts | 500 | - | 500 |
| Mayoral chains | 86 850 | 3 570 | 90 420 |
| | 170 430 | 20 730 | 191 160 |

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12. Heritage assets (continued)

Pledged as security

None of the Heritage assets of the municipality was pledged as security.

Revaluations

Mayoral chains & sculptures

Heritage assets held by the municipality have an unlimited lifespan. The materials utilised in the manufacturing process are the true value of these items and the municipality valued these materials on the following basis.

The mayoral chains were valued by independent valuers, Messer's Benjamin Jewellers of Groblersdal, the effective date being 30 June 2025. The valuations were performed utilising standards set by the Jewellery Council of South Africa of which the company is a member of.

The sculptures (memorial stones) were valued by the independent valuers, Messer's van Wyk Tombstones of Marblehall on a replacement cost value. The effective date of valuation being 30 June 2025. These items were valued utilising cost effective methods as they are relatively low value items and management deemed these valuations fair and reasonable for the items disclosed.

13. Other financial assets

Residual interest at cost

VBS Investment

61 304 628 77 546 148

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank then placed VBS Mutual bank under curatorship in 2018. The Municipality had a short-term deposit of R 83 658 548. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury only guaranteed retail depositors up to R100 000 per depositor, corporate and Municipalities deposits were not guaranteed. The Municipality then impaired the total investment of R 83 658 548 since there was no future cash flow expected from the VBS Mutual bank. The letter issued by the curator on the 11th March 2018 stated that the bank will cease to accrue further interest as at the date it was placed under curatorship. As such the R83 658 548 has been determined using a straight line method to accrue interest since end of February and 11 March 2018. The municipality did not receive any confirmation from the curator, and it was confirmed that the investment should be fully Impaired or written off for the financial year ending 30 June 2020. No additional information was received from the Provincial Government and the curator of the VBS Mutual Bank until during 2022 financial year when part of the investment was recovered amounting to R6 112 400. The recovered amount has led to impairment reversal in the financial year 2021/2022. Financial year 2024/2025, Municipality recovered again an amount of R16 241 520.00. Management assessed the impairment and concluded that the full balance of the impairment is R61 304 628 for the 2024/2025 financial year.

Impairments

| | |
|--------------|--------------|
| 61 304 628 | 77 546 148 |
| (61 304 628) | (77 546 148) |
| - | - |

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| 14. Payables from exchange transactions | | |
| Trade payables | 16 865 433 | 16 854 369 |
| Output VAT Accrual | 5 293 952 | 3 828 098 |
| Output VAT Accrual allowance for impairment | (2 202 644) | (1 851 118) |
| Accrued leave | 16 997 825 | 14 762 822 |
| Accrued 13th cheque | 2 300 485 | 2 234 056 |
| Retentions | 14 666 468 | 18 097 455 |
| Credit balances on receivables | 6 495 428 | 4 731 760 |
| Accrued salaries | 470 267 | 367 834 |
| Other creditors - Library and Town Hall deposits | 250 724 | 238 655 |
| Unallocated deposit account | 2 185 514 | 1 814 816 |
| License and Motor vehicle agency function | 105 237 | 37 239 |
| | 63 428 689 | 61 115 986 |

Output VAT Accrual

| | | |
|---|------------------|------------------|
| Output VAT Accrual | 5 293 952 | 3 828 098 |
| Output VAT Accrual allowance for impairment | (2 202 644) | (1 851 118) |
| | 3 091 308 | 1 976 980 |

Output VAT accruals represent the municipality's obligation to remit VAT collected on taxable supplies to customers, recognized on an accrual basis in the financial statements per GRAP 1 (paragraph .03), despite the payments basis registration under the VAT Act (section 15(2A)). These accruals arise from contractual sales arrangements and are classified as payables from exchange transactions under GRAP 104 (paragraph .11), reflecting the obligation to collect and hold VAT until customer payment.

Offsetting against input VAT accruals is not permitted, as they lack a direct settlement mechanism (GRAP 1, paragraph .40). The Output VAT accrual impairment include impairments on related receivable

Net VAT Payable accrual

The net VAT accrual payable represents the municipality's potential net position with the South African Revenue Service (SARS), calculated as the difference between input VAT accruals (potential claims on purchases) and output VAT accruals (potential obligations on supplies), prior to cash settlements. This disclosure provides users with insight into the estimated refund or payable to SARS if all underlying transactions were settled in cash, reflecting the economic substance of accrued VAT positions under the accrual basis of accounting. However, actual claims or payments to SARS occur only upon cash movements, as the municipality is registered on the payments basis.

The net position does not represent an immediate statutory payable or receivable but illustrates liquidity implications and future cash flows related to VAT. Components are presented separately in the statement of financial position (input as current asset, output as current liability), with this note reconciling to the potential net for enhanced transparency.

Net VAT Accrual Payable (potential net obligation from SARS)

| | 2025 | 2024 |
|--|------------|------------|
| - | | |
| Output VAT Accrual (potential obligations) | -5 293 952 | -3 828 098 |
| Input VAT Accrual (potential claim) | 1 381 154 | 888 075 |
| Input VAT Accrual allowance for impairm | 2 202 644 | 1 851 118 |
| - | -1 710 154 | -1 088 905 |

15. Consumer deposits

| | | |
|-------------|-----------|-----------|
| Electricity | 1 276 313 | 1 293 811 |
|-------------|-----------|-----------|

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15. Consumer deposits (continued)

On application for the provision of municipal services the prescribed consumer deposit shall be paid. The minimum deposit payable is determined annually by the council and is contained in the tariff book produced annually.

16. Unspent conditional grants and receipts

See note 24 for reconciliation of grants from National/Provincial Government.

17. Provisions

Reconciliation of provisions - 2025

| | Opening Balance | Changes in landfill site valuation | (Gain)/Loss on landfill site valuation | Change in discount factor | Total |
|------------------------------|-----------------|------------------------------------|--|---------------------------|------------|
| Environmental rehabilitation | 44 324 330 | (9 216 129) | (4 780 194) | 4 507 963 | 34 835 970 |

Reconciliation of provisions - 2024

| | Opening Balance | Interest Charge Annual | Change in discount factor | Total |
|------------------------------|-----------------|------------------------|---------------------------|-------------------|
| Environmental rehabilitation | 29 177 473 | 3 332 534 | 11 814 323 | 44 324 330 |
| Non-current liabilities | | | 34 835 970 | 41 346 666 |
| Current liabilities | | | - | 2 977 664 |
| | | | 34 835 970 | 44 324 330 |

Environmental rehabilitation provision

The environment rehabilitation provision relates to the decommissioning and rehabilitation of the landfill site situated on part of portion 476 of the Farm Loskop-Noord.

The 2025 valuations were performed by One Pangaea Expertise and Solutions.

Key Financial assumptions

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire duration applicable in the future. The consumer price inflation was obtained from the differential between the averages of the Nominal Bond and the Real Bond (Zero Yield Curves). The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2025.

Discount rate:

GRAP 19 states that where the effect of the time value of money is material, the amount of the provision shall be the present value of the expenditures expected to be required to settle the obligation. In view of the long operational life of landfills, the time value of money is considered material. GRAP 19 prescribes that the discount rate shall be the pre-tax rate that reflects current market assessments of the time value of money, and the risks specific to the liability. Normally corporate bond rates are used to determine the discount rate. In line with GRAP 25 Defined benefit plans, government bond rates may also be used to determine the discount rate.

The liability for this purpose is in most cases determined for a government entity (municipality). Therefore, government bond rates are considered a more appropriate indicator of the risk associated with the entity than corporate bond rates to determine the discount rate. The government bond rate most consistent with the estimated term of the liability should be used. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used.

The rate most consistent with the remaining life of the landfill published at the end of the quarter that includes the financial year-end date was used. For this landfill the rate associated with the maximum period of 3 years was used, i.e.5% above CPI.

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18. Employee benefit obligations

Defined benefit plans

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

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

The effective date of the Actuarial valuations was Monday, 30 June 2025. Valuations were performed by an independent Actuary, One Pangaea Expertise and Solutions, as registered valuers, affiliated with Actuarial Society of South Africa and are not connected to the Municipality.

Long service awards

According to the rules of the long service awards scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to cash allowances calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

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

Carrying value

| | | |
|--|---------------------|---------------------|
| Present value of the defined benefit obligation – wholly unfunded (Post retirement medical aid plan) | (24 088 699) | (21 102 055) |
| Present value of the defined benefit obligation – partly or wholly funded (Long service award) | (5 641 771) | (5 094 839) |
| | (29 730 470) | (26 196 894) |
| Non-current liabilities | (28 183 590) | (25 196 946) |
| Current liabilities | (1 546 882) | (999 950) |
| | (29 730 472) | (26 196 896) |

Net expense of the defined benefit obligation (medical aid) recognised in the statement of financial performance

| | | |
|--|------------------|------------------|
| Current service cost | 1 054 002 | 742 838 |
| Interest cost | 2 764 612 | 2 076 553 |
| Actuarial (gains)/losses | (364 558) | 3 703 894 |
| Medical Aid Subsidies paid to pensioners | (467 412) | (312 802) |
| | 2 986 644 | 6 210 483 |

Changes in the present value of the long service award obligation are as follows:

| | | |
|--|------------------|------------------|
| Opening balance | 5 094 839 | 4 546 958 |
| Contributions by employer-(Benefits paid) | (532 538) | (557 030) |
| Net Expense -Contributions and Value adjustments | 1 079 470 | 1 104 911 |
| | 5 641 771 | 5 094 839 |

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| 18. Employee benefit obligations (continued) | | |
| Net expense of the long service award recognised in the statement of financial performance | | |
| Current service cost | 426 549 | 397 429 |
| Actuarial (gains)/losses | 150 769 | 245 182 |
| Expected return – Interest | 502 152 | 462 300 |
| Contributions by employer | (532 538) | (557 030) |
| | 546 932 | 547 881 |

Key assumptions used

Assumptions used at the reporting date:

| | | |
|---|---------|---------|
| Discount rate used - Post employment continued medical aid benefits | 12.14 % | 13.25 % |
| Discount rates used - Long service leave provision benefits | 9.07 % | 10.40 % |
| Normal Salary rate increase | 4.49 % | 5.85 % |
| Medical cost trend rates | 7.58 % | 8.68 % |
| General earnings inflation rate (long-term) | 3.49 % | 4.85 % |

Other assumptions

Healthcare cost trends

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:

| 2025 | One percentage point increase | One percentage point decrease |
|--|--|--|
| Effect on the aggregate of the service cost and interest cost – medical aid benefit | 4 461 822 | 3 294 963 |
| Effect on the aggregate of the service cost and interest cost – long service leave benefit | 990 382 | 872 520 |
| Effect on the aggregate of the service cost and interest cost-medical aid-discount rate | 3 513 057 | 4 184 485 |
| Effect on the aggregate of the service cost and interest cost-long service leave benefit discount rate | 920 879 | 937 125 |
| 2024 | One percentage point increase | One percentage point decrease |
| Effect on the aggregate of the service cost and interest cost – medical aid benefit | 3 241 312 | 2 445 982 |
| Effect on the aggregate of the service cost and interest cost – long service leave benefit | 920 698 | 804 365 |
| Effect on the aggregate of the service cost and interest cost-medical aid-discount rate | 2 621 792 | 3 052 795 |
| Effect on the aggregate of the service cost and interest cost-long service leave benefit discount rate | 847 982 | 872 401 |

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

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Defined benefit obligation(Medical Aid Benefit) | 24 088 699 | 21 102 055 | 14 891 573 | 20 666 261 | 18 130 832 |
| Long Service Award (obligation) | 5 641 771 | 5 094 839 | 4 546 958 | 5 051 798 | 4 617 046 |
| | 29 730 470 | 26 196 894 | 19 438 531 | 25 718 059 | 22 747 878 |

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18. Employee benefit obligations (continued)

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

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

19. Service charges

| | | |
|------------------------------|-------------------|-------------------|
| Sale of electricity | 87 206 113 | 71 725 589 |
| Solid waste - Refuse removal | 6 493 172 | 6 220 571 |
| | 93 699 285 | 77 946 160 |

20. Other income

| | | |
|--------------------|------------------|------------------|
| Sundry income | 521 678 | 764 520 |
| Retention Forfeits | 3 429 896 | 2 789 443 |
| Fees | 234 211 | 87 325 |
| Recoveries | 732 250 | - |
| | 4 918 035 | 3 641 288 |

21. Interest Earned from Exchange Receivables

| | | |
|---|-------------------|-------------------|
| Interest on Eskom Deposits | 317 622 | 404 221 |
| Interest on current account | 17 813 255 | 22 190 574 |
| Interest from exchange on outstanding receivable balances | 1 727 849 | 2 931 991 |
| Interest on call and Fixed deposits Account | 9 327 946 | 1 617 296 |
| | 29 186 672 | 27 144 082 |

22. Interest Earned from Non-Exchange Receivables

| | | |
|--|------------|------------|
| Interest on outstanding receivables balances | 13 281 826 | 10 203 038 |
|--|------------|------------|

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23. Property rates

Rates received

| | | |
|-------------------------|-------------------|-------------------|
| Agricultural | 20 905 927 | 23 676 658 |
| Business and commercial | 14 035 934 | 13 532 005 |
| Residential | 7 684 724 | 7 103 854 |
| State owned | 4 477 331 | 4 571 231 |
| | 47 103 916 | 48 883 748 |

Valuations

| | | |
|-------------------------------|----------------------|----------------------|
| Agricultural | 2 451 791 000 | 3 045 042 000 |
| Business and commercial | 499 376 000 | 500 203 000 |
| Educational | 3 860 000 | 6 020 000 |
| Municipal | 179 785 000 | 169 695 000 |
| Public service infrastructure | 4 733 100 | 4 796 900 |
| Religious | 21 600 000 | 23 490 000 |
| Residential | 816 747 000 | 801 113 000 |
| State owned | 831 702 000 | 908 401 000 |
| Vacant | 35 786 000 | 32 496 000 |
| | 4 845 380 100 | 5 491 256 900 |

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2023.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Montani Property Valuers, an independent registered valuer performed the valuation in terms of all the legal requirements.

Rates are levied on a month to month basis.

During the current year, it was identified that there are properties that are under Elias Motswaledi's jurisdiction, that have erroneously been billed. All year's billing had to be reversed to correct the error signifying a drop in the properties valuations.

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| 24. Government grants & subsidies | | |
| Operating grants | | |
| Equitable share | 201 842 000 | 191 533 000 |
| Financial Management Grant | 3 000 000 | 3 100 000 |
| Integrated National Electrification Programme | 368 000 | - |
| Expanded Public Works Programme Grant | 1 549 000 | 2 560 000 |
| Energy Efficiency and Demand Side Management Grant | - | 5 600 000 |
| | 206 759 000 | 202 793 000 |
| Capital grants | | |
| Municipal Infrastructure Grant | 60 574 041 | 39 976 959 |
| | 267 333 041 | 242 769 959 |
| Conditional and Unconditional | | |
| Included in above are the following grants and subsidies received: | | |
| Conditional grants received | 65 491 041 | 51 236 959 |
| Unconditional grants received | 201 842 000 | 191 533 000 |
| | 267 333 041 | 242 769 959 |
| Municipal Infrastructure Grant | | |
| Current-year receipts | 63 796 000 | 36 775 000 |
| less:Debtor Payment | (3 221 959) | - |
| Conditions met - transferred to revenue | (60 574 041) | (39 976 960) |
| Internal funding-(Debtor Treasury) | - | 3 201 960 |
| | - | - |
| This grant is for the provision of Municipal Infrastructure. | | |
| The Municipality has spent R3 221 960 from own funding in 2023/2024 financial year and has raised a debtor (National Treasury). | | |
| Financial Management Grant | | |
| Current-year receipts | 3 000 000 | 3 100 000 |
| Conditions met - transferred to revenue | (3 000 000) | (3 100 000) |
| | - | - |
| The grant is intended to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act. | | |
| Expanded Public Works Programme Grant | | |
| Current-year receipts | 1 549 000 | 2 560 000 |
| Conditions met - transferred to revenue | (1 549 000) | (2 560 000) |
| | - | - |
| The grant is intended to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme Guidelines. | | |
| Energy Efficiency and Demand Side Management Grant | | |

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

24. Government grants & subsidies (continued)

| | | |
|---|---|-------------|
| Current-year receipts | - | 5 600 000 |
| Conditions met - transferred to revenue | - | (5 600 000) |
| | - | - |

The Programme supports Municipalities in their efforts to reduce electricity consumption optimising use of energy.

Integrated National Electrification Programme

| | | |
|---|-----------|---|
| Current-year receipts | 614 000 | - |
| Withheld schedule 5B | (246 000) | - |
| Conditions met - transferred to revenue | (368 000) | - |
| | - | - |

The Programme intends reaching universal access to energy for all and addressing electrification backlog.

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|---|--------------------|--------------------|
| 25. Employee related costs | | |
| 13th Cheque | 5 348 583 | 5 013 947 |
| Acting allowances | 1 454 816 | 328 062 |
| Basic | 65 178 240 | 61 425 195 |
| Current service cost - Post employment medical aid incentive scheme | 1 054 002 | 742 838 |
| Current service cost - long service awards bonus | 426 549 | 408 230 |
| Defined contribution plans | 12 827 164 | 12 325 512 |
| EPWP Salaries | 2 440 394 | 2 583 938 |
| Group life insurance | 287 130 | 238 952 |
| Housing benefits and allowances | 267 119 | 268 425 |
| Internships Stipend | 528 573 | 611 381 |
| Leave pay provision charge | 5 107 952 | 4 331 479 |
| Medical aid - company contributions | 3 877 249 | 3 589 910 |
| Other payroll levies Bargaining Council | 39 221 | 34 216 |
| Overtime payments | 2 784 000 | 2 997 985 |
| SDL | 895 755 | 831 267 |
| Short term benefit - Cellphone allowances | 2 428 698 | 1 126 241 |
| Standby allowance | 492 318 | 487 352 |
| Travel, motor car, accommodation, subsistence and other allowances | 11 662 043 | 10 646 803 |
| UIF | 515 810 | 493 508 |
| WCA | 861 507 | 476 984 |
| | 118 477 123 | 108 962 225 |

Remuneration of municipal manager: Moropa ME

| | | |
|--|------------------|------------------|
| 13th Cheque | 57 436 | 53 880 |
| Basic | 862 813 | 792 828 |
| Defined contribution plans | 123 743 | 116 946 |
| Other payroll levies Bargaining Council | 158 | 138 |
| SDL | 10 134 | 9 250 |
| Short term benefit - Cellphone allowances | 45 804 | 28 426 |
| Travel, motor car, accommodation, subsistence and other allowances | 145 001 | 157 034 |
| UIF | 2 125 | 2 125 |
| | 1 247 214 | 1 160 627 |

Remuneration of Chief Finance Officer Modisane TT

| | | |
|--|------------------|----------------|
| Basic | 737 212 | 674 175 |
| Defined contribution plans | 101 599 | 96 019 |
| Other payroll levies Bargaining Council | 158 | 138 |
| SDL | 8 390 | 7 541 |
| Short term benefit - Cellphone allowances | 45 804 | 21 751 |
| Travel, motor car, accommodation, subsistence and other allowances | 128 952 | 136 647 |
| UIF | 2 125 | 2 125 |
| | 1 024 240 | 938 396 |

Remuneration Director Community Services – Maphutha Mashaba MY

| | | |
|--|------------------|----------------|
| Basic | 737 212 | 710 274 |
| Defined contribution plans | 101 599 | 98 339 |
| Other payroll levies Bargaining Council | 158 | 144 |
| SDL | 8 418 | 7 905 |
| Short term benefit - Cellphone allowances | 45 804 | 21 751 |
| Travel, motor car, accommodation, subsistence and other allowances | 147 928 | 137 881 |
| UIF | 2 125 | 2 125 |
| | 1 043 244 | 978 419 |

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| 25. Employee related costs (continued) | | |
| Remuneration of Director Corporate Services: Rampedi MR | | |
| Basic | 869 588 | 836 476 |
| Defined contribution plans | 124 891 | 120 883 |
| Other payroll levies Bargaining Council | 158 | 137 |
| SDL | 10 142 | 9 573 |
| Short term benefit - Cellphone allowances | 45 804 | 21 751 |
| Travel, motor car, accommodation, subsistence and other allowances | 204 171 | 197 072 |
| UIF | 2 125 | 2 125 |
| | 1 256 879 | 1 188 017 |
| Remuneration Director Planning: Tjebane P | | |
| 13th Cheque | 47 158 | 44 239 |
| Basic | 635 175 | 662 748 |
| Defined contribution plans | 101 599 | 98 107 |
| Other payroll levies Bargaining Council | 158 | 144 |
| SDL | 8 292 | 7 885 |
| Short term benefit - Cellphone allowances | 45 804 | 21 751 |
| Travel, motor car, accommodation, subsistence and other allowances | 197 002 | 150 953 |
| UIF | 2 125 | 2 125 |
| | 1 037 313 | 987 952 |
| Remuneration Director of Infrastructure – Maphutha TP | | |
| 13th Cheque | 45 698 | - |
| Basic | 584 517 | 398 147 |
| Defined contribution plans | 100 811 | 71 667 |
| Other payroll levies Bargaining Council | 158 | 102 |
| Medical aid - company contributions | 44 143 | 31 088 |
| SDL | 8 180 | 5 027 |
| Short term benefit - Cellphone allowances | 45 804 | - |
| Travel, motor car, accommodation, subsistence and other allowances | 190 645 | 141 181 |
| UIF | 2 125 | 1 594 |
| | 1 022 081 | 648 806 |
| 26. Remuneration of councillors | | |
| Mayor | 1 037 101 | 1 005 224 |
| Speaker | 825 973 | 826 650 |
| Chief whip | 461 198 | 452 932 |
| Executive Councillors | 3 368 009 | 2 799 324 |
| Councillors | 10 168 759 | 9 966 441 |
| | 15 861 040 | 15 050 571 |
| Additional information | | |
| The remuneration of the political office bearers and councillors are within the upper limits as determined by the framework envisaged section 219 of the Constitution. Refer to note 39 for the detailed breakdown of councillors' remuneration. | | |
| 27. Depreciation and amortisation | | |
| Property, plant and equipment | 60 546 587 | 62 265 429 |

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|---|-------------------|--------------------|
| 28. Finance costs | | |
| Finance leases | 1 750 413 | 2 780 721 |
| Landfill site | 4 507 962 | 3 332 534 |
| Post-retirement medical aid benefit | 2 764 612 | 2 076 553 |
| Long service awards | 502 152 | 462 300 |
| | 9 525 139 | 8 652 108 |
| 29. Debt impairment | | |
| Debt incentive write-off/discount | 2 441 319 | 1 996 289 |
| Contributions to debt impairment allowance | 20 076 901 | (5 334 224) |
| | 22 518 220 | (3 337 935) |
| <p>Included in the above balance for 2025 year is R.489 762.41 being traffic fines impaired, R19 587 139 for debt impairment on Consumer debtors and R.2 441 319.. for debt write-off as a result of Council debt incentive scheme.</p> | | |
| <p>Included in the above balance for 2024 year is R461 443.99 being traffic fines impaired, (R5 795 668) for debt impairment on Consumer debtors and R 1 996 289 for debt write-off as a result of Council debt incentive scheme.</p> | | |
| 30. Bulk purchases | | |
| Electricity - Eskom | 67 608 613 | 56 886 156 |
| 31. Contracted services | | |
| Information Technology Services | 11 679 281 | 11 325 337 |
| Fleet Services and Security services | 20 041 259 | 10 886 531 |
| Valuation services | 1 645 239 | 1 558 239 |
| Specialist Services | 1 260 645 | 825 274 |
| Other Contractors | 12 363 165 | 10 548 431 |
| | 46 989 589 | 35 143 812 |

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| 32. General expenses | | |
| Assets expensed | 359 915 | 57 800 |
| Audit Committee | 1 430 891 | 1 585 736 |
| Audit fees | 5 926 907 | 5 991 095 |
| Bank charges | 571 733 | 212 116 |
| CONLOG services | 601 878 | 511 205 |
| Catering and Hire Charges | 3 144 634 | 3 366 760 |
| Cleaning and Municipal operating cost | 1 572 473 | 1 176 591 |
| Conferences and seminars | 7 093 929 | 5 970 344 |
| Consulting - collection cost and legal fees | 7 008 465 | 5 090 302 |
| Consumables | 1 079 046 | 1 192 534 |
| Entertainment | 3 198 | 21 578 |
| Fines and penalties | - | 40 220 |
| Fuel and oil | 5 996 221 | 6 426 141 |
| Insurance | 4 511 876 | 3 629 014 |
| Postage and courier | 112 708 | 220 408 |
| Printing and stationery | 137 598 | 107 295 |
| Promotions and sponsorships | 341 559 | 312 957 |
| Protective clothing | 1 083 144 | 2 710 163 |
| Services: adverts and corporate image | 3 881 470 | 4 069 322 |
| Sewerage consumer account | 37 390 | 35 209 |
| Staff welfare | 116 540 | 696 450 |
| Subscriptions and membership fees | 1 707 929 | 1 533 160 |
| Telephone and fax | 1 262 766 | 1 199 788 |
| Training | 70 243 | 115 061 |
| Transport and freight | 1 172 628 | 1 186 874 |
| Travel - local | 395 847 | 444 937 |
| Utilities - Other including electricity connection increase in capacity project | 7 137 297 | 6 564 906 |
| Ward committee stipend | 2 781 000 | 2 659 500 |
| | 59 539 285 | 57 127 466 |
| 33. Fair value adjustments | | |
| Investment property and heritage assets(Fair value model) | 2 149 340 | 2 105 730 |
| 34. Auditors' remuneration | | |
| Fees | 5 926 907 | 5 991 095 |

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|--|--------------------|-------------------|
| 35. Cash generated from operations | | |
| Surplus | 66 588 861 | 49 219 783 |
| Adjustments for: | | |
| Depreciation and amortisation | 60 546 587 | 62 265 429 |
| Gain or (Loss)-on sale of assets | 10 302 899 | 880 816 |
| Actuarial gain / losses | (213 789) | 3 949 076 |
| Fair value adjustments | (2 149 340) | (2 105 730) |
| Interest income | (317 622) | (404 221) |
| Assets Impairment | (273 852) | 2 128 126 |
| Debt impairment | 22 518 220 | (3 337 935) |
| Finance charges -Landfill interest | 4 507 962 | 3 332 534 |
| Movements in employee benefit liability | (999 950) | (880 634) |
| Gain in landfill site valuation | (4 780 193) | - |
| Finance charges -Employee cost provision | 3 266 764 | 2 538 853 |
| Financial assets impairment reversal | (16 241 520) | - |
| Inventory losses or write-downs | 708 343 | - |
| Current service cost | 1 480 551 | 1 151 068 |
| Accrued leave | 2 235 003 | 2 040 217 |
| Accrued 13th cheque | 66 429 | 164 498 |
| Changes in working capital: | | |
| Inventories | (352 379) | 9 898 |
| Consumer debtors | (32 637 760) | (9 270 099) |
| Receivables from exchange transactions | (4 059 773) | (144 059) |
| Receivables from non exchange transactions | 3 285 546 | (2 632 129) |
| Payables from exchange transactions | 51 528 | (13 283 269) |
| Consumer deposits | (17 498) | (49 094) |
| | 113 515 017 | 95 573 128 |

36. Financial instruments disclosure

36.1 Fair value of financial instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the annual financial statements approximate their fair values. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of financial position, are as follow

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36. Financial instruments disclosure (continued)

| Financial assets-Arnotised Cost | Carrying Amount 2025 | Amortised cost 2025 | Carrying amount 2024 | Amortised cost 2024 |
|--|-------------------------|------------------------|-------------------------|------------------------|
| Receivables from Exchange Transactions | 1 944 486 | 1 944 486 | - | - |
| Receivables from non-exchange transactions | - | - | 3 221 959 | 3 221 959 |
| Consumer debtors | 46 897 978 | 46 897 978 | 36 949 873 | 36 949 873 |
| Cash and cash equivalents | 382 921 325 | 382 921 325 | 359 462 684 | 359 462 684 |
| Eskom Deposits | 2 316 253 | 2 316 253 | 1 861 591 | 1 861 591 |
| | 434 080 042 | 434 080 042 | 401 496 107 | 401 496 107 |

A total amount of R61 284 628 short term deposit owed to the municipality by VBS was fully impaired.

| Financial liabilities-Arnotised cost | Carrying amount 2025 | Amortised cost 2025 | Carrying amount 2024 | Amortised cost 2024 |
|---|-------------------------|------------------------|-------------------------|------------------------|
| Payables from Exchange transactions | 40 568 804 | 40 568 804 | 41 774 294 | 41 774 294 |
| Consumer deposits | 1 276 313 | 1 276 313 | 1 293 811 | 1 293 811 |
| Finance Lease | 8 952 691 | 8 952 691 | 17 602 434 | 17 602 434 |
| | 50 797 808 | 50 797 808 | 60 670 539 | 60 670 539 |

Fair Values.

The fair values of financial assets and financial liabilities at the end of reporting period are determined as follows:

Fair values for financial assets are based on quoted market prices in active markets for an identical instrument. For financial liabilities the contractual undiscounted cash flow is used. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2025

| Maturity Analysis | Within 1 year | 2 to 3 Years | Total |
|-------------------------------------|-------------------|--------------|-------------------|
| Payables from Exchange transactions | 40 568 804 | - | 40 568 804 |
| Consumer deposits | 1 276 313 | - | 1 276 313 |
| Finance Lease | 8 952 691 | - | 8 952 691 |
| | 50 797 808 | - | 50 797 808 |

30 June 2024

| Maturity Analysis | Within 1 year | 2 to 3 Years | Total |
|-------------------------------------|-------------------|------------------|-------------------|
| Payables from Exchange transactions | 41 774 294 | - | 41 774 294 |
| Consumer deposits | 1 293 811 | - | 1 293 811 |
| Finance Lease | 8 649 743 | 8 952 691 | 17 602 434 |
| | 51 717 848 | 8 952 691 | 60 670 539 |

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|--|-------------------|-------------------|
| 37. Commitments | | |
| . | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 44 769 227 | 22 428 075 |
| Total capital commitments | | |
| Already contracted for but not provided for | 44 769 227 | 22 428 075 |
| Total commitments | | |
| Total commitments | | |
| • Authorised capital expenditure | 44 769 227 | 22 428 075 |
| • Operating lease | 423 871 | 886 276 |
| | 45 193 098 | 23 314 351 |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 423 871 | 462 405 |
| - in second to fifth year inclusive | - | 423 871 |
| | 423 871 | 886 276 |

Rental payments represent rentals payable by the municipality for certain of its Vehicles. Rentals are negotiated for an average term of 3 years. No contingent rent is payable.

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments received or paid under operating leases are recognised in statement of financial performance on a straight-line basis over the period of the lease.

Refer to note 54

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38. Contingencies

Contingent assets

Pledges

| - | 2025 | 2024 |
|--|-------------------|-------------------|
| Mathara Monica Mathebela and Khabo Anna Ramosibi Civil Recovery. The municipality instituted civil proceedings against the former municipal manager and Chief Financial Officer for the recovery of R 81 207 600,00 in terms of Section 32 (1) (b) of the Municipal Finance Management Act, 56 of 2003. VBS Curator has paid R 22 353 920.00 into the municipal account. The matter will be kept in abeyance until the liquidation process is finalised. The potential Asset or Recovery is | 58 853 680 | 75 095 200 |
| Loge Construction. The municipal sent a letter of demand to Loge Construction which was appointed to construct Mooihoek-Mashemong internal Street for the duration of 15 months effective from the 17th September 2017 to 17th December 2021, which they failed to complete. The appointed consulting engineers, namely, MVE Consulting Engineers conducted an assessment on the progress and payments made at the time of the termination of the contract and it concluded that Loge Construction are still liable to pay back to the municipality an amount R2 206 182.87 which money has to date not been paid to the municipality. The potential Asset or Recovery is. | 2 206 183 | 2 206 183 |
| Total | 61 059 863 | 77 301 383 |

Contingent Liability

| - | 2 025 | 2 024 |
|--|--------------|--------------|
| Ntshokue John Raphela .Claim for Damages and Specific Performance (High Court, Polokwane). The Plaintiff applied for the position of Chief Internal Auditor, shortlisted, interviewed but not appointed. He was number one recommended by the panel. The Estimated Potential Liability | 2 500 000 | 2 500 000 |
| AfriForum NPC. Applicant approached the High Court, Polokwane for an order permitting its representatives to inspect the Marble Hall waste water treatment plant for the purposes of collecting samples of water/sewage, examine the plant and sending the samples to their water technicians for testing. The purpose is to ensure that the Marble Hall Water Waste Treatment is properly managed and operated in accordance with terms & conditions of the Water Use License and National Water Act 36 of 1998. The possibility of outflow can not be determined | - | - |

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38. Contingencies (continued)

| | | |
|--|-------------------|------------------|
| M.L. Masombuka Judicial. Review On the 30 June 2021 the Public Protector issued out a remedial action that the municipality must file a judicial review to set aside the appointment of Ms. Masombuka as the Chief Internal Auditor. The possibility of outflow cannot be determined. | - | - |
| Hendrick Schoeman Boerdery (PTY) LTD. Declaratory Order the Applicant want the Court to make an order that the current tariff of R 0, 070 that the municipality is charging on the farms is incorrect and that the court must calculate the correct tariff. Notice of motion was served in May 2022. The matter is finalised. The potential Liability is | - | 3 070 043 |
| Monica Mathebela. On the 8th of November 2023 the former municipal manager instituted an action against the municipality claiming damages. The potential contingent liability is | 1 292 492 | 1 292 492 |
| Matladi Thabang Projects. The Plaintiff instituted civil proceedings at the High Court, Polokwane for services rendered, namely, the repairs done on the municipality's fleet. The potential Liability is | 1 004 146 | 1 004 146 |
| KIPP Consulting Engineering. The municipality terminated the contract of the Consulting Engineer on Matlala-Ramoshabo Internal Street. The Plaintiff approached the High Court for an interdict. The Plaintiff lost the case. The Plaintiff referred the matter to arbitration | 9 347 888 | - |
| Total | 14 144 526 | 7 866 681 |

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39. Related parties

Relationships

Accounting Officer

Post employment benefit plan for employees of entity and/or other related parties

Members of key management

Refer to Accounting Officer report Paragraph 5

All qualifying Employees

Refer to detail disclosure for Councillors Note 39 and Management Remuneration Note 25

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39. Related parties (continued)

Remuneration of individual Councillors

2025

| Councillor Code and Name | Basic Salary | Cell phone & Data Allowance | Medical Contribution | Pension | SDL | Car Allowance & Travel Claim | Grand Total |
|-----------------------------|------------------|-----------------------------|----------------------|------------------|----------------|------------------------------|-------------------|
| C000020 Moimana (Mayor) | 657 619 | 47 004 | | 116 051 | 7 786 | 216 427 | 1 044 887 |
| C000049 Magane (Chief whip) | 262 423 | 47 004 | | 46 605 | 3 543 | 103 567 | 463 142 |
| C000021 Lentsoane (Speaker) | 698 179 | 47 004 | 22 806 | 57 984 | 7 182 | 1 599 | 834 754 |
| C000010 Jacobs (Exco) | 306 760 | 47 004 | | 31 070 | 3 886 | 89 746 | 478 466 |
| C000013 Sedibane (Exco) | 470 396 | 47 004 | | 83 540 | 5 975 | 190 239 | 797 154 |
| C000034 Tshiguvho (Exco) | 470 396 | 47 004 | | 83 540 | 5 975 | 203 681 | 810 596 |
| C000052 Ramphele (Exco) | 470 396 | 47 004 | | 83 540 | 5 976 | 199 893 | 806 809 |
| C000061 Manasoe (Exco) | 283 010 | 47 004 | | 49 943 | 3 551 | 91 476 | 474 984 |
| C000017 Mabaso | 501 052 | 47 004 | | 55 672 | 6 491 | 214 446 | 824 665 |
| C000023 Makola | 198 474 | 47 004 | | 35 248 | 2 795 | 80 400 | 363 921 |
| C000035 Letsela | 227 152 | 49 250 | | 23 498 | 3 050 | 74 184 | 377 134 |
| C000039 Phahlamohlaka | 256 342 | 47 004 | | 45 237 | 3 470 | 106 073 | 458 126 |
| C000040 Aphane | 211 705 | 47 004 | | 37 598 | 2 782 | 62 663 | 361 752 |
| C000041 Maqatla | 271 701 | 47 004 | | 48 253 | 3 436 | 96 036 | 466 430 |
| C000042 Maelane | 211 705 | 47 004 | | 37 598 | 2 782 | 70 826 | 369 915 |
| C000043 Thobejane | 226 309 | 47 004 | | 23 498 | 3 036 | 67 634 | 367 481 |
| C000044 Modipa | 211 705 | 47 004 | | 37 598 | 2 782 | 67 559 | 366 648 |
| C000045 Lekoatsipa | 284 023 | 47 004 | | 52 492 | 3 446 | 72 706 | 459 671 |
| C000047 Mahubane | 211 705 | 47 004 | | 37 598 | 2 782 | 67 914 | 367 003 |
| C000048 Kutu | 254 720 | 47 004 | | 45 237 | 3 454 | 122 358 | 472 773 |
| C000050 Maphopha | 254 720 | 47 004 | | 45 237 | 3 453 | 116 424 | 466 838 |
| C000051 Mmamahlako | 254 720 | 47 004 | | 45 237 | 3 454 | 137 952 | 488 367 |
| C000053 Nkoana | 254 720 | 47 004 | | 45 237 | 3 453 | 129 252 | 479 666 |
| C000054 Mameshi | 211 707 | 47 004 | | 37 598 | 2 782 | 63 602 | 362 693 |
| C000055 Mokwana | 254 720 | 47 004 | | 45 237 | 3 454 | 118 536 | 468 951 |
| C000056 Sebothoma | 226 309 | 47 004 | | 23 498 | 3 036 | 68 953 | 368 800 |
| C000057 Seloma | 254 720 | 47 004 | | 45 237 | 3 453 | 108 125 | 458 539 |
| C000060 Mogale | 226 309 | 47 004 | | 23 498 | 3 036 | 65 092 | 364 939 |
| C000062 Prislou | 211 705 | 47 004 | | 37 598 | 2 782 | 62 663 | 361 752 |
| C000063 Mashiane | 211 669 | 47 004 | | 38 198 | 2 772 | 65 552 | 365 195 |
| C000065 Rabalago | 213 053 | 47 004 | | 37 598 | 2 795 | 62 663 | 363 113 |
| C000066 Legoathi | 213 053 | 47 004 | | 37 598 | 2 795 | 63 940 | 364 390 |
| Grant Total | 9 473 177 | 1 506 374 | 22 806 | 1 493 571 | 121 445 | 3 262 181 | 15 879 554 |

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39. Related parties (continued)

2024

| Councillor Code and Name | Basic Salary | Pension | cellphone and Data Allowance | Medical contribution | Car Allowance & Travel Claim | SDL | Grand Total |
|-------------------------------|------------------|------------------|------------------------------|----------------------|------------------------------|----------------|-------------------|
| C000010 Jacobs P (Exco) | 372 293 | 28 706 | 46 570 | | 2 960 | 3 938 | 454 467 |
| C000013 Sedibane F (Exco) | 466 576 | 77 183 | 46 570 | | 182 247 | 5 850 | 778 426 |
| C000017 Mabaso T | 387 135 | 41 103 | 46 570 | | 160 061 | 5 066 | 639 935 |
| C000020 Moimana G (Mayor) | 791 834 | 133 303 | 46 570 | | 26 077 | 7 439 | 1 005 223 |
| C000021 Lentsoane R (Speaker) | 709 053 | 54 886 | 46 570 | 8 979 | | 7 163 | 826 650 |
| C000023 Makola M | 198 628 | 32 568 | 46 570 | | 75 038 | 2 758 | 355 561 |
| C000034 Tshiguvho E (Exco) | 466 576 | 77 183 | 46 570 | | 188 073 | 5 850 | 784 252 |
| C000035 Letsela N | 224 425 | 21 712 | 46 570 | | 67 386 | 2 983 | 363 076 |
| C000037 Mpe J | | | | | | 2 | 2 |
| C000039 Phahlamohlaka T | 254 044 | 41 795 | 46 570 | | 96 994 | 3 397 | 442 801 |
| C000040 Aphane K | 210 838 | 34 739 | 46 570 | | 60 664 | 2 744 | 355 554 |
| C000041 Magatla N | 269 714 | 44 581 | 46 570 | | 86 180 | 3 380 | 450 425 |
| C000042 Maelane K | 210 838 | 34 739 | 46 570 | | 62 747 | 2 744 | 357 637 |
| C000043 Thobejane P | 223 865 | 21 712 | 46 570 | | 70 328 | 2 978 | 365 452 |
| C000044 Modipa S | 210 838 | 34 739 | 46 570 | | 61 216 | 2 744 | 356 106 |
| C000045 Lekoatsipa L | 211 780 | 34 889 | 46 570 | | 82 464 | 2 910 | 378 613 |
| C000046 Mello M | 34 336 | 7 098 | 6 262 | | 12 695 | 448 | 60 839 |
| C000047 Mahubane S | 210 838 | 34 739 | 46 570 | | 65 043 | 2 744 | 359 933 |
| C000048 Kutu T | 254 044 | 41 795 | 46 570 | | 114 832 | 3 397 | 460 638 |
| C000049 Magane L (Chief Whip) | 261 637 | 43 059 | 46 570 | | 98 181 | 3 485 | 452 932 |
| C000050 Maphopha M | 254 044 | 41 795 | 46 570 | | 103 340 | 3 397 | 449 147 |
| C000051 Mmamahlako K | 254 044 | 41 795 | 46 570 | | 114 175 | 3 397 | 459 982 |
| C000052 Ramphele R (Exco) | 466 576 | 77 183 | 46 570 | | 186 000 | 5 850 | 782 179 |
| C000053 Nkoana T | 254 044 | 41 795 | 46 570 | | 111 588 | 3 397 | 457 395 |
| C000054 Mameshi S | 210 838 | 34 739 | 46 570 | | 57 898 | 2 744 | 352 788 |
| C000055 Mokwana B | 254 044 | 41 795 | 46 570 | | 107 035 | 3 397 | 452 841 |
| C000056 Sebothoma K | 224 425 | 21 712 | 46 570 | | 68 205 | 2 983 | 363 895 |
| C000057 Seloma R | 252 894 | 41 795 | 46 570 | | 100 751 | 3 386 | 445 395 |
| C000060 Mogale J | 226 231 | 21 712 | 46 570 | | 63 798 | 3 002 | 361 313 |
| C000061 Manasoe M | 267 782 | 44 711 | 46 570 | | 93 081 | 3 456 | 455 600 |
| C000062 Prisloo D | 204 844 | 34 739 | 46 570 | | 61 011 | 2 683 | 349 847 |
| C000063 Mashiane S | 201 847 | 34 739 | 46 570 | | 57 898 | 2 653 | 343 707 |
| C000064 Moela J | 81 356 | 14 436 | 18 695 | | 23 341 | 1 066 | 138 893 |
| C000065 Rabalago S | 131 748 | 23 593 | 29 769 | | 36 893 | 1 707 | 223 709 |
| C000066 Legoathi L | 93 743 | 18 932 | 22 296 | | 29 127 | 1 258 | 165 356 |
| Grand Total | 9 347 754 | 1 375 997 | 1 474 122 | 8 979 | 2 727 324 | 116 394 | 15 050 570 |

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40. Risk management

Financial risk management

Exposure to interest rates, liquidity and credit risk arises in the normal course of the Municipality's operations. This note presents information about the Municipality's exposure to each of the above risks, the policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

(Refer to Note 36 Additional information on Financial instrument)

Liquidity risk

Liquidity risk is the risk of the Municipality not being able to meet its obligations as they fall due. The Municipality's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Municipality's reputation. This is achieved by the Municipality effectively managing its working capital, capital expenditure and cash flows forecasts.

Refer to Note 36 Financial instrument note for additional information.

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

Other debtors are items that arose from overpayments and transactions resulting in debit balances on creditors payable by the municipality. These items will be investigated for recoverability and they are currently not impaired. These items will be reported to Council during the 2021/22 financial period. These items are currently deemed recoverable but have an inherent credit risk due to the nature of the item.

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank has placed VBS Mutual bank under curatorship in 2018. The Municipality had a short term deposit of R 83 658 548.00. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury have only guaranteed retail depositors up to R100 000 per depositor, corporate and municipalities deposits are not guaranteed. The Municipality has impaired the total investment of R83 658 548.00 since there are no immediate and current cash flow is expected from the VBS Mutual bank Investment.

There are no consumer debtors that are past due as at the end of the reporting period but not impaired. All consumer debtors above 90 days are considered for impairment.

There are no financial assets that are individually determined to be impaired as at the end of the reporting period

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

| Financial instrument | 2025 | 2024 |
|--|------------|------------|
| VBS Bank -Fully impaired on the Statement of Financial Position and Statement of Financial Performance | 61 304 628 | 77 546 148 |
| Eskom deposits | 2 316 253 | 1 861 591 |

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40. Risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, that may affect the Municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

Interest rate risk

As the municipality has significant interest-bearing assets on Call accounts, the municipality's income and operating cash flows are not substantially independent of changes in market interest rates.

The Municipality's exposure to the risk of changes in market rates relates primarily to the municipality's investments with floating interest rates..

Interest rate risk

| Financial Assets | Current interest rate | 1 year or less | 1-3 years | > 3years | Total |
|--|-----------------------|----------------|-----------|----------|-------------|
| Bank Balance-Main Account | 6.00 % | 152 694 569 | - | - | 152 694 569 |
| Short term deposits-Call account and Short term deposit Accounts | 8.30 % | 230 226 755 | - | - | 230 226 755 |

Interest rate risk

| Financial Liability | Current interest rate | 1 year or less | 1-3 years | >3 years | Total |
|---------------------|-----------------------|----------------|-----------|----------|-----------|
| Finance lease | 12.75 % | 8 952 691 | - | - | 8 952 691 |

Sensitivity analysis

Financial assets

As at 30 June 2025, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R363 million (2024: R321,8 million) with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2025 would have had no impact on the statement of financial performance, as all Finance lease are at a fixed interest rate.

The Municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The Municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

41. Going concern

We draw attention to the fact that at 30 June 2025, the Municipality had an accumulated surplus (deficit) of 1 363 094 931 and that the Municipality's total liabilities exceed its assets by 1 363 244 441.

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.

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41. Going concern (continued)

During the 2018 financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank has placed VBS Mutual bank under curatorship in 2018. The Municipality had a short term deposit of R 84 073 833.00. The Municipality accounts for short term deposits as financial assets carried at amortised cost. The curator and National Treasury have only guaranteed retail depositors up to R100 000 per depositor, corporate and municipalities' deposits are not guaranteed. The Municipality has impaired the total investment of R84 076 833.00 since there are no immediate and current cash flow is expected from the VBS Mutual bank Investment.

The municipality will continue to receive grants from national revenue fund to fund its operations and capital projects.

42. Unauthorised expenditure

During the 2024/25 and 2023/24 financial periods no unauthorised expenditure were identified.

43. Fruitless and wasteful expenditure

| | | |
|---|------------------|------------------|
| Fruitless and wasteful expenditure-Opening Balance | 4 804 519 | 4 823 429 |
| Add-Fruitless and Wasteful Expenditure for the financial period | 174 497 | 2 002 |
| Payment Received | - | (15 032) |
| Less:Irrecoverable OC3/06/2024 | - | (13 684) |
| Add:Recoverable OC3/06/2024 | - | 7 804 |
| Add:Recoverable OC04/08/2025 | 158 | - |
| Closing balance | 4 979 174 | 4 804 519 |

Fruitless and wasteful expenditure for current year was brought to council and subsequently referred to MPAC.Council resolution OC04/08/2025 was tabled to council and resolved as follows :Add: Fruitless and Wasteful Expenditure for the financial period R 174 497: Recoverable as per council resolution OC04/08/2025 R158.00

Fruitless and wasteful expenditure for 2022/2023 Financial year was brought to council and subsequently referred to council resolution OC3/06/2024 was tabled to council and resolved as follows : Add: Fruitless and Wasteful Expenditure for the financial period R2 002, Less-Irrecoverable OC3/06/2024 R(13 683), Add: Recoverable as per council resolution OC6/06/2024 R7804.

The Municipality has recovered an amount of R15 032.00 related to services rendered for previous work performed on assets impairment

An opening balance of R4 823 429 include Fruitless and Wasteful Expenditure amount of R4 788 105.00 which is recoverable as per council resolution number OC5/05/2023 and OC2/06/2022.

Fruitless and wasteful expenditure consists of

| | | |
|--------------------------------|------------------|------------------|
| Opening Balance | 4 804 519 | 4 823 429 |
| Interest on Eskom Accounts | 305 | 2 002 |
| Interest on Sars | 174 192 | - |
| Payment Received | - | (15 032) |
| Less:Irrecoverable OC3/06/2024 | - | (13 684) |
| Add:Recoverable OC3/06/2024 | - | 7 804 |
| Add:Recoverable OC04/08/2025 | 158 | - |
| | 4 979 174 | 4 804 519 |

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| 44. Irregular expenditure | | |
| Opening balance | 7 449 210 | 25 741 420 |
| Add: 1st Quarter Subsequent Payments (July - September 2024) | 1 823 111 | 846 456 |
| Add: 2nd Quarter Subsequent Payments (October -December 2024) | 2 957 180 | 7 885 379 |
| Add:3rd Quarter Subsequent Payments (Jan-March 2025) | 2 326 820 | 4 932 178 |
| Add: 4th Quarter Subsequent Payments (April-June 2025) | 1 794 791 | 7 566 056 |
| Less: Investigated by MPAC (OC2/11/2024) | - | (547 925) |
| Less: Investigated by MPAC OC03/06/2024) | - | (6 729 528) |
| Less: Investigated by MPAC SC7/05/2024 | - | (4 932 178) |
| Less: Investigated by MPAC SC1/02/2023) | - | (11 498 869) |
| Less: Investigated by MPAC SC/02/2024) | - | (17 713 342) |
| Additional Irregular Identified during Audit 2024 | - | 1 899 563 |
| Mpac Investigated and written off (OC2/10/2024) | (1 331 798) | - |
| Mpac Investigated and written off (SC12/03/2025) | (3 834 693) | - |
| Mpac Investigated and written off (SC13/13/2025) | (2 561 174) | - |
| Closing balance | 8 623 447 | 7 449 210 |

Analysis of expenditure written off per age classification

| | | |
|---|------------------|------------------|
| Opening balance | 7 449 210 | 25 741 420 |
| Add: Subsequent payments of previously identified irregular | 8 901 902 | 21 230 158 |
| Add: Irregular identified after 30 June (Audit) | - | 1 899 563 |
| Less: Written-Off (Irrecoverable) Irregular * | (7 727 665) | (41 421 931) |
| | 8 623 447 | 7 449 210 |

| - Details of the Irregular Expenditure- current year | | 2025 |
|--|--|------------------|
| 1 | Irregular appointment of employee - senior manager | 1 004 367 |
| 2 | Irregular appointment of employee - accountant | 662 218 |
| 3 | The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services. | 3 491 073 |
| 4 | The differences identified between the tender amount and appointment letter | 1 852 220 |
| 5 | There was no municipal council resolution for approval of contract for more than 3 years during the year under review. | 1 892 025 |
| - | Total | 8 901 903 |

| - Details of the Irregular Expenditure- 2023/2024 | | 2024 |
|---|--|-------------------|
| 1 | Irregular appointment of employee - senior manager | 1 088 036 |
| 2 | Irregular appointment of employee - accountant | 695 220 |
| 3 | The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services. | 7 371 042 |
| 4 | The differences identified between the tender amount and appointment letter | 4 796 206 |
| 5 | There was no municipal council resolution for approval of contract for more than 3 years during the year under review. | 1 787 250 |
| 6 | Tender Documents stated that the bidder must score 70% or more on functionality to be further evaluated for procurement points. | 2 493 481 |
| 7 | Reasons for deviations not in line with the MFMA & SCM regulations | 167 000 |
| 8 | The differences identified between the tender amount and appointment letter | 537 976 |
| 9 | The bid specification was not drafted in an unbiased manner which allow all potential providers to offer their goods and services. | 2 293 948 |
| 10 | Contract extended no in line with MFMA section 116 | 1 899 563 |
| - | - | - |
| - | Total | 23 129 721 |

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44. Irregular expenditure (continued)

During the financial year 2025, Irregular expenditure had an opening Balance of R 7 449 210 with an additional R 8 901 902 because of subsequent payments during the year for the contracts which were declared irregular. All these expenditures were reported to council and Investigated by Municipal Public Accounts Committee. A total amount of R 7 727 667 was written off after investigation and closing balance amounted to R 8 623 447 as at 30 June 2025.

During the financial year 2023/2024 of reporting, the Irregular Expenditure had an Opening Balance of R 25 741 420.00 and . subsequent payments were incurred during the financial year which amounted to R 21 230 158,30 combined from four quarters of the financial year and were all tabled to council as and when reported. Council referred the expenditures to MPAC for further investigation and some of the expenditures were written off, (R 41 421 931) by council.

The Opening Balance of R 25 741 420,01 for financial year 2024 is inclusive of the R 1 919 264 emanating from recoverable Irregular Expenditure amounts as per council resolution OC2/06/2022.

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 2 537 043 | 1 404 694 |
| Amount paid - current year | (2 537 043) | (1 404 694) |
| | - | - |

Electricity Distribution Loss

| | 2025 | 2024 |
|--|-----------|-----------|
| Units | 1 697 349 | 1 350 063 |
| Distribution Loss % | 4.90% | 4.12% |
| Amount loss - current year (at average cost) | 3 500 558 | 2 259 465 |

Distribution losses were below the norm of 7-10% as set by National Treasury in terms of Circular 71. The distribution loss was recorded at 4.90% for the financial year.

Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 5 926 907 | 5 991 095 |
| Amount paid - current year | (5 926 907) | (5 991 095) |
| | - | - |

Audit fees paid to the Office of the Auditor General amounted to R5 926 907 for 2024/2025 and R 5 991 095 for the 2023/2024 financial year. There were no outstanding audit fees in the respective year ends.

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 19 284 455 | 17 097 612 |
| Amount paid - current year | (19 284 455) | (17 097 612) |
| | - | - |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 27 596 844 | 26 178 872 |
| Amount paid - current year | (27 596 844) | (26 178 872) |
| | - | - |

Councillors' arrear consumer accounts

No councillors had arrear accounts outstanding for more than 90 days at 30 June 2025.

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

Supply chain management regulations

Paragraph 36(2) of SCM regulation states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that the accounting officer records the reasons for any deviations and then reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of section 36(1)(a) of the Supply Chain Management Regulations, the accounting officer may dispense with the official procurement processes in the following instances:

- Sole suppliers
- Emergency
- Impracticality

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 accounting officer and noted by Council. Deviations from the official procurement process during the financial year were approved by the accounting officer and noted by council in terms of the delegations as stipulated in the Supply Chain Management Policy and amount to approximately the following:

Incident

| | | |
|---|----------------|----------------|
| Sole Provider supplier | 179 450 | 160 290 |
| Impossible or impracticable to follow procedure | 37 119 | 167 000 |
| Emergency supplies | - | 167 283 |
| | 216 569 | 494 573 |

| Deviations Current Year | | | | |
|-------------------------|------------------|--|-----------|---|
| DATE | NAME OF SUPPLIER | DEVIATION | AMOUNT | REASON FOR DEVIATION |
| 2024/08/01 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 7 700.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2024/08/22 | ILGM | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 4 500.00 | ILGM is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2024/08/27 | IMSSA | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 12 000.00 | IMSSA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2024/09/13 | SALGA | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 24 598.00 | SALGA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2025/10/16 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 25 347.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |

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

| Deviations Current Year | | | | |
|-------------------------|--------------------|--|-------------------|--|
| DATE | NAME OF SUPPLIER | DEVIATION | AMOUNT | REASON FOR DEVIATION |
| 2024/10/25 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 24 300.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2024/11/29 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 18 711.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2025/02/07 | Leadership Academy | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 14 363.50 | Leadership Academy is hosting on training on Global Internal Audit Standards and the fees for the training is to be paid directly to them as the training providers |
| 2025/04/14 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 39 500.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 2025/06/13 | Adapt IT | Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes". | 37 119.10 | It was impractical to follow the normal SCM process for the procurement of the training as the municipality already has the system and only the system provider can provide training for their respective system |
| 2025/06/30 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 8 430.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| Grand Total | | | 216 568.60 | |
| Deviations 2024/2023 | | | | |
| DATE | NAME OF SUPPLIER | DEVIATION | AMOUNT | REASON FOR DEVIATION |
| 20-07-2023 | SALGA | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 25 000.00 | SALGA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 28-07-2023 | SAIMSA | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 11 000.00 | Inter Municipal Sports of SA is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of requesting at least three written price quotations. |
| 15-08-2023 | Manja Trading | Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes". | 38 500.00 | VIP Protection for the Municipal Speaker |

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

| | | | | |
|--------------------|----------------------------|--|-------------------|---|
| 15-08-2023 | Rateitei Security Servis | Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes". | 45 000.00 | VIP Protection for the MunicipMayor |
| 15-08-2023 | Workshop Electronic | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 23 065.55 | Calibration and service of a grade lane machine used to test vehicle and workshop electronic is the only service provider |
| 15-08-2023 | EAPA-SA | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 23 998.00 | EAPA-SA is the host of the event and registration fees should be paid directly to them |
| 15-08-2023 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 45 630.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of advertising on the notice board for atleast 7 days. |
| 23-10-2023 | Mamogobo Alf (Pty) LT | Deviation Reason No 1; "In an emergency" | 167 283.00 | The municipal dozer is currently damaged and requires significant fixing which will take a while as per the diagnostic report from the manufacturer. The municipality urgently requires the services of a dozer at the landfill site for the services of covering of waste and compaction. The landfill is becoming a health hazard to the officials working at the landfill. |
| 29-06-2024 | CIGFARO | Deviation Reason No 2; "If such goods or services are produced or available from a single provider only" | 31 596.00 | CIGFARO is the host of the event and registration fees should be paid directly to them which will make it impractically impossible to follow the normal supply chain process of advertising on the municipal website for 7 days. |
| 30-06-2024 | Manja Trading | Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes". | 38 500.00 | VIP Protection for the Municipal Speaker |
| 30-06-2024 | Rateitei Security Services | Deviation Reason No 5; "In any other exceptional case where it is impractical or impossible to follow the official procurement processes". | 45 000.00 | VIP Protection for the MunicipMayor |
| Grand Total | - | - | 494 572.55 | - |

46. Budget differences

Material differences between budget and actual amounts

Material differences between budget and actual amounts

Budget difference

1. Variance is as a result of tender document not being purchased in the municipality but being printed directly from E-tender website.

2.The budget on service charges is inclusive of basic electricity.The favourable variance is a result of stoppage of load shedding

3. Rentals variance is mainly as a result of one of rental property of the municipality being burned down by fire.

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46. Budget differences (continued)

4. Variance is attributed to more Licensing and registration being conducted than anticipated.

5. The Municipality initially budgeted for VBS refunds to other income which was later reclassified to reversal of impairment. Licence and permits are part of other income.

6. Immaterial

7. The difference is as a result of continued data cleansing, supplementary valuation roll and implementation of new valuation roll.

8. Interest on outstanding debtor's variance can be attributed to incentives given to customers who wants to settle their long outstanding debt.

9. Variance is as caused capital grant (MIG) being disclosed separate from financial performance from the budget side. MIG was spent 100% in the current year.

10. Under budgeting can be attributed to budgeting fines on cash basis instead of accrual basis.

11. Variance is as a result of vacant positions now filled.

12. Remuneration of councillors is based on government gazette on upper limits for councillors

13. Due to late appointment of service providers that resulted in subdued expenditure,

14. Attributed to some assets being derecognized such as access road on golf club.

15. No provision was made on this non-cash items such as interest on landfill sites.

16. Savings on photocopy machine was realized.

17. Variance is as a result of new valuation roll which derecognised and transferred some properties to sister municipalities.

17.1 Debt impairment budget is included under depreciation and amortisation.

18. More electricity was purchased due to relaxation of load shedding.

19. Attributed to less spending on contracted services than budgeted for resulting in savings.

20. Attributed low number of idigent registered for free basic electricity.

21. Attributed to non-spending of some budget items in general expenditure.

22. Attributed to profit and loss on disposal of assets.

23. Attributed to investment fair value adjudgment in the current year.

23.1. Attributed to current year assessment on employee obligations

24. Based on actual write down or up of inventory for the year

24.1 Attributed to gains and losses on landfill site valuation

24.2 Attributed to refund from VBS investment

25. Budget allocated to receivables instead of Consumer debtors

25.1 The variance is due to VAT split as per GRAP standard that require VAT Input accrual receivable), VAT output accrual payable) and VAT cash basis to be reported separately

26. Some Budget allocated to receivables instead of Consumer debtors

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46. Budget differences (continued)

27. Variance is caused by budget splitting VAT between Current assets and Liabilities.

28. More consumer owing the Municipality at year end.

29. The variance is as a result of less estimate on cash and cash equivalents than realised, mainly as a result of not spending 100% on internal funded projects.

30. Derecognition of investment property where municipality has lost control in terms IGRAP 18 and more budget was provided than the realised investment property fair value.

31. Attributed to less spending on internal capital projects.

32. No procurement of intangible assets was made at year end.

33. Attributed to fair value adjustments.

34. Attributed to deposit held by ESKOM.

35. Variance attributed to the reduction of unallocated deposits which have been allocated to respective consumer accounts as well as retention claims that were paid out.

36. Attributed to more accruals being recognised in the current financial year.

37. Slight difference is because of more estimate on consumer debtors that realized.

38. Variance is as a result of yearly actuarial calculation of employee obligation.

39. No current provision in the year under review.

40. Lease lapsing within the next financial year.

41. Variance is as a result of yearly actuarial calculation of employee obligation.

42. Variance is as a result of splitting provision between short term and long term.

43. Immaterial.

44. Variance is emanating from all assets less all liabilities.

45. Variance between budget and actual of service charges could be attributed to having a number of users utilising alternative source of energy like gas, solar as a consequence of load shedding.

46. The variance on the operating activities is as a result of savings on supplies and employee cost payment.

47. The variance on the investing activities is as a result of spending on capital expenditure.

48. The variance is result of less estimate on cash and cash equivalents than realised

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47. Prior period errors

The following prior year errors were identified and adjusted retrospectively

1. Property Plant and Equipment note on the changes in estimates column on the PPE recon has being combined with depreciation , the net effect is zero

2 Note 21 and 22 on interest received has now been separated to align with GRAP 104 to separate between exchange and non-exchange.

3 During the current financial year, the entity identified an error in the prior year's financial statements relating to the classification of commitments. Operational contracts were incorrectly included as capital commitments.As a result, the comparative figures for capital commitments have been restated to exclude these operational contracts. The correction has no impact on the statement of financial position, performance, or cash flows, but it affects the disclosure of commitments in the notes to the financial statements.

The table below outlines the effect of the restatement.

| Description | Previously Reported | Adjustment | Restated Amount |
|---|---------------------|--------------|-----------------|
| Property, plant and equipment (Note 37) | R 22 899 663 | R -1 550 490 | R 21 349 173 |

4.**Payable from Exchange transactions.**During the current financial year, it was identified that prior period retention liability contained errors relating to the overstatement of retention liabilities due to incorrect calculation(R2 041 800) , VAT errors (R874 370). These errors resulted in an overstatement of retention liabilities by R2 916 170.

Correction of Prior Period Errors.

In accordance with GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors, the prior period financial statements have been retrospectively restated to correct these errors. The impact of the correction is as follows:

| Description | Previously Reported | Adjustment | Restated Amount |
|--------------------|---------------------|--------------|-----------------|
| Payables-Retention | R 21 013 633 | R -2 916 170 | R 18 097 455 |

The correction has no impact on the current year's cash flows but ensures the accurate reporting of liabilities in compliance with GRAP.

Effect on Financial Statements.

Statement of Financial Position: Retention liabilities have been reduced by R2 916 170. Payables have been reduced by R2 916 170.

Credit balance on Receivables and Trade Payables amounting to R473 928 and R299 837 respectively which occurred during the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period.The Trade Payables prior period error includes R800 from licensing and motor vehicle agency function

5.Misstatement of impairment loss

During the 2024/25 financial year, management restated the prior year's property, plant, and equipment balances due to the following reasons:

In the 2023/24 financial year, assets with a higher value in use than their carrying amounts were incorrectly used to calculate impairment, resulting in a negative impairment loss. This error led to an understatement of impairment loss expense and accumulated impairment loss by R507,520.

Impact on statement of financial performance

Impairment loss:

507 520

Impact on statement of financial position

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47. Prior period errors (continued)

Accumulated impairment: (507 520)

Disposal of motor vehicle

During the 2024/25 financial year, management identified that a vehicle that was involved in an accident in 2023 and subsequently written off was not removed from the fixed asset register. This oversight resulted in an overstatement of transport assets cost and accumulated depreciation. The impact included an overstatement of accumulated surplus. Below is the summary of impact on the financial statements.

Impact on statement of financial performance

| | | |
|------------------------------------|-----------|---------|
| Depreciation: | (144 622) | |
| Profit/loss on disposal of assets: | | 245 223 |

Impact on statement of financial position

| | | |
|----------------------------|---------|-----------|
| Transport assets: Cost: | | (775 974) |
| Accumulated depreciation : | | 352 155 |
| Accumulated Surplus: | 178 596 | |

During the 2024/25 financial year, it was discovered that there was duplicate disclosure of changes in estimates in note 11 and 51. Management adjusted note 11 to remove column on changes in estimates and only leave it in note 51. There is no financial impact on the financial statements from this change

In the previous years, there has been historical difference between fixed asset register and financials, infrastructure assets opening costs were adjusted by R91 285 to align the assets cost per register to the financials.

Impact on statement of financial position

| | | |
|--|----------|--------|
| Increase in infrastructure assets costs: | | 91 285 |
| Increase in accumulated surplus: | (91 285) | |

6. Debt Impairment has a prior period error of R13 709 005 because during the current year, it was identified that there are properties that are under Elias Motswaledi's jurisdiction, these have been billed. All year's billing is now reversed to correct the error

7. Interest on outstanding receivable balances has a prior period error of R13 709 005 because during the current year, it was identified that there are properties that are under Elias Motswaledi's jurisdiction, these have been billed. All year's billing is now reversed to correct the error

8. Other Income amounting to an adjustment of R2 789 443 is as a result of recoveries from retentions.

9. Property rates adjustment of R6 444 261 was because during the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period

10. Sale of goods was also insignificantly adjusted in the prior year by R1 384

11. General Expenditure - Contracted Services. During the 2024/25 financial year, management reclassified the prior year's Contracted services- to General Expenses amounting to R90 778, from other contactors to Services: adverts and corporate image, including conference and seminar of R11 292.

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47. Prior period errors (continued)

12. Consumer debtors from exchange transactions. During the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period

13. Consumer debtors from non-exchange transactions. During the current financial year, it was identified that Elandskraal-A was transferred from Provincial Government to Ephraim Mogale Local Municipality in October 2023. The municipality has been billing those properties in the financial year 2023-2024 and 2024-2025, therefore the error was corrected from prior period. It was also identified that there are properties that are under Elias Motswaledi's jurisdiction

14. Vat Receivables An amount of R126 727 was adjusted on VAT when recognising prior year other income

15. Investment Properties During the financial year it was discovered that there were properties that belong to the municipality in Elandskraal that were omitted in the previous financial year and now included as part of investment properties amounting to R4 724 000.

16. Financial Instruments. Adjustments were made to Financial instruments and restated in retrospect to comply with GRAP 104. Statutory receivables and employee's rights and obligations under employee benefit plans are now excluded.

| Financial assets | Audited 2024 | Adjustments | Restated 2024 |
|--|---------------|-----------------|---------------|
| Receivables from non-exchange transactions | 4 089 586.00 | - 867 627.00 | 3 221 959.00 |
| Financial liabilities | | | |
| Payables from Exchange transactions | 61 881 885.00 | - 20 107 591.00 | 41 774 294.00 |
| Finance Lease | 8 649 743.00 | 8 952 691.00 | 17 602 434.00 |

17. Contingent Assets. The municipality instituted civil proceedings against the former municipal manager and Chief Financial Officer for the recovery of money invested in VBS Bank. VBS Curator has refunded R 6 112 400.00 in 2022 financial year. The matter will be kept in abeyance until the liquidation process is finalised. Previously reported amount was R81 207 600.00 which was adjusted by R6 112 400.00 to give a restated figure of R75 095 200.00.

An amount of R6 715 175 was adjusted to irregular and fruitless expenditure which was declared recoverable by council.

18. Fruitless and Wasteful expenditure. An Closing balance of R807 of was restated to R4 804 519 due to restating Fruitless expenditure emanating from previous financial year which was declared recoverable by council resolution number OC5/05/2023 and OC2/06/2022.T

19. Irregular Expenditure .A closing balance of R5 529 945 was restated to R7 449 210 due to restating Fruitless expenditure emanating from previous financial years which was declared recoverable by council.

20. VAT .During the current financial year, the municipality identified that in prior periods the input VAT accrual and output VAT accrual were incorrectly netted off and presented as a single "Net VAT Receivable" line item in the statement of financial position. This treatment did not comply with the requirements of GRAP, as the input VAT accrual (right arising from purchases) and output VAT accrual (obligation arising from supplies) represent separate transactions with different counterparties and do not meet the criteria for offsetting.

Furthermore, the netting obscured the fact that, under the municipality's payments-basis registration with SARS, no statutory receivable or payable exists until actual cash is paid to suppliers or received from customers.

The error has been corrected retrospectively by restating the comparative figures for the prior year.

21. Property Plant and Equipment. Disposal of assets were categorised into different classes based on nature of disposals. Which includes derecognition based on replacement of existing assets, write off assets that were written off as per council resolution and disposals which were due claims from insurance. The above changes were effected on the reconciliation on note 11 and have no financial impact on previously reported balances.

22. Commitments. During the current financial year, the entity identified an error in the prior year's financial statements relating to the classification of commitments. Operational contracts were incorrectly included as capital commitments. An expenditure of R1 078 901 was erroneously included in the determination of prior year commitment balance..

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47. Prior period errors (continued)

| | Audited 2024 | 2024 Restated* | prior period errors | Note(s) |
|--|-------------------------|------------------------|---------------------|---------|
| Statement of Financial Position | | | | |
| Consumer debtors from exchange transaction | 31 916 802.00 | 12 468 201.00 | - 19 448 601.00 | 6 |
| Consumer debtors from non - exchange transaction | 56 544 405.00 | 73 680 321.00 | 17 135 916.00 | 6 |
| Investment property | 74 377 561.00 | 79 101 561.00 | 4 724 000.00 | 10 |
| Payables from exchange transactions | - 61 881 885.00 | - 61 115 986.00 | 765 899.00 | 14 |
| Property, plant and equipment | 876 397 101.00 | 875 557 472.00 | - 839 629.00 | 11 |
| Receivables from exchange transactions | | 4 082 314.00 | 4 082 314.00 | 8 |
| VAT receivable | 380 943.00 | - | - 380 943.00 | |
| Accumulated surplus | 977 734 927.00 | 983 773 883.00 | 6 038 956.00 | |
| Statement of Financial Performance | | | | |
| Sale of goods | 96 500.00 | 95 116.00 | - 1 384.00 | 56 |
| Other income | 851 845.00 | 3 641 288.00 | 2 789 443.00 | 20 |
| Property rates | 55 328 009.00 | 48 883 748.00 | - 6 444 261.00 | 23 |
| Interest on outstanding receivable balances | 11 156 236.00 | 10 203 038.00 | - 953 198.00 | 22 |
| Depreciation and amortisation | - 62 410 051.00 | - 62 265 429.00 | 144 622.00 | 27 |
| Debt Impairment | - 10 153 760.00 | 3 337 935.00 | 13 491 695.00 | 29 |
| Impairment of assets | - 1 620 606.00 | - 2 128 126.00 | - 507 520.00 | 11 |
| Contracted Services | - 35 234 590.00 | - 35 143 812.00 | 90 778.00 | 31 |
| General Expenses | - 57 025 397.00 | - 57 127 466.00 | - 102 069.00 | 32 |
| Profit / (Loss) on disposal of Fixed assets | - 1 126 039.00 | - 880 816.00 | 245 223.00 | 11 |
| Surplus for the year | - 100 137 853.00 | - 91 384 524.00 | 8 753 329.00 | |

Reclassifications

Employee related cost has reclassified EPWP salaries and defined contribution plan amounting to R5 899.00 within the same note.

General Expenditure. The classification line item 'Marketing' on general expenses was merged with classification line-item "services: adverts and corporate image" as the two classifications were deemed to have similar expenditure transactions. Impact of an increase of R2 084 193 on services: adverts and corporate image and removal of 'Marketing' on the face of general expenses transaction- (R2 084 193).

48. Events after the reporting date

There are no events after the reporting date.

49. Lease rentals on operating lease

Premises

Contractual amounts 462 405 462 405

Equipment

Contractual amounts 962 236 1 164 378

1 424 641 1 626 783

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

49. Lease rentals on operating lease (continued)

Operating lease payments represent rentals payable by the municipality for certain office equipment and service delivery property. Leases are negotiated for an average term of 3 years. No contingent rent is payable.

50. Grants and subsidies

Other subsidies

| | | |
|---------------------------|------------------|-------------------|
| Indigent Relief | 619 214 | 803 069 |
| Eskom upgrade | - | 11 493 554 |
| Bursaries and Learnership | 450 451 | 573 659 |
| | 1 069 665 | 12 870 282 |

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51. Change in estimate

Property, plant and equipment

During the year ended 30 June 2025 the total useful life of assets were reassessed per asset category

The change has the following effect on the property, plant and equipment note:

Current year:

| Increase/ (Decrease) in depreciation expense due to re-assessment of useful life - | Amount |
|---|----------------------|
| Computer Equipment | -123 349.95 |
| Furniture and Office Equipment | -103 232.09 |
| Machinery and Equipment | -724 178.91 |
| Community Assets | 869 339.60 |
| Infrastructure | -1 231 084.78 |
| Other Assets | 145 150.15 |
| Grand Total | -1 167 355.98 |

Landfill Provision

During the 2024/25 valuation of landfill site closure provision, the landfill site useful life increased by 3.2 years from 0 to 3.2 years. The increase in expected useful life of the landfill site resulted in significant decrease in the provision amount on 30 June 2025. The increase in useful life of landfill site resulted in R13,996,323 decrease in rehabilitation provision. It is impractical to determine the impact of future period as the rehabilitation provision is depended on various factor.

52. Segment reporting

General information

Identification of segments

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

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

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52. Segment reporting (continued)

Aggregated segments

The municipality operates throughout the LIM 471 demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout LIM 471 were sufficiently similar to warrant aggregation

The following segments were aggregated:

| | |
|----|---|
| 1 | Finance:BTO |
| 2 | Solid Waste Removal:Solid Waste |
| 3 | Finance:Finance |
| 4 | Mayor and Council:Council |
| 5 | Roads:Roads& Stormwater (650) |
| 6 | Health Services:HIV/AIDS |
| 7 | Fleet Management:Fleet Mangement |
| 8 | Cemeteries Funeral Parlours and Crematoriums:Paks & Cemeteries |
| 9 | Town Planning Building Regulations and Enforcement and City Engineer:Urban Development |
| 10 | Municipal Manager Town Secretary and Chief Executive:Municipal Manager |
| 11 | Information Technology:Information Communication Technology (ICT) |
| 12 | Housing:Housing and Building |
| 13 | Finance:Default |
| 14 | Licensing and Regulation:Licencing and Traffic |
| 15 | Electricity:Electricity |
| 16 | Finance:REVENUE |
| 17 | Administrative and Corporate Support:Administration |
| 18 | Sports Grounds and Stadiums:Sports Arts and Culture |
| 19 | Human Resources:Human Resources |
| 20 | Licensing and Regulation:Registration Authority |
| 21 | Libraries and Archives:Library |
| 22 | Health Services:Health General Services |
| 23 | Roads:Roads & Stormwater 2 |
| 24 | Roads:Roads & Stormwater 1 |
| 25 | Town Planning Building Regulations and Enforcement and City Engineer:Technical Services |
| 26 | Consumer Protection:Community Services Management |
| 27 | Administrative and Corporate Support:Corporate Services Management |
| 28 | Markerting Customer Relations Publicity and Media Co-ordiantion:Communication |
| 29 | Legal Services:Legal Services |
| 30 | Supply Chain Management:Stores |

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

| Reportable segment | Goods and/or services |
|--------------------|---|
| Finance | Finance, human resource and IT services to facilitate service |
| Community services | Police, parks and libraries |
| Basic services | Basic services, roads, sewage, refuse, electricity |
| Mayor and council | Community outreach |

Measurement of segment surplus or deficit, assets and liabilities

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52. Segment reporting (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. There are no non reportable segments.

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52. Segment reporting (continued)

Performance information

The following information will enable users of financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Segment reporting was expanded to enhance fair presentation

Below are the reconciliations of the amounts in the statement of financial position and performance for reportable segments

2025

| Statement of Financial Position | Basic services | Community services | Executive & Council | Finance | Grand Total |
|---|--------------------|--------------------|---------------------|----------------------|----------------------|
| Assets | 50 042 789 | 74 331 723 | 124 648 869 | 1 650 406 373 | 1 501 468 570 |
| Current Assets | 363 528 929 | 81 806 061 | 124 774 037 | 1 094 582 726 | 524 473 699 |
| Cash and Cash equivalents | 307 479 356 | 81 276 377 | 144 849 054 | 916 526 113 | 382 921 326 |
| Consumer debtors from exchange transactions | 43 662 030 | 5 506 | | 60 456 577 | 16 789 041 |
| Consumer debtors from non exchange transactions | 6 968 275 | | 20 212 500 | 66 234 798 | 79 479 023 |
| Inventories | 5 419 268 | 2 307 484 | 137 484 | 44 202 417 | 36 338 180 |
| Receivables from non-exchange transactions | | 1 783 307 | | 979 266 | 804 041 |
| Receivables from exchange transactions | - | - | - | 8 142 087 | 8 142 087 |
| Non-Current Assets | 413 571 718 | 7 474 337 | 125 168 | 555 823 648 | 976 994 871 |
| Eskom Deposits | | | | 2 316 253 | 2 316 253 |
| Heritage assets | | 24 700 | 125 168 | 63 632 | 213 500 |
| Investment property | | 3 361 500 | | 77 867 061 | 81 228 561 |
| Property, plant and equipment | 413 571 718 | 4 088 137 | | 475 576 701 | 893 236 557 |
| Liabilities | 71 687 263 | 1 113 314 | 25 274 719 | 236 299 430 | 138 224 134 |
| Current Liabilities | 71 687 263 | 1 113 314 | 25 274 719 | 173 279 871 | 75 204 575 |
| Consumer deposits | 156 851 | | | 1 433 164 | 1 276 313 |
| Employee benefit obligation | | | | 1 546 882 | 1 546 882 |
| Finance lease obligation | | | | 8 952 691 | 8 952 691 |
| Payables from exchange transactions | 9 198 520 | 1 113 314 | 21 165 719 | 76 509 202 | 63 428 689 |
| Unspent conditional grants and receipts | 80 728 931 | | 4 109 000 | 84 837 931 | 0 |
| Non-Current Liabilities | - | - | - | 63 019 559 | 63 019 559 |
| Employee benefit obligation | | | | 28 183 589 | 28 183 589 |
| Finance lease obligation | | | | 0 | 0 |
| Provisions | | | | 34 835 970 | 34 835 970 |
| Net Assets | 121 730 052 | 73 218 409 | 99 374 150 | 1 414 106 944 | 1 363 244 436 |

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52. Segment reporting (continued)

| | Basic services | Community services | Executive & Council | Finance | Grand Total |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|
| Statement of Financial Performance | | | | | |
| Revenue | 171 293 396 | 618 710 | 1 577 122 | 301 206 220 | 474 695 448 |
| Revenue from exchange transactions | 97 922 215 | 123 260 | 28 122 | 35 978 478 | 134 052 075 |
| Agency fees | - | - | - | 6 124 052 | 6 124 052 |
| Interest received | 2 045 471 | - | - | 27 141 201 | 29 186 672 |
| Other income | 3 672 134 | 59 896 | - | 1 186 006 | 4 918 035 |
| Rental of facilities and equipment | - | 63 364 | - | 2 511 | 65 875 |
| Sale of goods | 16 286 | - | 28 122 | 13 747 | 58 154 |
| Service charges | 92 188 324 | - | - | 1 510 961 | 93 699 286 |
| Revenue from non-exchange transactions | 73 371 181 | 495 450 | 1 549 000 | 265 227 742 | 340 643 373 |
| Basic Electricity Levy | 12 428 912 | - | - | - | 12 428 912 |
| Interest received | - | - | - | 13 281 826 | 13 281 826 |
| Property rates | - | - | - | 47 103 916 | 47 103 916 |
| Transfer revenue and other receipts | 60 942 269 | 495 450 | 1 549 000 | 204 842 000 | 267 828 719 |
| Expenditure | - 115 317 501 | - 48 371 684 | - 48 937 567 | - 207 853 430 | - 420 480 183 |
| Bulk Purchases | - 67 608 613 | - | - | - | - 67 608 613 |
| Contracted services | - 1 984 249 | - 19 532 698 | - 2 112 830 | - 23 359 813 | - 46 989 590 |
| Debt Impairment | - | - | - | - 22 518 220 | - 22 518 220 |
| Depreciation and amortisation | 1 807 | - | - | - 60 548 394 | - 60 546 588 |
| Employee related costs | - 28 696 053 | - 21 694 243 | - 21 690 890 | - 46 395 937 | - 118 477 123 |
| Finance costs | - | - | - | - 9 525 139 | - 9 525 139 |
| General Expenses | - 9 216 013 | - 3 345 246 | - 9 251 357 | - 37 726 666 | - 59 539 282 |
| Grants and Subsidies | - 619 214 | - | - | - 450 451 | - 1 069 665 |
| Impairment of assets | 276 257 | - | - | - 2 405 | 273 852 |
| Operating Lease Expense | - | - | - | - 1 424 641 | - 1 424 641 |
| Remuneration of councillors | - | - | - 15 861 040 | - | - 15 861 040 |
| Repairs and Maintenance | - 7 471 423 | - 3 799 497 | - 21 450 | - 5 901 764 | - 17 194 134 |
| | - 5 170 112 | 1 771 351 | 18 370 | 15 753 991 | 12 373 600 |
| Actuarial Gain / (Loss) | - | - | - | 213 789 | 213 789 |
| Fair Value adjustments | - | 1 774 970 | 18 370 | 356 000 | 2 149 340 |
| Gain/(losses) on landfill site Valuation | 4 780 193 | - | - | - | 4 780 193 |
| Profit / (Loss) on disposal of Fixed assets | - 9 950 305 | - 3 619 | - | - 348 975 | - 10 302 899 |
| Profit/(loss) on disposal of Inventory | - | - | - | - 708 343 | - 708 343 |
| Reversal of Financial Assets Impairment | - | - | - | 16 241 520 | 16 241 520 |
| Surplus for the Year | 50 805 783 | - 45 981 623 | - 47 342 075 | 109 106 781 | 66 588 865 |

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52. Segment reporting (continued)

2024

| Statement of Financial Position | Basic services | Community services | Executive & Council | Finance | Grand Total |
|--|--------------------|--------------------|---------------------|----------------------|----------------------|
| Assets | 88 297 185 | 52 131 629 | 111 494 530 | 1 522 518 005 | 1 447 189 031 |
| Current Assets | 254 610 014 | 49 506 707 | 111 601 328 | 906 195 296 | 490 477 247 |
| Cash and Cash equivalents | 245 235 880 | 48 945 634 | 114 677 723 | 768 321 921 | 359 462 683 |
| Consumer debtors from exchange transaction | 1 406 044 | 5 820 | | 11 067 978 | 12 468 201 |
| Consumer debtors from non - exchange transaction | 6 432 909 | | 3 187 060 | 76 926 170 | 73 680 321 |
| Inventories | 4 347 268 | 1 912 385 | 110 664 | 43 064 459 | 36 694 142 |
| Receivables from non-exchange transactions | | 1 357 132 | | 2 732 454 | 4 089 586 |
| Receivables from exchange transactions | - | - | - | 4 082 314 | 4 082 314 |
| Non-Current Assets | 342 907 199 | 2 624 922 | 106 798 | 616 322 709 | 956 711 784 |
| Eskom Deposits | | | | 1 861 591 | 1 861 591 |
| Heritage assets | | 20 730 | 106 798 | 63 632 | 191 160 |
| Investment property | | 1 590 500 | | 77 511 061 | 79 101 561 |
| Property, plant and equipment | 342 907 199 | 4 236 152 | | 536 886 425 | 875 557 472 |
| Liabilities | 6 174 318 | 1 113 314 | 1 586 904 | 159 407 994 | 150 533 457 |
| Current Liabilities | 6 174 318 | 1 113 314 | 1 586 904 | 83 911 690 | 75 037 154 |
| Consumer deposits | 146 822 | | | 1 440 633 | 1 293 811 |
| Employee benefit obligation | | | | 999 950 | 999 950 |
| Finance lease obligation | | | | 8 649 743 | 8 649 743 |
| Payables from exchange transactions | 6 027 497 | 1 113 314 | 1 586 904 | 69 843 700 | 61 115 986 |
| Provisions | | | | 2 977 664 | 2 977 664 |
| Non-Current Liabilities | - | - | - | 75 496 303 | 75 496 303 |
| Employee benefit obligation | | | | 25 196 946 | 25 196 946 |
| Finance lease obligation | | | | 8 952 691 | 8 952 691 |
| Provisions | | | | 41 346 666 | 41 346 666 |
| Net Assets | 94 471 504 | 51 018 315 | 109 907 626 | 1 363 110 011 | 1 296 655 574 |

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52. Segment reporting (continued)

| Statement of Financial Performance | Basic services | Community services | Executive & Council | Finance | Grand Total |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|
| Revenue | 135 666 049 | 593 795 | 2 618 692 | 289 613 479 | 428 492 015 |
| Revenue from exchange transactions | 78 390 214 | 146 445 | 58 692 | 35 893 693 | 114 489 045 |
| Agency fees | - | - | - | 5 594 755 | 5 594 755 |
| Interest received | 404 221 | - | - | 26 739 861 | 27 144 082 |
| Other income | 26 135 | 78 802 | - | 3 536 351 | 3 641 288 |
| Rental of facilities and equipment | - | 67 643 | - | - | 67 643 |
| Sale of goods | 13 698 | - | 58 692 | 22 726 | 95 116 |
| Service charges | 77 946 161 | - | - | - | 77 946 161 |
| Revenue from non-exchange transactions | 57 275 835 | 447 350 | 2 560 000 | 253 719 786 | 314 002 971 |
| Basic Electricity Levy | 11 692 930 | - | - | - | 11 692 930 |
| Interest received | - | - | - | 10 203 038 | 10 203 038 |
| Property rates | - | - | - | 48 883 748 | 48 883 748 |
| Transfer revenue and other receipts | 45 582 905 | 447 350 | 2 560 000 | 194 633 000 | 243 223 255 |
| Expenditure | - 120 626 504 | - 32 815 515 | - 46 677 644 | - 176 428 406 | - 376 548 068 |
| Bulk Purchases | - 56 886 156 | - | - | - | - 56 886 156 |
| Contracted services | - 120 078 | - 9 112 405 | - 3 218 161 | - 22 693 168 | - 35 143 812 |
| Debt Impairment | - | - | - | 3 337 935 | 3 337 935 |
| Depreciation and amortisation | - | - | - | 62 265 429 | 62 265 429 |
| Employee related costs | - 26 095 233 | - 19 003 748 | - 18 764 825 | - 45 098 418 | - 108 962 225 |
| Finance costs | - | - | - | 8 652 108 | 8 652 108 |
| General Expenses | - 11 861 496 | - 3 017 639 | - 9 644 087 | - 32 604 244 | - 57 127 466 |
| Grants and Subsidies | - 12 296 624 | - | - | 573 658 | - 12 870 282 |
| Impairment of assets | - | - | - | 2 128 126 | 2 128 126 |
| Operating Lease Expense | - | - | - | 1 626 783 | 1 626 783 |
| Remuneration of councillors | - | - | 15 050 570 | - | 15 050 570 |
| Repairs and Maintenance | - 13 366 916 | - 1 681 724 | - | 4 124 407 | - 19 173 047 |
| | - 115 268 | 2 105 730 | - | 4 714 625 | - 2 724 163 |
| Actuarial Gain/ (Loss) | - | - | - | 3 949 076 | 3 949 076 |
| Fair Value adjustments | - | 2 105 730 | - | - | 2 105 730 |
| Inventories losses/write-downs | - | - | - | - | - |
| Profit/(Loss) on disposal of fixed assets | - 115 268 | - | - | 765 549 | 880 817 |
| | | | | | - |
| Suplus for the year | 14 924 277 | - 30 115 990 | - 44 058 952 | 108 470 448 | 49 219 784 |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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53. Regulation 45 disclosure

As per Section 45 of the MFMA SCM Regulations the notes to the Annual financial statements of a municipality must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state or has been in the service of the state in the previous 12 months indicating,

- The name of that person
- The capacity in which that person is in the service of the state/municipality; and
- The amount of the award

The information regarding awards made for the financial year is indicated below.

| Service Provide/goods description | Name/relation/Organ of state | 2025 | 2024 |
|---|--|------------|-----------|
| Dr LG Nemukongwe- Appointment of a panel of maximum three service providers for Medical Examination for a period of 36 months (8/3/483) | Nemukongwe, MB - Spouse to the director | 17 975 | |
| KIPP Consulting Engineers Appointment of a panel of Civil Engineering Consultants for Infrastructure Development Projects for period of 36 Months (8/3/453) | Metene, PZ - Spouse to the director Dept. of Economic Affairs and Social Development | 3 582 250 | 119 209 |
| Matshetso Supply and Delivery of 100kWh Meters (Re-advert) (8/3/472) | Mashwene, RM - Spouse to the director Limpopo - Health | | 295 248 |
| Tshete le Barwa General Trading Supply and delivery of two ride on mowers (8/3/465) | Tsiane, TM - Spouse to the director Dept. of Science and Technology | | 488 600 |
| Tshete le Barwa General Trading Supply, delivery, and installation of one guard house (Re-advert) | Tsiane, TM - Spouse to the director Dept. of Science and Technology | | 98 000 |
| Munsoft -Financial Management and Internal Control system | M, Rerani Spouse to director Dept of Chief Justice | 13 278 417 | 8 638 737 |
| Musanda Travel Agency_x0002_Travel Management services for 36 months | Director's Spouse - Ledwaba, MP - Department of Education | 91 876 | 486 096 |
| CONLOG Vending Management System for a period of 36 months | Virvasha Moodley, spouse to the director Dept. of Health | 632 255 | 577 677 |
| Limpopo Floor Care Trading & Projects- Refreshment - water and energy drinks for IMSSA Games | Spouse to director Matlala Hospital, | | |
| Limpopo Floor Care Trading & Projects- Supply of a Digital Photo Camera | Spouse to director Matlala Hospital, | | |
| Ken and Son Business Enterprise- Supply and Delivery of Road Marking Paint | Spouse to director Matlala Hospital, | | |
| Ken and Son Business Enterprise- Catering | Spouse to director Matlala Hospital, | | |

Ephraim Mogale Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

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53. Regulation 45 disclosure (continued)

| | | | |
|---|--|-----------|--------|
| Mphodics Supplies- Catering | Maria Aphane - business associate - Ephraim Mogale Municipality | | |
| Sekankoe Engineering HighMast Lights at Matseding_x0002_High Mast Lights at Matseding | Director's Spouse - Khalaki, ME- Dept. of Labour Mpumalanga | | |
| Phamela Engineerin | Mukwevho, N - Spouse to the director | 3 309 721 | |
| Electrateq Supply and delivery of electrical materials | Both, M - Spouse to the director SAPD | 17 774 | 18 931 |
| Kwaila Holdings Supply and delivery of water tankers; Installation of tiles; Supply of building materials | Langa, RZ - spouse to the director Gauteng Dept of Health | | 86 307 |
| Matlukanobha Trading Hire of tables, tent, toilets and supply of bottled water | Baloyi, MV - spouse to the director Sekhukhune District Municipality | 85 200 | 25 000 |
| National Service Master Catering services and supply of cateridges | Matemane, MM - spouse to the director Dept of Health | | 37 580 |
| OBARO Handel Supply of materials | Bronkhorst, JE - spouse to the director Laerskool Tygerpoort | 24 382 | 40 369 |
| Puleng Development Catering services | Khumalo, PM - spouse to the director SANDF | | 28 800 |
| SALAfish Trading Supply of bottled water; tents, mobile toilets | Mashung, NG - spouse to the director Dept of Kokstad | 23 000 | 4 000 |
| SEB IT Consultancy Vetting of candidates; Branded municipal clocking books; Catering services | Sebei, TME - spouse to the director Elias Motsoaledi Local Municipality | 18 693 | 44 200 |
| Teknoplanet Supply of Cartridges | Tlale, SJ - spouse to the director North West Education | | 15 600 |
| Sekhukhune Times Publication of adverts in newspaper | Motseo, GN Limpopo Education | 155 373 | 88 862 |
| Gijima Holdings Competency Assessment of director | Zilwa, LC - child to the director Dept of Health | | 7 200 |
| PL Moswathupa | Moswathupa Lebotsa Patrick, - children to the director | 15 500 | |
| Daph Phuti Sponges | Mphela, KP and Tshabalala, P - children to the director Socio-Economic Development and WillowRidge High School | | 28 500 |

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| Figures in Rand | 2025 | 2024 |
|-------------------------------------|------------------|-------------------|
| 54. Finance lease obligation | | |
| Minimum lease payments due | | |
| - within one year | 9 533 476 | 10 400 156 |
| - in second to fifth year inclusive | - | 9 533 476 |
| Less Future Finance charges | (580 785) | (2 331 198) |
| | 8 952 691 | 17 602 434 |
| Non-current liabilities | - | 8 952 691 |
| Current liabilities | 8 952 691 | 8 649 743 |
| | 8 952 691 | 17 602 434 |

It is municipality policy to lease certain motor vehicles and equipment under finance leases. Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The municipality's obligations under finance leases were secured by the lessor's charge over the leased assets.

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note .

The fair value of finance lease liabilities approximates their carrying amounts.

55. Accounting by principals and agents

| | | |
|-------------|-----------|-----------|
| Agency Fees | 6 124 052 | 5 594 755 |
|-------------|-----------|-----------|

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

Details of the arrangements are as follows:

Entity as agent

The municipality is the 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 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.

Revenue recognised

The aggregate amount of revenue that the Municipality recognised as compensation for the transactions carried out on behalf of the principal is R6 124 052 for 2025 year and 5 594 755 for 2024 year.

Liabilities recognised:

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity are R-340 912. at as 30 June 2025 and R 37 239 for 30 June 2024.

Entity as principal

Municipality is the Principal in arrangements with service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction.

56. Sale of goods

Sale of goods comprises of items such as sale of tender document and refuse plastic.

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Annual Financial Statements for the year ended 30 June 2025

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|---|-------------------|-------------------|
| 57. Rental of facilities and equipment | | |
| Facilities and equipment | | |
| Rental of facilities and equipment | 65 875 | 67 643 |
| 58. Fines, Penalties and Forfeits | | |
| Municipal Traffic Fines | 495 677 | 453 296 |
| 59. Basic Charges | | |
| Basic Electricity Levy | 9 733 439 | 9 227 927 |
| Basic Charges Vacant Stand | 2 695 474 | 2 465 003 |
| | 12 428 913 | 11 692 930 |



AUDITOR - GENERAL
SOUTH AFRICA



MANAGEMENT REPORT

Ephraim Mogale Local Municipality

2024-25

Date: 25 November 2025

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INTRODUCTION

1. The purpose of this management report is to communicate the outcomes of the audit for the financial year ended 30 June 2025, as well as the insights and significant matters that require the attention of the accounting officer. The report should be read with the engagement letter, which sets out our responsibilities as well as the standards and processes we apply in performing our audits.
2. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report has been signed.
3. We communicated our audit findings and recommendations for improvement to management and obtained their responses throughout the audit. This report is a comprehensive summary of what we shared with management. In **annexure D**, we provide a summary of detailed findings communicated to management.
4. The management report is structured as follows:
 - In **section 1** we share the overall audit outcomes and the status of material irregularities. We also summarise the material irregularities in **annexure F**.
 - In **section 2** we provide the most significant matters from the audit and their impact, which we detail further in the annexures. Where appropriate, we also include the following:
 - Significant deficiencies in internal control that caused the findings we report. Significant deficiencies occur when internal controls do not exist; are not appropriately designed or implemented; or are not operating as intended to prevent – or to promptly detect and correct – material misstatements, non-compliance or non-performance. In **annexure C** we expand on the state of internal control.
 - Key recommendations and the responses received from management on implementing the recommendations.
 - In **section 3** we include observations on the overall internal control environment and the role of the accountability ecosystem. Key recommendations and responses from management are also included.
 - In **section 4** we provide our view of the root causes of deficiencies in the overall internal control environment and provide recommendations for the accounting officer to address the root causes.
 - We end the report with a **conclusion**.
5. We trust the insights and recommendations in this report will be of value in your pursuit towards building and leading a municipality that is accountable and transparent, has institutional integrity and performs at a level that has a positive impact on the lives of South Africans.

SECTION 1: AUDIT OUTCOMES AND MATERIAL IRREGULARITIES

OVERALL AUDIT OUTCOMES

6. The overall audit outcome of the municipality is unqualified with findings. This is the same as the previous year's audit outcome.

Audit results per outcome area

| Outcome area | Movement | 2024-25 | 2023-24 | 2022-23 |
|--|----------|---------|---------|---------|
| Financial statements | | | | |
| Annual performance report | | | | |
| <ul style="list-style-type: none"> KPA 2: Basic Service Delivery and Infrastructure Development | | | | |
| Compliance with legislation | | | | |
| <ul style="list-style-type: none"> Annual financial statements, performance report and annual reports | | | | |
| <ul style="list-style-type: none"> Procurement and contract management | | | | |
| <ul style="list-style-type: none"> Expenditure management | | | | |
| <ul style="list-style-type: none"> Utilisation of conditional grants | | | | |
| <ul style="list-style-type: none"> Consequence management | | | | |
| <ul style="list-style-type: none"> Strategic planning and performance management | | | | |
| <ul style="list-style-type: none"> Revenue management | | | | |
| <ul style="list-style-type: none"> Asset management | | | | |
| <ul style="list-style-type: none"> Human resource management | | | | |
| <ul style="list-style-type: none"> Governance and oversight | N/A | | | |

| | | | | | | | | | | | |
|--|----------------------------------|--|-----------|--|-------------------------------------|--|--|--|-------------------|--|-------------|
| | Unqualified/No material findings | | Qualified | | Adverse/Pervasive material findings | | Disclaimed/Pervasive material limitation | | Material findings | | Not audited |
|--|----------------------------------|--|-----------|--|-------------------------------------|--|--|--|-------------------|--|-------------|

| | | | | | |
|--|-------------|--|------------|--|-----------|
| | Improvement | | Regression | | Unchanged |
|--|-------------|--|------------|--|-----------|

7. The municipality's audit outcome remained unchanged on an unqualified with findings audit opinion when compared to the prior financial years. The conclusion on KPA 2: Basic Service Delivery and Infrastructure Development has improved when compared to the previous years. The continued material non-compliances identified at the municipality contributes to prevent the municipality from achieving a clean audit and therefore requires more attention.
8. We provide further insight into the audit outcomes, the root causes of weaknesses and our recommendations in the rest of this report.
9. **Annexure E** lists matters that will affect future financial statements, annual performance reports and compliance with legislation.

MATERIAL IRREGULARITIES

10. Since the implementation of the material irregularity process, we have identified three material irregularities at the municipality.

Status of material irregularities

| Year of notification | Total | Resolved | Appropriate actions | Following up actions taken | AGSA further actions | Notification response not yet due | Assessing response | Not pursued further |
|----------------------|-------|----------|---------------------|----------------------------|----------------------|-----------------------------------|--------------------|---------------------|
| 2021 | 1 | 1 | 1 | - | - | - | - | - |
| 2022 | 2 | 2 | 2 | - | - | - | - | - |

11. We received written submissions from the accounting officer on 16 September 2025, 13 October 2025 and further evidence on 17 November 2025 of the material irregularities identified. We considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularities. Therefore, we will not pursue this matter any further.
12. The auditor's report will detail all material irregularities except for the one resolved in prior years. **Annexure F** lists the material irregularities that will be included in the auditor's report.

SECTION 2: SIGNIFICANT MATTERS

FINANCIAL STATEMENTS

Audit results

13. The financial statements were submitted to us for auditing on 31 August 2025.
14. We identified material misstatements in the financial statements submitted for auditing. The material misstatements could have been prevented or detected by effective internal controls. It constitutes non-compliance with Municipal Finance Management Act 56 of 2003 (MFMA) and will be reported as a material finding in the auditor's report.

Material misstatements corrected

| Accounting standard/legislation | Nature | Value | Description | Prior-year misstatements | |
|---------------------------------|-----------------------------|-------------|--|--------------------------|---------|
| | | | | 2023-24 | 2022-23 |
| Value Added Tax | | | | | |
| GRAP 1 GRAP 104 GRAP 108 | Presentation and disclosure | R4 408 420 | VAT input accrual and VAT output accrual accounts amounting to R4 408 420 were included in the VAT receivables amount of R903 649 netting it off to the balance disclosed on the statement of financial position. VAT related to the impairment of receivables was omitted from the disclosures, despite the requirement to present it separately under Payables from Exchange Transactions in line with the requirements of GRAP 1 and GRAP 104. | | |
| Contingent assets | | | | | |
| GRAP 1 | Understatement | R6 112 400 | Difference between the amount as per current year AFS corresponding and prior year adjusted AFS as disclosed in note 38 is not disclosed in note 47 to the AFS as part of "Prior period error". | | |
| GRAP 19 | Overstatement | R6 715 173 | Fruitless and wasteful expenditure declared recoverable by the Council after MPAC investigation and subsequently disclosed as contingent assets in note 38, however not meeting the definition of contingent assets. (Both current year and corresponding) | | |
| Financial instruments | | | | | |
| GRAP 104 | Overstatement | R19 768 577 | Financial instruments as disclosed under note 36 of the annual financial statements included accrued leave, | | |

| Accounting standard/legislation | Nature | Value | Description | Prior-year misstatements | |
|---------------------------------|---------------|---|---|--------------------------|---------|
| | | | | 2023-24 | 2022-23 |
| | | | accrued 13 th cheques and accrued salaries in the current year. | | |
| GRAP 104 | Overstatement | R17 364 712 | Financial instruments as disclosed under note 36 of the annual financial statements included accrued leave, accrued 13 th cheques and accrued salaries in the corresponding figures of the current year AFS. | | |
| Cash flow statements | | | | | |
| GRAP 1 | Overstatement | R16 241 520 R4 780 000 R9 488 360 | Differences between note 35 and auditor's recalculations | | |
| GRAP 1 | Overstatement | R9 715 165 | Differences between the statement of cashflows and auditor's recalculations: | | |

| | | | | | |
|--|-------------|--|-----------|--|----------------------------|
| | Uncorrected | | Corrected | | No prior-year misstatement |
|--|-------------|--|-----------|--|----------------------------|

15. The findings identified in the current year are mainly as a result of the non-compliance with the financial reporting framework. The corrections on the financial statements have a negative impact on the quality of the annual financial statements.
16. The material misstatements that were corrected formed the basis for the unqualified opinion on the financial statements. The material non-compliance will be reported in the auditor's report.
17. **Impact:** The audit outcome remained the same when compared to the prior year as a result of the corrected misstatements. The misstatement on contingent assets further impacts negatively on the municipality's transparency and accountability as far as the recovery of the funds from the individual(s) and service provider(s) liable is concerned. The corrected misstatement resulted in the audit opinion remaining the same.
18. In line with the engagement letter, the municipality was afforded a single opportunity to correct the misstatements after a communication of audit findings were raised. The adjustments were also subjected to a further testing to confirm that management has addressed the entire population.

Internal control and recommendations

19. We identified significant internal control deficiencies in financial recordkeeping and the financial statement preparation and related business processes, which caused the misstatements or could cause misstatements in future.

Significant internal control deficiencies – financial records and financial statements

| Deficiency | Prior years reported | |
|--|----------------------|---------|
| | 2023-24 | 2022-23 |
| Senior management did not adequately oversee the operations of the municipality, as the financial statements contained material misstatements not detected by the municipality's own system of internal control. | √ | √ |
| Internal controls for monitoring compliance with legislation were ineffective as it did not detect and prevent instances of non-compliance with legislation. | √ | √ |

20. We believe that addressing the above key matters will significantly improve the municipality's control environment, governance, and audit outcomes. It will also support service delivery, enhance transparency, and foster a culture of accountability. The municipality is encouraged to adopt a proactive approach in dealing with weaknesses and to demonstrate visible commitment to clean governance.

21. We made recommendations to improve the financial records and the financial statement preparation process to the accounting officer and senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – financial records and financial statements

| Recommendation and management response | Year originally recommended | Status of implementation |
|--|-----------------------------|--------------------------|
| <p>Recommendation: We recommend that management should improve controls during the preparation of the AFS that the amounts disclosed are accurate and supported with the evidence in this regard. The review of the AFS before submission must be able to detect misstatements.</p> <p>Response: Management agrees with the recommendations</p> | 2021-22 | In process |
| <p>Recommendation: CFO should ensure that adequate controls for daily and monthly processing of transactions to prevent material misstatements. Management should review the note supporting the annual financial statements to ensure that they are complete, accurate and in compliance with the applicable standards.</p> <p>Response: Management agrees with the recommendations</p> | 2022-23 | Implemented |
| <p>Recommendation: The accounting officer should develop a corrective action plan that will address all the material misstatements and ensure that there is proper analysis of the root cause and follow on the implementation in the management meetings.</p> <p>Response: Management agrees with the recommendations</p> | 2022-23 | In process |
| <p>Recommendation: The accounting officer should put control measures in place to ensure that immediate steps are taken to recover the declared recoverable fruitless and wasteful expenditure. After a Council approves fruitless and wasteful expenditure as recoverable, the municipality should initiate the debt collection process to recover the funds from the individual(s) and service provider(s) liable.</p> <p>Response: Management agrees with the recommendations</p> | 2024-25 | Not started |

22. Although some of the recommendations were implemented by management, the impact is yet to be realised. It has been noted however, that there was an improvement in the implementation of these controls, but there is still an indication of a lack of an adequate action plan by management to address

the root causes. In addition, the municipality's own system of internal controls did not detect material misstatements.

Information to be included in auditor's report

23. We may communicate matters relating to the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the financial statements to know about. The following matter will be included as 'other matters' in the auditor's report:
 - In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement in note 45 to the financial statements did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.
24. We will include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to the following matter which we deem to be fundamental to their understanding of the financial statements:
 - As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended 30 June 2025.

FINANCIAL MANAGEMENT AND PERFORMANCE

Going concern

25. Our audit included an evaluation of the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements of the municipality and whether any material uncertainties exist about its ability to continue as a going concern.
26. We did not identify any events or conditions that cast significant doubt on the municipality's ability to continue as a going concern.

Budget management

27. We performed tests to identify budget overspending or budgets not spent for their intended purpose and tested compliance with the legislative requirements for budget management. We did not identify findings to highlight in this area of financial management.

Financial assessment and compliance

28. Our audit included a high-level assessment of the financial position and key financial indicators of the municipality based on its financial results to assess its ability to continue as a going concern (as detailed earlier), and also to highlight those issues that may require corrective action to maintain financial stability. The financial indicators used for the assessment include those that the National Treasury applies when assessing whether a municipality is in financial distress. The assessment is intended to complement, rather than substitute, the municipality's own financial assessment.
29. The detailed assessment is included in **annexure A**. We used the amounts and information in the financial statements to perform the assessment.
30. We changed the way our financial assessment of municipalities and municipal entities is performed to improve the relevance and consistency thereof. Our assessment is now based on the indicators that the National Treasury uses in identifying municipalities in financial distress. The indicators were also calculated for the previous year to enable comparability.

31. We concluded that the financial health of the municipality is good based on the assessment which is the same as the previous year.
32. The key matters identified through the assessment that require attention to maintain the good financial health of the municipality are summarised next.
33. We did not identify non-compliance with legislation and other requirements applicable to financial management at the municipality.

Indigents

34. The management of municipal indigents is key to appropriate service delivery and financial management within local government. Services to indigent households is encompassed within the Constitution of South Africa, as such it is important to ensure that funds budgeted for indigent households reach the intended beneficiaries through appropriate service delivery. Mismanagement of indigents can financially cripple municipalities and service delivery, while proper management of indigents will assist municipalities with financial health.

Findings on services to indigent households

| Finding | Number of instances identified (2024-25) | R-Value of instances identified (2024-25) | Prior years reported | |
|---|--|---|---|---------|
| | | | 2023-24 | 2022-23 |
| | | | Spouse employed by government departments | 1 |
| Deceased persons were identified in the indigent household listing and received indigent rebates on account | 9 | 1 049 760 | √ | √ |
| Beneficiary was employed by government department | 1 | 116 640 | √ | √ |

35. The municipality has awareness campaigns to communities to raise awareness and enable applications to indigent households. This is done through awareness days, local radio advertising.
36. **Impact:** Possible financial loss of R1 283

Losses

37. It is crucial for the municipality to implement the necessary disciplines to ensure that value is derived from money spent and that assets and resources are safeguarded. We identified findings to highlight in this area of financial management. The findings on material non-compliance with legislation will be reported in the auditor's report.

Disclosures on losses

| Nature | Description | Rand value | | |
|---|---|------------|------------|---------|
| | | 2024-25 | 2023-24 | 2022-23 |
| Irregular and Fruitless and wasteful expenditure. | An amount of R6 715 175 was adjusted to irregular and fruitless and wasteful expenditure which was declared recoverable by council. | R6 715 175 | R6 715 175 | R0 |

| Nature | Description | Rand value | | |
|------------------------------------|---|------------|---------|---------|
| | | 2024-25 | 2023-24 | 2022-23 |
| Fruitless and wasteful expenditure | Municipality did not submit the annual EMP501 timeously as a result SARS imposed a penalty. | R174 192 | R0 | R0 |

Findings on losses

| Finding | Material non-compliance | Prior years reported | |
|---|-------------------------|----------------------|---------|
| | | 2023-24 | 2022-23 |
| Irregular and fruitless and wasteful expenditure resulting in a possible financial loss of R6 715 175 was incurred. | No | N/A | N/A |

38. The above losses are due to poor project management resulting in irregular and fruitless and wasteful expenditure being incurred.
39. **Impact:** These losses are preventing the municipality from achieving its service delivery objectives.

Grant management

40. The municipality received grants totalling R68 713 000 to fund its programmes and projects in the current year. We audited compliance with the Division of Revenue Act and the use of the Municipal Infrastructure Grant (MIG).
41. We did not identify findings to highlight in this area of financial management.

Information to be included in auditor's report

42. We may include an 'emphasis of matter' paragraph in the auditor's report to draw the attention of users of the financial statements to important disclosures in the financial statements. The following matter that relates to the financial performance of the municipality will be emphasised:
- As disclosed in note 6 to the financial statements, the gross consumer debtor balance amounted to R217 095 625 and as a result of irrecoverable debtors, a material allowance for impairment of R120 827 563 was made.

PERFORMANCE PLANNING, MANAGEMENT AND REPORTING

Overall performance planning and management

43. We tested whether the municipality's performance planning and management processes, integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP)] complied with the key requirements from legislation and the framework of managing programme and performance information (FMPP).
44. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on performance planning and management

| Finding | Material non-compliance | Prior years reported | |
|--|-------------------------|----------------------|---------|
| | | 2023-24 | 2022-23 |
| The performance management systems and related controls were inadequate as it did not prevent material misstatements in the performance information. | Yes | √ | √ |

45. The non-compliance has been identified in the past three years due to material findings identified on the performance information reported in the annual performance report.
46. **Impact:** The material non-compliance casts doubt into the credibility of the reported information by the municipality. It does not allow an appropriate transparent process to provide the necessary confidence to the users of the annual performance report regarding the achievements of the municipality's set objectives.

Audit of annual performance report

47. The SDBIP and annual performance report were submitted to us for auditing on 20 August 2025 and 31 August 2025, respectively.
48. As detailed in the engagement letter, we undertook a limited assurance engagement on specific key performance area selected for auditing. We will report only the material findings in the auditor's report and not the audit opinion as included in **section 1**.
49. We selected the following key performance area for auditing:
- KPA 2: Basic service delivery and infrastructure development
50. Basic service delivery is the provision of sustainable integrated infrastructure. These essential services encompass a range of basic needs that are crucial for the well-being and quality of life of residents. In terms of its legislative or political mandate, the municipality is responsible for the provision of basic service delivery, which relate to refuse, road infrastructure and provision of free basic electricity for indigents households.
51. We evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and objectives.
52. We 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 and are verifiable, so that we 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 what were 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 measures taken to improve performance.

Audit results – KPA 2: Basic service delivery and infrastructure development

53. We did not identify findings on the completeness of the indicators used for planning and reporting on performance.
54. We did not identify material findings on the overall presentation of performance information in the annual performance report.
55. We identified material misstatements in the reported performance information in the annual performance report submitted for auditing. Some of these misstatements were reported in the previous year.

Material misstatements corrected

| Description | Prior-year misstatements | |
|--|--------------------------|---------|
| | 2023-24 | 2022-23 |
| Number of streetlight fittings routinely inspected by June 2025 | | |
| Number of reported achievements differed from the supporting evidence. | | |
| Number of Refuse Containers placed in villages for access to refuse collection once per week | | |
| Reported performance indicator consistent with its related targets and achievements in the APR. However, the audit evidence did not agree with this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported. | | |
| <div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> Uncorrected </div> <div style="text-align: center;"> Corrected </div> <div style="text-align: center;"> No prior-year misstatement </div> <div style="text-align: center;"> Indicator not audited/included in prior-year annual performance report </div> </div> | | |

56. This KPA has been modified in the prior year. Management did not appropriately review the SDBIP, quarterly performance reports and annual performance report and the supporting portfolio of evidence. Measures need to be put in place to ensure that there is appropriate review of actual achievements before submitting for audit.
57. **Impact:** As this is a key performance area for the municipality there is an increased need for transparency and accountability. The uncorrected misstatement cast doubt on the credibility of the reported achievements and does not enable appropriate accountability.

Information to be included in auditor's report

58. We may communicate matters about the audit, the auditor's responsibilities and the auditor's report in the auditor's report that are important for users of the annual performance report to know about. We will include information on preventable material misstatements in the submitted annual performance report in the 'other matters' section in the auditor's report.

Internal control and recommendations

59. We identified significant internal control deficiencies, which caused the weaknesses in the performance planning, management and reporting processes as reported.

Significant internal control deficiencies – performance planning, management and reporting

| Deficiency | Prior years reported | |
|---|----------------------|---------|
| | 2023-24 | 2022-23 |
| Senior management did not adequately oversee the operations of the municipality, as the annual performance report contained material misstatements not detected by the municipality's own system of internal control. | √ | √ |

60. We made recommendations to improve the performance planning, management and reporting process to the accounting officer and performance management unit. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – performance planning, management and reporting

| Recommendation and management response | Year originally recommended | Status of implementation |
|---|-----------------------------|--------------------------|
| <p>Recommendation: The accounting officer should ensure that proper controls are in place to ensure that reported achievements in the annual performance report are verified and reconciled with the supporting evidence.</p> <p>Response: Management agrees to the recommendation made. The target for the indicator has been corrected in the 2025/2026 SDBIP to 7 Containers placed in villages for access to refuse collection.</p> | 2022-23 | In process |
| <p>Recommendation: Controls over performance reporting should be strengthened in ensuring evidence agree with actual achievements.</p> <p>Response: Management agrees to the recommendation made and shall as a remedial ensure the preparation of regular, accurate and complete performance reports.</p> | 2022-23 | In process |

61. Management has not yet fully implemented the above recommendations from the prior year as similar issues were identified during the audit. These recommendations will be followed up in the 2025-26 audit cycle.

PLANNED TARGETS NOT ACHIEVED

62. As disclosed in the annual performance report, not all the planned targets were achieved for the key performance area we selected for auditing.

63. We will draw the attention of oversight to the non-achievement of key indicators by including the table that follows in the 'other matters' section in the auditor's report, with reference to the pages in the annual performance report where the reasons for non-achievements are included.

OTHER INFORMATION IN ANNUAL REPORT

64. We did not audit the information in the annual report except for the financial statements and the key performance area in the annual performance report selected for auditing.
65. However, the auditing standards require us to read the unaudited information and consider whether it is materially inconsistent with the information we audited or the knowledge we obtained during the audit or otherwise appears to be materially misstated.
66. We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are 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, we 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.

INFRASTRUCTURE PROJECTS

67. We selected [number] key infrastructure projects for auditing that basis for selection. We tested whether the projects are planned, implemented, managed and commissioned efficiently, effectively and economically.
68. We did not identify significant findings on the key projects.

DELIVERY OF KEY SERVICES

69. Our audit included an assessment on the delivery of basic service electricity which included indigent debtors (subsidised basic electricity).
70. We did not identify significant findings on the delivery of the service. The findings on material non-compliance with legislation will be reported in the auditor's report.
71. **Impact:** The finding is due to non-compliance with the indigent policy and section 64(1) of the MFMA.

Indigent debtors: Subsidised basic electricity

72. The management of municipal indigents is key to appropriate service delivery and financial management within local government. Services to indigent households is encompassed within the Constitution of South Africa, as such it is important to ensure that funds budgeted for indigent households reach the intended beneficiaries through appropriate service delivery. Mismanagement of indigents can financially cripple municipalities and service delivery, while proper management of indigents will assist municipalities with financial health.
73. Findings on indigent debtors

| Finding | Material non-compliance | Prior years reported | |
|---|-------------------------|----------------------|---------|
| | | 2023-24 | 2022-23 |
| Indigent customers approved and received subsidised basic electricity, however, were not in line with the indigent policy and municipal bylaws resulting in a possible financial loss; in contravention of section 64(1) of the MFMA. | No | √ | √ |

74. Management did not put controls in place to ensure that there are sound processes in place to verify the applicants and to subsequently follow-up on the approved indigent's customers as there was either no or inadequate review of the indigents register.
75. **Impact:** This would result in possible financial loss and non-compliance with the by-law and MFMA during the year under review.
76. The same findings were raised in the previous four consecutive years and were not appropriately addressed. The municipality does not have sufficient controls in place relating to the indigents process resulting in the non-compliance and possible financial loss, this internal control deficiency is still not addressed. Money budgeted for indigents does not reach the intended number of households.

Recommendations

77. We made recommendations to improve the delivery processes to the accounting officer. Some of these recommendations were also made in prior years.

Key recommendations and responses – Subsidised basic electricity

| Recommendation and management response | Year originally recommended | Status of implementation |
|---|-----------------------------|--------------------------|
| Recommendation: Management should ensure that there are adequate controls over approval and verification processes for applications. | | |
| Management should further perform regular verifications on the existing indigents to confirm that their indigent status has not changed. Management should revisit the entire indigent population to ensure that all indigent customers in the register qualify for the subsidy. The financial loss incurred should be quantified by management and provided for review. | | |
| Finance department should ensure that the annual budget includes a clear allocation for the indigent support program to support the applicants who qualify for the indigent subsidy within the jurisdiction of the municipality. Strengthen internal controls should be implemented by: | 2022-21 | In process |
| Establishing clear guidelines and procedures for managing indigent applications. Regularly reviewing and updating the indigent register | | |
| Response: Management agrees to the finding; management could not have started the investigations without the procuring the system and verifying everyone who was on the previous year's list. | | |

78. Prior year recommendations were not implemented due to similar audit finding being raised in the current year.

HUMAN SETTLEMENTS

79. The form and location of land developments, human settlement projects and informal settlement upgrades do not respond effectively to government's statements of spatial intent, Human Settlement patterns remain inequitable and dysfunctional across the country, with densely and informal settlements continuing. Through insights shared with key role players in the ecosystem, we aim to influence our stakeholders to take progressive action to advance affordable and sustainable human settlements in the

country. The work performed in the current year is geared to obtain information to be able to understand the underlying processes at municipalities that are currently in place.

- 80. CoGHSTA is the implementing agent for the housing projects in the local municipality's jurisdiction, hence the municipality is not yet accredited for the provision of housing projects.
- 81. The municipality does not have a human settlement unit, and municipality identifies housing needs through councillors who work together with their ward committee members to identify and communicate housing needs in their wards and put them on the housing needs database for every ward within the municipal district. During the current year, there was no human settlements plan in place.
- 82. We reviewed the approved IDPs, SDBIPs, and business plans of the municipalities for the period under review and verified that the municipality infrastructure projects for human settlements are not included in these documents.

HUMAN RESOURCE MANAGEMENT

- 83. We audited compliance with legislation on human resource management and assessed the processes in place to ensure that adequate and sufficiently skilled resources are in place.
- 84. We identified findings. The findings on material non-compliance with legislation will be reported in the auditor's report.

Findings on human resource management

| Finding | Material non-compliance | Prior years reported | |
|--|-------------------------|----------------------|---------|
| | | 2023-24 | 2022-23 |
| Employees other than the municipal manager and managers who are directly accountable to the municipal manager" did not sign a performance agreement for the current year under review. (Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA. | Yes | √ | √ |
| The municipality does not have a documented and approved HR plan in place that is aligned with the strategic plan | No | √ | No |

Vacancies

- 85. The following observations were made on vacancies within the deferent departments and the reasons for these vacancies.
- 86. The following vacancy percentages were observed:

Vacancies in key departments

| | Overall | Finance | Water | Energy and Electricity | Waste Water/ Sanitation | Solid waste / refuse removal | Combined technical unit |
|--|---------|---------|-------|------------------------|-------------------------|------------------------------|-------------------------|
| Vacancy % | 28 | 29 | N/A | 14 | N/A | 13 | N/A |
| Has performance targets relating to this unit been included in the APP | N/A | Yes | N/A | Yes | N/A | Yes | N/A |
| Has 80% of the targets been achieved | Yes | Yes | N/A | Yes | N/A | Yes | N/A |
| Can the reason for non-achievement be linked to vacancies | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Funding for training

87. Our audit included an assessment of whether the municipality's budget included funds for training initiatives and how these funds were spent.

88. The municipality included the following budget for training and skills development:

| | Amount budgeted for training and skills development | Source of budget (e.g. Equitable share, SITA) | Total Expenditure occurred for training and skills development | Cost of actual training (course fees) | Other training expenses included in budget (refreshments / catering / transportation / accommodation) |
|------------------------|---|---|--|---------------------------------------|---|
| Municipality - overall | R1 332 000 | Equitable share/Financial Management Grant | R 1 325 696 | R 1 325 696 | N/A |

89. The overall vacancy in the municipality is at 28% which is not significantly above the norm, however the vacancy in the budget and treasury, municipal manager and corporate service require improvement to ensure that the municipality improves its performance as well as achievement of the planned service delivery targets.

90. We made recommendations to improve human resource management to the human resource management. Some of these recommendations were also made in prior years.

Key recommendations and responses – human resource management

| Recommendation and management response | Year originally recommended | Status of implementation |
|---|-----------------------------|--------------------------|
| <p>Recommendation: The accounting officer should put controls measures in place to ensure that the "employees other than the municipal manager and managers who are directly accountable to the municipal manager" sign a performance agreement.</p> <p>Response: Management agrees with the recommendations.</p> | 2022-23 | Limited progress |
| <p>Recommendation: The accounting officer should ensure that municipality develop HR plan.</p> <p>Response: Management agrees with the recommendations.</p> | 2022-23 | Limited progress |

Prior year recommendations were not implemented as the similar issues communicated in the previous year were identified in the current year.

USE OF CONSULTANTS

91. The municipality spent R 8 620 641 on consultants to support the current-year financial management and reporting processes – an increase from the R3 797 087 spent in the previous year.
92. Our audit included an assessment of the effective use of consultants and compliance with local government requirements for the appointment and management of consultants.
93. We did not identify findings on the use of consultants.

ASSET MANAGEMENT

94. We performed an audit on the compliance of asset management, where we audited the legislation requirements for the asset management of the municipality.
95. We did not identify material non-compliance to be reported in the audit report.

INFORMATION SECURITY MANAGEMENT

96. Our audit included an assessment of the effectiveness of information technology (IT) security controls that should prevent unauthorised access to key information systems and safeguard the municipality against business interruptions.
97. We did not identify significant deficiencies in the IT security controls.

PROCUREMENT AND CONTRACT MANAGEMENT

98. Section 217(1) of the Constitution envisages supply chain management systems that are fair, equitable, transparent, competitive and cost effective to achieve optimal value for public money spent and ensure equitable opportunities for suppliers to participate in government business. Meticulous contract management and rigorous payment control mechanisms should be in place to ensure that payments are made only upon the supplier's timely delivery, agreed-upon pricing is adhered to and specified quality standards are complied with.

99. We continued to focus on procurement and contract management processes, recognising that public procurement is the area at greatest risk of fraud, financial loss and irregular practices. We did not identify findings.

IRREGULAR EXPENDITURE

100. Non-compliance with legislation resulted in irregular expenditure of R8 901 902. The irregular expenditure incurred constitutes non-compliance with the MFMA and SCM regulations.

101. The irregular expenditure incurred was disclosed in the financial statements.

CONSEQUENCE MANAGEMENT

102. Legislation stipulates that matters such as incurring unauthorised, irregular, and fruitless and wasteful expenditure; the possible abuse of the supply chain management system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of these investigations. Our audit included an assessment of the municipality's management of consequences.

103. In the table that follows, we analyse how long it took to clear incidents of unauthorised, fruitless, and wasteful expenditure reported in prior years through, for example, transferring it to receivables for recovery, condonation or write-off.

Status of incidents of prior-year unauthorised, fruitless, and wasteful expenditure

| Type | Incidents reported | Incidents cleared | Incidents not cleared | Average time to clear incidents | Average age of incidents not yet cleared | Reason |
|------------------------------------|--------------------|-------------------|-----------------------|---------------------------------|--|---|
| Irregular expenditure | 60 | 18 | 42 | 12 months | 12 months | Incidents not cleared relate to current year. |
| Fruitless and wasteful expenditure | 27 | 0 | 27 | 12 months | 12 months | Incidents not cleared relate to current year. |
| Unauthorised expenditure | 0 | 0 | 0 | 0 | 0 | N/A |

104. We did not identify findings.

Findings on consequence management

Prior-year transgressions

| Prior year finding | Instances reported | Instances investigated | Instances resolved through investigation | Prior years reported | |
|---|--------------------|------------------------|--|----------------------|---------|
| | | | | 2023-24 | 2022-23 |
| Improper conduct in supply chain management process | | | | | |
| 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. | | | | √ | √ |

| Prior year finding | Instances reported | Instances investigated | Instances resolved through investigation | Prior years reported | |
|---|--------------------|------------------------|--|----------------------|---------|
| | | | | 2023-24 | 2022-23 |
| Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. | | | | √ | √ |

105.MPAC and Financial Misconduct Board performed the investigations into fruitless and wasteful expenditure & irregular expenditure relating to the prior financial years and municipal council adopted their report which resulted in reduction in the closing balances for the UIFW for 2024-25 as some of the matters were irrecoverable or written off. Council directed the accounting officer to implement the recommendation of the MPAC and Financial Misconduct Board which will be followed up in the next audit cycle.

106.**Impact:** This might result in the possible financial loss where Council declared irregular and fruitless and wasteful expenditure to be recoverable. For irregular expenditure and fruitless and wasteful expenditure declared recoverable, consequences management should apply for the matter not to occur in the future.

107.After Council approves fruitless and wasteful expenditure as recoverable, the municipality should initiate the debt collection process to recover the funds from the individual(s) and service provider(s) liable.

108.We did not identify significant internal control deficiencies in the consequence management processes.

FRAUD RISK

109.Our auditing standards define fraud as an intentional act by one or more individuals who are employees, management, those charged with governance or third parties, and that involves the use of deception to obtain an unjust or illegal advantage.

110.We are required to evaluate whether the information obtained during our audit indicates whether there are any fraud risk factors present at the municipality and consider its impact on the audit. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or that provide an opportunity to commit fraud (e.g. inadequate controls to prevent or detect fraud). We did not identify fraud risk factors.

SECTION 3: CONTROL ENVIRONMENT

OVERALL CONTROL ENVIRONMENT

111. The significant internal control deficiencies as reported in section 2 were caused by weaknesses in the overall control environment, for which the accounting officer and senior management are responsible.

112. The following are the main weaknesses that need urgent attention to improve the overall control environment:

Significant internal control deficiencies – overall control environment

| Deficiency | Prior years reported | |
|--|----------------------|---------|
| | 2023-24 | 2022-23 |
| Action plans to address internal control deficiencies. | √ | √ |
| The municipality developed a plan to address internal and external audit findings; however, the appropriate level of management did not monitor adherence to the plan in a timely manner. This is evident in the repeat findings noted during the audit. | | |
| Oversight responsibilities/leadership culture | √ | √ |
| The review done by the accounting officer on the financial statements and the annual performance report was not sufficient before submission for auditing and thus matters highlighted in this report were not identified and corrected. As a result, the financial statements and annual performance report contained numerous material misstatements, some of which were only corrected as a result of audit findings. | | |
| Financial and performance management | √ | √ |
| Regular, accurate and complete financial and performance reports | | |
| Financial statements and annual performance report contained numerous misstatements. This was mainly due to staff not implementing controls consistently to detect, prevent and correct errors. | | |
| Financial and performance management | √ | √ |
| Daily and monthly processing and reconciling of transactions. | | |
| The basic accounting principles of daily and monthly accounting and reconciling of transactions have not been adequately implemented and monitored | | |
| Financial and performance management | √ | X |
| Compliance monitoring | | |
| Internal controls for monitoring compliance with laws and regulations are ineffective as they do not detect and prevent instances of non-compliance with applicable laws and regulations | | |

113. The above control deficiencies were reported in the previous years and seem to be recurring in the municipality. Although, we noted in the current financial year that the accounting officer has put measures in place to improve the review process of the financial statements, this intervention is commendable as it ensured that findings in the annual financial statements and annual performance report are reduced.

114. In annexure C we provide a more detailed view of the overall state of internal control.

ACCOUNTABILITY ECOSYSTEM

115. The accountability ecosystem is the collection of role-players that have a part to play in enabling and institutionalising a culture of performance, transparency, accountability, and institutional integrity at the municipality. These role players include the officials, senior management and accounting officer, supported by the internal audit unit and the audit committee.
116. We observed strengths and weaknesses in the contributions to the ecosystem by leadership, management and the governance structures of the municipality. We share our assessments and compliance findings with the intention to contribute to strengthening the overall control environment, performance and accountability.

Accounting officer and senior management

117. Management interacted with external auditors and the audit committee and provided information and explanation when required.
118. The accounting officer ensured that management developed an audit action plan however, the action plan did not adequately address root causes of the findings to ensure an improvement in audit outcomes.
119. The accounting officer and senior management did not adequately oversee the operations of the municipality, as the financial statements and annual performance report contained material misstatements not detected by the municipality's own system of internal control.
120. Senior management and the accounting officer did not adequately monitor the implementation of controls over compliance with legislation as instances of non-compliance were identified.

Audit committee

121. We assessed the operations and impact of the audit committee and the responsiveness by leadership to its reports and recommendations.
122. We did not identify findings.
123. The audit committee met during the year and reviewed the municipality's quarterly reports, annual financial statements and the internal audit reports. The committee provided feedback to management and follow-ups were made.

Internal audit unit

124. We assessed the operations and impact of the internal audit unit and the responsiveness by leadership to its reports and recommendations.
125. The internal audit reports properly outlined the control deficiencies identified and made appropriate recommendation for corrective actions required although these recommendations were not always adequately implemented by the municipality.
126. We identified findings.

Findings on internal audit

| Finding | Material non-compliance | Prior years reported | |
|---|-------------------------|----------------------|---------|
| | | 2023-24 | 2022-23 |
| The internal audit unit of the municipality did not include loss control in the approved Internal Audit Plan for 2024-25 financial year. | No | | |
| The internal audit unit of the municipality did not include audit of risk mitigation plans or risk maturity assessments in the approved Internal Audit Plan. | No | | |
| No evidence that the CAE conducted conformance with the assessment of conformance with the Global Internal Audit Standards (GIAS) and internal performance standards expectations to identify areas of improvement. | No | | |

127. The auditing standards allow us to use the work of internal audit units for external audit purposes and for direct assistance. We did not use the work of internal audit as it does not address all the risks identified by external auditors in the planning phase of the audit. However, the internal audit work was used to identify additional risks which were incorporate in the risk assessment and responses.

Overall accountability ecosystem

128. Our reporting and the oversight processes reflect on past events, as it takes place after the end of the financial year. However, the accountability ecosystem contributes throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.

RECOMMENDATIONS AND RESPONSES

129. We made recommendations to improve the overall control environment and the accountability ecosystem to the accounting officer and senior management. Some of these recommendations were also made in prior years. A summary of the key recommendations and the responses received follows.

Key recommendations and responses – control environment

| Recommendation and management response | Year originally recommended | Status of implementation |
|---|-----------------------------|--------------------------|
| <p>Recommendation: Management should establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives and responsibilities</p> <p>Response: Management take note of the recommendation.</p> | 2020-21 | In progress |
| <p>Recommendation: Management should develop and monitor the implementation of action plans to address the internal control deficiencies</p> <p>Response: Management take note of the recommendation.</p> | 2020-21 | Limited progress |
| <p>Recommendation: Management should exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.</p> <p>Response: Management take note of the recommendation.</p> | 2020-21 | In progress |

| Recommendation and management response | Year originally recommended | Status of implementation |
|---|-----------------------------|--------------------------|
| <p>Recommendation: Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Response: Management take note of the recommendation.</p> | 2020-21 | Limited progress |
| <p>Recommendation: Management should perform a proper review of the annual financial statements, develop a standard template as well as procedures to initiate, process, approve and report relating to the annual financial statements to eliminate risk of material misstatement.</p> <p>Response: Management take note of the recommendation.</p> | 2020-21 | Limited progress |
| <p>Recommendation: The audit committee should ensure that it promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations</p> <p>Response: Management take note of the recommendation</p> | 2023-24 | In progress |

130. The municipality developed and maintained an action plan to address internal and external audit findings and significant internal control deficiencies affecting the municipality and had subsequently disclosed a 96% implementation of the proposed action plans.

131. However, as at year end, significant internal control deficiencies communicated in the prior year(s) have also been reported in the current year; the conclusion drawn in this regard was that the issues identified in the previous financial year(s) were not addressed appropriately. The impact of the latter is evident, through the current financial year audit outcome.

SECTION 4: OVERALL RECOMMENDATIONS

132. We provided recommendations to senior management to rectify the weaknesses identified in financial management, performance management, compliance with legislation and service delivery. We commend management for implementing more than 80% of the recommendations we made in the previous year. Our recommendation for the accounting officer is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

133. Our recommendation for the accounting officer is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

134. In our view, the main root causes that need attention are as follows:

- Slow response by management to address the inadequate internal controls around all activities of financial transactions, to detect and prevent material misstatements.
- Lack of monitoring of compliance with legislation and regulations.

135. Our recommendation for the accounting officer is to focus on addressing the underlying root causes of these weaknesses, which stem from deficiencies in the overall control environment and failures in the accountability ecosystem.

136. The following are our recommendations to address the identified root causes. We have agreed on some of these before and ask for urgent action to ensure their implementation.

Overall recommendations

| | Recommendation | Year originally recommended | Status of implementation |
|----|--|-----------------------------|--------------------------|
| 1. | Strengthening the internal controls around all activities of financial transactions. Monitoring and reviewing of transactions are an important control tool to detect incorrect transactions/misstatements, rather to allow the audit process to identify misstatements. | 2022-23 | In process |
| 2. | Adequate review of performance information's actual achievements against evidence. | 2022-23 | In process |
| 3. | Management should actively monitor compliance with legislation and regulations. | 2021-22 | In process |
| 4. | Monitor the action plan and ensure the plan addresses the root causes. | 2021-22 | In process |

137. Addressing the root causes and implementing the overall recommendations as well as audit recommendations require a focused and systematic approach.

138. We believe that addressing the above key matters will significantly improve the municipality's control environment, governance, and audit outcomes. It will also support service delivery, enhance transparency, and foster a culture of accountability. The municipality is encouraged to adopt a proactive approach in dealing with weaknesses and to demonstrate visible commitment to clean governance. We have observed improvements in areas such as turnaround time for submission of information and responses to communication of audit findings.

CONCLUSION

139. It is vitally important for the accounting officer to implement the key recommendations made in this report as this will contribute to improving a culture of accountability, transparency and integrity in the municipality. The resultant impact of this is the improvement of the livelihoods of the citizens of the province.

140. We appreciate management for continued support provided during the audit process.

Yours sincerely



Gerhard Odendaal

Senior manager: Limpopo

30 November 2025

Enquiries: Collins Mangoale
Phone: 015 283 9300
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ANNEXURE A: FINANCIAL ASSESSMENT

1. We included a summary of the financial assessment we did as part of the audit in the section on financial performance. This annexure includes the detailed ratios and information used for the assessment.

Financial assessment MFMA

| | | Current year | Previous year |
|-------------------------------|--|--|--|
| Expenditure management | | | |
| 1 | Employee-related costs and remuneration of councillors as percentage of operating expenditure | 32% | 33% |
| | <ul style="list-style-type: none"> Employee-related costs Remuneration of councillors Operating expenditure | R118 477 123 R15 861 040 R420 754 037 | R108 962 225 R15 050 571 R374 419 944 |
| 2.1 | Deficit was realised for the year (total expenditure exceeded total revenue) | No | No |
| 2.2 | Deficit for the year exceeds 5% of total revenue | N/A | N/A |
| 2.3 | Accumulated deficit realised for two consecutive years | No | No |
| | <ul style="list-style-type: none"> Total revenue Total expenditure Surplus for the year Deficit as a percentage of total revenue Accumulated surplus | R474 695 446 R420 480 185 R54 215 261 N/A R1 348 870 212 | R428 492 015 R376 548 070 R51 943 945 N/A R1 297 161 795 |
| 3 | √ Creditor days | 48 days | 66 days |
| | <ul style="list-style-type: none"> Accounts payable Total credit purchases | R35 344 200 R273 663 116 | R37 535 293 R210 703 319 |
| 4 | Third-party deductions overdue | No | No |
| | <ul style="list-style-type: none"> No third-party deduction was overdue | N/A | N/A |
| Revenue management | | | |
| 5.1 | √ Debtors days | 189 Days | 197 Days |
| 5.2 | Debtors days – consumer debtors | 227 Days | 226 Days |
| 5.3 | Debtors days – other receivables | 9 days | 53 Days |
| | <ul style="list-style-type: none"> Consumer debtors before impairment Other receivables due within normal payment terms before impairment Revenue from services charges, property rates and levies Other revenue | R217 095 615 R9 250 916 R154 687 084 R32 442 733 | R187 037 421 R12 046 700 R139 051 992 R27 921 022 |
| 6 | Debt-impairment provision as a percentage of total accounts receivable | 57% | 55% |

| | | Current year | Previous year |
|---------------------------------------|--|---|---|
| | <ul style="list-style-type: none"> Debt-impairment provision – consumer debtors Debt-impairment provision – other receivables Total accounts receivable | R120 827 563 R8 446 872 R226 346 531 | R100 888 899 R7 957 110 R199 084 121 |
| 7 | Percentage distribution losses – electricity | 4,9% | 4,1% |
| | <ul style="list-style-type: none"> Units purchased Units sold to consumers | 34 669 899 32 972 550 | 32 755 894 31 425 831 |
| 8 | Percentage distribution losses – water | N/A | N/A |
| | <ul style="list-style-type: none"> Units purchased Units sold to consumers | N/A N/A | N/A N/A |
| Asset maintenance and renewal | | | |
| 9 | √ Repairs and maintenance expenditure level | 2% | 2% |
| | <ul style="list-style-type: none"> Expenditure on repairs and maintenance Carrying value of property, plant and equipment Carrying value of investment property | R17 194 134 R893 236 557 R81 228 561 | R19 192 048 R875 557 472 R79 101 561 |
| 10.1 | √ Capital expenditure as percentage of operating and capital expenditure | 19% | 14% |
| 10.2 | √ Capital expenditure | | |
| 10.3 | √ Depreciation and asset impairment | N/A N/A | N/A N/A |
| | <ul style="list-style-type: none"> Capital expenditure Operating and capital expenditure Existing asset renewal and rehabilitation expenditure Total depreciation and asset impairment | R98 054 794 R518 808 831 N/A R60 272 735 | R59 467 855 R433 887 799 N/A R64 393 555 |
| Asset and liability management | | | |
| 11 | √ Current ratio | 6.97 | 6.54 |
| | <ul style="list-style-type: none"> Total current assets Total current liabilities Net current [asset / (liability)] position | R524 473 692 R75 204 575 R449 269 117 | R490 477 247 R75 037 154 R415 440 093 |
| 12 | √ Solvency ratio | 10,86 | 9,61 |
| | <ul style="list-style-type: none"> Total assets Total liabilities Net [asset / liability] position | R1 501 468 563 R138 224 135 R1 363 244 428 | R1 447 189 031 R150 533 457 R1 296 655 574 |
| 13 | √ Debt (total borrowings) as percentage of total operating revenue | 4% | 9% |
| | <ul style="list-style-type: none"> Debt (total borrowings) | R8 952 691 | R17 602 434 |

| | | Current year | Previous year |
|--|--|-------------------------------|-------------------------------|
| | <ul style="list-style-type: none"> Total operating revenue | R207 362 405 | R185 722 056 |
| 14 | Current liabilities (excluding unspent conditional grants) as percentage of next year's budgeted resources | 22% | 22% |
| | <ul style="list-style-type: none"> Current liabilities (excluding unspent conditional grants) Budgeted income for next year (excluding employee costs and remuneration of councillors) | R75 204 575 R338 044 000 | R75 037 154 R345 016 000 |
| Cash management | | | |
| 15.1 | √ Cash and cash equivalents position | No | No |
| 15.2 | √ Cash plus investments less cash applications | R636 192 813 | R400 162 159 |
| 15.3 | √ Liquidity ratio (cash ratio) | 5,09 | 4,79 |
| | <ul style="list-style-type: none"> Cash and cash equivalents Bank overdraft | R152 694 569 R0 | R336 619 387 R0 |
| | <ul style="list-style-type: none"> Short-term investments Long-term investments | R230 226 756 R0 | R22 843 296 R0 |
| | <ul style="list-style-type: none"> Application of cash and investments | R23 044 733 | R17 856 180 |
| 16 | Unspent conditional grants as percentage of cash and cash equivalents position | No Unspent Conditional Grants | No Unspent Conditional Grants |
| | <ul style="list-style-type: none"> Unspent conditional grants | R0 | R0 |
| 17 | √ Cash coverage (excluding unspent conditional grants) | 22 Months | 15 Months |
| | <ul style="list-style-type: none"> Fixed monthly cash expenditure | R28 088 654 | R24 486 491 |
| * The amount has been adjusted for the corrected misstatements as reported in section 2. | | | |

ANNEXURE B: PROCUREMENT AND CONTRACT MANAGEMENT

1. We included a summary of our findings and their impact in the section on procurement and contract management. This annexure provides the detailed findings.
2. We did not identify findings in the procurement and contract management.

ANNEXURE C: ASSESSMENT OF INTERNAL CONTROL




1. This annexure provides our assessment of the main internal controls in the areas of leadership, financial and performance management and governance that should enable credible financial statements and performance reports and compliance with legislation.
2. The assessments are rated as follows:

| | |
|--|--|
| | The required preventative or detective controls were in place. |
| | Progress was made in implementing preventative or detective controls, but improvement is still required, or actions taken were not sustainable. |
| | Internal controls were not in place, were not properly designed, were not implemented or were not operating effectively. Intervention is required to design and/or implement appropriate controls. |

3. Movement from the previous year is shown as follows:

| | | | | | |
|---|-------------|---|------------|---|-----------|
|  | Improvement |  | Regression |  | Unchanged |
|---|-------------|---|------------|---|-----------|

Internal control assessment

| | Financial statements | | Performance reporting | | Compliance with legislation | |
|--|---|----------|---|----------|---|----------|
| | Current | Previous | Current | Previous | Current | Previous |
| Leadership |  | |  | |  | |
| Provide effective leadership based on a culture of honesty, ethical business practices and good governance, and protect and enhance the interests of the municipality | | | | | | |
| Exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls | | | | | | |
| Implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored | | | | | | |
| Establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities | | | | | | |
| Develop and monitor the implementation of action plans to address internal control deficiencies | | | | | | |

| | Financial statements | | Performance reporting | | Compliance with legislation | |
|---|----------------------|----------|-----------------------|----------|-----------------------------|----------|
| | Current | Previous | Current | Previous | Current | Previous |
| Establish and implement an information technology governance framework that supports and enables the business, delivers value and improves performance | | | | | | |
| Financial and performance management | ▶ | | ▲ | | ▶ | |
| Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting | | | | | | |
| Implement controls over daily and monthly processing and reconciling of transactions | | | | | | |
| Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information | | | | | | |
| Review and monitor compliance with applicable legislation | | | | | | |
| Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information relating to user access management, programme change control and service continuity | | | | | | |
| Governance | ▶ | | ▶ | | ▶ | |
| Implement appropriate risk management activities to ensure that regular risk assessments, including the consideration of information technology risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored | | | | | | |
| Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively | | | | | | |
| Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and overseeing the effectiveness of the internal control environment, including financial and performance reporting and compliance with legislation | | | | | | |

ANNEXURE D: SUMMARY OF DETAILED AUDIT FINDINGS

1. We communicated 28 findings to management during the audit, and 63 findings in the previous year.
2. This annexure summarises the findings that were communicated. The detailed findings are available on request.
3. The findings are rated as follows:

| | |
|--|--|
| | Matters that will be reported in the auditor's report and should be addressed urgently |
| | Matters that should be addressed to prevent material misstatements in the financial statements or legislation in future; also includes matters that significantly affected auditee performance |
| | Matters that do not have a direct impact on the audit outcome or a significant impact on auditee performance, but were communicated to assist with improving processes and mitigating risks |

Summary of audit findings

| No | Finding | Rating | Classification | | | Number of times reported in previous two years |
|----|--|--------|----------------|-------------|------------|--|
| | | | Financial | Performance | Compliance | |
| | AFS/ APR high level review and others | | | | | |
| | COMAF 01 - High level review of AFS and APR | | | | | √ |
| | COMAF 08 - Financial delegation not reviewed and approved for 2024-25 financial period. | | | | | √ |
| | COMAF 10 - Review of policies - No evidence that all previously adopted policies were reviewed and approved as per the required timelines stated in each policy to ensure their continued relevance and effectiveness. | | | | | √ |



| No | Finding | Rating | Classification | | | | Number of times reported in previous two years |
|----|--|--------|----------------|-------------|------------|------------------|--|
| | | | Financial | Performance | Compliance | Internal control | |
| | COMAF 20 - Use of management expert: Services provided from the Service Provider for Environmental Rehabilitation Provisions without evidence that SCM processes were followed. | | | | √ | | |
| | Non submission of information | | | | | | |
| | COMAF 09 - non-submission of information (RFI 26 and RFI 27) | | | | | √ | |
| | COMAF 17 - non-submission of information (RFI 54) | | | | | √ | |
| | Internal audit | | | | | | |
| | COMAF 25 - Loss control policies, registers, and response control was not included in the approved internal Audit Plan as required by MFMA 165(2)(b)(vi). | | | | √ | | |
| | COMAF 25 - Audit of risk mitigation plans, or risk maturity assessments was not included in the approved internal Audit Plan as required by MFMA 165(2)(b)(iv). | | | | √ | | |
| | COMAF 25 - The CAE did not conduct periodic internal assessment of conformance with the Global Internal Audit Standards and Internal performance Standards Expectations as required by Global Standards 12.1 | | | | √ | | |
| | COMAF 25 - The internal audit function is not adequately and appropriately resourced and capacitated in relation to the size of the municipality. | | | | | √ | √ |
| | Revenue from non-exchange transactions | | | | | | |
| | COMAF 21 - Revenue from non-exchange transactions; Basic electricity levy- the vacant stand levy was incorrectly included as a basic electricity levy. | | √ | | | | |
| | Financial instruments | | | | | | |
| | COMAF 11 - Statutory receivables included as part of list of financial | | √ | | √ | | |

| No | Finding | Rating | Classification | | | | Number of times reported in previous two years |
|----|---|--------|----------------|-------------|------------|------------------|--|
| | | | Financial | Performance | Compliance | Internal control | |
| | COMAF 11 - Accrued leave, accrued 13th cheques and accrued salaries from payable from exchange transactions balance included in the Financial Instruments Note 36 (GRAP 104 Compliance) for both current and prior year. | | ✓ | | ✓ | | |
| | Contingent assets | | | | | | |
| | COMAF 02 - The difference between the amount as per current year AFS corresponding and prior year adjusted AFS. | | ✓ | | | | |
| | COMAF 16 - Fruitless and wasteful expenditure declared recoverable by the Council after MPAC investigation and subsequently disclosed as contingent assets in note 38, however not meeting the definition of contingent assets. (Both current year and corresponding) | | ✓ | | | | |
| | Segment reporting | | | | | | |
| | COMAF 18 - Incorrect amounts disclosed for operating surplus as follows under reportable segments: | | ✓ | | | ✓ | |
| | Indigent debtors | | | | | | |
| | COMAF 19 - (Subsidized Basic Electricity): Indigent customers approved and received the subsidies, however, were not in line with the indigent policy and municipal by laws resulting in the financial loss. | | ✓ | | ✓ | | |
| | Commitments | | | | | | |
| | COMAF 27 - Commitments- The expenditure incurred for a project was more than the prior year commitment amount. | | ✓ | | | | |
| | Cash and cash equivalents | | | | | | |

| No | Finding | Rating | Classification | | | | Number of times reported in previous two years |
|----|--|--------|----------------|-------------|------------|------------------|--|
| | | | Financial | Performance | Compliance | Internal control | |
| | COMAF 28 - Cash and cash equivalents balance- Interest accrued were included in the bank balances for fixed deposits disclosed in the AFS note 3. | | ✓ | | | | |
| | VAT receivables | | | | | | |
| | COMAF 03 - The difference between the amount on the annual financial statements and the amount on the general ledger. | | ✓ | | | | |
| | COMAF 13 - The VAT presented in the statement of financial position is not accurate and disclosed incorrectly. | | ✓ | | ✓ | | |
| | Employees tax | | | | | | |
| | COMAF 04 - Penalties and interest not recorded on the annual financial statements | | ✓ | | ✓ | | |
| | Property, plant and equipment | | | | | | |
| | COMAF 05 - No evidence that the disposal of assets was approved by the Council. | | ✓ | | ✓ | | |
| | COMAF 12 - Monthly reconciliations for the last quarter of the financial year were not prepared in accordance with the Asset Management Policy for the year under review. There was no evidence that the identified reconciling differences from the monthly reconciliations (i.e. July 2024 – March 2025) were investigated, resolved, or approved by management. | | | | ✓ | | |
| | Provisions | | | | | | |
| | COMAF 24 - Mathematical accuracy of the reported provision for landfill site could not be confirmed. | | ✓ | | | | |

| No | Finding | Rating | Classification | | | | Number of times reported in previous two years |
|----|--|--------|----------------|-------------|------------|------------------|--|
| | | | Financial | Performance | Compliance | Internal control | |
| | COMAF 24 - Provisions: Note 17 disclosed incorrectly and inconsistent with management expert report. | Yellow | ✓ | | | | |
| | COMAF 24 - non-disclosure of change in accounting estimate for the environmental rehabilitation provision. | Yellow | ✓ | | | | |
| | Human Resource Management | | | | | | |
| | COMAF 06 - Human Resource Plan not in place for the year 2024/25. | Blue | | | ✓ | | |
| | COMAF 14 - Annual 3rd Party Payments Reconciliation (EMP 501) not signed, approved/authorized. | Blue | | | ✓ | | |
| | COMAF 22 - Employee related costs: Non-Compliance with Overtime Policy and Basic Conditions of Employment Act | Yellow | ✓ | | ✓ | | |
| | COMAF 26 - Non-Compliance with requirements of Municipal Staff Regulations and Municipal Systems Act. | Yellow | | | ✓ | | |
| | Performance Management | | | | | | |
| | COMAF 07 - The "employees other than the municipal manager and managers who are directly accountable to the municipal manager" did not sign a performance agreement for the current year. (Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA). | Red | | | ✓ | | |
| | ApPO | | | | | | |
| | COMAF 01 – High level review of APR - | Red | | ✓ | | | |



| No | Finding | Rating | Classification | | | | | Number of times reported in previous two years |
|----|---|--------|----------------|-------------|------------|------------------|----------|--|
| | | | Financial | Performance | Compliance | Internal control | Delivery | |
| | COMAF 15 - The actual achievement as per portfolio of evidence for KPA 2 on Number of Refuse Containers placed in villages for access to refuse collection once per week does not agree to the reported achievement in the APR. | | | v | | | | |
| | Cash flow statement | | | | | | | |
| | COMAF 23 - Differences between management's workings and Note 35 presented in the financial statements: | | v | | | | | |
| | COMAF 23 - Differences between note 35 and auditor's recalculations | | v | | | | | |
| | COMAF 23 - Differences between the statement of cashflows and auditor's recalculations: | | v | | | | | |

ANNEXURE E: UPCOMING CHANGES

1. This Annexure lists upcoming changes and events that will potentially affect the preparation of financial statements and annual performance report and compliance with legislation.
2. The municipality should ensure that systems and controls are in place to implement upcoming changes in the [accounting standards / frameworks / pronouncements / circulars / legislation] that could have an impact on future audit outcomes.

Upcoming changes

| Description | Audit outcome area | Effective date |
|---------------------------------------|----------------------|------------------|
| GRAP 103 on Heritage assets (revised) | Financial statements | To be determined |

ANNEXURE F: MATERIAL IRREGULARITIES

This annexure lists the material irregularities (MIs) that will be included in the auditor's report. (To be updated to align to Audit Report)

| Notified | Type | MI description | Status description | |
|----------------------------|---|---|---|--|
| | | | Actions taken | Actions planned / in progress |
| Appropriate Actions | | | | |
| 5 October 2022 | Overpayment to the service providers for work not done. | <p>Overpayments to service providers: <u>AL Mphago Civil Construction JV Kganisa Developers Projects ("AL Mphago") & NGR Building Construction</u></p> <p>Irregularity: Non-compliance with Section 65(2) (a) of the MFMA</p> <p>Impact: Financial Loss</p> | <p>In terms of section 65(2)(a) of the MFMA, the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds.</p> <p>The municipality appointed a service provider after an open tender process to construct the Mamphoko Sports Complex. The commencement date was 7 September 2017 with an anticipated completion date of 14 December 2018, at a contract amount of R17 093 783. The monthly reports reported various delays and challenges by the contractor to meet deadlines. There was a variation to the contract to the value of R6 773 224. The new contract value amounted to R23 867 008, and the new completion date was set for 26 May 2019. However, the delays on site continued and the contract with the service provider was cancelled on 17 June 2020.</p> <p>Another service provider was appointed on 28 October 2020 with</p> | <p>I received your written submission on 14 November 2025. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.</p> |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|--|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>approved extensions of time until 28 May 2021 for contract value amounting to R1 477 707, the project was still incomplete as of 30 June 2021.</p> <p>The municipality paid the full cost as per the bill of quantity for the installation of the high mast lighting whereas the work was not completed and also paid the full cost for combi courts where incorrect furniture was installed. Furthermore, the municipality made an overpayment due to items not verified on site and payments made in excess of work done.</p> <p>This constitutes non-compliance with section 65(2)(a) of the MFMA and resulted in an estimated material financial loss amounting to R2 790 030 due to approved payments made to the service providers for incomplete work, payment made in excess of work done and payment for work which could not be verified on site.</p> <p>The accounting officer was notified of the material irregularity on 5 October 2022. The following action was taken to address the material irregularity:</p> <ul style="list-style-type: none"> The director: infrastructure projects was placed on pre-cautionary suspension with full pay on 26 July 2022. The municipality appointed an independent external investigator on 4 August 2022 to conduct investigations into allegations of misconduct against | |



| Notified | Type | MI description | Status description | |
|----------|------|----------------|--|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>the director: infrastructure projects. The investigation was concluded on 9 September 2022 and revealed serious allegations of improper conduct against the director: infrastructure projects.</p> <ul style="list-style-type: none"> The municipal council took a resolution that due to the serious nature of misconduct allegedly committed by the director: infrastructure projects, disciplinary proceedings must be instituted against the director. A legal firm was appointed on 4 August 2022 to conduct the disciplinary process which was concluded on 25 November 2022. Subsequent to the disciplinary process undertaken by the municipality, the director rendered his resignation to the accounting officer on 31 January 2023. A compliance committee was appointed on 28 of August 2022 with approved terms of reference to ensure compliance with laws, regulations and policies of the municipality. Management conducted verification and confirmation of quantities to ensure correctness of claims from the service providers to prevent similar incidents. The performance management unit has undertaken a refresher course on general conditions of contracts on 22-23 June 2023. | |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|---|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>The municipality referred the matter to the Financial Misconduct Board (FMB) on 27 July 2022 for further investigation in respect of the recoverability process for the financial loss and the investigation was completed on 11 October 2023. The council adopted and approved the investigation report of the FMB on 30 August 2024, with recommendations to the accounting officer to implement corrective action, recovery and training.</p> <p>The accounting officer shall institute disciplinary proceedings within three months from the date from on which the council has adopted the report from the FMB. The accounting officer instructed the human resource unit to commence with disciplinary proceedings from 30 November 2024, in line with the provisions stipulated in the South African Local Government Disciplinary Procedure: Collective Agreement.</p> <p>The council resolved on 10 April 2025 that in those transactions where the FMB has recommended that the amounts involved be written-off, that these amounts be deemed to have been written off. As part of the FMB's recommendations, training have been conducted on records management and supply chain management policies and regulations to officials.</p> <p>After receiving a combined professional opinion from the legal and labour units</p> | |



| Notified | Type | MI description | Status description | |
|------------------|---|---|---|--|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>on 13 October 2025, the accounting officer opted to proceed with the matter in terms of Clause 6.4 of the South African Local Government Bargaining Council: Disciplinary Procedure and Code Collective Agreement. In terms of this, the affected officials were issued with a written notice of intention to issue them with a written warning on 13 October 2025.</p> <p>The municipality received written representations from the affected officials on 14 November 2025 in terms of Clause 7.5 of the South African Local Government Bargaining Council: Disciplinary Procedure and Code Collective Agreement. In a meeting with the officials held on 13 November 2025, the municipality satisfied itself that the written representations carried weight and issued verbal warnings to the officials.</p> | |
| 15 December 2022 | Overpayment to the service providers for work not done. | <p>Overpayments to service providers: <u>Loge Construction CC and MVE Consulting Engineers</u></p> <p>Irregularity: Non-compliance with Section 65(2) (a) of the MFMA</p> <p>Impact: Financial Loss</p> | <p>In terms of section 65(2)(a) of the MFMA, the accounting officer must take all reasonable steps to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal, and payment of funds.</p> <p>Service providers were appointed by the municipality on 21 August 2019 and 13 December 2016 respectively for the construction of Mashemong / Mooihoek internal street for 3.85km with</p> | <p>I received your written submission on 14 November 2025. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.</p> |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|--|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>a contracted amount of R22 488 640. The planned completion date of 17 December 2020 was revised to 10 March 2021 however; practical completion was reached on 28 June 2021.</p> <p>As a result of various project delays, challenges by the contractor to meet deadlines; lack of monitoring over the work of consultants and poor project management, the municipality incurred fruitless and wasteful expenditure amounting to R3 672 703. The accounting officer terminated the contract with the contractor on 20 December 2021 as per recommendation letter submitted by the consultant dated 29 October 2022.</p> <p>The non-compliance with section 65(2) of the MFMA resulted in a material financial loss amounting to R3 672 703. There were significant internal control deficiencies on the payments to service providers and their professional fees, payment for work not verifiable on site, payment for material not in accordance with the agreed specification, poor project management and lack of monitoring for the projects by the municipality and consultants. As a result, the municipality incurred a financial loss.</p> <p>The accounting officer was notified of the material irregularity on 15 December 2022. The following action</p> | |



| Notified | Type | MI description | Status description | |
|----------|------|----------------|--|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>was taken to address the material irregularity:</p> <ul style="list-style-type: none"> The director: infrastructure projects was placed on pre-cautionary suspension with full pay on 26 July 2022. The municipality appointed an independent external investigator on 4 August 2022 to conduct investigations into allegations of misconduct against the director: infrastructure projects. The investigation was concluded on 9 September 2022 and revealed serious allegations of improper conduct against the director: infrastructure projects. The municipal council took a resolution that, due to the serious nature of misconduct allegedly committed by the director: infrastructure projects, disciplinary proceedings must be instituted against the director. A legal firm was appointed on 4 August 2022 to conduct the disciplinary process and were concluded on the 25 November 2022. Subsequent to the disciplinary process undertaken by the municipality, the director has rendered his resignation to the accounting officer on 31 January 2023. The project has since been completed on 28 June 2021 and is in use by the community. A compliance committee was appointed on 28 of August 2022 with | |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|---|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>approved terms of reference to ensure compliance with laws, regulations and policies of the municipality.</p> <ul style="list-style-type: none"> A legal firm was appointed on 4 August 2022 from the panel of attorneys and is in the process of recovering funds from the service providers and combined summons would be issued in due course to the service providers. Management conducted verification and confirmation of quantities to ensure correctness of claims from the service providers to prevent similar incidents as guided by the conditions stipulated in Municipal Infrastructure Grant and the MFMA. The performance management unit has undertaken a refresher course on General Conditions of Contracts on 22-23 June 2023. <p>The municipality has referred the matter to the FMB on 27 July 2022 for further investigation in respect of recoverability process for the financial loss and the investigation was completed on 11 October 2023. The council adopted and approved the investigation report of the FMB on 30 August 2024, with recommendations to the accounting officer to implement corrective action, recovery and training.</p> <p>The accounting officer shall institute disciplinary proceedings within three months from the date from on which</p> | |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|---|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>the council has adopted the report from the FMB. The FMB report found the following officials to be responsible; manager civil services, manager: PMU, technician: PMU and manager SCM and manager LED.</p> <p>The accounting officer has instructed the human resource unit to commence with disciplinary proceedings from the 30 November 2024 in line with provisions stipulated in the South African Local Government: Disciplinary Procedure: Collective Agreement.</p> <p>The council resolved on 10 April 2025 that in those transactions where the FMB has recommended that the amounts involved be written-off, that those amounts be deemed to have been written off. As part of the FMB's recommendations, training have been conducted on records management and supply chain management policies and regulations.</p> <p>After receiving a combined professional opinion from the legal and labour units on 13 October 2025, the accounting officer opted to proceed with the matter in terms of Clause 6.4 of the South African Local Government Bargaining Council: Disciplinary Procedure and Code Collective Agreement. In terms of this, the affected officials were issued with a written notice of intention to issue them with a written warning.</p> | |

| Notified | Type | MI description | Status description | |
|----------|------|----------------|--|-------------------------------|
| | | | Actions taken | Actions planned / in progress |
| | | | <p>The municipality received written representations from the affected officials in terms of Clause 7.5 of the South African Local Government Bargaining Council: Disciplinary Procedure and Code Collective Agreement. In a meeting with the officials held on 13 November 2025, the municipality satisfied itself that the written representations carried weight and issued verbal warnings to the officials.</p> | |



REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025

The report herein provides the year-end report for the Audit and Performance Committee (herein referred as “the Audit Committee”) as of 30 June 2025.

BACKGROUND AND STATUTORY REQUIREMENTS

The purpose of this report is to communicate to the council the audit committee’s progress in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury for the year ended 30 June 2025.

The audit committee was established in terms of section 166 of the MFMA which requires every municipality to establish an independent audit committee, which must advise the municipal council, political office bearers, accounting officer and management staff of the municipality as well as the accounting officer and the management staff of the municipal entity, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality.

The audit committee has adopted its terms of reference (Audit and Performance Committee Charter) which is regularly reviewed and approved by the council. The audit committee is pleased to present its report for the financial year ending 30 June 2025.

AUDIT AND PERFORMANCE COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of members listed below, including the Chairperson, Mr. LM Malapela. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. although additional special meetings may be called as the need arises.

The Audit Committee was able to meet eleven (11) times during the financial year under review as per the approved terms of reference. The meetings include the 7 special and 4 ordinary audit committee meetings. The Chief Audit Executive is the permanent invitees to the audit committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee. The table below shows the attendance of members and scheduled meetings.

The current Audit Committee was appointed during November 2020 for a period of 3 years, and the committee was reappointed for the second term ending October 2026. The members of the audit committee were all independent from the Municipality.

The vacancy on the audit committee was not filled during the year under review , the post became vacant when one member’s office term came to an end in 2023 and the other member passed on 19 May 2025.

Below is the list of members and meeting attendances of the members:

| NAME OF THE MEMBER | QUALIFICATIONS | DATE OF CONTRACT AMENDMENT | ORDINARY MEETINGS | SPECIAL MEETINGS |
|-----------------------------------|--|----------------------------|-------------------|------------------|
| Mr. LM Malapela Chairperson | CFE-Certified Fraud Examiner CIA-Certified Internal Auditor CCSA-Certification in Control Self-Assessment Master of Philosophy (MPhil: Internal Auditing) Post Graduate Diploma: Internal Auditing Post Graduate Diploma: Internal Auditing National Diploma Internal Auditing | 01 November 2023 | 4 | 7 |
| Adv Member. GT Moeng | Master of Business Leadership Post Graduate Programme in Executive Development Advance Management Development Programme L.L.B Degree B. Juris Degree | 01 November 2023 | 4 | 7 |
| #Mr. ML Mokwena Member | Certificate in Municipal Finance Certificate in Real Estate Articles of Training BCom Accounting | 01 November 2023 | 3 | 6 |
| Mr. MA Mmapheto Member | ND: Internal Audit, B Tech: Internal Audit, Post Graduate Diploma: Internal Audit | 01 November 2023 | 4 | 7 |

Mr. Mokwena passed on during May 2025. The Audit Committee values his contributions to the municipality and will forever be sadly missed.

Members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function collectively on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The committee reported to council on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality. The Chief Audit Executive has unrestricted access to the chairperson of the audit committee.

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager
- All Senior Managers and Operational Managers.
- Other officials (as and when required);
- Chief Audit Executive and Internal Auditor.
- Limpopo Provincial Treasury.
- CoGHSTA.

DISCHARGE OF THE AUDIT COMMITTEE RESPONSIBILITIES

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

One of the primary responsibilities of the Audit Committee is the review and evaluation of the Annual Financial Statements. The committee reviewed the 2024/25 Annual Financial Statements prior to submission to the Auditor General South Africa on 31 August 2025.

These Annual Financial Statements are prepared by management in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No 12 of 2009) (DORA).

The committee reviewed the quarterly financial reports issued to council during the financial year and continues to provide oversight over the financial controls in preparation of the annual financial statements. Management is responsible for the preparation of the annual financial statement and should continue to strengthen the controls to ensure that they are prepared in accordance with the applicable accounting frameworks and are free from misstatements and errors.

INTERNAL AUDIT

The Accounting Officer is obliged, in terms of section 165 of the MFMA, to ensure that the municipality has a system of internal audit under the control and direction of the audit committee. The Internal Audit function of Ephraim Local Municipality is established in the Office of the Municipal Manager, and it discharges its mandate in terms of the approved Internal Audit Charter.

During the year, the Audit Committee reviewed and approved the internal audit charter, risk based internal audit plan, internal audit methodology, project audit reports and the quarterly internal audit reports to the audit committee.

Internal Audit implemented all the planned assurance engagements for the 2024/25 financial year. The internal audit function found that control of the environment was effective; however, some specific control weaknesses were identified on ICT, Payroll management and Leave Management, for which recommendations were made for improvement.

The Audit Committee is satisfied that the internal audit function operates effectively under the circumstances and that it has addressed the risks pertinent to the Municipality and its audits. The capacity of Internal Audit Function is a concern to the Audit Committee in that 50% of the posts are vacant and should be filled as a matter of urgency to capacitate the Unit optimally.

The Audit Committee noted some improvement in the effectiveness of the internal controls during the financial year. This is a positive reflection on the quality of work produced by Internal Audit and on management's commitment to quality and good governance.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the Municipality over financial and risk management have improved though there are still some areas that require attention from management. In line with section 62 (c) (ii) of the MFMA, and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The Audit Committee has considered the work performed by Internal Audit on a quarterly basis and has reviewed the findings by the Auditor-General South Africa on internal controls for the year ended

30 June 2025 and is concerned with the inadequate responses provided by management to the audit findings and the slow implementation of the municipal audit action plan.

RISK MANAGEMENT

The audit committee is responsible for the oversight of the risk management function. The risk management committee has been established and reports to the audit committee on its activities in assisting the municipality with risk management.

The Municipality has Risk Management Function that is headed by Risk Officer who reports to the Municipal Manager and the Risk Management Committee. The Audit Committee has reviewed the risk register and the reports from the Risk Management Committee and is concerned that for the two quarters under the year, the risk monitoring reports were not submitted by management to the Risk Management Committee and has urged the Municipal Manager to address this matter through consequence management.

PERFORMANCE MANAGEMENT

The audit committee has reviewed and considered the in-year performance reports and performance results reported by management in the quarterly and mid-term performance reports. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported; however, challenges are still experienced with the reliability of information reported and the lack of portfolio of evidence to substantiate the reported performance.

The Audit Committee is pleased that the internal audit function reviewed the quality of the performance targets and indicators and reviewed the alignment of the IDP, Budget and the SDBIP before final submission to council and continues to assist in verifying the reported performance against the supporting evidence. The Audit Committee continues to monitor the implementation of the municipal planned activities through the review of the quarterly performance reports and budget implementation reports.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit and the Combined Assurance Forum. Combined assurance framework improvements and advancements are under way. The implementation and integration of Combined Assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan.

ICT GOVERNANCE

The Audit Committee reviewed quarterly ICT reports in the year under review. Internal Audit findings relating to ICT were not fully implemented and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. For the year under review management implemented 60% of the ICT risk mitigations measures and 40% were not implemented. The Audit Committee had advised the Accounting Officer to appoint a qualified ICT Steering Committee Chairperson who will help capacitate the unit and improve controls thereof.

REPORTING

The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the relevant quarter.

APPRECIATION

The Audit Committee wishes to thank Municipal Council, management and staff for their continued commitment to improving effective control of the environment and good governance in the municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.


CONCLUSION

The audit committee acknowledged the co-operation and assistance by the Ephraim Mogale Local Municipality for coordinating the activities of the Committee. We also acknowledge the commitment of the Municipal Manager and Management of Ephraim Mogale Local Municipality in strengthening corporate governance and in maintaining unqualified audit opinion.

The Audit Committee further acknowledged the commitment of good governance led by the Honorable Mayor and the Council and further express gratitude to the Chief Audit Executive and for the support and commitment to the work of the audit committee.

We remain confident that all recommendations that have been made by the Internal Audit and Auditor General of South Africa shall continue to receive necessary attention of management and the council with the quest to achieve clean audit outcomes.

We are committed to fully execute our assurance and oversight function to strengthening Corporate Governance and Clean Administration.



Mr. LM Malapela
Audit Committee Chairperson
Ephraim Mogale Local Municipality