

RATLOU LOCAL MUNICIPALITY



2021-2022

ANNUAL REPORT

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REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

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

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

**CHAPTER 1
MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

**MAYOR: RATLOU LOCAL MUNICIPALITY
COUNCILLOR MATLHOMOLA JAFTA**

T 1.0.1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER’S OVERVIEW

TEBOGO CHAMDA
MUNICIPAL MANAGER

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Ratlou Local Municipality is a category B municipality situated in the Ngaka Modiri Molema District Municipality in the North West Province. The municipality is led by a council of 28 elected Councillors. The Mayor is the chairperson of the Executive Committee which is comprised of senior Councillors who serve as chairpersons of the municipality's portfolio committees. The municipality is predominantly rural in nature and is comprised of 26 villages, this municipality is Grant dependant and it mainly relies on Agriculture and Mining as a revenue generating source. The Agriculture and Mining contributes positively in the creation of short and long term employment. The size of municipal area is 14, 618 km², with a population density of 24.37 per square kilometre and it is divided into 14 wards and has 140 ward committee members. According to the Global Insight Regional Explorer, there were about 118 000 people residing in Ratlou local Municipality.

The following are some of the main villages making up the municipality:

Setlagole, Madibogo, kraaipan, Madibogopan, Disaneng, Mareetsane, Makgobistat, Tshidilamolomo, Matloding and Logageng.

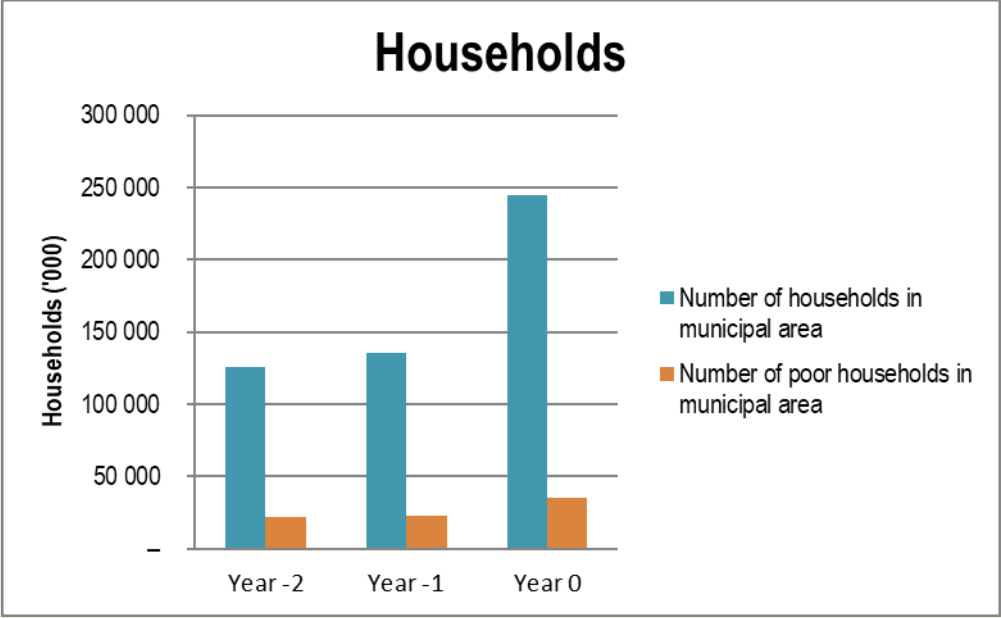
The municipality is accessible from all points of the country through national roads, and from the north of the continent through the Makgobistadt and Tshidilamolomo border post.

Owing to its nature as a rural municipality, Ratlou does not have large economic centres within its jurisdiction. Most government services are conducted from various centres located mainly in Setlagole and Tshidilamolomo. The main economic activity also takes place at Setlagole Shopping Complex, a property owned by Ratlou Local Municipality. The Municipality has completed Thusong Service Centre which is also seen to be a centre that is going to be another source of income through rentals payments by government departments.

It is important to also indicate that the Municipality has number of Upgraded internal roads from gravel to pavement thus contributes to improved lives of the communities that resides along those access roads.

T 1.2.1

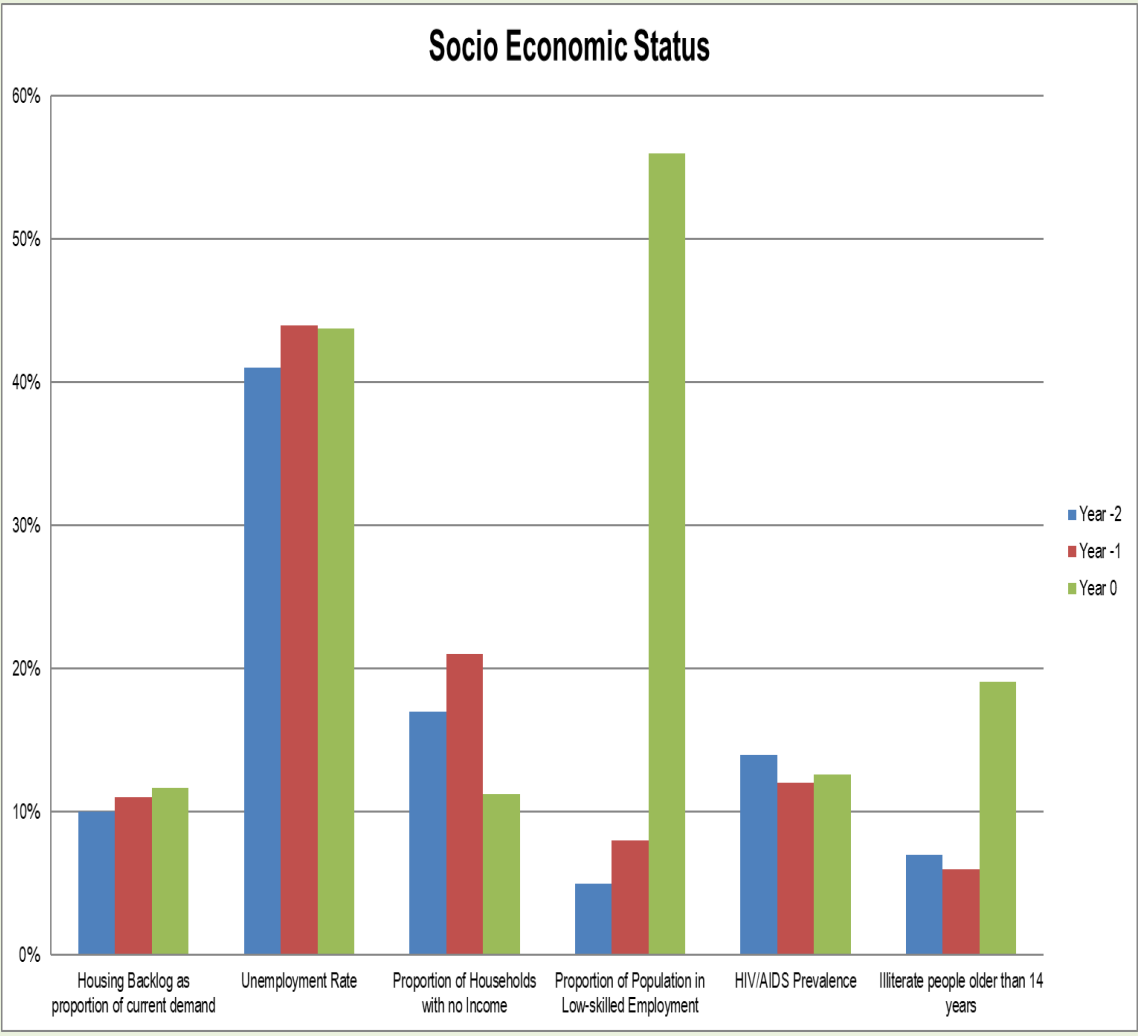
Population '000									
Age	Year – 2019-2020			Year-2020-2021			Year-2020-2021		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	7103	7048	14 151	6 821	6 690	13 511	6 821	6 690	13 511
Age: 5 - 9	7626	7669	15 295	7 665	7 659	15 324	7 631	7 659	15 290
Age: 10 - 19	12 490	12 260	24 750	14 007	13 510	27 517	14 007	13 480	27 487
Age: 20 - 29	6025	7820	13 845	5 874	7 408	13 282	5 874	7 408	13 282
Age: 30 - 39	5454	7205	12 659	6 289	7 837	14 126	7 857	6 289	14 126
Age: 40 - 49	3623	4772	8395	4 263	5 601	9 864	4 263	5 601	9 864
Age: 50 - 59	3510	4227	7737	3 727	5 024	8 751	3 727	5 004	8 728
Age: 60 - 69	3515	3609	7124	4 126	5 150	9 276	4 126	5 130	9 276
Age: 70+	2396	2903	5299	2 613	3 563	6 176	2 613	3 563	6 176
<p>Source: Global Insight Regional Explorer T 1.2.2</p>									



T1.2.3

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	20%	23%	26%	48%	15%	37%
Year -1	21%	24%	26%	52%	20%	44%
Year 0	23%	27%	39%	54%	19%	46%

T 1.2.4



T 1.2.5

Overview of Neighbourhoods within 'Ratlou Local Municipality'		
Settlement Type	Households	Population

Towns	0	0
Sub-Total		
Townships	0	0
Sub-Total		
Rural settlements	0	0
Sub-Total		
Informal settlements	30 300	118 000
Sub-Total	30 300	118 000
Total		
<i>T 1.2.6</i>		

Natural Resources	
Major Natural Resource	Relevance to Community
AGRICULTURE	Creation of employment Opportunities
MINING	Creation of employment Opportunities
<i>T 1.2.7</i>	

COMMENT ON BACKGROUND DATA:

Ratlou Local Municipality is a category B municipality situated in the Ngaka Modiri Molema District Municipality in the North West Province. The municipality is predominantly rural in nature, constituted by about 26 villages and agriculture forms the dominant economic activity. The size of municipal area is 14, 618 km², with a population density of 24.37 per square kilometer and is divided into 14 wards. According to the Global Insight Regional Explorer, there were about 118 000 people residing in Ratlou local Municipality. Ratlou does not have large economic centres within its jurisdiction. Most government services are conducted from various centres located mainly in Setlagole and Tshidilamolomo. The main economic activity also takes place at Setlagole Shopping Complex, a property owned by Ratlou Local Municipality. The Municipality has completed Thusong Service Centre which is also seen to be a Centre that could be another source of revenue through rental payments by government departments. The Thusong Service Center is currently housing the following departments which helps to generate Municipal revenue through rentals and renewal vehicles disc: SASSA, Independent Electoral Commission and Transport and Community Safety

T 1.2.8

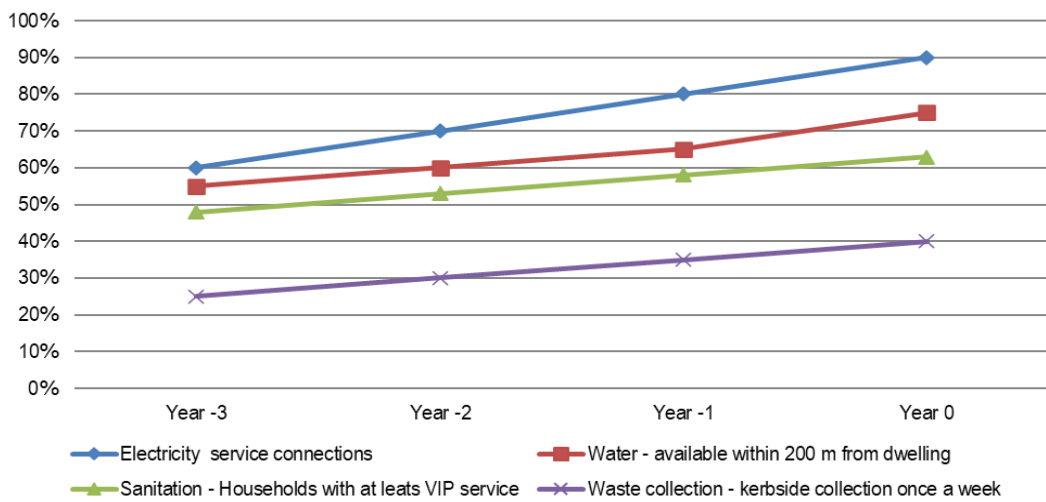
1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Municipality is in terms of Municipal Systems Act Functions and Powers provide free basic electricity for the indigents. The eligible indigents are identified through Ward Councillors and have them registered in an indigent register which has to be adopted by Council. However, the Municipality still finds serious challenges of those beneficiaries that are not collecting their electricity coupons although there is an improvement on collections as compared to the previous financial year. The Municipality is dependent on National grant to provide for this service as it does not generate sufficient income to sustain itself. The Municipal Infrastructure is developed through Municipal Infrastructure Grant funding (MIG). During this financial year the projects that were planned for implementation were mostly not achieved due number of work stoppage by SMME and the differences between the Municipality and Tribal Authorities and as a result out of Seven Projects only three projects were completed. Water is still a challenge even though it is not our function. Ratlou is trying its utmost best to ensure that the Communities are continuously receiving this service without fail as their constitutional right. It is however important to indicate that the district is also assisting with a Water Tanker for both funerals and community daily consumption.

T 1.3.1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

As indicated in the introductory statement on basic Services the municipality in terms of powers and functions does not have a direct responsibility over these functions; however it is playing a facilitation role on water, electricity, Housing and sanitation.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW**FINANCIAL OVERVIEW**

The Municipality has during this financial successfully managed to improve its financial and thus has allowed the acquiring of additional assets such as the yellow fleet. The financial status of the Municipality is in a positive state which can allow it to run its financial affairs for a period of three months should there be a financial crisis in terms allocations of equitable share. The capital spending during this financial in terms of MIG was not well spend and as a result there was some money that was forfeited by the Municipality and this is not a good sign for service delivery as it reduces the ability to implement projects in the future years. The Municipality has been struggling in the area of revenue collection as here has been a dispute lodged by the rate payers on the billing system, it however important to indicate that the matter has since been resolved. Further to indicate is that the Municipality has come up with a strategy to reduce the bad debt owed rate payers with the five year approach by thirty percent per annum and it submitted to treasury for further consideration.

T 1.4.1

Financial Overview: Year 0			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants			
Taxes, Levies and tariffs			
Other			
Sub Total			
Less: Expenditure			
Net Total*			
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	
Repairs & Maintenance	
Finance Charges & Impairment	
T 1.4.3	

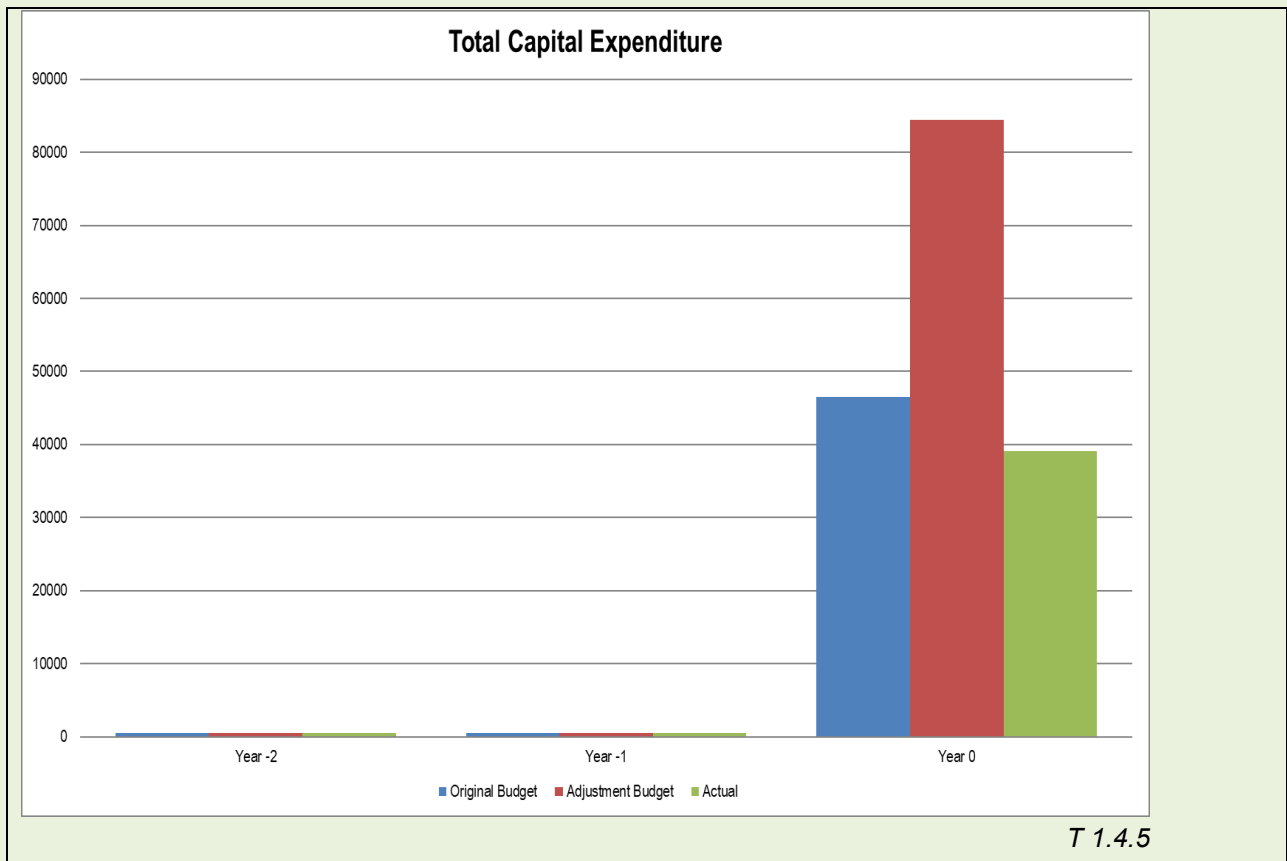
COMMENT ON OPERATING RATIOS:

The Municipality has appointed Marara Consultancy company to assist with the compilation of Annual Financial Statement and the updating of Assets Register in preparation of submission to Auditor-General of South Africa. This task is supported by internal staff within the Budget Office and also from other departments

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
R'000			
Detail	Year -2	Year -1	Year 0
Original Budget	40 170	46534	
Adjustment Budget	38 140	84433	
Actual	7 846	39097	

T 1.4.4



COMMENT ON CAPITAL EXPENDITURE:

The Municipality did not have any variation in its budgeting process during the financial year and its capital expenditure was spend in line with the MFMA and DoRA as well as GRAP compliant, the funding is from internal generated sources and MIG. It has helped the to acquire roads, hall, cemeteries, and yellow fleet from this total capital expenditure for the quarter under review. The total disclosed amounts in the budget schedules are inclusive of VAT

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality has during this financial year not performed well due to instability occurrences that were realized, among other issues which contributed to poor performance was that the organisation has for the entire period operated in the absence of substantive Senior Managers in key positions as most the of time these positions were occupied by acting officials on a rotational arrangement until the end the of the financial year i.e, Senior Manager: Corporate Services, Senior Manager: Planning & Development, Community Services and Technical Services. This has resulted in most cases lack of proper strategic Leadership and decision making in those areas. The key performance Areas within which poor performance was realized on Local Economic Development and Basic Services & Infrastructure. It is important to address the poor performance especially in the departments that are responsible to carry out the electorates mandates as per the agreed IDP projects as this may lead to loss of trust and unnecessary instability within the institution. The Municipality is also in a process of implementing the new staffing regulation which is also seen as a tool that assist to improve the staff morale for a better performance.

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The information for the current year will be included once the Audit has been concluded

T 1.6.1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

T 1.7.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The compilation of this Annual Report has followed all the processes as prescribed in section T.1.7.1 and in line with Municipal System Act 32 of 2000. This enhances the level of service delivery and reduces uncertainties among the Communities for maximum public participation and good governance. The authenticity of this report involves the Internal Audit division and the Audit Committee although for this financial year the appointment of the committee was done towards the end year at least it contains their final contribution. The participatory process of the MPAC was not maximized due to the fact that we are currently operating with the New Council which came into effect towards the end of the first term of the reporting period in question. The Municipality has also maximized its compliance level by involving the Auditor – General of South Africa for final verification every step of the way while dealing with performance compliance issues.

T 1.7.1.1

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The reporting period under review was surrounded by serious political controversy which led to a situation where the initial Governance committees had to be removed from their positions and be replaced by new committees. This arrangement had adversely affected the first six months of the reporting period which has also ended the term of office of the previous before time whilst ushered the new Council which ran the office only for six months until the close of the reporting period. In simple terms this report was shared by two Councils. Consideration should also be noted that the new council is required to be inducted and orientated on how Council has to be run. This narration simply indicates that Governance was not properly observed to ensure proper implementation of infrastructure projects during the period as the oversight structures had to be trained.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO GOVERNANCE

The reporting period under review was surrounded by serious political controversy which led to a situation where the initial Governance committees had to be removed from their positions and be replaced by new committees. This arrangement had adversely affected the first six months of the reporting period which has also ended the term of office of the previous before time whilst ushered the new Council which ran the office only for six months until the close of the reporting period. In simple terms this report was shared by two Councils. Consideration should also be noted that the new council is required to be inducted and orientated on how Council has to be run. This narration simply indicates that Governance was not properly observed to ensure proper implementation of infrastructure projects during the period as the oversight structures had to be trained.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Council relations with its stakeholders during this period did not find a positive space to execute its functions due to challenges as reflected in the above stated paragraph (Component A). The political Oversight committee was new in the office, it is required by law that they must be first trained before they can start with their day to day work of office. In this case oversight role was not properly done to allow smooth political governance to be observed.

T 2.1.0

Photos

POLITICAL STRUCTURE

Function

MAYOR

Cllr Segametsi Ntladi and Matlhomola Jafta - Chairperson of EXCO

DEPUTY MAYOR

(Not Applicable for this Municipality)

SPEAKER

Cllr Agisanang Ramosidi and Gloria Leepo - Council Presiding Officer

CHIEF WHIP

(Not Applicable to this Municipality)

*Photos
(optional)*

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr Forcy Molausi - Chairpersons BTO/ Corporate Services

Cllr Winnie Mogala

Cllr Thabang Mothibedi

Cllr Bathobotlhe Mosikare - Chairperson Community Services & LED

Cllr Pontsho Mafethe

Cllr Fransisco Ntwe - Chairperson Infrastructure & Basic Services

Cllr Thabo Motlapele

Cllr Kegomoditswe Badirwang – Chairperson Planning & Development

T 2.1.1

COUNCILLORS

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Matlhomola Jafta	FT	Mayor: Chairperson EXCO	W	100%	0%
Gloria Leepo	FT	Speaker	PR	77%	23%
Kegomoditswe Badirwang	FT	Town Planning & Development (EXCO)	PR	44%	56%
Thabo Motlapele	FT	Infrastructure & development (EXCO)	PR	88%	12%
Pontsho Mafethe	FT	Community Services (EXCO)	PR	77%	23%
Thabang Mothibedi	FT	Corporate Services & Finance	W	88%	12%
Godsend Mokgope	PT	MPAC (Chairperson)	PR	66%	34%
Priscilla Letebele	PT	Community Services	PR	100%	0%
Daniel Sejamoholo	PT	Corporate Services & Finance	W	100%	0%
Rapita Tshabang	PT	Corporate Services & Finance	W	100%	0%
Steven Motome	PT	Town Planning & Development	PR	66%	34%
Dinkwetse Sebolai	PT	Town Planning & Development	W	100%	0%
Douglas Gaasenwe	PT	Town Planning & Development	W	100%	0%
Andrew Mosepele	PT	Town Planning & Development	W	100%	0%
Mhletjwa Nqume	PT	Infrastructure Development & Basic Services	PR	77%	23%
Valencia Janties	PT	Infrastructure Development & Basic Services	W	100%	0%
Tshepiso Dipheko	PT	Infrastructure Development & Basic Services	W	100%	0%
Motlathuso Tladi	PT	Infrastructure Development & Service	PR	66%	34%
David Seitshiro	PT	Infrastructure Development & Basic Services	W	44%	56%
Thusoetsile Nche	PT	MPAC (Member)	PR	77%	23%
Nxamo Radebe	PT	MPAC (Member)	PR	88%	12%
Magret Dala	PT	MPAC (Member)	PR	88%	12%
Gomotsegang Mogapi	PT	MPAC (Member)	PR	100%	0%
Pule Shawe	PT	MPAC (Member)	W	100%	0%
Anna Masilo	PT	MPAC (Member)	PR	66%	34%
Leonard Soka	PT	Community Services	W	77%	23%
Abel Pheho	PT	Community Services	W	88%	12%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					T A

T 2.1.2

<i>Photo</i>	TOP ADMINISTRATIVE STRUCTURE	Function
<i>Directors Optional</i>	<p>TIER 1</p> <p>Municipal Manager Mr Tebogo Chanda</p> <p>Provide a strategic Leadership in Management of Municipal Administrative functions</p> <p>Acting Senior Manager: title Planning and Development (Thabo Matlhoko and Sebatana Sejake) – Provide strategic Leadership in Town Planning and Spatial Development services</p> <p>Senior Manager: title Infrastructure and Basic Services (Mr M Shomolekae/ K Mpa) – Provide strategic Leadership in Basic Services and Maintenance of Infrastructure</p> <p>Acting Senior Manager: Corporate Services (Mr Lesley Muji /H M Lekalake / S Mbane) - Provide strategic Leadership in Human Capital and Council Support</p> <p>EXECUTIVE DIRECTOR: title Chief Financial Officer (Mr Tumelo Letlojane) - Provide a high-level support on Financial Management</p>	
		T 2.2.2

POLITICAL DECISION-TAKING

The Political team is led by the Mayor and the presiding officer of the Council is the Speaker who is responsible for chairing the Council proceedings. The Political decisions are made by Council during its formal sittings. There is a council resolution register which assist in tracking of all resolutions and implementation thereof by Municipal Administration while the office of the Speaker plays a monitoring role on Service Delivery implementation through ward system. The Community Concerns are received through Ward Councilors and get processed through Office of the speaker and are subsequently reported to Council on quarterly basis.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is responsible for all Administrative Governance and is supported by Managers directly reporting to him. All the Senior Managers(Sec 57) are reporting to the Municipal Manager and they sign Annual Performance Agreements, their performance per department is reviewed on quarterly basis through Municipal Performance assessment and get submitted to Council for consideration. The Municipality has again for this period completed the reporting period having no substantive Senior Managers in key positions such as Chief Financial Officer and Senior Manager: Corporate Services and Planning and Development except for the position of Senior Manager : Infrastructure Development and Basic Services and Municipal Manager. The performance of each Department is monitored through the portfolio Committee allocated to a particular Department. The Council plays an oversight role over all functions performed by various departments; the UIF&Ws are processed through MPAC that is responsible for ensuring that there is accountability and consequence management in all financial transactions performed during the period under review.

T 2.2.1

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Municipality involves all stakeholders during Representative forum meetings that are relevant and key to service delivery such as Public Works, Eskom, SASSA, Corporate Government & Traditional Affairs, Agriculture & Rural Development, South African Local Government Association, South African Police Service as well as Farmers Union which represent the interest of Rate Payers. Although the Municipality does not have its own IGR at a local level, Ratlou Local Municipality forms part of the Ngaka Modiri Molema District IGR Forum as a shared services model and it has been functional during the reporting period in question. The challenges that the Municipality is faced with is lack of support from the district which to a certain extent makes it difficult for the institution to become effective as the community is always on the municipality case complaining about the manner in which they are being serviced regarding the provision of water.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality is working closely with National treasury, DBSA as National structures responsible for service delivery and financial support as well as monitoring on implementation of service delivery projects and programs. It is for this reason the Municipality is receiving support on implementation of MIG projects through MISA as a National Treasury implementation agency.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Municipality is participating in all provincial structures such as Provincial Departments, Ngaka Modiri Molema District Municipality on IGR and other structures relevant to the services the Municipality is rendering to avoid duplication of programs during implementation. SALGA forms part of the structures that assist in the interpretation and implementation of Municipal legislations and policies

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Ratlou Local Municipality does not have entities and this is in line with Municipal Structures Act 108 of 1998 Functions and Powers.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Ratlou Local Municipality is a member of Ngaka Modiri Molema IGR and it is participating in their activities through IDP, PMS and Budget and Job Evaluation Implementation programs

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Although the Municipality has attempted to play its oversight role during this period, there were challenges such as the Council term come to an end and installation of a new Council term. As result the public participation also was done but not as required. The number of MPAC meeting leaves much to be desired as its activities were very minimal.in some instances attempts were made through virtual setups to align ourselves with the fourth industrial revolution although it was not enough to reach all communities as expected due to rural geographical arrangement of the Municipality

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Municipal Notices are issued through Local and National media. Traditional leaders Offices and other public places to invite communities to public meetings during tabling of IDP/Budget and Performance Management, publishing of recruitment adverts and Tabling of Annual Reports. All advertisements of tenders and Council reports as well resolutions are published in the Municipal website. The Ward Councilors and Ward Committees also play a pivotal role in ensuring the maximum participation. The Legislated forums involved are Rate Payers, IDP Rep forum, Ward Committee, Traditional Authorities Civic Associations, Religious and Business Forums as well as KALGOLD mine that is operating within the jurisdiction of Ralotu Local Municipality. Provincial Departments and other Service Delivery partners are invited to promote their services, during this visits service delivery backlogs are also addressed and those that are not addressed are given priority and redirected to relevant Department for further attention.

T 2.4.1

WARD COMMITTEES

The Municipality has (14) fourteen functional Wards, these committees' serves as a link between Community and the Municipality to submit their needs. The functionality of these Wards is monitored and reported on monthly basis to the Office of the Speaker and their reports are submitted for Council discussion and considerations during Council Legislated Sitings. The Community concerns as received are processed through the office of the Speaker to Council. These structures are holding their ward meetings on monthly and quarterly basis.

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Annual Report Consultations	0	0	0	0	0	0
IDP/Budget consultations	01/04/2022 10/05/2022	10	1	100 per event	Yes	Sept/Oct 2022 through wad Committee meeting
<i>T 2.4.3</i>						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Community needs were included in the IDP and Service Delivery and Budget implementation Plan through public platforms created by the Municipality, Most of the concerns were addressed, except for water and the upgrading of Regional Roads challenges since this does not form of part of Municipal powers and functions. These challenges were elevated to relevant department and they are receiving attention from all spheres of Government as these are not function and powers of a Local Municipality. Among other Regional Roads that have received a National attention is the Road between Motsitlane and Madibigopan where the Road is currently under construction by Public Works

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 of Municipal Systems Act 2000	T 2.5.1
IDP Participation and Alignment Criteria*	Yes/No

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Municipality complies with all legislative frameworks as prescribed in the Municipal Systems Act 32 of 2000 as well mandatory dates. The consulted corporate Calendar with various Departments within the Municipality assists with compliance on legislated mandate.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The Municipality does not have a functional Risk Unit and thus had made it difficult to secure the availability of Risk Committee as the monitoring body to deal with risk related issues. The Municipality has attempted to secure shared services from District in trying to minimize unnecessary deviation from legislation compliance. However this became a challenge when it comes to payments of Officials who will be providing that Service, the issue that has also aggravated the matters worse was the dysfunctional of the Risk Committee at the District as it was going to be used as shared services model in a place where the municipality does not have its own. The Municipality has currently attempted to Appoint the Audit Committee where in it was expected that out of that Committee an appointment of a Risk Committee chairperson could be sourced. Unfortunately the response of applicants was very low and thus led to a readvertisement to extend the pool for selection

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has a strategy in place which has received a consideration of both Council and Audit Committee. It is important to report that the progress made in terms of implementation has improved as currently the municipality has secured a buy-in from Provincial Treasury and they are conducting one on one engagement.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The Municipality has competent Supply Chain Management officials and policies that are reviewed on annual basis together with BTO policies which outlines processes and procedures that needs to be followed when procuring goods within the Municipality. It is the responsibility of the Accounting Officer to ensure that they are being adhered to. as this also contribute positively towards improvement of Service Delivery as well as clean audit, the municipality has been under administration and some of the functions were not performed as expected such as Bid committees that were not in place and during this period did not have a substantive manager for Supply Chain Management therefore the functions were performed through the support of the Office of the Municipal Manager and Chief Financial Officer.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Street Trading	N/A	N/A	N/A	N/A	N/A
Environmental Health	N/A	N/A	N/A	N/A	N/A

**Note: See MSA section 13.* T 2.9.1

COMMENT ON BY-LAWS:

The Municipality has proclaimed two (2) By-Laws on Spatial Planning and Land use and they have been gazetted, however the Municipality does not have a designated official responsible for Law enforcement.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	No	Website not functional
All current budget-related policies	No	Website not functional
The previous annual report (Year -1)	No	Website not functional
The annual report (Year 0) to be published	No	Website not functional
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	Website not functional
All service delivery agreements (Year 0)	No	Website not functional
All long-term borrowing contracts (Year 0)	No	Website not functional
All supply chain management contracts above a prescribed value (give value) for Year 0	No	Website not functional
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	No	Website not functional
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	Website not functional
Public-private partnership agreements referred to in section 120 made in Year 0	No	Website not functional
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	Website not functional

T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipal Website has since been updated and is up and running and allows the publishing of statutory documents for public consumption.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The Municipality does not have a formal system for complaint handling, however complaints are handled by using the Ward Committee system and a walk in system through the office of the Mayor or Speaker and these are reported to Council on quarterly basis, the council is using intervention of relevant structures to have all problems resolved within the reasonable time.

T 2.11.1

Satisfaction Surveys Undertaken during: Year -1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	N/A	N/A	N/A	N/A
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:	N/A	N/A	N/A	N/A
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				

T 2.11.2

Concerning T 2.11.2:

The Municipality is not a Water and Electricity service authority; currently it is only providing refuse removal and internal road maintenance. However it plays a facilitation role to secure adequate provision of these services. Ngaka Modiri Molema and Sedibeng Water are key partners in ensuring availability of these services is addressed. Currently the Department of Water and Sanitation has constructed a bulk water which is providing water services to all communities in the Southern parts of the Municipality to alleviate a water challenge faced by these communities, to a certain extent this project has improved the lives of some people within the region as some are benefiting not only receiving a water Service but also through employment as operators.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

The Municipality is not Water and Electricity service authority, the functions it is currently providing is refuse removal and maintenance of internal roads. There are some of the Communities that are still not receiving these basic services as expected, however an intervention is always sourced from the District. The Municipality is trying its utmost best with the limited resources at its disposal to provide services to communities although there are certain limitations due to functions and powers. The level of satisfaction in this regard is not yet reached, although the beneficiaries were made aware of the challenges, it is for this reason the Municipality has a made a provision of a standpipe within the main building to allow community access to water from the Municipal Building

T2.11.2.2

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

INTRODUCTION

The Municipality is grant dependent in ensuring that Municipal infrastructure is well maintained and developed, During this financial year the Municipality has successfully implemented all the targeted projects funded through MIG and the performance displayed was outstanding. This despite the challenge facing the Country through National Disaster Act on Covid 19. The following projects were completed Kraaipan Internal roads phase 03, Setlhwatlhe and Ramabesa , Link Road to Jan Masibi Tribal Office and Methusele Phase 2 these projects are at an advanced stage of completion.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

Ratlou Local Municipality is not a water, electricity and Housing Service Authority, this is in terms of Municipal Structures Act 108 of 1998 (Powers and Functions). The Municipality facilitate provision of the above stated services with the relevant authorities. e.g ESKOM, Corporative Government, Human Settlement and Traditional Affairs Ngaka Modiri Molema District is represented by Sedibeng Water for the provision of water in conjunction with the Department of Water and Sanitation. The Municipality is providing the free basic electricity only for the Indigents and is allocated through the approved indigent register by Council, During this financial year there was an improvement in collection of electricity coupons for free basic units as targeted beneficiaries were successfully reached.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Ratlou Local Municipality has entered into a memorandum of understanding with Ngaka Modiri Molema District regarding the provision of water as a Water Service Authority to provide the Communities residing within its borders with this scarce commodity, In this instance the water budget is with Ngaka Modiri Molema District while Ratlou Local Municipality is facilitating the water provision. The Municipality is faced with serious challenges in providing this service as it does not have control over it in terms Municipal Structures Act 108 Of 1998 (Powers and Functions).The District has during this financial year procured the number of yellow fleet which includes the water tankers and as a result this has improved the provision of Water in the villages around Ratlou also during the bereavement period.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	44	46	9	11
Year 0	61	51	48	16	08

T 3.1.2

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<p>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									

T 3.1.6

Ratlou Local Municipality is a Water provider not a Service Authority, the function is performed by Ngaka Modiri Molema District Municipality and Sedibeng Water. Our Role is only facilitation to ensure provision is made in that regard

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0 1	0 1	0 1	0%	0%
4 - 6	0	0	0	0%	0%
7 - 9	0	0	0	0%	0%
10 - 12	0	0	0	0%	0%
13 - 15	0	0	0	0%	0%
16 - 18	0	0	0	0%	0%
19 - 20	0	0	0	0%	0%
Total	0 1	0 1	0 1	0%	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T3.1.7

Ratlou Local Municipality is a Water provider not a Service Authority, the function is performed by Ngaka Modiri Molema District Municipality and Sedibeng Water. Our Role is only facilitation to ensure provision is made in that regard

Financial Performance Year 0: Water Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0.00	0.00	0.00	0.00	0.00
Expenditure:	0.00	0.00	0.00	0.00	0.00
Employees	0.00	0.00	0.00	0.00	0.00
Repairs and Maintenance	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
Total Operational Expenditure	0.00	0.00	0.00	0.00	0.00
Net Operational Expenditure	0.00	0.00	0.00	0.00	0.00

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.1.8

Carry the same number from 3.1.7

Ratlou Local Municipality is a Water provider not a Service Authority, the function is performed by Ngaka Modiri Molema District Municipality and Sedibeng Water. Our Role is only facilitation to ensure provision is made in that regard

Capital Expenditure Year 0: Water Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A	N/A	N/A	N/A	N/A	N/A	
Project B						
Project C						
Project D						
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						
<i>T 3.1.9</i>						
Ratlou Local Municipality is a Water provider not a Service Authority, the function is performed by Ngaka Modiri Molema District Municipality and Sedibeng Water. Our Role is only facilitation to ensure provision is made in that regard						

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

This Municipality is among others in the Country which are water stressed due high level of water shortage.as a natural resource, the bulk of water available is sourced from different private boreholes. However Ngaka Modiri Molema District, Sedibeng Water, Department of Water and Sanitation have came-up with an initiative that will alleviate water challenges by constructing Water Bulk Reservoir Services in Setlagole. Although the project is partially completed, there is still a water shortage experienced since the project is experiencing some challenges towards final completion which hampers the distribution to all targeted recipients. It is however important to indicate that the intervention sought from National Government is yielding some positive results The interim intervention in this case some of the beneficiaries are dependant on Municipal water truck within the Municipal yard.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

This is a Cooperative Government, Traditional Affairs & Human Settlement and Ngaka Modiri Molema district function in this area, Ratlou Local Municipality only plays a facilitation role in terms of functions and Powers as per Municipal Structures Act 117 of 2000. The Municipality in conjunction with the Department of Water and Sanitation and Cooperative Government, Human Settlement and Traditional Affairs t are currently providing communities with Ventilated Pit Latrines and the project seemed a success as most of the Households have benefitted thus far. There were no sanitation projects identified for Ratlou during this financial year .

T 3.2.1

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0 1	0 1	0 1	0%	0%
4 - 6	0	0	0	0%	0%
7 - 9	0	0	0	0%	0%
10 - 12	0	0	0	0%	0%
13 - 15	0	0	0	0%	0%
16 - 18	0	0	0	0%	0%
19 - 20	0	0	0	0%	0%
Total	0 1	0 1	0 1	0%	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. 0*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.2.7

The Municipality in conjunction with the Department of Water and Sanitation and Local Government & Human Settlement are currently providing communities with Ventilated Pit Latrines and the project seemed a success as most of the Households have benefitted thus far

Financial Performance Year 0: Sanitation Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	460				
Expenditure:					
Employees	460				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	460				
Net Operational Expenditure	0				

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

The Municipality in conjunction with the Department of Water and Sanitation and Local Government & Human Settlement are currently providing communities with Ventilated Pit Latrines and the project seemed a success as most of the Households have benefitted thus far

Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B	N/A	N/A	N/A	N/A	N/A
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9
<p>The Municipality in conjunction with the Department of Water and Sanitation and Corporative Government , Human Settlement and Traditional Affairs are currently providing communities with Ventilated Pit Latrines and the project seemed a success as most of the Households have benefitted thus far</p>					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality did not have any sanitation project provisioned for the current financial year

T 3.2.10

3.3 ELECTRICITY

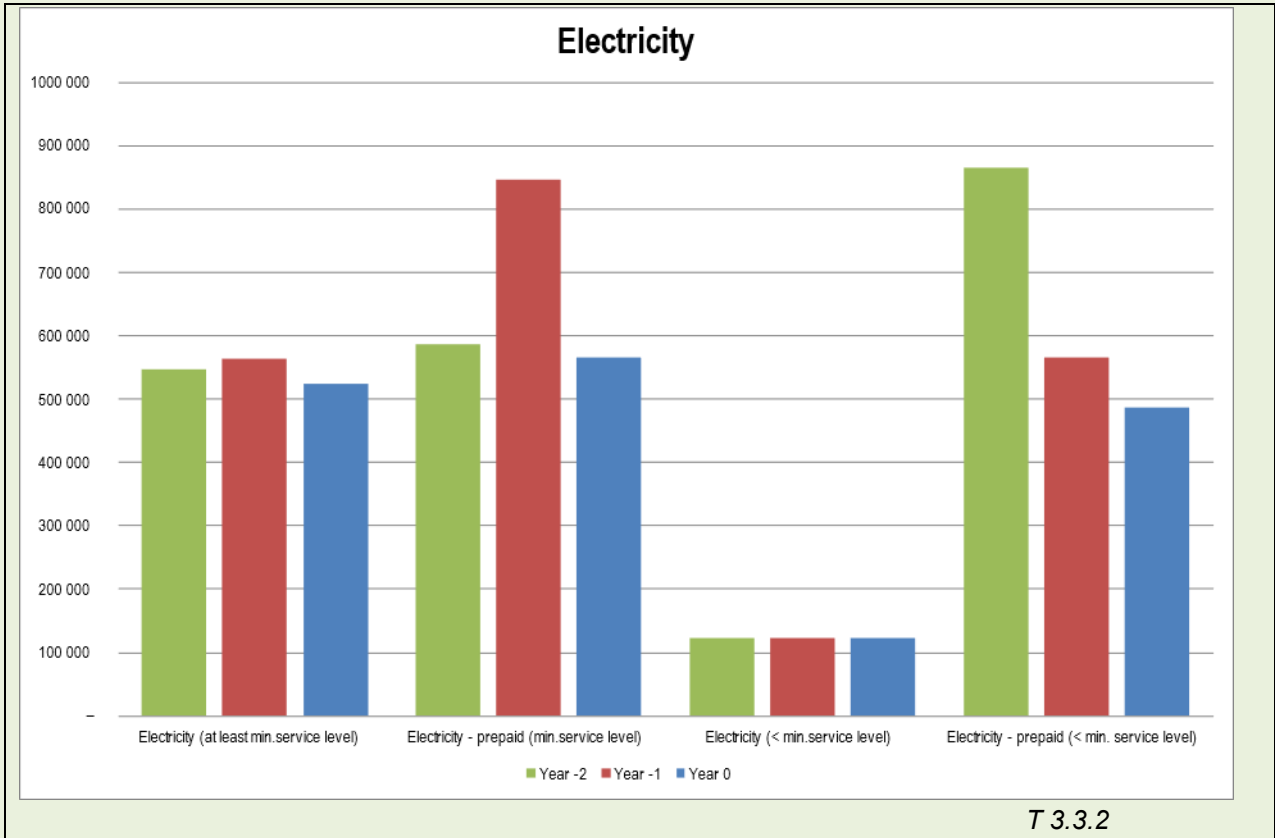
INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

The Municipality does not directly provide electricity in terms of Municipal Structures Act 118 of 2000 functions and powers; the municipality only provides free basic electricity to the indigents within the jurisdiction although there are certain challenges experienced in terms collection of electricity tokens, the Municipality facilitates the provision of electricity connections and provision with ESKOM.

T 3.3.1

Chapter 3



Electricity Service Policy Objectives Taken From IDP										
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0				Year 1	Year 2	
		Target	Actual	Target		Actual		Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx										
Facilitate the Provision of Electricity	Report on electricity projects implemented by Eskom	3750	83 220 collections per year (20 805 per quarter)	7 865 collections per individual household over the quarter	July – 6 598 Aug – 6 870 Sep – 6 856 Oct- 6 854 Nov- 6 674 Dec – 6 861	7 865 Free Basic Electricity collections per individual household by 30 June 2022	7 515 Free Basic Electricity collections per individual household were made	4	4	4
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>										
T 3.3.5										
<p>The Municipality does not directly provide electricity in terms of Municipal Structures Act 118 of 2000 functions and powers; the municipality only provides free basic electricity to the indigents within the jurisdiction although there are certain challenges experienced in terms collection of electricity tokens, the Municipality facilitates the provision of electricity connections and provision with ESKOM.</p>										

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	01	01	01	01	01
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	01	0 1	01	0	0

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.3.6

The Municipality does not directly provide electricity in terms of Municipal Structures Act 118 of 2000 functions and powers; the municipality only provides free basic electricity to the indigents within the jurisdiction although there are certain challenges experienced in terms collection of electricity tokens, the Municipality facilitates the provision of electricity connections and provision with ESKOM.

Financial Performance Year 0: Electricity Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	919				
Expenditure:					
Employees	919				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	919				
Net Operational Expenditure	0				

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.3.7

Ratlou Local Municipality does not supply electricity except for the provision of free basic electricity for the indigents; the function is performed by Eskom. Our Role is Only Facilitation

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	N/A	N/A	N/A	N/A	
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8
The Municipality does not directly provide electricity in terms of Municipal Structures Act 118 of 2000 functions and powers; the municipality only provides free basic electricity to the indigents within the jurisdiction although there are certain challenges experienced in terms collection of electricity tokens, the Municipality facilitates the provision of electricity connections and provision with ESKOM.					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Municipality does not directly provide electricity in terms of Municipal Structures Act 118 of 2000 functions and powers; the municipality only provides free basic electricity to the indigents within the jurisdiction although there are certain challenges experienced in terms collection of electricity tokens, the Municipality facilitates the provision of electricity connections and provision with ESKOM. The Municipality through the Ward system using councillors and their committees facilitates awareness campaign for the recipients to be encouraged to collect this as their rightful benefits in terms of constitution of South Africa

T 3.3.9

Chapter 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Ratlou Local Municipality collects its refuse from the strategic collection points as opposed to each house holds collection due to lack of capacity and the rural nature of the Municipality in terms of geographical and demographic arrangement. Currently we have received an operating Licence for Thutlwane Landfill site and the Municipality was advised that instead of applying for another operating license for Makgobistad it is advisable to convert the site into a transfer station to Thutlwane Landfill as the Department is only allowed to allocate one license per institution. Subsequently the Licence was put on hold as the Department of Environmental Affairs has advised that the service provider who was appointed to put up the construction specification did not observe all the necessary environmental requirements, therefore the specification were found to be none compliant

T 3.4.1

Solid Waste Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week				
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-
<i>Minimum Service Level and Above percentage</i>	-	-	-	-
<u>Solid Waste Removal: (Below minimum level)</u>	0.0%	0%	0%	0%
Removed less frequently than once a week				
Using communal refuse dump	-	-	-	-
Using own refuse dump	97	100	100	100
Other rubbish disposal	97	100	100	100
No rubbish disposal	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-
<i>Below Minimum Service Level percentage</i>	193	100	100	100
Total number of households	100.0%	100.	100.	100.

T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum							Households
Description	Year -3	Year -2	Year -1	Year 0			
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	
Formal Settlements							
Total households							
Households below minimum service level							
Proportion of households below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A	
Informal Settlements							
Total households							
Households ts below minimum service level							
Proportion of households ts below minimum service level							

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
		10%	10%	10%	2		20%	50%	50%
	To have a landfill site that is compliant to the environmental requirement	1 Licensed Waste Landfill Site Developed by 30 June 2018	The Municipality has made a presentation to the Department of Water and Sanitation to obtain recommendation before the development of the Landfill site.	License obtained for Thutlwane Landfill site	4 Reports on Waste Removal noted by Council (1 per quarter)	4 Reports on Waste Removal was noted by Council	Licensing of Makgobistad Landfill site	License obtained for Thutlwane Landfill site	20years
		1 Approved IWMP by 31 August 2017	0 Approved IWMP		1 IWMP developed & adopted by Council by 30 March 2022	The target was not achieved	N/A	N/A	N/A
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.4.4

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	3	3	2	1	66.67
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	3	2	2	1	66.67

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.4.5

Financial Performance Year 0: Waste Disposal and Other Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	0	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure	0	0	0	0	0

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.4.8

NB: Already accounted for under Libraries and Community Services

Chapter 3

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	N/A	N/A	N/A	N/A	N/A
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.4.9

NB: Already accounted for under Libraries and Community Services

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Municipality collects its refuse from the strategic identified collection points; it is behind this background we confirm that the Municipality is not doing well in this area due to lack of capacity. Furthermore the Municipality has since obtained the operating License of Thutlwane Landfill site, and the contractor has been appointed to continue with the construction of the site. The Department of Rural, Environment, Agriculture Development has advised the Municipality that an operating license can only be issued once to an institution and since Ratlou Local Municipality has Makgobistad Dumping station, it could only be allowed to apply for a waste transfer station as a second approval. Currently the Municipality is in a process of obtaining a permit for waste Transfer storage facility at Makgobistad. The Construction of Thutlwane Landfill site has since been put on hold as per the advised by the National Department of Environmental Affairs stating the reasons that the service provider who was appointed to put up a specifications did consider all the environmental requirements for Ladfill site construction, thus made our approval for construction to be none compliant

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

It was indicated in the previous parts of this report that the Municipality does not directly provide for Houses and this is inline with functions and powers as outlined in the Municipal Structures Act, the performance of the Department of Coperative Governance, Tradional Affairs & Human Settlement is playing pivotal role in the provisioning of Low Cost Housing and Pit latrines delivery

T 3.5.1

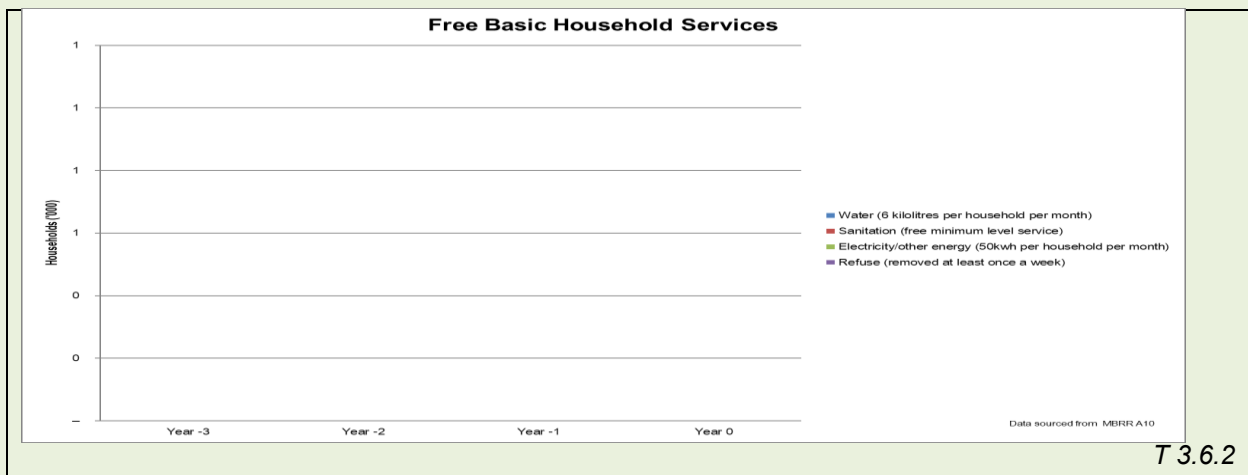
Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	N/A	N/A	N/A
Year -2	N/A	N/A	N/A
Year -1	N/A	N/A	N/A
Year -0	N/A	N/A	N/A
			T 3.5.2
<p>This function is performed by the Department of Coperative Government , Human Settlement and TR; Ratlou Local Municipality is only playing a facilitation role, by submitting indigent list as per the indigent register.</p>			T 3.5.2

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality is providing free basic electricity to the identified indigent as per the indigent register and the allocation is monitored on monthly basis to avoid duplications of beneficiaries. This register is updated on annual basis and is adopted by Council as a working document

T 3.6.1



Chapter 3

Free Basic Services To Low Income Households											
	Number of households										
	Total	Households earning less than R2,520 per month									
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		Access	%
		Total	Access	%	Access	%	Access	%			
year -3	83 220	83 220	0	0%	0	0%	59 832	72%	0	0%	
Year -2	83 220	83 220	0	0%	0	0%	69 456	83%	0	0%	
Year -1	7 865	7 865	0	0%	0	0%	6 713	85%	0	0%	
Year 0	7 865	7 865	0	0%	0	0%	7 515	95%	0	0%	

T 3.6.3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	0				
Waste Water (Sanitation)	0				
Electricity	5236000				
Waste Management (Solid Waste)	0				
Total	5236000				

T 3.6.4

Free Basic Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*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 Free Basic Electricity	Number of indigent households receiving free basic electricity	6935 HH x 12	71 676 collections were made by beneficiaries	83 220 collections per year (20 805 per quarter)	7 865 Free Basic Electricity collections per individual household by 30 June 2022	7 515 Free Basic Electricity collections per individual household were made	6676	79 63	796 3
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. **Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.6.5

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The Municipality is only providing free basic services for the indigents on electricity, this is inline with Municipal Structures Act 117 of 1998 in terms of powers and functions

T 3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

The Powers and Functions do not permit the Municipality to perform this function. This is performed by the district Municipality

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

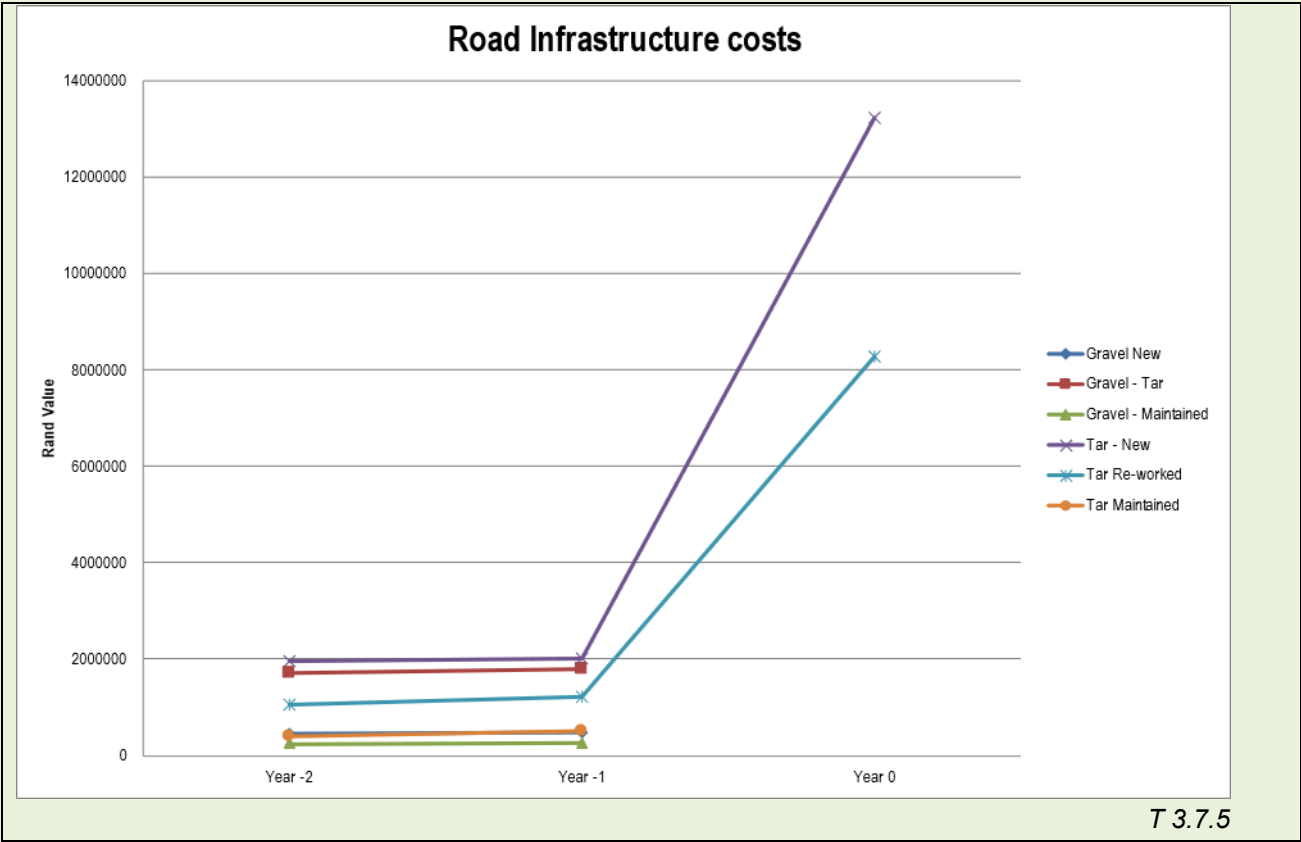
The Municipality is only responsible for the maintenance of internal roads. Where the gravel roads have been eroded by rain and they are regularly maintained

T 3.7.1

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
	Kilometers			
Year -2	16.4 km	0	2.8 km	16.4 km
Year -1	0	0	3.1km	0
Year 0	0.6mm	0	0	0.6mm
	T 3.7.2			

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
	Kilometers				
Year -2	0	5	0	0	0
Year -1	0	7	0	0	0
Year 0	3	5	0	0	0
	T 3.7.3				

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2		R 10 800 000.00	R 35 470.65	R 10 800 000.00	0	0
Year -1	0	0	0	13235164	8278544	0
Year 0	0	0	30 000	0	0	0
<i>T 3.7.4</i>						



Road Service Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 2		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Build and Maintain Roads and Storm-water	42 km length of maintained gravel roads	10 km length of maintained gravel roads by 30 June 2019	0km	3 km length of gravel roads maintained as per need	1 Link Road constructed in Lokaleng (100m paved road Phase 02 – Lokaleng to N18) by 30 June 2022	The site hand over has been done	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (phase1)	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (phase1)	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (phase1)
	2 Road Designs Completed by 30 June 2015 (Kraaipan & Setlagole)	1 Upgraded Internal Access Gravel Roads (Setlagole)	The Road is complete and sealed	700m Base layer road completed by 30 June 2021 (Kraaipan Internal Access Road Phase 03)	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase 02) by 30 June	The target was not achieved	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (Phase 1)	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (Phase 1)	Number of Internal Access Gravel Roads Upgraded into Surface Standard Completed (Phase 1)

					2022				
	1 Complete Upgraded Road (Phase 02 of Moshawane &	1 Upgraded Internal Access Gravel Roads (Kraaipan)	The Road is complete and sealed	N/A1 Community Hall at Window Level by 30 June 2021	1 list on electrification projects submitted to Eskom	1 list on electrification projects submitted	Number of Contractors Appointed for Internal Access Gravel Roads Adjoining R375	Number of Contractors Appointed for Internal Access Gravel Roads Adjoining R375	Number of Contractors Appointed for Internal Access Gravel Roads Adjoining R375 in
	Logageng Roads adjoining R375 Road)			(Gareleng Community Hall Phase 2)	by 31 October 2021		in Logageng & Moshawane Phase 3 Upgraded	in Logageng & Moshawane Phase 3 Upgraded	Logageng & Moshawane Phase 3 Upgraded
		1 Link road constructed completed (Madibogopan – Thaping) Phase 02	Construction at 10% (Commenced with culvert bridges)	3Km Base Layer Roads and Storm Water I Completed by 30 June 2021 (Setlhwatlwe and Ramabesa Phase 02)	3 km length of gravel roads maintained as per need per quarter	The target was not achieved since only 0.6 km of gravel road was maintained	1 Internal Access Gravel Roads Upgraded into Surface Standard-4.1km Tar(phase 03 of Moshawane Roads adjoining R375 Roads	1 Internal Access Gravel Roads Upgraded into Surface Standard-4.1km Tar(phase 03 of Moshawane Roads adjoining R375 Roads	1 Internal Access Gravel Roads Upgraded into Surface Standard-4.1km Tar(phase 03 of Moshawane Roads adjoining R375 Roads
									T 3.7.6

Employees: Road Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0 1	0 1	0 1	0	0
4 - 6	0	0	0	0	0
7 - 9	02	02	02	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0 3	0 3	0 3	0	0

Financial Performance Year 0: Road Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0	
Expenditure:	0	0	0	0	0	
Employees	0	0	0	0	0	
Repairs and Maintenance	0	0	0	0	0	
Other	0	0	0	0	0	
Total Operational Expenditure	0	0	0	0	0	
Net Operational Expenditure	0	0	0	0	0	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.7.8

NB: Already accounted for under planning Services

Capital Expenditure Year 0: Road Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A						
Project B						
Project C						
Project D						

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality has performed very well in the upgrading of gravel roads into surface roads during this financial year as most targets were exceeded on three roads that were planned for upgrade, The planned targets were exceeded due to fast delivery of material and the best performance of the contractor.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

The Municipality does not have a mandate in terms of Powers and functions, Municipal Structures Act 117 1998

T 3.8.1

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The function is not applicable to this Municipality in terms of Functions and Powers as prescribed by Municipal Structures Act 117 of 1998.

T 3.9.1

Storm water Infrastructure				Kilometres
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
Year -2	700 m	700 m	0	0
Year -1	1.1km	1.1km	0	0
Year 0	0	0	0	0

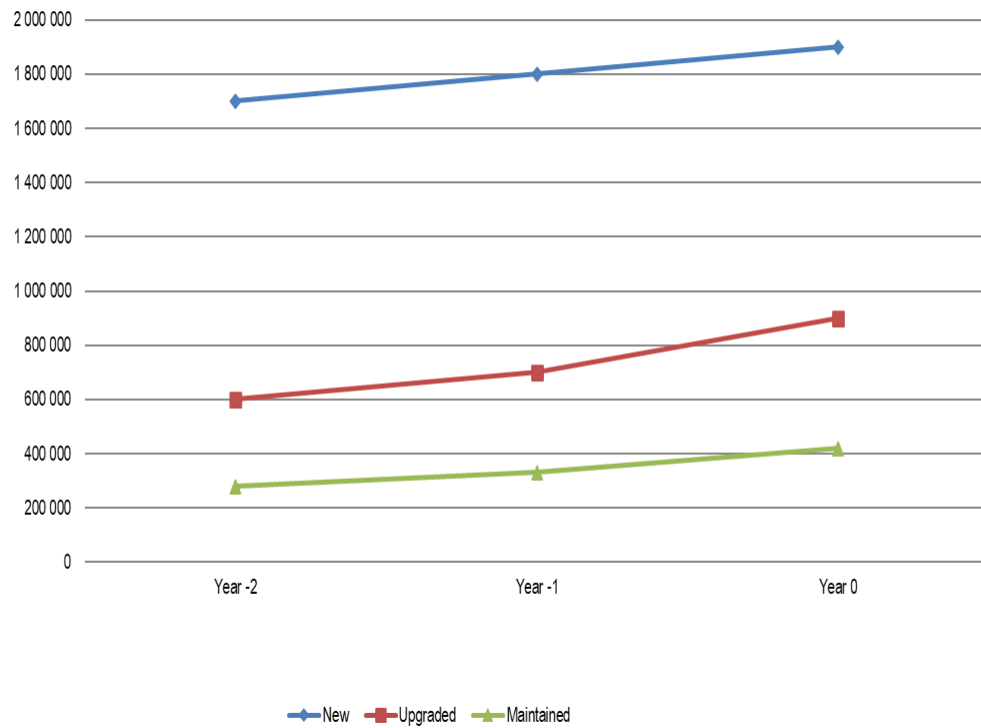
T 3.9.2

Cost of Construction/Maintenance			R' 000
	Storm water Measures		
	New	Upgraded	Maintained
Year -2	R 1 500 000.00	0	0
Year -1	3 200 000	0	0
Year 0	0	0	0

T 3.9.3

Chapter 3

Stormwater infrastructure costs



T 3.9.4

Storm water Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Build and Maintain Roads and storm water	20km maintained gravel road	10 km length of maintained gravel roads by 30 June 2019	16.4km	1.3Km Base Layer Roads and Storm Water I Completed by 30 June 2021 (Setlhwathe and Ramabesa Phase 02)	10 Facilities Issued with new certificates by 30 June 2022	0 Facilities were Issued with new certificates	60.00	84.00	84.00
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

T 3.9.5

Employees: Storm water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0 1	0	0 1	0	0
4 - 6	0	0	0	0	0
7 - 9	0	01	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0 1	0 1	0 1	0	0

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T 3.9.6

Financial Performance Year 0: Storm water Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees	0	0	0	0	0	
Repairs and Maintenance	0	0	0	0	0	
Other	0	0	0	0	0	
Total Operational Expenditure	0	0	0	0	0	
Net Operational Expenditure	0	0	0	0	0	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.9.7

Capital Expenditure Year 0: Storm water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	N/A	N/A	N/A	N/A	N/A
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.9.8

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The Municipality is sharing this function with the District, although the commitment of the district seemed to be very less there are instances where intervention of the district is not easily accessed.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Ratlou Local Municipality is a Rural Municipality which does not have a strong economic source that can somehow contribute positively towards creation of jobs through economic growth As well as improved revenue collection. The Municipality is mostly reliant on National Treasury grants to run its affairs. In terms job creation, most of the jobs are from mining and Agriculture as seasonal employment which they cannot be sustained in a long term. The Municipality is also using EPWP and CWP for job creation to improve the lives of its communities, Cooperatives are also supported to improve economic empowerment although for some of them it seemed to be difficult to be sustained due to mismanagement of funds and conflicts among the beneficiaries. The municipality also uses the relationship it has with Kalgold to improve local economy through Social Labour Plan and there is a committee established to monitor the implementation of projects. The Setlagole Complex and Thusong Service Center are also regarded as revenue source for the Municipality through tenants that are renting out the business and office space respectively.

T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

The Municipality did not do well in this area due to number of factors which includes lack of strategic leadership within the department, during the period there was an attempt to appoint tribunal committee that deals with recruitment of application for businesses however this could not go through due to administrative challenges

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	N/A	N/A	1	N/A	N/A	N/A
Determination made in year of receipt	N/A	N/A	0	N/A	N/A	N/A
Determination made in following year	N/A	N/A	0	N/A	N/A	N/A
Applications withdrawn	N/A	N/A	0	N/A	N/A	N/A
Applications outstanding at year end	N/A	N/A	0	N/A	N/A	N/A

T 3.10.2

Planning Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2		
		Target	Actual	Target	Actual		Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Improve spatial planning	1 Settlement Formalisation (Makgobistadt) approved by 30 June 2015	4 Reports on the General Valuation Roll & Maintenance (1 per quarter)	1 Report General Valuation Roll & Maintenance prepared	4 Reports on the Development & Implementation of Municipal Spatial Development Framework was compiled	1 Municipal Planning Tribunal established by 30 June 2022	The target was not achieved	Number of completed settlement formalization & sites Demarcation approved by council	Number of completed settlement formalization & sites Demarcation approved by council	N/A
	23 Municipal Properties Surveyed by 30 June 2015	1 Commercial Hub Formalization & Tenure Upgrade conducted by 30 June 2019	Not achieved	N/A	N/A	N/A	Number of township registers for Madibogo & Setlaogle RDP beneficiaries opened.	Number of township registers for Madibogo & Setlaogle RDP beneficiaries opened.	N/A
T 3.10.3									

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	05	05	05	0	0
4 - 6	03	03	03	0	0
7 - 9	01	01	01	0	0
10 - 12	05	05	05	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	14	14	14	0	0

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.10.4

Financial Performance Year 0: Planning Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	21315				
Expenditure:					
Employees	11792				
Repairs and Maintenance	5576				
Other	3947				
Total Operational Expenditure	21315				
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.10.5

Capital Expenditure Year 0: Planning Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	36 930	31 730	6 563	30 367	
Project A (Land Survey)					
Project B					
Project C					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.10.6

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL

The Municipal performance planning is compliant with the Legislative requirements, and it is reliant to the support it receives from various stakeholders relevant to municipal planning and Local Government, the predetermined objectives and performance monitoring are aligned to IDP processes and its requirements. The Municipality does not have a revenue Tax base and it is dependent on grants allocated funds by National Treasury for improving its infrastructural needs. There is a Municipal Tribunal Appointed which mainly deals with applications received on land use and are considered through the prerequisite of SPLUMA

T 3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

This is the area where the municipality is struggling to sustain cooperatives to ensure continuity and sustainability of SMMES. Although the Municipality put all of its efforts towards ensuring growth in Economic Development, there are serious economic challenges which to a certain extent stifle the pace at which the Municipality is trying to improve the situation, since municipal economy is more reliant on Agriculture, Mining and revenue collection from property rates where these economic sources are not paying their debts on time, thus makes it difficult to complete its planned projects and as a result some projects are put hold and that affects planned targets due to lack financial resources.

T 3.11.1

Chapter 3

Economic Activity by Sector			
			R '000
Sector	Year -2	Year -1	Year 0
Agric, forestry and fishing	0	Not Available	Not Available
Mining and quarrying	0	Not Available	Not Available
Manufacturing	0	Not Available	Not Available
Wholesale and retail trade	0	Not Available	Not Available
Finance, property, etc.	0	Not Available	Not Available
Govt, community and social services	0	Not Available	Not Available
Infrastructure services	0	Not Available	Not Available
Total	0	Not Available	Not Available
			T 3.11.2

Economic Employment by Sector			
			Jobs
Sector	Year 2 No.	Year -1 No.	Year 0 No.
Agric, forestry and fishing	Not Available	Not Available	Not Available
Mining and quarrying	Not Available	Not Available	Not Available
Manufacturing	Not Available	Not Available	Not Available
Wholesale and retail trade	Not Available	Not Available	Not Available
Finance, property, etc.	Not Available	Not Available	Not Available
Govt, community and social services	Not Available	Not Available	Not Available
Infrastructure services	Not Available	Not Available	Not Available
Total	Not Available	Not Available	Not Available
			T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

Ratlou Local Municipality is predominantly rural and does not have a revenue source base for Economic growth, it is mainly dependant on Agricultural seasonal short-term employment. The Municipality is also using EPWP and CWP to reduce unemployment rate. Over and above, communities within the Municipality are dependent on employment that is created for Municipal mainstream recruitment, this extends to government Department such as Department of Health, Social Development, SASSA and Agricultural firms such as Roba Nuts, KALGOLD mine and the farms around Ratlou Local Municipality. Cooperatives in Ratlou are supported through exhibition of their products at NAMPO international exhibitions. The Pakistanis that are running their business in local shops also contribute in the improvement of community livelihood within the nearby areas by offering them employment.

T 3.11.4

Local Economic Development Policy Objectives Taken From IDP

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Training of people in essential skills: x, y, z</i>	Number of people trained (including retrained upskilled)	35	40	250	-	-	x people trained	x people trained	x people trained
Animal Production	27	27	0	27	0	0	30	35	40
Poultry Production	27	27	0	27	0	0	25	25	25
Vegetable Production	22	22	0	22	0	0	30	35	40
Marketing (Principles)	20	40	0	40	0	0	25	25	25
Tendering	20	42	0	42	0	0	30	35	40
Procurement	20	42	0	42	0	0	25	25	25
Financial Management	20	40	0	40	0	0	30	35	40
Project Management	-	-	0	-	0	0	25	25	25
Land Care	94	94	0	94	0	0	30	35	40
Farm Management	21	21	20	21	00	00	25	25	25
Business Management	40	40	0	40	0	0	30	35	40
Entrepreneurship	40	40	0	40	0	0	25	25	25

T 3.11.7

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Contract	0	1	1	0	0
0 - 3	4	4	4	0	0
4 - 6	3	3	3	0	0
7 - 9	1	1	1	0	0
10 - 12	-	-	-	0	0
13 - 15	-	-	-	0	0
16 - 18	-	-	-	0	0
19 - 20	-	-	-	0	0
Total	08	09	09	0	0
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.11.8</p>					

Financial Performance Year 0: Local Economic Development Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	5 768	N/A	N/A	N/A	N/A	
Expenditure:						
Employees	3 040	N/A	N/A	N/A	N/A	
Repairs and Maintenance						
Other	1 487	N/A	N/A	N/A	N/A	
Total Operational Expenditure	4 527	N/A	N/A	N/A	N/A	
Net Operational Expenditure	1 241	N/A	N/A	N/A	N/A	
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.11.9</p>						

NB: Already accounted for under Planning Services

Chapter 3

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	N/A	N/A	N/A	N/A	
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.11.10</i>

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

This Department is one of those that have experienced a serious regression in the Economic Activities towards support of Local Economic Development within the Municipality, most of the Planned projects could not be processed as a result National Lock Down and its regulations thereof, the only area that has benefitted from this activity is on the support of SMMES in the category of local Car Wash equipment

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This area was also affected by the implementation of National Lockdown regulations as Libraries, Museums and telecentres were closed to eliminate public gatherings to curb the spread of corona virus

T 3.52

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

This area was also affected by the implementation of National Lockdown regulations as Libraries, Museums and telecentres were closed to eliminate public gatherings to curb the spread of corona virus

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

The Municipality has 9 Libraries, 7 Sport Facilities, 11 Community Halls distributed on both parts of the Municipality, the municipality is also in a process of opening Community Libraries at Madibogo as Morolong Community Library and Makgobistadt these two Libraries could only be opened once the department has equipped them reading materials. The proper functionality of Libraries is however faced with a challenge on establishment of Library Committees functionality as members are from time to time migrating to other places for greener pastures.

T 3.12.2

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 2		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Provision of basic Municipal services and infrastructure</i>	1 Complete Thusong Service Centre (Setlagole Thusong Centre Phase 02)	1 Constructed Community Halls by 30 June 2018 (Lokaleng)	0 Committee meetings were held	4 Committees meetings held by 30 June 2020	N/A	N/A	N/A	N/A	N/A
	1 Complete Community Library (Kraaipan Library Phase 2)	N/A	111 New Library users were registered	60 Library users registered by 30 June 2020	N/A	N/A	N/A	N/A	N/A

T 3.12.3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	4	0	0
4 - 6	0	0	0	0	0
7 - 9	10	10	10	0	0
10 - 12	41	41	41	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	55	55	55	0	0

T 3.12.5

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	23 927				
Expenditure:					
Employees	19 992				
Repairs and Maintenance	-				
Other	1 030				
Total Operational Expenditure	21 022				
Net Operational Expenditure	2 905				

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Chapter 3

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>T 3.12.6</i>					

**COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES;
COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:**

The Municipality is doing very well in the area of running Telecenters and Libraries wherein the enrollment of students on ICT program at its Telecenters has produced high number of accredited graduates on National Senior Certificates. For the current financial year this area did not perform well due to COVID 19 Lockdown regulations and as result there were no enrolled registered.

T 3.12.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The function is not applicable to this Municipality in terms of functions and powers as prescribes by Municipal Structures Act 117 of 1998

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998

T 3.13.2

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIIUMS OVERALL:

The function is not applicable to this Municipality

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998, It is the responsibility of the Department of Social Development, However the Municipality is providing a special programs from the office of the mayor which are done on annual basis e.g purchasing blankets for the aged, food parcels etc.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998,

T 3.14.2

**COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES
OVERALL:**

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998, It is the responsibility of the Department of Social Development, there are special programs from the office of the mayor which are done on annual basis e.g purchasing blankets for the aged etc.

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Rural, Environment, and Agricultural Development

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Rural, Environment, and Agricultural Development

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Rural, Environment, and Agricultural Development

T 3.15.2

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

The Function is performed by the Department of Rural, Environment and Agriculture Development

T 3.15.7

Chapter 3

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The Function is performed by the Department of Rural, Environment and Agriculture Development

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

The Function is performed by the Department of Rural, Environment and Agriculture Development

T 3.16.2

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

The Function is performed by the Department of Rural, Environment and Agriculture Development

T 3.16.7

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health

T 3.17.1

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health

T 3.18.1

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

The function is performed by the Provincial Department of Health

T 3.18.7

**3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;
ETC**

**INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND
INSPECTIONS, ETC**

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health, Labour and Ngaka Modiri Molema District

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health. However the Municipality in conjunction with Ngaka Modiri Molema is conducting health inspection around the shops found in Ratlou Local Municipality

T 3.19.2

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Health. However the Municipality in conjunction with Ngaka Modiri Molema is conducting health inspection around the shops found in Ratlou Local Municipality

T 3.19.7

COMPONENT G: SECURITY AND SAFETY

Chapter 3

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The Municipality is a category 2 Local Municipality and does not have a mandate to perform this function as prescribed by Municipal Structures Act 117 of 1998 (functions and powers)

T 3.20

3.20 POLICE

INTRODUCTION TO POLICE

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of the Department of Community Safety and Transport Management, the Municipality is sourcing the services of South African Police Services from local police stations in all parts of its jurisdiction.

T 3.20.1

Concerning T 3.20.2

The Municipality is a category 2 Local Municipality and does not have a mandate to perform this function as prescribed by Municipal Structures Act 117 of 1998 (functions and powers)

T 3.20.2.1

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998

T 3.20.7

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998.

T 3.21.1

Concerning T3.21.2

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of Ngaka Modiri Molema District and it has established a sub fire station which provides local communities with fire services and Disaster management

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of Ngaka Modiri Molema District and it has established a sub fire station which provides local communities with fire services and Disaster management

T 3.21.7

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

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; it is the responsibility of Ngaka Modiri Molema District and it has established a sub fire station which provides local communities with fire services and Disaster management

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; The Department of Rural, Environment and Agriculture Development are responsible for Animal Licensing and Control while Ngaka Modiri Molema District responsible for fire services and it has established a sub fire station which provides local communities with fire services and Disaster management. The Municipal has established Traffic Department which assist in ensuring in law enforcement for Road Safety by users, we are in a process of completing a Drivers Testing Learners Centre which will assist local people to apply and test their vehicles Roadworthy locally.

T 3.22.2

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND

Chapter 3

CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

The function is not applicable to this Municipality in terms of functions and powers as prescribed by Municipal Structures Act 117 of 1998; The Department of Rural, Environment and Agriculture Development are responsible for Animal Licensing and Control while Ngaka Modiri Molema District responsible for fire services and it has established a sub fire station which provides local communities with fire services and Disaster management. The Municipal has established Traffic Department which assist in ensuring in law enforcement for Road Safety by users, we are in a process of completing a Drivers Testing Learners Centre which will assist local people to apply and test their vehicles Roadworthy locally.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The Municipality in terms of powers and functions as prescribed by Municipal Structures Act 117 of 1998; provides for the building and maintenance of sports facilities, these facilities are availed for the community to participate in recreational activities and they are not used for rental. The renting out of these facilities is only considered during the staging of competitive codes where money is being exchanged by participants, However Sport and Recreation as a function remains the responsibility of Department of Education and Sport Development, therefore there are employees dedicated for this function employed by the Municipality, The officials that are employed by the Municipality are only responsible for the day to day maintenance of these facilities

T 3.23

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

Ratlou Local Municipality is currently having sport facilities in the following main villages: Tshidilamolomo, Makgobistad, Disaneng, Mareetsane, Kraaipan, Setlagole and Madibogopan is in a process of being upgraded

T 3.23.1

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The Municipality in terms of powers and functions as prescribed by Municipal Structures Act 117 of 1998; provides for the building and maintenance of sports facilities, these facilities are availed for the community to participate in recreational activities and they are not used for rental. The renting out of these facilities is only considered during the staging of competitive codes where money is being exchanged by participants, However Sport and Recreation as a function remains the responsibility of Department of Education and Sport Development, therefore there are employees dedicated for this function employed by the Municipality, The officials that are employed by the Municipality are only responsible for the day to day maintenance of these facilities.

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Ratlou Local Municipality structural set up is comprised of the following components and or Key Performance Areas: Municipal Transformation and Institutional Development, Financial Viability, Infrastructure and Service Delivery, Local Economic Development, Good Governance & Public Participation and Spatial rationale.

T 3.24

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (Mayor; Councilors; and Municipal Manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Ratlou Local Municipality Political structure is made up of the following offices Mayor's Office, Speaker's Office and Executive Council and the Administration is led by the Municipal Manager. The three key priorities are Roads, Water and Community infrastructure. The challenges facing the Municipality is that there is no reliable financial source base which could assist in the implementation of projects, most of the projects as indicated above are implemented through Municipal Infrastructure Grant received from National Treasury. Executive Council is made up of different portfolio Chairpersons and its role is to review various reports from departments before submission to Council

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

The Council and its executive meet regularly as per legislative requirements to discuss service delivery issues, this happens during full legislated council sittings that are held on quarterly basis, Councillors are also expected to hold a maximum of 12 meetings in their respective Wards and report back to Speakers Office for Council consideration.

T 3.69.2

The Executive and Council Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Promote community participation	14 Functional Ward Committees	14 wards are Functional	14 Functional Ward Committees	14 Functional Ward Committees	14 Wards are functional	14 Ward Committees are functional	100%	100%	100%
	4 Reports noted by Council	4 Reports were sent to Council for noting	10 (3 x IDP/Budget/PMS, 3 x Annual Report, 2 x Imbizos & 4 x Ward Comm. Functions)	4 Reports on Ward Committees noted by Council	12 (3 x IDP/Budget/PMS , 3 x Annual Report, 2 x Imbizos & 4 x Ward Comm. Functions)	4 Public Participation event were supported	N/A	N/A	N/A
	2 Trainings (Policy & Legislation)	2 Trainings for Ward Committees has been conducted	2 Support Training Conducted for MPAC & Rules Committee	4 MPAC Reports submitted to council for noting (1 per quarter)	4 MPAC Reports submitted to council for noting (1 per quarter)	1 MPAC Report were submitted	100%	100%	100%
T 3.24.3									

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	7	7	0	0
4 - 6	0	0	0	0	0
7 - 9	2	2	2	0	0
10 - 12	3	4	4	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	12	12	12	0	0

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.24.4

Financial Performance Year 0: The Executive and Council						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0					
Expenditure:						
Employees	30160					
Repairs and Maintenance	0					
Other	12568					
Total Operational Expenditure	42728					
Net Operational Expenditure	42728					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.24.5

Chapter 3

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Ratlou Local Municipality has five portfolio Committees representing Corporate Services , Budget and Treasury; Community Services; Infrastructure and Basic Services; and Planning and Local Economic Development. These Committees sit to discuss items per Department in preparation to EXCO sitting before the actual sitting of the Full Council could takes place. All submissions that were due for Council consideration have been successfully submitted to council and relevant resolutions were taken. Implementation of resolutions is also properly monitored for enhancement of accelerated service delivery. The Council instabilities realized during the first term of this financial year which led to council not conforming to the statutory requirements has resulted in the reconfiguration of Council committees and thus has made big difference in the day to day operations of the Municipality

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Municipality has since appointed the Chief Financial Officer and this improved the status of our financials including the revenue collection. The Municipality is compliant with the submission of its Section 52 and 71 reports on monthly basis. There has been an outstanding dispute between the Municipality and property rate payers which has recently been amicably resolved. This on its own is a positive sign on our revenue collection into the new financial year. It is also important to indicate that the municipality has come up with a strategy to reduce the debt over a period of five years and it has since been submitted to Treasury for final consideration

T 3.25.1

Debt Recovery								R' 000
Details of the types of account raised and recovered	Year -1		Year 0			Year 1		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %	
Property Rates	18 294 747,05	71,09	24 910 975.36	18 538 424.78	74.42%	26 107 000.00	90%	
Electricity - B	-	-	539 178.44	201 291.12	37.33%	488 000.00	90%	
Electricity - C	-	-	0	0	0	0		
Water - B	-	-	0	0	0	0		
Water - C	-	-	0	0	0	0		
Sanitation	-	-	0	0	0	0		
Refuse	-	-	0	0	0	0		
Other	1 207 657,83	91,83	1 836 839.58	1 409 750.42	7 6.75	1 729 000.00	90%	

B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.

T 3.25.2

Concerning T 3.25.2

The Municipality has since appointed the Chief Financial Officer and this improved the status of our financials including the revenue collection. The Municipality is compliant with the submission of its Section 52 and 71 reports on monthly basis. There has been an outstanding dispute between the Municipality and property rate payers which has recently been amicably resolved. This on its own is a positive sign on our revenue collection into the new financial year. It is also important to indicate that the municipality has come up with a strategy to reduce the debt over a period of five years and it has since been submitted to Treasury for final consideration

T 3.25.2.1

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
Service Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Promote Financial Viability	Number of Budget statements submitted	95% Collection Rate of Total Billed	Collection rate of total billed is 83.89	Number of Audit Plans Developed to address Auditor – General (A-G Queries adopted by Council	1 Audit Action Plan Developed by 31 January 2022	1 Audit Action Plan has been Developed and submitted to Council on 25 February 2022	Number of Budget statements submitted	Number of Budget statements submitted	Number of Budget statements submitted
	Quarterly reports submitted	1 Supplementary Valuation Roll Conducted by 30 June 2021	Not achieved	Number of Reports on the Implementation of the Audit Action Plan noted by Council	2 Reports on the Implementation of the Audit Action Plan noted by Council 3 rd and 4 th Quarter	2 Reports on implementation of Audit Action Plan were noted by Council	Number of Supply chain Management s reports submitted to Council	Number of Supply chain Management s reports submitted to Council	Number of Supply chain Management s reports submitted to Council
					Number of PAAP reports included in the Management Meeting	4 PAAP reports included in the Management Meeting (1 per quarter)			
T 3.25.3									

Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	7	4	3	42.86
4 - 6	1	1	1		
7 - 9	1	1	1		
10 - 12	1	1	1		
13 - 15	0	0	0		
16 - 18	0	0	0		
19 - 20	0	0	0		
Total	10	10	7	3	

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.25.4

Financial Performance Year 0: Financial Services					
					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	50				
Expenditure:					
Employees	50				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	0				
Net Operational Expenditure	50				

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

Chapter 3

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Municipality has since appointed the Chief Financial Officer and this improved the status of our financials including the revenue collection. The Municipality is compliant with the submission of its Section 52 and 71 reports on monthly basis. There has been an outstanding dispute between the Municipality and property rate payers which has recently been amicably resolved. This on its own is a positive sign on our revenue collection into the new financial year. It is also important to indicate that the municipality has come up with a strategy to reduce the debt over a period of five years and it has since been submitted to Treasury for final consideration

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Ratlou Local Municipality has for the period in question revised most of its policies and strategies are predominantly rural and therefore it is difficult to retain officials who receive greener pastures elsewhere due to low salary packages. The Council has resolved to employ most of its critical skills positions on contract to increase salary packages. It is also difficult to adhere to employment equity programs as a result of non-diversified environment in terms of colour, race and disability.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

The Human Resource is doing well in its mandate, internal controls have been put in place for payroll management, leave administration and its systems of control are in place to ensure accountability in all aspects. This process assists the municipality to comply with all legislative frameworks for good governance. During this period most of the critical positions were not filled on time regardless of the efforts made to fill them; these include vacant positions of Senior Managers due to low salary and rural nature of the package as determined by the Minister. It is regrettably sad to report that currently the Municipality has completed this financial year without the substantive senior managers in the following critical positions: Senior Manager Corporate Services, Senior Manager: Planning and Development and Infrastructure and Basic Services

T 3.26.2

Human Resource Services Policy Objectives Taken From IDP										
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 2			
		Target	Actual	Target	Actual	Target				
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)	
Service Objective xxx										
Achieve positive Employee Climate	Code of Conduct observed	13 HR Policies Reviewed and adopted by 30 June 20221	5 HR policies were adopted by council on the 30th April 2021	13 HR Policies reviewed & adopted by 30 June 2022	The target was not achieved	212 employees have signed Code of Conduct	100% Achieved	100% Achieved	100% Achieved	
	Employee Satisfaction Survey Conducted	1 WSDP Adopted by 30 April 2021	1 Workplace Skills Development Plan Adopted (WSDP) by 30 April 2021	1 WSDP adopted by 30 April 2022	The target was not achieved	23 Twenty Three Human Resource Policies reviewed by council	100%	100%	100%	
	Employee satisfaction Survey recommendations implemented	1 EE Completed and submitted by 15 January 2021	1 Approved Employment Equity Plan was Completed & Submitted to the Department of Labour	1 EEP completed and submitted by 15 January 2022	Employment Equity Plan was completed and submitted to the Department of Labour on the 12 January 2022	One (1) Workplace Skills Development (WSP) Was adopted by council on the 05 Mat 2017	100%	100%	100%	
T 3.26.3										

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	6	5	1	16.67
4 - 6	0	0	0	0	
7 - 9	0	0	0	0	
10 - 12	0	0	0	0	
13 - 15	2	2	2	0	
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
Total	8	8	8	1	

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.26.4

Financial Performance Year 0: Human Resource Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	31515					
Expenditure:						
Employees	11883					
Repairs and Maintenance	0					
Other	12752					
Total Operational Expenditure	24635					
Net Operational Expenditure	-6880					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.26.5

Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.26.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Performance of the Human Resources within the Municipality is compliant with all the prescribed processes and procedures as contained in the applicable legislation. Policy related issues are properly consulted with relevant stakeholders e.g Local Labour forum as well as employees and management and the Council for final adoption.

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Ratlou Local Municipality is having a functional ICT. Communities are reached through Municipal Website and established Telecentres. The Municipality with the assistance of USSASA through Iburst is developed Network infrastructure by erecting new network towers within all parts of the Municipality, this will assist with free WI-FI network connectivity for communities residing around those towers. Students from the neighbouring school find it easy to connect at no cost for research of their assignment.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

The Municipality has three operational telecentres that are servicing the entire community within Ratlou Local Municipality. All internal control systems are in place to guide proper and effective implementation and information security. These centres have already produced over three hundred student on Micro Soft word and Computer engineering

T 3.27.2

ICT Services Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 2	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Improve technology efficiency</i>	IT Master plan developed	N/A	N/A	N/A	N/A	N/A	0 Developed & Adopted Integrated IT Master Plan	N/A	IT Master plan developed
	IT Master plan reviewed	1 ICT Master plan reviewed & adopted by Council by 31 May 2020	Not Achieved	IT Master Plan	1 ICT Master plan reviewed & adopted by Council by 30 September 2021	The Target was not achieved	0 IT Disaster recovery plan implemented	100%	IT Master plan reviewed
	Software and Hardware regularly updated	N/A	N/A	4 Software Existing	N/A	N/A	6 Software Licenses were renewed	100%	Software and Hardware regularly updated
T 3.27.3									

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	2	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	4	3	3	0	0

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Financial Performance Year 0: ICT Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1882				
Expenditure:					
Employees	1049				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	1049				
Net Operational Expenditure	-833				

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

NB: Accounted for under Executive Council

Chapter 3

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	N/A	N/A	N/A		
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.27.6

NB: Accounted for under Human Resource

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The Component has since been operating without a designated manager which makes it difficult for the municipality ICT services to become effective at all times. There are ICT technicians that are responsible for the overall management of ICT within the Municipality. The ICT internal control systems were not reviewed and adopted by Council.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Municipality does not have a dedicated official responsible for Risk Management for over two year period. Thus makes it difficult for Municipality to ensure that controls systems are monitored and adhered to by the users, the municipality is having the audit committee, however it could not effectively discharge its functions due community lock outs and national lock down during the reporting period.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The Municipality does not have a dedicated official responsible for Risk Management for over two year period. Thus makes it difficult for Municipality to ensure that controls systems are monitored and adhered to by the users, the municipality is having the audit committee, however it could not effectively discharge its functions due community lock outs and national lock down during the reporting period.

T 3.28.2

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP

Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 2		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Promote financial Accountability	Number of reports on SCM non-compliance with MFMA	1 Supplementary valuation roll was submitted to council 28 March 2018	N/A	1 Supplementary Valuation Roll by 31 March 2018	N/A	N/A	N/A	N/A	N/A
		1 Procurement Plan was developed	1 Municipal Procurement plan was developed	1 Procurement Plan developed by 31 July 2017	N/A	N/A	Procurement Plan Developed 31 July 2016	Procurement Plan Developed 31 July 2017	Procurement Plan Developed 31 July 2018

T 3.28.3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	2	2	2	0	0

T 3.28.4

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2833				
Expenditure:					
Employees	1494				
Repairs and Maintenance	0				
Other	0				
Total Operational Expenditure	1494				
Net Operational Expenditure	-1339				
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.28.5

Accounted for under Human Resource

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All					
Project A	N/A	N/A	N/A	N/A	N/A
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					<i>T 3.28.6</i>

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

The Municipality had serious challenges in this area especially on payment of property rates, the Department of National and Provincial Public Works were owing the municipality a huge amount which were not paid on time. The Municipality had subsequently sought intervention from Provincial Treasury which had secured positive results as most of the monies were paid. The non payment of property rates has adversely affected the implementation of planned projects since most of them were put on hold due to financial constraints. The Rate payers

T 3.28.7

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

The Municipality is a category B and in terms of functions and powers as per Municipal Structures Act 118 of 1998 it is not mandated to perform the above stated functions

3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

OVER -ALL PERFORMANCE COMPARISON FOR 2020/ 2021 AND 2021/2022 AS PER THE TABLES BELOW

2020/2021	MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	MUNICIPAL FINANCIAL VIABILITY	LOCAL ECONOMIC DEVELOPMENT	INFRASTRUCTURE AND BASIC SERVICES	GOOD GOVERNANCE	SPATIAL RATIONALE	OVERALL PERFORMANCE
TOTAL KPIS PLANNED FOR THE YEAR	08	09	06	11	22	01	57
TOTAL ACHIEVED	04	07	01	06	06	01	25
TOTAL NOT ACHIEVED	04	02	05	05	16	00	32
PERFORMANCE ON PERCENTAGES	50%	77%	16%	54%	27%	100%	43%

2021/2022	MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT	MUNICIPAL FINANCIAL VIABILITY	LOCAL ECONOMIC DEVELOPMENT	INFRASTRUCTURE AND BASIC SERVICES	GOOD GOVERNANCE	SPATIAL RATIONALE	OVERALL PERFORMANCE
TOTAL KPIS PLANNED FOR THE YEAR	08	10	09	18	20	2	67
TOTAL ACHIEVED	03	05	03	08	10	01	30
TOTAL NOT ACHIEVED	05	05	06	10	10	01	35
PERFORMANCE ON PERCENTAGES	37%	50%	33%	44%	50%	50%	44%

KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote planning & performance management	2021/2022 IDP and the Budget Schedule of Activities adopted by Council	2017/2022 Schedule of Activities (IDP/Budget)	IDP & Budget Schedule of Activities Adopted by 31 August 2021	The Target was not achieved	The IDP & Budget Schedule of activities was approved on the 17th September 2021 through Council Res.: No.: 61/2021 This was due to less commitment to convene the Council	The Municipality will ensure proper planning to avoid unnecessary under performance
	Budget (R)		R200 000			
	2023/2028 Integrated Development Plan Adopted by Council	2017/2022 IDP	2023/2028 IDP Adopted by 31 May 2022	The IDP was adopted on the 30 th May 2022	N/A	N/A
	Budget (R)		As Indicated Above			
	Service Delivery and Budget Implementation Plan Approved by the Mayor	2020/2021 SDBIP	Service Delivery and Budget Implementation Plan Approved by 12 June 2022	The SDBIP was approved by the Mayor on the 30 May 2022	N/A	N/A
Budget (R)		Operational				
Improve technology efficiency	Number of Integrated Communication & Information Technology (ICT) Master Plan reviewed & adopted by Council	2012/2013 ODR & BCP	1 ICT Master plan reviewed & adopted by Council by 30 September 2021	The Target was not achieved	The delay in filling a vacant position of the ICT Manager has created the situation wherein key functions suffered	The Municipality need to have a proper forecast planning that will assist the execution of functions in the unit are not suffering
	Budget(R)		Operational			

KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Retain & Recruit Talented Employees	Number of Revised Policies adopted by Council	6 Policies	13 HR Policies reviewed & adopted by 30 June 2022	The target was not achieved	The unavailability of Councillors for induction on policies led to a delay of policies being ready for adoption	The office of the Mayor need to prioritise the Administration for a maximized compliance to planning
	Budget (R)		Operational			
Promote Innovation Learning and Growth	Number of 2021/2022 Workplace Skills Development Plan (WSDP) Developed & Adopted by Council	2019/2020 WSDP	1 WSDP adopted by 30 April 2022	The target was not achieved	WSP was submitted online to LGSETA on the 30 th of April 2022 therefore it was not achieved as the council seated on the 28 th of April 2022	The Municipality will involve all available key structures from planning to reporting to ensure credible and reliable planning documents
	Budget (R)		R100 000			
Achieve Employment Equity	Number of Council Approved Employment Equity Plan (EEP) submitted to Department of Labour	Employment Equity Plan	1 EEP completed and submitted by 15 January 2021	Employment Equity Plan was completed and submitted to the Department of Labour on the 12 January 2022	N/A	N/A
	Budget (R)		Operational			
	Number of Employment Equity Targets Achieved in all functional areas	Employment Equity Plan in place	2 EEP Targets achieved by 30 June 2022	The target was not achieved	The environment does not attract the targeted groups due to its demographic arrangement	The Municipality need to put all systems in place during planning to ensure that performance indicators are SMART compliant to the regulations
	Budget (R)		Operational			

KPA: FINANCIAL VIABILITY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote Financial Accountability	2022/2023 Budget approved by Council	2019/2020 Budget	2022/2023 Budget approved by 31 May 2022	The budget was approved on the 30 th May 2022	N/A	N/A
	Budget (R)		Operational			
	Number of Budget Related policies* adopted by Council	13 Policies	13 Policies Adopted by 31 May 2022	The target was achieved	NA	N/A
	Budget (R)		Operational			
	2021/2022 Adjustment Budget Approved by Council	2020/2021 Adjustment budget approved	Approved 2021/2022 Adjustment Budget by 28 February 2022	The Budget Adjustment was approved on the 25 th February 2022 by Council	N/A	N/A
	Budget (R)		Operational			
	Council approved 2020/2021 Annual Financial Statements (AFS) submitted to the Office of the Auditor-General (A-G)	2020/2021 Audited AFS	AFS submitted to A-G by 31 August 2021	The Target was not achieved	AFS were Submitted on 30 September 2021 due t system challenges during the compilation of AFS. This was done through a formal request from the Municipality to the Auditor General of South Africa.	The Municipality will ensure proper planning to avoid under performance on planned targets
Budget (R)		R1 900 000				
Revenue Enhancement	% Collection of Billed Revenue (i.e. Opening Balance + Billing – Impairment – Closing ÷ Billing X 100)	15% Collection Rate	95% Collection Rate of Total Billed	The total billed collection rate is 41.3% The Target was not achieved	Disputes lodged by Farmers not yet resolved National & Provincial Public Works were Invoiced and PPW already processed the payment that will reflect on bank on the 11 th October 2021	Disputes Accounts Spread sheet exercise has been performed and verification process to unfold on the week ,19 July 2021
	Budget (R)		Operational			
	Number of Supplementary Valuation Rolls conducted	GVR Existing	1 Supplementary Valuation Roll Conducted by 30 June 2022	1 Supplementary Valuation Roll Achieved	N/A	N/A
	Budget (R)		R100 00			

KPA: FINANCIAL VIABILITY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Achieve Clean Audit	Number of Queries on AGs Report Addressed on the Audit Action Plan	New	45 Queries on AGs Report Addressed on the Audit Action Plan	All Audit Queries are work in progress	The Service provider appointed to clear the queries is still working on them	The reports will be submitted in the next Council sitting
	Budget (R)		Operational			
	Number of Audit Plans Developed to address Auditor – General (A-G) Queries adopted by Council	2018/2019 Audit Action Plan	1 Audit Action Plan Developed by 31 January 2022	1 Audit Action Plan has been Developed and submitted to Council on 25 February 2022	The Municipality had to allow Provincial Treasury to have an input before it can be tabled and this was done during the budget engagement in preparation for Budget adjustment by February 2022	The Municipality will have to align its planning with the provincial calendar in future
	Budget (R)		Operational			
	Number of Reports on the Implementation of the Audit Action Plan noted by Council	Existing	2 Reports on the Implementation of the Audit Action Plan noted by Council 3 rd and 4 th Quarter	2 Reports on implementation of Audit Action Plan were noted by Council	N/A	N/A
	Budget (R)		Operational			
	Number of PAAP reports included in the Management Meeting	PAAP progress report	4 PAAP reports included in the Management Meeting (1 per quarter)	4 PAAP Report was discussed during the Management meeting	N/A	N/A
Budget (R)		Operational				

KPA: LOCAL ECONOMIC DEVELOPMENT

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote Local Economic Development & Job Creation	Number of Jobs created through Expanded Public Works Programme, Community Workers Programme, Capital Projects and other Local Economic Development initiatives 1000	1000 Jobs created	1000 Jobs created	1000 Jobs have been created	N/A	N/A
	Budget (R)		R30 897 000 (MIG) R1 524 000 (EPWP)			
	Number of LED Strategies Developed & Adopted	2012-2017	1 LED Strategy Developed & Adopted by Council by 30 June 2022	The target was not achieved.	The target was not achieved due to budgetary constraints.	Budget to be allocated during adjustment.
	Budget (R)		Operational			
	Number of SMME Support initiatives conducted	4 SMME Support Initiatives	6 Support initiatives by 30 June 2022 (Funding, Business Plan Development, Exhibitions, Training & Workshops)	6 Support initiatives were conducted by 30 June 2022	N/A	N/A
	Budget (R)		R100 000			
	Number of Tuck-shops registered & supported	New	100 Tuck-shops registered & supported	The target was not achieved.	The target was not achieved due to shortage of Human Resources in the unit	To be addressed in the next financial year
	Budget (R)		Operational			

KPA: LOCAL ECONOMIC DEVELOPMENT

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote Local Economic Development & Job Creation	Number of Signage & Branding Erected (Information Boards)	New	10 Signage & Branding Erected (Information Boards) by 30 June 2022	The target was not achieved	5 Signage & Branding could not be achieved due to the delay in SCM processes	The Municipality need to improve the SCM processes to avoid unnecessary delays
	Budget (R)		R60 000			
	Number of reports on Profiled Lodges, Game Lodges & B&Bs	New	4 Reports on Profiled Lodges, Game Lodges & B&Bs	3 Report on Profiled Lodges, Game Lodges & B&Bs has been compiled	Due to lack of cooperation by private lodges and game reserves	Engage with private owners to work with the municipality.
	Budget (R)		Operational			
	Number of Municipal Tourism profiles developed and adopted	New	1 Municipal Tourism profile developed and adopted by 30 June 2022	1 Municipal Tourism profile was developed and adopted by 30 June 2022	N/A	N/A
	Budget (R)		Operational			
	Number of tourism / trade marketing exhibitions hosted/ participated	Durban Indaba	2 tourism / trade marketing exhibitions hosted/ participated by 30 June 2022	The target was not achieved.	Hosting of events was prohibited during the period due to COVID 19 regulations, and it was subsequently considered that the item should first be sent to council for approval	To be taken to Council in the next sitting.
	Budget (R)		Operational			
	Number of sports, arts and culture initiatives supported	New	2 sports, arts and culture initiatives supported by 30 June 2022	1 Sport, Arts and Culture initiatives was supported	The target was not achieved as during the period, hosting of events was prohibited due COVID 19	The support will be done during the new financial year
Budget (R)		Operational				

KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
Provision of Basic Municipal Services & Infrastructure	Number of Cemeteries Fenced and provided with VIP Toilets	18 cemeteries fenced	4 Cemeteries fenced and provided with VIP Toilets (Dingateng, Setlagole, Kraaipan & Disaneng)	The target was not achieved	Appointed service providers for Dingateng and Kraaipan Service providers were under performing and had to be terminated, the delivery of material at Setlagole Cemeteries. has been made	The Municipality will ensure that Project Management conducts regular performance assessments of Service Providers and reports timeously to minimize underperformance of planned targets
	Budget (R)		R 5 000 000			
	Number of Internal Access Road Phase 03	25km of road paved	1 Internal Access Roads completed (700m of paved roads completed) by 30 June 2022	The Target was not achieved	Due to heavy rainfalls, the base of the road got damaged. The contractor had to remove all laid pavement to repair the damaged base.	Repair all sections where base was damaged
	Budget (R)		R 3 500 000			
	Number of Km Roads & Storm water constructed	25km of road paved	800m Roads & Storm water constructed & completed (Setlhwathwe and Ramabesa Phase 02) by 30 June 2022	800m of Setlhwathwe and Ramabesa Road & Storm water was Completed by 30 June 2022	N/A	N/A
	Budget (R)		R 3 801 075			
	Number of Sports Facilities & parameter fence Constructed	8 Sports facilities constructed	1 Sport Facility & parameter fence Constructed by 30 June 2022 (Matloding)	The Target was not achieved	Delayed appointment of consultant caused by change in management (transition)	Project was reprioritized to the next financial year
Budget (R)		R 7 000 000.00				

KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures	
Provision of Basic Municipal Services and Infrastructure	Issuing of CoC's for Facilities that do not have.	0	10 Facilities Issued with new certificates by 30 June 2022	0 Facilities were Issued with new certificates	The Municipality has been utilizing personnel which does not have the prerequisites for the work over a long-term period as they were only operating with experience	The training arrangement has been made to send the personnel to School for a period of twelve (12) months to acquire relevant accreditation to properly execute this function	
	Budget (R)		R300 000				
	Number planned Maintenance projects undertaken on municipal facilities	2	5 Maintenance Projects undertaken on municipal facilities	0 Maintenance Projects were undertaken on municipal facilities		The Municipality has been utilizing personnel which does not have the prerequisites for the work over a long-term period as they were only operating with experience	The training arrangement has been made to send the personnel to School for a period of twelve (12) months to acquire relevant accreditation to properly execute this function
			1. Madibogo Pan Library				
			2. Tshidilamolomo Library/Telecentre				
			3. Thusong Centre				
			4. Gathulo C Hall				
	Budget (R)		R1 300 000				
	Number of Link Roads constructed	25km of road paved	1 Link Road constructed in Lokaleng (100m paved road Phase 02 – Lokaleng to N18) by 30 June 2022	100m of Lokaleng to N18 was paved by 30 June 2022	N/A	N/A	
	Budget (R)		R 3 800 000				
Number of Link Roads constructed	25km of road paved	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase 02) by 30 June 2022	1 Link Road (Jan Masibi – Tribal Office to Methusele Phase 02) was completed by 30 June 2022	N/A	N/A		
Budget (R)		R 1 701 075					

KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Provision of Basic Municipal Services and Infrastructure	Number of Community halls constructed	23 Community Halls Constructed	1 Community Hall Constructed (Gareleng C. Hall Phase 2) by 30 June 2022	The target was not achieved	Stoppages due to community and SMME's riots. Also delays in material delivery by suppliers due to covid related challenges	All queries were attended to and project is currently running smoothly and expected to be complete by end of July 2022
	Budget (R)		R 4 550 000			
	Need list on electrification projects submitted to Eskom	New	1 list on electrification projects submitted to Eskom by 31 October 2021	1 list on electrification projects submitted was submitted to ESKOM by 31 October 2021	N/A	N/A
	Budget (R)		Operational			
	Number of Reports on Eskom Electrification Programme & Projects submitted to Council	4	4 reports on Eskom Electrification Programme & Projects submitted to Council (1 per quarter)	4 Reports on Eskom Electrification Programme & Projects were submitted to Council	N/A	N/A
	Budget (R)		Operational			
	Number of Reports on Serviced and Maintained High Mast & Flood Lights	9 Reports	4 Reports on Serviced & Maintained High Mast Lights & Flood Lights (1 per quarter)	4 Reports on Serviced and maintained high mast and floods light were compiled	N/A	N/A
Budget (R)		R 1 000 000				

KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Provision of Basic Municipal Services and Infrastructure	Number of Km of gravel roads maintained	16.4 km	3 km length of gravel roads maintained as per need per quarter	The target was not achieved since only 0.9 km of gravel road was maintained	The budget vote allocation for diesel was insufficient to allow road maintenance	Diesel budget vote has been increased
	Budget (R)		R 200 000			
	Number of Updated and Approved Indigent Registers	1	1 Updated & Approved Indigent Register by 31 May 2022	1 Updated & Approved Indigent Register	N/A	N/A
	Budget (R)		Operational			
	Number of Indigent Household (HH) receiving Free Basic Electricity	6675 HH	7 865 Free Basic Electricity collections per individual household by 30 June 2022	The target was not achieved as only 7 515 Free Basic Electricity collections per individual household were made	Despite the strides made to sensitize the beneficiaries about collection of electricity tokens 350 beneficiaries did not collect	The Municipality will continue to maximize the awareness campaigns
	Budget (R)		R 4000 000			
	Number of maintenance services conducted on the Back-up Generator	Broken/Non-Functional Back-up Generator	2 maintenance services conducted on the Back-up generator (2 nd & 4 th Quarter)	1 maintenance service conducted on the generator	Limited time available to advertise after lifting of tender moratorium	Major Service to be conducted in Q1 of the new financial year
	Budget (R)		R75 000			
	Number of Funding Applications submitted to MIG for a Specialized Waste Vehicles	New	2 Funding Applications submitted to MIG for a Specialized Waste Vehicles by 30 June 2022	The target was not achieved	The manager responsible was on extended sick leave due to ill health	The Municipality will make proper provision on allocation of duties in the absence of responsible officials
	Budget (R)		Operational			
Number of IWMP developed & adopted by Council	New	1 IWMP developed & adopted by Council by 30 March 2022	The target was not achieved	The Municipality was utilizing external services and the budget need to complete the service was more what was Budgeted	The Municipality will ensure proper alignment of Budget and planned targets during planning as well as involvement of relevant structures for support	
Budget (R)		Operational				

KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote Good Governance	Number of Audit Charter & Plan developed & reviewed	1	Audit Charter & Plan developed by 31 December 2021	The target was not achieved	Draft in place but it could not be processed due to unavailability of Audit Committee as the current term of office has expired	The New Audit Committee has been appointed and will resume its duties in the new financial year
	Budget (R)		Operational			
	Number of Audit Committee Meetings held	4	4 Audit Committee Meetings held (1 per quarter)	3 Audit Committee Meetings	Includes special sitting on Annual Financial Statements review. The term of office for Audit Committee expired before the last two quarters	The New Audit Committee has been appointed and will resume its duties in the new financial year
	Budget (R)		R200 000			
	Number of Internal Audits Conducted	4 Internal Audits	4 Internal Audits Conducted (1 per quarter)	5 Internal Audit were performed:	A special audit was conducted to review Annual Financial Statements	N/A
	Budget (R)		Operational			
	Number of Internal Audit (IA) Plan Adopted by Audit Committee	1	1 IA Plan developed by 31 May 2022	The target was not achieved	Due to unavailability of Audit Committee as the previous Committee term had expired	The New Audit Committee has been appointed and will resume its duties in the new financial year
	Budget (R)		Operational			
	Number of Risk Management Policies reviewed & adopted	Policy Existing	1 RMP reviewed & adopted by 31 May 2022	0 Risk Management Policy was reviewed and adopted	Due to unavailability of Audit Committee as the previous Committee term had expired	The New Audit Committee has been appointed and will resume its duties in the new financial year
	Budget (R)		Operational			
Number of Internal Audit Reports submitted to Audit Committee for consideration	4	4 Internal Audit Reports submitted to Audit Committee for consideration (1 per quarter)	1 Report submitted to Audit Committee on the review of the Annual Financial Statements.	The Audit Committee term of Office came to an end during the quarter	This will be reported after the appointment of new audit committee.	
Budget (R)		Operational				

KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Promote Good Governance	Number of revised Risk Management Strategy (RMS) Reviewed and Adopted by Council	Strategy in place	1 Revised RMS by 31 May 2022	The target was not achieved	The Municipality has since being operating with a vacancy within the unit and during planning it was anticipated that a vacancy would be filled of which did not happen	The Municipality will ensure that it aligns its planning with the available resources to avoid unnecessary deviations from the initial plans
	Budget (R)		Operational			
	Number of Revised Fraud and Corruption Strategy adopted by Council	Strategy in Place	1 Revised Fraud & Corruption Strategy Adopted by Council by 30 June 2022	1 Fraud & Corruption Strategy has been Revised & Adopted	N/A	N/A
	Budget (r)		operational			

KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
PROMOTE LOCAL ECONOMIC DEVELOPMENT & JOB CREATION	Number of MPAC Reports submitted to Council for noting	4	4 MPAC Reports submitted to council for noting (1 per quarter)	The Target was not achieved	The committee had after installation of new Council awaiting induction training from SALGA and COGTA	The Municipality will coordinate schedule of dates between SALGA to avoid conflicting diary
	Budget (R)		R50 000			
	Number of Support Training Conducted for MPAC & Rules Committee	2	2 Support Training Conducted for MPAC & Rules Committee (Q3 & Q4)	The target was not achieved	The Municipality could not secure the availability of training during the scheduled period from provincial COGTA as custodians of the program	The Municipality in consultation with SALGA to train MPAC and Rules Committee
	Budget (R)		R50 000			
	Number of Functional & established Ward Committees	14	14 of Functional & established Ward Committees by 30 March 2022	14 Ward Committees were Functional	N/A	N/A
	Budget (R)		R1 604 000			
	Number of Public Participation Events Supported	4	12 (3 x IDP/Budget/PMS, 3 x Annual Report, 2 x Imbizos & 4 x Ward Comm. Functions)	The target has been achieved	N/A	N/A
	Budget (R)		R200 000			
	Number of Support Initiatives for Traditional Leaders Implemented	1	4 Support Initiatives for Traditional Leaders Implemented	The target was not achieved	The office of the Mayor is in a process of identifying Traditional Leaders needs	The Municipality need to reprioritise its mandate during planning
	Budget (R)		R 312 000			
	Number of Dipitso tsa Baagi Held	New	1 Dipitso tsa Baagi Held (Q3 & Q4)	1 Dipitso tsa baagi was held	N/A	N/A
	Budget (R)		R20 000			
	Number of Youth Summit Held	New	1 Youth Summit Held by 30 June 2022	1 Youth Summit was Held	N/A	N/A
	Budget (R)		R80 000			
Number of Women's Forum Meetings Held	2	1 Women's Forum Meetings Held (4th Quarter)	1 Women's Forum Meetings was Held	N/A	N/A	
Budget (R)		R 20 000				

KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
Enhance Communication	Number of Communication Strategy Reviewed & Adopted by Council	Strategy in Place	1 Communication Strategy Reviewed & Adopted by 31 May 2022	The Target was not Achieved	The Municipality did not coordinate its activities properly	To be dealt with in the first quarter of the new financial year
	Budget (R)		R200 000			
	Number of Reports on Operational Tele Centres	1	3 Operational Tele Centres (Tshidilamolomo, Kraaipan & Setlagole)	3 Tele Centres are operational	N/A	N/A
	Budget (R)		As Indicated Above			
	Number of Reports on Moderations & Assessments	1	1 Moderation & Assessment report noted by Council	1 Report was noted by Council	N/A	N/A
	Budget (R)		As Indicated Above			
	Number of Accredited Telecentres	1	1 Telecentre Accredited by 30 June 2022	1 Telecentre has been Accredited	N/A	N/A
Budget (R)		As Indicated Above				

KPA: SPATIAL RATIONALE

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
Improve Spatial Planning	Number of Municipal Planning Tribunals established	Existing	1 Municipal Planning Tribunal established by 30 June 2022	The target was not achieved	Due to none response of applicants to the advert	N/A
	Budget (R)		R60 000			
	Number of Land Tenure upgrade application submitted to funding agencies	Madibogo & Setlagole Township Establishment	2 Land Tenure upgrade applications submitted for funding (Makgobistad & Logageng)	2 Land Tenure applications were submitted	N/A	N/A
	Budget (R)		Operational			

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Municipality is still struggling with its Organizational structure to ensure that it reflects the current situation in terms of the warm bodies against vacant positions. There are still vacancies that have been with the Municipality for more than seven years and this affect service delivery as most of these positions are very key in the structure.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	Year -1	Approved Posts No.	Year 0		
	Employees No.		Employees No.	Vacancies No.	Vacancies %
Water	-	-	-		
Waste Water (Sanitation)	1	1	1		
Electricity	1	1	1		
Waste Management	1	1	1		
Housing	-	-	-		
Waste Water (Stormwater Drainage)	-	-	-		
Roads	-	-	-		
Transport					
Planning	13	12	12	1	
Local Economic Development	2	2	2		
Planning (Strategic & Regulatory)	1	1	1		
Local Economic Development	-	-	-		
Community & Social Services	56	56	56	6	
Environmental Protection	-	-	-		
Health	-	-	-		
Security and Safety	7	7	7		
Sport and Recreation	-	-	-		
Corporate Policy Offices and Other	136	136	136	1	
Totals	218	211	211		

T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1		
CFO	1		
Other S57 Managers (excluding Finance Posts)	4	3	
Other S57 Managers (Finance posts)	0		
Police officers	0		
Fire fighters	0		
Senior management: Levels 13-15 (excluding Finance Posts)	17	1	
Senior management: Levels 13-15 (Finance posts)	6	1	
Highly skilled supervision: levels 9-12 (excluding Finance posts)	22	1	
Highly skilled supervision: levels 9-12 (Finance posts)	11		
Total	62	6	

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	01	01	0.1
Year -1	0	0	0
Year 0	11	13	

** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year*

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

The Municipality did not experience any serious staff turnover during this financial year, officials who left the service was as a result of their term of contract ended and or having reached retirement age. The Municipality has been functioning with Acting Senior Management in most of the positions throughout this financial year except for the position of the Municipal Manager and Chief Financial Officer. This is despite the number of attempts by the Municipality to fill these vacancies, it is unfortunate to indicate that the applicants always found the package not to be attractive as it is it is mostly competing with that of Provincial Administration

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Municipality is working hand in glove with the Local Labour Forum to address work force related matters as well as development of proper policies to ensure sound working relations, We are using the availability of Organized Labour Unions that is SMMWU and IMATU to communicate administrative issues relating to personnel benefits with all employees and transparent communication is common practice during general staff meetings. All staff members are allowed an opportunity to share their views regarding challenges they are experiencing on their day-to-day work endeavours. The Municipality is one of those that are participating in the implementation of New Staff Regulations and is also seen as the tool that will resolve some of the workforce related issues. The National Department of COGTA has selected Ratlou Local Municipality to participate in the **PROTOTYPE** structure as a pilot program intended to assist Municipalities that are struggling with the completion of the organisational structure. The completion of this structure will also assist with the recruitment of skilfully individuals for the relevant positions.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Date Reviewed	Date adopted by council or comment on failure to adopt
1	Affirmative Action	N/A	N/A	N/A
2	Retention	Yes	21/06/2017	31/07/2017
3	Code of Conduct for employees	Yes	21/06/2017	31/07/2017
4	Delegations, Authorisation & Responsibility	N/A	N/A	N/A
5	Disciplinary Code and Procedures	Yes	N/A	N/A
6	Essential Services	N/A	N/A	N/A
7	Employee Assistance / Wellness	Yes	21/06/2017	31/07/2017
8	Employment Equity	Yes	21/06/2017	31/07/2017
9	Exit Management	N/A	N/A	N/A
10	Grievance Procedures	Yes	N/A	N/A
11	Chronic	Yes	21/06/2017	31/07/2017
12	Education and Training Development	Yes	21/06/2017	31/07/2017
13	Information Technology	Yes	21/06/2017	31/07/2017
14	Job Evaluation	N/A	N/A	N/A
15	Leave	Yes	21/06/2017	31/07/2017
16	Occupational Health and Safety	Yes	21/06/2017	31/07/2017
17	Official Housing	N/A	N/A	N/A
18	Subsistence and Travelling Allowance	Yes	21/06/2017	31/07/2017
19	Funeral	Yes	21/06/2017	31/07/2017
20	Overtime	Yes	21/06/2017	31/07/2017
21	Organisational Rights	Yes	N/A	N/A
22	Payroll Deductions	N/A	N/A	N/A
23	Performance Management and Development	Yes	21/06/2017	31/07/2017
24	Recruitment, Selection	Yes	21/06/2017	31/07/2017
25	Remuneration	Yes	21/06/2017	31/07/2017
26	Resettlement	N/A	N/A	N/A
27	Sexual Harassment	Yes	21/06/2017	31/07/2017
28	Skills Development	Yes	N/A	N/A
29	Smoking	Yes	21/06/2017	31/07/2017
30	Special Skills	N/A	N/A	N/A
31	Work Organisation	N/A	N/A	N/A
32	Uniforms and Protective Clothing	N/A	N/A	N/A

Use name of local policies if different from above and at any other HR policies not listed. T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT

The National COGTA having noticed that there are number of disparities in the implementation of Human Resource Policies across the Country resolved to implement a seamless approach of using same standard of policies across the country. To ensure that this receives a positive attention, a Mosselbay Local Municipality was found to be compliant in policy development and implementation, therefore it was agreed that all Municipalities within the Country must benchmark with them to minimize unnecessary differences in that regard

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	N/A	N/A	N/A	N/A	N/A
Temporary total disablement	N/A	N/A	N/A	N/A	N/A
Permanent disablement	N/A	N/A	N/A	N/A	N/A
Fatal	N/A	N/A	N/A	N/A	N/A
Total	0	0		0	0

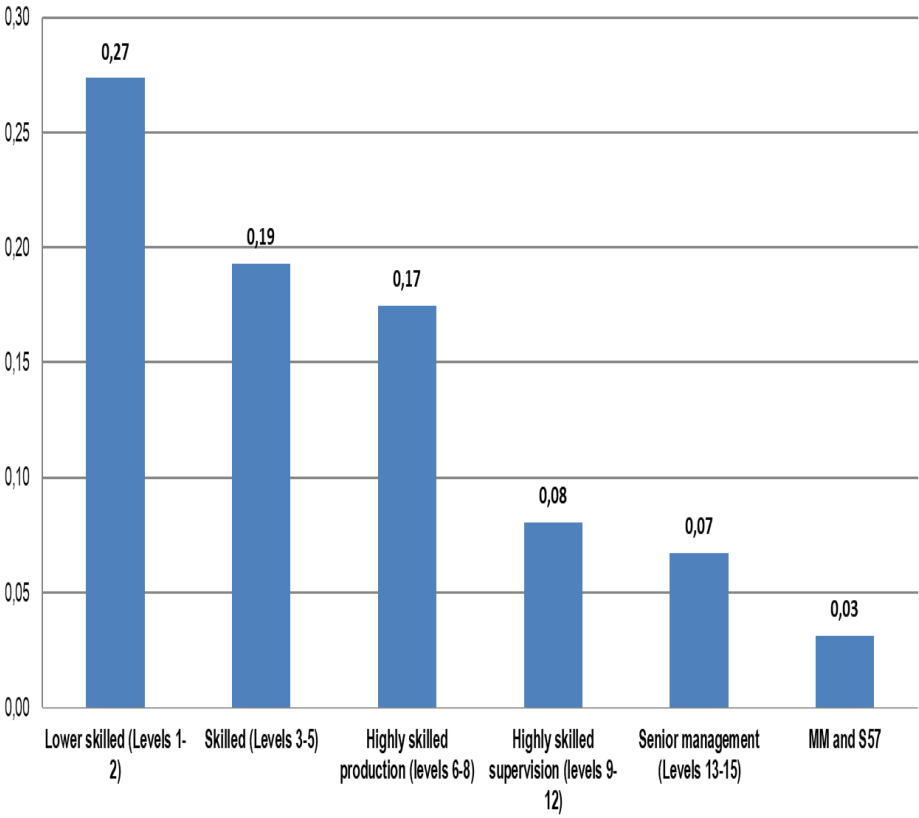
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	89	0	11	34	2.62	
Skilled (Levels 3-5)	27	0	09	24	1.13	
Highly skilled production (levels 6-8)	32	0	12	48	0.67	
Highly skilled supervision (levels 9-12)	88	8	24	87	1.01	
Senior management (Levels 13-15)	26	0	18	24	9.42	
MM and S57	0	0	0	1		
Total	262	8	74	218		

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Average Number of Days Sick Leave (excluding IOD)



COMMENT ON INJURY AND SICK LEAVE:

The sick leave has been properly managed as there were no sick leave days abused, the reduction of number leave days used is evident that there has been an improvement in that area. The proof of

absence due to ill health is always requested upon arrival of the employee if they reported sick for more than 2 working days as per leave policy directive. In this instance there are no incidents of sick leave abuse that were recorded during this financial year. The Municipality has installed a new system that assists to determine the accrued leave days and used to minimize inaccurate transactions, the system is interfaced with the payroll system and it updates the information on regular basis without interference of Human element. There were no injury on duty cases during this financial year which could had granted grounds for submission to COIDA

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
N/A	N/A	N/A	N/A	N/A

T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
N/A	N/A	N/A	N/A

T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There were no financial misconduct cases reported during this financial year.

T 4.3.7

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

In terms of capacity development, the Municipality aligns itself with the National Treasury directive on competency framework and this has been adhered to as required. The Municipality has established a skills development unit that seeks to ensure that all employees at all levels are relevantly capacitated within their field of operations to enhance high level of productivity. This is a continuous process which the municipality ensures that it get maximized implementation to ensure a well capacitated workforce at all levels without discrimination,

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	2	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	18	0	0	3	0	0	3	11	11	0	11	11	6
	Male	34	0	0	3	0	0	3	16	16	0	16	16	6
Technicians and associate professionals*	Female	40	0	0	0	0	0	4	0	0	2	0	0	6
	Male	36	0	0	0	0	0	4	0	0	2	0	0	6
Professionals	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	58	0	0	0	0	0	0	0	0	0	0	0	0
	Male	73	0	0	0	0	0	0	0	0	0	0	0	0
Total		131	0	0	6	0	0	14	27	27	4	27	27	24

*Registered with professional Associate Body e.g CA (SA)

T4.5.1

Chapter 4

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated : Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	1	1	1	1	1
<i>Chief financial officer</i>	1	1	1	1	1	1
<i>Senior managers</i>	1	1	1	1	1	1
<i>Any other financial officials</i>	22	22	22	22	22	22
Supply Chain Management Officials	9	9	9	9	9	9
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	34	34	34	34	34	34

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Chapter 4

R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	0	0	0	0	0	0
	Male	2	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	30	0	0	0	0	0	0	0	0
	Male	28	0	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0	0	0
	Male	2	0	0	0	0	0	0	0	0
Technicians and associate professionals	Female	2	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0
Clerks	Female	92	0	0	0	0	0	0	0	0
	Male	61	0	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	11	0	0	0	0	0	0	0	0
Elementary occupations	Female	22	0	0	0	0	0	0	0	0
	Male	14	0	0	0	0	0	0	0	0
Sub total	Female	57	0	0	0	0	0	0	0	0
	Male	47	0	0	0	0	0	0	0	0
Total			0	0	0	0	0	0	0	0
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>										
T4.5.3										

Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

In terms of capacity development, the Municipality aligns itself with the National Treasury directive on competency framework and this has been adhered to as required. The Municipality has established a skills development unit that seeks to ensure that all employees at all levels are relevantly capacitated within their field of operations to enhance high level of productivity. This is a continuous process which the municipality ensures a maximized implementation to secure a well capacitated workforce at all levels, The Municipality together with LGSETA is committed to facilitating access to training through grant allocation to municipalities, the National Treasury initiative competency requirements has been adhered to by majority of officials who attending Municipal Financial Management level have completed to become competent.

During this financial year the training issue was not successfully addressed, however the new staff regulations will play a critical part in ensuring the equitable distribution of training across all levels within the Municipality as the previously

T 4.5.4

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

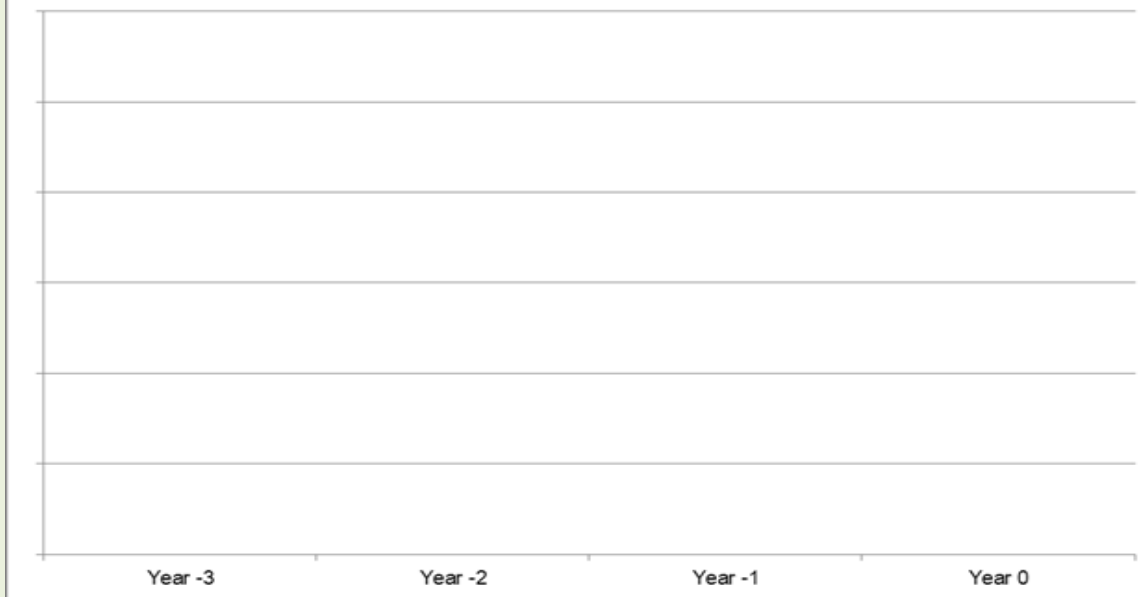
INTRODUCTION TO WORKFORCE EXPENDITURE

The Municipality is equitably distributing its budget funding on training of Officials to balance the level of up skilling its workforce and there was no over or under expenditure experienced under this vote, thus includes community capacity building in all wards through LGSETA. The LGSETA is identifying training programs that could be funded and accredited service providers and transfer the budget in a form grant to the Municipality to facilitate payments through the SETA as part of the skills levy.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Workforce Expenditure Trends (R' 000)



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

The Municipality is equitably distributing its budget funding on training of Councilors, Officials and Ward Committees to balance the level of up skilling its workforce. This expenditure is from various source of funding which include the following LGSETA, SETA and other Source of funding. The LGSETA is identifying training programs that could be funded and accredited service providers on behalf of the Municipality and transfer the budget in a form grant to the Municipality to facilitate payments through the SETA. It is the responsibility of the Municipality to facilitate identification of relevant beneficiaries or various programs, The Municipality is doing very well in this area, although the employees cost is still a burning issue as it dominates more chunk of the Municipal budget

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded

Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels9-12)	Female	N/A
	Male	N/A
Senior management (Levels13-16)	Female	N/A
	Male	N/A
MM and S 57	Female	N/A
	Male	N/A
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A

Chapter 4

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A	N/A	N/A	N/A	N/A

T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

The National COGTA has Gazetted the new staff regulations in September 2021 and was expected to be effective from 01 July 2022, however its implementation has been suspended due to unreadiness of Municipalities on new organizational structure as the point of departure of the entire regulations. Which among others deals with the proper implementation of Job Evaluation and job descriptions. Therefore the Municipality as indicated in the previous chapters that it has been nominated by the National Cogta to participate in the Prototype structure pilot programme in preparation of the above said implementation. The new date for implementation has been moved to 01 July 2023

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

The Municipality is taking this process very serious and it is done regularly in every formal meeting where internal and external stakeholders are involved. e.g Audit Committee, Council meeting and Management etc. All Officials at the beginning of every financial are compelled to complete declaration forms in line with their performance Agreements, this is to ensure that the municipality is aware of their relationship status in terms of related parties, members of evaluation and adjudication committee are also expected to disclose their interest to eliminate element of conflict of interest. This process contributes positively during the compilation of Annual Financial Statements at the end of the financial year.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

The Municipality is hundred percent % rural and grant dependent with low revenue collection, it provides various services efficiently and cost effectively with limited resources at its disposal, The Municipality is prioritizing allocation of resources as per the IDP to address community needs although there are operational challenges in some areas due functions and powers e.g the Municipality is not a water service Authority but it finds its self being accountable to the Community regarding this service. This is a District function, however there is a water grant which the Municipality receives from the District termed to be a water grant. The Municipality finds it very difficult to access this grant and as a result the litigations on Water projects which are being referred to the Municipality for recovery. In cases where the Municipality find itsself in a situation where it has to pay those settlement thus creates unnecessary irregular expenditure. The average projection of SARS returns is considered to curb the unauthorized expenditure should the payment be effected late and or in the next financial year. The Municipality has since established Annual Financial statements unit in an attempt to reduce usage of consultancy for compilation and reporting on financial statements. The Manager for AFS was reinstated towards the end of the financial year and it is for that reason the service provider was appointed to come and assist with a high level review of Annual Financial Statement. Although the Municipality is still using the services of the Service Provider in the compilation of AFS, it is our wish to finally independently compile these AFS on our own in the subsequent years.

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2017/18	2018/19	2019/20	Current Year 2020/2021				2009/10 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2209/21	Budget Year +1 2021/22	Budget Year +2022/23
Financial Performance										
Property rates	15 736	17 475	28 634	24 480	24 480	24 480	24 480	24 480	25 215	26 475
Service charges	-	-	-		225	225	225	-	-	-
Investment revenue	3 840	3 700	4 870	1 635	1 984	1 984	1 984	1 635	1 733	1 837
Transfers recognised - operational	108 143	116 205	127 230	139 004	165 537	165 537	165 537	140 465	147 264	153 206
Other own revenue	8 319	4 179	2 153	2 882	261	261	261	2 882	4 035	4 232
Total Revenue (excluding capital transfers and contributions)	136 038	141 559	162 887					169 462	178 246	185 751
Employee costs	9 941	11 256	77 114	90 471	91 401	91 401	91 401	91 469	100 807	107 756
Remuneration of councillors	1 378	2 610	12 645	11 787	14 236	14 236	14 236	11 865	12 696	13 585
				4 200	4 200	4 200	4 200			
Depreciation & asset impairment	2 347	934	32 703	12 500	30 500	30 500	30 500	12 500	13 125	13 781
Finance charges	-	-	33	60	160	160	160	160	168	176
Materials and bulk purchases	18 929	6 278	-	20 62	20 713	41 675	41 675	6 567	6 666	7 027
Transfers and grants	30 713	46 589	-			-	-	5 590	5 870	6 163
Other expenditure	143 735	149 408	49 885	30 923	43 980	43 980	43 980	47 573	53 339	56 035
Total Expenditure	207 044	217 075	172 380					175 724	192 671	204 523
Surplus/(Deficit)	(71 006)	(75 516)	(9 493)					(6 262)	(14 424)	(18 773)
Transfers recognised - capital	37 087	28 867	6 693	29 224	27 763	29 224	29 224	27 763	29 919	31 545
Contributions recognised - capital & contributed assets	-	-	-			-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(33 919)	(46 649)	(2 801)					21 501	15 495	12 772
Share of surplus/ (deficit) of associate	-	-	-			-	-	-	-	-
Surplus/(Deficit) for the year	(33 919)	(46 649)	(2 801)	-	-	-	-	21 501	15 495	12 772
Capital expenditure & funds sources										
Capital expenditure	27 750	32 709	-					33 291	37 731	40 696
Transfers recognised - capital	27 763	27 763	27 763					27 763	29 919	31 498

Public contributions & donations			-	-	-	-	-	-		
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	12 240	10 210	3 176	5 528	37 887	37 887	37 887	5 528	7 812	9 198
Total sources of capital funds	40 170	38 140	3 176					33 291	37 731	40 696
Financial position										
Total current assets	60 103	60 103	7 220	-	-	-	-	57 410	60 280	63 294
Total non current assets	439 967	437 937	-	-	-	-	-	385 238	391 567	396 856
Total current liabilities	23 166	23 166	-	-	-	-	-	4 017	4 518	5 019
Total non current liabilities	2 088	2 088	-	-	-	-	-	2 192	2 302	2 417
Community wealth/Equity	474 816	472 786	-	-	-	-	-	436 439	445 028	452 715
Cash flows										
Net cash from (used) operating	40 171	33 960	43 842	125 257	73 202	73 202	73 202	33 295	36 425	37 278
Net cash from (used) investing	(40 170)	(38 140)	(7 972)	385 238	417 597	417 597	417 597	(33 291)	(37 731)	(40 696)
Net cash from (used) financing	-	-	-	45 546	23 046	23 046	23 046	-	-	-
Cash/cash equivalents at the year end	45 109	56 179	-	2 192	2 192	2 192	-	4 324	3 018	(401)
Cash backing/surplus reconciliation										
Cash and investments available	41 643	41 643	-	-	-	-	-	37 728	39 614	41 595
Application of cash and investments	(27 860)	(28 108)	-	-	-	-	-	(11 616)	(12 006)	(12 321)
Balance - surplus (shortfall)	69 503	69 751	-	-	-	-	-	49 344	51 620	53 916
Asset management										
Asset register summary (WDV)	358 406	356 376	-	-	-	-	-	361 697	366 849	370 902
Depreciation & asset impairment	12 500	12 500	-	-	-	-	-	12 500	13 125	13 781
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	5 565	6 330	-	-	-	-	-	6 567	6 666	7 027
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	2 085	2 085	-	-	-	-	-	2 261	-	-

Chapter 5

Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	26 889	26 889	-	-	-	-	-	27	27	27
Energy:	16 800	16 800	-	-	-	-	-	16	16	16
Refuse:	26 643	26 643	-	-	-	-	-	27	27	27



Chapter 5

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	23 042	-	-	-	-	-
Waste Water (Sanitation)	8 456	-	-	-	-	-
Electricity	13 219	-	-	-	-	-
Waste Management	12 097	-	-	-	-	-
Housing	6 346	-	-	-	-	-
Component A: sub-total	63 161	-	-	-	-	-
Waste Water (Stormwater Drainage)	5 304	-	-	-	-	-
Roads	5 304	-	-	-	-	-
Transport	4 630	-	-	-	-	-
Component B: sub-total	9 554	-	-	-	-	-
Planning Local Economic Development	2 340	-	-	-	-	-
Component B: sub-total	3 693	-	-	-	-	-
Planning (Strategic & Regulatory) Local Economic Development	2 402	-	-	-	-	-
Component C: sub-total	13 944	-	-	-	-	-
Community & Social Services	4 291	-	-	-	-	-
Environmental Protection	4 971	-	-	-	-	-
Health	4 971	-	-	-	-	-
Security and Safety	4 971	-	-	-	-	-
Sport and Recreation Corporate Policy Offices and Other	4 971	-	-	-	-	-
Component D: sub-total	29 145	-	-	-	-	-
Total Expenditure	119 497	-	-	-	-	-
						T 5.1.2

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

The Municipality has since appointed the Chief Financial Officer and this improved the status of our financials including the revenue collection. The Municipality is compliant with the submission of its Section 52 and 71 reports on monthly basis. There has been an outstanding dispute between the Municipality and property rate payers which has recently been amicably resolved. This on its own is a positive sign on our revenue collection into the new financial year. It is also important to indicate that the municipality has come up with a strategy to reduce the debt over a period of five years and it has since been submitted to Treasury for final consideration

T5.1.3

5.2 GRANTS

Grant Performance							R' 000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	138 493						
Equitable share	136 593						
Municipal Systems Improvement	–						
Department of Water Affairs	–						
Levy replacement	–						
Other transfers/grants [insert description]	1 900						
Provincial Government:	1 266						
Health subsidy	1 459						
Housing	–						
Ambulance subsidy	–						
Sports and Recreation	1 459						
Other transfers/grants [insert description]							
District Municipality:							
[NMMDM Water Grant]	–						
Other grant providers:							
[Kalgold mine Grant]	–						
Total Operating Transfers and Grants	139 952						

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The Municipality annually receives the grant from Department of Arts, Culture and Sport & Recreation for a day to day administrative running costs of Library Services which assist also in procuring goods that creates a conducive working environment for the both users and officials

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"		N/A				
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"	N/A					
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"	N/A					
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality has received the grant from Department of Arts, Culture and Sport & Development for administrative requirements of Library Services which assist on the day to day operations and also to buy equipment's.

T 5.2.4

Chapter 5

INTRODUCTION TO ASSET MANAGEMENT

The assets are kept in terms of GRAP 17 and assets management policy of the municipality. These assets are all included in the Assets Register as per GRAP requirements. The Municipality has acquired number of Assets that include movable and immovable during this financial year, there is a provision made for risk circumstances in a form of Insurance to protect a total loss of municipal properties. All assets that were lost due to unforeseen circumstances were recovered through the risk guard insurance applicable within the Municipality; the assets that have exceeded their life span as per the regulation are disposed off following the prescribed processes for council approval. The details of the assets acquired during the period under review are reflected as per the table below

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Matloding and Logageng Sport Facility			
Description	Community Assets			
Asset Type	Infrastructure Asset			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				R 1 253 871.79
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 2				
Name	Construction of Ramabesa and Sethwathwe Road			
Description	Road Construction			
Asset Type	Infrastructure Asset			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value		R687 687.40	R 5 639 273.34	R 4 020 298.31
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 3				
Name	Upgrading of Cemeteries			
Description	Community Infrastructure			
Asset Type	Community Infrastructure			
Key Staff Involved				

Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				R 1 890 033.08
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Gareleng Community Hall			
Description	Community Assets			
Asset Type	Community Assets			
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
			R 869 565.22	R 3 198 651.40
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 2				
Name	Jan masibi and Methusele Link Road			
Description	Road Construction			
Asset Type	Infrastructure Assets			
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
		R288 895.22	R 5 869 565 .22	R 1 358 937.50
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
Asset 3				
Name	Kraaipan Internal Access Road Phase 3			
Description				
Asset Type	Road Infrastructure			
Key Staff Involved				

Chapter 5

Staff Responsibilities				
Policies in Place to Manage Asset	Yes			
Asset Value	Year -3	Year -2	Year -1	Year 0
			R 2 449 644 .31	R 500 702.57
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:

The Asset Management of the Municipality is well staffed and is functioning very well, it is however important to indicate that the Service provider has appointed for preparation of Annual Financial Statements and Compilation of Asset Register

T 5.3.3

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	5947	5576	251	96%
T 5.3.4				

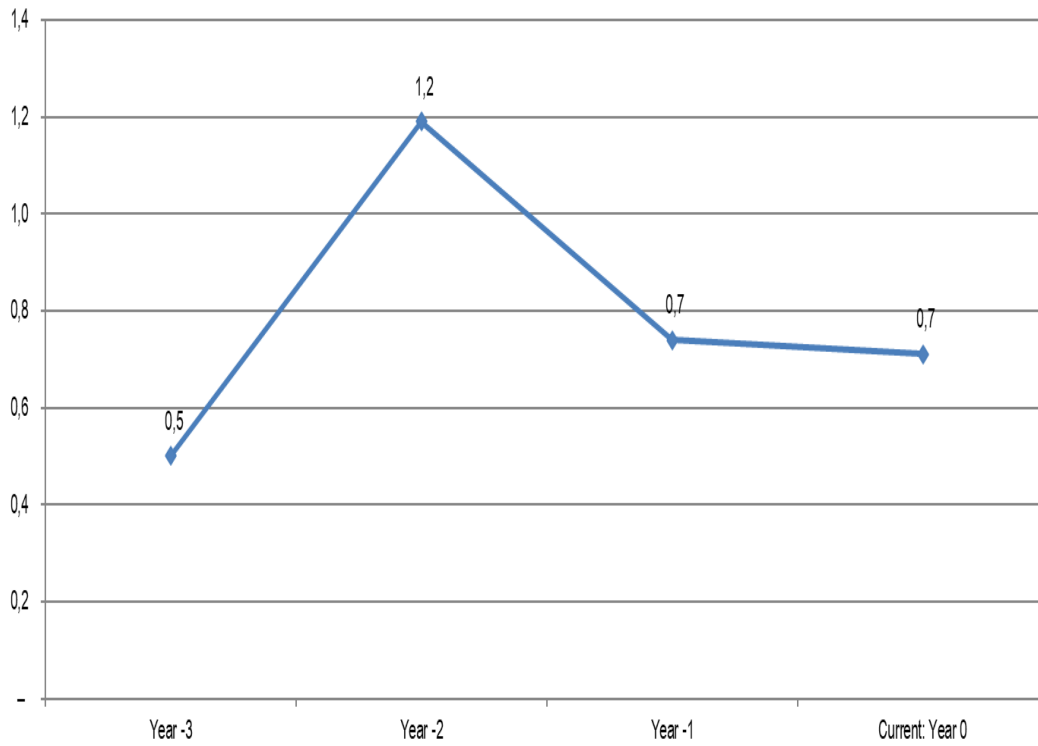
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The above reflected includes the repairs and maintenance of High mast lights and other assets such as white, yellow fleet as well as the building and all properties of the municipality.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio

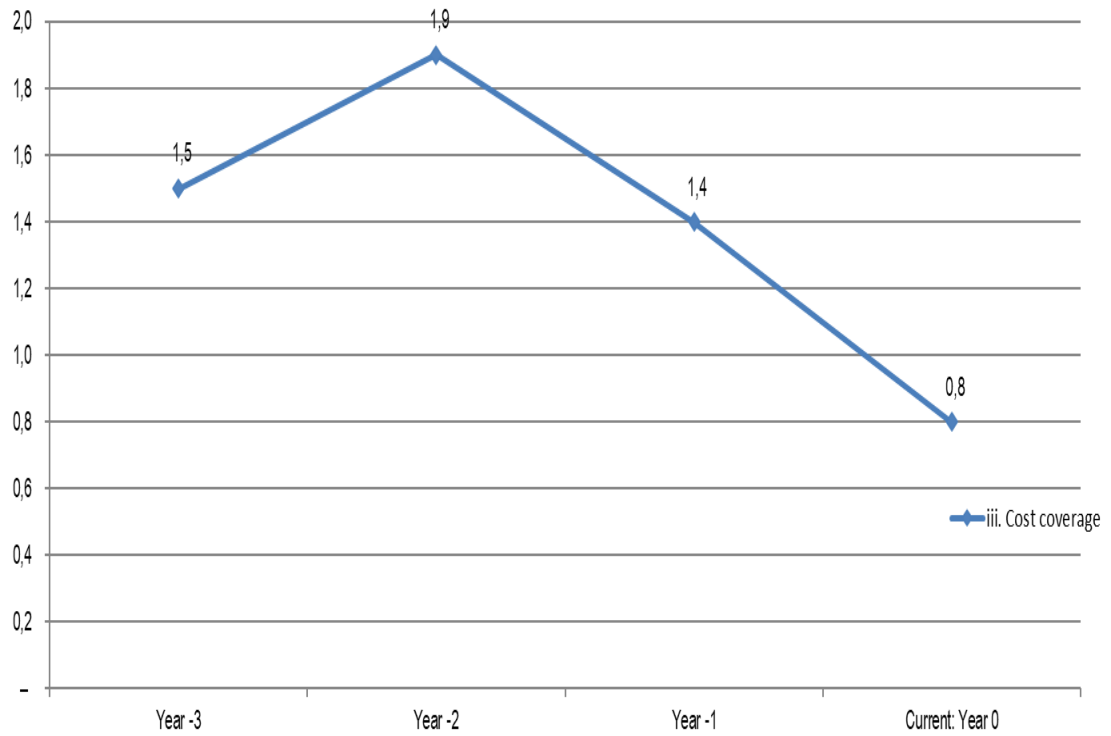


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRRSA8

Chapter 5

Cost Coverage

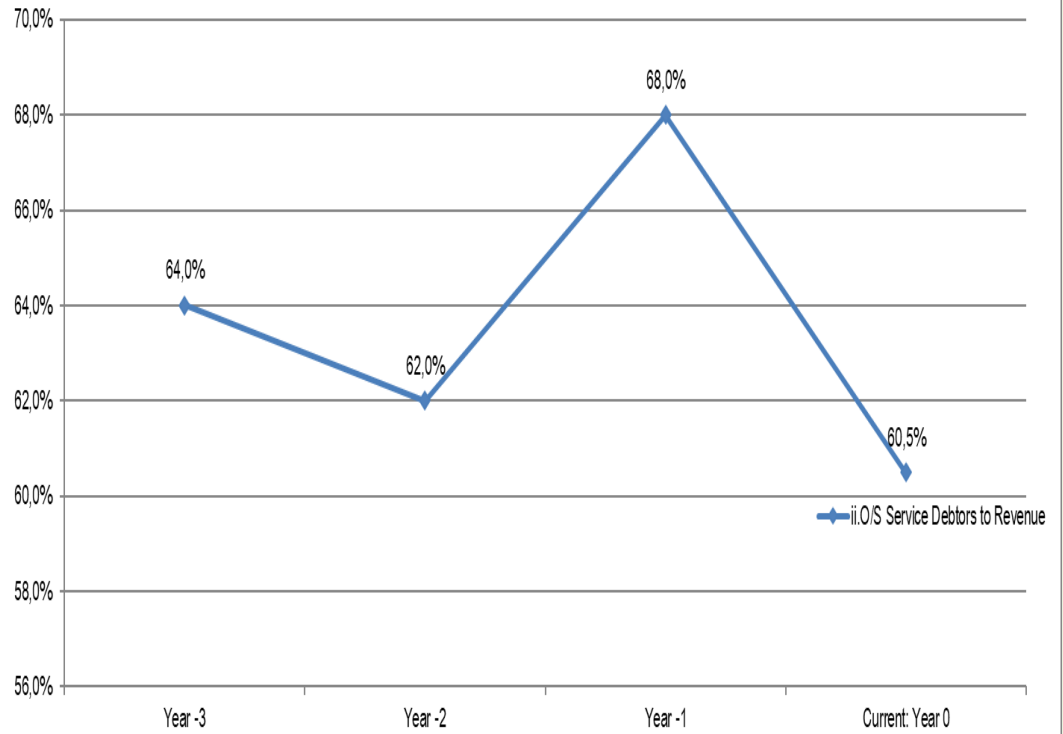


Cost Coverage- It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

.4.2

Total Outstanding Service Debtors

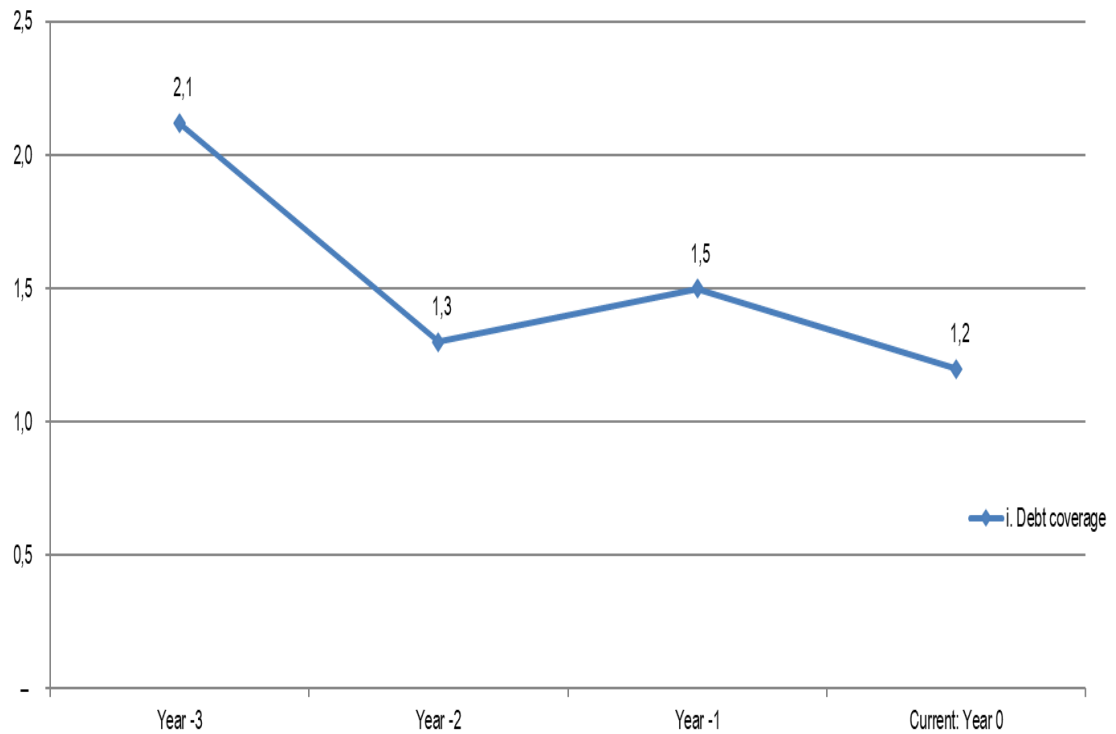


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

Chapter 5

Debt Coverage

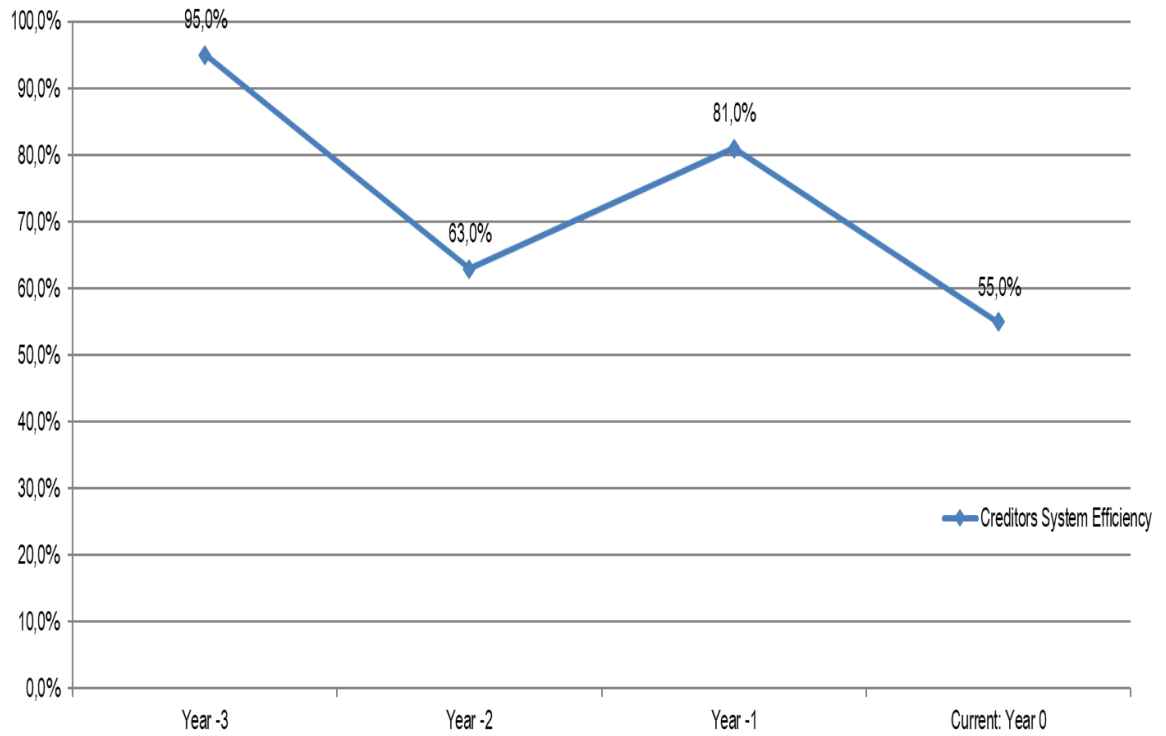


Debt Coverage- The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

4.4

Creditors System Efficiency

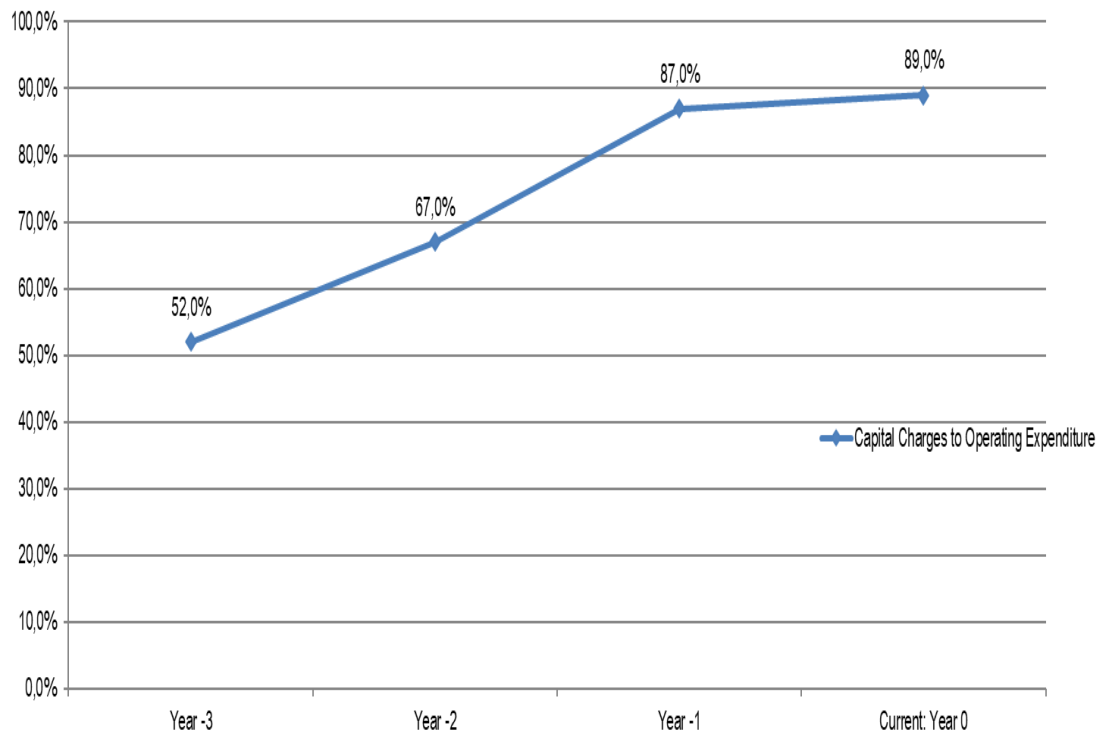


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Chapter 5

Capital Charges to Operating Expenditure

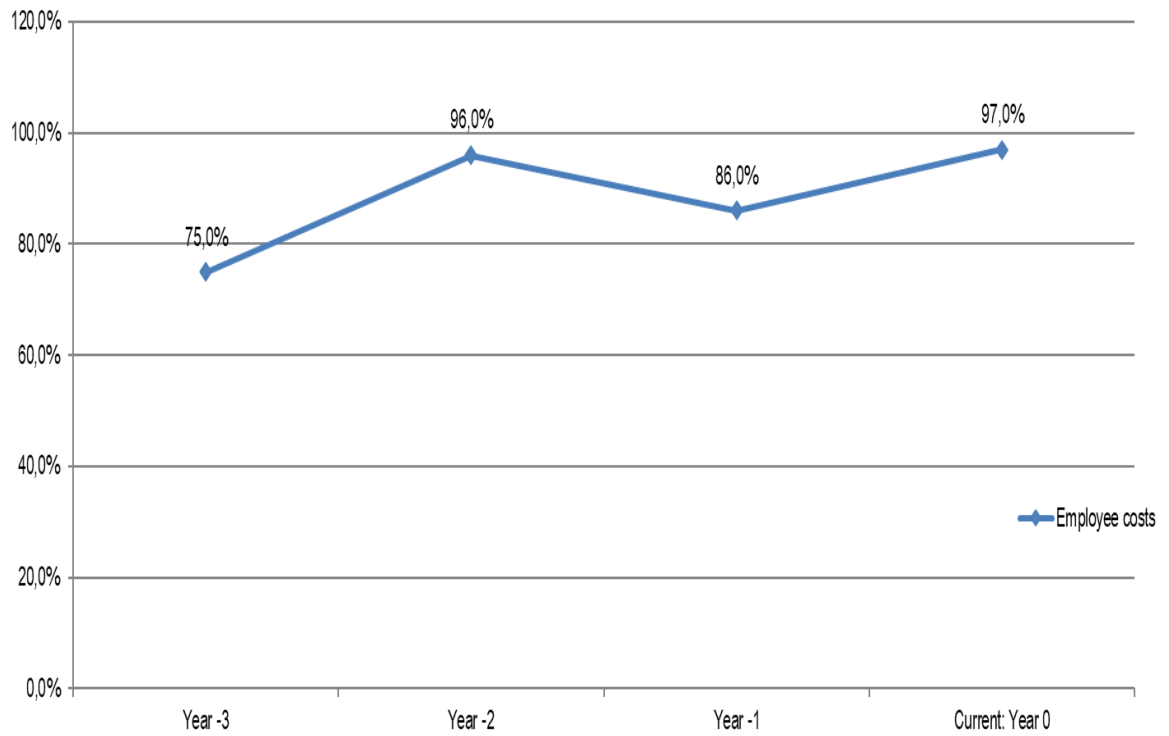


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

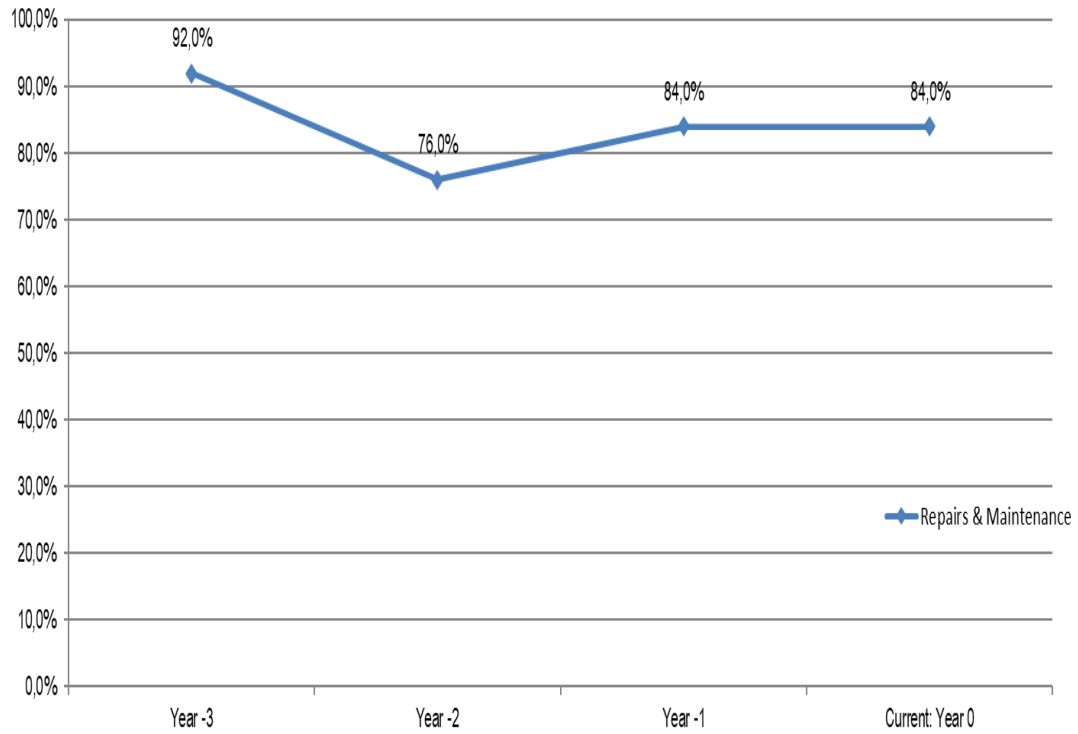


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

Chapter 5

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRRSA8

T 5.4.8

COMMENT ON FINANCIAL RATIOS:

The municipality has performed well with the resources and assets entrusted to it. It has maintained asset base to ensure the continued operations and service delivery provisions. The municipality could manage short term assets and liabilities to ensure business continuity. The municipality has ability to overcome economic or external financial shocks. It is important to indicate that there are some assets which are found within the Municipality asset register but still belonging to Ngaka Modiri Molema District that need to be cleared and be accounted for properly. The Municipality is in sound financial position thus can be sustained over a period of a quarter,

T 5.4.9

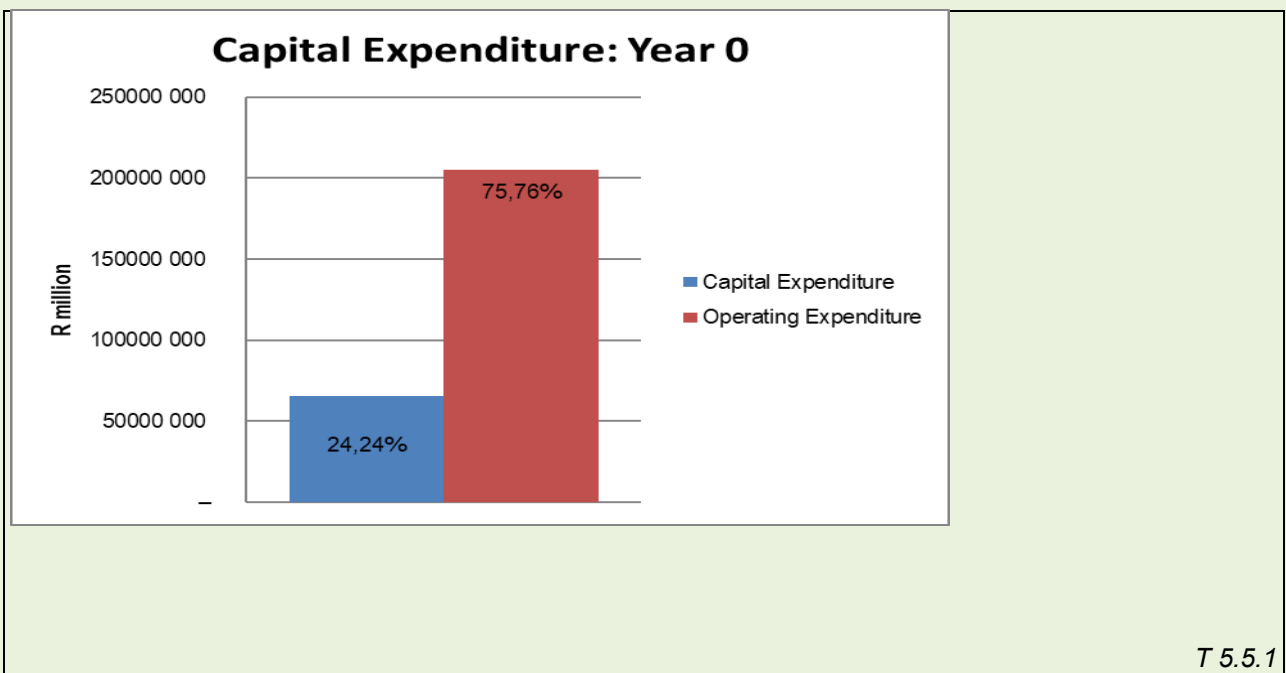
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Ratlou has planned its projects in phases due to availability of budget as contained in the IDP; most of the projects were MIG funded, the projects that were planned for this financial year as per their phases were completed despite the challenges face the country on compliance of Covid 19. The Municipality has successfully spend its MIG of its revised allocated budget, towards all planned projects

T 5.5.0

5.5 CAPITAL EXPENDITURE



T 5.5.1

Chapter 5

5.6 SOURCES OF FINANCE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	47	84	39	16,0%	53,7%
	33	66	39	-17,4%	40,4%
Operating Expenditure	238	205	141	40,7%	31,2%
	238	205	141	40,7%	31,2%
Total expenditure	271	271	180	33,6%	33,4%
Water and sanitation	-	-	-		
Electricity	-	-	-		
Housing	-	-	-		
Roads, Pavements, Bridges and storm water	15	16	10	34,1%	39,6%
Other	32	68	29	7,3%	57,1%
	33	66	39	-17,4%	40,4%
External Loans	-	-	-		
Internal contributions	6	38	23	-313,3%	39,7%
Grants and subsidies	28	28	16	41,5%	41,5%
Other	-	-	-		
	33	66	39	-17,4%	40,4%
External Loans	-	-	-		
Grants and subsidies	168	194	175	-4,2%	9,5%
Investments Redeemed	-	-	-		
Statutory Receipts (including VAT)	-	-	-		
Other Receipts	24	24	33	-36,6%	-36,6%
	192	218	208	-8,2%	4,4%
Salaries, wages and allowances	148	151	148	-0,4%	2,0%
Cash and creditor payments	6	6	5	5,9%	5,9%
Capital payments	-	-	-		
Investments made	-	-	-		
External loans repaid	-	-	-		
Statutory Payments (including VAT)	-	-	-		
Other payments	-	-	-		
	226	283	247	-9,6%	12,8%

	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	24	24	-	100,0%	100,0%
Service charges	-	0	0		-12,2%
Other own revenue	144	170	168	-17,1%	0,9%
	168	194	168	-0,2%	13,3%
Employee related costs	164	106	89	45,5%	15,5%
Provision for working capital	-	-	-		
Repairs and maintenance	-	-	-		
Bulk purchases	-	-	-		
Other expenditure	74	100	52	30,0%	47,8%
	238	205	141	40,7%	31,2%
Service charges: Electricity	-	-	-		
Grants & subsidies: Electricity	-	-	-		
Other revenue: Electricity	-	-	-		
	-	-	-		
Employee related costs: Electricity	-	-	-		
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	-	-	-		
Bulk purchases: Electricity	-	-	-		
Other expenditure: Electricity	-	-	-		
	-	-	-		
Service charges: Water	-	-	-		
Grants & subsidies: Water	-	-	-		
Other revenue: Water	-	-	-		
	-	-	-		
Employee related costs: Water	-	-	-		
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	-	-	-		
Bulk purchases: Water	-	-	-		
Other expenditure: Water	-	-	-		
	406	399	310	23,8%	22,5%

COMMENT ON SOURCES OF FUNDING:

Chapter 5

Ratlou Local Municipality is 100 % rural in nature demographic and geographically, there is no strong economic base that can assist the Municipality to improve its revenue base. It is for this reason the Municipality receiving equitable share from National Treasury and Local Government; Ngaka Modiri Molema District water fund, the sources that are used to enhance the source funding is through collection of SARS V.A.T returns and property rates as well as revenue collection from rentals of property from Setlaggle Complex and Thusong Service Centre. There are challenges regarding collection of revenue from property rates as government department are not paying in time.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	R' 000				
1 Internal Access Roads completed (700m of paved roads)	R 3 500 000				
800m Roads & Storm water constructed & completed Setlhathwe and Ramabesa	R 3 801 075				
1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase)	R 1 701 075				
1 Community Hall Constructed (Gareleng C. Hall Phase 2)	R 4 550 000				
1 Link Road constructed in Lokaleng (100m paved road Phase 02 – Lokaleng to N18)	R 3 800 000				
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project - A	. 800m Roads & Storm water constructed & completed Setlhathwe and Ramabesa				
Objective of Project	Improvement of access roads between villages				
Delays	As explained on T.5.7.1.1				
Future Challenges	N/A				
Anticipated citizen benefits	Low rates of accidents and extension of the life span of vehicles				
Name of Project - B	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase)				
Objective of Project	Improvement of access roads between villages				
Delays	As explained on T.5.7.1.1				
Future Challenges	N/A				
Anticipated citizen benefits	Low rates of accidents and extension of the life span of vehicles				
Name of Project - C	1 Internal Access Roads completed (700m of paved roads)				
Objective of Project	Improvement of access roads between villages				
Delays	As explained on T.5.7.1.1				

Future Challenges	N/A
Anticipated citizen benefits	Low rates of accidents and extension of the life span of vehicles
Name of Project - D	Community Hall (Gareleng Community Hall Phase 2)
Objective of Project	Improvement of access roads between villages
Delays	As explained on T.5.7.1.1
Future Challenges	N/A
Anticipated citizen benefits	Low rates of accidents and extension of the life span of vehicles
T 5.7.1	

COMMENT ON CAPITAL PROJECTS:

Ratlou Local Municipality capital projects that are MIG funded were not completed in line with Service Delivery Budget and Implementation Plan, some could not be completed due to interference of Local business forums and the disagreements by Tradional Council, while others were as a result of poor performance by appointed Service providers. Thus has resulted in the Municipality not to spend its revised MIG fund being taken back to Treasury and application for roll overs being made.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Municipality is only providing the basic service only on free basic electricity to its communities, although some of the community members are failing to collect their coupons thus made the municipality not to reach its target as planned.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation	The accurate statics could be sourced from the district as a water service authority	%	The accurate statics could be sourced from the district as a water service authority	%
Electricity		%		%
Waste management		%		%
Housing		%		%
<p><i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i></p>				
T 5.8.2				

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs

Chapter 5

R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
Infrastructure - Road transport	N/A					
<i>Roads, Pavements & Bridges</i>						
<i>Storm water</i>						
Infrastructure - Electricity	N/A					
<i>Generation</i>						
<i>Transmission & Reticulation</i>						
<i>Street Lighting</i>						
Infrastructure - Water	N/A					
<i>Dams & Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
Infrastructure - Sanitation	N/A					
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure - Other	N/A					
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
Other Specify: Community Facilities	N/A					
Total						

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

There are no backlogs in the implementation of Infrastructural projects were MIG funded

.T.5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The Municipality has during this financial year ensured that it consults with the provincial Treasury to ensure the credibility of its budget and cash flow management are GRAP compliant. It is behind this background that it can be confirmed that the Municipality financial management is in a positive sound and can sustain the municipality over a period of a quarter should there be a financial crises. The Municipality has complied with MFMA requirement that the budget should be submitted to the mayor on monthly basis through section 71 reports it however important to indicate there were challenges that were experienced in cash flow management since the Municipal bank account was frozen by the former Administrator and to a certain extent service delivery and payments to third parties and salaries of both employees and Councilors were delayed, this matter was resolved through attain of Court Order to re-open the account.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	22 452			
Government - operating	164 443			
Government - capital	29 224			
Interest	1 635			
Dividends				
Payments				
Suppliers and employees	(157 009)			
Finance charges	(60)			
Transfers and Grants	(5 590)			
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 095			
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(55 091)			
NET CASH FROM/(USED) INVESTING ACTIVITIES	(55 091)			
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES				
NET INCREASE/ (DECREASE) IN CASH HELD	5			
Cash/cash equivalents at the year begin:	52 930			
Cash/cash equivalents at the year end:	52 935			

Source: MBRR A7

T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

The Municipality has complied with MFMA requirements that the budget should be submitted to the mayor on monthly basis through section 71 reports it is however important to indicate there were challenges that were experienced in cash flow management since the Municipal bank account was frozen by the former Administrator and to a certain extent service delivery and payments to third parties and salaries of both employees and Councilors were delayed, this matter was resolved through attain of Court Order to re-open the account. The invest Account which the Municipality has made with First National Bank yielded positive results

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

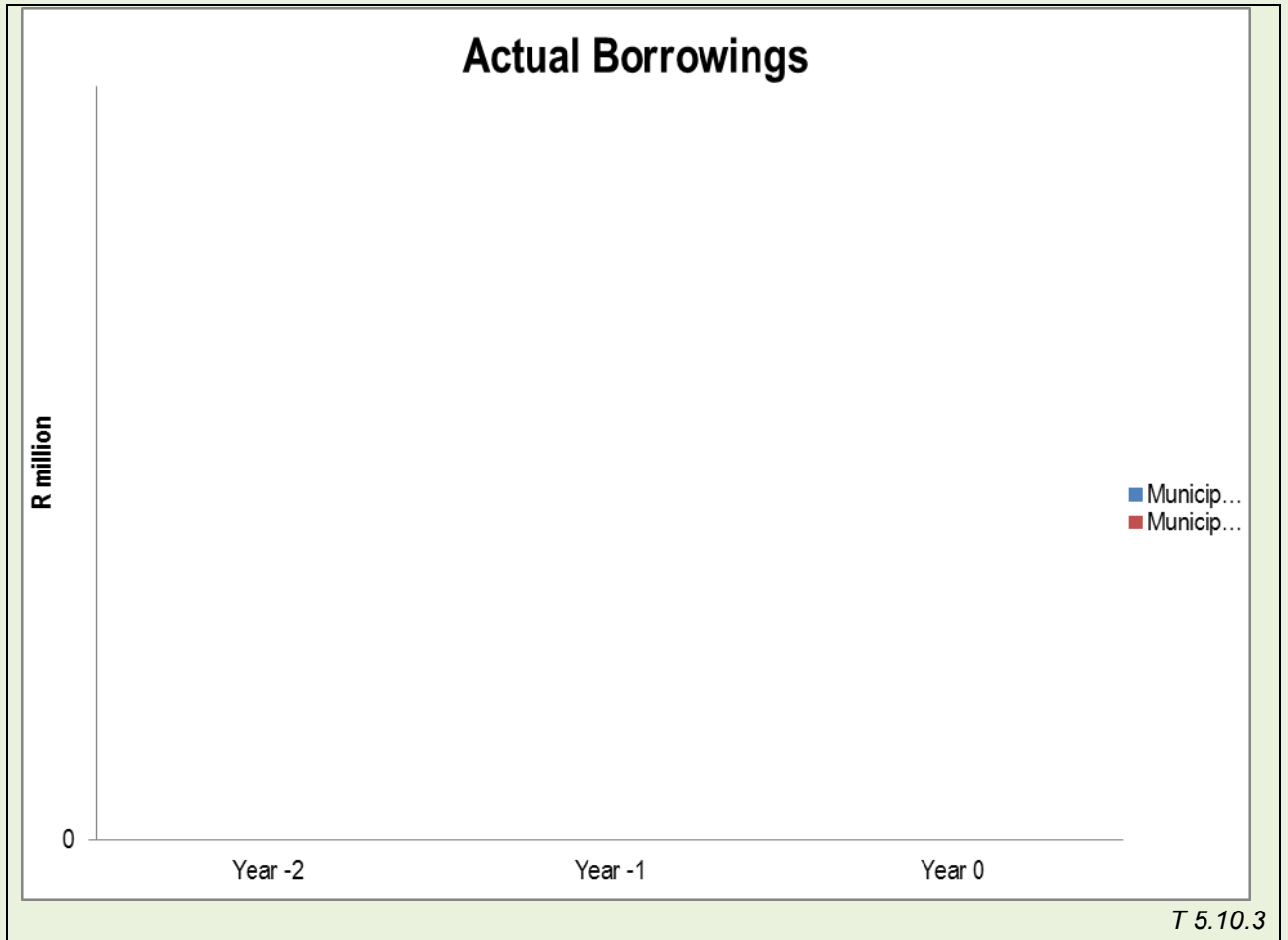
The Municipality currently does have any borrowings from external financial institutions and the investment are First National Bank on Money Market.

T 5.10.1

Actual Borrowings: Year -2 to Year 0			
			R' 000
Instrument	Year -2	Year -1	Year 0
Municipality	N/A		
Long-Term Loans (annuity/reducing balance)		0	0
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	0	0
Municipal Entities	N/A		
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Entities Total	0	0	0

T 5.10.2

Chapter 5



Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
Municipality			
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			
Municipality sub-total	0	0	0
Municipal Entities			
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			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0

T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

The Municipality currently does not have any borrowings from external financial institutions and the investment are First National Bank on Money Market..

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality does not have the Public Private Partnerships.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The municipality has established SCM unit that comprises of the following sections: demand, acquisition, logistics and disposal components. It is however pivotal to indicate that during the reporting there was no substantive Manager: Supply Chain Management subsequent to the resignation of the then Manager as attracted to greener pastures elsewhere. These units are supported by various committees to maximize high level of compliance in day to day running of procurement processes and procedures which includes Specifications, Evaluation, Adjudication and Assets Committee. The members of these committees are reviewed on annual basis to ensure that they comply with supply chain management legislation and that there are no transgressors and elements of conflict of interest. The municipality has introduced the checklist to ensure compliance with laws and regulations and reviewed SCM policy. The revised unauthorized, irregular expenditure were noted by council and has been referred to MPAC for s32 and circular 68 processes to unfold.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The municipality is not GRAP compliant.as currently a service provider has been appointed to assist the municipality with a compilation of Annual Financial Statements at the end of the financial year. It is therefore correct to confirm that financial statement are supposed to be compiled from monthly, quarterly and annually respectively as prescribed by GRAP to ensure accuracy.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

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

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
1. Procurement (SCM) & Contract Management	Management to hire a vacant post at SCM that dela with contract Management
2. Financial Statements	Financial statement to be review by internal Audit and Audit committee on time before they can be submitted to AG
3. Financial Statements	Financial statement to be review by internal Audit and Audit committee on time before they can be submitted to AG
4. Compliance Disciplinary board to be established to function to start the process of investigation	Disciplinary board to be established to function to start the process of investigation
5. Financial Statements	Financial statement to be review by internal Audit and Audit committee on time before they can be submitted to AG
6. Cash Flow Statement	Cash flow projection should be done correctly
7. Financial Statements	Management to ensure that all tender appointed follow SCM prescript
8. (a) Related Parties	(Disclosures) All disclosure note to be review by Internal Audit and Audit committee
9. Compliance	management to ensure that Mid year assessment is table on time as per MFMA calendar

Chapter 6

10. Financial Statements	Management to ensure all schedule are properly review before the submission
11. Financial Statements	Record management to be improve by filling system to ensure all voucher are filed
12. Financial Statements	Capital commitment to be review and capture only correct amount
13. Investments	Municipal Valuer to revalue the investment property t5i ensure AG finding are corrected
14. Compliance	Supply chain official to ensure all invoice are date stamp to correct issue of 30days payment
15. Financial Statements	Technical service to ensure it produce report that confirm all maintenance is done
16. Financial Statements	Interest to be written off and consider finalizing dispute of union so that interest can be billed
17. Financial Statements	Leave days to be submitted to Finance every month
18. Financial Statements	Vat recon to be perform and correct misstatement
19. Procurement (SCM) & Contract Management	Every supply before appointed for any service to fill declaration form
20. Procurement (SCM) & Contract Management	All the identify non compliance SCM, Must be reported as irregular expenditure and SCM office to attend further training
21. Financial Statements	Legal department to assist by disclosing all case
22. Financial Statements	Overstatement
23. Movable Assets	Asset accounting to be update in the accounting policy
24. Procurement (SCM) & Contract Management	All the identify non compliance SCM, Must be reported as irregular expenditure and SCM office to attend further training
25. Financial Statements	Cllr cellphone expenditure to be reported as irregular expenditure and disclose as benefit for tax purpose
26. Compliance	Implementation of Disciplinary board
27. Compliance	Delegation of power to be develop and put in implementation
28. Compliance	All VAT transaction to be correct effective from July
29. Financial Statements	register for fruitless to be update with all outstanding transaction

Note: The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.*

T 6.2.1

Auditor-General Report on Service Delivery Performance: Year -1

Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
Difference were identified between the Financial Statement and the Asset Register.	Ensure annual financial statement are prepared in line with the GRAP
<ul style="list-style-type: none"> During the work performed on the capital assets business process it was confirmed that the incorrect take on date was used for the purchase of 2 air conditioners 	Ensure that accurate details are recorded for property, plant and equipment are captured in the fixed asset register.
The allocated book values were incorrectly calculated and not in terms of the methodology resulting in the incorrectly opening book value allocated to each assets.	<ul style="list-style-type: none"> Ensure that the useful lives recorded in the asset register are in line with the accounting policy
<ul style="list-style-type: none"> Through scrutiny of the asset register, it was noted that the average useful lives for some of the assets were not in line with the municipality's accounting policy as disclosed in the financial statement 	<ul style="list-style-type: none"> Ensure that the work in progress is recorded accurately in the asset register and included as part of the carrying value for PPE disclosed in the financial statements
<ul style="list-style-type: none"> There was difference noted between the amount disclosed in financial statements and asset register for the PPE in the process of being constructed or developed. 	<ul style="list-style-type: none"> Ensure that the work in progress is recorded accurately in the asset register and included as part of the carrying value for PPE disclosed in the financial statements
There was no supporting documentation submitted to confirm that the write-off's of the assets were approved accordingly, and thus valid. Could not confirm whether the journal is reasonable, valid and accurate as it was not supported by adequate information.	Implement proper record keeping systems to ensure that journals processed are supported by adequate information.
This have resulted the incorrect accumulated depreciation calculation and therefore overstating the opening balance for the movable assets. In addition, the change in accounting estimate disclosure was nor presented and disclosed in the financial statement	<ul style="list-style-type: none"> Ensure annual financial statement are prepared in line with the GRAP requirements.



Report of the auditor-general to the North West provincial legislature and the council on the Ratlou Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Ratlou Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of accounting records. I was unable to confirm these assets by alternative means. In addition, the municipality did not review the residual values and useful lives of assets at each reporting date in accordance with GRAP 17, Property, plant and equipment. I was unable to determine the impact of this misstatement on property, plant and equipment as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments to property, plant and equipment of R360 397 094 (2020: R342 673 382) as disclosed in note 10 and the depreciation and amortisation of R24 436 339 (2020: R27 534 597) as disclosed in note 26 to the financial statements were necessary.

Investment property

4. During 2020, the municipality did not correctly account for investment property as required by GRAP 16, *Investment property* as inputs used in the fair value assessment did not take into account latest market conditions. I was unable to quantify the resultant misstatement on investment property of R21 600 000 as disclosed in note 9 to the financial statement as it was impractical to do so. My audit opinion on the financial statements for the period ended 30 June 2020 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the investment property for the current period.

Receivables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that consumer receivables from rental and sundry for the current and previous year had been properly accounted for, due to the status of the accounting records. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R8 539 880 (2020: R7 353 450) in note 4 and the debt impairment expense of R354 201 (2020: R4 425 566) in note 28 to the financial statements.

Consumer receivables - rates

6. I was unable to obtain sufficient appropriate audit evidence that consumer receivables from rates for the current and previous year had been properly accounted for, due to the status of the accounting records. I was unable to confirm these receivables by alternative means. In addition, management did not disclose how the statutory transaction amount is determined, the basis used to assess and test impairment, interest charged as well as the rate used in note 5 to the financial statements in accordance with GRAP 108, Statutory receivables. Consequently, I was unable to determine whether any adjustment was necessary to consumer receivables from rates stated at R20 859 804 (2020: R15 441 042) in note 5 to the financial statements.

VAT receivable

7. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to the status of the accounting records. I was unable to confirm this VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT receivable of R10 169 700 (2020: R8 714 489) as disclosed in note 8 to the financial statements was necessary.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for trade payables and retentions due to the status of the accounting records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any further adjustments to payables from exchange transactions stated at R19 169 611 (2020: R14 714 413) in note 12 to the financial statements was necessary.

Interest received (trading)

9. I was unable to obtain sufficient appropriate audit evidence for Interest received (trading) due to the status of the accounting records. I was unable to confirm the interest received by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest received (trading) stated at R0 (2020: R2 388 820) in the financial statements.

Remuneration of councillors

10. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for remuneration of councillors. As described in note 44 to the financial statements, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the remuneration of councillors corresponding figure stated at R10 637 169 in the financial statements.

Contracted services

11. I was unable to obtain sufficient appropriate audit evidence for contracted services due to the status of the accounting records. I was unable to confirm the payments classified as contracted services by alternative means. Consequently, I was unable to determine whether any adjustment to contracted services of R6 513 840 (2020: R6 412 479) as disclosed in note 29 to the financial statements was necessary.

General expenditure

12. I was unable to obtain sufficient appropriate audit evidence for general expenses due to the poor status of the accounting records. I was unable to confirm the expenses by alternative means. In addition, the municipality did not have adequate systems to account for general expenses in the appropriate accounting periods in accordance to GRAP 1, *Presentation of financial statements* resulting in general expenses and trade payables being understated by R2 108 687. Consequently, I was unable to determine whether any further adjustments to general expenses of R43 676 791 (2020: R43 218 119) as disclosed in note 30 to the financial statements were necessary.

Related parties

13. The municipality did not disclose the key management personnel and remuneration of councillors in note 24 and 25 of the financial statements in accordance with GRAP 20 *Related party disclosures*. The

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key management personnel and remuneration of councillors should be disclosed in total and for each of the following categories: Basic salary, allowances, pension and medical benefits. Furthermore, transactions where no related party relationship exists were incorrectly included in the disclosure, resulting in an overstatement of R6 503 614 (2020: R13 075 359) of related parties as disclosed in note 35 of the financial statements

Unauthorised expenditure

14. Section 125 of the Municipal Finance Management Act 56 of 2003 (MFMA) requires disclosure of unauthorised expenditure incurred. The municipality incurred unauthorised expenditure in the current and previous year due to overspending of individual votes within the budget, however no unauthorised expenditure was disclosed in the financial statements. As the municipality did not quantify the full extent of the unauthorised expenditure, it was impracticable to determine the total unauthorised expenditure that should have been disclosed.

Irregular expenditure

15. Section 125 of the Municipal Finance Management Act 56 of 2003 (MFMA) requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control to disclose irregular expenditure and did not keep proper records, furthermore there were unreconciled differences between the supporting schedule and the financial statements. I was unable to confirm irregular expenditure by alternative means. In addition, the municipality made payments of R1 988 762 (2020: R9 467 538) in contravention with the supply chain management requirements which were not included in the irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure. Consequently, I was unable to determine whether any further adjustment relating to the irregular expenditure of R219 846 360 (2020: R165 294 288) as disclosed in note 40 to the financial statements was necessary.

Prior period error

16. The municipality did not disclose prior period errors in note 44 to the financial statements in accordance with GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected, and the amount of the correction at the beginning of the earliest prior period were not disclosed. I was unable to determine the full extent and impact of the omitted disclosed in notes 44 to the financial statements as it was impracticable to do so.

Accumulated surplus

17. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amount for accumulated surplus. As presented in the statement of changes in net assets, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the accumulated surplus of R415 625 668 (2020: R401 753 949) in the statement of changes in net assets was necessary.

Cash flows from operating activities

18. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R56 885 707 (2020: R40 277 438) in the financial statements were necessary.

Statement of comparison of budget and actual amounts

19. The municipality did not accurately disclose and present the original budget amounts, the adjustment and the explanations of material differences between the budget and actual amounts in the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in financial statements*

Emphasis of matter

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

Fruitless and wasteful expenditure

21. As disclosed in note 39 to the financial statements, fruitless and wasteful expenditure of R36 922 was incurred in the current year and fruitless and wasteful expenditure of R897 156 from prior years have not yet been dealt with in accordance with section 32 of the MFMA

Other matter

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

Unaudited disclosure notes

23. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

24. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA and the Division of Revenue Act 4 of 2020 (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

25. In preparing the financial statements, the accounting officer is responsible for assessing the Ratlou Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statement

26. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

27. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code), as well as the other ethical requirements that relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

28. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

29. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning

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documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

30. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2021:

Key Performance Area	Pages in the annual performance report
KPA 2 – Infrastructure Development and Basic Services Delivery	x – x

31. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

32. The material findings in respect of the usefulness and reliability of the selected key performance area are as follows:

Key Performance Area 2 – Infrastructure Development and Basic Services Delivery

Various indicators

33. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to a lack of measurement definitions and processes. I was unable to test whether the indicator was well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the reported achievement of the following indicators:

Indicator Description	Planned Target	Reported Achievement
KM of gravel roads maintained	3km length of gravel road maintained as per need	0 km of gravel road maintained
Number of Community Halls Constructed	1 community hall at window level by 30 June 2021 (Gareleng Community Hall)	The steel structure has been completed and trenching for strip footing foundations is in progress
Number of Indigent Household (HH) receiving Free Basic Electricity	7865 collections per individual household over the quarter	Jan - 6 721 Feb - 6 654 March - 6 631 April - 6 614 May - 6 624 June - 6 604 July - 6 598 Aug - 6 870 Sep - 6 856 Oct - 6 854 Nov - 6 674 Dec - 6 861

Various indicators

34. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below.

Indicator Description	Reported Achievement	Audited Value
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Number of Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng noted by Council	4 Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng noted by Council	0
Number of Reports on Waste Removal noted by Council	4 Reports on Waste Removal noted by Council	0
Number of reports on serviced and maintained high mast & flood lights	1 Report on serviced and maintained high mast & flood lights	0
Number of Reports Housing Projects implemented by DHS noted by Council	4 Reports Housing Projects implemented by DHS noted by Council	0

Various indicators

35. The reported achievements were not consistent with the planned and reported indicators and targets for the indicators listed below.

Indicator Description	Planned and Reported Target	Reported Achievement
Length of KM Paved Road Completed	700km base layer by 30 June 2021	Project is completed
Length of KM Paved Road Completed	1,3km base layer road completed by 30 June 2021	Project is at seal stage
Length of KM Paved Road and Storm Water Completed	1,1km base layer roads and storm water completed by 30 June 2021	Project is completed

Various indicators

36. The planned indicators and targets as per the approved service delivery implementation plan (SDBIP) listed below were not reported in the annual performance report (APR).

- Number of reports on Eskom Electrification Programme & Projects submitted to Council
- Number of Reports on Maintenance Projects Undertaken on Municipal Facilities

Other matter

37. I draw attention to the matter below.

Achievement of planned targets

38. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report

Report on audit of compliance with legislation

Introduction and scope

39. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

40. The material findings on compliance with specific matters in key legislation are as follows:

Financial statement and annual report

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a disclaimer audit opinion.

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42. The annual financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Expenditure management

43. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.
44. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed unauthorised expenditure was caused by overspending on the vote.
45. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors as required by section 65(2)(b) of the MFMA.

Procurement and contract management

46. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
47. Some of the written quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM Regulations 16(b) and 17(1)(b).
48. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c). Similar non-compliance was also reported in the prior year.
49. Some of the quotations and contracts were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
50. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year.
51. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM Regulation 27(2)(a). Similar non-compliance was also reported in the prior year.
52. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM Regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year.
53. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
54. Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1)(a) and (b). Similar non-compliance was also reported in the prior year.
55. The preference point system was not applied some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.
56. Some of the construction contracts were awarded to contractors that were not registered with the CIDB and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

57. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44.
58. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Revenue management

59. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
60. An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.
61. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

62. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequence management

63. Unauthorised, irregular, 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)(a) and (b) of the MFMA.

Other information

64. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report as required by the MFMA. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
65. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
66. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
67. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

68. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
 - Leadership did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation Leadership's continuous inability to appoint sufficient and appropriately skilled staff in key and support staff positions within the finance, performance and compliance units remained unchanged from prior years, leading to instability within the municipality's administration, excessive reliance on consultants to compile financial information and a lack of effective guidance that is based on a culture of honesty, ethical business practices and good governance

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- Management did not monitor and review financial and performance reporting, compliance with laws and regulations and internal controls. Despite the use of consultants to compile the financial statements submitted for auditing, these statements were of poor quality as it contained numerous basic accounting errors that could reasonably have been prevented had due care been exercised. In addition, the financial statements and performance report were not supported by accurate and complete underlying records as management and staff failed to prepare and review properly captured and reconciled accounting and performance records throughout the year that agree with the reports submitted for auditing and fully understanding the requirements of the financial and performance reporting frameworks. Management's failure to implement corrective actions to ensure compliance with laws and regulations resulted in numerous repeat non-compliance findings.
- The municipality does not have a risk committee in place as a result a risk assessment was not conducted as required by MFMA. In addition, the internal audit unit has a high vacancy rate and not adequately resourced to identify internal control deficiencies and recommends corrective action effectively. Consequently, significant control deficiencies were not identified and monitored which resulted in various non-compliance findings and misstatements in the annual financial statements and annual performance report

Other reports

69. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Ongoing investigations

70. Various cases of alleged irregularities relating to the procurement and other matters were investigated Directorate for Priority Crime Investigation and the Special Investigation Unit and the investigation was still ongoing at reporting date.

Auditor General

Rustenburg
14 January 2022



COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.	

A performance management system was not established, as required by section 38(a) of the MSA	
An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.	
Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.	
Reasonable steps were not taken to prevent unauthorised expenditure of R8 659 792 as disclosed in note 46, as required by section 62(1)(d) of the MFMA.	
Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R268 726 as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA	
An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors as required by section 65(2)(b) of the MFMA.	
Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.	
Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	
Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year.	
<p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.	
The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.	
The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was	

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also reported in the prior year.	
Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM regulation 44.	
Insufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.	
An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.	
A credit control and debt collection policy was not adopted, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.	
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	
Unauthorised, irregular and 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)(a) and (b) of the MFMA.	
<p><i>Note:*</i> The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

The Council and Administration have received the Audit Report with serious concern about the audit findings that are recurring from prior years and made commitment that a lot has to be done through the Audit action plan to address all the queries Identified, whilst gradually working towards improved audit outcome in the coming financial year.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

The Municipality is compliant to all the necessary requirements and processes as prescribed on MFMA Section 71

The Accounting Officer has delegated the functions of preparing monthly budget statements to the Chief financial Officer.

On Monthly basis the Chief Financial Officer prepares the monthly budget statements and have them signed by the Mayor following the verification by the Municipal Manager, these reports are submitted to Council and subsequently to Provincial Treasury without fail.

These reports are submitted to Executive, Council and subsequently to Provincial Treasury on quarterly basis and are always GRAP compliant.

Signed (Chief Financial Officer) Dated 31 August 2022

T 6.2.5



Auditing to build public confidence

A U D I T O R - G E N E R A L
S O U T H A F R I C A

Report of the auditor-general to the North West provincial legislature and the council on the Ratlou Local Municipality

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Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Ratlou Local Municipality set out on pages 219 to 302, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the status of the accounting records. I was unable to confirm these assets by alternative means. In addition, the municipality did not review the residual values and useful lives of assets at each reporting date in accordance with GRAP 17, Property, plant and equipment. I was unable to determine the impact of this misstatement on property, plant and equipment as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment to the carrying value of property, plant and equipment of R363 041 617 (2021: R360 703 747) as disclosed in note 4 and the depreciation and amortisation of R24 281 207 (2021: R24 894 268) as disclosed in note 30 to the financial statements was necessary.

Investment property

4. The municipality did not account for investment property in accordance with GRAP 16, Investment property, as inputs used in the fair value assessment did not take into account latest market conditions. I was unable to quantify the resultant misstatement on investment property of R45 600 000 (2021: R1 200 000) as disclosed in note 3 to the financial statement as it was impractical to do so.

Receivables from exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence that consumer receivables from rental and sundry had been properly accounted for, due to the status of the accounting records. I was unable to confirm these receivables by alternative means. Consequently, I was unable to determine whether any adjustment to receivables from exchange transactions of R6 228 461 (2021: R4 342 048) as disclosed in note 11 and debt impairment expense of R16 651 252 (2021: R34 023 308) as disclosed in note 33 to the financial statements was necessary.

Receivables from non-exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence that consumer debtors – rates had been properly accounted for, due to the status of the accounting records. I was unable to confirm these receivables by alternative means. In addition, management did not disclose how the statutory transaction amount is determined, the basis used to assess and test impairment, interest charged as well as the rate used in note 14 to the financial statements in accordance with GRAP 108, Statutory receivables. Consequently, I was unable to determine

whether any further adjustment to consumer receivables – rates of R16 171 863 (2021: R29 637 903) included in receivables from non-exchange transactions as disclosed in note 12 to the financial statements was necessary.

VAT receivable

7. I was unable to obtain sufficient appropriate audit evidence for the VAT receivable due to the status of the accounting records. I was unable to confirm this VAT receivable by alternative means. Consequently, I was unable to determine whether any adjustment to the VAT receivable of R7 159 057 (2021: R9 009 348) as disclosed in note 13 to the financial statements was necessary.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for trade and retention payables due to the status of the accounting records. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any further adjustments to trade payables of R4 786 495 (2021: R2 110 414) and retention payables of R11 383 397 (2021: R10 617 454) included in payables from exchange transactions as disclosed in note 6 to the financial statements were necessary.

Interest received (trading)

9. I was unable to obtain sufficient appropriate audit evidence for Interest received (trading) due to the status of the accounting records. In addition, the municipality did not account for all interest due to the municipality. I was unable to quantify the resultant misstatement as it was impracticable to do so. I was unable to confirm these interest received by alternative means. Consequently, I was unable to determine whether any further adjustment to interest received (trading) of R0 (2021: R1 075 960) included in revenue as disclosed in note 18 to the financial statements was necessary.

Interest received (Property rates)

10. I was unable to obtain sufficient appropriate audit evidence for Interest received (Property rates) due to the status of the accounting records. In addition, the municipality did not account for all interest due to the municipality. I was unable to quantify the resultant misstatement as it was impracticable to do so. I was unable to confirm the interest received by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest received (Property rates) stated at R9 092 443 (2021: R6 906 283) in note 23 to the financial statements.

Remuneration of councillors

11. I was unable to obtain sufficient appropriate audit evidence for the remuneration of councillors due to the status of the accounting records. I was unable to confirm these remuneration of councillors by alternative means. Consequently, I was unable to determine whether any adjustment to the remuneration of councillors of R12 154 930 as disclosed in note 29 to the financial statements was necessary.

General expenditure

12. I was unable to obtain sufficient appropriate audit evidence for general expenses due to the status of the accounting records. I was unable to confirm these expenses by alternative means. In addition, the municipality did not have adequate systems to account for general expenses in the appropriate accounting periods in accordance to GRAP 1, Presentation of financial statements resulting in general expenses and trade payables being understated. I was unable to determine the full extent of the understatement as it was impracticable to do

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so. Consequently, I was unable to determine whether any further adjustment to general expenses of R51 715 574 (2021: R43 761 207) as disclosed in note 34 to the financial statements was necessary.

Irregular expenditure

13. Section 125(2)(d)(i) of the MFMA requires the disclosure of irregular expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as the municipality did not have an adequate system of internal control to disclose all irregular expenditure and did not keep proper records. I was unable to confirm irregular expenditure by alternative means. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure. Consequently, I was unable to determine whether any further adjustment relating to the irregular expenditure of R242 937 802 (2021: R218 742 960) as disclosed in note 48 to the financial statements was necessary.

Prior-year adjustments

14. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of receivables from exchange transactions, receivables from non-exchange transactions and accumulated surplus, as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 41 and 42 to the financial statements was necessary.

Emphasis of matters

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

Unauthorised and fruitless and wasteful expenditure

16. As disclosed in note 46 to the financial statements, unauthorised expenditure of R8 659 792 was incurred in the current year and the unauthorised expenditure of R18 421 418 in respect of prior years have not yet been dealt with in accordance with section 32 of the MFMA.
17. As disclosed in note 47 to the financial statements, fruitless and wasteful expenditure of R268 726 was incurred in the current year and fruitless and wasteful expenditure of R923 798 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

Other matter

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

Unaudited disclosure notes

19. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

20. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP, the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

21. In preparing the financial statements, the accounting officer is responsible for assessing the Ratlou Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

22. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
23. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

24. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance areas presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
25. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected key performance areas presented in the municipality's annual performance report of the for the year ended 30 June 2022:

Key performance areas	Pages in the annual performance report
KPA 4: Infrastructure development and basic service delivery	110 – 113

26. The material findings in respect of the usefulness and reliability of the selected key performance areas are as follows:

Key performance area 2 – Infrastructure development and basic service delivery

Number of Km of gravel roads maintained

27. The achievement of 0.6 Km of gravel road maintained was reported against target of 3 Km length of gravel roads maintained in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement.

Number of link roads constructed: 1 link road constructed (Jan Masibi-Tribal Office to Methusele Phase 02)

28. The achievement of target not achieved (0%) was reported against target 1 link road

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constructed (Jan Masibi-Tribal Office to Methusele Phase 02 in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.

Various Indicators

29. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to the systems and processes that enable reliable reporting of the achievement against the targets not being adequately designed. I was unable to test whether the indicator was measurable and verifiable by alternative means. As a result, I was unable to audit the reliability of the reported achievement of the following indicators:

Indicator Description	Planned Target	Reported Achievement
Number of Indigent Household (HH) receiving Free Basic Electricity	7 865 Free Basic Electricity collections per individual household by 30 June 2022	The target was not achieved as only 7 515 Free Basic Electricity collections per individual household were made
Number of Funding Applications submitted to MIG for a Specialized Waste Vehicles	2 Funding Applications submitted to MIG for a Specialized Waste Vehicles by 30 June 2022	The target was not achieved

Various Indicators.

30. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection to be used when measuring the actual achievement for the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to test whether the indicator was well-defined by alternative means.

Indicator Description	Planned Target	Reported Achievement
Number of Cemeteries fenced and provided with VIP toilets.	4 Cemeteries fenced and provided with VIP Toilets (Dingateng, Setlagole, Kraaipan & Disaneng)	The target was not achieved
Number of Internal Access Road Phase 03	1 Internal Access Roads completed (700m of paved roads completed) by 30 June 2022	The Target was not achieved
Number planned Maintenance projects undertaken on municipal	5 Maintenance projects undertaken on municipal facilities	0 Maintenance Projects were undertaken on municipal facilities

facilities	-Madibogo Pan Library -Tshidilamolomo Library/Telecentre -Thusong Centre -Gathulo C Hall -Makgobistad Cover Ground	
Number of KM of gravel roads maintained	3 km length of gravel roads maintained as per need per quarter	The target was not achieved since only 0.6 km of gravel road was maintained
1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase 02) by 30 June 2022	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase 02) by 30 June 2022	The target was not achieved

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 4: Infrastructure Development and Basic Service Delivery. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

34. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

35. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements, performance and annual report

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

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non-current assets, current assets, liabilities, expenditure, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a disclaimer audit opinion.

Strategic planning and performance

37. A performance management system was not established, as required by section 38(a) of the MSA.

Human Resource Management

38. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.

Expenditure management

39. Reasonable steps were not taken to prevent irregular expenditure as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for disclaimer paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance on procurement of legal services
40. Reasonable steps were not taken to prevent unauthorised expenditure of R8 659 792 as disclosed in note 46, as required by section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending on the vote.
41. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R268 726 as disclosed in note 47 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by penalties on late payments.
42. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors as required by section 65(2)(b) of the MFMA.
43. Expenditure was incurred in excess of the approved budget, in contravention of section 87(8) of the MFMA.
44. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Procurement and contract management

45. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c). Similar non-compliance was also reported in the prior year.
46. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year.
47. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5. Similar non-compliance was also reported in the prior year.

48. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
49. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.
50. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM regulation 44.

Revenue management

51. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.
52. An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.
53. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.
54. A credit control and debt collection policy was not adopted, as required by section 96(b) of the MSA and section 62(1)(f)(iii) of the MFMA.

Asset management

55. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.
56. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

Consequence management

57. Unauthorised, irregular and 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)(a) and (b) of the MFMA

OTHER INFORMATION

58. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
59. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

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60. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

61. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

62. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

- The municipality's leadership was not sufficiently involved in developing, implementing and monitoring internal controls. This resulted in a lack of internal controls to ensure that complete, accurate and valid information was presented in the financial statements, the performance report and on compliance with legislation. Review procedures and processes did not form part of the internal controls. Post audit action plans did not adequately address the root causes, which resulted in continued findings on financial and performance reporting and compliance with laws and regulations. There was no identified committee to investigate non-compliance, make recommendations on identified losses and discipline those involved in SCM transgressions.
- The municipality did not have a proper record management system to maintain information that supported the reported financial and performance information. This included information relating to the collection, collation, verification, storing and reporting of financial and performance information.
- The municipality did not have a risk committee in place, as a result, a risk assessment was not conducted as required by MFMA. In addition, the internal audit unit has a high vacancy rate and not adequately resourced to identify internal control deficiencies and recommend corrective action effectively. Consequently, significant control deficiencies were not identified and monitored which resulted in various non-compliance findings and misstatements in the annual financial statements and annual performance report.

OTHER REPORTS

63. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters.

These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

64. There are various cases of alleged irregularities relating to the procurement and other matters that were investigated by Directorate for Priority Crime Investigation and the Special Investigation Unit and some of the investigations were still ongoing at reporting date.
65. At the time of this report, recommendations to the report were not yet implemented.



Rustenburg

30 November 2022



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.

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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 to 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)	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 that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery.

	<p>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.</p>
Performance Indicator	<p>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)</p>
Performance Information	<p>Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.</p>
Performance Standards:	<p>The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.</p>
Performance Targets:	<p>The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>
Service Delivery Budget Implementation Plan	<p>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.</p>
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>

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b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Matlhomola Jafta	FT	Mayor: Chairperson EXCO	W	100%	0%
Gloria Leepo	FT	Speaker	PR	77%	23%
Kegomoditswe Badirwang	FT	Town Planning & Development (EXCO)	PR	44%	56%
Thabo Motlapele	FT	Infrastructure & development (EXCO)	PR	88%	12%
Pontsho Mafethe	FT	Community Services (EXCO)	PR	77%	23%
Thabang Mothibedi	FT	Corporate Services & Finance	W	88%	12%
Godsend Mokgope	PT	MPAC (Chairperson	PR	66%	34%

Priscilla Letebele	PT	Community Services	PR	100%	0%
Daniel Sejamoholo	PT	Corporate Services & Finance	W	100%	0%
Rapita Tshabang	PT	Corporate Services & Finance	W	100%	0%
Steven Motome	PT	Town Planning & Development	PR	66%	34%
Dinkwetse Sebolai	PT	Town Planning & Development	W	100%	0%
Douglas Gaasenwe	PT	Town Planning & Development	W	100%	0%
Andrew Mosepele	PT	Town Planning & Development	W	100%	0%
Mhletjwa Nqume	PT	Infrastructure Development & Basic Services	PR	77%	23%
Valencia Janties	PT	Infrastructure Development & Basic Services	W	100%	0%
Tshepiso Dipheko	PT	Infrastructure Development & Basic Services	W	100%	0%
Motlathuso Tladi	PT	Infrastructure Development & Service	PR	66%	34%
David Seitshiro	PT	Infrastructure Development & Basic Services	W	44%	56%
Thusoetsile Nche	PT	MPAC (Member)	PR	77%	23%
Nxamo Radebe	PT	MPAC (Member)	PR	88%	12%
Magret Dala	PT	MPAC (Member)	PR	88%	12%
Gomotsegang Mogapi	PT	MPAC (Member)	PR	100%	0%
Pule Shawe	PT	MPAC (Member)	W	100%	0%
Anna Masilo	PT	MPAC (Member)	PR	66%	34%
Leonard Soka	PT	Community Services	W	77%	23%
Abel Pheho	PT	Community Services	W	88%	12%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>

Concerning T A

Ratlou Local Municipality Council has never failed to adhere to legislative mandate of sitting four times a year as result of non-attendance by councillors and or political differences.

T A.1

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
RULES COMMITTEE	DEVELOPS AND APPROVE RULES & PROCEEDINGS
MPAC-MUNICIPAL PUBLIC ACCOUNT COMMITTEE	PROVIDE POLITICAL OVERSIGHT OVER FINANCIAL MANAGEMENT, ACCOUNTS & OVERALL PERFORMANCE
PORTFOLIO COMMITTEES	REVIEW AND EVALUATE THE NEEDS OF THE MUNICIPALITY IN ORDER OF PRIORITY
AUDIT COMMITTEE	ADVISE MUNICIPAL COUNCIL, ACCOUNTING OFFICER & MANAGEMENT STAFF ON MATTERS RELATING TO FINANCIAL CONTROL, PERFORMANCE AND RISK MANAGEMENT ISSUES

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager's Office	Municipal Manager: Mr Tebogo Chanda
Infrastructure Development and Basic Service Delivery	Acting Senior Manager: Mr Mooketsi Shomolekae /K Mpa
Planning and Development	Senior Manager/Acting Mr C Sejake and Mr Job Matlhoko
Budget and Treasury Office	Chief Financial Officer : Mr Tumelo Letlojane
Corporate Services	Acting Senior Manager : Ms Karabo Matlhoko/ S Mbana
Community Services	Acting Senior Manager: Mr P Magano / Tshepo Seleke
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	
TC	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	Yes
Child care facilities	No	No
Electricity and gas reticulation	No	No
Fire fighting services	No	No
Local Tourism	Yes	Yes
Municipal airports	No	No
Municipal planning	Yes	Yes
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	Yes
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	Yes
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	Yes	Yes
Control of undertakings that sell liquor to the public	Yes	Yes
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	Yes	Yes
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	Yes
Municipal roads	Yes	Yes
Noise pollution	No	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	Yes	Yes
Street trading	No	No
Street lighting	Yes	Yes
Traffic and parking	Yes	Yes

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr Rapita Tshabang	Y	7	7	4
2	Cllr Douglas Gaasenwe	Y	7	7	0
3	Cllr Matlhomola Jaftha	Y	7	7	0
4	Cllr Thabang Mothibedi	Y	7	7	3
5	Cllr Pule Shawe	Y	7	7	3
6	Cllr Abel Pheho	Y	7	7	1
7	Cllr Leonard Soka	Y	7	7	1
8	Cllr Mhletjwa Nqume	Y	7	7	3
9	Cllr Daniel Sejamoholo	Y	7	7	3
10	Cllr Dinkwetse Sebolai	Y	7	7	2
11	Cllr Andrew Mosepele	Y	7	7	2
12	Cllr Tshepiso Dipheko	Y	7	7	1
13	Cllr Valencia Janties	Y	7	7	2
14	Cllr David Seitshiro	Y	7	7	3

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APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	1 Internal Access Roads completed (700m of paved roads)	01/07/2021	30/06/2022	R 3 500 .00
2	800m Roads & Storm water constructed & completed Setlhwatlwe and Ramabesa	01/07/202	30/06/2022	R 3 801 .75
3	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase)	01/07/2021	30/06/2022	R 1 701.75
4	1 Community Hall Constructed (Gareleng C. Hall Phase 2)	01/07/2021	30/06/2022	R 4 550 00
5	1 Link Road constructed in Lokaleng (100m paved road Phase 02 – Lokaleng to N18)	01/07/2021	30/06/2022	R 3 800 00
<i>T.F.1</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					X
Households without minimum service delivery	N/A	N/A	N/A	N/A	
Total Households*					
Houses completed in year	X				
Shortfall in Housing units					
<i>*Including informal settlements</i>					
<i>T.F.2</i>					

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
1	1 Internal Access Roads completed (700m of paved roads)	Not Completed
2	800m Roads & Storm water constructed & completed Setlhwatlhwe and Ramabesa	Completed
3	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase)	Not Completed
4	1 Community Hall Constructed (Gareleng C. Hall Phase 2)	Not Completed
5	1 Link Road constructed in Lokaleng (100m paved road Phase 02 – Lokaleng to N18)	Completed

TF.3

APPENDICES

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr Matlhomola Jafta	Y		14	1
2	Cllr Thabang Mothibedi	Y		14	2
3	Cllr Rapita Tshabang	Y		14	3
4	Cllr Douglas Gaasenwe	Y		14	4
5	Cllr Pule Shawe	Y		14	5
6	Cllr Abel Pheho	Y		14	6
7	Cllr Leonard Soka	Y		14	7
8	Cllr Daniel Sejamoholo	Y		14	8
9	Cllr Dinkwetse Sebolai	Y		14	9
10	Cllr Andrew Mosepele	Y		14	10
11	Cllr Tshepiso Dipheko	Y		14	11
12	Cllr Valencia Janties	Y		14	12
13		Y		14	13
14	Cllr David Seitshiro	Y		14	14

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APPENDICES

APPENDIX G – RECOMMENDATION OF MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
30 June 2020	<p>The municipality should identify a dedicated person to update and be responsible for irregular expenditure and contract register in the interim time.</p> <p>Contracts that were awarded to service providers without following the proper supply chain management processes should be investigated and if there are indications of fraud and corrupt activities the matters should be reported to the relevant authorities including the Auditor General.</p>	YES
	<p>The municipality should prioritise the appointment of risk management committee comprising of internal staff members but chaired preferably by external member. The risk management committee should ensure that risk management processes are being implemented and issue reports regularly to audit committee and management.</p>	YES

	<p>The AC strongly feels the council should really have a re-look on these priorities and provide services that will really batter the living standards of Ratlou municipality residence. The municipal council via the Mayor should have a memorandum of understanding with the District municipality to provide boreholes for the residence of Setlagole. This will enable Ratlou Municipality to budget for these water projects and pay for them even though they are not a water service authority. Ratlou Municipality will use its funds and roll out the water projects at a pace they can afford. The process of the memorandum with the District municipality bridge the shortcomings of the municipality not being a water authority municipality, and accelerates the process of the District helping with its licence. This will in turn better the performance of ratio in terms of water services</p>	YES
	<p>The Audit Committee is of the view that the internal audit function lacks training on updates of recent changes in treasury regulation and capacity to carry out its mandatory obligation as stipulated in MFMA. Financial interns should be allocated to <u>internal</u> audit. The municipality should pay for membership fees of internal auditors and training updates.</p>	YES
	<p>Post Audit Action Plans, Budgets, SDBIP should be presented to Audit Committee prior to submission to Council.</p>	YES
	<p>Projects that have not yet started should be stopped</p> <p>Projects that have already been started, council should appoint project evaluate or project auditor to determine what was the loss incurred by the municipality by appointing these service providers.</p> <p>If there appears to be inflated prices, the municipality should take disciplinary action against the relevant person and the money recovered where it is possible from the responsible person.</p>	YES
T G		

APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 0)					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value R' 000
N/A	N/A	N/A	N/A	N/A	
					<i>T.H.1</i>

Public Private Partnerships Entered into during Year 0					
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2008/09 R' 000
N/A	N/A	N/A	N/A	N/A	N/A
					<i>T.H.2</i>

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators	Year 0		Year 1			Year 2		Year 3
	(b) Service Targets (ii)	Target	Actual	Target		Actual	Target		
		*Current Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; **Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (In bold italics) then the Service Target underneath (not in bold - standard type face) to denote the difference.*

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Acting Mayor	Cllr Matlhomola Jafta	N/A
Member of MayCo / Exco	Cllr Gloria Leepo	N/A
Planning and Development	Cllr Pontsho Mafethe	N/A
Corporate Services & Finance	Cllr Thabang Mothibedi	N/A
Community Services	Cllr Kegomoditswe Badirwang	N/A
Infrastructure and Basic Services	Cllr Thabo Motlapele	N/A
MPAC	Cllr Godsend Mokgope	N/A
Councillor	Cllr Rapita Tshabang	N/A
	Cllr Douglas Gaasenwe	N/A
	Cllr Pule Shawe	N/A
	Cllr Abel Pheho	N/A
	Cllr Leonard Soka	N/A
	Cllr Mhletjwa Nqume	N/A
	Cllr Daniel Sejamoholo	N/A
	Cllr Dinkwetse Sebolai	N/A
	Cllr Andrew Mosepele	N/A
	Cllr Tshepiso Dipheko	N/A
	Cllr Valencia Janties	N/A
	Cllr David Seitshiro	N/A
	Cllr Magret Dala	N/A
	Cllr Gomotsegang Mogapi	N/A
	Cllr Priscilla Letebele	N/A
	Cllr Nxamo Radebe	N/A
	Cllr Steven Motome	N/A
	Cllr Anna Masilo	N/A
	Cllr Motlathuso Tladi	N/A
	Cllr Thusoetsile Nche (Deceased)	N/A
		N/A
Municipal Manager/Acting MM	Mr Tebogo Chanda/Rev Aubrey Ntshakang	N/A
Acting Chief Financial Officer	Mr Collen Tjale, Moitse Ledingwana	N/A
Deputy MM and (Executive) Directors	N/A	N/A
Other S57 Officials		
Acting Senior Manager(Planning and Dev	N/A	N/A
Acting Senior Manager (Corporate)	Mr Lesley Muji/Lekalake H M	N/A
Senior Manager /Acting (Technical)	Mr S Sehole/ M Shomolekae	N/A
Community Services	Mr P Magano	N/A
Name	Description of Interests	

Council**Ratlou Local Municipality****Senior Management**

Mr Tebogo Chand
 Mr M Shomolekae/ Mpa
 Mr Karabo Matlhoko/ J Mbana
 Mr Tumelo etlojane
 Mr Peter Magano/Tshepo Seleke

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1	57 250 000					
Example 2 - Vote 2	35 018 700					
Example 3 - Vote 3	0					
Example 4 - Vote 4	10 709 400					
Example 5 - Vote 5	0					
Example 6 - Vote 6	18 377 900					
Example 7 - Vote 7	0					
Example 8 - Vote 8	0					
Example 9 - Vote 9	47 271 680					
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	168 628					

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

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APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	256					
Property rates - penalties & collection charges	252					
Service Charges - electricity revenue	-					
Service Charges - water revenue	-					
Service Charges - sanitation revenue	-					
Service Charges - refuse revenue	-					
Service Charges - other	-					
Rentals of facilities and equipment	1 147					
Interest earned - external investments	1 831					
Interest earned - outstanding debtors	-					
Dividends received	-					
Fines	91					
Licences and permits	-					
Agency services	923					
Transfers recognised - operational	164 084					
Other revenue	43					
Gains on disposal of PPE	-					
Environmental Protection	-					
Total Revenue (excluding capital transfers and contributions)	168 626					
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						

T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						N/A
Public Transport Infrastructure and Systems Grant						N/A
Other Specify:						
FMG						
MSIG						
EPWP						
Library Grant						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The following are the Grants the Municipality is receiving from National Treasury: Finance Management Grant(FMG) ; Municipal Systems Improvement Grant and Expanded Public Works Library Conditional Grant from Provincial Arts , Culture , Sport Development and Recreation

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APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure – Total							
Infrastructure: Road transport - Total							
<i>Roads, Pavements & Bridges</i>	25 873	-	-	-	-	-	
<i>Storm water</i>							
Infrastructure: Electricity – Total							
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water – Total							
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation – Total							
<i>Reticulation</i>			-	-			
<i>Sewerage purification</i>	1 228	-					
Infrastructure: Other – Total							
<i>Waste Management</i>			-	-			
<i>Transportation</i>			-	-			
<i>Gas</i>			-	-			
<i>Other</i>			-	-			
Community – Total							
Parks & gardens			-	-			
Sportsfields & stadia	-		-	-	-	-	-
Swimming pools	2 715						
Community halls							
Libraries							
Recreational facilities	4 208						
Fire, safety & emergency			-	-	-	-	-
Security and policing			-	-	-	-	-
Buses			-	-	-	-	-
Clinics			-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-
Social rental housing			-	-	-	-	-

Other							
Table continued next page							

Capital Expenditure - New Assets Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-						
Buildings	766	-	-	-	-	-	-
Other							
Investment properties - Total	-						
Housing development							
Other							
-							
Other assets	8 045	-	-	-	-	-	-
General vehicles	1 150	-	-	-	-	-	-
Specialised vehicles							
Plant & equipment	-						
Computers - hardware/equipment	3 518	-	-	-	-	-	-
Furniture and other office equipment	--						
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	1 265	-	-	-	-	-	-
		-	-	-			
Agricultural assets	-	-	-	-	-	-	-
		-	-	-			
<i>List sub-class</i>		-	-	-			
		-	-	-			
		-	-	-			
Biological assets			-	-			-

	-	-			-	-	
<i>List sub-class</i>		-	-	-			
		-	-	-			
		-	-	-			
Intangibles	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-			
Other (<i>list sub-class</i>)		-	-	-			
		-	-	-			
Total Capital Expenditure on new assets	40 566						
		-	-	-			
Specialised vehicles	-	-	-	-	-	-	-
Refuse		-	-	-			
Fire	-	-	-	-	-	-	-
Conservancy		-	-	-			
Ambulances		-	-	-			

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a) T M.1

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-	-	-	-	-	-
Infrastructure: Road transport -Total	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
<i>Generation</i>							

<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-	-	-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-	-	-	-	-	-
<i>Parks & gardens</i>							
<i>Sportsfields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>							
<i>Recreational facilities</i>							
<i>Fire, safety & emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							
<i>Cemeteries</i>							
<i>Social rental housing</i>							
<i>Other</i>							
Heritage assets	-	-	-	-	-	-	-
<i>Buildings</i>							
<i>Other</i>							
<i>Table continued next page</i>							

R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-	-	-	-	-	-
Housing development			-				
Other							
Other assets	-	-	-	-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment			-				
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings			-				
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)			-				
Other							
Agricultural assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
			-				
Biological assets	-	-	-	-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-	-	-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	40 566						
Specialised vehicles	-	-	-	-	-	-	-
Refuse							

Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0

R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
"Project C"					
Sanitation/Sewerage	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Electricity					
"Project A"					
"Project B"					
Housing	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Refuse removal	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Stormwater	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Economic development	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Sports, Arts & Culture	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Environment	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Health	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Safety and Security	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
ICT and Other	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project: Year 0

R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
"Project C"					
Sanitation/Sewerage	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Electricity	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Housing	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Refuse removal	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Stormwater	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Economic development	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Sports, Arts & Culture	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Environment	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Health	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
Safety and Security	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
ICT and Other	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<i>T N</i>					

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics

Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
N/A	N/A	N/A	N/A	N/A
Clinics (NAMES, LOCATIONS)				
N/A	N/A	N/A	N/A	N/A

Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.

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APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	N/A	N/A
Housing:	N/A	N/A
Licencing and Testing Centre:	N/A	N/A
Reservoirs	N/A	N/A
Schools (Primary and High):	N/A	N/A
Sports Fields:	N/A	N/A

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	The Municipality is working closely with relevant stakeholders and Sector Departments to ensure equitable access to services	90%
Output: Implementation of the Community Work Programme	The Municipality is currently building ICT Centres and Libraries and there are number of CWP recruits that are dealing CWP related programs	100%
Output: Deepen democracy through a refined Ward Committee model	Ratlou has Fourteen (14) functional wards with each having its own Ward Committee that are receiving a stipend on monthly basis	100%
Output: Administrative and financial capability	Ratlou Local Municipality is in a sound administrative and financial state that can stand any possible challenges for a period of at least three months	100%
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

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Ratlou Local Municipality
Annual Financial Statements
for the year ended 30 June 2022
Auditor General of South Africa

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	Ratlou Local municipality's mandate is to engage in local governance activities, which includes: - planning and promotion of integrated development planning -land, economic and environmental development -supplying of the rental facilities and administration of rates -encourage and facilitate community and community organisations involvement in local governance matters
Mayoral Committee	
Executive Committee Members	Jafta R. Matlhomola - Mayor Gloria K. Leepo - Speaker Thabang Mothibedi - Exco Thabo Motlapele - Exco Kegomoditswe Badirwang - Exco Pontsho Mafethe - Exco G. Mokgope - MPAC Chair
Councillors	Cllr: Rapita Tshabang Cllr: Douglas Gaasenwe Cllr: Pule Shawe Cllr: Abel Pheho Cllr: Leonard Soka Cllr: Mhletjwa Nqume Cllr: Daniel Sejamoholo Cllr: Dinkwetsi Sebolai Cllr: Andrew Mosepele Cllr: Tshepiso Dipheko Cllr: Valencia Jantjies Cllr: David Seitshiro Cllr: Margaret Dala Cllr: Gomotsegang Mogapi Cllr: Priscilla Letebele Cllr: Motlathuso Tladi Cllr: Thusoetsile Nche (Deceased) Cllr: Nxamo Radebe Cllr: Steven Motone Cllr: Anna Masilo

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Grading of local authority	Grade 1
Chief Financial Officer	Tumelo Letlojane
Accounting officer	Tebogo Chanda
Registered office	Delareyville Road Setlagole 2772
Postal address	Private Bag X209 Madibogo 2772
Bankers	First National Bank
Auditors	Auditor General of South Africa Registered Auditors

Index

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

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCO	Municipal Standard Chart of Accounts
CRR	Capital Replacement Reserve
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Officers Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I as 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 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.

I am 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.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2022 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 municipality is wholly dependent on the community and government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

I would like to bring the following matters to your attention:

I certify that the salaries, allowances and benefits of councillors, as disclosed in note 27 - Councillors remuneration to these annual financial statements, are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on page 74 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2022 and were signed on its behalf by:

Tebogo Chanda
Accounting Officer

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Report of the Accounting Officer

The accounting officer submits his report for the year ended 30 June 2022.

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.

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

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

5. Corporate

governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2022 and were signed on its behalf by:

Tebogo Chanda
Accounting Officer

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	9	379 331	394 323
Other receivables	10	222 172	168 791
Receivables from exchange transactions	11&14	6 228 461	4 342 048
Receivables from non-exchange transactions	12&14	16 171 863	29 637 903
VAT receivable	13	7 159 057	9 009 348
Cash and cash equivalents	15	74 211 381	62 146 503
		104 372 265	105 698 916
Non-Current Assets			
Investment property	3	45 600 000	1 200 000
Property, plant and equipment	4	363 041 617	360 703 747
Intangible assets	5	370 850	471 514
		409 012 467	362 375 261
Total Assets		513 384 732	468 074 177
Liabilities			
Current Liabilities			
Payables from exchange transactions	6	28 898 406	24 123 364
Consumer deposits	7	43 418	39 297
Employee benefit obligation	8	305 179	335 559
Unspent conditional grants and receipts	16	22 703 555	21 943 278
		51 950 558	46 441 498
Non-Current Liabilities			
Employee benefit obligation	8	5 307 887	5 319 015
Provisions	17	2 213 595	1 781 433
		7 521 482	7 100 448
Total Liabilities		59 472 040	53 541 946
Net Assets		453 912 692	414 532 231
Accumulated surplus		453 912 689	414 532 231
Total Net Assets		453 912 689	414 532 231

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	479 899	252 118
Rental of facilities and equipment	20	1 501 263	1 105 830
Interest received (trading)		0	1 075 960
Commisison from Agency	22	848 532	923 067
Other income	24	155 737	45 988
Interest received - investment	25	2 749 837	2 053 980
Total revenue from exchange transactions		5 735 268	5 456 943
Statutory Receivables			
Taxation revenue			
Property rates	26	24 881 111	25 974 773
Interest received – Property Rates	23	9 092 443	6 906 283
Transfer revenue			
Government grants & subsidies	27	177 766 689	180 555 634
Fines, Penalties and Forfeits	21	194 500	90 700
Total revenue from non-exchange transactions		211 934 743	213 527 390
Total revenue	18	217 670 011	218 984 333
Expenditure			
Employee related costs	28	(85 863 104)	(83 642 635)
Remuneration of councillors	29	(12 154 930)	(11 561 368)
Depreciation and amortisation	30	(24 281 207)	(24 894 268)
Finance costs	31	(268 726)	(36 621)
Debt Impairment	33	(16 651 252)	(34 023 308)
Contracted services	35	(9 522 654)	(6 513 621)
Loss on disposal of assets and liabilities		(5 473 492)	(2 631 883)
General Expenses	34	(51 715 574)	(43 815 245)
Total expenditure		(205 930 939)	(207 118 949)
Surplus before taxation		11 739 072	11 865 384
Fair Value Adjustement	3	(44 600 000)	20 400 000
Surplus (deficit) for the year from continuing operations		56 339 072	(8 534 616)
Actuial gains/losses	8	896 227	(566 531)
Surplus (deficit) for the year		57 235 299	(9 101 147)

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	399 526 728	399 526 728
Adjustments		
Prior year adjustments 41	24 106 650	24 106 650
Balance at 01 July 2020 as restated*	423 633 378	423 633 378
Changes in net assets		
Deficit for the year	(9 101 147)	(9 101 147)
Total changes	(9 101 147)	(9 101 147)
Opening balance as previously reported	370 923 563	370 923 563
Adjustments		
Prior year adjustments 41	25 753 827	25 753 827
Restated* Balance at 01 July 2021 as restated*	396 677 390	396 677 390
Changes in net assets		
Surplus for the year	57 235 299	57 235 299
Total changes	57 235 299	57 235 299
Balance at 30 June 2022	453 912 689	453 912 689
Note(s)		

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		24 356 369	20 812 924
Grants		177 766 689	175 256 485
Interest income		2 749 837	2 053 980
Other income		350 237	136 688
		<u>205 223 132</u>	<u>198 260 077</u>
Payments			
Employee costs		(98 018 034)	(95 770 534)
Suppliers		(62 701 459)	(51 189 251)
Finance costs		(268 726)	(36 621)
		<u>(160 988 219)</u>	<u>(146 996 406)</u>
Net cash flows from operating activities	36	<u>44 234 913</u>	<u>51 263 671</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(32 051 131)	(42 829 209)
Proceeds from sale of property, plant and equipment	4	(118 904)	1 109 032
Purchase of other intangible assets	5	-	(327 000)
		<u>(32 170 035)</u>	<u>(42 047 177)</u>
Net increase/(decrease) in cash and cash equivalents		12 064 878	9 216 494
Cash and cash equivalents at the beginning of the year		62 146 503	52 930 009
Cash and cash equivalents at the end of the year	15	<u>74 211 381</u>	<u>62 146 503</u>

The accounting policies on pages 12 to 43 and the notes on pages 44 to 82 form an integral part of the annual financial statements.

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of comparison of Budget and actuals amounts

Budget on cash basis

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

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	172 000	228 000	400 000	479 899	79 899	A
Rental of facilities and equipment	1 400 000	-	1 400 000	1 501 263	101 263	B
Interest received (trading)	-	-	-	0	0	
Commission from Agency services	1 031 000	-	1 031 000	848 532	(182 468)	C
Other income - (rollup)	100 000	(50 000)	50 000	155 737	105 737	D
Interest received - investment	1 985 000	300 000	2 285 000	2 749 837	464 837	E
Total revenue from exchange transactions	4 688 000	478 000	5 166 000	5 735 268	569 268	

Revenue from non-exchange transactions

Taxation revenue

Property rates	26 772 992	(1 855 000)	24 917 992	24 881 111	(36 881)	F
Interest on debtors	-	-	-	9 092 443	9 092 443	G

Transfer revenue

Government grants & subsidies	145 085 000	10 000 000	155 085 000	177 766 689	22 681 689	H
Fines, Penalties and Forfeits	52 000	53 000	105 000	194 500	89 500	I

Total revenue from non-exchange transactions	171 909 992	8 198 000	180 107 992	211 934 743	31 826 751	
Total revenue	176 597 992	8 676 000	185 273 992	217 670 011	32 396 019	

Expenditure

Employee Related Cost	(98 487 493)	(757 000)	(99 244 493)	(85 863 104)	13 381 389	J
Remuneration of councillors	(12 962 148)	(600 000)	(13 562 148)	(12 154 930)	1 407 218	K
Depreciation and amortisation	(31 500 000)	3 500 000	(28 000 000)	(24 281 207)	3 718 793	L
Finance costs	(140 000)	(45 000)	(185 000)	(268 726)	(83 726)	M
Debt Impairment	(4 200 000)	-	(4 200 000)	(16 651 252)	(12 451 252)	N
Inventory consumed	(505 000)	(120 000)	(625 000)	-	625 000	O
Contracted Services	(15 483 338)	(13 916 000)	(29 399 338)	(9 522 654)	19 876 684	P
General Expenses	(32 390 000)	(10 585 000)	(42 975 000)	(51 715 574)	(8 740 574)	Q

Total expenditure	(195 667 979)	(22 523 000)	(218 190 979)	(200 457 447)	17 733 532	
Operating surplus	(19 069 987)	(13 847 000)	(32 916 987)	17 212 564	50 129 551	
Loss on disposal of assets and liabilities	-	-	-	(5 473 492)	(5 473 492)	P
Surplus before taxation	(19 069 987)	(13 847 000)	(32 916 987)	11 739 072	44 656 059	
Fair Favluue adjustment	-	-	-	(44 600 000)	(44 600 000)	
Surplus for the year from continuing operations	(19 069 987)	(13 847 000)	(32 916 987)	56 339 072	89 256 059	
Actuarial gains/losses	-	-	-	896 227	896 227	

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of comparison of Budget and actuals amounts

Budget on cash basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actuals	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(19 069 987)	(13 847 000)	(32 916 987)	57 235 299	90 152 286	

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand

Note(s)

2022

2021

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 . Going concern assumption

These annual financial statements were not prepared based on the expectation that the municipality will not be able to continue to operate as a going concern for at least the next 12 months. Accordingly assets are measured at their liquidation values (representing the impaired values thereof) and liabilities are measured at their exit values. The going concern difficulties faced by the municipality are further explained in note 44.

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:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables / Held to maturity investments and/or loans and receivables

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. For amounts due to the municipality, significant financial difficulties of the statutory receivable probability that the statutory receivable will enter bankruptcy and default of payments are all considered indicators of impairment

The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.2. Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

Value in use of cash-generating assets

The municipality reviews and tests the carrying value of cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the interest rate assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors such as exchange rates, inflation and interest

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

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

Allowance for doubtful debts

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.2. Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured 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, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the 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 municipality 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 are 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.

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.

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.

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.3. Investment property (continued)

Fair value

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

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

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

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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.

Gains or losses arising from the retirement or disposal of investment property is 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:

- > Managements intended use for the property;
- > The nature of activities conducted at the property, if any.

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:

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

1.4. Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4. Property, plant and equipment (continued)

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. 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 asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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1.4. Property, plant and equipment (continued)

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

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 years
Furniture and fixtures	Straight-line	7-10 years
Motor vehicles	Straight-line	3-20 years
Office equipment	Straight-line	5-7 years
Computer software	Straight-line	3-5 years
Infrastructure	Straight-line	3-40 years
Community	Straight-line	30 years
Bins and containers	Straight-line	5-10 years
Other property, plant and equipment # 1	Straight-line	5-15 years
Landfill site	Straight-line	30 years
Refuse removal equipment	Straight-line	5 years

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

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

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

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

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

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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.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (a) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) 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.

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.6. Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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1.6 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Intangible assets under development	Straight-line	1-10 years

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

Intangible assets are derecognised:

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

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

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Subsequent measurement

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

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1.7. Heritage assets (continued)

Impairment

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

Derecognition

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

1.8. 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.

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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1.8. Financial instruments (continued)

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

Receivable from exchange transactions
Receivable from non-exchange transactions
Cash and cash equivalents

Category

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

Other financial liabilities
Payables from exchange transactions
Consumer deposits

Category

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

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

1.9. 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

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1.9. Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the 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.

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1.9 Statutory receivables (continued)

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

Derecognition

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

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

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

1.10 Value Added Tax

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.

1.11 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 interest rate implicit in the lease.

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

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

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1.11. Leases (Continued)

Operating Leases- lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

1.12. 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.13. Other receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

1.14. Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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1.14 Cash and cash equivalents (continued)

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.15 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

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1.15. Impairment of cash-generating assets (Continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.15. Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the assets or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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1.115. Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16. Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.16. Impairment of non-cash-generating assets (continued)

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in

use. Useful life is either:

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

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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Accounting Policies

1.16. Impairment of non-generating assets (continued)

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.
Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.17. Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Ratlou Local Municipality

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Accounting Policies

1.17. Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

Ratlou Local Municipality

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Accounting Policies

1.17. Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an Municipality pays fixed contributions into a separate Municipality (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 Municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality 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.

Ratlou Local Municipality

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Accounting Policies

1.17. 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.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Ratlou Local Municipality

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Accounting Policies

1.17. Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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

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Accounting Policies

1.17. Employee benefits (continued)

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.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

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 shall recognise 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;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.18. Provisions and contingencies

Provisions are recognised when:

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

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

Ratlou Local Municipality

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Accounting Policies

1.18. Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

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Accounting Policies

1.18. Provisions and contingencies (continued)

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

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

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

Decommissioning, restoration and similar liability

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:

If the related asset is measured using the cost model:

- changes in the liability is 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 tests 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 1.15 and 1.16.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

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. This applies under both the cost model and the revaluation model.

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

Ratlou Local Municipality

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Accounting Policies

1.19 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.

1.20. Revenue from exchange transactions

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.20. Compound instruments (continued)

Interest

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

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

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

1.21. Revenue from non-exchange transactions

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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.

Ratlou Local Municipality

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Accounting Policies

1.21. Revenue from non-exchange transactions (continue)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

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.

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.

Taxation revenue are not grossed up for the amount of tax expenditures.

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.

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

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.

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.21. Revenue from non-exchange transactions (continued)

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.

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.

1.22. Investment income

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

1.23. Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.24. Comparative figures

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

1.25. Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance 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.

1.26. Fruitless and wasteful expenditure

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

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

126. Fruitless and wasteful expenditure (continued)

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.

127. Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury circular no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008).

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

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

128. 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.

129. Budget information

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

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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.

130. Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Ratlou Local Municipality

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Accounting Policies

1.30. Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

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

131. 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.

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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2021

2. New standards and interpretations

2.1. Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 July 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 July 2023	Unlikely there will be a Material impact
• GRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 July 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 July 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

Ratlou Local Municipality

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Notes to the Annual Financial Statements

Figures in Rands

3. Investment property

	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying Value
Investment Property	45 600 000	-	45 600 000	1 200 000	-	1 200 000
Reconciliation of investment property 2022				Opening Balance 1 200 000	Fair value adjustment 44 400 000	Total 45 600 000
Investment Property						
Reconciliation of investment property 2021				Opening Balance 21 600 000	Fair value adjustment (20 400 000)	Total 1 200 000
Investment Property						
Pledged as Security						
No investment were pledged as security						

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands 2022 2021

3. Investment property (continued)

4. Details of valuation

The effective date of the revaluations was Thursday, 30 June 2022. Revaluations were performed by an independent Valuer, Mr Salwen Clyde Butler (registration number: 4989) is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use and the South African property valuers association's standard method of valuation..

These assumptions are based on current market conditions.

The investment property relate Setlagole Complex

Amounts recognised in surplus and deficit for the year.

Fair value investment property	44 400 000	(20 400 000)
Rental of facilities and equipment	1 501 263	1 105 830

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands

4. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Bins and containers	30 662	(14 621)	16 041	33 358	(14 355)	19 003
Buildings	71 657 795	(30 222 807)	41 434 988	71 657 795	(27 810 792)	43 847 003
Community	145 980 449	(39 582 146)	106 398 303	145 980 449	(36 130 327)	109 850 122
Furniture and fixtures	3 855 889	(2 317 926)	1 537 963	4 027 392	(2 291 543)	1 735 849
Work in Progress	40 492 709	-	40 492 709	19 670 322	-	19 670 322
IT equipment	8 371 145	(3 472 917)	4 898 228	8 804 380	(2 654 115)	6 150 265
Infrastructure	211 032 529	(60 897 502)	150 135 027	211 032 039	(46 375 508)	164 656 531
Waste removal	11 952	(11 952)	-	11 952	(9 679)	2 273
Motor vehicles	21 230 243	(5 654 514)	15 575 729	22 542 207	(8 538 409)	14 003 798
Office equipment	2 290 635	(367 313)	1 923 322	278 533	(250 656)	27 877
Other property, plant and equipment	1 253 691	(633 928)	619 763	1 366 871	(637 568)	729 303
Emergency Equipment	38 717	(29 173)	9 544	38 711	(28 085)	10 626
Wastewater network	-	-	-	775	-	775
Total	506 246 416	(143 204 799)	363 041 617	485 444 784	(124 741 037)	360 703 747

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022 Disclosures

	Opening balance	Additions	Disposals	Write down	Asset not verified	Other changes, movements	Depreciation	Total
Bins and containers	19 003	-	-	(1 248)	(2)	-	(1 712)	16 041
Buildings	43 847 003	-	-	-	-	-	(2 412 015)	41 434 988
Community	109 850 122	-	-	-	-	-	(3 451 819)	106 398 303
Emergency Equipment	10 626	-	-	-	-	-	(1 082)	9 544
Furniture and fixtures	1 735 849	68 972	(10 223)	(95 062)	-	-	(161 573)	1 537 963
IT equipment	6 150 265	-	(144 503)	(9 568)	6	-	(1 097 972)	4 898 228
Infrastructure	164 656 531	-	-	-	-	490	(14 521 994)	150 135 027
Waste removal equipment	2 273	-	-	-	-	-	(2 273)	-
Motor vehicles	14 003 798	9 087 422	(5 143 954)	-	-	-	(2 371 537)	15 575 729
Office equipment	27 877	2 013 100	(52)	-	-	-	(117 603)	1 923 322
Other property, plant and equipment	729 303	59 250	(55 856)	(12 283)	8	-	(100 659)	619 763
Asset not verified	775	-	-	-	(775)	-	-	-
Work in Progress	19 670 322	20 822 387	-	-	-	-	-	40 492 709
	360 703 747	32 051 131	(5 354 588)	(118 161)	(763)	490	(24 240 239)	363 041 617

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands

4. Property plant and equipment (continued)

Reconciliation of property, plant and equipment- 2021

	Opening balance	Additions	Write-downs	Write-downs reversal	Transfers	Asset not verified	Other changes, movements	Depreciation	Depreciation reclassification	Depreciation recovered	Total
Bins and containers	41 058	-	(19 836)	-	-	(29)	-	(1 721)	-	(469)	19 003
Buildings	47 469 310	-	-	-	(245 615)	-	12 855	(3 733 476)	343 929	-	43 847 003
Community	113 578 895	-	-	-	245 615	-	(12 855)	(3 617 604)	(343 929)	-	109 850 122
Emergency Equipment	20 556	-	(9 715)	2 422	-	(56)	-	(2 171)	-	(410)	10 626
Furniture and fixtures	2 055 218	185 709	(288 203)	47 316	-	(185)	-	(259 079)	-	(4 927)	1 735 849
Computer Asset	6 463 259	2 851 293	(2 821 714)	184 480	-	(226)	-	(490 615)	-	(36 212)	6 150 265
Infrastructure	158 103 325	-	-	-	21 603 663	-	-	(15 050 457)	-	-	164 656 531
Waste Removal equipment	3 269	-	-	-	-	-	-	(996)	-	-	2 273
Motor vehicles	10 224 880	3 059 835	-	2 179 173	-	27	-	(1 460 117)	-	-	14 003 798
Office equipment	80 769	-	(43 635)	615	-	(24)	-	(9 694)	-	(154)	27 877
Other property, plant and equipment	1 281 595	-	(557 812)	96 850	-	(203)	-	(79 262)	-	(11 865)	729 303
Asset not verified	-	-	-	-	-	775	-	-	-	-	775
Work in Progress	4 541 613	36 732 372	-	-	(21 603 663)	-	-	-	-	-	19 670 322
	343 863 747	42 829 209	(3 740 915)	2 510 856	-	79	-	(24 705 192)	-	(54 037)	360 703 747

Pledged as security

Property, Plant and equipment have not been pledged as security.

Reconciliation of Work-in-Progress 2022 Disclosures

	Included within Infrastructure	Included within Community	Total
Opening balance	13 046 099	6 624 223	19 670 322
Additions/capital expenditure	10 922 234	9 900 153	20 822 387
	23 968 333	16 524 376	40 492 709

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands	2022	2021
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4. Property, plant, and equipment (continued)

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	4 541 613	-	4 541 613
Additions/capital expenditure	30 108 150	6 624 223	36 732 373
Transferred to completed items	(21 603 663)	-	(21 603 663)
	13 046 100	6 624 223	19 670 323

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.

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands

5. Intangible assets

	2022			2021			
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying Value	
Computer software, other	1 349 101	(978 251)	370 850	1 597 873	(1 126 359)	471 514	
Reconciliation of intangible assets 2022 disclosures				Opening Balance	Amortisation	Total	
				471 514	(100 664)	370 850	
Computer software, other				Opening Balance	Additions	Amortization	Total
				453 382	327 000	(308 868)	471 514

Pledged as Security

No Intangible assets were pledged as security

Ratlou Local Municipality

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Notes to the Annual Financial Statements

Figures in Rands	2022	2021
6. Payables from exchange transactions		
Trade payables	4 786 495	2 110 414
Payments received in advanced	1 762 792	1 276 506
Accrued bonus	2 375 437	2 806 877
Accrued leave	8 590 285	7 312 113
Retention payables	11 383 397	10 617 454
	28 898 406	24 123 364

7. Consumer deposits

Housing rental	43 418	39 297
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8. Employee benefit obligations

Long service Bonus award

The accrued liability is a function of an additional year of accrued service, interest cost, and less the bonuses payable to staff attaining long service milestones. The result is based on the valuation data supplied, and the valuation methodology and assumptions applied to the valuation date.

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was recommended that the contribution should be increased by 8% for - months. This recommendation is presently being implemented.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. Ratlou advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(5 613 066)	(5 654 574)
Non-current liabilities	(5 307 887)	(5 319 015)
Current liabilities	(305 179)	(335 559)
	(5 613 066)	(5 654 574)

The South African Institute of Chartered Accountants (SAICA) revised the Statement of Generally Accepted Accounting Practice, then known as AC116, in 2001.

GRAP25 states that the current service cost should be recognised as a periodic expense in operating profit and should be matched to the benefit received during the working life of the employee.

We have applied the Projected Unit Credit Method to determine the liabilities. The projected liability is based on actuarial assumptions about the future. These assumptions are set to be realistic and individually justifiable. However, the actual experience of the beneficiaries of Ratlou will vary from these assumptions. These variations emerge at each valuation as actuarial gains or losses.

The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular, the Advisory Practice Note 207 as issued by ASSA, and is consistent with the requirements of GRAP25.

Ratlou Local Municipality

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Notes to the Annual Financial Statements

Figures in Rands	2022	2021
8. Employee benefit obligations (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	6 751 172	4 557 976
Current service cost	661 900	577 066
Current interest cost	526 378	439 252
Expected benefit payments	(335 559)	(486 251)
Actuarial (gain)/loss over financial year	(896 227)	566 531
Net expense recognised in the statement of financial performance	(43 508)	1 096 598
	6 664 156	6 751 172
Net expense recognised in the statement of financial performance		
Current service cost	661 900	577 066
Interest cost	526 378	439 252
Actuarial (gains) losses	(896 227)	566 531
Actual benefits payments	(335 559)	(486 251)
	(43 508)	1 096 598

Ratlou Local Municipality

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8. Employee benefit obligations (continued)

Key assumptions used

The obligation arise from conditions of service which provide that employees that render 10 continuous years, and thereafter each 5 years, of service to the municipality are awarded the financial benefit. The obligation is based on rates approved by the municipality.

The Long service award (employee benefit obligation) disclosed includes an interest cost of R 526 378 (2021: R439 252), current service cost of R 661 900 (2021: R 577,975) and actuarial gains and [-losses] of R-896 227(2021: 566 531). Summary of Assumptions.

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Discount rates used	11,66 %	9,63 %
Consumer Price inflation (C)	6,93 %	5,57 %
Net discount rate $(1+D)/(1+H)-1$	3,46 %	2,87 %
Salary increase rate	7,93 %	6,57 %

A long service award is payable after 10 years of continuous service and every 5 years there after to employees. The most recent actuarial valuation of the present value of the defined benefit provision was carried out at 30 June 2019 by TJ Mureriwa and TG Mhonde of One Pangea Financial. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. At year-end 190 employees were eligible for long service awards.

GRAP 25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2021 the duration of liabilities was 8.40 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2022 is 11.66% per annum, and the yield on inflation- linked bonds of a similar term was about 3.37% per annum. This implies an underlying expectation of inflation of 5.57% per annum $([1 + 9.63\% - 0.5\%] / [1 + 3.37\%] - 1)$

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.57% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 2.87% per annum $([1 + 9.63\%] / [1 + 6.57\%] - 1)$.

Ratlou Local Municipality

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9. Inventories		
Consumable stores	154 381	156 367
Maintenance materials	224 950	237 956
	379 331	394 323
Carrying value of inventories carried at fair value less costs to sell	379 330	394 323
Inventories recognised as an expense during the year	383 278	336 335
Inventory pledged as security		
No inventory was pledged as security.		
10. Other receivables		
Other		
Registration and Licencing	222 172	168 791
11. Receivables from exchange transactions		
Consumer debtors - Rental	3 206 586	2 145 150
Consumer debtors - Sundry	3 021 875	2 196 898
	6 228 461	4 342 048
Trade and other receivables impaired		
As of 30 June 2022, trade and other receivables of R 5 980 327 (2021: R 4 971 268) were impaired and provided for.		
The amount of the provision was R (6 798 891) as of 30 June 2022 (2021: R -).		
The ageing of these loans is as follows:		
3 to 6 months	4 156 839	4 185 518
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	4 185 518	3 979 737
Provision for impairment	(28 679)	205 781
	4 156 839	4 185 518
12. Receivables from non-exchange transactions		
Consumer debtors - Rates	16 093 979	29 602 860
Traffic fines receivables	77 884	35 043
	16 171 863	29 637 903
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property Rates	16 093 979	29 602 860
Fines	77 884	35 043
	16 171 863	29 637 903
Total receivables from non-exchange transactions	16 171 863	29 637 903

Notes to the Annual Financial Statements

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13. VAT receivable

VAT	7 159 057	9 009 348
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14. Consumer debtors disclosure**Gross balances**

Consumer debtors - Rates	70 544 894	71 154 233
Consumer debtors - Rental and Electricity	10 005 477	8 279 901
Consumer debtors - Sundry	3 021 875	2 196 898
Traffic fines receivables	1 357 888	1 184 709
	84 930 134	82 815 741

Less: Allowance for impairment

Consumer debtors - Rates	(54 450 915)	(41 551 373)
Consumer debtors - Rental and Electricity	(6 798 891)	(6 134 751)
Traffic fines	(1 280 004)	(1 149 666)
	(62 529 810)	(48 835 790)

Net balance

Consumer debtors - Rates	16 093 979	29 602 860
Consumer debtors - Rental	3 206 586	2 145 150
Consumer debtors - Sundry	3 021 875	2 196 898
Traffic fines	77 884	35 043
	22 400 324	33 979 951

Rates

> 365 days	16 093 979	29 602 860
------------	------------	------------

Rentals

> 365 days	3 206 586	2 145 150
------------	-----------	-----------

Sundry

> 365 days	3 021 875	2 196 898
------------	-----------	-----------

Traffic fines

Current (0 -30 days)	77 884	35 043
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Reconciliation of allowance for impairment

Balance at beginning of the year	(43 242 894)	(12 923 285)
Contributions to allowance	(13 945 301)	(30 319 609)
Reversal of allowance	57 188 195	43 242 894
	-	-

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	696	3 510
Bank balances	4 257 045	7 119 811
Short-term deposits	69 953 640	55 023 182
	74 211 381	62 146 503

Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rands	2022			2021		
15. Cash and cash equivalents (continued)						
The Municipality had the following bank accounts						
Account number/ Description	Bank Statements balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB BANK - Main Acc - 63023653042	4 257 052	7 119 811	2 948 369	4 257 052	7 119 811	2 948 369
FNB BANK - Money Market - 62032709993	-	-	5 483	-	-	5 483
FNB BANK - Infrastructure Grant - 62159138299	404 460	395 432	387 970	404 460	395 432	387 970
FNB BANK - Call Account - 62600527975	68 364 652	53 477 393	48 466 304	68 364 652	53 477 393	48 466 304
FNB BANK - DBSA Loan - 62600530259	1 184 528	1 150 357	1 121 807	1 184 528	1 150 357	1 121 807
Total	74 210 692	62 142 993	52 929 933	74 210 692	62 142 993	52 929 933

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	4 390 374	16 436
Kraaipan Grant	387 697	387 697
NMMDM -Grants	10 000 000	-
Free basic water Grant	2 717 308	2 717 308
Library Grants	2 044 386	1 430 277
Disaster Management Grant	3 063 368	17 013 523
Expanded Public Work Program	13 399	348 841
LG SETA Grant	87 023	29 196
	22 703 555	21 943 278

Movement during the year

Balance at the beginning of the year	21 943 296	27 242 427
Additions during the year	178 526 952	175 256 801
Income recognition during the year	(177 766 693)	(180 555 950)
	22 703 555	21 943 278

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

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

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

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

Ratlou Local Municipality

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17. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Environmental rehabilitation	1 781 433	432 162	2 213 595

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Environmental rehabilitation	1 300 636	480 797	1 781 433

Environmental rehabilitation provision

The provision for environmental rehabilitation relates to the municipality's estimated liability arising from the operation of two dumping sites, one in Setlagole and the other in Makgobistad.

Provision has been made for the net present value of the cost by One Pangaea Expertise and Solutions Pty Ltd, registered actuaries and waste management consultants.

The environmental rehabilitation provision includes an interest cost of R 177,074 (2021: R56 968)

Summary of Assumptions

The unit cost of the various cost elements relating to rehabilitation and closure were adjusted using the Civil Engineering Indices (drawn from the South African Federation of Civil Engineering Contractors website www.safcec.org.za) and the Contract Price Adjustment Factors (drawn from the www.dialytenders.co.za) websites, using the coefficients for Earthworks as provided in the General Conditions of Contract. Online research of services within the locality of Ratlou was used to determine unit rates for the cost derived for the closure and rehabilitation items. The pricing guide is the industry standard in referencing material for any stakeholder involved in the South African construction sector.

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site.

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2021 the duration of liabilities was 8.40 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2022 is 9.63% per annum, and the yield on inflation-linked bonds of a similar term was about 3.37% per annum. This implies an underlying expectation of inflation of 5.57% per annum ($[1 + 9.63\% - 0.5\%] / [1 + 3.37\%] - 1$).

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.57% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 2.87% per annum ($[1 + 9.63\%] / [1 + 6.57\%] - 1$)

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2020. The key assumptions are summarised below:

Ratlou Local Municipality

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Figures in Rands	2022	2021
18. Revenue		
Service charges	479 899	252 118
Rental of facilities and equipment	1 501 263	1 105 830
Interest received (trading)	1 428 104	1 075 960
Agency services	848 532	923 067
Other income - (rollup)	155 737	45 988
Interest received - investment	2 749 837	2 053 980
Property rates	24 881 111	25 974 773
Interest, Dividends and Rent on Land	7 664 339	6 906 283
Government grants & subsidies	177 766 689	180 555 634
Fines, Penalties and Forfeits	194 500	90 700
	217 670 011	218 984 333
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	479 899	252 118
Rental of facilities and equipment	1 501 263	1 105 830
Interest received (trading)	0	1 075 960
Agency services	848 532	923 067
Other income - (rollup)	155 737	45 988
Interest received - investment	2 749 837	2 053 980
	5 735 268	5 456 943
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	24 881 111	25 974 773
Interest, Dividends and Rent on Land	9 092 443	6 906 283
Transfer revenue		
Government grants & subsidies	177 766 689	180 555 634
Fines, Penalties and Forfeits	194 500	90 700
	211 934 743	213 527 390
19. Service charges		
Service charges	479 899	252 118
20. Rental of facilities and equipment		
Premises		
Premises	1 491 543	1 102 800
Facilities and equipment		
Rental of facilities	9 720	3 030
	1 501 263	1 105 830
21. Fines, Penalties and Forfeits		
Traffic Fines	194 500	90 700
22. Commission from Agency services		
Water and Sanitation	848 532	923 067

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Figures in Rands	2022	2021
23. Interest received - Property rates		
Interest - Receivables	7 664 339	6 906 283
24. Other income		
Other income	155 737	45 988
25. Investment revenue		
Interest revenue		
Bank	7 379	6 711
Interest received on debtors	2 742 458	2 047 269
	2 749 837	2 053 980

The amount included in Investment revenue arising from exchange transactions amounted to R 7 340.

The amount included in Investment revenue arising from non-exchange transactions amounted to R 2 742 458.

26. Property rates

Rates received

Residential	2 156 176	2 078 762
Commercial	1 328 351	1 276 645
State	19 333 780	20 348 559
Small holdings and farms	4 291 291	4 162 059
Less: Income forgone	(2 228 487)	(1 891 252)
	24 881 111	25 974 773

Ratlou Local Municipality

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27. Government grants & subsidies

Operating grants

Equitable share	138 974 276	133 828 000
Finance Management Grant	1 850 000	1 900 000
Expanded Public Works Programme Grant	1 510 602	1 468 160
Disaster Management Grant	13 950 155	8 425 015
Library Grant	577 891	-
LG SETA	97 139	85 750
	156 960 063	145 706 925

Capital grants

Municipal Infrastructure Grant	20 806 626	34 848 709
	177 766 689	180 555 634

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	38 792 413	46 727 950
Unconditional grants received	138 974 276	133 828 000
	177 766 689	180 555 950

Equitable Share

The grant is used to fund the operations of the municipality in accordance with the approved MTREF budget.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Balance unspent at beginning of year	16 436	22 707 145
Current-year receipts	25 197 000	20 165 000
Conditions met - transferred to revenue	(20 806 626)	(34 848 564)
Roll-over not approved	(16 436)	(8 007 145)
	4 390 374	16 436

Conditions still to be met - remain liabilities (see note 16).

The grant was utilised to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included as current liabilities.

Finance Management Grant

Current-year receipts	1 850 000	1 900 000
Conditions met - transferred to revenue	(1 850 000)	(1 900 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The grant is mainly used for supporting reforms in financial management by building capacity in the municipality to implement the MFMA and progressive financial reporting

Kraaipan Grant

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Figures in Rands	2022	2021
27. Government grants & subsidies (continued)		
Balance unspent at beginning of year	387 697	387 697
For drilling and equipping of boreholes, and purchase two Water tankers and two Crew Cabs for essential teams.		
NMMDM		
Current-year receipts	10 000 000	-
Conditions still to be met - remain liabilities (see note 16).		
Additional text		
Free Basic Water Grant		
Balance unspent at beginning of year	2 717 308	2 717 308
To provide water to the community as an agent of the district. However current there was no expenditure incurred		
Library Grant		
Balance unspent at beginning of year	1 430 277	1 430 277
Current-year receipts	1 192 000	-
Conditions met - transferred to revenue	(577 891)	-
	2 044 386	1 430 277
Conditions still to be met - remain liabilities (see note 16).		
This grant is mainly used in assisting the municipality with services offered at public libraries. The services covers capacitating the municipality with human capital and computer hardware/software		
Disaster Management Grants		
Balance unspent at beginning of year	17 013 523	17 013 523
Conditions met - transferred to revenue	(13 950 155)	-
	3 063 368	17 013 523
Conditions still to be met - remain liabilities (see note 16).		
This grants provided funding for responding to and providing relief for unforeseeable and avoidable disasters.		
Expanded Public Works Programme Grant		
Balance unspent at beginning of year	348 841	-
Current-year receipts	1 524 000	1 817 000
Conditions met - transferred to revenue	(1 510 602)	(1 468 159)
Roll-Over not approved	(348 840)	-
	13 399	348 841
Conditions still to be met - remain liabilities (see note 16).		
The grant was used by municipality to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines: road maintenance and the maintenance of buildings; low traffic volume roads and rural roads; other economic and social infrastructure; tourism and cultural industries; and sustainable land based livelihoods.		

LG SETA

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Figures in Rands	2022	2021
27. Government grants & subsidies (continued)		
Balance unspent at beginning of year	29 196	29 196
Current-year receipts	154 966	-
Conditions met - transferred to revenue	(97 139)	-
	87 023	29 196

Conditions still to be met - remain liabilities (see note 16).

The must be utilised towrds training

Ratlou Local Municipality

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28. Employee related costs		
Acting allowances	1 031 113	676 813
Bargaining council contr	26 604	26 557
Basic	59 401 907	58 859 834
Bonus	4 328 654	5 216 923
Housing benefits and allowances	1 989 444	1 936 679
Leave Pay provision	1 595 614	1 349 129
Long-service awards	1 431 315	1 108 373
Medical aid - company contributions	6 339 684	6 248 307
Overtime payments	1 731 761	443 822
Pension fund contribution	6 658 047	6 565 017
Remote allowance	133 441	126 428
SDL	726 699	569 753
Travel, motor car, accommodation, subsistence and other allowances	-	100 000
UIF	468 821	415 000
	85 863 104	83 642 635
Remuneration of municipal manager		
Annual Remuneration	1 006 319	1 033 337
Contributions to UIF, Medical, Bagaining and Pension Fund	12 152	10 189
Remote allowance	39 708	39 708
	1 058 179	1 083 234
Remuneration of chief finance officer		
Annual Remuneration	812 817	-
Contributions to UIF, Medical, Bagaining and Pension Fund	32 603	-
Remote Allowance	10 375	-
	855 795	-
Remuneration of Technical Service - Acting - Mr M Shomolekae & Ms M Nyathi		
Acting allowance	137 181	111 587
Remote allowance	14 943	15 769
	152 124	127 356
Remuneration of the Acting Corporate Service: (Mr L Muji) & Mr S.J Mbana & Mr N Mathloko		
Acting Allowance	101 107	56 687
Remote allowance	20 377	6 916
	121 484	63 603
Remuneration of Direcctor Community Serv: Mr P Magano		
Acting allowance	117 117	56 687
Remote allowance	12 226	6 916
	129 343	63 603
Remuneration of Director Community - Acting - Mr T Seleke		
Acting Allowance	73 427	-
Remote allowance	8 151	-
	81 578	-

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28. Employee related costs (continued)		
Remuneration of Acting Municipal Manager - Mr A Ntshakang		
Acting Allowance	-	790 182
Remote allowance	-	5 019
	-	795 201
Remuneration of Acting: Technical Service - SB Sehole		
Acting Allowance	-	325 077
Remote allowance	-	12 075
	-	337 152
Remuneration of Acting: Chief Finance Officer : - Mr Collen Tjale		
Acting allowance	-	82 302
Remote allowance	-	10 041
	-	92 343
29. Remuneration of councillors		
Mayor	892 073	852 133
Exco Members	3 872 558	3 138 025
Speaker	1 185 108	605 185
Councillors	6 205 191	6 966 025
	12 154 930	11 561 368

Ratlou Local Municipality

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29. Remuneration of councillors (continued)

2022 Councillors	Basic salary	Travel allowance	Cellphone Allowance	Pension Medical allowances & Other	Total
MR Jafta - Mayor (New)	520 593	-	28 927	25 274	574 794
SH Chipane - Previous Mayor	297 067	-	15 473	22 738	335 278
ME Phaedi - former Mayo	515 777	-	15 473	13 658	544 908
GK Leepo - Speaker	405 446	-	28 927	28 319	462 692
T Mothibedi - Exco	403 684	-	28 927	4 193	436 804
T Motlapele - Exco	403 684	-	28 927	4 193	436 804
K Badirwang - Exco	368 550	-	28 927	38 892	436 369
P Mafethe - Exco	377 409	-	28 927	29 963	436 299
G Mokgope - MPAC Chair	227 781	-	28 927	2 434	259 142
R Tshabang - Cllr	177 492	-	28 927	1 931	208 350
P Shawe - Cllr	177 492	-	28 927	1 931	208 350
A Pheho - Cllr	177 492	-	28 927	1 931	208 350
L Soka - Cllr	177 492	-	28 927	1 931	208 350
M Nqume - Cllr	177 492	-	28 927	1 931	208 350
D Sejamoholo - Cllr	177 492	-	28 927	1 931	208 350
D Sebolai - Cllr	175 908	-	28 927	3 484	208 319
A Mosepele	177 492	-	28 927	1 931	208 350
T Dipheko - Cllr	177 492	-	28 927	1 931	208 350
KD Gaasenwe	177 492	-	28 927	1 996	208 415
V Jantjies - Cllr	177 492	-	28 927	1 931	208 350
D Seitshiro - Cllr	177 492	-	28 927	1 931	208 350
M Dala - Cllr	155 348	-	26 573	8 212	190 133
G Mogapi - Cllr	177 492	-	28 927	1 931	208 350
P Letebele - Cllr	177 492	-	28 927	1 931	208 350
M Tladi - Cllr	177 492	-	28 927	1 931	208 350
T Nche - Cllr	177 492	-	28 927	1 931	208 350
N Radebe - Cllr	227 781	-	28 927	2 434	259 142
S Motone - Cllr	177 492	-	26 909	1 920	206 321
A Masilo - Cllr	177 492	-	28 927	1 931	208 350
A Ramosidi - Cllr	233 690	-	15 473	2 421	251 584
OE Seabelo - Cllr	461 818	-	4 373	4 642	470 833
MR Mongala	182 296	20 000	17 827	22 885	243 008
MF Moalusi	183 961	32 000	15 473	9 505	240 939
KF Ntwe	209 303	-	15 473	17 066	241 842
BS Mosikare	178 182	32 000	15 473	14 774	240 429
MD Seitshiro	365 764	10 000	3 700	3 758	383 222
KM Badirwang	177 653	24 238	14 800	15 241	231 932
Part-time councillors (terminated)	1 257 383	210 000	199 127	63 961	1 730 471
	10 346 442	328 238	1 109 322	370 928	12 154 930

2021 Councillors

	Basic salary	Travel allowance	Cellphone Allowance	Pension Medical allowances & Other	Total
Councillors	6 966 025	-	-	-	6 966 025
Executive Committee members	3 138 025	-	-	-	3 138 025
Speaker	605 185	-	-	-	605 185
Mayor	852 133	-	-	-	852 133
	11 561 368	-	-	-	11 561 368

Ratlou Local Municipality

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30. Depreciation and amortization		
Property, plant and equipment	24 240 239	24 705 192
Intangible assets	40 968	189 076
	24 281 207	24 894 268
31. Finance costs		
Trade and other payables	268 726	36 621
Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 268 726 (2021: R 36 621).		
32. Auditors' remuneration		
Fees	3 123 001	3 465 769
33. Debt impairment		
Contributions to debt impairment provision	16 651 252	34 023 308
34. General expenses		
Advertising	897 170	340 103
Auditors remuneration	3 123 001	3 465 769
Bank charges	116 685	93 022
Cleaning	61 007	351 336
Consulting and professional fees	16 846 416	11 968 664
Insurance	2 081 259	1 380 464
Ward Committee & Secretaries	1 664 000	-
Conferences and seminars	249 978	87 800
IT expenses	5 133 462	7 240 933
Fleet	193 761	44 011
Levies	432 162	480 797
Motor vehicle expenses	288 133	204 291
Pest control	-	316 216
Fuel and oil	1 957 799	918 585
Postage and courier	2 995	191 737
Printing and stationery	306 616	565 890
Stipends & internships	726 129	1 438 750
Protective clothing	120 398	301 788
Repairs and maintenance	3 320 365	1 008 380
Staff welfare	52 917	5 009
Subscriptions and membership fees	1 059 721	640 050
Telephone and fax	385 546	-
Transport and freight	501 115	1 264 084
Training	102 929	172 954
Travel - Accommodation	473 784	249 917
Electricity	10 028 944	9 585 281
Catering	348 990	145 557
Other expenses	1 240 292	1 299 819
	51 715 574	43 761 207
35. Contracted services		
Presented previously		
Fleet Services	9 522 654	6 513 621

Ratlou Local Municipality

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Notes to the Annual Financial Statements

Figures in Rands	2022	2021
36. Cash generated from operations		
Surplus (deficit)	57 235 299	(9 101 147)
Adjustments for:		
Depreciation and amortisation	24 281 207	24 894 268
Gain on sale of assets and liabilities	5 473 492	2 631 883
Debt impairment	16 651 252	34 023 308
Movements in retirement benefit assets and liabilities	(41 508)	1 147 598
Movements in provisions	432 162	480 797
Fair value adjustment	(44 600 000)	20 400 000
Other non-cash items	(17 476 708)	-
Changes in working capital:		
Inventories	14 992	11 942
Receivables from exchange transactions	(1 886 413)	18 507 111
Consumer debtors	(16 651 252)	(5 327 768)
Receivables from non-exchange transactions	13 466 040	(40 234 261)
Construction contracts and receivables	(53 381)	-
Payables from exchange transactions	4 775 042	9 408 952
VAT	1 850 291	(294 859)
Unspent conditional grants and receipts	760 277	(5 299 149)
Consumer deposits	4 121	14 996
	44 234 913	51 263 671

37. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Other receivables	222 172	222 172
Trade and other receivables from exchange transactions	6 228 461	6 228 461
Other receivables from non-exchange transactions	16 171 863	16 171 863
Cash and cash equivalents	74 211 381	74 211 381
	96 833 877	96 833 877

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	28 898 406	28 898 406
Consumer Deposit	43 418	43 418
	28 941 824	28 941 824

2021

Financial assets

	At amortised cost	Total
Other Receivables	168 791	168 791
Trade and other receivables from exchange transactions	4 342 048	4 342 048
Receivables from non-exchange transactions	29 637 903	29 637 903
Cash and cash equivalents	62 146 503	62 146 503
	96 295 245	96 295 245

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Figures in Rands	2022	2021
37. Financial instruments disclosure (continued)		
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	24 123 364	24 123 364
Consumer deposit	39 297	39 297
	24 162 661	24 162 661

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment

47 125 815	65 168 596
------------	------------

Total capital commitments

47 125 815	65 168 596
------------	------------

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Design & Construction of Kraaipan Internal Access Road

Fencing of cemeteries, supply, delivery and installation of VIP toilets at Tlhaping, Madibogo-pan ward 7, & ward 11

Fencing of cemeteries, supply, delivery and installation of VIP toilets at Logageng, Lohathheng ward 6 & Setlagole

ward 5 Design, supply, delivery and Installation of High mast lights at Thutlwane, Rabatho, Ramabesa, Leporong,

Selossha/Semashu, Ditlounge & Mayaiyane

Design and Installation as Turnkey solution for 10 LED High Mast Lights in various villages in Ratlou LM

Design and Construction of Link Road to N18 in Lokaleng Section - Setlagole Village

Contractor for the upgrading of link road from madibogo-pan to Tlhaping

Appointment for the Contractor for the completion of works at Morokwa Community Hall

Design and Construction of Road Link to Jan Masibi, Tribal Office and Methusele in Disaneng Village phase 02

Supply, Delivery and Installation of 1.8M high concrete palisade fence including 04 VIP toilets at Dingateng Village.

Planning, Design, Documentation and Construction monitoring of Matloding and Logageng sports facility phase 01

Supply, Delivery and Installation of 1.8M high concrete palisade fence including 04 VIP toilets at Kraaipan Village.

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39. Contingencies Liability

Current Year Cases.

Service providers cases

Unfair labour practice. Review application challenging the arbitration award in that they were unlawfully and irregularly awarded employment positions upgrades and salary increases by Mr Sejake. - KELETSO SEDUMEDI AND 34 OTHERS

// RATLOU LOCAL MUNICIPALITY Case no: JR 1421/21. estimated amount R 595 507.72

Failure to pay outstanding invoices for services rendered for building of water reservoir. -SHARON'S MAINTENANCE AND ELECTRICATION// RATLOU LOCAL MUNICIPALITY Case no: 807/18. estimated amount R 222 898.21

Allegation of breach of SLA for verification and valuation of government properties.-BOKONE BOPHIRIMA PROPERTY VALUERS(PTY) LTD // RATLOU LOCAL MUNICIPALITY Case no: 2167/2018. estimated amount R 1 246 152.07

Prior Year Cases

Service providers cases

Colluding to defraud the municipality. Failure to obtain authorisation to conduct calculations for municipal employee. Gross insubordination and dishonesty. Unlawfully assisting employee with incorrect calculation on amounts claimable by employee thereby causing municipality to suffer a loss to amount of R969 827.57

Default judgment was challenged successfully by municipality, summons thereafter was received for outstanding payments for services rendered.-T-SQUAIRE ENGINEERS // RATLOU LOCAL MUNICIPALITY Case no: 04/2017. estimated amount R 289 361.82

Claims that the Municipality failed to pay the outstanding amount for the service rendered by Sharon's maintenance for the water reservoir in Logageng village-SHARON'S MAINTENANCE AND ELECTRICATION// RATLOU LOCAL MUNICIPALITY Case no: 807/18. estimated amount R 2 227 898.21

A service provider sued the Municipality for unpaid invoices and loss of income due to breach of contract.- BOKONE BOPHIRIMA PROPERTY VALUERS(PTY) LTD // RATLOU LOCAL MUNICIPALITY Case no: 2167/2018.estimated amount R 1 246

152.078 Others

Sejake claims unpaid salaries and other employment benefits on basis of his appointment as Senior Manager Planning and Development-SEBATANA CASSIUS SEJAKE // RATLOU LOCAL MUNICIPALITY Case no: UM255/2021.estimated amount R 969 827.57

Cases

Service Provider cases

3 474 050

4 256 372

Others

-

969 828

3 474 050

5 226 200

Contingent assets

This is the rescission of judgement application instituted by the Municipality to rescind the default judgement and stay the execution of the write obtained by the Respondent under case number M255/2021- Matter transferred to normal opposed roll on appeal. PHAMBANE MOKONE INC ATTORNEYS. estimated amopunt R 1 244 406

Contingent Assets Cases

Others

1 244 406

-

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40. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note 28
Members of key management and remuneration	Refer to note 28
Councillors	Refer to note 29
Close family member of key management	There are no transactions between close family members of key management Declaration of interest were circulated and CIPC search was conducted

41. Prior-year adjustments

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

Statement of financial position

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories	9	394 323	-	-	394 323
Other receivables		-	-	168 791	168 791
Receivables from exchange transactions	11	8 539 880	(4 029 041)	(168 791)	4 342 048
Receivables from non-exchange transactions	12	20 894 847	8 743 056	-	29 637 903
VAT Receivables	13	10 169 700	(1 160 352)	-	9 009 348
Cash and cash equivalents		62 146 503	-	-	62 146 503
Investment Property		1 200 000	-	-	1 200 000
Property, Plant & Equipment	4	360 397 094	306 653	-	360 703 747
Intangible Asset		471 514	-	-	471 514
Payables from exchange transactions	6	(19 169 611)	(4 953 753)	-	(24 123 364)
Consumer Deposit		(39 297)	-	-	(39 297)
Employee benefit obligation		(335 559)	-	-	(335 559)
Unspent conditional grants & receipts		(21 943 278)	-	-	(21 943 278)
Employee benefit Obligation		(5 319 015)	-	-	(5 319 015)
Provisions		(1 781 433)	-	-	(1 781 433)
Accumulated Surplus		(415 625 668)	1 093 437	-	(414 532 231)
		-	-	-	-

Statement of financial performance

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41. Prior-year adjustments (continued)

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		252 118	-	-	252 118
Rentnl facilities & equipment	20	1 152 093	(46 263)	-	1 105 830
Agency services		923 067	-	-	923 067
Other income		45 988	-	-	45 988
Interest received (Investment)		2 053 980	-	-	2 053 980
Property Rates		25 996 135	(21 361)	-	25 974 774
Interest on debtors		-	6 906 284	-	6 906 284
Government Grant & Subsidies		180 555 634	-	-	180 555 634
Fines, penalties & forfeits		90 700	-	-	90 700
Employee related costs		(84 209 166)	-	566 531	(83 642 635)
Remuneration of councillors		(11 561 368)	-	-	(11 561 368)
Depreciation & Amortisation	30	(24 625 415)	(268 853)	-	(24 894 268)
Finance costs		(36 621)	-	-	(36 621)
Debt Impairment	33	(354 201)	(33 669 107)	-	(34 023 308)
Contracted Services		(6 513 840)	219	-	(6 513 621)
Loss on disposal of asset & Liabilities		(2 968 116)	336 233	-	(2 631 883)
Fair value adjustmentys		(20 400 000)	-	-	(20 400 000)
General Expenses	34	(43 676 791)	(84 416)	-	(43 761 207)
Actuarial Gains/Losses	8	-	-	(566 531)	(566 531)
Surplus for the year		16 724 197	(26 847 264)	-	(10 123 067)

2021

	As previously reported	Correction of error		Restated
Commitment	64 743 339	425 257	-	65 168 596

2020

		Correction of error		Restated
Interest on debtors	-	11 011 969	-	11 011 969
Property, Plant & Equipment	-	13 094 681	-	13 094 681
	-	24 106 650	-	24 106 650

42. Details of adjustment

Certain comparative figures have been reclassified refer to note 43 - Prior-year adjustments for the detail.

Other Receivables: Reclassification from receivable form exchange transactions to other receivables. R 286 316

Receivables from Exchange transactions: - Interest on debtors that was not calculated by the system in previous years. and reversal of JRN 0154/2022 reclassification correction of staff debtors

Receivables from non-exchange transactions: Interest on debtors that was not calculated by the system in previous years.

VAT Receivables: - VAT: Financials were not matching the General Ledger, financials were adjusted by R1 160 351 to match the Trial Balance.

Retentions:- The 2020/21 was re-assessed and recalculated using all available supporting, it was noted that the prior year balances was understated with an amount o R417 642 due to some retention invoices not being accounted for correctly, which is included under payables balance above of R 4 953 753.

Property Plant and Equipments: Write down of assets that could not be verified and dipsosal of movable asset. Error R 306 653.44

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42.. Details of adjustment (continued)

Trade and other payable: Manual listing was performed based on statements of creditors to correct the age analysis and the system. This was due to the fact, payments made to creditors where done without raising a corresponding invoice/s for the payment. Clearing of suspense account R4 546 485

Rental facilities and equipment:- Rental debtors was incorrectly calculated in the prior year and overstated by R 60 932.

Property Rates: Rebate of a farmer not recognised and property exemptions which were not accounted for. R21 361

Interest received on debtors: Recognition of interest paid late on finance lease which was previously omitted. Correction of error: R 6 906 284.

Depreciations: - Write down of assets that could not be verified and disposal of movable asset. Error R 268 853

Contracted Services: - Due to overstatement of collection services and insurance which were accounted as contracted service.

Loss on disposal of asset & Liabilities: - Write down of assets that could not be verified and disposal of movable asset. Error: R336 233

General expenses: The change is due to cut-off figures, Correct classifications of transactions.

Commitment: Due to projects which were included on the register with negative values/overpaid. R425 257

43.Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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43. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2022	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	28 408 320	-	-	-
Consumer	43 418	-	-	-
At 30 June 2021	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	23 716 096	-	-	-
Consumer deposit	39 257	-	-	-

Credit Risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial instrument	2022	2021
Cash and cash Equivalents	74 211 381	62 146 503
Receivables from exchange transactions	5 980 327	4 971 268
Receivables from non-exchange transactions	13 434 574	4 622 688

Market risk

Ratlou Local Municipality

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43. Risk management (continued)

Interest rate risk

Interest rate risk is define as the risk that the fair value or future cash flows associated with the financial instruments will fluctuate in amount as a result od market interest charge.

Financial assets and liabilities that are sensitive to interest risk are cash and cash equivalent, investments, and loan payables. The municipality will exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rate.

Potential concentration of interest rate risk consists mainly of variable rate deposit investments, long-term receivables, other debtors, bank and cash balances

The municipality diversifies its money market investment operations by only dealing with First National Bank, No investments with a tenure exceeding 12 months are made.

Receivables comprise a widespread customer base. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts becomes in arrears, it is endeavoured to collect such accounts by "demand for payment" "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. At this stage, the municipality only partially implement its credit control policy as there is no hand over of debtors.

Long-term receivables and other debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting where applicable.

The municipality is not exposed to interest rate risk arising from equity investments as the municipality does not trade these investments.

Interest rate risk is define as the risk that the fair value or future cash flows associated with the financial instruments will fluctuate in amount as a result od market interest charge.

44. 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 Municipality's operations are substantially funded by government and at the time conducting the financial statements, the government had not annaounced any intention to cease funding the Municipality.

45. Events after the reporting date

There were no events after reporting date.

46. Unauthorised expenditure

Opening balance as previously reported
Add: Unauthorised expenditure – current

8 421 418 14 913 489
8 659 792 3 507 929

Closing balance

27 081 210 18 421 418

Prior error note that was not disclosed in 2020/21 Annual Financial Statement.

Unauthorised expenditure: Budget overspending – per municipal department:

Finance administration
Budget and Treasury
Planning and Development

- 3 436 885
8 659 792 41 977
- 29 066
8 659 792 3 507 928

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Figures in Rands	2022	2021
47. Fruitless and wasteful expenditure		
Opening balance as previously reported	923 798	897 156
Add: Fruitless and wasteful expenditure identified - current	268 726	36 922
Less: Fruitless and wasteful expenditure identified - prior period error	-	(10 280)
Closing balance	1 192 524	923 798
Fruitless and wasteful expenditure is presented inclusive of VAT		

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47. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
Eskom	No disciplinary actionm has been taken	9 869	23 303
SARS	No disciplinary actionm has been taken	240 511	2 863
AGSA	No disciplinary actionm has been taken	9 242	10 041
Sasfin	No disciplinary actionm has been taken	-	715
Wesbank	No disciplinary actionm has been taken	3 184	-
Other - Various	No disciplinary actionm has been taken	5 920	-
		268 726	36 922

The municipality incurred interest, fines and penalties for late payment of the Eskom, SARS, AGSA, Wesbank and telkom.

48. Irregular expenditure

Opening balance as previously reported	218 742 960	165 294 289
Correction of prior period error	-	(1 103 400)
Opening balance as restated	218 742 960	164 190 889
Add: Irregular Expenditure - current	24 194 842	54 552 071
Closing balance	242 937 802	218 742 960

Irregular expenditure is presented inclusive of VAT

Ratlou Local Municipality

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48. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Contravention of MFM Section 116(3)	Consequence management not followed	1 000 668	857 137
Did not follow Competitive bidding processes	Consequence management not followed	1 067 456	3 085 500
Did not follow MSCMR 12(1)(d)	Consequence management not followed	22 126 718	39 306 228
Payment exceeding contract value	Consequence management not followed	-	11 303 206
		24 194 842	54 552 071

49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 056 315	687
		280
Amount paid - current year	(1 056 315)	(687
		280)
	-	-

Skills Development levy

Opening Balance

Current year Subscriptions/fee	839 372	654 393
Amount paid - current year	(839 372)	(654 393)
	-	-

Audit fees

Opening balance	96 918	2 956 621
Current year subscription /fee	3 123 001	3 381 493
Amount paid- current year	(3 206 139)	(6 241 196)
	13 780	96 918

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Figures in Rands	2022	2021
48. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE and UIF		
Current year subscription / fee	15 283 835	14 740 386
Amount paid - current year	(15 283 835)	(14 740 386)
	<u>-</u>	<u>-</u>
Pension and Medical Aid Deductions		
Current year subscription / fee	17 677 416	13 320 725
Amount paid - current year	(17 677 416)	(13 320 725)
	<u>-</u>	<u>-</u>
VAT		
VAT receivable	<u>7 159 057</u>	<u>9 009 348</u>
<p>VAT output payables and VAT input receivables are shown in note .</p> <p>All VAT returns have been submitted by the due date throughout the year.</p>		
Councillors' arrear consumer accounts		
<p>There was no councillors in arrear on their accounts for more than 90 days . All councillors are in compliance with the code of conduted for 2022 and 2021</p>		
Awards to close family members of persons in service of the state		
<p>The details listed below is disclosed in terms of Regulation 45 of the Municipal Supply Chain Regulation 2005 that determines that the 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 service of the stste or has been in service of the stste in the previous twelve months.</p>		
<p>There were no employees rendered services with the municipality in the current year</p>		
50. Deviation from supply chain management regulations		
<p>Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.</p>		
<p>Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.</p>		
Incident	2022	2021
Emergency	-	152 074
Impractical to follow process	533 005	359 972
Sole supplier	48 941	213 428
	<u>581 946</u>	<u>725 474</u>
51. Segment Information		
General information		

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51. Segment Information (Continued)

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas. 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.

Aggregated segments

The municipality operates in the North-West Province within Ratlou Municipality. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Ratlou Local Municipality were sufficiently similar to warrant aggregation.

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51. Segment Information (continued)

Segment surplus or deficit assets and liabilities

2022

	MUNICIPAL MANAGER	BUDGET AND TREASURY	HR AND CORPORATE	COMMUNITY DEVELOPME N	INFRASTRUC TURE DEVEL	Total
Revenue						
Revenue from exchange transactions	-	-	-	-	4 84 189	484 189
Rental facilities	-	-	-	-	1 510 965	1 510 965
Other income	903	861 158	-	40 957	11 541	914 559
Interest received	-	-	7 379	-	-	7 379
Property rate	-	-	19 333 780	-	7 775 818	27 109 598
Interest revenue	-	9 092 443	-	-	-	9 092 443
Grants	21 279 302	66 752 395	-	28 966 279	30 353 447	147 351 423
Fines	-	-	-	194 500	-	194 500
Total segment revenue	21 280 205	76 705 996	19 341 159	29 201 736	40 135 960	186 665 056
Actuarial gains/loss						896 227
Entity's revenue						187 561 283
Expenditure						
Employee cost	-	45 988 435	-	-	-	45 988 435
Remuneration of Councillors	-	8 043 721	-	-	-	8 043 721
Depreciation	-	23 834 957	-	-	-	23 834 957
General expenditure	-	19 291 334	-	-	-	19 291 334
Total segment expenditure	-	97 158 447	-	-	-	97 158 447
Total segmental surplus/(deficit)						89 506 609
Total revenue reconciling items						896 227

52. Budget differences

Material differences between budget and actual amounts

Ratlou Local Municipality

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51. Budget differences (continued)

It is general practise to deem a 10% deviation on operational revenue and expenditure versus the final budget as material.

A - Service charges: Due to increment on escalation fee in the current year

B - Rental facilities: More hiring of halls and facilities durin gthe yearr

C - Commission from Agency services: Due to other municipalities were off-line as result increase in collection

D - Other Income: Due to increase on sale of tender documents

E - Interest on investment: Due to non spending as result there was more saving in primary bank and investment account

F - Property Rates: Supplementary valuation roll was not approved

G - Interest on debtors: - Due to systemen set up the interest was not charged

H - Government Grants & Subsidies: - Due non spending on other operational grant and no provision mode on roll-over funds

I - Fines, Forfeit and penalties:- Due to increase of traffic officials.

J - Employee related cost: : - Vacancies which were not filled

K - Remuneration of Councillors: Upperlimits were not paid

L - Depreciation:- .Due write off of asset that could not be verified

M - Finance Cost: - Due to late payments

N - Dept impairment: - Due to non payment of customers or servicing their accounts

O - Inventory consumed: - Varience is reasonable

P - Contracted Services:- Due to payment made from genarl expenses intead of contracted services

Q - General expense:- Most items that were budgeted under contracted services were paid under general expenses

VOLUME III: OVERSIGHT REPORT ON THE 2020/21