

# RATLOU LOCAL MUNICIPALITY



2023-2024

# ANNUAL REPORT

## CONTENTS

CONTENTS.....	2
REVISED ANNUAL REPORT TEMPLATE.....	7
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY.....	8
COMPONENT A: MAYOR’S FOREWORD.....	8
COMPONENT B: EXECUTIVE SUMMARY.....	8
1.1. MUNICIPAL MANAGER’S OVERVIEW.....	9
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW.....	10
1.3. SERVICE DELIVERY OVERVIEW.....	15
1.4. FINANCIAL HEALTH OVERVIEW.....	17
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW.....	20
1.6. AUDITOR GENERAL REPORT.....	20
1.7. STATUTORY ANNUAL REPORT PROCESS.....	21
CHAPTER 2 – GOVERNANCE.....	23
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	23
2.1 POLITICAL GOVERNANCE.....	24
2.2 ADMINISTRATIVE GOVERNANCE.....	27
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	27
2.3 INTERGOVERNMENTAL RELATIONS.....	28
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	28
<b>2.4 PUBLIC MEETINGS.....</b>	<b>27</b>
2.5 IDP PARTICIPATION AND ALIGNMENT.....	31
COMPONENT D: CORPORATE GOVERNANCE.....	32
2.6 RISK MANAGEMENT.....	32
2.7 ANTI-CORRUPTION AND FRAUD.....	32
2.8 SUPPLY CHAIN MANAGEMENT.....	33
2.9 BY-LAWS.....	33
2.10 WEBSITES.....	34
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	35

# Contents

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) .....	37
COMPONENT A: BASIC SERVICES .....	37
3.1. WATER PROVISION .....	38
3.2 WASTE WATER (SANITATION) PROVISION .....	41
3.3 ELECTRICITY.....	43
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING).....	48
3.5 HOUSING .....	52
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT .....	53
COMPONENT B: ROAD TRANSPORT .....	57
3.7 ROADS .....	57
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) .....	62
3.9 WASTE WATER (STORMWATER DRAINAGE).....	62
COMPONENT C: PLANNING AND DEVELOPMENT .....	66
3.10 PLANNING.....	67
3.11 LOCAL ECONOMIC DEVELOPMENT(INCLUDING TOURISM AND MARKET PLACES ..	80
COMPONENT D: COMMUNITY & SOCIAL SERVICES.....	75
3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) .....	75
3.13 CEMETORIES AND CREMATORIIUMS.....	80
3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES .....	91
COMPONENT E: ENVIRONMENTAL PROTECTION .....	82
3.15 POLLUTION CONTROL .....	82
3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION) .....	83
COMPONENT F: HEALTH .....	83
3.17 CLINICS .....	83
3.18 AMBULANCE SERVICES .....	83
3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;ETC....	84

COMPONENT G: SECURITY AND SAFETY.....	<b>85</b>
3.20 POLICE.....	85
3.21 FIRE.....	86
3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER).....	86
COMPONENT H: SPORT AND RECREATION.....	<b>87</b>
3.23 SPORT AND RECREATION.....	87
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	<b>88</b>
3.24 EXECUTIVE AND COUNCIL.....	88
3.25 FINANCIAL SERVICES.....	91
3.26 HUMAN RESOURCE SERVICES.....	95
3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	99
3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES.....	102
COMPONENT J: MISCELLANEOUS.....	<b>107</b>
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD.....	106
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	131
(PERFORMANCE REPORT PART II).....	131
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	131
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	131
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	133
4.2 POLICIES.....	134
4.3 INJURIES, SICKNESS AND SUSPENSIONS.....	135
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	138
4.5 SKILLS DEVELOPMENT AND TRAINING.....	139
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	143
4.6 EMPLOYEE EXPENDITURE.....	143
CHAPTER 5 – FINANCIAL PERFORMANCE.....	146
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....	146
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	147

# Contents

5.2 GRANTS .....	152
5.3 ASSET MANAGEMENT .....	154
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS .....	157
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET .....	165
5.5 CAPITAL EXPENDITURE .....	165
5.6 SOURCES OF FINANCE .....	166
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	168
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW .....	169
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS .....	171
5.9 CASH FLOW .....	172
5.10 BORROWING AND INVESTMENTS.....	173
5.11 PUBLIC PRIVATE PARTNERSHIPS .....	176
COMPONENT D: OTHER FINANCIAL MATTERS .....	176
5.12 SUPPLY CHAIN MANAGEMENT .....	176
5.13 GRAP COMPLIANCE .....	176
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS.....	177
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1 .....	177
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year).....	183
COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR) .....	185
6.2 AUDITOR GENERAL REPORT YEAR 0.....	199
GLOSSARY.....	200
APPENDICES .....	202
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE .	202
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES.....	202
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE .....	203
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY .....	204
APPENDIX E – WARD REPORTING.....	205

APPENDIX F – WARD INFORMATION .....	206
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0.....	207
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.....	219
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE .....	220
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS.....	222
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE .....	223
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE.....	223
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE .....	224
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG .....	225
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES ...	226
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME .....	226
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME.....	22917
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0 .....	218
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0 .....	23419
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	23520
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.....	23620
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY.....	23721
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT.....	23822
VOLUME II: ANNUAL FINANCIAL STATEMENTS.....	229
VOLUME III: OVERSIGHT REPORT ON THE 2020/21.....	230

# Contents

## 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

**2023/2024 ANNUAL REPORT: FOREWORD BY THE MAYOR CLLR MATLHOMOLA RONALD JAFTA:**

I on behalf of the Council and Officials of Ratlou Local Municipality hereby present the Annual Report for the financial year 2023/2024. This report entails the performance of our municipality on the targets we set for ourselves for the financial year under review. The aim of the report is to provide an insight to our strategic stakeholders and communities of Ratlou respectively.

Guided by Sec 152 of chapter 7 of the Constitution of the Republic of South Africa and our strategic document termed the IDP, our mandate is quite clear that we ensure the provision of service delivery to our communities in a sustainable manner. What is of importance in this regard is that, as municipality must strive within our financial and administrative capacity, to achieve the objectives we set for ourselves. Further the law mandates us to structure and manage our administration, budgeting and planning processes to give priority to the social and economic development of our communities.

Both council and administration have the responsibility to strengthen service delivery mandate to our communities and once that goal is fulfilled, that fundamental mirror will be the true reflection of our achievement. This Annual Report serves as a reminder of our vision and mission statement, it is indeed an essential mirror which truly reflects on whether we achieved or failed to achieve our predetermined strategic objectives. It reflects on our successes and shortcomings during the course of the financial year in relation to our constitutional mandate that is; Building a municipality that is efficient, effective and responsive, and strengthening accountability, promoting social economic development and acceleration of service delivery.

As council and administration of Ratlou, We noted the Auditor General's report and acknowledged our shortcomings most of which are as a result of not giving much attention to correct our previous Audit findings as reflected in our Audit Action Plan and further we were punitively punished for our failure to do proper record keeping. We need to pay more attention to how we manage our Annual financial statements and avert material findings in as far as Unauthorised and fruitless and wasteful expenditure is concerned.

As the Mayor of this Municipality I acknowledge the fact that there is still a room for improvement and I also agree with the AG that, financial statements, performance and annual report should be prepared in all material respects in accordance with the legislative requirements if we want to improve on our audit outcomes. Yes there are pitfalls along every route but I am at the same time hopeful that we learned our lesson and will have to start working smarter for better results, come the next audit period.

**"Lets` together grow Ratlou Local Municipality".**



**THE MAYOR: RATLOU LOCAL MUNICIPALITY  
COUNCILLOR MATLHOMOLA RONALD JAFTA  
10 JANAUARY 2025**

## COMPONENT B: EXECUTIVE SUMMARY

### 1.1. MUNICIPAL MANAGER'S OVERVIEW

#### MUNICIPAL MANAGER'S OVERVIEW

This overview is grounded on Section 153 of the Constitution of the Republic of South Africa Act No. 108 of 1996 which explicate duties of municipalities being to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community. And to promote the social and economic development of the community including participating in national and provincial development programmes.

The municipality has ensured that projects are approved by Council and registered within the specified legislated timeframes to improve and expedite service delivery. This projects are informed by the IDP which is the contract entered between the municipal council and the community. The administration wing is committed in ensuring that Council priorities are accelerated.

Municipal service delivery is among others governed by the Integrated Development Plan, Performance Management System, intergovernmental relations, budget, policies and procedures. The municipality has since solicited intergovernmental assistance from COGTA, MISA, Provincial Treasury and National Treasury which led to the successful implementation of all planned MIG projects. This performance has the potential of attracting more funding that will assist the municipality on service delivery and for the institution to migrate from cost reimbursement status.

Post Audit Action Plan has been developed and management has committed to ensure that corrective measures shall be applied and monitored fortnightly to circumvent repeated findings and ensure that better audit opinion is obtained. Internal control measures put in place by all directorates would ensure that the disclaimer audit opinion received is converted.

Performance management system has been established to assist on setting up appropriate key performance indicators and measurable performance targets with regard to each of the development priorities and objectives. Furthermore progress against the key performance indicators is evaluated and review is done to improve performance with regard to those development priorities and objectives that were not met.

The municipality has drilled extra bore holes on different municipal facilities with the funding received from COGTA and is committed to using water sparingly. Staff establishment has been reviewed together with several policies in line with local government staff regulations. Physical attendance of conferences and meetings has deteriorated and replaced by virtual attendance.



**MR LLOYD LEOKO**  
**MUNICIPAL MANAGER**

## 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 27 elected Councillors. The Mayor is the chairperson of the Executive Committee which is comprised of Executive 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 km<sup>2</sup>, 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 125 763 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.

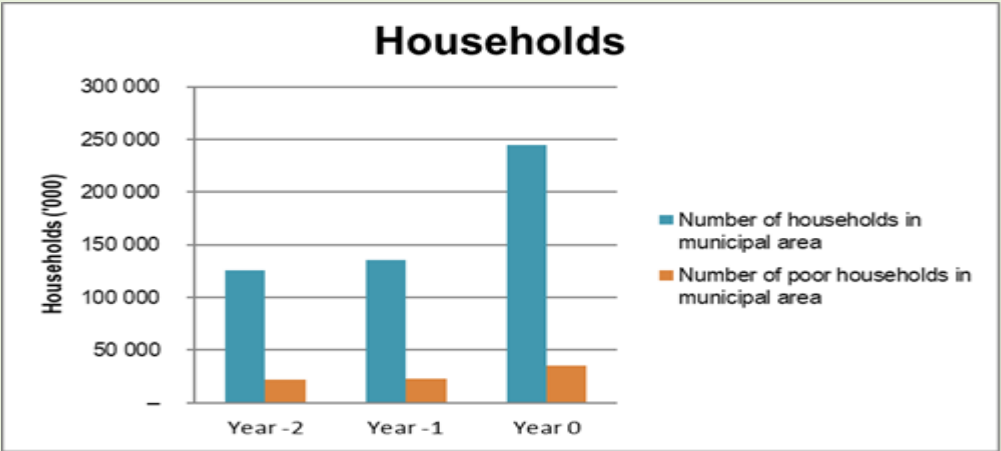
The municipality is accessible from all points of the country through national roads, and from the north of the continent through the Makgobistat and Tshidilamolomo border post.

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 has housed our traffic department and South African Social Security Agency, Independent Electoral Commission and they are also regarded as a source of income through rentals payments as well as payments on renewal of license disc of vehicles from all corners of municipality and adjacent Municipalities e.g Naledi, Mahikeng and Tswaing Locals. Furthermore, the municipality has been granted a Licence of Drivers Licence testing center which will also add to existing revenue source through renewal of driver's licences.

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 Details									
Age	Population '000								
	Year-2021-2022			Year-2022-2023			Year-2023-2024		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Age: 0 - 4	6 690	6 821	13 511	6 690	6 821	13 511	7 664	8 553	16 217
Age: 5 - 9	7 659	7 665	15 324	7 659	7 665	15 324	7 389	7 060	14 449
Age: 10 - 19	13 510	14 007	27 517	13 510	14 007	27 517	13 528	14 016	27 544
Age: 20 - 29	7 408	5 874	13 282	7 408	5 874	13 282	10 010	10 204	20 214
Age: 30 - 39	7 837	6 289	14 126	7 837	6 289	14 126	7 894	7 293	15 187
Age: 40 - 49	5 601	4 263	9 864	5 601	4 263	9 864	6 087	5 277	11 364
Age: 50 - 59	5 024	3 727	8751	5 024	3 727	8751	2 527	3 971	6 498
Age: 60 - 69	5 150	4 126	9726	5 150	4 126	9726	4 740	3 755	8 495
Age: 70+	3 563	2 613	6 176	3 563	2 613	6 176	3 560	2 235	5 795
<p>Source: Global Insight Regional Explorer <span style="float: right;">T 1.2.2</span></p>									

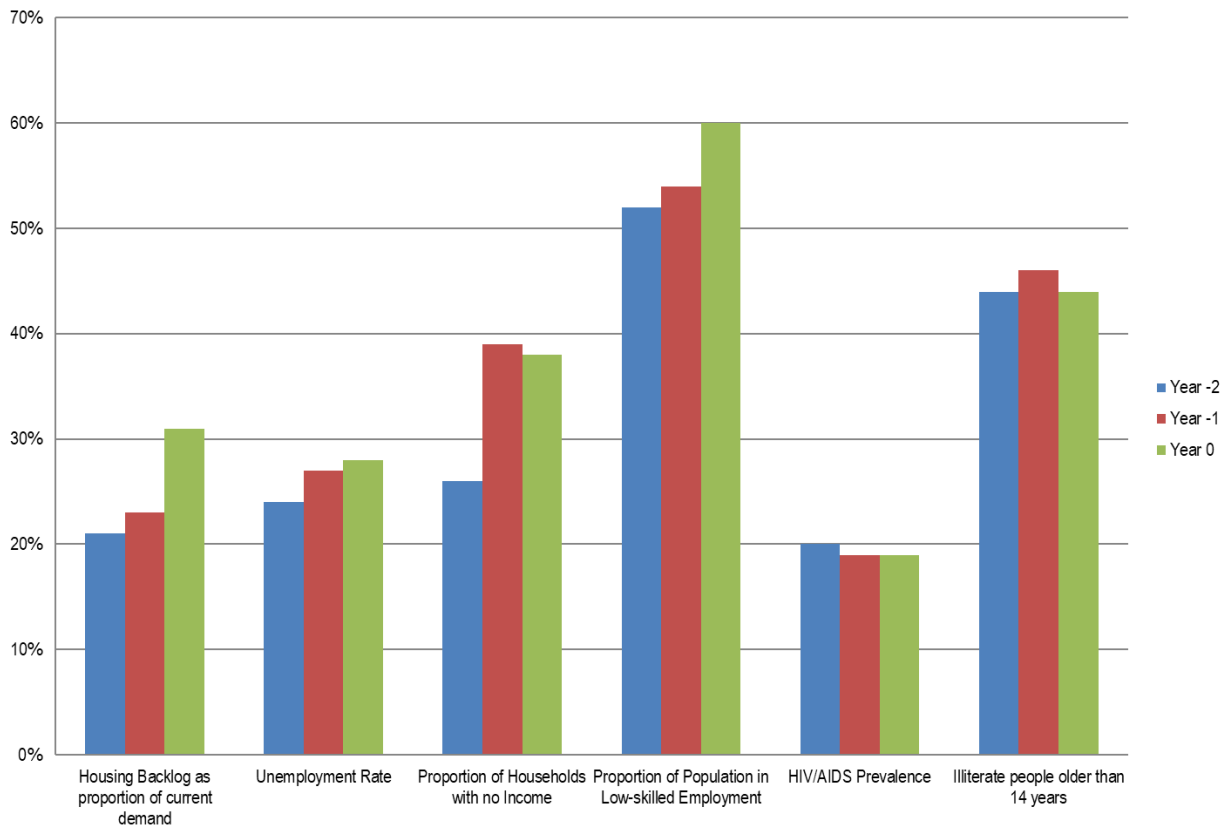


T1.2.3

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	23%	27%	39%	54%	19%	46%
Year -1	31%	28%	38%	60%	19%	44%
Year 0	0%	43.9%	72%	24%	12.58%	28.9%

T 1.2.4

### Socio Economic Status



T 1.2.5

<b>Overview of Neighbourhoods within 'Ratlou Local Municipality'</b>		
<b>Settlement Type</b>	<b>Households</b>	<b>Population</b>
Towns	0	0
Sub-Total		
Townships	0	0
Sub-Total		
Rural settlements	0	0
Sub-Total		
Informal settlements	31 273	128 766
Sub-Total	31 273	128 766
Total		
<i>T 1.2.6</i>		

<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
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 km<sup>2</sup>, 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 125 763 people residing in Ratlou local Municipality. Ratlou does not have large economic centers within its jurisdiction. Most government services are conducted from various centers located mainly in both Setlagole and Tshidilamolomo that are located in north and southern parts of the municipality. 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 contributing towards revenue collection through rental payments and traffic department through renewals of vehicles license discs and this unit has recently been granted a license to operate as drivers license testing center, this initiative is seen as a high revenue aspect as it is not a shared function with the Province and all the revenue collected will be only for the Municipality. The Thusong Service Center is currently housing the following departments which helps to generate Municipal revenue through rentals SASSA, Independent Electoral Commission and Transport and Community Safety

*T 1.2.8*

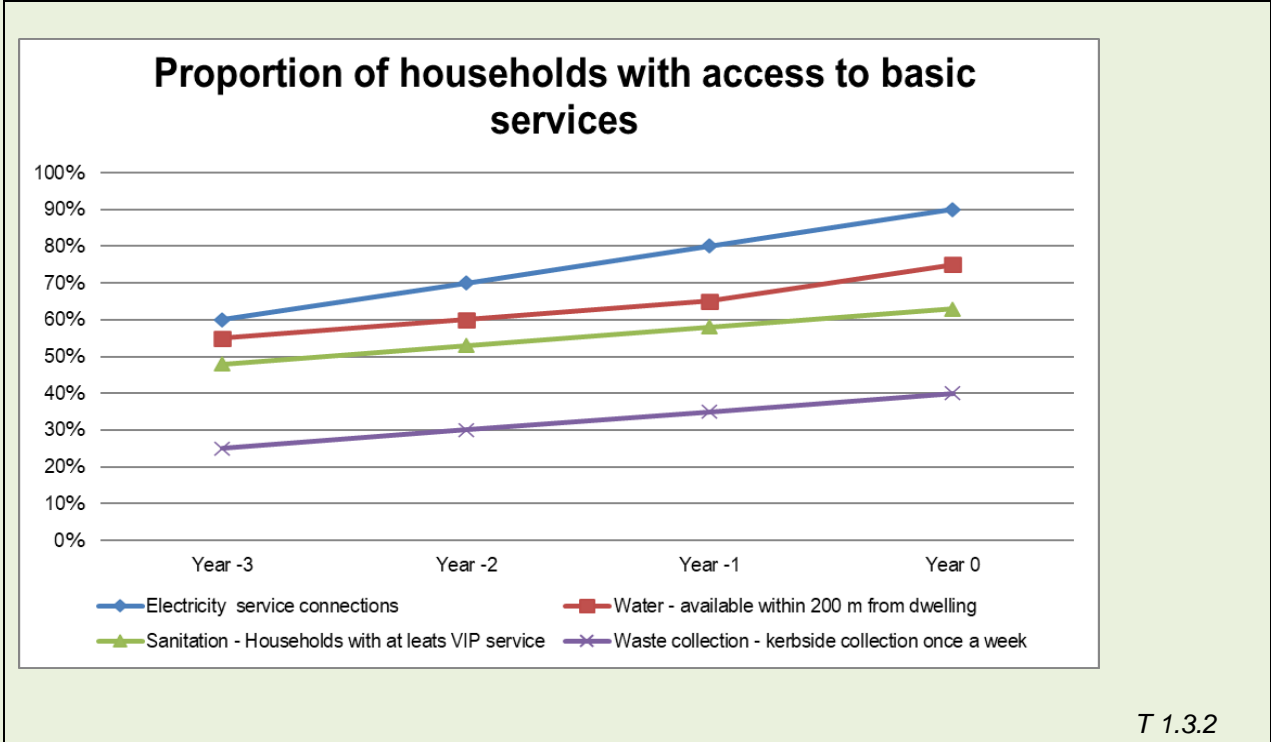
### **1.3. SERVICE DELIVERY OVERVIEW**

#### **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 Municipality was at the beginning of this financial year struggling with the implementation of planned projects and thus resulted in the MIG under spending. Through the intervention of MSA, National Treasury and COGTA, the Municipality has since been placed under cost reimbursement in line with MFMA that requires an accurate recovery plan. This has seriously yielded positive results for the Municipality as currently all the Projects earmarked for 2023/2024 were unblocked and the spending of Municipal Infrastructure Grant has been utilized to its Maximum

*T 1.3.1*



**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, this arrangement excludes the free basic electricit.*

T 1.3.3

#### 1.4. FINANCIAL HEALTH OVERVIEW

##### FINANCIAL OVERVIEW

Ratlou Local Municipality is in good state of affairs standing at the positive line, this confirms that the Municipalities budget is funded and can allow operating in a period of three months should there be any funding challenges. It can be confirmed that during the financial year in question the Municipality has managed to pay salaries to both Councillors and Employees without fail. All the creditors were also timeously paid within the specified time as per the submitted invoices, the Eskom debt is under control as there are no outstanding payments that are showing the negative outlook on the debt age analysis. Further to indicate is that the Municipality has successfully spend it Municipal Infrastructure Grant as required and this add a bonus to the possibilities of receiving the additional funding, therefore over performance on implementation of planned projects will also improve the trust relationship between the Municipality and the Communities it is servicing.

T 1.4.1

Financial Overview: Year 22023/024			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	166 471	165 730	216 841
Taxes, Levies and tariffs	30 768	33 297	33 368
Other	12 992	18 379	31 623
Sub Total	210 230	217 407	281 831
Less: Expenditure	(236 679)	(248 665)	(253 548)
Net Total*	(26 449)	(31 258)	28 385
* Note: surplus/(defecit)			T 1.4.2

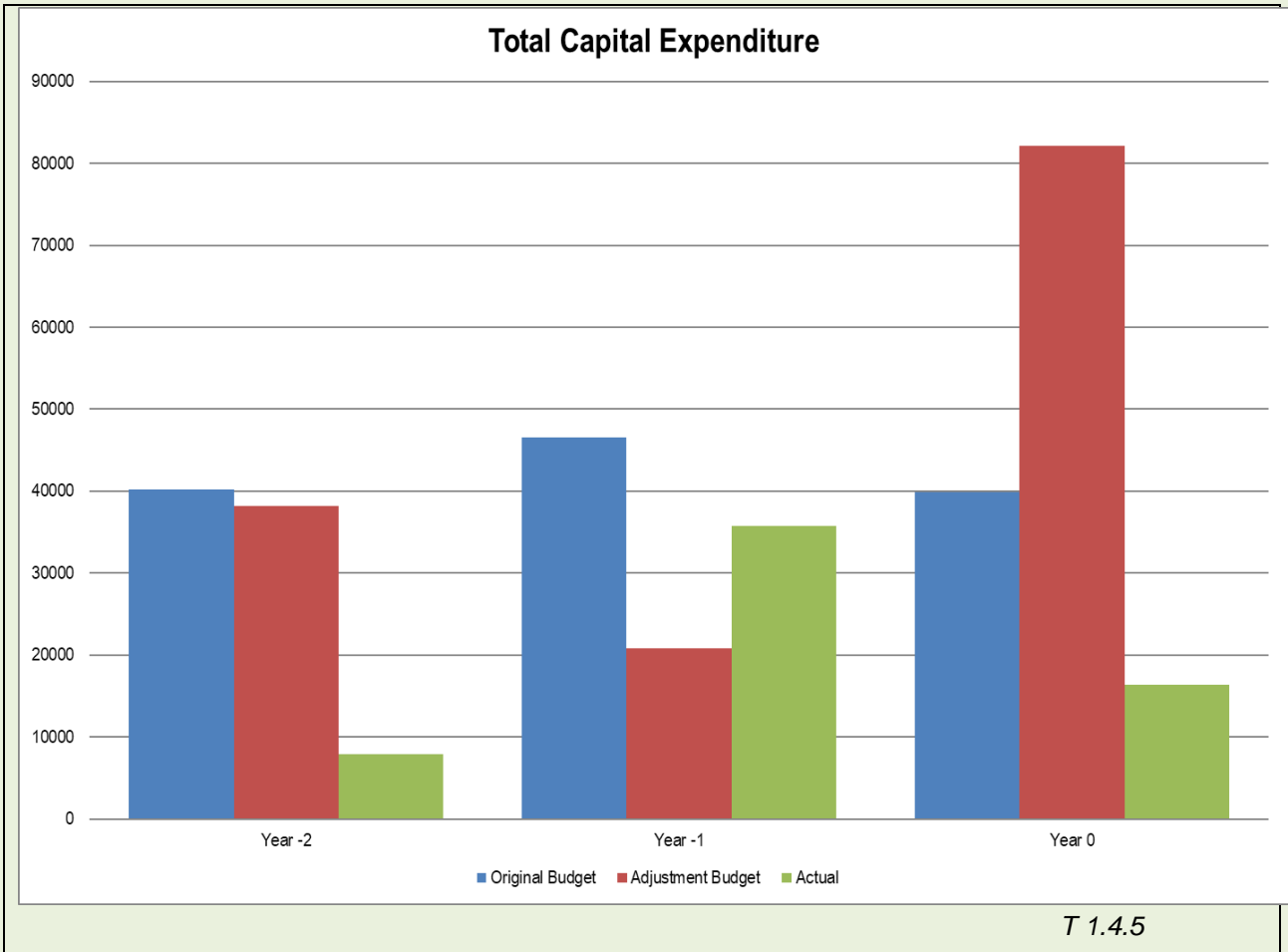
Operating Ratios	
Detail	%
Employee Cost	42
Repairs & Maintenance	2
Finance Charges & Impairment	18
T 1.4.3	

**COMMENT ON OPERATING RATIOS:**

The Municipality is standing at a positive balance and thus allows the situation of running for the period of three months should there be a financial distress in terms of receiving the equitable share from both National and Provincial Treasury in terms paying salaries as well as creditors .The Municipality is ensuring that all financial transactions are GRAP compliant at all times.

T 1.4.3

<b>Total Capital Expenditure: Year -2 to Year 0</b>				<b>R'000</b>
<b>Detail</b>	<b>Year 2022</b>	<b>Year 2023</b>	<b>Year 2024</b>	
Original Budget	46 534	39 837	49 593	
Adjustment Budget	20 807	8 208	64 194	
Actual	35 713	16 333	60 995	
				T 1.4.4



**COMMENT ON CAPITAL EXPENDITURE:**

The Municipality has during this financial year Auctioned all assets that has exceeded their life cycle and this includes the vehicles through the Auctioneer. Thus led to a situation that allowed the Municipality purchase the new vehicles for both the Mayor and Speaker as well the entire Municipal Fleet through the transversal tender system. This has allowed the process of procuring these assets through negotiated contracts at cheaper rates that maintains the threshold on value for money.

*T 1.4.5.1*

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality has since after the position of the Municipal Manager became vacant embarked in a process of filling this vacancy through the normal recruitment process, this was done whilst the resolution was taken by Council to source an official from the Provincial Office of the premier whom amongst his terms of reference was to ensure that all Senior Management position must be filled during his tenure, especially that of Municipal Manager. The Municipality had ensured that it complies with the regulation on appointment of Senior Managers through the support of COGTA on high level review. The post of Municipal Manager was successfully filled through the process that took place between July to September 2023 and thus led to a situation wherein the Municipal Manager position became filled effective from 01 October 2023. Upon his arrival the Council mandated him to also ensure that all the Senior Managers vacant positions are filled within a six months period of his assumption of duty. It can be confirmed that indeed on the 01<sup>st</sup> April 2024 the following positions were filled : Senior Manager: Corporate Services, Technical Service and Corporate Services. It is however unfortunate to report that the post of a Senior Manager Corporate Services subsequently became vacant before the close of the financial following the Municipality becoming aware that the incumbent displayed a double dipping conduct on failure to resign from the previous employer. The matter was presented to Council and also reported to the South African Police Services as required by MFMA and the employment contract has since been terminated. The Management can confirm that the appointment of these officials has brought about a significant difference as well as the stability within the institution.

*T 1.5.1*

## 1.6. AUDITOR GENERAL REPORT

### AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

The Municipality has following the Audit that was conducted and ended by 30 November 2024 received another disclaimer Audit Outcome. This report was tabled to the Mayor and his executive including the Management and it has been accepted with high level of commitment towards improving in all the findings as presented through a proper compiled Post Audit Action Plan that will be monitored on weekly Management Audit steering Committee.

*T 1.6.1*

## 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 incorporating the Auditor – General of South Africa’s review comments while dealing with performance compliance issues. During this financial year the Municipality has maximized the utilization of the Audit Committee and the Internal Audit reviews and interventions to ensure that performance Information is packaged with Portfolio of evidence to ensure is easily verifiable. The vacancies that the Municipality is currently faced with is on Town Planning and Development , Senior Manager Corporate Services, however the Council has appointed an officials within the Municipality to in the interim Act on those positions and the processes of filling the vacancy are unfolding. The Chief Financial Officer is currently on suspension on alleged financial misconduct and the Council has appointed an official within Budget and Treasury Office to Act as a Chief Financial Officer whilst the case is still underway.

*T 1.7.1.1*

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

The current Council has since been incepted in the office from November 2021, a lot of improvement in terms political stability has been seriously realized. There is a sound working relations on political and Administration spheres. This included the reviewing of the Human Resource Management policies and Local Economic Development strategies with the involvement of Councilors. The municipality oversight committees were established through a democratic process of voting in the council and they are all functional, however the functionality of MPAC seemed to be a challenge in some instances especially in the area of doing Oversight related activities. This is supported by a continuous failure to investigate the Unauthorized Irregular, Fruitless, Wasteful expenditures incurred by the municipality over the years. The scheduled council sittings are regularly convened as planned and this includes special sittings as they arise, executive and portfolio committees. The functionality of Ward Committees is also noticed through the 14 Wards. However, there are still some wards which are not consistently functional especially the regular holding community meetings and the signing off of minutes. During the inception of the new Council there were some strides made to engage all traditional leaders residing within Ratlou Local Municipality, This was done in anticipation to forge continuous partnership in the interest of service delivery more so the Ratlou Local Municipality being predominantly rural.

*T 2.0.1*

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO GOVERNANCE

The Municipality had ensured that it complies with the regulation on appointment of Senior Managers through the support of COGTA on high level review. The post of Municipal Manager was successfully filled through the process that took place between July to September 2022 and thus led to a situation wherein the Municipal Manager position became filled effective from 01 October 2024. Upon his arrival the Council mandated him to also ensure that all the Senior Managers vacant positions are filled within a six months period of his assumption of duty. It can be confirmed that indeed on the 01<sup>st</sup> April 2024 the following positions were filled: Senior Manager: Corporate Services, Technical Service and Corporate Services. It is however unfortunate to report that the post of a Senior Manager Corporate Services subsequently became vacant before the close of the financial following the Municipality becoming aware that the incumbent displayed a double dipping conduct on failure to resign from the previous employer whilst has assumed his with the Municipality. The matter was presented to Council and also reported to the South African Police Services as required by MFMA and the employment contract has since been terminated.

The Management can confirm that the appointment of these officials has brought about a significant difference as well as the stability within the institution.

*T 2.1.0*

## 2.1 POLITICAL GOVERNANCE

### INTRODUCTION TO POLITICAL GOVERNANCE

Ratlou Local Municipality Council is a collective decision making and is comprised more than one political party such ANC, EFF, FORUM FOR SERVICE DELIVERY, DEMOCRIC ALLIANCE and UCDP, and it does not have a council whip. There is a close sound working relations among members of these parties although ANC has a majority members out of a total of 27 Councillors. There is an improvement of service delivery on implementation of projects by administration due to an improved capacity within the Municipality. Thus, has led to an improved spending of Municipal Infrastructure Grant as allocated to the Municipality some budget which had been previously forfeited.

T 2.1.0

<i>Photos</i>	<b>POLITICAL STRUCTURE</b>	Function
	<b>MAYOR</b> Cllr Matlhomola Jafta	- Chairperson of EXCO
	<b>DEPUTY MAYOR</b> (Not Applicable for this Municipality)	
	<b>SPEAKER</b> Cllr Gloria Leepo	- Council Presiding Officer
	<b>CHIEF WHIP</b> (Not Applicable to this Municipality)	
<i>Photos (optional)</i>	<b>MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE</b>	
	Cllr Conie Sebolai/ Thabang Mothibedi	- Chairpersons BTO/ Corporate Services
	Cllr Pontsho Mafethe	- Chairperson Community Services & LED
	Cllr Douglas Gaasenwe / Thabo Motlapele	- Chairperson Infrastructure & Basic Services
	Cllr Stephen Motome	- Chairperson Planning & Development

T 2.1.1

## COUNCILLORS

<b>Councillors, Committees Allocated and Council Attendance</b>					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Cllr Matlhomola Jafta	FT	Mayor: Chairperson EXCO	W	100	0
Cllr Gloria Leepo	FT	Speaker	PR	94	06
Cllr Stephen Motome	FT	Town Planning & Development (EXCO)	PR	64	36
Cllr Thabo Motlapele	FT	Infrastructure & development EXCO	PR	100	0
Cllr Pontsho Mafethe	FT	Community Services (EXCO)	PR	64	36
Cllr Thabang Mothibedi	FT	Corporate Services & Finance EXCO	W	100	0
Cllr Godsend Mokgope	PT	MPAC (Chairperson)	PR	76	24
Cllr Kerotse Sechele	PT	MPAC (Member)	PR	82	18
Cllr Nxamo Radebe	PT	MPAC (Member)	PR	94	6
Cllr Magret Dala	PT	MPAC (Member)	PR	94	6
Cllr G Mogapi	PT	MPAC (Member)	PR	82	18
Cllr Pule Shawe	PT	MPAC (Member)	W	71	29
Cllr Anna Masilo	PT	MPAC (Member)	PR	94	6
Cllr David Seitshiro	PT	Community Services	W	94	6
Cllr Priscilla Letebele	PT	Community Services	PR	100	0
Cllr Baile Mosepele	PT	Community Services	W	88	12
Cllr Nhaniha Soka	PT	Community Services	W	100	0
Cllr Rapita Tshabang	PT	Community Services	w	100	0
Cllr Abel Pheho	PT	Community Services	W	100	0
Cllr Daniel Sejamoholo	PT	Finance & Corporate Services	PR	76	24
Cllr Minah Bhyan	PT	Finance & Corporate Services	PR	88	12
Cllr Dinkwetse Sebolai	PT	Finance & Corporate Services(EXCO)	W	100	0
Cllr Douglas Gaasenwe	PT	Infrastructure & development (EXCO)	W	100	0
Cllr Mhletjwa Nqume	PT	Infrastructure & development	W	100	0
Cllr Valencia Jantjies	PT	Infrastructure & development	W	100	0
Cllr Tshepiso Dipheko	PT	Infrastructure & development	W	100	0
Cllr Motlathuuso Tladi	PT	Community Services	PR	82	18

Note: \* Councillors appointed on a proportional basis do not have wards allocated to them

T A

T 2.1.2

<i>Photo</i>	<b>TOP ADMINISTRATIVE STRUCTURE</b>	<b>Function</b>
	<b>TIER 1</b>	
	<b>Municipal Manager /Acting Municipal Manager</b> Dr A.J Mothupi and Lloyd Leoko	
	- <b>Provide a strategic Leadership in Management of Municipal Administrative functions</b>	
<i>Directors</i>	<b>Senior Manager/Acting : title Planning and Development</b>	
<i>Optional</i>	Sebatana Sejake)/Job Matlhoko/ M Lekalake	
	- <b>Provide strategic Leadership in Town Planning and Spatial Development services</b>	
	<b>Senior Manager/Acting: title Infrastructure and Basic Services</b> (Mr M Shomolekae/ K Mpa,/ Mapomane and Ms K Phiritshwane )	
	- <b>Provide strategic Leadership in Basic Services and Maintenance of Infrastructure</b>	
	<b>Senior Manager/Acting: Corporate Services</b> (Mr Lesley Muji/ Dr Masukela/ Aubrey Ntshekang)	
	- <b>Provide strategic Leadership in Human Capital and Council Support</b>	
	<b>EXECUTIVE DIRECTOR: title Chief Financial Officer</b> (Mr Tumelo Letlojane/ Collen Tjale/ Onalenna Malema)	
	- <b>Provide a high-level support on Financial Management</b>	
		T 2.2.2

<b>POLITICAL DECISION-TAKING</b>
<p>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.</p>
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 gets submitted to Council for consideration. 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. However during this financial year, nothing was done as there were no investigations conducted and therefore no consequence management was implemented except for obvious cases that needed not to be investigated before corrective action could be taken

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, Corporative 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 & Budget and Job Evaluation Implementation as well political related programs

*T 2.3.4*

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

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

The Municipality aligns itself with the implementation of Batho Pele and all related programs and this mainly realized during IDP/PMS and Budget consultation before approval of those documents. The Municipality consult with communities through the Ward system that has been established led by Councillors and their concerns are recorded to ensure that they are being attended to within the reasonable time. The system responds to 14 Wards with 14 Councillors responsible for each Ward and they are held accountable to ensure that all community concerns are addressed through the office of the Speaker

*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/PMS and Budget as well as publishing of recruitment and Tender documents adverts as well as 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 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 these 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 Committees, these committees serve 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 Sitzings. The Community concerns as received are processed through the office of the Speaker to Council. These structures hold their ward meetings on a monthly and quarterly basis. Their reports are submitted to council for consideration through various Ward Managers

*T 2.4.2*



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
<b>IDP Participation and Alignment Criteria*</b>	<b>Yes/No</b>

## 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. Ratlou Local Municipality aligns its self with the implementation of the new Staff Regulation that became a Gazette in September 2021 for implementation with effect from 01 July 2022 and 01 July 2023 respectively. As at 30 June 2024 the Municipality was still in consultation with the relevant stakeholders including Councilors on Human Resource Policies and it is anticipated that the process will be finalized before the end of the first quarter

*T 2.6.0*

### 2.6 RISK MANAGEMENT

#### RISK MANAGEMENT

The Municipality has through the intervention of the Audit Committee resolved to appoint the Risk Management Committee and the establishment of the interim Risk Management Unit within the Municipality. The committee is functional although there are still some administrative glitches which hampers the kick starting of the implementation of compliance within the Municipality, it is however important to report that the municipality has adopted its legislative documents and currently awaiting the Provincial office of the Premier to assist with capacity building and the outcome of Risk Assessment maturity to be presented to the Audit and Risk Management Committee.

*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 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. The appointment of Risk Committee came out handy as it has also incorporated the Anti-Corruption and Fraud prevention legislation which also have been adopted by Council.

*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	N/A	The Website is under construction development and therefore most of the statutory documents could not be uploaded
All current budget-related policies	N/A	
The previous annual report (Year -1)	N/A	
The annual report (Year 0) to be published	N/A	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	N/A	
All service delivery agreements (Year 0)	N/A	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	N/A	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 0	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	N/A	
T 2.10.1		

### COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Municipal Website is under construction therefore the publishing of documents has since been put on hold, by the IT manager within the unit, therefore publishing of documents will be updated as soon as the new website project construction is completed..

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 Manual 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. It is important to indicate that the Municipality has recently reviewed and approved the Complain handling system which will assist the municipality to expedite the manner within which it has been dealing public complaints. It expected that with the support that has been pledged by the Provincial COGTA to implement ROCC programmer across the municipalities, the Municipality will start to been seen recording a commendable progress in the beginning of a new financial year.

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 (%)*
<b>Overall satisfaction with:</b>	N/A	N/A	N/A	N/A
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
<b>Satisfaction with:</b>	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 does not have a formal system for complaint handling; however complaints are handled by using the Manual 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. It is important to indicate that the Municipality has recently reviewed and approved the Complain handling system which will assist the municipality to expedite the manner within which it has been dealing public complaints. It expected that with the support that has been pledged by the Provincial COGTA to implement ROCC programmer across the municipalities, the Municipality will start to been seen recording a commendable progress in the beginning of a new financial year.

*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 the previous financial year the Municipality was struggling to implement the targeted projects in line with the SDBIP as approved by Council due to lack of internal capacity. To remedy the situation the intervention of National Treasury has since been sought and the projects were registered, through the assistance of MISA. We can proudly confirm that the all the planned projects for 2023-2024 were successfully implemented and the MIG spending has improved.

*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 and the collections had exceeded the planned target.

*T 3.1.0*

### 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 and 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	0	0	0	0	0
Year 0	0	0	0	0	0

*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)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<p><i>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.</i></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
<b>Total Operational Revenue</b>	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
<b>Total Operational Expenditure</b>	0.00	0.00	0.00	0.00	0.00
<b>Net Operational Expenditure</b>	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**

# Chapter 3

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>						
T 3.1.9						
<b>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</b>						

## 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, Magalies Water, Department of Water and Sanitation have come-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 is that the Municipality has made has installed a stand water pipe out the yard which Services the community residing within the close proximity of the precinct

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	
<b>Total Operational Revenue</b>	460	0	0	0	0	
Expenditure:					0	
Employees	460	0	0	0	0	
Repairs and Maintenance	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total Operational Expenditure</b>	460	0	0	0	0	
<b>Net Operational Expenditure</b>	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 3.2.8

**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**

# Chapter 3

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><b>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</b></p>					
<b>COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:</b>					
<p><i>The Municipality did not have any sanitation project provisioned for the current financial year</i></p>					
T 3.2.10					

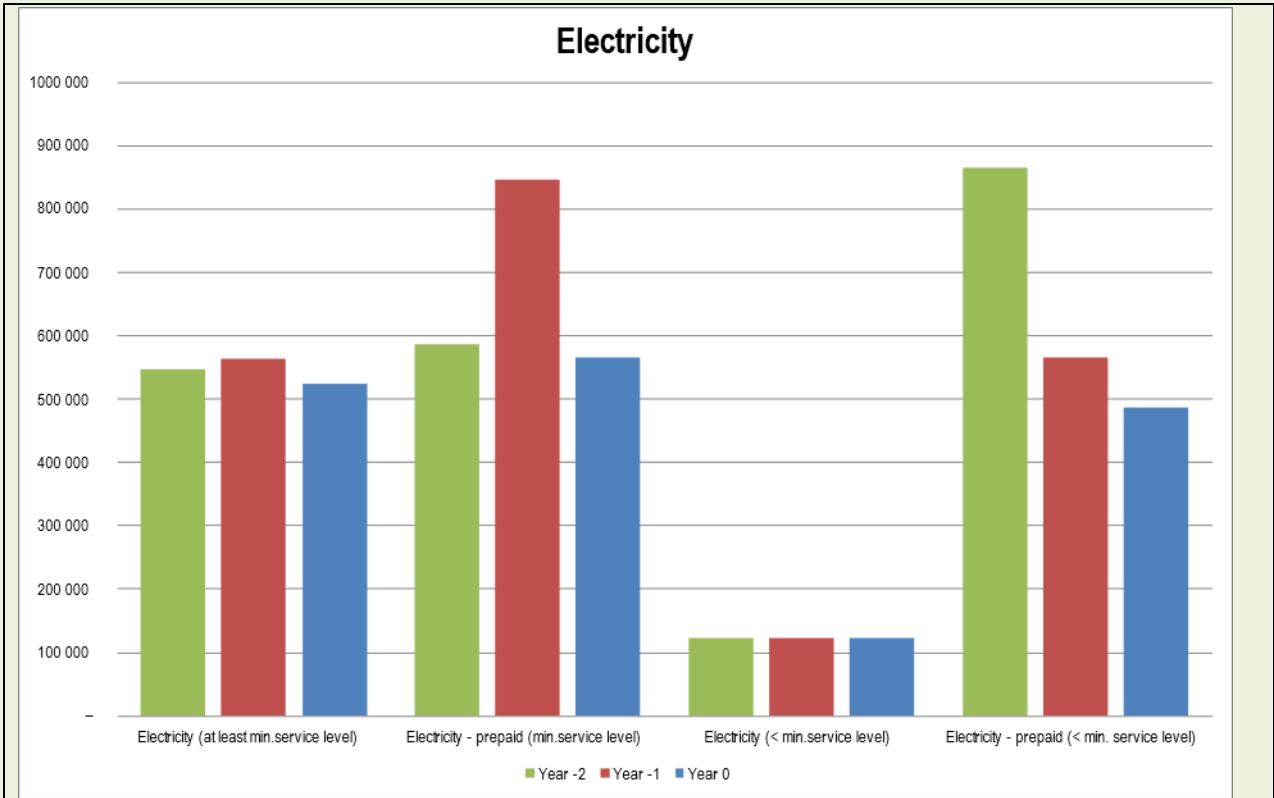
## 3.3 ELECTRICITY

### 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. Comparably speaking there is an improvement in terms of tokens collections by beneficiaries and this evidenced by the total number of annual collections for the period under review, the Municipality facilitates the provision of electricity connections and provision with ESKOM.

T 3.3.1



T 3.3.2

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)	
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>										
<b>Facilitate the Provision of Electricity</b>	7 865 collections per individual household over the quarter	7 865 collections per individual household over the quarter	7 500 Free Basic Electricity collections per individual household	Number of Indigent Household (HH) receiving Free Basic Electricity	8670 HH	8 531 Indigents Household receiving FBE by 30 June 2024	<b>Achieved</b>  <b>8 570</b>  Indigents Household have received Free Basic Electricity	20 893	22 657	22 657
<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>										
<p><b>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.</b></p>										

T 3.3.5

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	0	0	0	01
7 - 9	0	03	03	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	03	03	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				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	3 99	432	432	432	0%	
Expenditure:						
Employees	399	432	432	432	0%	
Repairs and Maintenance	0	0	0	0		
Other	0	0	0	0		
<b>Total Operational Expenditure</b>	399	432	432	432	0%	
<b>Net Operational Expenditure</b>	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**

# Chapter 3

Capital Expenditure Year 0: Electricity 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	
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

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 Landfill site, 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. The Municipality has applied for a funding which will allow the procurement of specialized Waste Truck and thus has since been approved and currently the process is at an appraisal stage. The Municipality is also amongst those that the Department has resolved to assist them with the compilation IWMP and once this process is completed it will allow the commencement of construction of Makgobistad Transfer station, this will benefit the Communities residing around as the process of Waste selection will start and therefore the financial benefit will be realized.

T 3.4.1

<b>Solid Waste Service Delivery Levels</b>				
<b>Description</b>	<b>Households</b>			
	<b>Year -3</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>
	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>	<b>Actual No.</b>
<b><u>Solid Waste Removal: (Minimum level)</u></b>				
Removed at least once a week				
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-
<i>Minimum Service Level and Above percentage</i>	-	-	-	-
<b><u>Solid Waste Removal: (Below minimum level)</u></b>	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
<b>Total number of households</b>	100.0%	100.	100.	100.

T 3.4.2

# Chapter 3

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
No.	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
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
<b>Informal Settlements</b>						
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  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)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
	To ensure proper waste management across Ratlou Local mUNCIPALITY	4 Waste Removal Reports noted by Council	Number of Strategic Points waste removal reports noted by Council	New	4 Strategic Waste Removal Points Reports on Waste Removal noted by Council by 30 June 2024	Achieved  4 Strategic points waste removal report noted by Council	Licensing of Makgobistad transfer station	License obtained for Thutlwane Landfill site	20years
<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	03	02	01	33.33
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
<b>Total</b>	<b>3</b>	<b>03</b>	<b>02</b>	<b>01</b>	<b>33.33</b>

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
<b>Total Operational Revenue</b>	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
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	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**

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**

<b>COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:</b>
<p>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 Landfill site, 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. The Municipality has applied for a funding which will allow the procurement of specialized Waste Truck and thus has since been approved and currently the process is at an appraisal stage. The Municipality is also amongst those that the Department has resolved to assist them with the compilation IWMP and once this process is completed it will allow the commencement of construction of Makgobistad Transfer station, this will benefit the Communities residing around as the process of Waste selection will start and therefore the financial benefit will be realized.</p>
T 3.4.10

### 3.5 HOUSING

<b>INTRODUCTION TO HOUSING</b>
<p>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 &amp; Human Settlement is playing pivotal role in the provisioning of Low Cost Housing and Pit latrines delivery</p>
T 3.5.1

# Chapter 3

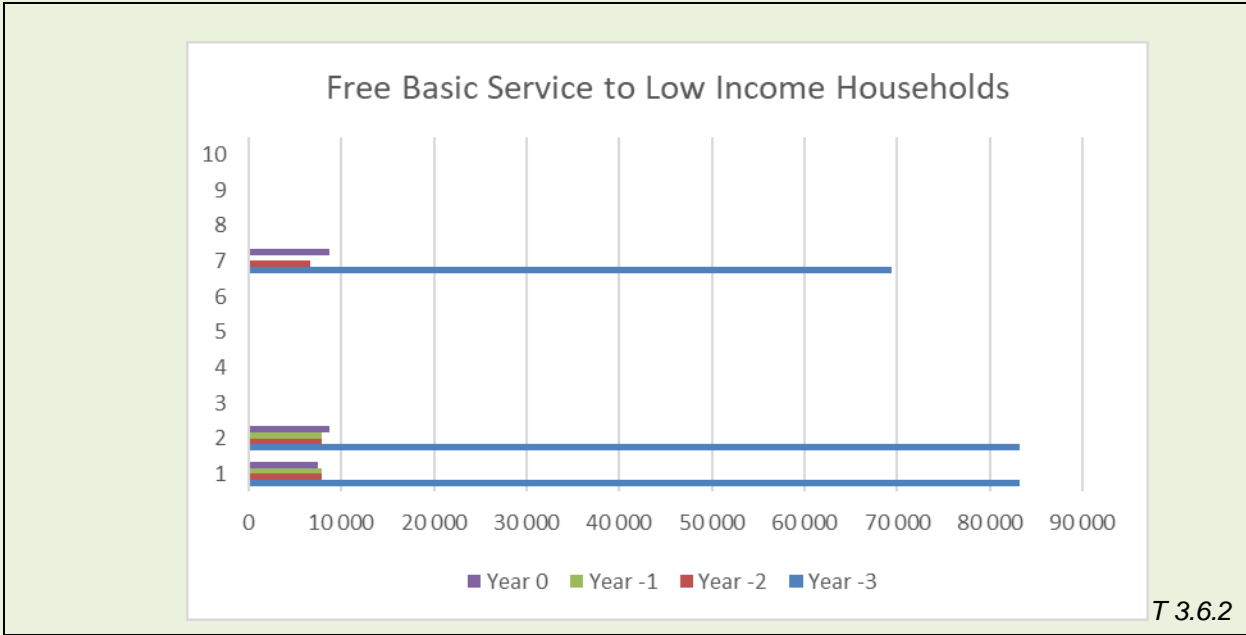
<b>Percentage of households with access to basic housing</b>			
<b>Year end</b>	<b>Total households (including in formal and informal settlements)</b>	<b>Households in formal settlements</b>	<b>Percentage of HHs in formal settlements</b>
Year -3	N/A	N/A	N/A
Year -2	N/A	N/A	N/A
Year -1	N/A	N/A	N/A
Year -0	N/A	N/A	N/A
			T 3.5.2
<p>This function is performed by the Department of Cooperative Government , Human Settlement and Traditional Affairs; 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



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	7 865	7 865	0	0%	0	0%	6 713	85%	0	0%	
Year -2	7 865	7 865	0	0%	0	0%	7 515	95%	0	0%	
Year -1	7 510	8 670	0	0%	0	0%	8 670	115%	0	0%	
Year 0	8 531	0	0	%	0	0%	8 570	100%	0	0%	

T 3.6.3

# Chapter 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	0	0	0	0
Waste Water (Sanitation)	0	0	0	0	0
Electricity	5236	5 590	7 425	7 405	20
Waste Management (Solid Waste)	0	0	0	0	0
Total	5236	5 590	7 425	7 405	20

T 3.6.4

Free Basic Service 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)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
<b>Provision of Free Basic Electricity</b>	Number of indigent households receiving free basic electricity	7 500 Free Basic Electricity collections per individual household by 30 June 2023	8 670 collections were made by beneficiaries	7 500 Free Basic Electricity collections per individual household by 30 June 2023	8 531 Indigents Household receiving FBE by 30 June 2024	<b>Achieved</b> <b>8 570</b> Indigents Household have received Free Basic Electricity	6676	7963	7963
<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 and construction of internal roads. Where the gravel roads have been eroded by rain and they are regularly maintained through blading and regravelling

*T 3.7.1*

<b>Gravel Road Infrastructure</b>					
	<b>Total gravel roads</b>	<b>New gravel roads constructed</b>	<b>Gravel roads upgraded to tar</b>	<b>Gravel roads graded/maintained</b>	<b>Kilometers</b>
Year -2	0.6mm	0	0	0.6mm	0.6mm
Year -1	0	0	0	0	0
Year 0	16.4 km base line	1.6km	0	8.1km	8.1km
					<i>T 3.7.2</i>

<b>Tarred Road Infrastructure</b>						
	<b>Total tarred roads</b>	<b>New tar roads</b>	<b>Existing tar roads re-tarred</b>	<b>Existing tar roads re-sheeted</b>	<b>Tar roads maintained</b>	<b>Kilometers</b>
Year -2	3	5	0	0	0	0
Year -1	0	0	0	0	0	0
Year 0	0	0	0	0	0	0
						<i>T 3.7.3</i>

Cost of Construction/Maintenance							R' 000
	Gravel			Tar			
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained	
Year -2	0	0	30 000	0	0	0	
Year -1	0	0	0	0	0	0	
Year 0	13 734.45	0	282 045.73	0	0	0	
							T 3.7.4



Road 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
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
<b>Build and Maintain Roads and Storm-water</b>	42 km length of maintained gravel roads	10 km length of maintained gravel roads by 30 June 2019	0km	1 Internal Access Roads completed (700m of paved roads completed) by 30 June 2022	1 Internal Access Road constructed in Madibogopan & Diolwane by 30 June 2024	Achieved  All layer works were completed	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	1km Roads & Storm water constructed & completed by 30 June 2023(Sethlwatlhwe and Ramabesa Phase 02)	1 Internal Access Road constructed in Makgobistadt by 30 June 2024	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)
	1 Complete Upgraded Road (Phase 02 of Moshawane &	1 Upgraded Internal Access Gravel Roads (Kraaipan)	The Road is complete and sealed	1 Link Road Constructed (Jan Masibi – Tribal Office to Methusele Phase 02)	1 Internal Access Road constructed in Mabule &	Achieved  The Road has been	Number of Contractors Appointed for Internal Access Gravel Roads Adjoining R375	Number of Contractors Appointed for Internal Access Gravel Roads	Number of Contractors Appointed for Internal Access Gravel Roads Adjoining R375

				by 30 June 2022	Mathateng	completed		Adjoining R375	in
									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	01	01	01	0	0
4 - 6	0	0	0	0	0
7 - 9	02	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	04	04	1	80
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	03	05	05	0	0

Financial Performance Year 0: Road Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	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
<b>Total Operational Expenditure</b>	0	0	0	0	0
<b>Net Operational Expenditure</b>	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	17 625	28 517	27 541	976	
Project A		1 750	1 749	1	8 786
Project B	5 875	2 473	2 316	157	2 316
Project C		12 450	12 321	129	13 301
Project D	5 875	9 908	9 406	502	9 406

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 of the planned projects were registered on MIG portal on time, and were successfully completed except for internal Access Road in Makgobistadt which was not completed due to poor 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.

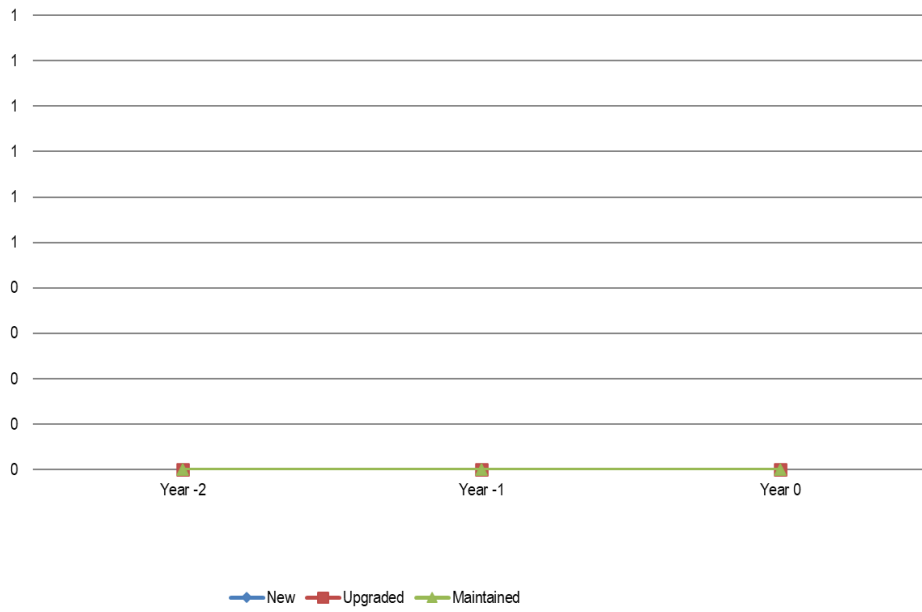
*T 3.9.1*

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	0	0	0	0
Year 0	0	0	0	0
				<i>T 3.9.2</i>

Cost of Construction/Maintenance				R' 000
	Storm water Measures			
	New	Upgraded	Maintained	
Year -2	R 1 500 000.00	0	0	
Year -1	0	0	0	
Year 0	0	0	0	
			<i>T 3.9.3</i>	

# Chapter 3

Stormwater infrastructure costs



T 3.9.4

Storm water Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
Service Indicators (i)		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)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
<b>Build and Maintain Roads and storm water</b>	20km maintained gravel road	10 km length of maintained gravel roads by 30 June 2019	16.4km	1km Roads & Storm water constructed & completed by 30 June 2023(Setlhwatlhwe and Ramabesa Phase 02)	Project Complete and handed over	The target was not achieved	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	01	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.*

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	
<b>Total Operational Revenue</b>						
Expenditure:						
Employees	0	0	0	0	0	
Repairs and Maintenance	0	0	0	0	0	
Other	0	0	0	0	0	
<b>Total Operational Expenditure</b>	0	0	0	0	0	
<b>Net Operational Expenditure</b>	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 on a short-term basis, 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. It is important to indicate that the municipality has performed very bad in the area of Local Economic Development, the municipality has reviewed its LED strategy as an intervention in that regard and it is implemented.

T 3.10

# Chapter 3

## 3.10 PLANNING

### INTRODUCTION TO PLANNING

The position of a Senior Manager Town Planning and Development became vacant at the end of June 2024 as a result of the employment contract being expired, The Council resolved to appoint an internal official on acting capacity whilst the recruitment process unfolds. The municipality had appointed the tribunal committee that deals with recruitment of application for businesses although there were no new applications received for consideration during the current financial year.

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)
<b>Service Objective : To provide Infrastructure and Basic Services to the Communities</b>									
Improve spatial planning	1 Settlement Formalisation (Makgobistad) approved by 30 June 2015	4 Reports on the General Valuation Roll & Maintenance ( 1 per quarter)	1 Report General Valuation Roll & Maintenance prepared	1 General Valuation Roll implemented by 30 June 2023	1 Supplementary Valuation Rolls implemented B 30 June 2024	<b>Achieved</b> 1 Supplementary Valuation Roll was implemented	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	1 MPT appointed by 30 June 2023	1 Funding applications submitted for Land Tenure Upgrades by 30 December 2023 <b>(Logageng &amp; Makgobistad)</b>	<b>Achieved</b> 1 Funding applications submitted for Land Tenure Upgrades	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	04	01	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	13	01	7.14

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	
<b>Total Operational Revenue</b>	6	7 000	6 251	6 251		
Expenditure:						
Employees	2	2 747	2 396	3 671	(1 275)	
Repairs and Maintenance	-					
Other	4	3 368	5 790	4 685	1 105	
<b>Total Operational Expenditure</b>	6	6 116	8 186	8 356	(170)	
<b>Net Operational Expenditure</b>		884	(1 935)	(2 105)	170	

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, the dispute that has since been standing between the municipality and rate payers is seriously affecting the projection of the target on revenue collection. The intervention of the Department of COGTA is yielding positive results. The recent opening of the traffic Driver's License Testing Station and Registering Authority are seen as the Economic spin offs that will contribute positively to the revenue collection which will improve the revenue levels of the Municipality for current and future developments within the Municipality towards Local Economic Development.. This progress is also going to contribute towards Job Creation within the Municipality.

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
<i>T 3.11.2</i>			

#### **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 and mining for 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 as temporary and or short term relief.

*T 3.11.3*



**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)
<b>Service Objective : To improve local economy</b>									
<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
<b>Animal Production</b>	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.	%
<b>Contract</b>	<b>0</b>	<b>01</b>	<b>01</b>	-	100
0 - 3	4	04	04	01	25
4 - 6	3	03	03	-	100
7 - 9	1	01	01	-	100
10 - 12	-	-	-	-	-
13 - 15	-	05	05	-	100
16 - 18	-	-	-	-	-
19 - 20	-	-	-	-	-
<b>Total</b>	<b>08</b>	<b>14</b>	<b>14</b>	<b>01</b>	<b>7.14</b>

*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 3.11.8

Financial Performance Year 0: Local Economic Development Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	5 768				
Expenditure:					
Employees	3 040				
Repairs and Maintenance					
Other	1 487				
<b>Total Operational Expenditure</b>	<b>4 527</b>				
<b>Net Operational Expenditure</b>	<b>1 241</b>				

*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 3.11.9

**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	36740	52 357	60 995	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 faced with a challenge of being un able to register Lodges as the owners are preventing the Municipal Officials to collate data for profiling. Thus makes it difficult to profile Lodges which could contribute positively towards the Local Tourism Development. The Municipality is making strides to ensure that SMME are supported to sustain the existing developing SMME'S .

*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

**The Municipality is only dealing with facilities that are rented out to communities for recreational purposes and also libraries for students and pupils residing around the area.**

*T 3.52*

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

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

**The Municipality is only dealing with facilities that are rented out to communities for recreational purposes and also libraries for students and pupils residing around the area.**

*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, 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 with reading materials. The proper functionality of Libraries is however faced with a challenge on establishment of Library Committees and the functionality thereof as members are from time to time migrating to other places for greener pastures. During this financial year it anticipated that Madibogo and Makgobistadt Libraries could become function, however due to lack of basic services such water and electricity they currently still not operational.

*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)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective Promote access to Social amenities</b>									
<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)	4 Committees meetings held by 30 June 2020	2 Library Awareness Programmes Held by 30 June 2024	Achieved  2 Library Awareness programme were held	N/A	N/A	N/A	N/A
	1 Complete Community Library (Kraaipan Library Phase 2)	N/A	111 New Library users were registered	4 Library Statistical Reports submitted to CATA by 30 June 2024	Achieved  4 Library Statistical Report submitted to CATA	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
<b>Total Operational Revenue</b>	23 927	12 330	13 929	13 779	151
Expenditure:					
Employees	19 992	10 334	9 096	9 038	58
Repairs and Maintenance	-	-	1 600	1 449	151
Other	1 030	1 220	999	880	119
<b>Total Operational Expenditure</b>	21 022	11 554	11 695	11 367	328
<b>Net Operational Expenditure</b>	2 905	776	2 235	2 412	(177)

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	20	657	656	(656)	
Project A	N/A	N/A	N/A		
Project B	20	30	30	(10)	30
Project C		627	627	(627)	627
Project D	40	60	59	381	59
					90
<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. During the current financial year the graduation ceremony for student who completed their National Certificate in ICT were delayed due to late completion of verifications on results .

T 3.12.7

**3.13 CEMETORIES AND CREMATORIIUMS**

**INTRODUCTION TO CEMETORIES & CREMATORIIUMS**

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 & CREMATORIIUMS**

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 & CREMATORIUMS 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*

# Chapter 3

## COMPONENT G: SECURITY AND SAFETY

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.

# Chapter 3

T 3.22.2

## **COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND 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)
<b>Service Objective xxx</b>									
<b>Promote community participation</b>	14 Functional Ward Committees	14 wards are Functional	14 Functional Ward Committees	14 Functional Ward Committees	14 Functional Ward Committees by 30 June 2024	Achieved 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)	2 Support Training Conducted for MPAC & Rules Committee (Q2 & Q4)	1 Support Training Conducted for MPAC & Rules Committee 30 June 2024	<b>(Not Achieved)</b> 0 Support was Training Conducted	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)	2 MPAC Reports submitted to council for noting by 30 June 2024	<b>Achieved</b> 3 MPAC Report submitted to Council	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	01	01	-	100
4 - 6	0	04	04	01	25
7 - 9	2	03	03	-	100
10 - 12	3	01	01	-	100
13 - 15	0	-	-	-	-
16 - 18	0	05	05	-	100
19 - 20	0	-	-	-	-
Total	12	-	-	-	-

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

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	750	1 418	1 299	(549)		
Movable-Computer Equipment	170	60	60	110		
Movable-Furniture and Fittings	80	13	13	67		
Movable-Office Equipment	300	590	472	(172)		
Movable-Motor Vehicle		657	657	(657)		
Movable-Other Assets	200	98	98	102		

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

T 3.24.6

# Chapter 3

## **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.

*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 not yet being resolved. It is also important to indicate that the municipality has came 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, the municipality has during the last quarter of the period under review experienced an alleged financial misconduct by the Chief Financial Officer which resulted him being suspended whilst the investigations are underway. The process of investigation has since been completed and the disciplinary process has also started. Currently the Council has resolved to appoint an official internally on an acting capacity, it is expected that the matter will be resolved before the end of the first quarter.

*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	26951833	101%	33017485	33140630	100%	28 291	2%
Electricity - B	0	0	0	0	0	0	0
Electricity - C	0	0	0	0	0	0	0
Water - B	0	0	0	0	0	0	0
Water - C	0	0	0	0	0	0	0
Sanitation	0	0	0	0	0	0	0
Refuse	0	0	0	0	0	0	0
Other	1 410						

*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 not yet being resolved. 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, the municipality has during the last quarter of the period under review experienced an alleged financial misconduct by the Chief Financial Officer which resulted him being suspended whilst the investigations are underway. The process of investigation has since been completed and the disciplinary process has also started. Currently the Council has resolved to appoint an official internally on an acting capacity, it is expected that the matter will be resolved before the end of the first quarter.

T 3.25.2.1

Financial Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 01		Year 0			Year 2	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 Indicators (i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective To provide Sound financial management to the institution</b>									
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	2022/2023 AFS submitted to A-G by 30 August 2023	<b>Achieved</b> 2022/2023 Annual Financial Statements were submitted to A-G on the 31 <sup>st</sup> of August 2023	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	16 Budget related Policies Adopted by 31 May 2024	<b>Achieved</b> 16 Budget related policies adopted on the 31 <sup>st</sup> of May 2024	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
					2022/2023 Adjustment Budget Approved by 28 February 2023	2022/2023 Adjustment budget approved on 28 February 2023			

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	11	10	1	9.09
4 - 6	1	1	1	0	0
7 - 9	1	1	1	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	10	14	13	1	7.14

*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				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
<b>Total Operational Revenue</b>	64 335	69 883	69 883	69 883		
Expenditure:						
Employees	13 089	13 349	12 261	12 781	(521)	
Repairs and Maintenance						
Other	79 697	42 038	44 048	64 492	(20 445)	
<b>Total Operational Expenditure</b>	92 786	55 386	56 308	77 274	(20 965)	
<b>Net Operational Expenditure</b>	(28 451)	14 496	13 574	(7 391)	20 965	

*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 not yet being resolved. It is also important to indicate that the municipality has came 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, the municipality has during the last quarter of the period under review experienced an alleged financial misconduct by the Chief Financial Officer which resulted him being suspended whilst the investigations are underway. The process of investigation has since been completed and the disciplinary process has also started. Currently the Council has resolved to appoint an official internally on an acting capacity, it is expected that the matter will be resolved before the end of the first quarter.

*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, due it being predominantly rural, it makes it 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. The appointment of Senior Managers that were long vacant has successfully been filled through the support of COGTA and Municipal Manager. The Municipality had successfully appointed the Municipal Manager whom upon his arrival managed to also fill the long outstanding vacancies of Senior Managers of Infrastructure and Basic Services, Corporate Services and Community Services. It is however important to indicate that although the Senior Manager Corporate got filled for only one month, this was subsequent to management having noticed that the incumbent was playing double dipping as they did not resign from the previous employer and as result his contract of employment was terminated. The position is currently filled with an internal official on an acting capacity, The Senior Manager Planning and Development also became vacant following the expiry of a fixed term contract at the end of the financial year and it has since been advertised, during the shortlisting process it came out evident that the advert placed for this position did not attract sufficient suitable candidates and thus let to the position being re-advertised.

*T 3.26.1*

### **SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES**

The Municipality had successfully appointed the Municipal Manager whom upon his arrival managed to also fill the long outstanding vacancies of Senior Managers of Infrastructure and Basic Services, Corporate Services and Community Services. It is however important to indicate that although the Senior Manager Corporate got filled for only one month, this was subsequent to management having noticed that the incumbent was playing double dipping as they did not resign from the previous employer and as result his contract of employment was terminated. The position is currently filled with an internal official on an acting capacity, The Senior Manager Planning and Development also became vacant following the expiry of a fixed term contract at the end of the financial year and it has since been advertised, during the shortlisting process it came out evident that the advert placed for this position did not attract sufficient suitable candidates and thus let to the position being re-advertised.

*T 3.26.2*

Human Resource 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	*Current Year	*Following Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
<b>Service Objective xxx</b>										
<b>Achieve positive Employee Climate</b>	Code of Conduct observed	13 HR Policies Reviewed and adopted by 30 June 2021	5 HR policies were adopted by council on the 30th April 2021	24 HR Policies adopted	31 May 2024	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 Human Resource Development Strategy	31 May 2024	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	2023/2024 WSDP adopted by Council by 30 April 2024	<b>Achieved</b> 1 (One) 2023/2024 WSDP was adopted by Council on the 24 May 2024	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	20
4 - 6	0	0	0	0	
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	2	2	2	0	100
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	8	8	7	1	14.21

*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	
<b>Total Operational Revenue</b>	41 331	46 012	46 012	46 012		
Expenditure:						
Employees	18 810	17 815	17 787	17 634	154	
Repairs and Maintenance						
Other	29 267	24 017	34 671	34 159	512	
<b>Total Operational Expenditure</b>	48 077	41 832	52 458	51 793	666	
<b>Net Operational Expenditure</b>	(6 746)	4 180	(6 446)	(5 780)	(666)	

*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*

# Chapter 3

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	4 180	4 134	3 392	742		
Movable-Motor Vehicle-CRP	4 000	3 927	3 186	741		
Movable-Computer Equipment-CRP-Cost	80	174	174			
Movable-Furniture & Fittings-CRP		9	9			
Movable-Office Equipment-CORP	100	24	23	1		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						

## COMMENT ON 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 has 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 purposes 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	Outline Service Targets	Year -1		Year 0		Year 1	Year 2		
		Target	Actual	Target	Actual	Target			
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Following Year	*Following Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective To provide Information Technology services to the institution</b>									
<i>Improve technology efficiency</i>	IT Master plan developed	N/A	N/A	N/A	3 Operational Tele Centres( Tshidilamolo, Kraaipan, Setlagole)	3 Telecenters are operational	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 Tele Centre Accredited by 30 June 2023	1 Telecentre has been accredited	0 IT Disaster recovery plan implemented	100%	IT Master plan reviewed
	Software and Hardware regularly updated	N/A	N/A	4 Software Existing	1 Moderate & Assessment noted by Council	1 Report has been noted by Council	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	100
4 - 6	2	1	1	0	0
7 - 9	0	0	0	0	0
10 - 12	0	1	1	0	100
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	4	4	4	4	100

*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.*

**NB: Accounted for under Executive Council**

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					

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

**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, however, the appointment of Municipal Manager has brought about new changes and has since seconded the Manager within the Municipality to ensure proper processing of activities within the unit to allow 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 Audit Committee has resolved to establish the ICT committee that has a chairperson and this has assisted the Municipality to improve its services in this area

*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, The Municipality has appointed Audit Committee, which has also resolved to establish the Risk Management Committee and its Chairperson is also a member of the Audit Committee, the progress made in this area is the appointment of members as officials from internal. This has seen the Municipality being able for the first time after five years reviewed and adopted the Risk Management Documents. For implementation purposes the committee resolved to solicit capacity building from the Provincial Department of Treasury and thus far have conducted Risk Maturity Assessment although the outcome has not yet been communicated with the Municipality. It is expected that their presence will add some positive value in improving the operating system within the Municipality. Recently it has been resolved to appoint the Risk Committee Chairperson and his committee to deal with all outstanding issues

*T3.28.1*

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

The Municipality has successfully appointed the Risk Management Committee which has also managed to develop and review its Management strategies such as Risk Management Committee , Risk Management Strategy, Risk Management Implementation Plan , Risk Management Policy and Anti-Corruption & Fraud Prevention Strategy. The Municipality is working hand in glove with Provincial COGTA on Anti-Corruption related issues to ensure that implementation takes.

*T 3.28.2*

**Property; Legal; Risk Management; and Procurement Services 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		*Previous Year	*Current Year		**Following Year	*Following Year Year	*Following Year
		(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
<b>Service Objective To provide internal controls to the institution</b>									
<b>Promote financial Accountability</b>	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	<b>N/A</b>	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	1 Fraud & Corruption Strategy Adopted by Council by 30 June 2024	<b>Not achieved</b> 0 Fraud & Corruption Strategy adopted	Procurement Plan Developed 31 July 2016	Procurement Plan Developed 31 July 2017	Procurement Plan Developed 31 July 2018
<i>T 3.28.3</i>									

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	100
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	100

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
<b>Total Operational Revenue</b>	2833	0	0	0	0
Expenditure:		0	0	0	0
Employees	1494	0	0	0	0
Repairs and Maintenance	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Operational Expenditure</b>	1494	0	0	0	0
<b>Net Operational Expenditure</b>	-1339	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 3.28.5

**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	-	-	-	-	-
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 3.28.6

**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 PEFORMANCE COMPARISON FOR 2022/ 2023 AND 2023/2024 AS PER THE TABLES BELOW

<b>2022/2023</b>	<b>MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT</b>	<b>MUNICIPAL FINANCIAL VIABLITY</b>	<b>LOCAL ECONOMIC DEVELOPMENT</b>	<b>INFRASTRUCTUR E AND BASIC SERVICES</b>	<b>GOOD GOVERNANCE</b>	<b>SPATIAL RATIONALE</b>	<b>OVERALL PERFORMANCE</b>
<b>TOTAL KPIs PLANNED FOR THE YEAR</b>	22	20	08	09	25	02	86
<b>TOTAL ACHIEVED</b>	10	13	02	05	14	02	46
<b>TOTAL NOT ACHHIEVED</b>	12	07	06	04	11	0	40
<b>PERFORMANCE ON PERCENTAGES</b>	45%	65%	25%	55%	56%	100%	53.%

<b>2023/2024</b>	<b>MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT</b>	<b>MUNICIPAL FINANCIAL VIABLITY</b>	<b>LOCAL ECONOMIC DEVELOPMENT</b>	<b>INFRASTRUCTUR E AND BASIC SERVICES</b>	<b>GOOD GOVERNANCE</b>	<b>SPATIAL RATIONALE</b>	<b>OVERALL PERFORMANCE</b>
<b>TOTAL KPIs PLANNED FOR THE YEAR</b>	23	14	07	20	22	02	88
<b>TOTAL ACHIEVED</b>	11	11	04	15	13	02	57
<b>TOTAL NOT ACHHIEVED</b>	12	03	03	05	09	00	31
<b>PERFORMANCE ON PERCENTAGES</b>	47%	78%	57%	70%	59%	100%	64%

**KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROMOTE PLANNING &amp; PERFORMANCE MANAGEMENT</b>	Number of 2024/2025 IDP Adopted	2022/2027 IDP	1 2024/2025 IDP Adopted by 31 May 2024	<b>Achieved</b> 1 IDP adopted on the 24 May 2024 <b>(Res: 38/2024)</b>	N/A	N/A
	<b>Budget (R)</b>		<b>R 00 000</b>			
	Number of developed & approved SDBIP	2022/2023 SDBIP	1 2024/2025 Service Delivery and Budget Implementation Plan Approved by the Mayor by 28 June 2024	<b>Achieved</b> Approved 24/25 SDBIP was noted by the 24 May 2024 <b>(Res: 39/2024)</b>	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of IDP Rep forums held	4 IDP Representative forum	4 IDP Representative forum meetings held by 30 June 2024	<b>Not Achieved</b> 3 IDP Representative forum meetings held by 30 June 2024	The representative forum that was scheduled for Quarter four(4) did not take place due to National election	To be addressed in the first quarter of the new financial year
	<b>Budget (R)</b>		<b>Operational</b>			
	2023/2024 IDP and the Budget schedule of activities adopted by Council	2022/2023 Schedule of Activities (IDP/Budget)	2023/2024 DP & Budget Schedule of activities Adopted by 31 August 2023	<b>Achieved</b> 2023/24 IDP & Budget schedule of activities was adopted on the 29 August 2023 <b>(Res: 63/2023)</b>	N/A	N/A
	<b>Budget (R)</b>		<b>R200 000</b>			
	Number of 2023/2024 Mid-Term assessment held	2022/2023 Mid-Term assessment	1 2023/2024 Mid-Term assessment held 31 January 2024	<b>Achieved</b> 1 Mid-Term assessment was held by 30 January 2024 <b>(Res No: 01/2024)</b>	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of 2023/2024 Mid-Term assessment submitted to the Mayor & MEC	2022/2023 Mid-Term assessment	1 2023/2024 Mid-Term assessment submitted to the Mayor & MEC By 25 January 2024	<b>Achieved</b> 1 Mid-Term assessment was submitted to Mayor & MEC by 22 January 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA : MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROMOTE PLANNING &amp; PERFORMANCE MANAGEMENT</b>	Number of Strategic Planning sessions held	2019/2020	1 Strategic Planning Session held by 31 March 2024	Not Achieved	The Council has postponed the Session to allow the finalization on appointment of Senior Managers	To be held in the new financial year
	<b>Budget (R)</b>		<b>R 350 000</b>			
	Number of 2022/2023 Annual Report adopted by council	2021/2022 Annual Report	1 2022/2023 Annual Report adopted by council by 31 March 2024	Not Achieved	Due to late submission of the Oversight process plan to Council by MPAC	Annual report Public Participation events commence in the fourth quarter
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of PMS Policy reviewed & adopted	PMS Policy exist	1 PMS Policy reviewed & adopted by Council by 31 May 2024	Not Achieved	The unavailability of Councilors for consultation has put the process on hold to allow adoption of Policies. The policy was to be adopted and be effective from 01 July 2024, the policy that was adopted	The Municipality is still using the existing policy, therefore the target will be achieved in the first quarter of the new financial year 2024/2025
<b>Budget (R)</b>		<b>Operational</b>				

**KPA: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
<b>IMPROVE TECHNOLOGY EFFICIENCY</b>	Number of IT Master Plans Developed & adopted by Council	Existing	1 IT Master Plan Developed & adopted by Council by 31 May 2024	Not achieved.	The document was not finished in time to be taken for council approval.	The document to be taken to council for adoption by the 30 <sup>th</sup> July 2024 for council approval.
	<b>Budget (R)</b>		R 210 000			
	Number of Reports on Updated Municipal Website	4 Reports on Updated Municipal Website	4 Reports on Updated Municipal Website by 30 June 2024	<b>Achieved</b> 4 Reports on Updated Municipal Website was prepared by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of reports on IT, Telephones complains received and submitted to Council for noting	4 reports on IT, Telephones complains received	3 Reports on IT, Telephones complains received and submitted to Audit Committee by 30 June 2024 (ICT Governance , Security Management & Operational Governance for effectiveness)	<b>Achieved</b> 3 Reports on IT, Telephones complains were received and submitted by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		R 3 685 000 00			
	Number of Business recovery plans submitted to the Audit Committee	New	1 Business recovery plans submitted to the Audit Committee by 31 May 2024	Not achieved	Due to budget reprioritising in response to unforeseen circumstances	Budget to be made available in the next Financial Year.
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>RETAIN &amp; RECRUIT TALENTED EMPLOYEES</b>	Number of Revised Policies adopted by Council	20 Policies	24 HR Policies adopted 31 May 2024	Not Achieved	The unavailability of Councilors for consultation has put the process on hold to allow adoption of Policies. The policy was to be adopted and be effective from 01 July 2024,	The Municipality is still using the existing policy, therefore the target will be achieved in the first quarter of the new financial year 2024/2025
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Human Resource Development Strategy adopted	Existing	1 Human Resource Development Strategy 31 May 2024	Not Achieved	The unavailability of Councilors for consultation has put the process on hold to allow adoption of Policies. The policies were to be adopted and be effective from 01 July 2024,	The Municipality is still using the existing policy, therefore the target will be achieved in the first quarter of the new financial year 2024/2025
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROMOTE INNOVATION LEARNING AND GROWTH</b>	Number of 202/322024 Workplace Skills Development Plan (WSDP) Adopted by Council	2022/2023 WSDP	1 2023/2024 WSDP adopted by Council by 30 April 2024	Not Achieved 1 (One) 2023/2024 WSDP by 30 April 2024 was adopted by Council on the 24 May 2024	Not performed on the targeted date (30 April 2024) as the WSDP must be adopted after the submissions to LGSETA which was done on the 24 May 2024	Council Adoption date to be changed. It must be after the submission to LGSETA
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of 202/22024 Workplace Skills Development Plan (WSDP submitted to LGSETA	2022/2023 WSDP	1 2023/2024 WSDP submitted to LGSETA by 30 April 2024	<b>Achieved</b> 1 (One) 2023/2024 WSDP submitted online to LGSETA by 30 April 2024.	N/A	N/A
	<b>Budget (R)</b>		<b>R 70 000</b>			
	Number of applicants benefiting from Tertiary fund assistance	6 Applicants	10 applicants benefiting from Tertiary fund assistance 30 June 2024	<b>Achieved</b> 28 applicants benefitted from Tertiary fund assistance by 30 June 2024	The over performance was due to the total number of qualifying candidates and this has also addressed the policy provisions	N/A
	<b>Budget (R)</b>		<b>R 600 000</b>			
	Number of Workplace Skills Development plan target achieved	New	4 Workplace Skills Development plan target achieved by 30 June 2024	Not achieved	4 Workplace Skills Development target were not performed due to budget constraints	Workplace Skills Development target will be achieved in the next financial year
<b>Budget (R)</b>		<b>Operational</b>				

**KPA: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
<b>ACHIEVE EMPLOYMENT EQUITY</b>	Number Employment Equity Plan submitted to the dept. of labour	2022/2023 Employment Equity Plan	1 Employment Equity Plan submitted by 15 January 2024	<b>Achieved</b> 1 Employment Equity Plan was submitted on the 15 January 2024	N/A	N/A
			<b>Budget (R)</b>			
	Employment Equity targets achieved	Employment Equity Plan in place	2 Employment Equity Plan Targets achieved by 30 June 2024	<b>Not Achieved</b>	The municipality did not review its organisational structure to allow appointments to be made in line with the Municipal Employment Equity Plan	EEP target to be achieved in the next financial year second quarter
			<b>Budget (R)</b>			
<b>ACHIEVE POSITIVE EMPLOYEE CLIMATE</b>	Number of LLF Meetings held	3 LLF Meetings	6 LLF Meetings held by 30 June 2024	<b>Not Achieved</b> 4 LLF Meetings were held by 30 June 2024	2 LLF could not be achieved due to the policies reviews workshop that were on-going during quarter 4	The target will be achieved in the next financial year
			<b>Budget (R)</b>			
	Number of employees that have signed Code of conduct	235 Employees	235 employees that have signed Code of conduct by 31 July 2023	<b>Achieved</b> 235 employees have signed Code of conduct by 31 July 2024	N/A	N/A
			<b>Budget (R)</b>			

**KPA: FINANCIAL VIABILITY**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
<b>PROMOTE FINANCIAL ACCOUNTABILITY</b>	2024/2025 Budget approved by Council	2023/2024 Budget	2024/2025 Budget approved by 31 May 2024	Council have approved 2024/2025 Budget on the 31 <sup>st</sup> of May 20224 Res No 24/2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Budget Related policies* adopted by Council	14 Policies	16 Budget related Policies Adopted by 31 May 2024	<b>Achieved</b> 16 Budget related policies adopted on the 31 <sup>st</sup> of May 2024 Res No 24/2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	2023/2024 Adjustment Budget Approved by Council	2022/23 Adjustment budget approved	Approved 2023/2024 Adjustment Budget by 28 February 2024	<b>Not Achieved</b> 2023/2024 Adjustment budget approved by council on the 29 <sup>th</sup> of February 2024 <b>Res no: 15 /2024</b>	The Council could not sit on the targeted date due to unforeseen circumstances	The targets will be aligned with the last day of the Month
	<b>Budget (R)</b>		<b>Operational</b>			
	Council approved 2022/2023 Annual Financial Statements (AFS) submitted to the Office of the Auditor-General (A-G)	2021/2022 Audited AFS	2022/2023 AFS submitted to A-G by 30 August 2023	<b>Not Achieved</b> 2022/2023 Annual Financial Statements were submitted to A-G on the 31 <sup>st</sup> of August 2023	The Compilation of the AFS was not ready on the said date due to administrative challenges	The targets will be aligned with the last day of the Month
	<b>Budget (R)</b>		<b>R 7 000 000</b>			
	Number of Supply Management reports submitted to council	Existing	4 Supply Chain Management reports submitted to council for noting. By 30 June 2024	<b>Achieved</b> 4 Supply Chain Management reports were submitted to council for noting	N/A	N/A
<b>Budget (R)</b>		<b>Operational</b>				

**KPA: FINANCIAL VIABILITY**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
<b>REVENUE ENHANCEMENT</b>	Number of Consumer Awareness campaigns held	New	2 Consumer Awareness campaigns held 30 March 2024	<b>Not Achieved</b> 1 Consumer Awareness campaign was held by <b>30 March 2024</b>	The feedback meeting could not be held due in complete reports	To be addressed in the new financial year
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of MPRA meetings held	4 MPRA meeting held	3 MPRA meetings held 30 June 2024	<b>Achieved</b> 3 MPRA meetings were held by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	% Collection of billed revenue (i.e., Opening Balance + Billing-impairment-closing + billing*100)	35%	83% Collection of billed revenue (i.e., Opening Balance + Billing-impairment-closing + billing*100) by 30 June 2024	<b>Achieved</b> Rentals= 63.41 % Rates & Taxes = 54.59 % Registration & Licencing Commission = 276.79 % Average = 131.60% by 30 June 2024	Council Write Off for Farmers Rates Accounts not yet implemented	Inputs from Farmers Union Representatives for Mou were submitted on the 7 <sup>th</sup> July 2024  And the Writing Off is in Progress and will be finalised and disclosed on the AFS by the 19 <sup>th</sup> July 2024
<b>Budget (R)</b>		<b>Operational</b>				

**KPA: FINICIAL VIABILITY**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
ACHIEVE CLEAN AUDIT	Number of quarterly AFS submitted to Council	New	2 Quarterly AFS submitted to Council for noting by 30 June 2024	Achieved AFS as at March 2024 were compiled and submitted to Audit Committee for consideration by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Audit Action Plan developed to address Auditor-General A-G queries adopted by Council	2021/2022 Audit Action Plan	1 Audit Action Plan adopted by Council 31 January 2024	<b>Achieved</b> 1 Audit action plan was adopted by council by 30 January 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Reports on the implementation of the Audit Action Plan noted by Council	Existing	2 PAAP reports included in the Management Meetings 30 June 2024	<b>Achieved</b> 2 PAAP reports included in the Management Meetings by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of PAAP reports included in the Management meeting	PAAP progress report	2 Reports on the Implementation of the Audit Action Plan noted by Council. 30 June 2024	<b>Achieved</b> 2 Reports on the Implementation of the Audit Action Plan were noted by Council by 30 June 2024	N/A	N/A
<b>Budget (R)</b>		<b>Operational</b>				
ASSET MANAGEMENT	Number of Asset Registers updated	Existing	1 Asset register updated by 30 July 2023	Achieved 1 Asset register was updated by 30 July 202	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of reports on assets verification noted by Council	Existing	4 Reports on assets verification noted by Council 30 June 2024	Achieved 4 Reports on assets verification were noted by Council by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>					

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 Jobs Created	1000 Jobs created through Expanded Public Works Programme, Community Workers Programme, Capital Projects and other Local Economic Development initiatives 30 June 2024	<b>Achieved</b> <b>EPWP=74</b> <b>CWP=1037</b> <b>MIG = 88</b> <b>by 30 June 2024</b>	The CWP programme allows recruitment of 10% of participation rate then brings the participation to 1037	N/A
	<b>Budget (R)</b>		<b>R34 500 000 (MIG)</b> <b>R1 221 660 (EPWP)</b>			
	Number of LED & Tourism Strategies Developed & Adopted	2012-2017 LED strategy	1 LED Strategy Developed & Adopted by Council by 30 December 2023	Achieved 1 LED Strategy was Developed & Adopted by Council Council Resolution Number 86/2023	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of SMMEs/Cooperatives support initiatives	4 support initiatives	4 Support initiatives by 30 June 2024 ( <b>Funding, Business Plan Development, Exhibitions, Training &amp; Workshops</b> )	Achieved 4 Support initiatives were provided by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R 50 000</b>			
	Number of reports on the implementation of the SLP	Existing	4 Reports on the implementation of the SLP submitted to Council by 30 June 2024	Achieved 4 Reports on the implementation of the SLP submitted to Council by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: LOCAL ECONOMIC DEVELOPMENT**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROMOTE LOCAL ECONOMIC DEVELOPMENT &amp; JOB CREATION</b>	Number of Signage & Branding Erected (Information Boards)	10 Boards installed	0 Signage & Branding Erected by 30 June 2024 (Information Boards)	Not Achieved	There was no budget for Budget indicator throughout the financial year	To be addressed in the new financial year
	<b>Budget (R)</b>		<b>R 0</b>			
	Number of reports on Profiled Lodges, Game Lodges & B&Bs	New	1 Report on Profiled Lodges, Game Lodges & B&Bs by 30 June 2024	Not Achieved	The Property owners are resistant to the request and therefore do not permit Municipal Officials to access their properties	The Municipality to approach the Rate Payers association for intervention in the new financial year
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Land Care Development programmes held	New	1 Land Care Development Projects held by 30 June 2024	<b>Not Achieved</b>	Due to budget reprioritising in response to unforeseen circumstances	To be addressed in the new financial year
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROVISION OF BASIC MUNICIPAL SERVICES AND INFRASTRUCTURE</b>	Km of gravel roads maintained	16.4 km	5 km length of maintained gravel roads by 30 June 2024	Achieved 5,6 km length of gravel road was maintained by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Reports on Serviced and Maintained High Mast & Flood Lights	9 Reports	4 Reports on Serviced and Maintained High Mast & Flood Lights by 30 June 2024	Achieved 4 Reports on Serviced and Maintained High Mast & Flood Lights by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R 3 300 000</b>			
	Number of planned & Emergency Maintenance projects undertaken on municipal facilities	2 Planned & Emergency maintenance Projects	4 Planned & Emergency Maintenance projects undertaken on municipal facilities by 30 <sup>th</sup> June 2024 Thusong Service Centre, Municipal Building, Disaneng Library & Setlagole Complex	Achieved (4) Planned & Emergency Maintenance projects undertaken on municipal facilities by 30 June 2024	There was a delay in the appointment of the contractors and the work that was planned has been covered during last quarter, thus include Tshidilamomo and Madibogopan	N/A
	<b>Budget (R)</b>		<b>R3 000 000</b>			
	Number of indigents on the Register	8 670 indigents on the Register	20893 Indigents on the Register by 31 May 2024	Achieved (21 258 HH were registered on the database) by 30 April 2024	Improved community attendance at Awareness & registration drives	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Reports on Eskom Electrification Programme & Projects submitted to Council	4 reports on Eskom Electrification Programme & Projects	4 reports on Eskom Electrification Programme & Projects submitted to Council by 30 June 2024	Achieved 4 Reports on Eskom Electrification Programme & Projects was submitted to Council by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
Number of Indigent Household (HH) receiving Free Basic Electricity	8670 HH	8 531 Indigents Household receiving FBE by 30 June 2024	<b>Achieved</b> <b>8 570</b> Indigents Household have received Free Basic Electricity by 30 June 2024	The over performance is a result of campaigns made during Community meetings	N/A	
<b>Budget (R)</b>		<b>R 6 810 000</b>				

## 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 Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng noted by Council	New	4 Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng noted by Council by 30 June 2024	Achieved 4 Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng was noted by Council at 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Strategic Points waste removal reports noted by Council	New	4 Strategic Waste Removal Points Reports on Waste Removal noted by Council by 30 June 2024	Achieved 4 Strategic points waste removal report noted by Council 30 June 2024	N/A	N/A
	<b>Budget(R)</b>		<b>R 100 000</b>			
	Number of Reports on Housing Projects Implemented by DHS noted by Council	New	4 Reports on Housing Projects Implemented by DHS noted by Council by 30 June 2024	Achieved 4 Reports on Housing Projects Implemented by DHS noted by Council at 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Sports facilities for phase 2&3	Existing	1 Sport Facility constructed Phase 2 (Logageng) by 30 June 2024	Not Achieved	Only the Soccer pitch has been completed due to the delay on appointment of Contractor	Change rooms and ablution to be done in 24/25 under Phase 3
	<b>Budget (R)</b>		<b>R 6 881 207</b>			
	Number of completed & energised high mast lights	Existing	12 High Mast lights completed and energised (Ward 12) by 30 June 2024	Achieved 12 High Mast lights were completed and energized by 30 June 2024	N/A	N/A
<b>Budget(R)</b>		<b>R 7 345 600</b>				

## KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
<b>PROVISION OF BASIC MUNICIPAL SERVICES AND INFRASTRUCTURE</b>	Number of internal access roads constructed	Existing	1 Internal Access Road constructed in Madibogopan & Diolwane by 30 June 2024	Achieved All layer works were completed by 30 June 2024	N/A	N/A
			<b>R 5 413 731</b>			
			1 Internal Access Road constructed in Makgobistadt by 30 June 2024	Not Achieved	Delays in Safety file approval. Under-performance by the contractor on site.	Bi-weekly intervention meeting with consultant and contractor, more resources
			<b>R 5 413 731</b>			
	1 Internal Access Road constructed in Mabule & Mathateng 30 June 2024	Achieved The Road has been completed by 30 June 2024	Contractor was able to outperform on site and has completed the project before set timeframes	N/A		
	<b>Budget(R)</b>		<b>R 5 413 731</b>			

**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 Library Awareness programmes held	4 Libraries	2 Library Awareness Programmes Held by 30 June 2024	Achieved 2 Library Awareness programme were held by 30 June 2024	N/A	N/A
	<b>Budget(R)</b>		<b>R 30 000</b>			
	Number of Library statistical reports submitted to <b>ACSR</b>	New	4 Library Statistical Reports submitted to CATA by 30 June 2024	Achieved 4 Library Statistical Report submitted to CATA by 30 June 2024	N/A	N/A
	<b>Budget(R)</b>		<b>Operational</b>			
	Number of Libraries with functional Committees	New	3 Libraries with Functional Committees by 30 June 2020 (Q2, Q3&Q4)	Not achieved 2 Library with Functional Committees by 30 June 2024	Non adherence to the scheduled meeting due to competing activities	To ensure adherence and delegate responsibilities for compliance in the new financial year
	<b>Budget(R)</b>		<b>Operational</b>			
	Number of Library Committee meetings held	New	1 Library Committees meetings held by 30 June 2024	1 Library committee meeting was held by 30 June 2024	N/A	N/A
	<b>Budget(R)</b>		<b>Operational</b>			

**KPA: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>REVENUE ENHANCEMENT</b>	Number of Traffic fines issued	New	1 584 traffic fines issued BY 30 June 2024	(Not Achieved) <b>531 Traffic fines issued by 30 June 2024</b>	Due to lack of tools of trade as the Municipality has auctioned its old fleet	The Municipality is in a process of Acquiring new fleet in the 3 <sup>rd</sup> quarter
	Budget(R)		Operational			
	Number of Roadblocks conducted.	4 Roadblocks conducted.	4 Roadblocks conducted by 30 June 2024	<b>Achieved</b> 8 Roadblock were conducted by 30 June 2024	The over performance was due to participation on Thuntsa Lerole program initiated by the Province	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
<b>PROMOTE GOOD GOVERNANCE</b>	Number of Audit Charter reviewed	1 Audit Charter	1 Audit Charter reviewed by 30 June 2024	Not Achieved 0 Audit Charter was reviewed	Audit Committee did not sit in June	To be reviewed prior the end of July 2024
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Audit Committee Sittings held	9 Audit Committee Sittings	4 Audit Committee Sittings held by 30 June 2024	Achieved 5 Audit Committee Sittings were held by 30 June 2024	The over performance was due to Special meeting on review of AFS feedback were held on quarter 1 and the target was not planned a special meeting with Audit General of SA	N/A
	<b>Budget (R)</b>		<b>R 50 000</b>			
	Number of Internal Audits Conducted	4 Internal Audits	4 Internal Audits Conducted 30 June 2024	Achieved 5 Internal Audits were Conducted 30 June 2024	Review of the AFS by Internal Audit was not planned as a target and is compulsory to do so.	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Internal Audit (IA) Plan approved by Audit Committee	1 IA Plan	1 IA Plan Approved by Audit Committee by 31 May 2024	Not Achieved 0 IAP was approved	Audit Committee did not sit in June	To be approved in July 2024
<b>Budget (R)</b>		<b>Operational</b>				

**KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
<b>PROMOTE GOOD GOVERNANCE</b>	Number of Risk Management Policies reviewed & adopted	Policy Existing	1 RMP reviewed & adopted by 31 May 2024	Not Achieved 0 RMP was approved	The provincial Treasury resolved to conduct Risk Assessment Maturity for all the Municipalities to identify areas of concern to allow relevant intervention	It has been resolved that the reports will be tabled to Audit committees to map up the way forward for seamless implementation across the Province
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Internal Audit Reports submitted to Audit Committee for consideration	4 Internal Audit Reports	4 Internal Audit Reports submitted to Audit Committee for consideration. by 30 June 2024	Achieved 4 Audit Reports were submitted to Audit Committee for consideration. by 30 June 2024	NA	N/A
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of revised Risk Management Strategy (RMS) Reviewed and Adopted by Council	Strategy in place	1 Adopted RMS by 30 June 2024	<b>Not Achieved</b> 0 Risk Management Strategy was Adopted	The provincial Treasury resolved to conduct Risk Assessment Maturity for all the Municipalities to identify areas of concern to allow relevant intervention	It has been resolved that the reports will be tabled to Audit committees to map up the way forward for seamless implementation across the Province
	<b>Budget (R)</b>		<b>Operational</b>			
	Number of Revised Fraud and Corruption Strategy adopted by Council	Strategy in place	1 Fraud & Corruption Strategy Adopted by Council by 30 June 2024	<b>Not achieved</b> 0 Fraud & Corruption Strategy adopted	The provincial Treasury resolved to conduct Risk Assessment Maturity for all the Municipalities to identify areas of concern to allow relevant intervention	It has been resolved that the reports will be tabled to Audit committees to map up the way forward for seamless implementation across the Province
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under/over performance)	Corrective measures
<b>PROMOTE GOOD GOVERNANCE</b>	Number of MPAC Reports submitted to Council for noting	4 MPAC Reports	2 MPAC Reports submitted to council for noting by 30 June 2024	<b>Achieved</b> 3 MPAC Report submitted to Council by 30 June 2024	The over performance is as a result of the adjustment made following the underperformance realized during the Mid-term review with the MPAC office	The matter is receiving attention through MMs Office for a proper intervention
	<b>Budget (R)</b>		<b>R45 000</b>			
	Number of Support Training Conducted for MPAC & Rules Committee	2 Support Training	1 Support Training Conducted for MPAC & Rules Committee 30 June 2024	<b>(Not Achieved)</b> 0 Support was Training Conducted	Training for Rules Committee and Standing Rules of Order was arranged but Salga Postponed it due to their Calendar of events	Training would be conducted in the next quarter
	<b>Budget (R)</b>		<b>Same As Above</b>			
	Number of Functional Ward Committee	14 Functional Ward Committees	14 Functional Ward Committees by 30 June 2024	Achieved 14 Ward Committees are functional by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R2 604 000</b>			
	Number of Ward Committees reports submitted to Council	4 Ward Committees reports	4 Ward Committees reports submitted to Council by 30 June 2024	Achieved 4 Ward Committees report was submitted to Council by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			

**KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

<b>Objectives</b>	<b>Performance Indicator</b>	<b>Baseline</b>	<b>Revised Annual Target</b>	<b>Actual Performance</b>	<b>Reasons for variance (under / over performance)</b>	<b>Corrective measures</b>
<b>PROMOTE COMMUNITY PARTICIPATION</b>	Number of Public Participation Events Supported	4 Public Participation events	6 Public Participation Events supported by 30 June 2024 (3 x IDP/Budget/PMS, 3 x Annual Report)	Not Achieved 3 Public Participation Events were supported by 30 June 2024	The MPAC did not conduct public Participation due to their administrative challenges with regard to office functionality	The IMPAC implementation plan has been resubmitted to Council for approval
	<b>Budget (R)</b>		<b>R110 000</b>			
	Number of Dipitso tsa Baagi Held	New	1 Dipitso tsa Baagi Held By 31 March 2024	Achieved 1 Dipitso tsa Baagi was held by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R50 000</b>			
	Number of Youth Summit Held	New	1 Youth Summit Held by 30 June 2024	Achieved 1 Youth summit held at Disaneng sports ground by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R20 000</b>			
	Number of Youth Career Exhibition Held	New	1 YCE Held by 30 June 2024	Not Achieved	Leaner's were preparing for Mid-Year exams	To be addressed in the new financial year
	<b>Budget (R)</b>		<b>R50 000</b>			
	Number of Youth Development Programmes Held	New	1 Youth Development programmes held by 30 June 2024	Achieved 1 Youth Development programme was held by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R60 000</b>			
Number of Disability Forum Meetings Held	New	4 Disability Forum Meetings Held By 30 June 2024	Achieved 4 Disability forum meetings were held by 30 June 2024	N/A	N/A	
<b>Budget (R)</b>		<b>R30 000</b>				

**KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
<b>ENHANCE COMMUNICATION</b>	Number of Reports on Operational Tele Centres	3 Telecentres	3 Operational Tele Centres by 30 June 2024 (Tshidilamolomo, Kraaipan & Setlagole)	Achieved 3 Telecentres are Operational by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>R 350 000</b>			
	Number of Reports on Moderations & Assessments noted by Council	1 Moderation & Assessment report	1 Moderation & Assessment report noted by Council b 30 June 2024	Achieved 1 Moderation & Assessment has been noted by Council 28 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Same as above</b>			
	Number of Graduation Ceremonies held	1 Graduation Ceremonies	1 Graduation Ceremonies held by 30 June 2024	Not achieved 0 Graduation Ceremonies was held	There was a delay of Verification by MICT SETA	Graduations will be held in August 2025.
	<b>Budget (R)</b>		<b>Same as above</b>			
	Number of Accredited Telecentres	1 Telecentre Accredited	1 Telecentre Accredited by 30 June 2024	Achieved 1 Telecentre has been Accredited 30 June 202	N/A	N/A
<b>Budget (R)</b>		<b>Same as above</b>				

SPATIAL RATIONALE						
Objectives	Performance Indicator	Baseline	Revised Annual Target	Actual Performance	Reasons for variance (under / over performance)	Corrective measures
IMPROVE SPATIAL PLANNING	Number of Supplementary Valuation Rolls implemented	2022-2028 GVR	1 Supplementary Valuation Rolls implemented by 30 June 2024	<b>Achieved</b> 1 Supplementary Valuation Roll was implemented by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		R 2 600 000			
	Number of Funding applications submitted for Land Tenure Upgrades	Setlagole & Madibogo	1 Funding applications submitted for Land Tenure Upgrades by 30 December 2023 <b>(Logageng &amp; Makgobistad)</b>	<b>Achieved</b> 1 Funding applications submitted for Land Tenure Upgrades by 30 June 2024	N/A	N/A
	<b>Budget (R)</b>		<b>Operational</b>			

## 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. The organizational was last reviewed in 2017 and till moment this is the area where the M8nicipality is not doing well. The National and Provincial COGTA has since agreed that Ratlou Local Municipality be included in the Pilot program on review of organizational structure and the process is currently at a consultation stage. It is of paramount importance to indicate that he Municipality has made a tremendous progress in the review of Human Resource Management policies that are aligned to the staff regulations requirements. The process Job Evaluation is in a process of implementation as currently the Provincial Audit Committee and it helps the compliance on alignment to staff regulations on post classification and levels. It is expected that the process will be finalized before the end of the first quarter to allow implementation from the beginning of the Second Quarter , the Municipality has in the current financial year succeeded in the appointment of 0

T 4.0.1

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	Year -1		Year 0		
	Employees No.	Approved Posts 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	14	14	-	-
Local Economic Development	2	2	2	-	-
Planning (Strategic & Regulatory)	1	1	1	-	-
Local Economic Development	-	-	-	-	-
Community & Social Services	56	56	53	3	5.66
Environmental Protection	-	-	-	-	-
Health	-	-	-	-	-
Security and Safety	7	7	7	-	[
Sport and Recreation	-	-	-	-	[
Corporate Policy Offices and Other	136	136	136	1	[
<b>Totals</b>	<b>218</b>	<b>213</b>	<b>216</b>	<b>214</b>	<b>99.07</b>

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	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	4	2	50%
Other S57 Managers (Finance posts)	0	0	0
Police officers	0	0	0
Fire fighters	0	0	0
Senior management: Levels 13-15 (excluding Finance Posts)	17	0	0
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	21	1	0
Highly skilled supervision: levels 9-12 (Finance posts)	11	0	0
<b>Total</b>	<b>61</b>	<b>5</b>	<b>8.2</b>

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	11	13	0.04
Year -1	22	12	0.05
Year 0	04	01	25

*\* 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 Senior Manager planning and Development and Chief Financial Officer. This is despite the number of attempts by the Municipality to fill these vacancies, it is however important to indicate that the recruitment process for these positions are at an advanced stage and it will be concluded before the end of the second quarter of this financial year.

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 skilled 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	0%	N/A	N/A
2	Retention	100%	21/06/2017	31/07/2017
3	Code of Conduct for employees	100%	21/06/2017	31/07/2017
4	Delegations, Authorisation & Responsibility	0%	N/A	N/A
5	Disciplinary Code and Procedures	100%	N/A	N/A
6	Essential Services	0%	N/A	N/A
7	Employee Assistance / Wellness	100%	12/05/2023	31/07/2023
8	Employment Equity	100%	12/05/2023	31/07/2023
9	Exit Management	0%	12/05/2023	31/07/2023
10	Grievance Procedures	100%	12/05/2023	31/07/2023
11	Chronic	100%	N/A	N/A
12	Education and Training Development	100%	12/05/2023	31/07/2023
13	Information Technology	100%	N/A	N/A
14	Job Evaluation	0%	N/A	N/A
15	Leave	100%	12/05/2023	31/07/2023
16	Occupational Health and Safety	100%	12/05/2023	31/07/2023
17	Official Housing	0%	N/A	N/A
18	Subsistence and Travelling Allowance	100%	12/05/2023	31/07/2023
19	Funeral	100%	12/05/2023	31/07/2023
20	Overtime	100%	12/05/2023	31/07/2023
21	Organisational Rights	100%	N/A	N/A
22	Payroll Deductions	0%	N/A	N/A
23	Performance Management and Development	100%	12/05/2023	31/07/2023
24	Recruitment, Selection	100%	12/05/2023	31/07/2023
25	Remuneration	100%	N/A	N/A
26	Resettlement	0%	N/A	N/A
27	Sexual Harassment	100%	12/05/2023	31/07/2023
28	Skills Development	100%	12/05/2023	31/07/2023
29	Smoking	100%	12/05/2023	31/07/2023
30	Special Skills	0%	N/A	N/A
31	Work Organisation	0%	N/A	N/A
32	Uniforms and Protective Clothing	0%	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. Ratlou Local Municipality has finally managed to complete the review process and 24 Human Resource Policies were adopted on 31 July 2023 and this is with effect from 01 July 2023 as stipulated in the new Staff Regulations

*T 4.2.1.1*

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

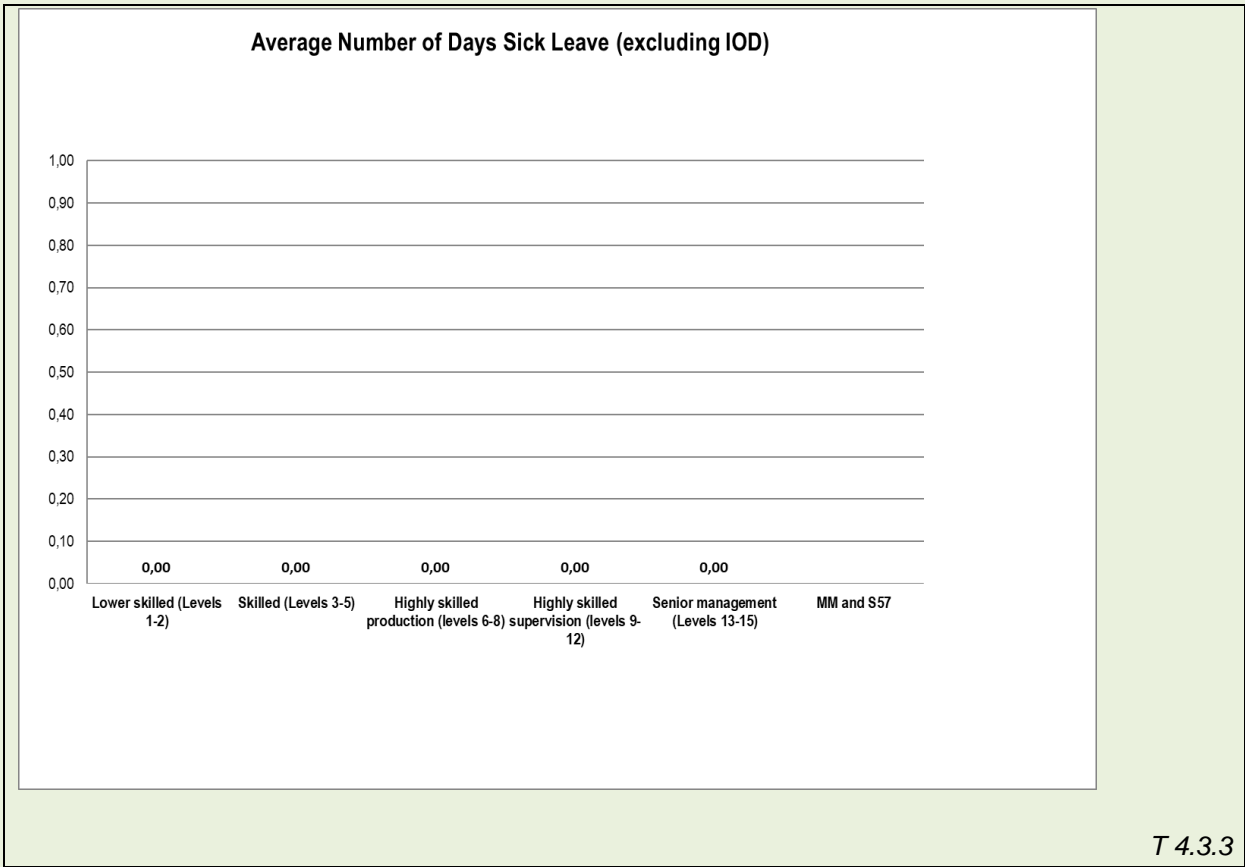
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	N/A	N/A	N/A	N/A	N/A
Temporary total disablement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

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)	59	0	57	86	1.04	
Skilled (Levels 3-5)	22	0	49	77	0.29	
Highly skilled production (levels 6-8)	0	0	00	00	00	
Highly skilled supervision (levels 9-12)	37	0	18	30	1.23	
Senior management (Levels 13-15)	12	0	17	27	0.44	
MM and S57	00	00	00	03		
<b>Total</b>	<b>160</b>	<b>00</b>	<b>151</b>	<b>223</b>		

\* - 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



**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 payroll 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*

<b>Number and Period of Suspensions</b>				
<b>Position</b>	<b>Nature of Alleged Misconduct</b>	<b>Date of Suspension</b>	<b>Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised</b>	<b>Date Finalised</b>
Chie financial Officer	Financial Misconduct	01 May 2023	Suspended	On progress
				<i>T 4.3.5</i>

<b>Disciplinary Action Taken on Cases of Financial Misconduct</b>			
<b>Position</b>	<b>Nature of Alleged Misconduct and Rand value of any loss to the municipality</b>	<b>Disciplinary action taken</b>	<b>Date Finalised</b>
Chief Financial Officer	Financial misconduct	Suspended	On progress
			<i>T 4.3.6</i>

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

The Chief financial Officer has been suspended on allegations of financial misconduct and the matter was reported to South African Police Service, internal disciplinary processes are also underway.

*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 gets a maximized implementation to ensure a well capacitated workforce at all levels without discrimination, The municipality aligns itself with the new staff regulations in terms of staff development through performance management and skills development.

*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	1	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	18	0	0	0	8	0	0	0	0	8	8	8	8
	Male	34	0	0	0	5	0	0	0	0	5	5	5	5
Technicians and associate professionals*	Female	40	0	0	0	8	0	0	0	0	8	8	8	8
	Male	36	0	0	0	19	0	0	0	0	19	19	19	19
Professionals	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	59	0	0	0	16	0	0	0	0	0	0	0	0
	Male	73	0	0	0	25	0	0	0	0	0	0	0	0
<b>Total</b>		<b>132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>

\*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))	Conso lidated : 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))
<b>Financial Officials</b>						
<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
<b>Supply Chain Management Officials</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<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
<b>TOTAL</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>

\* 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	-	-	-	-	-	-	-	-
	Male	3	-	-	-	-	-	-	-	-
Legislators, senior officials and managers	Female	8	-	-	30 000	8 568	-	-	30 000	8 568
	Male	19	-	-	30 000	19 278	-	-	30 000	19 278
Professionals	Female	0	-	-	-	-	-	-	-	-
	Male	0	-	-	-	-	-	-	-	-
Technicians and associate professionals	Female	0	-	-	30 000	29 99	-	-	30 000	29 99
	Male	2	-	-	30 000	26 991	-	-	30 000	26 991
Clerks	Female	78	-	-	30 000	17 100	-	-	30 000	17 100
	Male	54	-	-	30 000	11 400	-	-	30 000	11 400
Service and sales workers	Female	0	-	-	-	-	-	-	-	-
	Male	0	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	Female	0	-	-	-	-	-	-	-	-
	Male	11	-	-	30 000	28 500	-	-	30 000	28 500
Elementary occupations	Female	22	-	-	30 000	5 600	-	-	30 000	5 600
	Male	12	-	-	30 000	22 400	-	-	30 000	22 400
Sub total	Female	<b>109</b>	-	-	120 000	108 569	-	-	120 000	108 569
	Male	<b>101</b>	-	-	150 000	34 267	-	-	150 000	34 267
<b>Total</b>		<b>210</b>	-	-	<b>270000</b>	<b>142 836</b>	-	-	<b>270000</b>	<b>142 836</b>
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.										
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.

The Municipality is in a process of aligning the Workplace Skills Plan with the new staff regulations which will play a critical part in ensuring the equitable distribution of training provisions 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



**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 the larger part 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
<b>Total</b>		<b>0</b>

*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

# Chapter 4

## 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

## 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 Provincial Audit Committee on Job Evaluation is currently Auditing Ratlou Local Municipality results for implementation and it is expected that the process will be finalized before the end of the first quarter in the new financial year and the implementation thereof.

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 meeting 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 itself 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.

T 5.1.0

# Chapter 5

## 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	2020/2021	2021/2022	2022/2023	Current Year 2023/2024				2024/2025 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/2025	Budget Year +1 2025/26	Budget Year 2026/27
<b>Financial Performance</b>										
Property rates	2 4 534	25 023	26 952	28 700	33 017	33 017	33 017	24 480	25 215	26 475
Service charges	225	400	399	514	414	414	414	-	-	-
Investment revenue	1 984	2 285	5964	4 600	8 100	8 100	8 100	1 635	1 733	1 837
Transfers recognised - operational	165 537	155 085	167099	166 471	165 730	165 730	65 730	140 465	147 264	153 206
Other own revenue	2 105	2 481	2672	9 945	10 145	10 145	10 145	2 882	4 035	4 232
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 94 384</b>	<b>185 274</b>	<b>214 386</b>	<b>210 230</b>	<b>217 407</b>	<b>217 407</b>	<b>217 407</b>	<b>169 462</b>	<b>178 246</b>	<b>185 751</b>
Employee costs	91 417	99 244	91237	105 461	93 620	93 620	93 620	91 469	100 807	107 756
Remuneration of councillors	14 236	13 562	12218	12 400	12 367	12 367	12 367	11 865	12 696	13 585
				33 000	33 000	33 000	33 000			
Depreciation & asset impairment	30 500	33 000	29994	300	60	60	60	12 500	13 125	13 781
Finance charges	160	185	974	-	-	-	-	160	168	176
Materials and bulk purchases	-	-	-	-	-	-	-	6 567	6 666	7 027
Transfers and grants	-	-	-	83 278	109 618	109 618	109 618	5 590	5 870	6 163
Other expenditure	68 892	72 999	86755	234 439	248 665	248 665	248 665	47 573	53 339	56 035
<b>Total Expenditure</b>	<b>205 205</b>	<b>218 191</b>	<b>255458</b>	<b>(24 209)</b>	<b>(31 258)</b>	<b>(31 258)</b>	<b>( 31 2 58)</b>	<b>175 724</b>	<b>192 671</b>	<b>204 523</b>

<b>Surplus/(Deficit)</b>	(10 821)	(32 916)	(41072)	32 775	47 834	47 834	47 834	(6 262)	(14 424)	(18 773)
Transfers recognised - capital	27 763	-	-					27 763	29 919	31 545
Contributions recognised - capital & contributed assets	-	-	-	8 566	16 575	16 575	16 575	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	16 942	(32 916)	(41072)	-	-	-	-	21 501	15 495	12 772
Share of surplus/ (deficit) of associate	-	-	736					-	-	-
<b>Surplus/(Deficit) for the year</b>	16 942	(32 916)	(40337)	-	-	-	-	21 501	15 495	12 772
<b><u>Capital expenditure &amp; funds sources</u></b>				32 775	47 834	47 834	47 834			
<b>Capital expenditure</b>	45 008	32 051	16 333	32 775	47 834	47 834	47 834	33 291	37 731	40 696
Transfers recognised - capital	34 849	20 807	8 208					27 763	29 919	31 498
Public contributions & donations			-							
				-	-	-	-			
Borrowing	-	-	-	-	145	145	145	-	-	-
Internally generated funds	<b>10 159</b>	11 244	<b>8 125</b>	32 775	47 979	47 979	47 979	5 528	7 812	9 198
<b>Total sources of capital funds</b>	45 008	32 051	16 333	-	-	-	-	33 291	37 731	40 696
				-	-	-	-			
<b><u>Financial position</u></b>										
Total current assets	102 145	104 372	107427	72008	72008	72008	72008	57 410	60 280	63 294
Total non current assets	362 069	409 012	332125	370291	370291	370291	370291	385 238	391 567	396 856

# Chapter 5

Total current liabilities	41 488	51 460	60131	35167	35167	35167	35167	4 017	4 518	5 019
Total non current liabilities	71 00	7 521	7266	8122	8122	8122	8122	2 192	2 302	2 417
Community wealth/Equity	415 626	454 403	372 156	399010	399010	399010	399010	436 439	445 028	452 715
<b>Cash flows</b>										
Net cash from (used) operating	56 886	44 235	25524	13634	13634	13634	13634	33 295	36 425	37 278
Net cash from (used) investing	(47 669)	(32 170)	(6934)	(53559)	(53559)	(53559)	(53559)	(33 291)	(37 731)	(40 696)
Net cash from (used) financing	9 216	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	62 147	74 211	92 801	52875	52875	52875	52875	4 324	3 018	(401)
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	62 147	74 211	92 801	52875	52875	52875	52875	37 728	39 614	41 595
Application of cash and investments	(27 860)	(28 108)	-	-	-	-	-	(11 616)	(12 006)	(12 321)
<b>Balance - surplus (shortfall)</b>	34 287	46 103	92 801	52875	52875	52875	52875	49 344	51 620	53 916
<b>Asset management</b>										
Asset register summary (WDV)	360 397	363 042	327692	366041	366041	366041	366041	361 697	366 849	370 902
Depreciation & asset impairment	24 287	24 240	29994	30301	30301	30301	30301	12 500	13 125	13 781
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1 283	3 320	4278	9100	9100	9100	9100	6 567	6 666	7 027

<b><u>Free services</u></b>				-	-	-	-			
Cost of Free Basic Services provided	-	-	-	2 263	2 263	2 263	2 263	-	-	-
Revenue cost of free services provided	3105	3105	3105			-	-	2 261	-	-
<b><u>Households below minimum service level</u></b>				-	-	-	-			
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-



# Chapter 5

Financial Performance of Operational Services							R '000
Description	2022 / 2023	2023 / 2024			2023 / 2024 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
<b>Operating Cost</b>							
Water	-	-	-	-	-	-	
Waste Water (Sanitation)	-	-	-	-	-	-	
Electricity	13	9 940	14 614	14 600	(4 660)	14	
Waste Management	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	
Component A: sub-total	13	9 940	14 614	14 600	(4 660)	14	
Waste Water (Stormwater Drainage)	-	-	-	-	-	-	
Roads	-	18 125	28 517	27 541	(9 416)	976	
Transport	-	-	-	-	-	-	
Component B: sub-total		18 125	28 517	27 541	(9 416)	976	
Planning	-	-	-	-	-	-	
Local Economic Development	-	-	-	-	-	-	
Component B: sub-total							
Planning (Strategic & Regulatory)	-	-	-	-	-	-	
Local Economic Development	-	-	-	-	-	-	
Component C: sub-total							
Community & Social Services	4	19 938	15 812	15 515	4 423	296	
Environmental Protection	-	-	-	-	-	-	
Health	-	-	-	-	-	-	
Security and Safety	5	-	-	-	-	-	
Sport and Recreation	5	-	-	-	-	-	
Corporate Policy Offices and Other	-	-	-	-	-	-	
Component D: sub-total	14						
<b>Total Expenditure</b>	<b>27</b>	<b>28 065</b>	<b>43 132</b>	<b>41 982</b>	<b>(13 917)</b>	<b>1 150</b>	
						T 5.1.2	

**COMMENT ON FINANCIAL PERFORMANCE:**

The Municipality has since improved the state of financials including the revenue collection. The Municipality is compliant with the submission of its Section 52 and 71 reports on monthly basis. The Council has resolved to write-off the property rates for the previous financial years to mediate the farmers dispute, however following further consultations it realized that this was erroneously done and it has since been rescinded

T5.1.3

## 5.2 GRANTS

Grant Performance						
R' 000						
Description	2022 / 2023	2023 / 2024		2023 / 2024 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b>Operating Transfers and Grants</b>						
<b>National Government:</b>	150 601	160 330	160 330	160 330	100%	100%
Equitable share						
Municipal Systems Improvement	-					
Department of Water Affairs	-					
Levy replacement	-					
Other transfers/grants [EPWP, MIG OPEX, Library Grant]	8 339	4 849	5 258	5 258	100%	100%
<b>Provincial Government:</b>	-					
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	-	3133	3133	3133	100%	100%
Other transfers/grants [insert description]						
<b>District Municipality:</b>						
[NMMDM Water Grant]						
<b>Other grant providers:</b>						
[Kalgold mine Grant]						
<b>Total Operating Transfers and Grants</b>	<b>158 939</b>	<b>166 863</b>	<b>167 248</b>	<b>167 248</b>	<b>()</b>	

Variations 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:**

# Chapter 5

The Municipality annually receives the grant from Department of Arts, Culture and Sport & Recreation for day to day administrative running costs of Library Services which assist also in procuring goods that creates a productive working environment for the both users and officials. MIG optimally utilized for its purpose in the current financial year.

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
<b>Parastatals</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"		N/A				
B - "Project 2"						
<b>Foreign Governments/Development Aid Agencies</b>						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"	N/A					
B - "Project 2"						
<b>Private Sector / Organisations</b>						
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, Local Government Sector Education (LGSETA) , EPWP and Local Government Financial Management Grant & Development These grants has assisted the Municipality for recruitment of internships and the capacity building thereof as well as eradication of unemployment within the Municipality through EPWP grant.

T 5.2.4

### 5.3 ASSET MANAGEMENT

#### 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				
<b>Asset 1</b>				
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	R 1 708 906.69	R 9 206 334.92
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
<b>Asset 2</b>				
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	R 5 639 273.34	R 4 020 298.31	R 980 117.58	R 13 475 632.48
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
<b>Asset 3</b>				
Name	Construction of Mabule and Mathateng Road			

# Chapter 5

Description	Road Construction			
Asset Type	Infrastructure Asset			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				R 9 857 541.39
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				
<b>Asset 1</b>				
Name	Rehabilitation of Mareetsane Sprots Facility			
Description	Infrastructure Assets			
Asset Type	Infrastructure Assets			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value			R 1 335 675.00	R 5 919 629.31
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
<b>Asset 2</b>				
Name	Installation of Madibogo High Mast Light			
Description	High Mast Lights			
Asset Type	Community Assets			
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				R 5 858 449.90
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
<b>Asset 3</b>				
Name	Construction of MadibogoPan			

	Internal and Road			
Description	Road Construction			
Asset Type	Infrastructure Asset			
Key Staff Involved				
Staff Responsibilities				
Policies in Place to Manage Asset	Yes			
Asset Value	Year -3	Year -2	Year -1	Year 0
				R 2 472 685.05
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			
<i>T 5.3.2</i>				

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Construction of Makgobistadt internal access Road			
Description	Road Construction			
Asset Type	Infrastructure Asset			
Key Staff Involved				
Staff Responsibilities				
Asset Value	Year -3	Year -2	Year -1	Year 0
				R 1 939 509.05
Capital Implications	MIG Funding			
Future Purpose of Asset	For service delivery and community development			
Describe Key Issues				
Policies in Place to Manage Asset	Yes			

**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 been appointed for preparation of Annual Financial Statements and Compilation of Asset Register

*T 5.3.3*

# Chapter 5

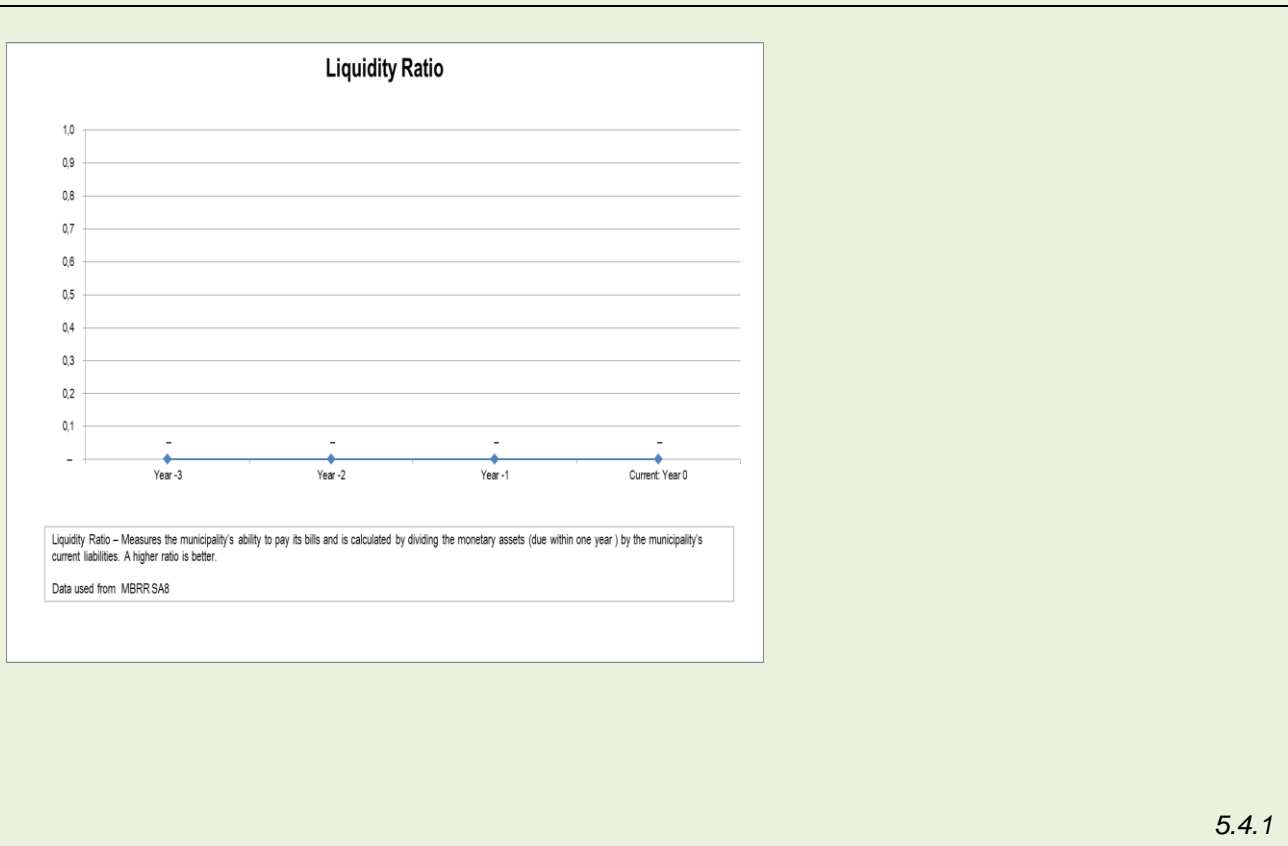
Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	9 229	11 297	9 100	129
T 5.3.4				

### COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

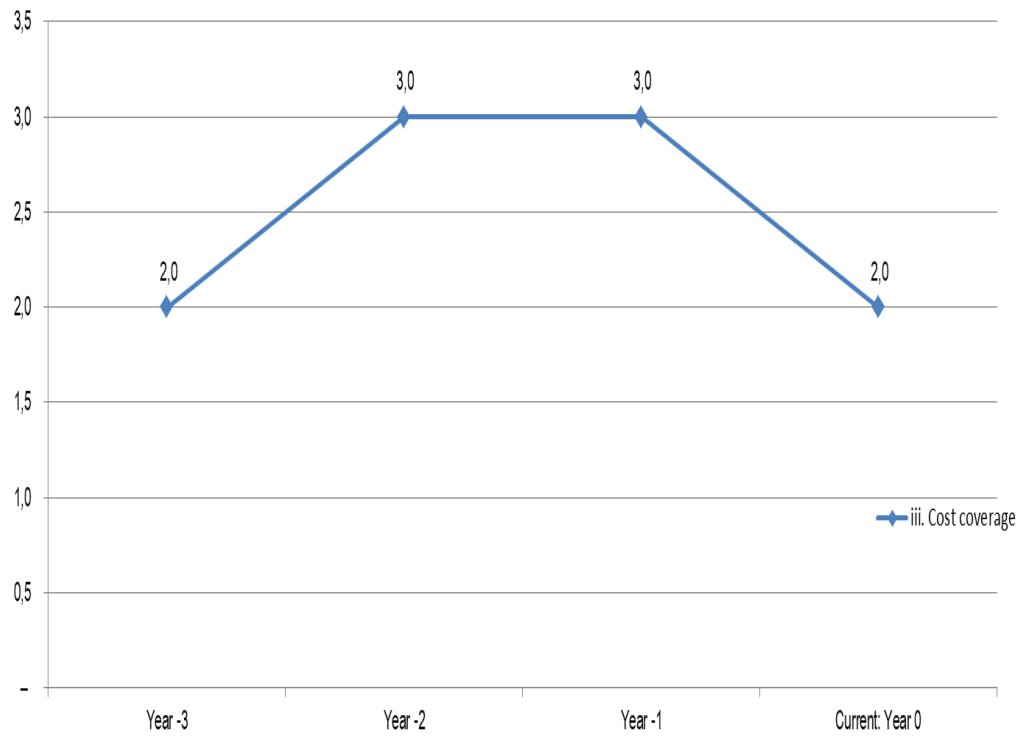
The above reflected includes the repairs and maintenance of High mast lights and other assets such as white, yellow fleet as well as the building and all properties of the municipality.

T 5.3.4.1

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



## Cost Coverage



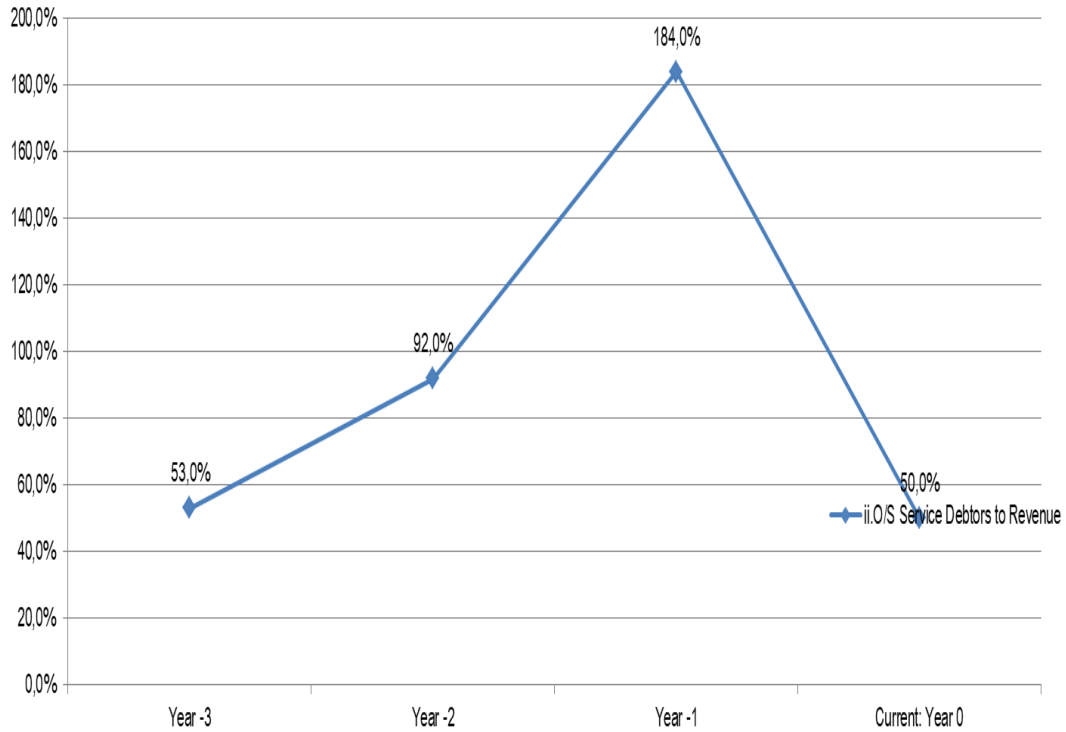
Cost Coverage- It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

# Chapter 5

## Total Outstanding Service Debtors

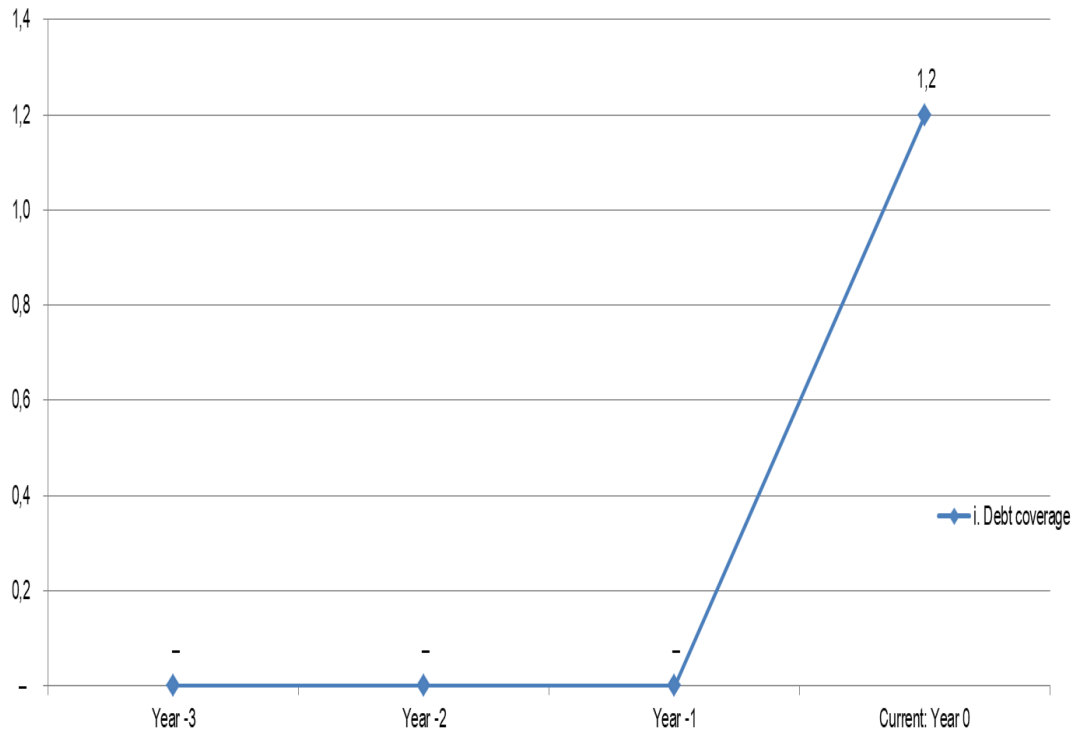


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower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

Data used from MBRR SA8

T 5.4.3

## Debt Coverage



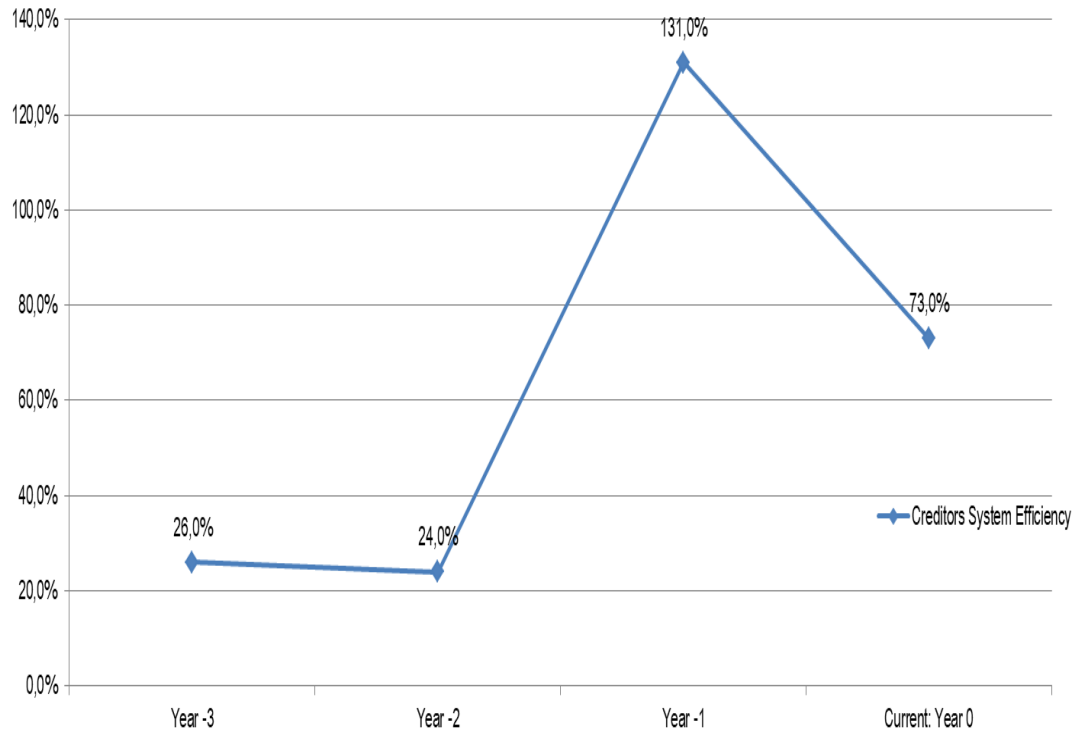
Debt Coverage- The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRRSA8

T 5.4.4

# Chapter 5

## Creditors System Efficiency

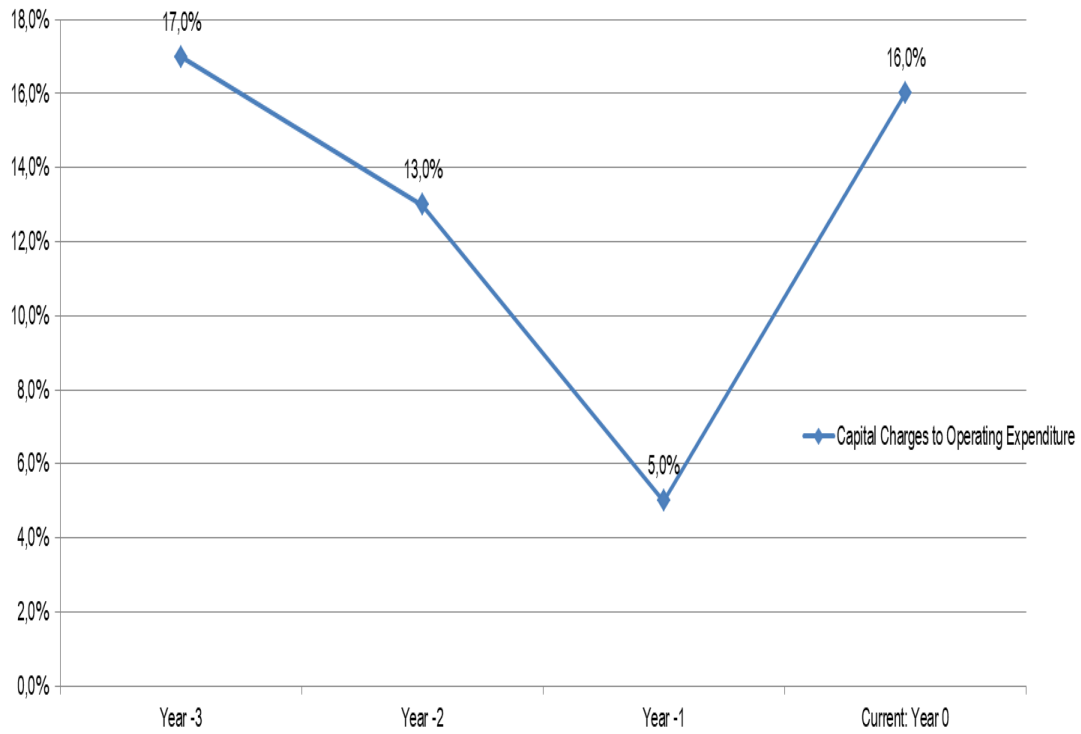


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

## Capital Charges to Operating Expenditure



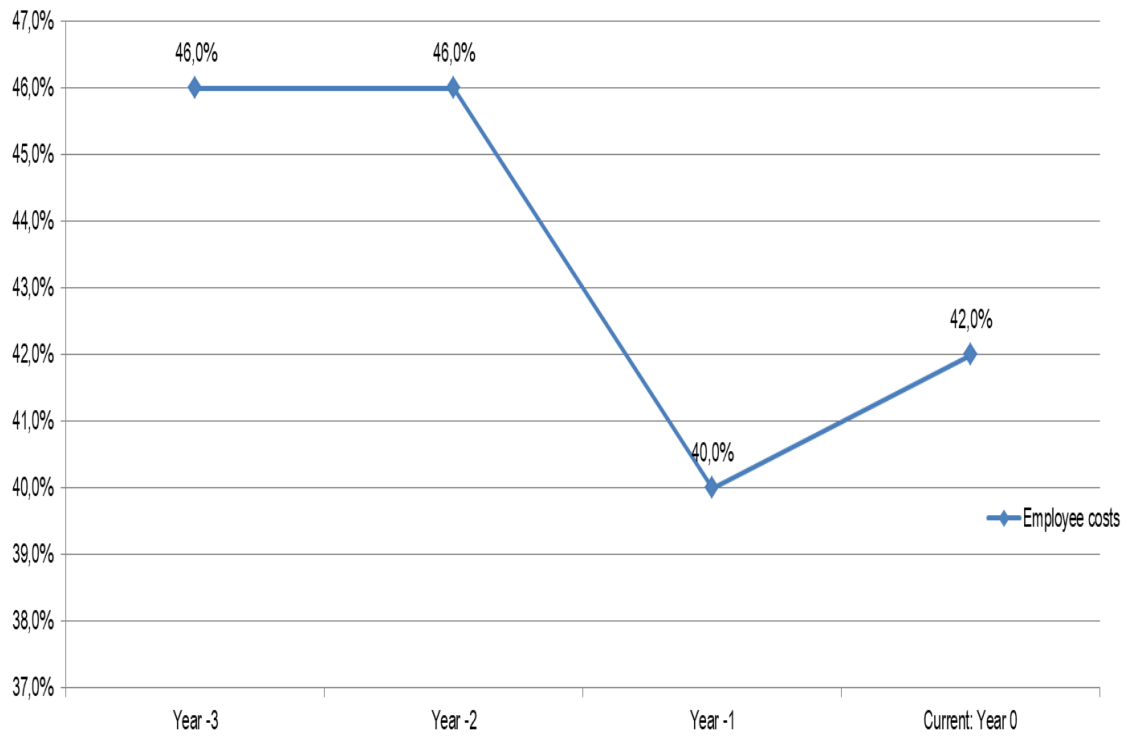
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

# Chapter 5

## Employee Costs

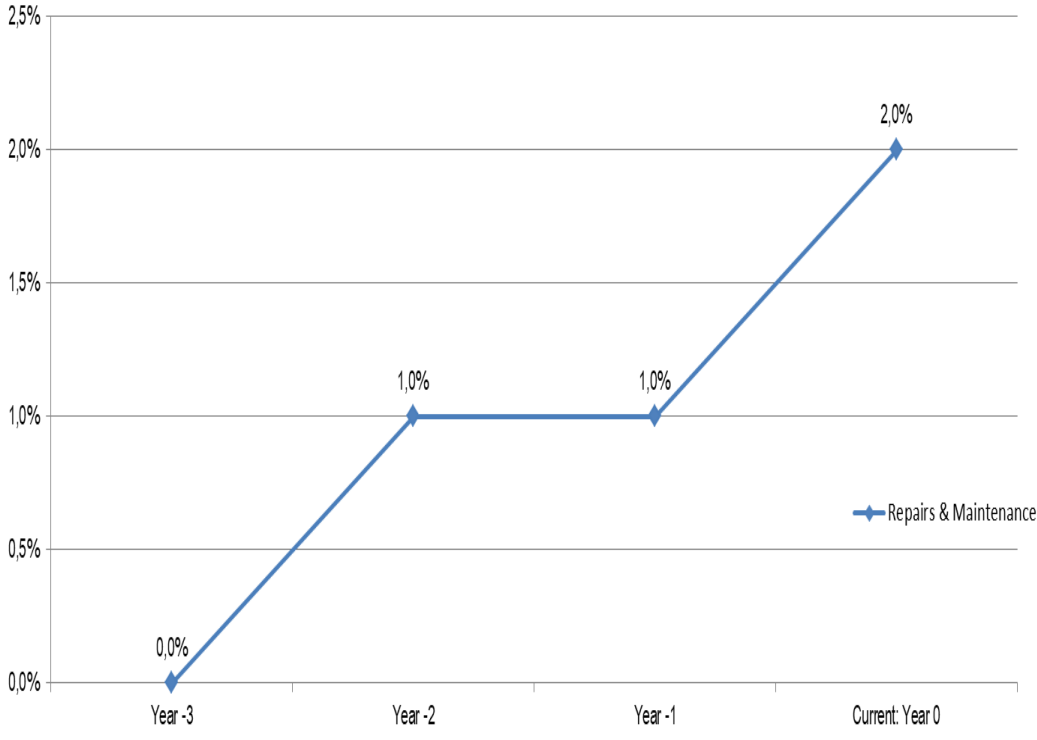


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

# 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 MBRR SA8

# Chapter 5

## 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

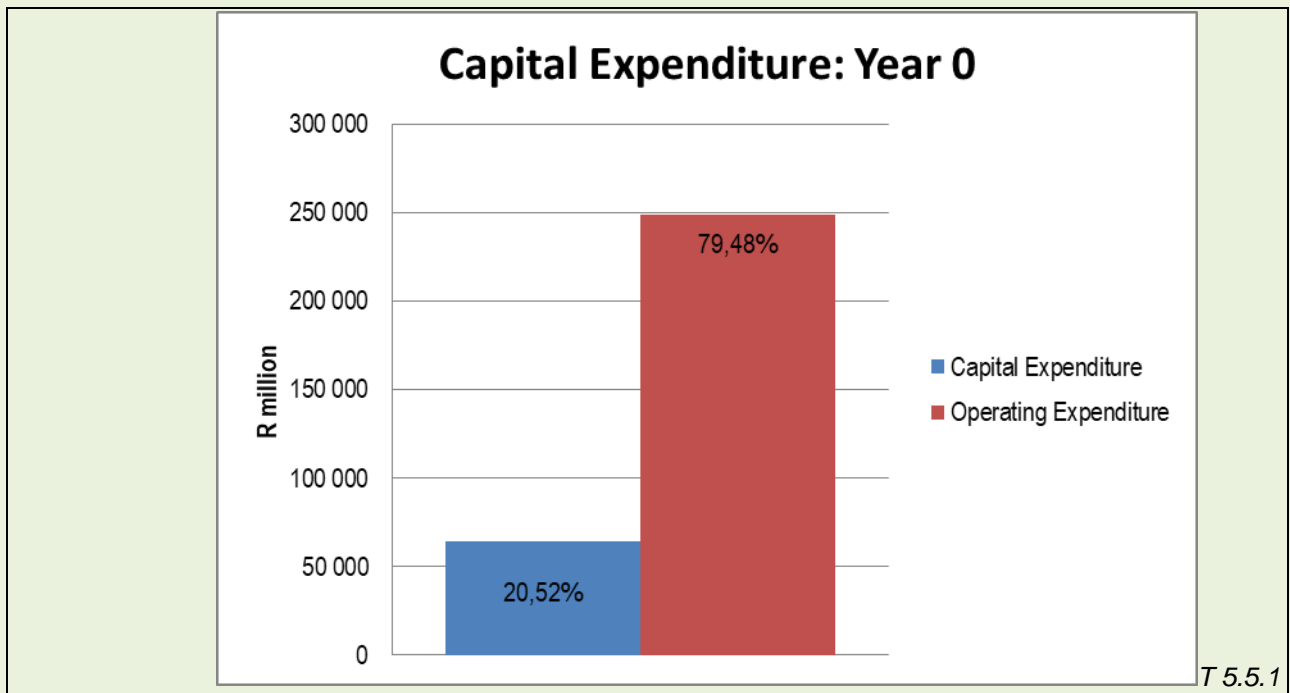
## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### 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, All projects that were planned for this financial year were implemented and completed except for Makgobistadt internal Access road which is still ongoing due low performance of the contractor

T 5.5.0

## 5.5 CAPITAL EXPENDITURE



## 5.6 SOURCES OF FINANCE

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	43 910	64 194	57 936	(14 026)	6 258
	<b>43 910</b>	<b>64 194</b>	<b>57 936</b>	(14 026)	6 258
Operating Expenditure	234 439	248 661	241 650	(7 210)	7 011
	<b>234 439</b>	<b>248 661</b>	<b>241 650</b>	(7 210)	7 011
<b>Total expenditure</b>	<b>278 349</b>	<b>312 855</b>	<b>299 586</b>	(21 236)	13 269
Water and sanitation					
Electricity					
Housing					
Roads, Pavements, Bridges and storm water					
Other					
	<b>9 940</b>	<b>14 614</b>	<b>14 601</b>	(4 661)	14
External Loans					
Internal contributions					
Grants and subsidies					
Other					
External Loans					
Grants and subsidies					
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts					
Salaries, wages and allowances	117 862	105 987	104 323	13 538	1 663
Cash and creditor payments	116 578	142 674	137 326	(20 749)	5 348
Capital payments	43 910	64 194	57 936	(14 026)	6 258
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	<b>278 349</b>	<b>312 855</b>	<b>299 586</b>	(21 236)	13 269

# Chapter 5

	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	28 700	33 017	33 141	(4 441)	(123)
Service charges	514	414	432	82	(18)
Other own revenue	181 016	183 975	198 745	(17 729)	(14 770)
	<b>210 230</b>	<b>217 407</b>	<b>232 318</b>	<b>(22 088)</b>	<b>(14 911)</b>
Employee related costs	105 461	93 620	95 086	10 375	(1 466)
Provision for working capital					
Repairs and maintenance	9 229	11 297	9 100	129	2 197
Bulk purchases					
Other expenditure	119 749	143 744	149 364	(29 615)	(5 620)
	<b>234 439</b>	<b>248 661</b>	<b>253 551</b>	<b>(19 111)</b>	<b>(4 889)</b>
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					

**COMMENT ON SOURCES OF FUNDING:**

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 the 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. The Municipality is also receiving revenue through the Setlagole vehicle Registering Authority and the Drivers Learners Testing classes that are also housed under Thusong Service Center

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 (%)
	Matloding and Logageng Sport Gound	R 9 649 607	R 10 242 049	R 9 206 335	-
Rehabilitation of Mareeetsane Sports Ground	<b>R 2 487 105</b>	R 5 600 000	R 5 608 338	-	-
Construction of Roads Ramabesa and Setlhwatlhe Phase 03	<b>R 11 000 000</b>	R 12 450 163	R 11 717 941.28	-	-
Mabule and Mathateng Road	<b>R 5 413 731</b>	R 9 907 998	R 9 406 322	-	-
Madibgopan and Diolwane Road	<b>R 5 413 731</b>	R 2 472 667	R 2 315 714	-	-
<i>* Projects with the highest capital expenditure in Year 0</i>					
<b>Name of Project - A</b>	Matloding and Logageng Sport Ground				
Objective of Project	Improvement of access to Community facility.				
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				
<b>Name of Project - B</b>	Rehabilitation of Mareeetsane Sports Ground				
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	Roads Ramabesa and Setlhwatlhe Phase 03				
<b>Name of Project - C</b>	1 Internal Access Roads completed				
Objective of Project	Improvement of access to Community facility.				

# Chapter 5

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
<b>Name of Project - D</b>	Mabule and Mathateng Road
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 as outlined in SDBIP were successfully implemented, this was done through the support of National. Provincial COGTA and Municipal Infrastructure Support Agency

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, during this financial year there is a lot of improvement that is realized in the collection of electricity coupons as it was above the planned target.

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		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to \* formal and \*\* informal settlements.*

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust-ments Budget	
<b>Infrastructure - Road transport</b>	N/A					
<i>Roads, Pavements &amp; Bridges</i>						
<i>Storm water</i>						
<b>Infrastructure - Electricity</b>	N/A					
<i>Generation</i>						
<i>Transmission &amp; Reticulation</i>						
<i>Street Lighting</i>						
<b>Infrastructure - Water</b>	N/A					
<i>Dams &amp; Reservoirs</i>						
<i>Water purification</i>						
<i>Reticulation</i>						
<b>Infrastructure - Sanitation</b>	N/A					
<i>Reticulation</i>						
<i>Sewerage purification</i>						
<b>Infrastructure - Other</b>	N/A					
<i>Waste Management</i>						
<i>Transportation</i>						
<i>Gas</i>						
<b>Other Specify: Community Facilities</b>	N/A					
<b>Total</b>						

\* 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

# Chapter 5

## 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 crisis. The Municipality has complied with MFMA requirement that the budget should be submitted to the mayor on monthly basis through section 71 reports. Ratlou Local Municipality pride itself with a sound financial management and it is for this that it has never happened that at the end of the month creditors and employees salaries were not paid

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2022 / 2023	Current: 2023 / 2024		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	21 279	25 500	25 100	43 399
Government - operating	175 877	166 471	164 635	164 635
Government - capital	8 208	32 775	32 193	32 193
Interest	123	4 600	8 100	252
Dividends				
<b>Payments</b>				
Suppliers and employees	(191)	(200 000)	(223 000)	(222 968)
Finance charges	(1)	(80 000)	(110 000)	(109)
Transfers and Grants				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>35</b>	<b>(50 654)</b>	<b>(102 972)</b>	<b>24 950</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE			911	911
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
<b>Payments</b>				
Capital assets	(16 792 000)	50 000	65 800	(65 788)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(16 792)</b>	<b>(654)</b>	<b>(37 172)</b>	<b>(64 877)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing				
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>				
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>18 589</b>			
Cash/cash equivalents at the year begin:	74 211	92 804	92 804	92 804
Cash/cash equivalents at the year end:	<b>92 801</b>	<b>52 878</b>	<b>52 878</b>	<b>52 878</b>
Source: MBRR A7				T 5.9.1

# Chapter 5

## COMMENT ON CASH FLOW OUTCOMES:

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 crisis. The Municipality has complied with MFMA requirement that the budget should be submitted to the mayor on monthly basis through section 71 reports.

T 5.9.1.1

## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The Municipality currently does not have any borrowings from external financial institutions and the investments are with 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
<b>Municipality</b>	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			
<b>Municipality Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Municipal Entities</b>	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			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

T 5.10.2

# Actual Borrowings



T 5.10.3

# Chapter 5

<b>Municipal and Entity Investments</b>			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<b><u>Municipality</u></b>			
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			
<b>Municipality sub-total</b>	0	0	0
<b><u>Municipal Entities</u></b>			
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			
<b>Entities sub-total</b>	0	0	0
<b>Consolidated total:</b>	0	0	0

T 5.10.4

**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.. These units are supported by various committees to maximize high level of compliance in a 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. However during this financial year the functionality of MPAC was not maximized as public participations and investigations on identified of financial irregularities were not addressed

*T 5.12.1*

**5.13 GRAP COMPLIANCE**

**GRAP COMPLIANCE**

The Municipality is trying by all means to ensure that all transactions that are captured in the system are processed observing the requirements as outlined within the GRAP system, The Provincial Treasury is every financial year monitors the Municipal system and review its budget to ensure that it is compliant with GRAP and funded. It has never been the case in the past years that the Municipality is failing to submit the Section 52 and 71 Reports.

*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
COAF 77_Consequence management: UIFW reported in previous year(s) not investigated (ISS.115)	<p>Management will take appropriate steps on findings of the investigations and the process will include at least the following:-</p> <ul style="list-style-type: none"> <li>- disciplinary steps</li> <li>- recovery or write-off of any losses incurred as a result of the unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure</li> <li>- condonation of irregular expenditure/ approval of unauthorised expenditure.</li> <li>- reporting unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure to the relevant treasury.</li> <li>- reporting unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure that constitute a</li> </ul>

	crime to SAPS
COAF 44_SCM -MBD 4 not attached in the payment voucher (follow up on 2021/22 Coaf 16-Ex 89)(ISS.71)	Management will ensure that the required information is provided timeously.
COAF 44_SCM- SCM process not followed (follow up on 2021/22 Coaf 21-Ex 96)(ISS.72)	Management is in the process to ensure that the SCM process is followed on the procurement of the goods and services above was fair, transparent, and competitive.
COAF 72_Information not included in tender files (ISS.16)	Management will ensure that SCM policies are followed to letter.
COAF 73_SCM: The JV does not meet the lead partner minimum grading requirement (ISS.102)	Management uses JV Grading Calculator and ensure that the grading of a joint venture is suitable for the value of contract.
COAF 73_SCM: Contractor is not registered with the CIDB (ISS.102)	Management always ensures that during the evaluation process all bids are awarded that is registered with the Board and holds a valid registration certificate issued by the Board.
COAF 04_Non-compliance with MSA 38 & MFMA 53(1): No Performance assessments were done for all employees in the 2022/2023 financial year (ISS.6)	The management is in a process of preparing all logistical requirements as prescribed by the circular for 2023.
COAF 45_No performance agreement for senior managers and lower level (ISS.4)	The management is in a process of preparing all logistical requirements as prescribed by the circular for 2023.
COAF 4_Policies and Organisational structure not reviewed and updated (ISS.2)	HR related policies were reviewed and adopted by council on the 31 July 2023. Budget related policies will be reviewed when annual budget is tabled and adjustment budget is tabled.
COAF 4_Internal control deficiency - policies not reviewed (ISS.9)	HR related policies were reviewed and adopted by council on the 31 July 2023. Budget related policies will be reviewed when annual budget is tabled and adjustment budget is tabled.
<p><i>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.</i></p>	
T 6.2.1	

# Chapter 6

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
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 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.	
	T 6.1.2

## 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 2023, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

#### Basis for disclaimer of opinion

##### Property, plant and equipment

2. The municipality did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for infrastructure assets and work in progress with a carrying value of R25 797 066 in accordance with GRAP 17, *Property, plant and equipment*. I was unable to quantify the full extent of the misstatement on these infrastructure assets and work in progress as disclosed in note 4, the depreciation and amortisation expense and impairment of R29 991 823 and R8 891 026 as disclosed in note 30 and the face of the statement of financial performance respective as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.
3. In addition, during 2022, 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 R359 239 372 as disclosed in note 4 and the depreciation and amortisation of R225 227 037 as disclosed in note 30 to the financial statements was necessary. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the general expenses for the current period.

# APPENDICES

## Receivables from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was also unable to obtain sufficient appropriate audit evidence for the debt impairment calculated on the gross balances due to this limitation. I was unable to confirm these receivables from non-exchange transactions and allowance for impairment by alternative means. Consequently, I was unable to determine whether any further adjustment relating to receivables from non-exchange transactions of R9 159 106 (2022: R16 171 863) as disclosed in note 12 and 14 to the financial statements as well as the debt impairment expense of R13 831 836 (2022: R16 651 252) as presented in the statement of financial performance were necessary.

## 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 R2 090 176 (2022: R6 228 462) as disclosed in note 11 and 14 and debt impairment expense of R13 831 836 (2022: R16 651 252) as disclosed in note 33 to the financial statements was necessary.

## VAT Receivable

6. 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 R6 730 578 (2022: R7 521 982) as disclosed in note 13 to the financial statements was necessary.

## Payables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for trade payables included in payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these trade payables by alternative means. Consequently, I was unable to determine whether any further adjustments to payables from exchange transactions stated at R20 815 258 (2022: R28 472 644) in note 6 to the financial statements were necessary.

## Interest received - property rates

8. I was unable to obtain sufficient appropriate audit evidence for interest received - property rates due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these interest receive - property rates by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest received (Property rates) stated at R16 422 825 (2022: R9 092 443) in note 25 to the financial statements.

### Cash Flow Statement

9. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities for the current. I was unable to determine the full extent of the errors as it was impracticable to do so.

### Commitments

10. I was unable to obtain sufficient appropriate audit evidence for commitments disclosed in note 38 to the financial statements due to the status of accounting records. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments, stated at R54 540 312 (2022: R47 125 815) in note 38 to the financial statements.

### General Expenses

11. During 2022, 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 so. Consequently, I was unable to determine whether any further adjustment to general expenses of R51 714 915 as disclosed in note 35 to the financial statements was necessary. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the general expenses for the current period.

### Employee related costs

12. I was unable to obtain sufficient appropriate audit evidence for employee related costs as disclosed in note 28 to the financial statements due to the status of accounting records. I was unable to confirm these employee related costs by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the employee related costs, stated at R91 182 858 in note 28 to the financial statements.

### Government grants and subsidies

13. I was unable to obtain sufficient appropriate audit evidence for Disaster management grant included in government grants and subsidies disclosed in note 26 to the financial statements due to the status of accounting records. I was unable to confirm these disaster management grant alternative means. Consequently, I was unable to determine whether any adjustment was necessary to disaster management grant, and unspent conditional granted stated at R3 063 368 in notes 26 and 16 to the financial statements.

### Contingent Liabilities

14. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities disclosed in note 39 to the financial statements due to the status of accounting records. I was unable to confirm these contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to contingent liabilities, stated at R17 347 044 in note 39 to the financial statements.

### Unauthorized expenditure

15. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure as an

# APPENDICES

accurate comparison of budget to actual expenditure per vote was not available. I was unable to confirm the unauthorised expenditure by alternative means. Consequently I was unable to determine whether any adjustment relating to unauthorised expenditure of R33 883 158 as disclosed in note 46 to the financial statements was necessary.

## Irregular expenditure

16. 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 R257 044 855 (2022: R242 937 801) as disclosed in note 48 to the financial statements was necessary.

## Prior year adjustments

17. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period 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 to the financial statements was necessary.

## Context for opinion

18. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
19. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
20. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer of opinion.

## Emphasis of matters

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

#### **Fruitless and wasteful Expenditure**

22. As disclosed in note 47 to the financial statements, fruitless and wasteful expenditure of R53 933 was incurred in the current year and fruitless and wasteful expenditure of R1 192 524 from prior years have not yet been dealt with in accordance with section 32 of the MFMA.

#### **Material losses**

23. As disclosed in note 33 to the financial statements, material losses of R13 831 836 was incurred as a result of a write-off of irrecoverable trade debtors.

#### **Other matter**

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

#### **Restatement of corresponding figures**

25. As disclosed in note 41 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

#### **Responsibilities of the accounting officer for the financial statements**

26. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and 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.

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

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

28. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matter[s] described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

29. 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 are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

# APPENDICES

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## [ Report on the annual performance report

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30. I selected the following material performance indicators related to Infrastructure Development and basic service delivery presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of Reports on Eskom Electrification Programme and Projects submitted to council
  - Number of Indigent Household receiving Basic Electricity
  - Number of planned & Emergency Maintenance projects undertaken on Municipal facilities
  - Number of reports on Waste Removal noted by Council
  - Number of Reports on Housing projects implemented by OHS noted by council
  - Number of Cemeteries fenced and provided with VIP toilets
  - Number of rehabilitated Existing sports complex
  - Number of Roads and Storm water constructed.
  - Number of reports on implementation of water projects by DWA&S, NMMDM & Sedibeng noted by council
31. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
32. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and measures taken to

improve performance.

32. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
33. The material findings on the reported performance information for the selected material indicators are as follows:

#### **Number of indigent households receiving basic electricity**

35. I could not determine whether the achievement of indicators reported against a target was correct, as there were no processes to consistently measure and report on achievements against planned indicators. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

#### **Various indicators**

36. 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
  - Number of planned & Emergency Maintenance projects undertaken on municipal facilities.
  - Number of Cemeteries fenced and provided with VIP toilets

#### **Number of planned and emergency maintenance projects undertaken on municipal facilities.**

37. An achievement of the indicator was reported as 0 against a target of 1. However, I found proof that there was an achievement as R864 428.55 was spent to maintain high mast lights. Consequently, the underachievement on the target was less than reported.

#### **Number of cemeteries fenced and provided with VIP toilets**

38. An achievement of the indicator was reported as 1 against a target of 1. However, I found proof that there was an achievement as a second cemetery fencing was in progress at 30 June 2023. Consequently, the underachievement on the target was less than reported

#### **Other matters**

39. I draw attention to the matters below.

#### **Achievement of planned targets**

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

#### **Material misstatements**

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure Development and basic service delivery. Management did not correct the misstatements and I

# APPENDICES

reported material findings in this regard.

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## [ Report on compliance with legislation

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42. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
43. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
44. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
45. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Financial statements, performance and annual Report**

46. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/ or supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

### **Asset management**

47. 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.
48. 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.

### **Consequences management**

49. 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.

#### **Expenditure management**

50. 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 as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by the non-compliance on procurement on various goods and services.
51. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R53 933, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by incurring interest, fines and penalties for late payments to suppliers.
52. 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 budget overspending.

#### **Revenue management**

53. 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.
54. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

#### **Strategic plan and performance**

55. A performance management system was not established, as required by section 38(a) of the MSA.
56. A performance management system was not adopted, as required by municipal planning and performance management regulation 8.
57. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting, improvement processes should be conducted and/or organised and/or managed, as required by municipal planning and performance management regulation 7(1).

#### **Human resources management**

58. An approved staff establishment was not in place, as required by section 66(1)(a) of the MSA.
59. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.
60. The municipal manager and/ or senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

#### **Procurement and contract management**

61. 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). This non-compliance was identified in the procurement processes for the Construction of Logageng Sports complex (NW381/PMU1/- TECH/2022/2023) Appointment of Service Provider for rehabilitation of existing sports complex in Mareetsane (NW381/PMU3/- TECH/2022/2023).

# APPENDICES

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## Other information in the annual report

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62. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
63. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
64. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
65. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
66. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

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## [ Report on the annual performance report

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67. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
68. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
69. For the municipality to be able to address root causes and implement sound internal controls to address repeat prior year findings on financial statements, performance information and compliance with legislation all different parties should play their role and assist to improve the audit opinion:
  - a. The key to stability is filling of senior management vacancies Development, implementation and strict monitoring and tracking of the comprehensive post audit action plan which addresses the root cause of the repeat findings,
  - b. Development and implementation of basic internal controls in the financial and

performance management units and ensuring of adequate supporting documentation for the financial statements and performance information.

- C. Development and implementation of basic internal controls in the financial and performance management units and ensuring of adequate supporting documentation for the financial statements and performance information.

*Auditor General*

Rustenburg

30 November 2023



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

### 6.2 AUDITOR GENERAL REPORT YEAR 0

#### Auditor-General Report on Financial Performance Year 0\*



**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 (Acting Chief Financial Officer) Dated 30 August 2024

*T 6.2.5*



## 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 **240 to 337**, which comprise the statement of financial position as at 30 June 2024, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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 was unable 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. The municipality did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for infrastructure assets, work in progress and community assets with a carrying value of R152 919 898 (2023: R151 706 591); R56 930 779 (2023: R28 802 300) and R85 754 326 respectively, in accordance with Standards of GRAP 17, *Property, plant and equipment*. I was unable to quantify the full extent of the misstatement on the infrastructure assets, work in progress and community assets as disclosed in note 4, the depreciation and amortisation expense of R30 270 947 (2023: R29 954 023) as disclosed in note 32 and impairment of R2 187 859 (2023: R16 735 960) as disclosed in note 33, as it was impracticable to do so. Additionally, there was a resultant impact on the surplus for the period and the accumulated surplus.
4. I was unable to obtain sufficient appropriate audit evidence for the property, plant and equipment due to the status of the accounting records. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment to the property, plant and equipment of R366 040 756 as disclosed in note 4 to the financial statements was necessary.

### Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions, due to a lack of proper record keeping and reconciliation of control accounts. I was also unable to obtain sufficient appropriate audit evidence for the debt impairment calculated on the gross balances due to this limitation. I was unable to confirm these receivables from non-exchange transactions and allowance for impairment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from non-exchange transactions stated at R88 402 (2023: R239 103) as disclosed in note 11 and 13 to the financial statements as well as the debt impairment expense of R15 544 930 (2023: R13 831 836) as disclosed in note 36 to the financial statements.

### Receivables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions, 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 were necessary to receivables from exchange transactions stated at R8 676 990 (2023: R7 239 972) as disclosed in note 10 as well as debt impairment expense of R15 544 930 (2023: R13 831 836) as disclosed in note 36 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 were necessary to the VAT receivable of R10 362 663 (2023: R7 080 876) as disclosed in note 12 to the financial statements was necessary.

### Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for payment received in advance included in payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm these payments received in advance by alternative means. Consequently, I was unable to determine whether any further adjustments to the payments received in advance stated at R9 966 073 (2023: R13 387 744) in note 6 to the financial statements were necessary

### Interest received on property rates

9. I was unable to obtain sufficient appropriate audit evidence for interest received on property rates, due to a lack of proper record keeping and reconciliation of control accounts. I was unable to confirm the interest received on property rates by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to interest received on property rates stated at R8 937 815 (2023: R9 508 639) in note 23 to the financial statements.

### Employee related costs

10. During 2023, I was unable to obtain sufficient appropriate audit evidence for employee related costs as disclosed in note 30 to the financial statements, due to the status of accounting records. I was unable to confirm these employee related costs by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to

# APPENDICES

the corresponding figure of employee related costs, stated at R91 236 823. My audit opinion on the financial statement for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the employee related costs for the current period.

## Government grants and subsidies

11. During 2023, I was unable to obtain sufficient appropriate audit evidence for disaster management grant included in government grants and subsidies disclosed in note 28 to the financial statements due to the status of accounting records. I was unable to confirm the disaster management grant by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figure of disaster management grant, as stated at R3 063 368. My audit opinion on the financial statement for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the disaster management grant for the current period.

## Cash flow statement

12. The municipality did not correctly prepare and disclose the net cash flows from operating activities and net cash flows from investing activities as required GRAP 2, *Cash flow statements*. This was due to multiple errors in determining net cash flows from operating activities and net cash flows from investing activities for the current and the prior year. I was unable to determine the full extent of the errors as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to the cash flows statements as disclosed were necessary.

## Commitments

13. The municipality did not have an adequate contract management system to record, maintain and reconcile payments made on its commitments and to disclose capital commitments, as required by GRAP 17, *Property, plant and equipment*. This resulted in commitments disclosed in note 42 to the financial statements being overstated by R2 568 556.
14. During 2023, I was unable to obtain sufficient appropriate audit evidence for commitments disclosed in note 42 to the financial statements, due to the status of accounting records. I was unable to confirm these commitments by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments, stated at R91 091 318 in note 42 to the financial statements. My audit opinion on the financial statement for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the commitments for the current period.

## Contingent liabilities

15. During 2023, I was unable to obtain sufficient appropriate audit evidence for contingent liabilities disclosed in note 43 to the financial statements, due to the status of accounting records. I was unable to confirm these contingent liabilities by alternative means.

Consequently, I was unable to determine whether any adjustment was necessary to the corresponding figure of contingent liabilities, stated at R9 016 005. My audit opinion on the financial statement for the period ended 30 June 2023 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the contingent liabilities for the current period.

### **Irregular expenditure**

16. Not all irregular expenditure was included in note 50 to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure incurred in contravention of supply chain management requirements was not included in note 50. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustment relating to the irregular expenditure of R247 082 981 (2023: R239 974 614) as disclosed in note 50 to the financial statements was necessary.

### **Prior year adjustments**

17. Not all prior period errors were disclosed in note 46 to the financial statements, as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 46 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.

### **Statement of comparison of budget and actual amounts**

18. The municipality did not correctly prepare and disclose statement of comparison of budget and actual amounts as required by Standards of GRAP 24, *Presentation of budget information in financial statements*. This was due to multiple errors in determining variances and omitted information. I was not able to determine the full extent of the errors in the statement of comparison of budget and actual amounts. Consequently, I was unable to determine whether any adjustments to the statement of comparison of budget and actual amounts as disclosed in the financial statements were necessary.

### **Segment reporting**

19. I was unable to obtain sufficient appropriate audit evidence for segment reporting as disclosed in note 53 to the financial statements, due to the status of accounting records. I was unable to confirm this segment reporting by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the disclosure of segment reporting.

### **Emphasis of matters**

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

### **Unauthorised and fruitless and wasteful expenditure**

21. As described in note 49 to the financial statements, fruitless and wasteful expenditure incurred in the previous years has not been dealt with in accordance with section 32 of the MFMA.

# APPENDICES

22. As disclosed in note 48 to the financial statements, unauthorised expenditure of R9 419 189 was incurred in the current year and unauthorised expenditure of R41 546 207 that was incurred in the previous years has not yet been dealt with in accordance with section 32 of the MFMA.

## **Other matter**

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

## **Unaudited disclosure notes**

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

## **Responsibilities of the accounting officer for the financial statements**

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and 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.

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

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

27. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing 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 unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

28. 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 are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

29. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
30. I selected the following material performance indicators related to Infrastructure Development and Basic Service Delivery presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- KM of gravel roads maintained
  - Number of Reports on Serviced and Maintained High Mast & Flood Lights
  - Number of planned & Emergency Maintenance projects undertaken on municipal facilities
  - Number of Reports on Eskom Electrification Programme & Projects submitted to Council
  - Number of Indigent Household (HH) receiving Free Basic Electricity
  - Number of Reports on the implementation of Water Projects by DWA&S, NMMDM & Sedibeng noted by Council
  - Number of strategic waste removal points reports on waste removal noted by council
  - Number of Reports on Housing Projects Implemented by DHS noted by Council
  - Number of Sports facilities constructed for phase 2&3
  - Number of completed & energised high mast lights
  - Number of internal access roads constructed
31. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
32. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
  - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

# APPENDICES

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
  - the reported performance information presented in the annual performance report in the prescribed manner
  - there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.
33. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
34. The material findings on the reported performance information for the selected material indicators are as follows:

## **KM of gravel roads maintained**

35. Neither the indicator nor its target of kms length of maintained gravel roads by 30 June 2024 was clearly defined during the planning process. The indicator is not specific as to which gravel roads will be maintained by 30 June 2024. Consequently, the indicator and its target are not useful for measuring and reporting on progress against the municipality's planned objectives.

## **Number of completed and energised high mast lights**

36. An achievement of 12 completed and energised high mast lights was reported against a target of 12 high mast lights completed and energised by 30 June 2024. However, the audit evidence showed the actual achievement to be only 10 high mast lights completed and energised. Consequently, the target was not achieved.

## **Number of planned and emergency maintenance projects undertaken on municipal facilities**

37. An achievement of 4 planned and emergency maintenance projects undertaken on municipal facilities was reported against a target of 4 planned and emergency maintenance projects undertaken on municipal facilities by 30 June 2024 but the audit evidence showed the actual achievement to be 5 planned and emergency maintenance projects undertaken on municipal facilities. The achievement against the target was better than reported.

### Number of indigent household (HH) receiving free basic electricity

38. An achievement of 8570 of indigent household (HH) receiving free basic electricity was reported against a target of 8531 indigent household receiving free basic electricity. However, some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

### Number of sports facilities constructed for phase 2 and 3

39. An achievement of zero sports facility constructed phase 2 (Logageng) by 30 June 2024 was reported against a target of 1 sport facility constructed phase 2 (Logageng) by 30 June 2024). The reason reported for the underachievement was the late appointment of a contractor. However, the audit evidence showed the reason to be delays caused by the contractor to complete the project. Consequently, the reported reasons are not useful for informed decision-making and accountability.

### Number of internal access roads constructed

40. The target in the annual performance report differed from what was committed in the approved initial planning document. While the reported target was all layer works completed by 30 June 2024, the planned indicator was one internal access road constructed in Madibogopan & Diolwane by 30 June 2024. This change was made without obtaining the required approval, undermining transparency and accountability.

41. Moreover, an achievement of all layer works completed by 30 June 2024 was reported against the target of one internal access road constructed in Madibogopan & Diolwane by 30 June 2024 which relates to this indicator. However, the audit evidence confirmed the actual achievement to be all layer works completed by 30 June 2024, indicating that the achievement against the target was worse than reported.

### Other matters

42. I draw attention to the matters below.

### Achievement of planned targets

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

44. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages **121 to 122**.

# APPENDICES

## Infrastructure Development and Basic Service Delivery

*Targets achieved: 70%*

*Budget spent: 96%*

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of internal access roads constructed	1 Internal Access Road constructed in Makgobistad by 30 June 2024	Not achieved
Number of sports facilities for phase 2 & 3	1 Sport facility constructed Phase 2 (Logageng) by 30 June 2024	Not achieved

### Material misstatements

45. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure Development and Basic Service Delivery. Management did not correct the misstatements the misstatements and I reported material findings in this regard.

### Report on compliance with legislation

46. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
47. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
48. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
49. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### **Financial statements, performance and annual report**

50. 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.
51. Material misstatements of non-current assets, current assets, liabilities, revenue expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.
52. The oversight report adopted by the council on the 2022/23 annual report was not made public, as required by section 129(3) of the MFMA.

### **Asset management**

53. 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.
54. 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**

55. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
56. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
57. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Human resources management**

58. The municipal manager did not develop the staff establishment and did not submit it to the municipal council for approval as required by section 66(1)(a) of the MSA

### **Revenue management**

59. An adequate management, accounting and information system which debtors was not in place, as required by section 64(2)(e)(i), (ii), (iii) of the MFMA.
60. An effective system of internal control for debtors was not in place, as required by section 64(2)(f) of the MFMA.

### **Strategic planning and performance management**

61. The SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote and the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.

# APPENDICES

## Expenditure management

62. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R9 419 189, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by budget overspending.
63. 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 as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance on procurement on various goods and services.

## Procurement and contract management

64. Some of the construction contracts were awarded to contractors that did not qualify for the contract CIDB Regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the key project below:
- Construction of Logageng sports complex (Tender number: NW381/PMU1/-TECH/2022/2023)
  - Appointment for a panel of consulting Engineers for various municipal infrastructure projects for a period of 36 months as and when required
65. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. This limitation was identified in the procurement processes for the projects below:
- Appointment of service provider for the preparation of assets register for movable, immovable intangible and investment property assets and audit support for a period of 36 months (NW381/BTO01/2023/2024)
  - RLM062 Development of LED Strategy for Ratlou Local Municipality
66. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. This limitation was identified in the procurement processes for the projects below:
- Appointment of service provider for the preparation of assets register for movable, immovable intangible and investment property assets and audit support for a period of 36 months (NW381/BTO01/2023/2024)
  - RLM062 Development of LED Strategy for Ratlou Local Municipality
67. Some of the contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations. This non-compliance was identified in the procurement processes for the listed below:

- Bid number: NW381/PMU1/-TECH/2022/2023) - Construction of Logageng Sports complex number.
  - Tender number: NW381/TECH09/2023/2024) - Construction of Internal Access Road in Mabule and Mathateng
68. Some of the goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1). This non-compliance was identified in the procurement processes for the following projects:
- Maintenance of trucks (R2 125 082,61)
  - Refurbishment of Kraaipan internal access road
69. Some of the contracts were awarded to bidders based on points given for legislative requirement that were not stipulated /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. This non-compliance was identified in the procurement processes for the following projects:
- Construction of Logageng Sports complex number (Tender number: NW381/PMU1/-TECH/2022/2023)
  - RLM062 Development of LED Strategy for Ratlou Local Municipality
70. Some of the contracts were awarded to 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). This non-compliance was identified in the procurement processes for the following projects.
- RLM062 Development of LED Strategy for Ratlou Local Municipality
  - Maintenance of trucks (R2 125 082,61)
  - Refurbishment of Kraaipan internal access road
71. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c).
72. Sufficient appropriate audit evidence could not be obtained that contracts were awarded only to bidders who submitted a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

### Internal control deficiencies

73. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
74. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
75. The accounting officer did not
- fill key vacancies in finance, scm and internal audit divisions to create stability

# APPENDICES

- develop, implement, monitor strictly and track the post audit action plan which addresses the root cause of the repeat findings
- develop and implement basic internal controls in the financial and performance management units and ensuring adequate supporting documentation for the financial statements and performance are available for audit and agree to the reported information.

76. Accounting officer, audit committee and internal auditors did not thoroughly review financial statements and performance report before submission for audit to ensure errors were identified and corrected.

## Material irregularities

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

## Material irregularities in progress

78. Reasonable steps were not taken in the 2022-23 financial year to ensure that full and proper records were kept of significant receivable from exchange, receivable from non – exchange, Vat receivable, payable and irregular expenditure, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion, as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

79. The lack of full and proper records is likely to result in substantial harm to the municipality, as the municipality may not be able to continue its operations. This is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

80. The accounting officer was notified of the material irregularity on 29 February 2024 and invited to make written submission on the actions take or to be taken to address the matter. The accounting officer acknowledged the notification on 07 March 2024. The accounting officer requested an extension to revise the initial response to the notification of 09 April 2024, the request was approved on 03 May 2024 and the revised response to the notification was submitted on 06 May 2024.

81. The accounting officer did not perform sufficient root cause analysis to determine the full extent of record-keeping control deficiencies. Material limitations on the financial statement line items that were included in the MI notification were not addressed. I determined that the accounting officer did not take appropriation action committed to in his written submission in response to the notification and notified the accounting officer in a determination letter on 23 April 2024.

82. I recommend that the accounting officer should take the following actions to address the material irregularity, which should be implemented by ( 6 months from date of notification) with a progress report after 3 months):

- The non-compliance with section 62(1)(b) of the MFMA should be investigated (which can include the root cause analysis) to determine the reasons and circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and enhance control weaknesses.
- Based on the reasons and circumstances, appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping so that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards, as required by 62(1)(b) of the MFMA.
- The plan should include anticipated timeframes and address the following key areas as a minimum:
  - (a) Billing information and reconciliations to support revenue from service charges;
  - (b) Consumer debtor reconciliations (including age analysis) of all amounts owed to the municipality;
  - (c) Payment vouchers, creditor statements and creditor reconciliations for purchases. The expenditure incurred should be supported by sufficient evidence that goods and services paid for were received;
  - (d) Creditors reconciliations of amounts due by the municipality to third parties;
  - (e) VAT reconciliations supported by complete and accurate records, and
  - (f) Efficiently manage the available resources of the municipality.”

Auditor General

Rustenburg

30 November 2024



# APPENDICES

## GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate

<b>indicators</b>	and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.

# APPENDICES

<b>Performance Targets:</b>	<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>
<b>Service Delivery Budget Implementation Plan</b>	<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>
<b>Vote:</b>	<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> <ul style="list-style-type: none"> <li><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></li> <li><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></li> </ul>

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr Matthomola Jafta	FT	Mayor: Chairperson EXCO	W	100	0
Cllr Gloria Leepo	FT	Speaker	PR	94	06
Cllr Stephen Motome	FT	Town Planning & Development (EXCO)	PR	64	36
Cllr Thabo Motlapele	FT	Infrastructure & development EXCO	PR	100	0
Cllr Pontsho Mafethe	FT	Community Services (EXCO)	PR	64	36
Cllr Thabang Mothibedi	FT	Corporate Services & Finance EXCO	W	100	0
Cllr Godsend Mokgope	PT	MPAC (Chairperson)	PR	76	24
Cllr Kerotse Sechele	PT	MPAC (Member)	PR	82	18
Cllr Nxamo Radebe	PT	MPAC (Member)	PR	94	6
Cllr Magret Dala	PT	MPAC (Member)	PR	94	6
Cllr G Mogapi	PT	MPAC (Member)	PR	82	18
Cllr Pule Shawe	PT	MPAC (Member)	W	71	29
Cllr Anna Masilo	PT	MPAC (Member)	PR	94	6
Cllr David Seitshiro	PT	Community Services	W	94	6
Cllr Priscilla Letebele	PT	Community Services	PR	100	0
Cllr Baile Mosepele	PT	Community Services	W	88	12
Cllr Nlhanlha Soka	PT	Community Services	W	100	0
Cllr Rapita Tshabang	PT	Community Services	w	100	0
Cllr Abel Pheho	PT	Community Services	W	100	0
Cllr Daniel Sejamoholo	PT	Finance & Corporate Services	PR	76	24
Cllr Minah Bhyan	PT	Finance & Corporate Services	PR	88	12
Cllr Dinkwetse Sebolai	PT	Finance & Corporate Services(EXCO)	W	100	0
Cllr Douglas Gaasenwe	PT	Infrastructure & development (EXCO)	W	100	0
Cllr Mhletjwa Nqume	PT	Infrastructure & development	W	100	0
Cllr Valencia Jantjies	PT	Infrastructure & development	W	100	0
Cllr Tshepiso Dipheko	PT	Infrastructure & development	W	100	0
Cllr Motlathuuso Tladi	PT	Community Services	PR	82	18
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					T A

#### 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.

# APPENDICES

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

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager's Office	Municipal Manager/ Acting: Tumelo Letlojane, J Moatshe, Dr A Mothupi and Lloyd Leoko
Infrastructure Development and Basic Service Delivery	Senior Manager/Acting Mr Mooketsi Shomolekae /K Mpa, Mr Mapomane and K Phiritshwane
Planning and Development	Senior Manager/ Acting Mr C Sejake / Mr Job Mathoko, Mr H M Lekalake
Budget and Treasury Office	Chief Financial Officer : Mr Tumelo Letlojane , Mr Collen Tjale and O Malema
Corporate Services	Senior Manager/Acting : Mr L Muji/ Aubrey Ntshakang and Dr Masukela
Community Services	Senior Manager/ Acting: Mr P Magano / Tshepo Seleke S Manoto
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2). T C</i>	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

<b>Municipal / Entity Functions</b>		
<b>MUNICIPAL FUNCTIONS</b>	<b>Function Applicable to Municipality (Yes / No)*</b>	<b>Function Applicable to Entity (Yes / No)</b>
<b>Constitution Schedule 4, Part B functions:</b>		
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

# APPENDICES

## 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	Yes	12	12	4
2	Cllr Douglas Gaasenwe	Yes	12	12	4
3	Cllr Matlhomola Jafta	Yes	12	12	4
4	Cllr Thabang Mothibedi	Yes	12	12	4
5	Cllr Pule Shawe	Yes	12	12	4
6	Cllr Abel Pheho	Yes	12	12	4
7	Cllr Leonard Soka	Yes	12	12	4
8	Cllr Mhletjwa Nqume	Yes	12	12	4
9	Cllr Daniel Sejamoholo	yes	12	12	4
10	Cllr Dinkwetse Sebolai	Yes	12	12	4
11	Cllr Andrew Mosepele	Yes	12	12	4
12	Cllr Tshepiso Dipheko	Yes	12	12	4
13	Cllr Valencia Janties	Yes	12	12	4
14	Cllr David Seitshiro	Yes	12	12	4

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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
01	Matloding and Logageng Sport Gound	01 July 2023	30 June 2024	R 10 242 049
02	Rehabilitation of Mareeetsane Sports Ground	01 July 2023	30 June 2024	R 5 600 000
03	Construction of Roads Ramabesa and Setlhwatthe Phase 03	01 July 2023	30 June 2024	R 12 450 163
04	Mabule and Mathateng Road	01 July 2023	30 June 2024	R 9 907 998
05	Madibgopan and Diolwane Road	01 July 2023	30 June 2024	R 2 472 667

TF.1

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					
*Including informal settlements					TF.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 0
1	12 High Mast lights completed and energized (Ward 12) by 30 June 2024	12 High Mast lights were completed and energized as per the planned target
2	1 Internal Access Road constructed in Madibogopan & Diolwane ( by 30 June 2024	All layer works were completed as per the planned target during the financial year
3	1 Internal Access Road constructed in Makgobistadt (Ward 02) by 30 June 2024	The target was not achieved due to the delays in Safety file approval and under-performance by the contractor on site.
4	1 Sport Facility constructed Phase 2 ( Logageng) Ward 03 )by 30 June 2024	The target was not achieved as only the Soccer pitch has been completed due to the delay on appointment of Contractor
5	1 Internal Access Road constructed in Mabule & Mathateng	The Road has been completed as per the planned target during the financial year
		T F.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 Rapita Tshabang	Yes	12	12	4
2	Cllr Douglas Gaasenwe	Yes	12	12	4
3	Cllr Matlhomola Jafta	Yes	12	12	4
4	Cllr Thabang Mothibedi	Yes	12	12	4
5	Cllr Pule Shawe	Yes	12	12	4
6	Cllr Abel Pheho	Yes	12	12	4
7	Cllr Leonard Soka	Yes	12	12	4
8	Cllr Mhletjwa Nqume	Yes	12	12	4
9	Cllr Daniel Sejamoholo	yes	12	12	4
10	Cllr Dinkwetse Sebolai	Yes	12	12	4
11	Cllr Andrew Mosepele	Yes	12	12	4
12	Cllr Tshepiso Dipheko	Yes	12	12	4
13	Cllr Valencia Janties	Yes	12	12	4
14	Cllr David Seitshiro	Yes	12	12	4
					TF3

# 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 2023	<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 (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
OS HOLDINGS  Financial Support Systems for reporting	It systems  Section 71  Mscoa Budget	It systems  Section 71  Mscoa Budget	Their performance in the listed area was partially complete and therefore it is recommended that Management need to improve Monitoring	N/A	N/A	N/A	N/A	N/A	N/A
Maine Management and Chartered Accountant	Preparation of Annual Financial Statement	Assist the Municipality with the preparation of GRAP financial management	The performance of the Service provider has improved as compared to the previous financial year						

Tshireletso Security Services	Protect Municipal Assets and Personnel	Protect Municipal Assets and Personnel	The performance of the Service provider was outstanding and has satisfied the necessary requirements	N/A	N/A	N/A	N/A	N/A	N/A
AOL SYSTEMS service provider  To assist with preparation of fixed Asset Register	To improve high level of Asset Management Register	Assist the Municipality with the compilation of Asset Register	The service provider has recently been appointed and the performance has been improved in the last quarter of the financial year						

*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

<b>Disclosures of Financial Interests</b>		
<b>Period 1 July to 30 June of Year 0 (Current Year)</b>		
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/Conie Sebolai	N/A
Community Services	Cllr Stephen Motome	N/A
Infrastructure and Basic Services	Cllr Thabo Motlapele/ D Gaasenwe	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 Kerotse Sechele	N/A
		N/A
Municipal Manager Acting	Dr A.J . Mothupi and Mr Lloyd Leoko	N/A
Acting Chief Financial Officer	Mr Collen Tjale and O Malema	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/Aubrey Ntshakang and Dr Masukela	N/A
Senior Manager /Acting (Technical)	M Shomolekae / K Mpa , Maponae and K Phiritshwane	N/A
Community Services	Mr P Magano / Tshepo Seleke , R Rakuba and S Manoto	N/A
Name	Description of Interests	

**Council**

**Ratlou Local Municipality**

**Senior Management**

Dr A.J Mothupi and Mr Lloyd Leoko  
 Mr M Shomolekae/ K. Mpa , R Mapomane and Kagelelo Phiritshwane  
 Mr L Muji/ Aubrey Ntshakang and Phakane Masukela  
 Mr Tumelo etlojane/ Collen Tjale  
 Mr Peter Magano/Tshepo Seleke and Solly Manoto

**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	52 141					
Example 2 - Vote 2	100 155					
Example 3 - Vote 3						
Example 4 - Vote 4	9 977					
Example 5 - Vote 5						
Example 6 - Vote 6	18 165					
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9	31 686					
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
<b>Total Revenue by Vote</b>	<b>212 124</b>					

*Variiances 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	26 951						
Property rates - penalties & collection charges	0						
Service Charges - electricity revenue	398						
Service Charges - water revenue	0						
Service Charges - sanitation revenue	0						
Service Charges - refuse revenue	0						
Service Charges - other	0						
Rentals of facilities and equipment	1 660						
Interest earned - external investments	5 964						
Interest earned - outstanding debtors	16 423						
Dividends received	0						
Fines	179						
Licences and permits	0						
Agency services	883						
Transfers recognised - operational	160 274						
Other revenue	1 006						
Gains on disposal of PPE							
Environmental Protection							
<b>Total Revenue (excluding transfers and contributions)</b>	<b>203 827</b>						

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.*

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
<b>Other Specify:</b>						
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
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure – Total</b>							
<b>Infrastructure: Road transport - Total</b>							
<i>Roads, Pavements &amp; Bridges</i>	25 873	-	-	-	-	-	
<i>Storm water</i>							
<b>Infrastructure: Electricity – Total</b>							
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
<b>Infrastructure: Water – Total</b>							
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation – Total</b>							
<i>Reticulation</i>			-	-			
<i>Sewerage purification</i>	1 228	-					
<b>Infrastructure: Other – Total</b>			-	-	-	-	-
<i>Waste Management</i>			-	-			
<i>Transportation</i>			-	-			
<i>Gas</i>			-	-			
<i>Other</i>			-	-			
<b>Community – Total</b>			-	-	-	-	-
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
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	-						
Buildings	766	-	-	-	-	-	-
<b>Investment properties - Total</b>	-						
Housing development							
Other							
<b>Other assets</b>	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	-	-	-	-	-	-
		-	-	-			
<b>Agricultural assets</b>	-	-	-	-	-	-	-
		-	-	-			
<i>List sub-class</i>		-	-	-			
		-	-	-			
		-	-	-			
<b>Biological assets</b>	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-			
		-	-	-			

		-					
		-	-	-			
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-			
Other (list sub-class)		-	-	-			
		-	-	-			
<b>Total Capital Expenditure on new assets</b>	<b>40 566</b>						
		-	-	-			
<b>Specialised vehicles</b>	-	-	-	-	-	-	-
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	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	-	-	-	-	-	-	-
Infrastructure: Road transport -Total	-	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>							
<i>Storm water</i>							
<b>Infrastructure: Electricity - Total</b>	-	-	-	-	-	-	-
<i>Generation</i>							
<i>Transmission &amp; Reticulation</i>							
<i>Street Lighting</i>							
<b>Infrastructure: Water - Total</b>	-	-	-	-	-	-	-
<i>Dams &amp; Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
<b>Infrastructure: Sanitation - Total</b>	-	-	-	-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
<b>Infrastructure: Other - Total</b>	-	-	-	-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
<b>Community</b>	-	-	-	-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							

Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<b>Heritage assets</b>	-	-	-	-	-	-	-
Buildings							
Other							
<i>Table continued next page</i>							

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-	-	-	-	-	-
Housing development			-				
Other							
<b>Other assets</b>	-	-	-	-	-	-	-
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							
<b>Agricultural assets</b>	-	-	-	-	-	-	-
<i>List sub-class</i>			-				
<b>Biological assets</b>	-	-	-	-	-	-	-
<i>List sub-class</i>							
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming							
Other ( <i>list sub-class</i> )							
<b>Total Capital Expenditure on renewal of existing assets</b>	40 566						

<b>Specialised vehicles</b>	-	-	-	-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								
<i>* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)</i>							<i>T M.2</i>	-

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) %
<b>Water</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
"Project C"					
<b>Sanitation/Sewerage</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Electricity</b>					
"Project A"					
"Project B"					
<b>Housing</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Refuse removal</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Stormwater</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Economic development</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Sports, Arts &amp; Culture</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Environment</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Health</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Safety and Security</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>ICT and Other</b>	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) %
<b>Water</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
"Project C"					
<b>Sanitation/Sewerage</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Electricity</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Housing</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Refuse removal</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Stormwater</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Economic development</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Sports, Arts &amp; Culture</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Environment</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Health</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>Safety and Security</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					
<b>ICT and Other</b>	N/A	N/A	N/A	N/A	N/A
"Project A"					
"Project B"					

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**APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

<b>Service Backlogs: Schools and Clinics</b>				
<b>Establishments lacking basic services</b>	<b>Water</b>	<b>Sanitation</b>	<b>Electricity</b>	<b>Solid Waste Collection</b>
<b>Schools (NAMES, LOCATIONS)</b>				
N/A	N/A	N/A	N/A	N/A
<b>Clinics (NAMES, LOCATIONS)</b>				
N/A	N/A	N/A	N/A	N/A
<i>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.</i>				

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

<b>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)</b>		
<b>Services and Locations</b>	<b>Scale of backlogs</b>	<b>Impact of backlogs</b>
<b>Clinics:</b>	N/A	N/A
<b>Housing:</b>	N/A	N/A
<b>Licencing and Testing Centre:</b>	N/A	N/A
<b>Reservoirs</b>	N/A	N/A
<b>Schools (Primary and High):</b>	N/A	N/A
<b>Sports Fields:</b>	N/A	N/A

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**APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

<b>Declaration of Loans and Grants made by the municipality: Year 0</b>				
<b>All Organisation or Person in receipt of Loans */Grants* provided by the municipality</b>	<b>Nature of project</b>	<b>Conditions attached to funding</b>	<b>Value Year 0 R' 000</b>	<b>Total Amount committed over previous and future years</b>
N/A	N/A	N/A	N/A	N/A
<i>* Loans/Grants - whether in cash or in kind</i>				<i>TR</i>

**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	100%
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>		
T S		



**Ratlou Local Municipality**  
**Annual Financial Statements**  
**for the year ended 30 June 2024**  
Auditor General of South Africa

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Nature of business and principal activities</b>	Provision of municipal services to communities within the Ratlou constituency
<b>Mayoral Committee</b>	
Executive Mayor	Cllr R Matlhomola Jaftha
Speaker	Cllr Gloria K. Leepo
Chief Whip	Cllr Leonard Soka Cllr Thabo Motlapele (Infrastructure and Technical service)) Cllr Thabang Mothibedi (Finance and Corporate) Cllr Pontsho Mafethe (Town Planning Services) Cllr C Sebolai (Finance and Corporate) Cllr Steven Motone (Community Services) Cllr Douglas Gaasenwe (Infrastructure and Technical service)
<b>Councillors</b>	Cllr Godsend Mokgope (Chairperson: MPAC) Cllr Maria Badirwang (Deceased) Cllr Daniel Sejamoholo Cllr Nxamo Radebe Cllr: Mhletjwa Ncume Cllr Abel Pheho Cllr Irene Tladi Cllr David Seitshiro Cllr Pule Shawe Cllr Gomotsegang Mogapi Cllr Baile Mosepele Cllr Tshepiso Dipheko Cllr Valencia Jantjies Cllr Anna Masilo Cllr Matahleho Dala Cllr Rapita Tshabang Cllr Kerotse Sechele Cllr Priscilla Letebele Cllr Minah Bhyan

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Grading of local authority</b>	Grade 1
<b>Accounting Officer</b>	Mr. Lloyd Leoko
<b>Chief Finance Officer (CFO)</b>	Ms Onalenna Malema
Registered office	Delareyville Road, Next to Setlagole Library Setlagole 2772
<b>Postal address</b>	Private Bag X209 Madibogo 2772
<b>Auditors</b>	Auditor General of South Africa Registered Auditors

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Index

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4 - 3
Report of the Auditor General	4 - 3
Accounting Officer's Report	4 - 5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Accounting Policies	12 - 44
Notes to the Annual Financial Statements	45 - 94

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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

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

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

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

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

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

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

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed by:

  
Mr. Lloyd Leoko  
Accounting Officer

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Report

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

### 1. Review of activities

#### Main business and operations

The municipality is engaged in provision of municipal services to communities within the Ratlou constituency and operates in South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in my opinion require any further comment.

Net deficit of the municipality was R 28 360 330 (2023: deficit R 41 071 881).

### 2. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus (deficit) of R 399 009 962 and that the municipality's total assets exceed its liabilities by R 399 009 962.

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

The municipality will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act, (Act 5 of 2023).

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

### 5. Accounting Officer

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

Name	Changes
Dr. Aucharlie Mothupi (Acting)	Contract ended 30 September 2023
Mr. Lloyd Leoko	Appointed 01 October 2023

### 6. 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.

#### Audit and risk committee

The Audit Committee has complied with the responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024


## Accounting Officer's Report

---

### 7. Auditors

Auditor General of South Africa will continue in office for the next financial period.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed by:

  
\_\_\_\_\_  
Mr. Lloyd Leoko  
Accounting Officer

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	9	408 426	305 608
Receivables from exchange transactions	10	8 676 990	7 239 972
Receivables from non-exchange transactions	11	88 402	239 104
VAT receivable	12	10 362 663	7 080 876
Cash and cash equivalents	14	52 875 318	92 800 784
		<b>72 411 799</b>	<b>107 666 344</b>
<b>Non-Current Assets</b>			
Investment property	3	3 800 000	4 000 000
Property, plant and equipment	4	366 040 756	327 692 402
Intangible assets	5	362 176	193 281
		<b>370 202 932</b>	<b>331 885 683</b>
<b>Total Assets</b>		<b>442 614 731</b>	<b>439 552 027</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	6	31 644 264	36 561 523
Consumer deposits	7	63 922	32 339
Employee benefit obligation	8	518 606	299 038
Unspent conditional grants and receipts	15	3 255 720	23 237 611
		<b>35 482 512</b>	<b>60 130 511</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	8	6 170 036	5 447 882
Provisions	16	1 952 221	1 818 094
		<b>8 122 257</b>	<b>7 265 976</b>
<b>Total Liabilities</b>		<b>43 604 769</b>	<b>67 396 487</b>
<b>Net Assets</b>		<b>399 009 962</b>	<b>372 155 540</b>
Accumulated surplus		399 009 962	372 155 540
<b>Total Net Assets</b>		<b>399 009 962</b>	<b>372 155 540</b>

\* See Note 46

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	18	431 989	398 710
Rental of facilities and equipment	19	1 810 427	1 660 290
Agency services	21	950 762	883 470
Licences and permits	22	55 689	-
Impairments loss reversal	33	9 140 869	-
Other income	25	460 819	1 011 682
Interest received - investment	26	8 053 016	5 964 128
Gain on disposal of assets and liabilities		1 781 177	-
Fair value adjustments		-	640 103
<b>Total revenue from exchange transactions</b>		<b>22 684 748</b>	<b>10 558 383</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	27	33 140 630	26 951 833
Interest received on property rates	23	8 937 815	9 508 639
<b>Transfer revenue</b>			
Government grants & subsidies	28	216 840 531	167 099 345
Public contributions and donations	29	-	88 500
Fines, Penalties and Forfeits	20	227 700	178 800
<b>Total revenue from non-exchange transactions</b>		<b>259 146 676</b>	<b>203 827 117</b>
<b>Total revenue</b>	17	<b>281 831 424</b>	<b>214 385 500</b>
<b>Expenditure</b>			
Employee related costs	30	(95 086 126)	(91 236 823)
Remuneration of councillors	31	(12 347 404)	(12 218 035)
Depreciation and amortisation	32	(30 300 703)	(29 994 023)
Impairments	33	(2 187 859)	(16 735 960)
Finance costs	34	(909 410)	(974 126)
Debt Impairment	36	(15 544 930)	(13 831 836)
Contracted services	38	(13 807 124)	(13 537 640)
Loss on disposal of assets and liabilities		-	(3 190 059)
Fair value adjustments	41	(104 683)	-
General Expenses	37	(83 262 309)	(74 474 498)
<b>Total expenditure</b>		<b>(253 550 548)</b>	<b>(256 193 000)</b>
<b>Surplus (deficit) for the year from continuing operations</b>		<b>28 280 876</b>	<b>(41 807 500)</b>
Actuarial gain/loss		79 454	735 619
<b>Surplus (deficit) for the year</b>		<b>28 360 330</b>	<b>(41 071 881)</b>

\* See Note 46

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net * assets
Opening balance as previously reported	435 176 44	435 176 441
Adjustments		
Prior year adjustments 46	(21 949 020)	(21 949 020)
<b>Balance at 01 July 2022 as restated*</b>	<b>413 227 421</b>	<b>413 227 421</b>
Changes in net assets		
Surplus for the year	(41 071 881)	(41 071 881)
Total changes	(41 071 881)	(41 071 881)
<b>Restated* Balance at 01 July 2023</b>	<b>370 649 632</b>	<b>370 649 632</b>
Changes in net assets		
Deficit for the year	28 360 330	28 360 330
Total changes	28 360 330	28 360 330
<b>Balance at 30 June 2024</b>	<b>399 009 962</b>	<b>399 009 962</b>
Note(s)		

\* See Note 46

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		28 806 183	16 763 939
Grants		197 237 041	193 654 884
Interest income		252 119	123 075
		<b>226 295 343</b>	<b>210 541 898</b>
<b>Payments</b>			
Employee costs		(106 412 354)	(102 585 385)
Suppliers		(106 074 670)	(81 458 851)
Finance costs		(909 410)	(974 126)
		<b>(213 396 434)</b>	<b>(185 018 362)</b>
<b>Net cash flows from operating activities</b>	<b>39</b>	<b>12 898 909</b>	<b>25 523 536</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(60 551 694)	(13 592 858)
Purchase of investment property	3	95 317	640 103
Purchase of other intangible assets	5	(168 895)	177 569
Interest Income		7 800 897	5 841 053
<b>Net cash flows from investing activities</b>		<b>(52 824 375)</b>	<b>(6 934 133)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(39 925 466)</b>	<b>18 589 403</b>
Cash and cash equivalents at the beginning of the year		92 800 784	74 211 381
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>52 875 318</b>	<b>92 800 784</b>

The accounting policies on pages 12 to 44 and the notes on pages 45 to 94 form an integral part of the annual financial statements.

\* See Note 46

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable Basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	513 924	(100 000)	<b>413 924</b>	431 989	<b>18 065</b>	55.1
Rental of facilities and equipment	1 553 640	280 000	<b>1 833 640</b>	1 810 427	<b>(23 213)</b>	55.2
Agency services	1 144 452	(100 000)	<b>1 044 452</b>	950 762	<b>(93 690)</b>	55.3
Licences and permits	-	20 000	<b>20 000</b>	55 689	<b>35 689</b>	55.4
Impairments loss reversal	-	-	-	9 140 869	<b>9 140 869</b>	55.5
Other income	444 996	-	<b>444 996</b>	460 819	<b>15 823</b>	55.6
Interest received - investment	4 599 996	3 500 000	<b>8 099 996</b>	8 053 016	<b>(46 980)</b>	55.7
Gains on disposal of assets	-	-	-	1 781 177	<b>1 781 177</b>	
<b>Total revenue from exchange transactions</b>	<b>8 257 008</b>	<b>3 600 000</b>	<b>11 857 008</b>	<b>22 684 748</b>	<b>10 827 740</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	28 700 004	4 317 481	<b>33 017 485</b>	33 140 630	<b>123 145</b>	55.8
Interest received on property rates	6 522 300	-	<b>6 522 300</b>	8 937 815	<b>2 415 515</b>	55.9
<b>Transfer revenue</b>						
Government grants & subsidies	166 471 008	(741 000)	<b>165 730 008</b>	216 840 531	<b>51 110 523</b>	55.10
Fines, Penalties and Forfeits	279 936	-	<b>279 936</b>	227 700	<b>(52 236)</b>	55.11
<b>Total revenue from non-exchange transactions</b>	<b>201 973 248</b>	<b>3 576 481</b>	<b>205 549 729</b>	<b>259 146 676</b>	<b>53 596 947</b>	
<b>Total revenue</b>	<b>210 230 256</b>	<b>7 176 481</b>	<b>217 406 737</b>	<b>281 831 424</b>	<b>64 424 687</b>	
<b>Expenditure</b>						
Employee related costs	(105 781 314)	12 011 319	<b>(93 769 995)</b>	(95 086 126)	<b>(1 316 131)</b>	55.12
Remuneration of councillors	(12 400 464)	33 684	<b>(12 366 780)</b>	(12 347 404)	<b>19 376</b>	55.13
Depreciation and amortisation	(33 000 000)	2 188 000	<b>(30 812 000)</b>	(30 300 703)	<b>511 297</b>	55.14
Impairment loss/ Reversal of impairments	-	(2 188 000)	<b>(2 188 000)</b>	(2 187 859)	<b>141</b>	
Finance costs	(360 000)	(351 800)	<b>(711 800)</b>	(909 410)	<b>(197 610)</b>	55.15
Debt Impairment	(6 000 000)	-	<b>(6 000 000)</b>	(15 544 930)	<b>(9 544 930)</b>	55.16
Contracted Services	(30 657 908)	(19 464 587)	<b>(50 122 495)</b>	(13 807 124)	<b>36 315 371</b>	55.17
General Expenses	(47 052 744)	(4 831 415)	<b>(51 884 159)</b>	(83 262 309)	<b>(31 378 150)</b>	55.18
Inventory consumed	(1 427 004)	617 004	<b>(810 000)</b>	-	<b>810 000</b>	55.19
<b>Total expenditure</b>	<b>(236 679 434)</b>	<b>(11 985 795)</b>	<b>(248 665 229)</b>	<b>(253 445 865)</b>	<b>(4 780 636)</b>	
<b>Operating surplus</b>	<b>(26 449 178)</b>	<b>(4 809 314)</b>	<b>(31 258 492)</b>	<b>28 385 559</b>	<b>59 644 051</b>	
Fair value adjustments	-	-	-	(104 683)	<b>(104 683)</b>	
<b>Surplus/(Deficit) before taxation</b>	<b>(26 449 178)</b>	<b>(4 809 314)</b>	<b>(31 258 492)</b>	<b>28 280 876</b>	<b>59 539 368</b>	
<b>Surplus for the year from continuing operations</b>	<b>(26 449 178)</b>	<b>(4 809 314)</b>	<b>(31 258 492)</b>	<b>28 280 876</b>	<b>59 539 368</b>	
Discontinued operations	-	-	-	79 454	<b>79 454</b>	

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

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### Budget on Cash Basis

Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable Basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	<b>26 449 178</b>	<b>(4 809 314)</b>	<b>(31 258 492)</b>	<b>28 360 330</b>	<b>59 618 822</b>	

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# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

Figures in Rand

Note(s)

2024

2023  
Restated\*

### 1. Significant account policies

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

#### 1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

#### 1.2 Going concern assumption

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

Management considers key financial metrics and approved medium-term budgets, MFMA Section 71 reports together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate. Management is continuously assessing any indicators of negative impact.

#### 1.3 Materiality

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

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

#### 1.4 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1. 4. Significant judgements and sources of estimation uncertainty continued)

#### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

#### 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.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### Impairment testing

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 [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material. Additional disclosure of these estimates of provisions are included in note 16 - 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.4 Significant judgements and sources of estimation uncertainty (continued)

#### 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.

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 55.

#### 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.

### 1.4 Investment property

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

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

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.5 Investment property (continued)

#### Fair value

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

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

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

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

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

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

### 1.6 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the 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.

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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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.

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 eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight-line basis 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.

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

Item	Depreciation method	Average useful life
Land	Straight-line	40 years
Buildings	Straight-line	4 - 41 years
Motor vehicles	Straight-line	6 - 16 years
Office equipment	Straight-line	4 - 11 years
IT equipment	Straight-line	4 - 11 years
Infrastructure	Straight-line	4 - 41 years
Community	Straight-line	4 - 31 years
Other property, plant and equipment	Straight-line	4 - 11 years
Bins and containers	Straight-line	4 - 6 years
Landfill site	Straight-line	40 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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

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

### 1.7. 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;
- b. 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.

### 1.8. 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

### 1.8 Intangible assets (continued)

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

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

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

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. 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	Straight-line	9 - 11 years

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

### 1.9 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9. Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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

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

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

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

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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.9 Financial instruments (continued)

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.

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:

<b>Class</b>	<b>Category</b>
Operating lease asset	Financial asset measured at fair value
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT receivable	Financial asset measured at fair value
Consumer debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Employee benefit obligation	Financial liability measured at fair value

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.10 Statutory receivables

#### Identification

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

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

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

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

#### Accrued interest

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

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

#### Other charges

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

#### Impairment losses

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

---

### 1.10. Statutory receivables (continued)

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

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

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

### Derecognition

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

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

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

### 1.11. 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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11. Leases (continued)

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

#### 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.

#### Operating leases - lessee

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.12. Inventories (continued)

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. Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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.

### 1.14. Impairment of cash-generating assets

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

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

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

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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

#### 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.

#### 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.14 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 asset's 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.14 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.

### 1.15 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 2024

## Accounting Policies

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### 1.15. 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.

#### 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:

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 11.15. Impairment of non-cash-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.

### 1.16. 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

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16. 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 entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16. Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

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

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

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16 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.

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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16. Employee benefits (continued)

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.16 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.

### 1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.17. Provisions and contingencies (continued)

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 43.

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.17. Provisions and contingencies (continued)

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, 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 1.14 and 1.15.

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

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.17. Provisions and contingencies (continued)

#### Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

### 1.18. 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19. Revenue from exchange transactions

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

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

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

#### 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 services performed to date as a percentage of total services to be performed.

#### Interest, royalties and dividends

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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.19 Revenue from exchange transactions (continued)

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.20. Revenue from non-exchange transactions

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

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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.

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

#### 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.

#### Measurement

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.20. Revenue from non-exchange transactions (continued)

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.

#### Taxes

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 municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period 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.

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

#### 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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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

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.

#### 1.21 Investment income

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

#### 1.22 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.

### 1.23 Accounting by principals and agents

#### Identification

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

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

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

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

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

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

#### Binding arrangement

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.23 Accounting by principals and agents (continued)

#### Recognition

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

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

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

### 1.24 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.26 Fruitless and wasteful expenditure

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

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

### 1.27 Irregular expenditure

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

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.28 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.

### 1.29 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.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.29 Budget information (continued)

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 01/07/2023 to 30/06/2024.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.30 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.

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.

### 1.31 Events after reporting date

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

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

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

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

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 2. New standards and interpretations

#### 2.1. Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation	Effective date : Years beginning on or After	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	The impact of the is not
• GRAP 25 (as revised): Employee Benefits	01 April 2023	The impact of the is not material.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	The impact of the is not material.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	The impact of the is not material.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	The impact of the is not material.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	The impact of the is not material.

#### 2.2. Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date Years beginning on or after	Expected impact
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

### Figures

#### 3. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 800 000	-	3 800 000	4 000 000	-	4 000 000

#### Reconciliation of investment property – 2024

	Opening Balance	Fair Value Adjustments	Total
Investment Property	4 000 000	(200 000)	3 800 000

#### Reconciliation of investment property - 2023

	Opening Balance	Total
Investment Property	4 000 000	4 000 000

#### Pledged as security

No investment property was pledged as security by the municipality.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>3. Investment property (continued)</b>		
<b>Details of valuation</b>		
<p>The effective date of the revaluations was 30 June 2024. Revaluations were performed by an independent valuers, Mr Macdonald Modibedi (Registration number: 7914) and Mr Phemelo Khuduga (Registration number: 7914), of Kut PalProperties &amp; Projects. Mr Modibedi and Mr Khuduga are not connected to the municipality and have recent experience in location and category of the investment property being valued.</p> <p>The valuation was based on open market value for existing use and the South African property valuers association's standard method of valuation.</p> <p>These assumptions are based on current market conditions. The investment property relate to Setlagole Complex. These assumptions are based on current market conditions. Amounts recognised in surplus and deficit for the year.</p> <p>Amounts recognised in surplus and deficit for the year.</p>		
Rental revenue from investment property	1 790 657	1 649 370

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

### Figures

#### 4. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	71 009 736	(36 714 923)	34 294 813	71 143 633	(36 178 154)	34 965 479
Furniture and fixtures	4 949 910	(2 903 932)	2 045 978	2 806 920	(1 816 249)	990 671
Motor vehicles	33 561 824	(9 007 864)	24 553 960	26 841 971	(5 880 310)	20 961 661
Office equipment	2 415 176	(1 287 361)	1 127 815	2 361 906	(843 466)	1 518 440
IT equipment	13 427 646	(5 529 387)	7 898 259	9 212 346	(5 644 828)	3 567 518
Infrastructure	250 117 995	(97 198 097)	152 919 898	234 966 504	(83 259 913)	151 706 591
Community facilities	151 917 336	(66 163 010)	85 754 326	145 378 720	(60 485 000)	84 893 720
Other property, plant and equipment	1 563 552	(1 059 578)	503 974	998 011	(722 160)	275 851
Bins and containers	41 189	(34 713)	6 476	24 449	(18 839)	5 610
Work in progress	61 002 422	(4 071 643)	56 930 779	34 341 167	(5 538 867)	28 802 300
Emergency assets	44 772	(40 294)	4 478	32 896	(28 335)	4 561
<b>Total</b>	<b>590 051 558</b>	<b>(224 010 802)</b>	<b>366 040 756</b>	<b>528 108 523</b>	<b>(200 416 121)</b>	<b>327 692 402</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

### Figures

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

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

	Opening Balance	Additions	Disposals	Transfers	Write-off at Carrying value	Reversal of Write-downs at Carrying value	Depreciation	Impairment Loss	Impairment reversal	Total
Buildings	34 965 479	-	-	-	(88 700)	80 159	(2 506 573)	(162 134)	2 006 582	34 294 813
Furniture and fixtures	990 671	756 136	-	-	(2 114)	667 457	(365 275)	(1 195)	298	2 045 978
Motor vehicles	20 961 661	4 314 655	(64 165)	-	-	1 195 384	(2 263 271)	-	409 696	24 553 960
Office equipment	1 518 440	38 850	-	-	(11 340)	34 633	(452 010)	(758)	-	1 127 815
IT equipment	3 567 518	7 457 344	(74 931)	-	(1 628 419)	626 252	(2 052 149)	-	2 644	7 898 259
Infrastructure	151 706 591	-	-	15 012 940	(639 336)	452 909	(17 108 000)	(639 139)	4 133 933	152 919 898
Community facilities	84 893 720	-	-	6 334 096	(122 706)	277 451	(5 361 084)	(1 092 413)	825 262	85 754 326
Other property, plant and equipment	275 851	221 000	-	-	(4 901)	162 286	(153 273)	(145)	3 156	503 974
Bins and containers	5 610	-	-	-	(449)	6 712	(5 397)	-	-	6 476
Work in progress	28 802 300	48 008 292	-	(21 347 036)	-	-	-	(292 075)	1 759 298	56 930 779
Emergency assets	4 561	-	-	-	(1)	3 833	(3 915)	-	-	4 478
	<b>327 692 402</b>	<b>60 796 277</b>	<b>(139 096)</b>	-	<b>(2 497 966)</b>	<b>3 507 076</b>	<b>(30 270 947)</b>	<b>(2 187 859)</b>	<b>9 140 869</b>	<b>366 040 756</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

### Figures

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

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

	Opening Balance	Additions	Write-off at Carrying value	Reversal of Write-downs at Carrying value	Depreciation	Impairment Loss	Total
Buildings	40 961 611	-	(129 862)	-	(2 841 549)	(3 024 721)	34 965 479
Furniture and fixtures	1 576 686	26 870	(530 507)	112 033	(193 544)	(867)	990 671
Motor vehicles	21 629 742	2 363 624	(770 350)	-	(1 819 721)	(441 634)	20 961 661
Office equipment	1 797 554	131 119	(23 469)	21 513	(408 277)	-	1 518 440
IT equipment	4 376 857	445 762	(361 347)	377 711	(1 263 402)	(8 063)	3 567 518
Infrastructure	172 250 903	2 458 021	(889 082)	-	(17 978 651)	(4 134 600)	151 706 591
Community facilities	94 144 925	-	(338 432)	-	(5 331 375)	(3 581 398)	84 893 720
Other property, plant and equipment	540 384	11 985	(174 277)	16 337	(112 767)	(5 811)	275 851
Bins and containers	12 516	-	(6 716)	2 066	(2 256)	-	5 610
Work in progress	23 828 944	10 512 224	-	-	-	(5 538 868)	28 802 300
Emergency assets	8 965	-	(2 221)	408	(2 591)	-	4 561
	<b>361 129 087</b>	<b>15 949 605</b>	<b>(3 226 263)</b>	<b>530 068</b>	<b>(29 954 133)</b>	<b>(16 735 962)</b>	<b>327 692 402</b>

#### Pledged as security

Property, plant and equipment have not been pledged as security

#### Restrictions on property, plant and equipment

There are no restrictions on the reliability of property, plant and equipment assets or the remittance of revenue and proceeds of disposal.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023	
<b>4. Property, plant and equipment (continued)</b>			
<b>Reconciliation of Work-in-Progress 2024</b>			
	Categorized as infrastructure	Categorized as Community facilities	Total
Opening balance	10 552 926	18 249 374	28 802 300
Additions/capital expenditure	33 147 722	14 860 569	48 008 291
Impairments	1 759 299	(292 075)	1 467 224
Transferred to completed items	(15 012 940)	(6 334 096)	(21 347 036)
	<b>30 447 007</b>	<b>26 483 772</b>	<b>56 930 779</b>

### Reconciliation of Work-in-Progress 2023

	Categorized as infrastructure	Categorized as Community facilities	Total
Opening balance	12 666 672	11 162 272	23 828 944
Additions/capital expenditure	3 425 121	7 087 103	10 512 224
Impairments	(5 538 867)	-	(5 538 867)
	<b>10 552 926</b>	<b>18 249 375</b>	<b>28 802 301</b>

### Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Kraaipan Cemetery Fencing		876 225	1 168 300
Access Road Madibogo Pan to Tlhaping - 8.5 km		3 779 568	3 779 568
Kraaipan internal Access Road		8 786 471	5 277 898
		<b>13 442 264</b>	<b>10 225 766</b>

#### Kraaipan Cemetery Fencing

The project has been delayed due to the contractor who has left the site and it has been halted the impairment of R292,075 has been recognised during the year 2023/2024.

#### Access Road Madibogo Pan to Tlhaping - 8.5 km

The project has been delayed due to rights to construct the bridge, the municipality has not yet obtain the rights to proceed with this project. The impairment of R3,779,568 has been recognised during the year 2022/2023.

#### Kraaipan internal Access Road

This project was delayed due to dispute between the service provider and the municipality. An impairment of R 1,759,299.36 was recognized during the year 2022/2023, however the project has since been resumed and the impairment was reversed during the year 2023/2024.

#### Fencing of Cemeteries Madibogo Pan

The project is delayed, as it was not included on the revised implementation plan. No Impairment considered as the project is not halted.

#### Construction of Link Road to N18 in Lokaleng Phase 3

The project is delayed, as it was not included on the revised implementation plan. No Impairment considered as the project is not halted.

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 2024

## Notes to the Annual Financial Statements

### Figures

#### 5. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	485 150	(122 974)	362 176	286 500	(93 219)	193 281

#### Reconciliation of intangible assets – 2024

	Opening Balance	Additions	Amortization	Total
Computer software, other	193 281	198 650	(29 755)	362 176

#### Reconciliation of intangible assets - 2023

	Opening Balance	Amortization	Total
Computer software, other	222 009	(28 728)	193 281

#### Pledged as security

No intangible assets were pledged as security by the municipality

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>6. Payables from exchange transactions</b>		
Trade payables	2 022 959	8 858 896
Payments received in advanced	9 966 073	13 387 745
Retentions payable	8 223 205	4 395 954
Accrued leave pay	8 166 256	7 101 460
Accrued bonus	2 950 296	2 817 468
Control accounts	315 475	-
	<b>31 644 264</b>	<b>36 561 523</b>

### 7. Consumer deposits

Housing rental	63 922	32 339
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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%. 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. Employees, in most cases, 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	(6 688 642)	(5 746 920)
Non-current liabilities	(6 170 036)	(5 447 882)
Current liabilities	(518 606)	(299 038)
	<b>(6 688 642)</b>	<b>(5 746 920)</b>

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.

**Changes in the present value of the defined benefit obligation are as follows:**

Opening balance	5 746 920	5 613 066
Net expense recognised in the statement of financial performance	941 722	133 854
	<b>6 688 642</b>	<b>5 746 920</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>8. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	592 757	612 091
Interest cost	647 619	636 692
Actuarial (gains) losses	(79 454)	(735 619)
Settlement	(219 200)	(379 310)
	<b>941 722</b>	<b>133 854</b>

Defined benefit obligation	2024	2023	2022	2021	2020
	6 688 642	5 746 920	5 613 066	5 654 574	3 945 763

### Key assumptions used

Discount rates used	11.47 %	11.57 %
Consumer Price Inflation	5.85 %	5.92 %
Net discount rate	4.32 %	4.35 %
Salary Increase Rate	6.85 %	6.92 %
Retirement Age (Years)	65	65

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 2024 by TG Mhonde and D Mureriwa of One Pangaea 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 218 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 2022 the duration of liabilities was 7.74 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2024 is 11.47% per annum, and the yield on inflation-linked bonds of a similar term was about 4.84% per annum. This implies an underlying expectation of inflation of 5.85% per annum  $([1 + 11.47\% - 0.5\%] / [1 + 4.84\%] - 1)$ .

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 6.85% 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 4.42% per annum  $([1 + 11.47\%] / [1 + 6.85\%] - 1)$ .

### 9. Inventories

Consumable stores	250 114	141 376
Maintenance materials	158 312	164 232
	<b>408 426</b>	<b>305 608</b>

Carrying value of inventories carried at fair value less costs to sell 408 426 305 608

Inventories recognised as an expense during the year 754 920 558 792

### Inventories pledged as security

No inventory was pledged as security by the municipality.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>10. Receivables from exchange transactions</b>		
Other receivables	4 267 265	1 927 817
Control account	4 218 498	5 098 760
Licences and registration	191 227	213 395
	<b>8 676 990</b>	<b>7 239 972</b>
<b>11. Receivables from non-exchange transactions</b>		
Fines	88 402	239 104
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Property rates	78 562 202	61 991 537
Fines	88 402	68 343
	<b>78 650 604</b>	<b>62 059 880</b>
<b>Financial asset receivables included in receivables from non-exchange transactions above</b>	<b>(78 562 202)</b>	<b>(61 820 776)</b>
<b>Total receivables from non-exchange transactions</b>	<b>88 402</b>	<b>239 104</b>
<b>Statutory receivables general information</b>		
<b>12. VAT receivable</b>		
VAT	10 362 663	7 080 876
<b>13. Consumer debtors</b>		
<b>Total</b>		
Current (0 -30 days)	706 080	869 099
31 - 60 days	822 355	794 190
61 - 90 days	817 480	304 832
91 - 120 days	808 868	301 643
More than 120 days	75 371 418	59 721 774
Less: Allowance for impairment	(68 970 998)	(54 535 663)
	<b>9 555 203</b>	<b>7 455 875</b>
<b>Residential</b>		
Current (0 -30 days)	281 548	444 880
31 - 60 days	278 802	437 851
61 - 90 days	275 878	209 645
91 - 120 days	272 974	207 424
More than 120 days	25 570 126	20 781 166
Less: Allowance for impairment	(23 396 728)	(18 994 958)
	<b>3 282 600</b>	<b>3 086 008</b>
<b>Commercial</b>		
Current (0 -30 days)	160 616	200 036
31 - 60 days	137 682	196 948
61 - 90 days	136 235	95 187
91 - 120 days	134 803	94 219
More than 120 days	12 687 307	9 297 349
Less: Allowance for impairment	(11 608 016)	(8 500 311)
	<b>1 648 627</b>	<b>1 383 428</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>13. Consumer debtors (continued)</b>		
<b>National and provincial government</b>		
Current (0 -30 days)	263 916	224 183
31 - 60 days	405 870	159 948
61 - 90 days	405 367	-
91 - 120 days	401 092	-
More than 120 days	37 113 986	29 643 259
Less: Allowance for impairment	(33 966 254)	(27 040 395)
	<b>4 623 977</b>	<b>2 986 995</b>
<b>Fines</b>		
Current (0 -30 days)	1 719 288	1 518 708
Less: Allowance for impairment	(1 630 886)	(1 450 365)
	<b>88 402</b>	<b>68 343</b>

### Summary of debtors by customer classification

#### Consumer debtors pledged as security

No consumer debtors were pledged as security.

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	(2 137)	(3 585)
Bank balances	3 318 007	4 849 817
Short-term deposits	49 559 448	87 954 552
	<b>52 875 318</b>	<b>92 800 784</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB BANK - Main Acc - 62023653042	3 318 301	4 849 419	4 257 052	3 318 007	4 849 419	4 257 052
FNB BANK - Infrastructure Grant - 62159138299	454 739	425 560	404 460	454 739	425 560	404 460
FNB BANK - Call Account - 62600527975	47 756 938	86 275 201	68 364 652	47 756 938	86 275 201	68 364 652
FNB BANK - DBSA Loan - 62600530259	1 347 772	1 253 790	1 184 528	1 347 772	1 253 790	1 184 528
<b>Total</b>	<b>52 877 750</b>	<b>92 803 970</b>	<b>74 210 692</b>	<b>52 877 456</b>	<b>92 803 970</b>	<b>74 210 692</b>

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	18 533 000
DSAC Library Grant	150 715	1 599 606
Free Basic Water Grant	2 717 308	2 717 308
Kraaipan Water Grant	387 697	387 697
	<b>3 255 720</b>	<b>23 237 611</b>

See note 28 for reconciliation of grants from National/Provincial Government.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 16. Provisions

#### Reconciliation of provisions - 2024

	Opening Balance	Interest on provision	Fair value adjustment	Total
Environmental rehabilitation	1 818 094	229 444	(95 317)	1 952 221

#### Reconciliation of provisions - 2023

	Opening Balance	Interest on provision	Fair value adjustment	Total
Environmental rehabilitation	2 213 595	244 602	(640 103)	1 818 094

#### 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 229 444 (2023: R 244 602).

#### Summary of Adjustments

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](http://www.safcec.org.za)) and the Contract Price Adjustment Factors (drawn from the [www.dialytenders.co.za](http://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 2022 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 2023 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 2023.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>17. Revenue</b>		
Service charges	431 989	398 710
Rental of facilities and equipment	1 810 427	1 660 290
Interest received on property rates	8 948 443	9 508 639
Agency services	950 762	883 470
Licences and permits	55 689	-
Impairment reversal	9 140 869	-
Gain on disposal of assets and liabilities	1 781 177	5 964 128
Telecentre income	460 819	1 011 682
Actuarial gains	79 454	735 619
Interest received - investment	8 053 016	5 964 128
Property rates	33 140 630	26 951 833
Government grants & subsidies	216 840 531	167 099 345
Public contributions and donations	-	88 500
Fines, Penalties and Forfeits	227 700	178 800
	<b>281 921 506</b>	<b>220 445 144</b>

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

Service charges	431 989	398 710
Rental of facilities and equipment	1 810 427	1 660 290
Agency services	950 762	883 470
Licences and permits	55 689	-
Telecentre income	460 819	1 011 682
Interest received - investment	8 053 016	5 964 128
	<b>11 762 702</b>	<b>9 918 280</b>

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

**Taxation revenue**

Property rates	33 140 630	26 951 833
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**Transfer revenue**

Government grants & subsidies	216 840 531	167 099 345
Public contributions and donations	-	88 500
Fines, Penalties and Forfeits	227 700	178 800

**250 208 861 194 318 478**

**18. Service charges**

Electricity	431 989	387 944
Water	-	10 766
	<b>431 989</b>	<b>398 710</b>

**19. Rental of facilities and equipment**

**Premises**

Premises	1 790 657	1 649 370
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**Facilities and equipment**

Rental of facilities	19 770	10 920
	<b>1 810 427</b>	<b>1 660 290</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>20. Fines, Penalties and Forfeits</b>		
Municipal Traffic Fines	227 700	178 800
<b>21. Agency services</b>		
Licences and registration	950 762	883 470
<b>22. Licences and permits</b>		
Licences	55 689	-
<b>23. Interest from non-exchange receivables</b>		
Interest - Property rates	8 937 815	9 508 639
<b>24. Other revenue</b>		
Impairment reversal	9 140 869	-
Other income	460 819	1 011 682
	<b>9 601 688</b>	<b>1 011 682</b>
<b>25. Other income</b>		
Telecentre income	442 148	496 118
Insurance claims	-	515 564
Site development	18 671	-
	<b>460 819</b>	<b>1 011 682</b>
<b>26. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	252 119	123 075
Interest received on investment	7 800 897	5 841 053
	<b>8 053 016</b>	<b>5 964 128</b>
The amount included in Investment revenue arising from exchange transactions amounted to R 252 119.		
The amount included in Investment revenue arising from non-exchange transactions amounted to R 7 800 897.		
<b>27. Property rates</b>		
<b>Rates received</b>		
Residential	2 435 936	2 213 655
Commercial	3 980 563	1 391 517
State	24 834 715	20 881 295
Small holdings and farms	4 889 706	4 465 093
Less: Income forgone	(3 000 290)	(1 999 727)
	<b>33 140 630</b>	<b>26 951 833</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>28. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	160 330 000	150 600 772
Local Government Sector Education Training Authority Mandatory Grant	660 640	1 709 483
Expanded Public Works Programme Integrated Grant	1 234 000	1 230 942
Disaster Management Grant	-	3 063 368
Local Government Financial Management Grant	1 890 000	1 890 000
DSAC Library Grant	3 132 891	444 780
	<b>167 247 531</b>	<b>158 939 345</b>
<b>Capital grants</b>		
Municipal Infrastructure Grant	49 593 000	8 160 000
	<b>216 840 531</b>	<b>167 099 345</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	55 849 891	14 837 251
Restricted grants received	660 640	882 845
Non-Restricted	160 330 000	148 997 000
	<b>216 840 531</b>	<b>164 717 096</b>
<b>Equitable Share</b>		
Purpose of the grant is to to enable local government to provide basic services and perform its allocated functions.		
<b>Local Government Financial Management Grant</b>		
Current-year receipts	1 890 000	1 890 000
Conditions met - transferred to revenue	(1 890 000)	(1 890 000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
Purpose of the grant is to provide direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms..		
Conditions still to be met - remain liabilities (see note 15).		
<b>Expanded Public Works Programme Integrated Grant</b>		
Balance unspent at beginning of year	-	13 399
Current-year receipts	1 234 000	1 231 000
Conditions met - transferred to revenue	(1 234 000)	(1 231 000)
Amount surrendered	-	(13 399)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 28. Government grants & subsidies (continued)

Purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:

- road maintenance and the maintenance of buildings
- low traffic volume roads and rural roads
- basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure)
- other economic and social infrastructure
- tourism and cultural industries
- waste management
- parks and beautification
- sustainable land-based livelihoods
- social services programmes
- community safety programmes.

Conditions still to be met - remain liabilities (see note 15).

#### Municipal Infrastructure Grant

Balance unspent at beginning of year	18 533 000	4 390 374
Current-year receipts	32 193 000	23 893 000
Conditions met - transferred to revenue	(49 593 000)	(8 160 000)
Amount offset against equitable shares	(1 133 000)	(1 590 374)
<b>Balance at the end of the year</b>	<b>-</b>	<b>18 533 000</b>

Purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. And to provide specific funding for the development of asset management plans for infrastructure servicing the poor.

Conditions still to be met - remain liabilities (see note 15).

#### Local Government Sector Education Training Authority Mandatory Grant

Current-year receipts	660 640	882 845
Transferred to revenue	(660 640)	(882 845)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

#### DSAC Library Grant

Balance unspent at beginning of year	1 599 606	2 044 386
Current-year receipts	1 684 000	-
Conditions met - transferred to revenue	(3 132 891)	(444 780)
<b>Balance at the end of the year</b>	<b>150 715</b>	<b>1 599 606</b>

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..

Conditions still to be met - remain liabilities (see note 15).

#### Free Basic Water Grant

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 28. Government grants & subsidies (continued)

Balance unspent at beginning of year	2 717 308	2 717 308
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The purpose of this grant is to provide water to the community as an agent of the district. However current year there was no expenditure incurred.

Conditions still to be met - remain liabilities (see note 15).

#### Kraaipan Water Grant

Balance unspent at beginning of year	387 697	387 697
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This grant is mainly used for drilling and equipping of boreholes, and purchase two water tankers and two crew cabs for essential teams.

Conditions still to be met - remain liabilities (see note 15).

#### NMMDM Water and Sanitation grant

Purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. And to provide specific funding for the development of asset management plans for infrastructure servicing the poor.

### 29. Public contributions and donations

Public contributions and donations	-	88 500
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Conditions still to be met - remain liabilities (see note 15)

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>30. Employee related costs</b>		
Basic	63 360 539	61 583 251
Bonus	5 263 457	5 294 880
Medical aid - company contributions	6 693 649	6 471 831
UIF	463 181	468 505
<b>SDL</b>	<b>809 074</b>	<b>762 649</b>
Leave pay provision charge	1 559 903	(964 356)
Overtime payments	2 853 069	2 537 899
Long-service awards	711 922	610 559
Acting allowances	3 915 987	1 431 652
Housing benefits and allowances	2 225 598	2 078 307
Bargaining council contributions	28 484	28 168
Pension fund contribution	6 911 429	6 682 282
Remote allowance	241 394	107 756
Danger allowance	48 440	4 143 440
	<b>95 086 126</b>	<b>91 236 823</b>
<b>Remuneration of the Municipal Manager - (Status: MM - Mr Lloyd Leoko) Appointed on 01-10-2023 to date</b>		
Annual Remuneration	778 366	-
Remote allowance	31 135	-
Contributions to UIF, Medical, Bagaining and Pension Fund	9 481	-
	<b>818 982</b>	-
<b>Remuneration of the Municipal Manager - (Status: MM - Mr Tebogo Chanda) Teminated on 30-07-2023</b>		
Annual Remuneration	12 944	455 628
Remote allowance	-	9 927
Contributions to UIF, Medical, Bagaining and Pension Fund	259	5 475
	<b>13 203</b>	<b>471 030</b>
<b>Remuneration of the Chief Financial Officer - (Status: CFO - Mr Tumelo Letlojane)</b>		
Annual Remuneration	897 693	863 028
Remote allowance	4 515	20 252
Contributions to UIF, Medical, Bagaining and Pension Fund	11 240	10 887
	<b>913 448</b>	<b>894 167</b>
<b>Remuneration of the Acting Chief Financial Officer (Status: Acting CFO - Mr Collen Tjale ) Acted on 01-05-2023 to 31 01-2024</b>		
Annual Remuneration (Acting allowance)	69 589	18 045
Remote allowance	19 919	5 156
	<b>89 508</b>	<b>23 201</b>
<b>Remuneration of the Acting Chief Financial Officer (Status: Acting CFO - Mrs O Malema ) Acting from 01-02-2024 up to date</b>		
Annual Remuneration (Acting allowance)	49 706	-
Car Allowance	14 202	-
	<b>63 908</b>	-
<b>Remuneration of the Senior Manager Technical Services (Status: Senior Manager- Ms KA Phiritshwane) Appointed on 01-04-2024 to date</b>		

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>30.Employee related costs (continued)</b>		
Annual Remuneration	213 027	-
Remote allowance	8 521	-
Contributions to UIF, Medical, Bagaining and Pension Fund	566	-
	<b>222 114</b>	<b>-</b>
<b>Remuneration of the Acting Manager Technical Services Status: Acting Senior Manager- Mr Mooketsi Shomolekae) Acted on 01-02-2023 to 31-03-2024</b>		
Annual Remuneration (Acting allowance)	86 530	45 922
Remote allowance	5 681	10 648
	<b>92 211</b>	<b>56 570</b>
<b>Remuneration of the Acting Manager Technical Services (Status: Acting Senior Manager- Mr K MPA) Acted on 01- 07-2023 to 31-08-2023</b>		
Annual Remuneration (Acting allowance)	16 631	150 391
Remote allowance	8 521	7 314
	<b>25 152</b>	<b>157 705</b>
<b>Remuneration of the Acting Manager Technical Services (Status: Acting Senior Manager- Mr K Mapomane) Acted 01-09-2023 to 31-01-2024</b>		
Annual Remuneration (Acting allowance)	82 270	106 652
Remote allowance	13 215	8 151
	<b>95 485</b>	<b>114 803</b>
<b>Remuneration of the Corporate Service Senior Manager (Status:Senior Corporate Manager- Mr PM Masukela) Appointed on 01-05-2024 Terminated on 24-05-2024</b>		
Annual Remuneration	71 009	-
Remote allowance	2 840	-
Contributions to UIF, Medical, Bagaining and Pension Fund	899	-
	<b>74 748</b>	<b>-</b>
<b>Remuneration of the Acting Corporate Service Senior Manager (Status: Acting Senior Manager - MR Lesley Muji) Acted on 01-09-2023 to 30-04-2024</b>		
Annual Remuneration (Acting allowance)	76 333	11 757
Remote allowance	21 810	719
	<b>98 143</b>	<b>12 476</b>
<b>Remuneration of the Acting Corporate Service Senior Manager (Status: Acting Senior Manager - MR GA Ntshekang) Acted on 01-07-2023 and on 01-06-2024</b>		
Annual Remuneration (Acting allowance)	35 011	-
Car Allowance	9 308	-
	<b>44 319</b>	<b>-</b>
<b>Remuneration of the Senior Community Service Manager (Status:Senior Manager - Mr RS Manoto ) Appointed on 01-04-2024 to date</b>		
Annual Remuneration	213 027	-

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>30. Employee related costs (continued)</b>		
Remote allowance		8 521 -
Contributions to UIF, Medical, Bagaining and Pension Fund		2 696 -
	<b>224 244</b>	<b>-</b>
<b>Remuneration of the Acting Community Service Senior Manager (Status: Acting Senior Manager - Mr Petrus Magano ) Acted on 01-03-2023 to 31-08-2023 and from 01 02-2024 to 30-03-2024</b>		
Annual remuneration (Acting allowance)	39 765	35 085
Remote allowance	11 361	10 165
	<b>51 126</b>	<b>45 250</b>
<b>Remuneration of the Acting Community Service Senior Manager (Status: Acting Senior Manager - Mr Tshepo Seleke ) Acted on 01 02-2023 to 31-03-2023</b>		
Annual Remuneration (Acting allowance)	-	11 757
Remote allowance	-	719
	<b>-</b>	<b>12 476</b>
<b>Remuneration of the Planning And Development Senior Manager - (Status: Senior Manager- Mr SC SEJAKE)</b>		
Annual Remuneration	127 731	968 955
Remote allowance	3 156	24 512
Contributions to UIF, Medical, Bagaining and Pension Fund	1 466	11 935
	<b>132 353</b>	<b>1 005 402</b>
<b>31. Remuneration of councilors</b>		
Executive Major	1 005 066	955 303
Mayoral Committee Members	3 016 425	3 637 593
Speaker	824 685	780 264
Councillors	7 501 228	6 844 875
	<b>12 347 404</b>	<b>12 218 035</b>
<b>Additional information</b>		
The salaries, allowance and benefits of councilors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
<b>32. Depreciation and amortisation</b>		
Property, plant and equipment	30 270 947	29 954 133
Intangible assets	29 755	28 728
	<b>30 300 702</b>	<b>29 982 861</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>33. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	2 187 859	16 735 960
<b>Main Events and Reasons for Impairment:</b>		
Assets have experienced a notable decline in their assessed conditions, characterized by deterioration and visible damage. These issues have adversely affected the service potential of assets. Additionally, certain projects have demonstrated a reduction in anticipated economic benefits even prior to their completion		
<b>Reversal of impairments</b>		
Property, plant and equipment	(9 140 869)	-
The estimations which was used In the prior year have been revised by management to align with GRAP, and the change in estimate has resulted in most assets recoverable amount calculated to be higher than their carrying value,Consequently, impairments previously recognized have been reversed.		
This change in estimates has resulted in the reversal of Impairment amounting to R7 381 569.64 during the year 2023/2024. The future impact of this new developments cannot be calculated or estimated as it is depending on the conditions and utilisation of assets which cannot be predicted.]		
<b>Total impairment losses or (reversal)</b>	<b>(6 953 010)</b>	<b>16 735 960</b>

The main classes of assets affected by impairment losses are:

- Buildings
- Community Facilities
- Infrastructure
- Office Equipment
- Other PPE
- Furniture and fixture
- Work In Progress

The main classes of assets affected by reversals of impairment losses are:

- Buildings
- Community Facilities
- Infrastructure
- Office Equipment
- Other PPE
- Furniture and fixture
- Work In Progress

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>34. Finance costs</b>		
Trade and other payables	647 619	636 692
Fair value adjustments: Notional interest	229 444	244 602
Other interest paid	32 347	92 832
	<b>909 410</b>	<b>974 126</b>
<b>35. Auditors' remuneration</b>		
Fees	4 835 533	3 746 612
<b>36. Debt impairment</b>		
Debt impairment	15 544 930	13 831 836
<b>37. General expenses</b>		
Advertising	1 793 803	620 569
Auditors remuneration	4 835 533	3 746 612
Bank charges	301 672	346 387
Cleaning	1 121 437	421 669
Consulting and professional fees	15 410 446	21 058 559
Insurance	2 289 188	2 857 774
Conferences and seminars	1 081 530	1 295 110
IT expenses	10 860 993	11 153 704
Fleet	908 809	720 771
Motor vehicle expenses	351 040	552 459
Fuel and oil	3 596 881	3 250 625
Postage and courier	2 384	6 000
Printing and stationery	759 812	807 188
Protective clothing	490 361	28 791
Repairs and maintenance	9 100 491	4 277 977
Staff welfare	101 798	71 416
Subscriptions and membership fees	1 027 838	4 370
Telephone and fax	97 392	256 103
Transport and freight	3 556 365	1 477 941
Training	1 444 682	54 335
Electricity	14 599 971	13 618 665
Accommodation	1 643 714	1 787 862
Ward committee and secretaries	2 827 309	2 573 000
Catering	1 922 943	1 415 135
Other expenses	1 451 564	1 526 945
Rentals and hiring	1 684 353	544 531
	<b>83 262 309</b>	<b>74 474 498</b>
<b>38. Contracted services</b>		
<b>Contractors</b>		
Transportation	21 853	43 263
Fleet services and safeguard and security	13 785 271	13 494 377

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>39. Cash generated from operations</b>		
Surplus (deficit)	28 360 330	(41 071 881)
<b>Adjustments for:</b>		
Depreciation and amortisation	30 300 703	29 994 023
(Loss) gain on sale of assets and liabilities	(1 781 177)	3 190 059
Fair value adjustments	104 683	(640 103)
Interest income	(7 800 897)	(5 841 053)
Finance costs	(54 673)	29 908
Impairment	(6 953 010)	16 735 960
Debt impairment	15 544 930	13 831 836
Movements in provisions	134 127	395 501
Non-cash donations and other in-kind benefits	-	(88 500)
Actuarial gain/loss	(79 454)	(735 619)
<b>Changes in working capital:</b>		
Inventories	(102 818)	73 723
Receivables from exchange transactions	(1 437 018)	(1 011 510)
Other receivables from non-exchange transactions	(15 394 228)	(13 848 768)
Employee benefit obligation	941 722	133 854
Payables from exchange transactions	(5 652 216)	7 061 047
VAT	(3 281 787)	441 106
Unspent conditional grants and receipts	(19 981 891)	16 885 032
Consumer deposits	31 583	(11 079)
	<b>12 898 909</b>	<b>25 523 536</b>

### 40. Operating surplus (deficit)

Operating surplus (deficit) for the year is stated after accounting for the following:

Gain (loss) on sale of property, plant and equipment	1 781 177	(3 190 059)
Impairment on property, plant and equipment	2 187 859	16 735 960
Depreciation on property, plant and equipment	30 300 703	29 994 023
Employee costs	107 433 530	103 454 858

### 41. Fair value adjustments

Investment property (Fair value model)	(200 000)	-
Landfill site (Fair value model)	95 317	640 103
	<b>(104 683)</b>	<b>640 103</b>

### 42. Commitments

#### Authorised capital expenditure

#### Already contracted for but not provided for

• Property, plant and equipment	91 506 326	91 091 318
---------------------------------	------------	------------

#### Total capital commitments

Already contracted for but not provided for	91 506 326	91 091 318
---	------------	------------

#### Total commitments

<b>Total commitments</b>		
Authorised capital expenditure	91 506 326	91 091 318

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>43. Contingencies</b>		
<b>Contingent liabilities</b>		
T-Squaire Engineers	288 351	288 351
DS Molapo Project And Fire Services	-	6 002 588
Bokone Bophirima Property Valuers (Pty) Ltd	-	497 168
Sharon's Maintenance	2 227 898	2 227 898
	<b>2 516 249</b>	<b>9 016 005</b>

### T-Squaire Engineers

Municipality successfully defended application for default judgement for unpaid services for R101 622.03 and R186 728.61 in terms of a variation order. Application to refer the matter to the High court has been drafted due to jurisdictional amount of counterclaim. Matter is at exchange of pleading stage.  
Matter is on-going

### DS Molapo Project And Fire Services

DS Molapo Project and Fire Services filed summons in relation to claim for unpaid services for rendered. Pending In court Prospects of settlements 60%

### Bokone Bophirima Property Valuers (Pty) Ltd

Summons alleging that RLM is in breach of terms of an SLA in that it failed to pay the Plaintiff for service rendered for confirmation/verification and valuation of Government properties on the Ratlou General Valuation roll 2009-2013, totalling the sum of R 1 246 152.07.

Summons were received and further investigations were

conducted. Sharon's Maintenance

Sharon's Maintenance and Electrical was appointed by the Ratlou Local Municipality for the Upgrading of Bulk Water Supply – Logageng.

Claims that the Municipality failed to pay the outstanding amount for the service rendered by Sharon's maintenance for the building of a water reservoir in Logageng Village in terms of a variation order allegedly granted to the service provider by MM for R2 227 898.21

### Contingent assets

Sejake CC	647 898	1 244 406
Staff Debtors	-	-
	<b>647 898</b>	<b>1 244 406</b>

### Sejake CC

This is the rescission of judgement application instituted by the Municipality to rescind the default judgement and stay the execution of the right obtained by the Respondent.

Matter transferred to normal opposed roll on appeal

### Staff Debtors

During 2020 financial year the 45 employees received salary increment from the municipality without abiding with the legislation. Municipality opened the case against the employees and the court ordered that the monies be paid back to the municipality. The employees requested the municipality to take note of the deductions that were affected by the increment when determining the amount to be paid back. The municipality took a resolution that the employees and the unions should be consulted since the increment affects each employee differently. The amount of an asset could not be reliably estimated.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>44. Related parties</b>		
Relationships		
Accounting Officer		Refer to accounting officers' report note
Members of key management and remuneration		Refer to note 30
Councillors		Refer to note 31&44
Close family member of key management		There are no transactions between close family members of key management
<b>Compensation to accounting officer and other key management</b>		
Short-term employee benefits	13 819 685	13 344 103
Defined contribution plans	1 225 743	1 193 306
	<b>15 045 428</b>	<b>14 537 409</b>

Remuneration of Management

Management class: Councillors

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023		
<b>44. Related parties (continued)</b>				
2024				
	Basic salary	Cellphone allowance	Pension, Medical, and Other allowances	Total
<b>Name</b>				
Mr Jafta - Mayor	815 214	42 600	119 641	977 455
GK Leepo - Speaker	692 298	42 600	67 698	802 596
T Mothibedi - Executive Committee	410 935	42 600	43 127	496 662
T Motlapelle - Executive Committee	420 485	42 600	33 655	496 740
P Mafethe - Executive Committee	646 259	42 600	58 798	747 657
G Mokgope - MPAC Chairperson	425 345	42 600	29 296	497 241
R Tshabang - Cllr	292 006	42 600	6 924	341 530
P Shawe - Cllr	292 006	42 600	6 924	341 530
A Pheho - Cllr	292 006	42 600	6 924	341 530
L Soka - Cllr	292 006	42 600	6 924	341 530
M Nqume - Cllr	292 006	42 600	6 924	341 530
D Sejamoholo - Cllr	273 564	42 600	24 996	341 160
D Sebolai - Cllr	503 554	42 600	42 146	588 300
A Mosepele	292 006	42 600	6 924	341 530
T Dipheko - Cllr	273 564	42 600	24 996	341 160
KD Gaasenwe - Cllr	536 995	42 600	9 373	588 968
V Jantjies - Cllr	263 688	42 600	33 927	340 215
D Seitshiro - Cllr	292 006	42 600	6 924	341 530
M Dala - Cllr	273 563	42 600	24 997	341 160
G Mogapi - Cllr	273 564	42 600	24 997	341 161
P Letebele - Cllr	273 564	42 600	24 997	341 161
M Tladi - Cllr	273 564	42 600	24 997	341 161
N Radebe - Cllr	292 005	42 600	6 924	341 529
S Motone - Cllr	636 916	42 600	10 373	689 889
A Masilo - Cllr	273 564	42 600	24 087	340 251
KP Sechele - Cllr	308 071	42 600	25 333	376 004
MB Hyan - Cllr	265 217	39 200	6 336	310 753
	<b>10 175 971</b>	<b>1 146 800</b>	<b>709 162</b>	<b>12 031 933</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023			
<b>44. Related parties (continued)</b>					
<b>2023</b>					
<b>Name</b>	Basic salary	Travel allowance	Cellphone allowance	Pension, Medical, and Other allowances	Total
Mr Jafta - Mayor	845 109	-	40 800	65 794	951 703
GK Leepo - Speaker	680 356	-	40 800	55 508	776 664
T Mothibedi - Executive Committee	408 619	-	40 800	15 632	465 051
T Mothlapele - Executive Committee	390 039	30 000	40 800	4 380	465 219
K Badirwang - Executive Committee (deceased June 2023)	568 264	-	37 991	67 382	673 637
P Mafethe - Executive Committee	654 561	-	40 800	53 977	749 338
G Mokgope - MPAC Chairperson	835 636	-	40 800	8 596	885 032
R Tshabang - Cllr	295 772	-	40 800	3 198	339 770
P Shawe - Cllr	295 772	-	40 800	3 198	339 770
A Pheho - Cllr	295 772	-	40 800	3 198	339 770
L Soka - Cllr	295 772	-	40 800	3 198	339 770
M Nqume - Cllr	295 772	-	40 800	3 198	339 770
D Sejamoholo - Cllr	284 352	-	40 800	14 389	339 541
D Sebolai - Cllr	529 718	-	40 800	42 222	612 740
A Mosepele - Cllr	295 772	-	40 800	3 198	339 770
T Dipheko - Cllr	284 352	-	40 800	14 389	339 541
KD Gaasenwe - Cllr	566 748	-	40 800	5 908	613 456
V Jantjies - Cllr	284 352	-	40 800	14 389	339 541
D Seitshiro - Cllr	295 772	-	40 800	3 198	339 770
M Dala - Cllr	276 310	-	40 800	22 271	339 381
G Mogapi - Cllr	284 352	-	40 800	14 389	339 541
P Letebele - Cllr	284 352	-	40 800	14 389	339 541
M Tladi - Cllr	284 352	-	40 800	14 389	339 541
N Radebe - Cllr	295 772	-	40 800	3 198	339 770
S Motone - Cllr	295 772	-	40 800	3 198	339 770
A Masilo - Cllr	284 229	-	40 800	14 517	339 546
KP Sechele - Cllr	209 840	-	38 924	2 328	251 092
	<b>10 617 489</b>	<b>30 000</b>	<b>1 096 915</b>	<b>473 631</b>	<b>12 218 035</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023		
<b>45. Change in estimate</b>				
<b>Property, plant and equipment</b>				
<p>The useful lives of all asset classes were assessed during 2023/2024 to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of changing the remaining useful life of assets for the Municipality during 2023/2024 has decreased the depreciation charge by an estimated value of R 2 329 606. It is impracticable to estimate the effect of these changes on future periods.</p> <p>The Recoverable amount of all asset classes were revised during 2023/2024 for accurate on the reflection of remaining expected service potential from these assets. The Effect of this assessment has resulted in the reversal of Impairment amounting to R7 381 569.64 (2023/2024). It is impracticable to estimate the effect of these changes on future periods.</p>				
<b>46. Prior-year adjustments</b>				
<p>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:</p>				
<b>Statement of financial position</b>				
<b>2023</b>				
	Note	As previously reported	Correction of error	Restated
Accumulated surplus		(413 326 541)	42 676 909	(370 649 632)
Other receivables - Registration and licensing		213 395	(213 395)	-
Payables from exchange transactions - Control accounts		-	5 044 304	5 044 304
Payables from exchange transactions - Retentions payable		(4 325 813)	(70 141)	(4 395 954)
Payables from exchange transactions - Trade payables		(6 570 515)	(163 270)	(6 733 785)
Property, plant and equipment - Buildings		35 568 430	(602 951)	34 965 479
Property, plant and equipment - Community		86 595 370	(1 701 649)	84 893 721
Property, plant and equipment - Furniture and fixtures		1 010 456	(19 784)	990 672
Property, plant and equipment - Infrastructure		152 050 037	(343 448)	151 706 589
Property, plant and equipment - IT equipment		3 518 677	48 841	3 567 518
Property, plant and equipment - Motor vehicles		19 172 201	1 789 461	20 961 662
Property, plant and equipment - Office equipment		1 521 622	(3 182)	1 518 440
Property, plant and equipment - Other property, plant and equipment		235 434	40 418	275 852
Property, plant and equipment - Work in progress		34 341 168	(5 538 867)	28 802 301
Receivables from exchange transactions - Consumer debtors - Other 1		(148 202)	148 202	-
Receivables from exchange transactions - Consumer debtors - Rental		(2 153 082)	2 153 082	-
Receivables from exchange transactions - Consumer debtors - Sundry		402 639	(2 667 148)	(2 264 509)
Receivables from exchange transactions - Control account		392 064	(337 607)	54 457
Receivables from exchange transactions - Other receivables		3 596 756	(1 668 939)	1 927 817
Receivables from non-exchange transactions - Consumer debtors - Rates		8 920 403	(10 141 431)	(1 221 028)
Receivables from non-exchange transactions - Traffic fines receivables		238 703	400	239 103
Unspent conditional grants and receipts - LG SETA grant		(913 662)	913 662	-
Unspent conditional grants and receipts - Municipal Infrastructure Grant		(18 484 897)	(48 103)	(18 533 000)
Unspent conditional grants and receipts - NMMDM grants		(7 012 150)	7 012 150	-
VAT receivable / payable		6 730 578	73 113	6 803 691
Receivables from exchange transactions - Registration and licensing		-	213 395	213 395
Payables from exchange transactions - Payments received in advance		-	(9 902 206)	(9 902 206)
VAT receivable / payable		-	277 185	277 185
Accumulated surplus		-	(1 847 925)	(1 847 925)
		<b>(98 426 929)</b>	<b>25 121 076</b>	<b>(73 305 853)</b>

### Statement of financial performance

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023		
<b>46. Prior-year adjustments (continued)</b>				
<b>2023</b>				
	Note	As previously reported	Correction of error	Restated
Contracted services		12 802 679	734 961	13 537 640
Actuarial gains/losses		(1 131 120)	395 501	(735 619)
Depreciation and amortisation - Property, plant and equipment		29 991 823	2 199	29 994 022
Employee related costs - Long-service awards		612 091	(1 532)	610 559
Employee related costs - Overtime payments		2 482 402	55 497	2 537 899
Finance costs - Fair value adjustments: Notional interest		-	244 602	244 602
Finance costs - Trade and other payables		72 994	19 838	92 832
Gain/Loss on disposal of assets and liabilities		2 817 914	372 145	3 190 059
General expenses - Accommodation		1 772 912	14 950	1 787 862
General expenses - Advertising		616 889	3 680	620 569
General expenses - Catering		1 408 535	6 600	1 415 135
General expenses - Consulting and professional fees		21 062 095	(3 536)	21 058 559
General expenses - Other expenses		1 535 445	(8 500)	1 526 945
General expenses - IT expenses		10 993 398	160 307	11 153 705
General expenses - Transport and freight		1 488 084	(10 143)	1 477 941
Government grants & subsidies - Municipal Infrastructure Grant		(8 208 103)	48 103	(8 160 000)
Government grants & subsidies - NMM Support Grant		(2 987 850)	2 987 850	-
Impairments loss		8 891 026	7 844 934	16 735 960
Interest received - property rates		(16 422 825)	6 914 186	(9 508 639)
Other income - Telecentre income		(490 590)	(5 528)	(496 118)
Remuneration of councillors - Councillors		6 941 774	(96 900)	6 844 874
Remuneration of councillors - Executive Mayor		958 904	(3 600)	955 304
Remuneration of councillors - Mayoral Committee Members		4 289 444	(651 852)	3 637 592
Remuneration of councillors - Speaker		124 813	655 452	780 265
		(913 662)	913 662	-
Unspent conditional grants and receipts - Municipal Infrastructure Grant		(18 484 897)	(48 103)	(18 533 000)
Fair value adjustment		-	(640 103)	(640 103)
General expenses - Repairs and maintenance		-	304 790	304 790
<b>Surplus for the year</b>		<b>60 224 175</b>	<b>20 209 460</b>	<b>80 433 635</b>

### 46.01 Contingent liabilities

a) Contingent liabilities were overstated in the prior year with the retention amount of R8 827 196.35 that have been accruing since 2016, there were no claims instituted against the Municipality for non-payment of the retention amount to disclose the amount as a contingent liability.

b) Contingent liabilities were understated with an amount of R748 984.42 for Bokone Bophirima which was incorrectly not disclosed. The prior year has been correctly disclosed.

c) Furthermore, contingent liabilities were overstated with an amount of R1 011.36 for T-Square Engineers as per the summon from T-Square and a prescribed amount of R2 227 898 for Sharn's Maintenance.

### 46.02 Property, plant and equipment

The opening balance of movable assets was adjusted due to missclassifications, assets not included in the register and assessment of carrying values. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>46. Prior-year adjustments (continued)</b>		
<b>Statement of Financial Position</b>		
Decrease in Property, plant and equipment - Buildings	-	(602 951)
Decrease in Property, plant and equipment - Community	-	(1 701 649)
Decrease in Property, plant and equipment - Furniture and fixtures	-	(19 784)
Decrease in Property, plant and equipment - Infrastructure	-	(343 448)
Increase in Property, plant and equipment - IT Equipment	-	48 841
Increase in Property, plant and equipment - Motor vehicles	-	1 789 461
Increase in Property, plant and equipment - Office equipment	-	(3 182)
Increase in Property, plant and equipment - Other property, plant and equipment	-	40 418
Increase in Property, plant and equipment - Work in progress	-	(5 538 867)
<b>Statement of Financial Performance</b>		
Increase in Depreciation and amortisation - Property, plant and equipment	-	2 199
Increase in Gain/Loss on disposal of assets and liabilities	-	372 145
Decrease in impairment loss	-	6 914 186
	-	<b>957 369</b>

### 46.03 Remuneration of employees and councillors

a) Overtime - Recalculation of hours worked by employees were incorrectly calculated in the 2022/23 general ledger. The erroneous capturing of these overtime worked in the 2022/23 general ledger resulted in the accumulated surplus being overstated by R 55,496.95 and overtime being understated by R 55,496.95

b) Payment of long service awards - Years worked by the employees and rates used was incorrectly calculated in 2022/2023 general ledger. The erroneous capturing of these Long service rate's in the 2022/23 general ledger resulted in the following:

Accumulated Surplus were understated by R 1,531.92 and Long Service were Overstated by R 1,531.92

c) Councillors' allowances - In prior years, councillors were paid data allowances which were not approved by government gazette. To this effect, payment arrangements were made with related councillors for the reimbursement of the unapproved allowances. However, the reimbursement arrangements were not accounted for appropriately in the books of the municipality, resulting in an overstatement of councillors remuneration by R96,900, and an understatement of Staff recoveries by R96,900

These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

<b>Statement of Financial Position</b>		
Increase in Payables from exchange transactions - Control accounts	-	(55 497)
Decrease in Accumulated surplus	-	1 532
<b>Statement of Financial Performance</b>		
Decrease in Employee related costs - Long-service awards	-	(1 532)
Increase in Employee related costs - Overtime payments	-	55 497
Decrease in Remuneration of councillors	-	(96 900)
Increase in Rental of facilities and equipment - Premises	-	96 900
	-	-

### 46.04 Payables from exchange transactions

a) Retentions - Retentions capitalised / not paid in the prior year were not correctly accounted for in the payables (retentions), as such, these amounts were revisited and accounted for appropriately to reflect the applicable effects on retentions payable as follows:

b) Payables and accruals - In the prior year, the municipality had retained in their books legacy balances which do not meet the recognition criteria for payables, per requirements of applicable reporting frameworks and regulations, as there is no foreseeable enforceable right by third parties to an outflow of economic benefits from the municipality. This is due to (but not limited to) parties having enforceable rights to economic benefits not being identifiable, transactions giving rise to enforceable rights not identifiable, outflows of economic benefits to third parties in respect of these balances having already occurred...etc.

These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 46. Prior-year adjustments (continued)

#### Statement of Financial Position

Increase in Payables from exchange transactions - Retentions	-	70 141
Decrease in Payables from exchange transactions - Trade payables	-	(19 657)
Increase in Accumulated surplus	-	(50 484)
	-	-

### 43.05 Consumer Debtors

The opening balance of consumer debtors in prior years was mistated as a result of (but not limited to) incorrect billing of customers, incorrect interest charges on consumer accounts, impairments incorrectly calculated, offsetting of debtors with credit balances (not disclosed as payables). The municipality has re-visited the entire population of consumer accounts to correct these error with the effect thereof as follows:

#### Statement of Financial Position

Increase in Receivables from non-exchange transactions - Consumer debtors – Rates	-	9 902 206
Increase in Payables from exchange transactions - Payments received in advance	-	(9 902 206)
	-	-

### 46.06 Grants revenue and liabilities

In prior years, receipts from donors and grantors (i.e. receipts in respect of LGSETA Mandatory Grant, and Ngaka Modiri Molema water and sanitation support) were treated as conditional, wherein revenue may only be recognised upon performance or related conditional expenditure, per GRAP 23. This is inconsistent with the nature of the receipts, as they are restricted in nature

### 46.07 Commitments

Commitments in 2023 were understated by R 37 049 159.31 due to lack of records. The comparative figure has been updated and correctly disclosed.

### 46.08 Vat Payable/Receivable

Recognition of khokhos invoices relating to VAT were incorrectly captured in the 2023/24 general ledger. The erroneous capturing of these invoices in the 2023/24 general ledger resulted in the following: Trade payables are understated by R - 350 509 and VAT were overstated by R - 45 718.50

### 46.09 Repairs and maintenance

Recognition of khokhos invoices issued for the 2022/23 financial year were incorrectly captured in the 2023/24 general ledger. The omission of these invoices in the 2022/23 general ledger resulted in the following: Trade payables are understated by R - 350 509.; VAT Payable is understated 45 718.50; and Repairs and Maintenance is understated by R 304 790 .

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures

2024

2023

### 47. 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.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the municipality's financial performance.

Financial instruments carried at fair value at the end of the reporting period are further characterised by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

#### 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.

Liabilities are managed by ensuring that 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.

Financial liabilities that the municipality is exposed to are as follows:

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - at amortised cost	31 328 763	-	-	-
Consumer deposits - at amortised cost	63 922	-	-	-
Employee benefit obligation	518 606	6 170 036	-	-
Unspent conditional grants and receipts - at amortised cost	3 255 720	-	-	-
Provisions	-	1 952 221	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions - at amortised cost	36 284 336	-	-	-
Consumer deposits - at amortised cost	32 339	-	-	-
Employee benefit obligation	299 038	5 447 882	-	-
Unspent conditional grants and receipts	23 237 611	-	-	-
Provisions	-	1 818 094	-	-

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 47. Risk management (continued)

#### Credit risk

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

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. The objectives, policies and processes for managing and measuring the Entity's risk during the year in review have remained stable. The Entity's strategy for managing risk is inherent in its credit control and debt collection as well as tariff policy measures, which include encouraging residents to install prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Interest is charged on outstanding amounts. Receivables are provided for based on estimated irrecoverable amounts, as explained in the accounting policy. Additional information relating to the analysis of receivables is given in notes 10&13.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing, which can lead to a renegotiated fine.

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

Financial instrument	2024	2023
Receivables from exchange transactions - at amortised cost	8 676 990	7 239 972
Receivables from non-exchange transactions	88 402	239 104
VAT receivable - at amortised cost	10 362 663	7 080 876
Cash and cash equivalents - at fair value (level 2)	52 875 318	92 800 784

#### Market risk

##### Interest rate risk

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

The municipality's interest rate risk arises from short term deposits. Short term deposits issued at variable rates expose the municipality to cash flow interest rate risk. On the other hand, short term deposits issued at fixed rates expose the municipality to fair value interest rate risk. As at 31 March 2024 and 30 June 2023, the municipality's deposits and bank balances at fixed rate were denominated in the Rand.

##### Bank (Credit rating)

FNB BANK - Main Acc - 62023653042 (Baa3)	3 687 105	4 849 419
FNB BANK - Infrastructure Grant - 62159138299 (Baa3)	454 739	425 560
FNB BANK - Call Account - 62600527975 (Baa3)	47 756 938	86 275 201
FNB BANK - DBSA Loan - 62600530259 (Baa3)	1 347 772	1 253 790
	<b>53 246 554</b>	<b>92 803 970</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>48. Unauthorised expenditure</b>		
Opening balance as previously reported	41 546 207	27 081 210
Add: Unauthorised expenditure - current	9 419 189	14 464 997
<b>Closing balance</b>	<b>50 965 396</b>	<b>41 546 207</b>

Unauthorised mainly relates to underestimated debt impairment which is non cash. Debts Impairment was under estimated due to being overly optimistic about customers' ability to pay and due to rapid changes in the economic environment

### Unauthorised expenditure: Budget overspending – per municipal department:

#### 49. Fruitless and wasteful expenditure

Opening balance as previously reported	1 246 457	1 192 524
Add: Fruitless and wasteful expenditure identified - current	24 790	53 933
<b>Closing balance</b>	<b>1 271 247</b>	<b>1 246 457</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023	
<b>49. Fruitless and wasteful expenditure (continued)</b>			
<b>Details of fruitless and wasteful expenditure</b>			
	<b>Disciplinary steps taken/criminal proceedings</b>		
Eskom	No disciplinary action has been taken	4 952	35 726
SARS	No disciplinary action has been taken	19 838	71
AGSA	No disciplinary action has been taken	-	12
Toyota	No disciplinary action has been taken	-	18 124
		<b>24 790</b>	<b>53 933</b>

### 50. Irregular expenditure

Opening balance as previously reported	239 974 614	242 937 801
Add: Irregular expenditure - current	7 108 367	3 463 004
Add: Irregular expenditure - prior period	-	4 217 859
Add: Irregular expenditure - prior period	-	(10 644 050)
<b>Closing balance</b>	<b>247 082 981</b>	<b>239 974 614</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 50. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	<b>Disciplinary steps taken/criminal proceedings</b>		
Did not follow competitive bidding processes	Consequence management not followed	7 108 367	7 680 863

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

#### Contributions to organised local government

Current year subscription / fee	1 178 177	1 162 563
Amount paid - current year	(1 178 177)	(1 162 563)
	-	-

#### Audit fees

Opening balance	-	13 780
Current year subscription / fee	5 560 863	3 746 612
Amount paid - current year	(5 541 899)	(3 760 392)
	<b>18 964</b>	-

#### PAYE and UIF

Current year subscription / fee	17 635 877	468 505
Amount paid - current year	(17 635 877)	(468 505)
	-	-

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>51. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	21 803 891	13 154 113
Amount paid - current year	(21 803 891)	(13 154 113)
	-	-
<b>VAT</b>		
VAT receivable	6 293	277 185
VAT payable	(10 356 370)	(6 803 691)
	<b>(10 350 077)</b>	<b>(6 526 506)</b>
VAT output payables and VAT input receivables are shown in note .		
All VAT returns have been submitted by the due date throughout the year.		
<b>Skills development levy</b>		
Current year subscription/fee	907 823	762 649
Amount paid - current year	(907 823)	(762 649)
	-	-

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 52. Deviation from supply chain management regulations

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

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Procurement transactions	2024	Number of Deviations 2024
Emergency	4 300 000	1
Impractical to follow process	5 458 631	62
Sole Provider	3 455	1
	<b>9 762 086</b>	

Reason	Month	Supplier	Amount	Description
Sole supplier	July	Hino Lichtenburg	26 779	The Municipal vehicle had a breakdown while on duty undertaking water delivery to various Municipal facilities and the funerals,the damages experienced were the malfunctioning radiator and falling cab shock,HINO is the original equipment manufacturer.
Sole supplier	July	JBJ Machinery	59 624	Two vehicles were due for service,the service includes the replacement of air filter kit,changing of filter cartridge oil,filter cartridge fuel,water and fuel separator,bowl filter fuel water separator,oil diesel lube,mudguard,clutch,water pipes and nossels.Both the vehicles were taken to Powerstar,the reason being that Powerstar is the original equipment manufacturer.
Emergency	February	Hurricane Locksmith	3 455	Two offices utilized by the members of the executive committee were soft locked,the request for the arrangement with the lock smith.
Emergency	February	Mmabatho Autolot & Repairs	182 112	Water tankers had to be repaired urgently as they are used to supply communities with water during funerals and for gravelling the municipal internal roads
Sole supplier	April	Xneelo Trusted in Hosting	18 412	XNEELO is the current host of the municipal emails, the service is payable yearly in April. If payment is not received, the municipal payment system will be frozen until such payment is madeReason for emergency is goods are available from a Sole supplier
Emergency	April	Mmabatho Autolot & Repairs	75 659	The water tanks had to be repaired urgently as they are used on daily basis to supply communities with water during funerals and for gravelling the municipal internal roads.
Impractical to follow process	November	Mmabatho Autolot & Repairs	13 225	The Municipality vehicles had to be towed from Mafikeg to Municipal offices.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023	
<b>52. Deviation from supply chain management regulations (continued)</b>			
Impractical to follow process	November	Mmabatho Autolot & Repairs	63 055 The Municipality vehicles had to be towed from Mafikeg to Municipal offices.
Impractical to follow process	November	RR Kgwadi Security and Construction	92 920 It was impractical for the Municipality to obtain three quotations.
Emergency	October	Mmabatho Autolot & Repairs	5 463 Impractical to follow SCM process
Emergency	August	Mmabatho Autolot & Repairs	10 925 The Municipality vehicles had to be towed from Mafikeg to Municipal offices.
Emergency	August	Mmabatho Autolot & Repairs	9 200 The Municipality vehicles had to be towed from Mafikeg to Municipal offices.
Emergency	October	Truvelo Manufacturers	5 263 Speeding by motorists on the N18 and the R507 roads has become a road safety concern that requires urgent attention
Emergency	April	Mmabatho Autolot	137 598 Inspected the voucher and confirmed that there was an urgent request to repair three water tankers as they are used to supply communities with water during funerals and for gravelling municipal internal roads.
Impractical to follow official Procurement Process	Empire Travels and Tours	86 506	
Impractical to follow official Procurement Process	Rose Blossom Guest House	270 160	
Impractical to follow official Procurement Process	Tshepo Hope Consulting	199 644	
Impractical to follow official Procurement Process	JKGB Solutions	57 720	
Impractical to follow official Procurement Process	Mmabatho Autolot	34 605	
Impractical to follow official Procurement Process	South African Council for Graduates	62 500	
Impractical to follow official Procurement Process	Elective Training Institute Enterprise	32 300	
Impractical to follow official Procurement Process	Modiboa Attorneys Inc	179 574	

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>52.Deviation from supply chain management regulations (continued)</b>		
Imparactical to follow official Procurement Process	Premier Hotel Or Tambo	54 750
Imparactical to follow official Procurement Process	Elgro Hotel	36 610
Imparactical to follow official Procurement Process	Hurricane Locksmith	4 415
Imparactical to follow official Procurement Process	Institute of Traffiv, Licensing and Metro	11 200
Imparactical to follow official Procurement Process	King Motor Spares and Fitment	39 472
Imparactical to follow official Procurement Process	Mmabath o Autolot	34 605
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	493 109
Imparactical to follow official Procurement Process	Thatch Haven Guest House	60 000

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>52. Deviation from supply chain management regulations (continued)</b>		
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	493 109
Imparactical to follow official Procurement Process	Thatch Haven Guest House	60 000
Imparactical to follow official Procurement Process	Chartered Institute of Government Finance, Audit & Risk Officer	16 900
Imparactical to follow official Procurement Process	Chartered Institute of Government Finance, Audit & Risk Officer	33 800
Imparactical to follow official Procurement Process	Fundudzi Media	30 370
Imparactical to follow official Procurement Process	Hurricane Locksmith	7 275
Imparactical to follow official Procurement Process	Hurricane Locksmith	2 975
Imparactical to follow official Procurement Process	Hurricane Locksmith	6 155
Imparactical to follow official Procurement Process	IMPS-SA	62 475
Imparactical to follow official Procurement Process	Institute of Internal Auditors SA	2 116
Imparactical to follow official Procurement Process	King Motor Spares and Fitment	53 167
Imparactical to follow official Procurement Process	King Motor Spares and Fitment	7 975

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>52. Deviation from supply chain management regulations (continued)</b>		
Imparactical to follow official Procurement Process	Blaauwberg Beach Hotel	87 600
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	255 791
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	11 682
Imparactical to follow official Procurement Process	Kobo Segole Guest House	60 648
Imparactical to follow official Procurement Process	TMK Attorneys	221 453
Imparactical to follow official Procurement Process	Hino Lichtenburg	30 370
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	65 314
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	212 290
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	475 000
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	198 645
Imparactical to follow official Procurement Process	Modiboa Attorneys Inc	579 231
Imparactical to follow official Procurement Process	JKGB Solutions	49 247
Imparactical to follow official Procurement Process	Mmabatho Autolot	20 533
Imparactical to follow official Procurement Process	Elective Training Institute Enterprise	43 484
Imparactical to follow official Procurement Process	Institute of Internal Auditors SA	5 428
Imparactical to follow official Procurement Process	Peermount Metcourt	38 250
Imparactical to follow official Procurement Process	Ngwenya Hotel	72 209
Imparactical to follow official Procurement Process	TMK Attorneys	362 459
Imparactical to follow official Procurement Process	JKGB Solutions	64 285
Sole Provider	Hurricane Locksmith	3 455

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures		2024	2023
<b>52. Deviation from supply chain management regulations (continued)</b>			
Imparactical to follow official Procurement Process	Chartered Institute of Government Finance, Audit & Risk Officer	6 400	
Imparactical to follow official Procurement Process	Institute of Internal Auditors SA	8 093	
Imparactical to follow official Procurement Process	Truvelo Manufacturers	6 155	
Emergency	Bornfree Investments 271	4 300 000	
		<b>9 762 090</b>	

### 51. Segment Information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality operates throughout the Ratlou municipal area. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the Ratlou municipal area were sufficiently similar to warrant aggregation.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures

2024

2023

### 53. Segment information (continued)

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

2024

	Budget and treasury	Community services	Corporate services	Library	Mayor	Municipal manager	Speaker	Technical services	Town planning	Total
<b>Revenue</b>										
Service charges	431 989	-	-	-	-	-	-	-	-	431 989
Rental of facilities and equipment	1 810 427	-	-	-	-	-	-	-	-	1 810 427
Agency services	1 006 452	-	-	-	-	-	-	-	-	1 006 452
Other income	9 601 688	-	-	-	-	-	-	-	-	9 601 688
Interest received - investment	8 053 016	-	-	-	-	-	-	-	-	8 053 016
Gain/Loss on disposal of assets and liabilities	1 781 177	-	-	-	-	-	-	-	-	1 781 177
Actuarial gains/losses	79 454	-	-	-	-	-	-	-	-	79 454
Property rates	33 140 630	-	-	-	-	-	-	-	-	33 140 630
Interest received - property rates	8 937 815	-	-	-	-	-	-	-	-	8 937 815
Government grants & subsidies	4 812 223	18 883 614	46 012 359	13 854 448	24 024 858	13 064 741	22 929 672	67 007 928	6 250 687	216 840 530
Public contributions and donations	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	227 700	-	-	-	-	-	-	-	-	227 700
<b>Total segment revenue</b>	<b>69 882 571</b>	<b>18 883 614</b>	<b>46 012 359</b>	<b>13 854 448</b>	<b>24 024 858</b>	<b>13 064 741</b>	<b>22 929 672</b>	<b>67 007 928</b>	<b>6 250 687</b>	<b>281 910 878</b>
<b>Entity's revenue</b>										<b>281 910 878</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024										2023										
	Budget and treasury	Community services	Corporate services	Library	Mayor	Municipal manager	Speaker	Technical services	Town planning	Total		Budget and treasury	Community services	Corporate services	Library	Mayor	Municipal manager	Speaker	Technical services	Town planning	Total
<b>53. Segment information (continued)</b>																					
<b>Expenditure</b>																					
Employee related costs	12 781 472	14 014 310	17 633 659	9 117 967	14 026 331	7 281 475	5 026 821	11 532 775	3 671 316	95 086 126											
Remuneration of councillors	-	-	-	-	3 876 480	-	8 470 924	-	-	12 347 404											
Depreciation and amortisation	30 300 703	-	-	-	-	-	-	-	-	30 300 703											
Impairments loss	2 187 859	-	-	-	-	-	-	-	-	2 187 859											
Finance costs	909 410	-	-	-	-	-	-	-	-	909 410											
Debt impairment	15 544 930	-	-	-	-	-	-	-	-	15 544 930											
Contracted services	21 853	-	13 785 271	-	-	-	-	-	-	13 807 124											
General expenses	15 422 984	1 501 099	20 373 646	800 004	3 808 563	6 648 531	5 484 563	24 538 084	4 684 835	83 262 309											
Fair Value Adjustment	104 683	-	-	-	-	-	-	-	-	104 683											
<b>Total segment expenditure</b>	<b>77 273 894</b>	<b>15 515 409</b>	<b>51 792 576</b>	<b>9 917 971</b>	<b>21 711 374</b>	<b>13 930 006</b>	<b>18 982 308</b>	<b>36 070 859</b>	<b>8 356 151</b>	<b>253 550 548</b>											
<b>Total segmental surplus/(deficit)</b>	<b>(7 391 323)</b>	<b>3 368 205</b>	<b>(5 780 217)</b>	<b>3 936 477</b>	<b>2 313 484</b>	<b>(865 265)</b>	<b>3 947 364</b>	<b>30 937 069</b>	<b>(2 105 464)</b>	<b>28 360 330</b>											

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2023	Budget and treasury	Community services	Corporate services	Library	Mayor	Municipal manager	Speaker	Technical services	Town planning	Total
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# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures							2024				2023
<b>53. Segment information (continued)</b>											
<b>Revenue</b>											
Service charges	398 710	-	-	-	-	-	-	-	-	-	398 710
Rental of facilities and equipment	1 660 290	-	-	-	-	-	-	-	-	-	1 660 290
Agency services	883 470	-	-	-	-	-	-	-	-	-	883 470
Other income	1 006 154	-	-	-	-	-	-	-	-	-	1 006 154
Interest received - investment	5 964 129	-	-	-	-	-	-	-	-	-	5 964 129
Gain/Loss on disposal of assets and liabilities	2 817 914	-	-	-	-	-	-	-	-	-	2 817 914
Actuarial gains/losses	1 131 120	-	-	-	-	-	-	-	-	-	1 131 120
Property rates	26 951 833	-	-	-	-	-	-	-	-	-	26 951 833
Interest received - property rates	16 422 825	-	-	-	-	-	-	-	-	-	16 422 825
Government grants & subsidies	6 920 238	21 228 616	41 331 036	10 421 945	22 935 697	14 393 591	14 811 436	29 213 209	7 226 254	168 482 022	
Public contributions and donations	-	-	-	-	-	-	-	88 500	-	-	88 500
Fines, penalties and forfeits	178 800	-	-	-	-	-	-	-	-	-	178 800
<b>Total segment revenue</b>	<b>64 335 483</b>	<b>21 228 616</b>	<b>41 331 036</b>	<b>10 421 945</b>	<b>22 935 697</b>	<b>14 393 591</b>	<b>14 811 436</b>	<b>29 301 709</b>	<b>7 226 254</b>	<b>225 985 767</b>	
<b>Entity's revenue</b>											<b>225 985 767</b>
<b>Expenditure</b>											
Employee related costs	(13 089 275)	(12 999 730)	(18 810 116)	(8 281 241)	(13 486 415)	(6 142 702)	(4 682 417)	(10 079 391)	(3 611 570)	(91 182 857)	
Remuneration of councillors	-	-	-	-	(4 592 896)	-	(7 722 038)	-	-	(12 314 934)	
Depreciation and amortisation	(29 991 823)	-	-	-	-	-	-	-	-	(29 991 823)	
Impairments loss	(8 891 026)	-	-	-	-	-	-	-	-	(8 891 026)	
Finance costs	(709 686)	-	-	-	-	-	-	-	-	(709 686)	
Debt impairment	(13 831 836)	-	-	-	-	-	-	-	-	(13 831 836)	
Contracted services	(34 165)	-	(12 773 416)	-	-	-	-	-	-	(12 807 581)	
General expenses	(26 238 667)	(483 594)	(16 493 881)	(406 300)	(2 106 217)	(4 600 126)	(3 726 087)	(17 314 809)	(2 588 601)	(73 958 282)	
<b>Total segment expenditure</b>	<b>(92 786 478)</b>	<b>(13 483 324)</b>	<b>(48 077 413)</b>	<b>(8 687 541)</b>	<b>(20 185 528)</b>	<b>(10 742 828)</b>	<b>(16 130 542)</b>	<b>(27 394 200)</b>	<b>(6 200 171)</b>	<b>(243 688 025)</b>	

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures							2024	2023		
	Budget and treasury	Community services	Corporate services	Library	Mayor	Municipal manager	Speaker	Technical services	Town planning	Total
<b>53. Segment information (continued)</b>										
<b>Total segmental</b>	<b>157 121 961</b>	<b>34 711 940</b>	<b>89 408 449</b>	<b>19 109 486</b>	<b>43 121 225</b>	<b>25 136 419</b>	<b>30 941 978</b>	<b>56 695 909</b>	<b>13 426 425</b>	<b>469 673 792</b>
<b>surplus/(deficit)</b>										

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

### 54. Budget differences

#### Material differences between budget and actual amounts

#### 54.1. Service charges:

Variance is reasonable

#### 54.2. Rental Facilities:

Variance is reasonable

#### 54.3. Commission from Agency services:

Variance is reasonable

#### 54.4. Licenses and Permits:

It was the new source of income, differences are due to unavailability of prior information to refer to for budget estimates.

#### 54.5. Impairment loss reversal:

Due to unpredictable circumstances that results in the impairment loss reversal exceeding the Impairment loss, this could not be correctly estimated for budget purpose.

#### 54.6.- Other income:

Due to increase in sale tender documents, and as results of budget classification and Annual financial statement classification, the budget include amounts which relates to gains on disposal of assets and liabilities, Actuarial gains and Interests on property rates.

#### 54.7.- Interest on investment:

Variance is reasonable

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

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

#### 54.8.- Property rates:

Variance is reasonable.

#### 54.9.- Interest on debtors:

The budget for is consolidated under Other Income, the Actuals are presented with breakdowns- Differences are due to difference in Annual Financial Statements classification and Budget Classification.

#### 54.10.- Government Grants and Subsidies:

Variance is reasonable.

**54.11- Fines, Forfeit and penalties:** Variance are as results of the period after the disposals of municipal vehicles, traffic department due to limited vehicles work limited hours.

#### 54.12 Personnel

The observed discrepancies between the budgeted and actual employee-related costs can be attributed primarily to an overestimation of basic salaries for newly appointed Senior Managers. These managers were anticipated to commence their duties earlier than they actually did, resulting in a variance.

#### 54.13 Remuneration of councillors

The variance in employee-related costs is attributable to the overprovisioning of basic salaries for councillors and medical aid contributions for both the Office of the Speaker and the Office of the Mayor. This overprovisioning occurred due to frequent adjustments in contributions and the dynamic nature of structural positions within each office. Consequently, not all allocated budget was utilized. Additionally, it has been noted that the budget for the Mayor's traveling allowance, as well as the Acting allowances for staff in the Corporate Services office, were also overestimated.

#### 54.14 Depreciation and amortisation

Assets that were provisioned for depreciation were replaced with new assets. The newly acquired assets, which included motor vehicles and computer equipment, were purchased closer to the end of the year. As a result, these assets were depreciated for fewer days than anticipated, leading to a lower actual depreciation expense.

#### 54.15 Finance costs

The actual interest paid was less than anticipated due to the municipality's efforts in strengthening internal controls. These improvements effectively mitigated and prevented interest charges, resulting in a lower actual interest expense.

#### 54.16 Debt Impairment

Debts Impairment was under estimated due to being overly optimistic about customers' ability to pay and due to rapid changes in the economic environment.

#### 54.17 Contracted Services

The difference in security service expenses is attributable to a payment for one month that pertains to a different financial period. This resulted in a misalignment of expense recognition between periods.

#### 54.18 General Expenses

The actual expenses for rentals of office equipment, payments for office handsets, and other provisions were higher than anticipated. This increase is due to the inception fees charged by new service providers and differences in charges compared to the previous service providers.

#### 54.19 Inventory consumed

There is no single major contributor to the underspending; rather, it is the result of aggregated minor underspending across all inventory and consumable components.

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
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### 55.. Accounting by principals and agents

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

#### Details of the arrangement(s) is/are as follows:

North West Department of Community Safety and Transport

The Department of Community Safety and Transport management entered into an agreement/contact with the local municipality for performing of the motor vehicle registration and licencing function as well as the motor vehicle renewal licences on an agency basis.

#### Entity as agent

#### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R950 962 (2023: R883 470).

#### Liabilities and corresponding rights of reimbursement recognised as assets

No liabilities incurred on behalf of the principal have been recognised by the municipality.

Corresponding rights of reimbursement that have been recognised as assets are amounts receivable in respect of commission receivable by the municipality, and amount to R191 227 (2023: R213 395)

### 56. Financial instruments disclosure

#### Categories of financial instruments

#### 2024

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	8 676 990	8 676 990
Other receivables from non-exchange transactions	88 402	88 402
Cash and cash equivalents	52 875 318	52 875 318
	<b>61 640 710</b>	<b>61 640 710</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	31 644 265	31 644 265
Consumer deposit	63 922	63 922
	<b>31 708 187</b>	<b>31 708 187</b>

#### 2023

##### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	7 239 972	7 239 972
Other receivables from non-exchange transactions	239 104	239 104
Cash and cash equivalents	92 800 784	92 800 784
	<b>100 279 860</b>	<b>100 279 860</b>

# Ratlou Local Municipality

Annual Financial Statements for the year ended 30 June 2024

## Notes to the Annual Financial Statements

Figures	2024	2023
<b>56. Financial instruments disclosure (continued)</b>		
<b>Financial liabilities</b>		
	At amortised cost	Total
Trade and other payables from exchange transactions	36 561 522	36 561 522
Consumer deposit	32 339	32 339
	<b>36 593 861</b>	<b>36 593 861</b>

**VOLUME III: OVERSIGHT REPORT ON THE 2023/24**