



MAKHADO LOCAL MUNICIPALITY

FINAL ANNUAL REPORT

2022/2023

(Council Resolution A.31.28.03.24)

A dynamic-hub for socio-

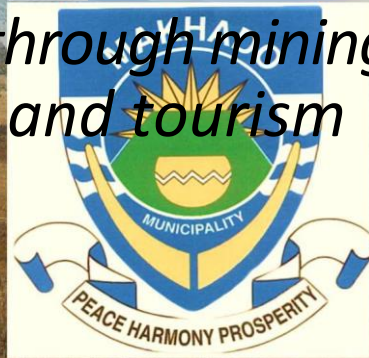


VISION

A dynamic-hub for socio-economic development by 2050

MISSION

To ensure effective utilization of economic address socio-economic imperatives, through mining, agriculture and tourism



Contents

GLOSSARY	8
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY COMPONENT A: MAYOR’S FOREWORD	11.
1.1 MAYOR’S FOREWORD.....	11.
COMPONENT B: EXECUTIVE SUMMARY	12
1.2 MUNICIPAL MANAGER’S FOREWORD.....	12
TABLE 1: POWERS AND FUNCTIONS	12
COMPONENT C: MUNICIPAL OVERVIEW	14
1.3. MUNICIPAL OVERVIEW	14
FIGURE 2: LOCATION OF MAKHADO MUNICIPALITY	14
TABLE 2: SERVICES BACKLOG	15
TABLE 3: FREE BASIC SERVICES	15
COMPONENT A: GOVERNANCE STRUCTURES	17
2. POLITICAL GOVERNANCE STRUCTURE	17
2.1. STATUS OF MUNICIPALITIES.....	17
FIGURE 3 : POLITICAL STRUCTURES	17
2.2. GOVERNANCE ACTIVITIES	18
2.3. COUNCIL AND COMMITTEES	18
TABLE 4 : REPRESENTATION IN COUNCIL – POLITICAL PARTIES	18
TABLE 5 : SENIOR TRADITIONAL LEADERS IN COUNCIL	19
2.3.1. COUNCIL.....	20
2.3.2. COUNCIL MEETINGS	22
TABLE 7 : COUNCIL MEETINGS HELD.....	22
2.4 EXECUTIVE COMMITTEE	22
FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:	23

TABLE 8:	EXECUTIVE COMMITTEE	23
TABLE 9:	EXECUTIVE COMMITTEE MEETINGS HELD	24
2.4.2.	SECTION 79 STANDING COMMITTEES TABLE 11: SECTION 79 STANDING COMMITTEES	26
TABLE 12:	SECTION 79 STANDING COMMITTEE MEETINGS HELD	28
2.4.3.	SECTION 80 COMMITTEES TABLE 13: SECTION 80 COMMITTEES	28
2.3.3.	COUNCIL	28
TABLE 4 :	REPRESENTATION IN COUNCIL – POLITICAL PARTIES	29
2.3.4.	COUNCIL MEETINGS	31
TABLE 7 :	COUNCIL MEETINGS HELD	32
2.5	EXECUTIVE COMMITTEE (NOVEMBER 2021 – JUNE 2022)	32
FIGURE 4	EXECUTIVE COMMITTEE MEMBERS	33
TABLE 8:	EXECUTIVE COMMITTEE	34
TABLE 9:	EXECUTIVE COMMITTEE MEETINGS HELD	34
2.5.2.	SECTION 79 STANDING COMMITTEES TABLE 11: SECTION 79 STANDING COMMITTEES	36
TABLE 12:	SECTION 79 STANDING COMMITTEE MEETINGS HELD	38
2.5.3.	SECTION 80 COMMITTEES TABLE 13: SECTION 80 COMMITTEES	38
2.5.	ADMINISTRATIVE GOVERNANCE STRUCTURE FIGURE 5: SENIOR MANAGEMENT STRUCTURE	39
2.6.	INTERGOVERNMENTAL RELATIONS	39
COMPONENT C:	PUBLIC ACCOUNTABILITY AND PARTICIPATION	40
2.7.	COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS	40
2.8.	MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)	41
COMPONENT D:	CORPORATE GOVERNANCE	41
2.10.	INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE	41
2.11	INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE	42
CHAPTER 3 –	SERVICE DELIVERY PERFORMANCE	50
TABLE: 17	BACKLOGS	50

3.1. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED	50
3.1.2. ELECTRICITY CONNECTIONS	50
3.1.3. ROADS UPGRADING AND REHABILITATION	50
TABLE 20 ELECTRICITY CONNECTIONS	52
3.2.2. FAULTS REPORTED AND ATTENDED.....	53
TABLE 22: CALL CENTRE STATISTICS – ELECTRICITY	53
3.2.3. PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)	54
TABLE 23: INCREASE OF CLEANING PROGRAMS.....	55
3.2.4. COMMUNITY & SOCIAL SERVICES.....	56
3.2.5. MUNICIPAL PUBLIC LIBRARIES.....	57
TABLE 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS	57
3.2.6. MUNICIPAL PARKS AND CEMETERIES.....	57
3.2.7. MUNICIPAL CREMATORIA AND HERITAGE	57
3.2.8. DISASTER MANAGEMENT SERVICES.....	57
TABLE 26: DISASTER INCIDENTS	57
3.2.9. PROTECTION SERVICES	58
3.2.10. TRANSPORT: VEHICLE LICENSING & TRAFFIC SERVICES	58
TABLE 28: TRAFFIC & LICENSING ACTIVITIES.....	58
3.2. DELIVERY OF FREE BASIC SERVICES.....	60
TABLE 30 HOUSING PROJECTS	58
TABLE 32: GRAVEL ROAD INFRASTRUCTURE	61
3.4.2 ROAD MAINTENANCE PROGRAMME	61
3.4.3 MUNICIPAL DISASTER GRANT EXPENDITURE	61
MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE.....	62
TABLE 33: CAPITAL EXPENDITURE 2022/2023: ROAD SERVICES.....	62

3.1. DEVELOPMENT PLANNING.....	63
3.1.1. AUTHORISED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL.....	63
AUTHORITY.....	63
3.1.1.3 APPEAL AUTHORITY.....	64
3.1.2. LAND ALIENATION AND REVENUE COLLECTION.....	64
3.1.3. DEMARCATION OF RESIDENTIAL SITES.....	65
3.1.3.3 DEMARCATION OF RESIDENTIAL SITES.....	65
TABLE 34. BUILDING AND ZONING PLANS (2022/2023).....	65
3.1.4. LOCAL ECONOMIC DEVELOPMENT.....	65
CHAPTER 4.....	67.
TABLE 37 EMPLOYEE NUMBERS AND VACANCIES.....	67
AGE PROFILE.....	67
COMPONENT B: MANAGING MUNICIPAL WORKFORCE.....	68
TABLE 39. HUMAN RESOURCES POLICIES.....	68
4. HEALTH AND SAFETY MATTERS.....	69
4.1. OCCUPATIONAL INJURY.....	69
Table 40 : All The Injuries Recorded On A Year Under Review.....	69
4.1. ABSENCE DUE TO ILL HEALTH 4.2.1.SICK LEAVE.....	70
TABLE 41. SICK LEAVE STATISTIC.....	70
Estimated cost is calculated as follows.....	71
4.2.1. TRAINING.....	72
TABLE 42 :TRAINING PROVIDED FOR 75 COUNCILORS.....	72
4.2.2. COMMUNITY AND MUNICIPAL EMPLOYEE BURSARIES AND INTERNSHIP.....	74
TABLE 45: BURSARIES FOR FULL TIME STUDY PER POPULATION GROUP AND GENDER.....	74
TABLE 47. EMPLOYEES BURSARIES PER POPULATION GROUP AND GENDER.....	75
TABLE 48. CAPACITY BUILDING – WORK FORCE.....	75

COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE.....	76
CHAPTER 5: FINANCIAL PERFORMANCE	78
5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE.....	78
COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE.....	79
5.2. FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED	79
Table 52: Financial Summary.....	79
5.2.2. GOVERNMENT CAPITAL GRANTS	79
Table 53: Capital Grants Received and Spent.....	80
Table 54: Budget Related Policies.....	80
5.2.4. THE ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES.....	80
5.2.5. ASSET MANAGEMENT	81
Table 55: Three Largest Assets	82
Table 56: Capital Expenditure Of 5 Largest Projects	85
Table 57: Capital Expenditure	86
COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS	86
5.4. CASH MANAGEMENT	86
Table 58: Borrowings	86
5.4.4. CASH AND CASH EQUIVALENTS	87
Table 59: Statement Of Cash Flow	87
5.4.5. COMMENT ON CASH FLOW	87
COMPONENT D: OTHER FINANCIAL MATTERS	87
5.5. SUPPLY CHAIN AND EXPENDITURE MANAGEMENT	88
5.5.1. PROCUREMENT STATISTICS	88
5.5.2. SUMMARY OF PROCUREMENT STATISTICS	88
5.5.3. EXPENDITURE	88
5.5.4. GRAP COMPLIANCE	89

5.5.5. MSCOA IMPLEMENTATION	89
Chapter 6	90
Auditor-General Audit Findings	90
ANNEXURES A1	
2022/23 Audit Report	
2022/23 Audited Annual Financial Statement	
2022/23 Audited Performance Report	



GLOSSARY

ACDP	-	African Christian Democratic Party
ADMD	-	After Diversity Maximum Demand
AFS	-	Annual Financial Statements
AG	-	Auditor General
AGSA	-	Auditor General South Africa
ANC	-	African National Congress
APAC	-	Audit and Performance Assessment Committee
B&T	-	Budget and Treasury
CFO	-	Chief Financial Officer
CIPRO	-	Companies and Intellectual Property Registration Office
COGTA	-	Cooperative Governance and Traditional Affairs
COGHSTA	-	Department of Cooperative Governance, Human Settlement and Traditional Affairs
COPE	-	Congress of the People
CPMD	-	Consolidated Program for Management Development
DA	-	Democratic Alliance
DCOMS	-	Department Community Services
DCSS	-	Department Corporate Services
DDP	-	Department Development Planning
DTS	-	Department Technical Services
EAP	-	Employee Assistance Program
EEP	-	Employment Equity Plan
ERM	-	Enterprise Risk Management
EXCO	-	Executive Committee
FBE	-	Free Basic Electricity

FBS	-	Free Basic Services
FBW	-	Free Basic Water
GRAP	-	General Recognized Accounting Practice
HH	-	Households
ICT	-	Information and Communication Technology



GLOSSARY continued

IDP	-	Integrated Development Plan
IIA (SA)	-	Institute of Internal Auditors (SA)
INEP	-	Integrated National Electrification Program
IT	-	Information Technology
KPA	-	Key Performance Area
KPI	-	Key Performance Indicator
LED	-	Local Economic Development
LGSETA	-	Local Government Sector Education & Training Agency
MFMA	-	Municipal Finance Management Act
MLM	-	Makhado Local Municipality
MM	-	Municipal Manager
MPAC	-	Municipal Public Accounts Committee
MSA	-	Municipal Structures Act No.17 of 1998
MSA	-	Municipal Systems Act No.32 of 2000
NERSA	-	National Electricity Regulator South Africa
OHS	-	Occupational Health and Safety
OPCA	-	Operation Clean Audit
PAC	-	Pan Africanist Congress of Azania
PMS	-	Performance Management System
RD	-	Refer to Drawer
RDP	-	Reconstruction and Development Program
SCM	-	Supply Chain Management
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Skills Development Plan
SITA	-	State Information Technology Agency

SLA	-	Service Level Agreement
SMME	-	Small, Medium and Micro Enterprise
VDM	-	Vhembe District Municipality
WSA	-	Water Services Authority
WSP	-	Water Services Provider
WPSP	-	Work Place Skills Plan



CHAPTER 1

Mayor's Foreword and Executive Summary

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

1.1 MAYOR’S FOREWORD



Her Worship
Cllr Mboyi M.D

It's a great honour and privilege to present the Makhado Municipality Annual Report for the **financial Year 2022/2023**. This report will outline our performance on the targets we set ourselves to do over this period. The report will give our stakeholders and communities an insight into the performance and achievements of the municipality. The mandate of Makhado Local Municipality is not unique to the broader mandate given to Local Government by the South African Constitution, chapter 7. The only uniqueness we have are the different legitimate expectations of our citizenry. Our specific mandate is drawn from the road shows we embark upon in drafting our Integrated Development Plan, which is our guiding document in our performance. Our resolve is based on servicing our communities wherever they live. It will offer our stakeholders and communities valuable insight into the Municipality's performance.

We remain relentless in our commitment to serving our communities. The report will also address our achievements and difficulties in delivering services to all residents in accordance with the **2022/2023** Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plans (SDBIP) for the year under review.

Our long-term vision is to establish ourselves as a centre for socio-economic development by 2050, an ambition that hinges on the sustainable growth of local industries, particularly mining, tourism, and agriculture. We will continue to encourage both local and international investors to choose Makhado Local Municipality as a preferred investment destination in the northern region of Limpopo Province. In addition, our Ward Committees are operating effectively and remain crucial in the planning, monitoring, and implementation of service delivery at the ward level, despite the challenges that were posed by Covid-19.

Our municipality's leadership and oversight committees are dedicated to ensuring that service delivery remains the primary focus. These committees are responsible for holding us accountable for the

effective and efficient use of public resources. In the 2022/2023 financial year, we successfully utilized 100% of the Integrated National Electricity Program (INEP) and the Municipal Infrastructure Grant (MIG) funds, and we even received additional funding due to our strong performance in meeting mid-year targets. **Despite facing challenges, we obtained an unqualified audit opinion with fewer findings, thanks to the efforts of our management team and all employees.**

We continue to deepen the involvement of local communities in local governance by incorporating ward committees and the community at large in consultation around key municipal process like integrated development planning (IDP), the budget, performance management and service delivery. This applies in respect of implementation, monitoring and evaluation as well as planning

Equally with the politicians, it is important that we focus our energies on the mandates we have from our respective political parties. Our differences should only be indication of a strong democratic state, not an impediment to deliver services to our people. It is commendable to note continuous improvements in relation to our spending and expenditure patterns, but we need to do more.

The ever-present excuse of lack of resource might be a legitimate one, but the key question is how effectively we use the resources at our disposal. It is clear on this annual report that we are moving in the right direction, although not there yet. It is of paramount importance to synchronize our programme plans with quarterly targets to achieve our broader goals of effective and efficient municipality.

We are committed to further investing in the upkeep of our strategic roads, stormwater systems, and electricity infrastructure, as these are vital for the continued growth of our community. The Municipality is actively engaged in collaborative efforts at the District, Provincial, and National levels to ensure cohesive planning and the exchange of best practices for improved service delivery.

On behalf of the Executive Committee and the entire leadership of the municipality, I would like to extend sincere gratitude to all Councillors, staff members, especially the Municipal Manager and management team, traditional leaders, service providers, media, and labour unions for their steadfast dedication to serving the people of Makhado Local Municipality.

I also extend my appreciation to the Office of the Speaker and Chief Whip for their unwavering support. Our unity stands as our greatest asset.

Thank you.

Cllr Mahandana Dorcus Mboyi
Mayor Makhado Local Municipality

COMPONENT B: EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S FOREWORD

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S FOREWORD



Mr K.M Nemaname
Municipal Manager

Makhado Local Municipality Annual Report for the 2022/2023 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. MFMA Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General South Africa at the same time as the Annual Financial Statements in August each year.

This report records the performance and progress made by Makhado Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the financial year 2022/2023.

Municipal powers and functions of Makhado Local Municipality for the year 2022/23 is as depicted in the table below:

TABLE 1: POWERS AND FUNCTIONS

<ul style="list-style-type: none">• Air pollution• Building regulations• Electricity reticulation• Local tourism• Municipal airports• Municipal planning• Municipal Public Transport	<ul style="list-style-type: none">• Storm water management systems in built-up areas• Trading regulations• Billboards and the display of advertisements in public places• Cemeteries, funeral parlours and	<ul style="list-style-type: none">• Cleaning• Control of public nuisances• Facilities for the accommodation, care and burial of animals• Local amenities	<ul style="list-style-type: none">• Local Sport Facilities• Markets• Municipal parks and recreation• Municipal roads• Noise pollution• Pounds• Public places
--	---	---	--

<ul style="list-style-type: none"> • Municipal Public Works 	crematoria		<ul style="list-style-type: none"> • Refuse removal, refuse dumps and solid waste disposal. • Street Trading • Street lighting • Traffic and Parking
--	------------	--	--

The municipality continues to involve sector departments in its planning. This we do through the sector departments participation in the municipality's Integrated Development Planning processes and Intergovernmental Relations Forums. Sector plans are incorporated into the municipality's Integrated Development Plan.

The municipality continues to improve the management of its risk as evidenced in the progress made in risk management processes which improved the risk management maturity level of the municipality.

The Audit and Performance Audit Committee has excised its oversight responsibility and satisfied that risk Management process was adequately designed although not effectively and efficiently implemented in some instances.

Further, the committee acknowledges the progress made in risk management processes which improved the risk management maturity level of the municipality.

The following are the top five risks:

- Inadequate Services Delivery Imperatives and Maintenance
- Unsustainable Financial Management
- Inadequate ICT governance & ICT Delivery risk
- Fraud, Theft and Corruption
- Inadequate skill set due to inability to attract & manage talent.

Senior management positions were filled during the financial year, except the CFO position which is still vacant. The filling of these critical positions assisted in a greater way towards the achievement of the municipal objectives.

As of the 30 June 2023, the municipality managed to achieve 76% municipal performance.

Regarding provision of basic services, the municipality managed to provide a total of 3855 households with access to basic electricity during the year under review.

In pursuit to improve municipal environment, municipality continued to provide access to refuse removal to a total of 9140 urban households, whilst a total of additional 60 skip bins and 1000-wheel bins were bought with a view of expanding refuse removal services to rural areas. It is the view of the municipality, that basic services must be accessed by all citizens on an equal basis.

In order to improve municipal service delivery efficiency additional 11 tractors with mowers, one TLB, 3 X 5 Ton Trucks, 3 x single cab, one double cab and 2 x Crane Trucks were purchased during 2022/2023 financial year.

In year under review the municipality purchased 24 heavy duty lawn mower and 20 brush cutters for grass cutting purposes.

During the year under review, the municipality has seen a slight increase in the debt book, especially with residential debtors. This increase in debt could be attributed to slower than expected economic activity in the municipal jurisdiction and the difficulty in paying for services in the Township. However, a boom in economic activity is expected in the 2023/24 financial year enabling economic growth and eventually create employment for local people.

As at the end of the financial year the debt book amounted to R478 million, up from an amount of R436 million in the previous financial year. The increase in debtors during the financial year was R42 million, representing a 10% increase from the previous year.

To enhance revenue collection efforts, the municipality is in the process of identifying revenue leakages within the municipal revenue value chain. The revenue leakages could be identified through the following processes:

- Review of revenue management policies and by – laws
- Audit of electricity meters
- Customer data cleansing
- Indigent management and free basic services
- Meter management and land use/ zoning.
- Cost of supply studies and
- Tariffs review.

Electricity remains the largest source of income and contributes 60% to municipal revenue excluding capital & operational grants, whilst property rates contributed 16% of municipal revenue.

The municipality managed to close the 2022/23 financial year with a total of R 146 million cash in the bank as compared to R201 million in the 2021/22 financial year. The municipality can settle short term obligations as they fall due. The municipality is in a healthy financial position.

Audit Opinion

The municipality has during the year under review obtained an unqualified audit opinion with only two findings as contained in the attached Auditor-General report. This has paved a way for an ultimate clean governance through an improved audit outcome in the next financial year.

Vhembe District Debt

Vhembe District Municipality owed the municipality R97 million. As of 30 June 2023, a total amount of R87 million has been recovered, leaving a balance of R10 million at the close of the financial year ended 30 June 2023. An amount of R3 million is outstanding as of 31 December 2023, which is expected to be settled before 30 June 2024.

Mr K. M Nemaname
Municipal Manager

COMPONENT C: MUNICIPAL OVERVIEW

1.3. MUNICIPAL OVERVIEW

The Makhado Local Municipality is one of the local municipalities, within the Vhembe District, Limpopo Province in the Republic of South Africa. The main town Louis Trichardt is strategically located on N1 and is an important bypass for people travelling to Southern African Developing Countries (SADC), and this provides the municipality with good and attractive economic opportunities. The municipality borders Molemole and Blouberg Local Municipality, which are part of the Capricorn District Municipality, Greater Giyani and Greater Letaba Municipalities, whilst from the South East, it shares the borders Mopani District Municipality. The municipal area covers a total of 8310,586 km² (or 831 058, 64 Hectares) and has a total population of 416 728 majority of which can be classified as predominately rural.

FIGURE 2: LOCATION OF MAKHADO LOCAL MUNICIPALITY



The total population of Makhado has increased from to 502 397 according to Census 2022. The number of households has increased from 116 371 to 140 338.

The Municipality is made up of 4 formal towns namely, Louis Trichardt, Vleifontein, Waterval and Dzanani with more than 200 villages. The main administrative office is situated in Louis Trichardt town with two supporting regional administrative offices in Dzanani and Waterval and a satellite office in Vleifontein.

TABLE 2: SERVICES BACKLOG

Waste Management	Electricity	Housing
99086 Households	4413 Households	16 207 RDP Houses

According to the approved 2021/22 IDP, the service backlogs of the municipality stand as follows: 99086 households don't have access to waste removals, whilst 4413 households don't have access to electricity and 16 207 households needed RDP housing.

TABLE 3: FREE BASIC SERVICES

Indigent households	Receive free basic electricity	Debts owed to Municipality
3855	3855	R 478 million

Source: Annual Performance Report 2022/2023

According to the approved Annual Performance Report 2022/23 IDP, a total of 3855 indigent households within the municipality received free basic services including free basic electricity.

The total debt owed to the municipality stood at R 478 million.



CHAPTER 2

Governance

CHAPTER 2: GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

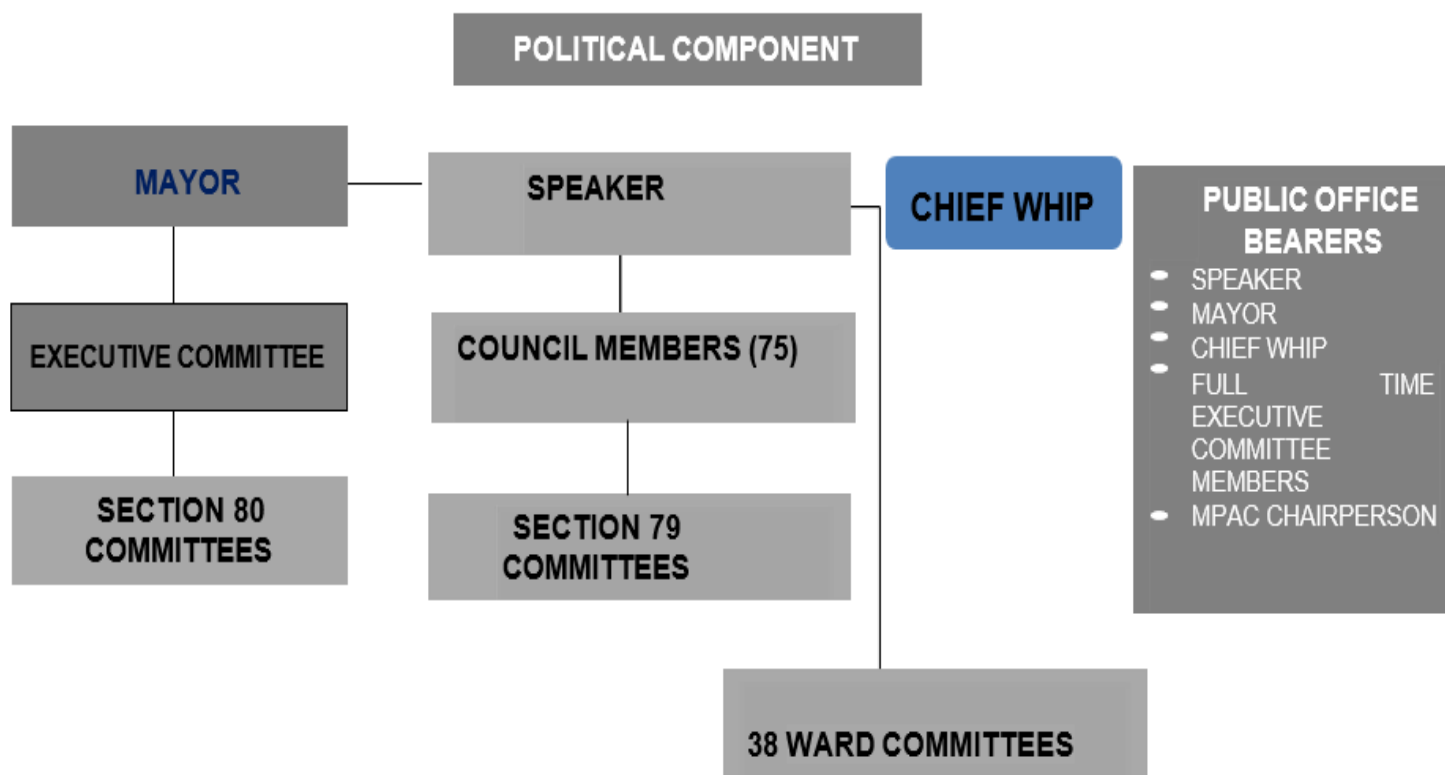
POLITICAL GOVERNANCE STRUCTURE

Chapter 7 of the Constitution of the Republic of South Africa, 1996 provides for the establishment of local government as an independent sphere of government. Section 151 of the Constitution states the following on the status of the municipality.

- 1) The local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic.
- 2) The executive and legislative authority of a municipality is vested in its Municipal Council.
- 3) A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution.
- 4) The national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

Section 52 (a) of the MFMA further entrusts the responsibility to the Mayor, in that: The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

FIGURE 3: POLITICAL STRUCTURES



2.1.GOVERNANCE ACTIVITIES

Makhado Local Municipality has an effective governance structures which include Council, Executive Committee, Section 79 Committees, Section 80 committees, Ward Committees, Municipal Planning Tribunal, Appeal Tribunal for Planning, Local Labour Forum, Audit Committee and Financial Disciplinary Board for Misconduct. The municipality makes use of these structures to improve service delivery to its communities, and to promote public accountability, institutional performance, and good governance.

2.2. COUNCIL AND COMMITTEE

Makhado Municipality is a Category B municipality with 75 Councilors (37 proportionally elected and 38 Ward Councilors) as promulgated under General Notice No 264 of 2009 by the MEC for Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and published in Provincial Gazette Extraordinary No 1656 on 31 July 2009 and rated Grade 4 in terms of the criteria determined by the National Department of Cooperative Governance and Traditional Affairs (COGTA).

In terms of the Seat Calculation Summary per Municipality received from the Municipal Electoral Officer on 02 November 2021 the names of the elected parties and the number of the respective councilors elected are as follows:

TABLE 4 : REPRESENTATION IN COUNCIL – POLITICAL PARTIES

PARTY	NUMBER OF WARD COUNCILLORS	NUMBER OF PROPORTIONAL REPRESENTATIVE COUNCILLORS	TOTAL
African National Congress (ANC)	37	25	62
Democratic Alliance (DA)	1	4	5
Economic Freedom Fighters (EFF)	0	4	4
Vryheidsfront Plus	0	1	1
African people Convention	0	1	1
African Christian Democratic Party	0	1	1
International Revelation Convention	0	1	1
Total	38	37	75

TABLE 5: SENIOR TRADITIONAL LEADERS IN COUNCIL

MEC for CoGHSTA has not designated- traditional leaders during 2022/23 financial year. The map below display the boundaries of Makhado municipality and its 38 wards.

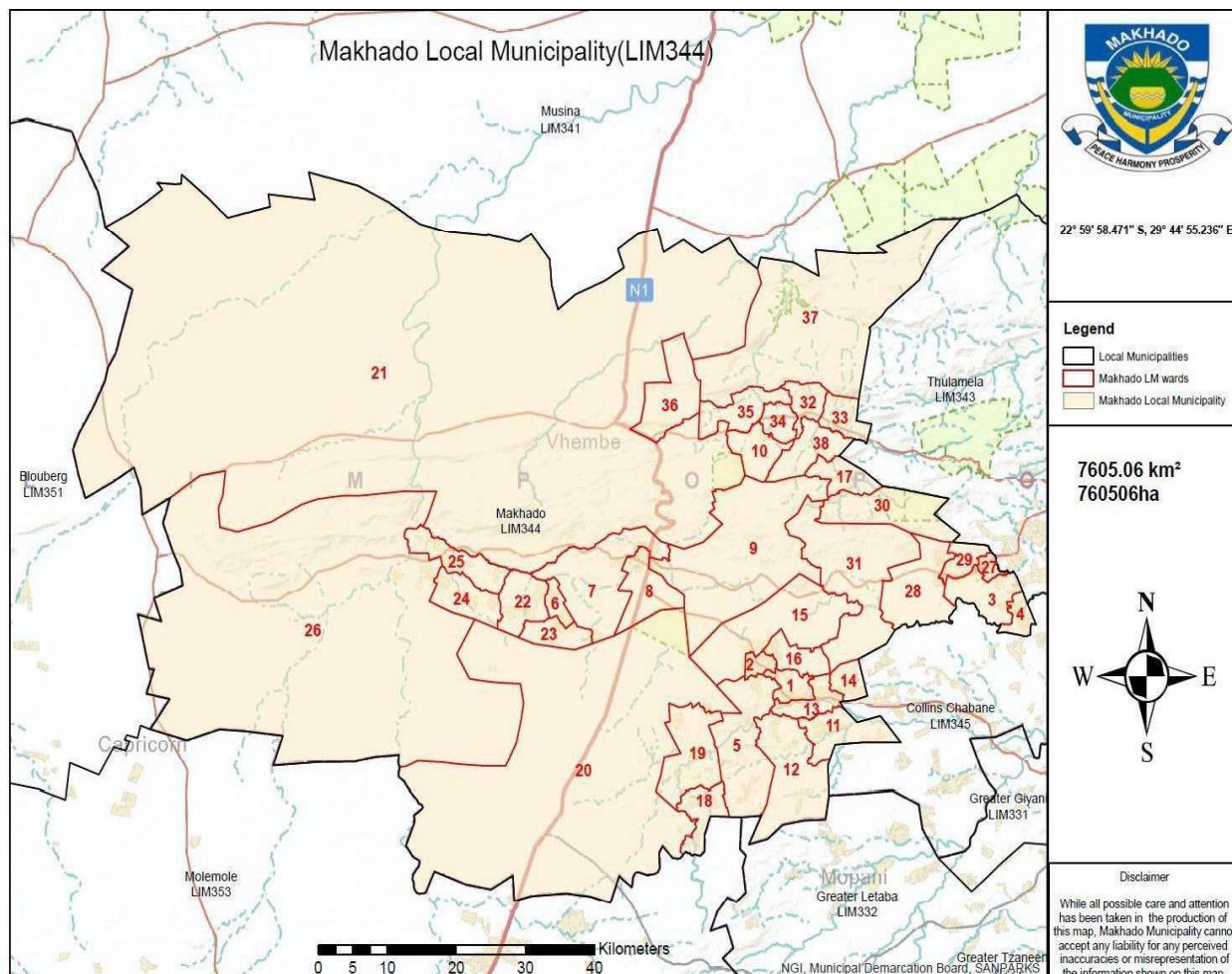


TABLE 6: NAMES OF COUNCILLORS AND THE NUMBER OF MEETINGS ATTENDED.

The table below depicts Councilors of Makhado Municipality and the number of meetings attended during the year under review.

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED
1.	BALOYI, R	9
2.	BALOYI, R S	9
3.	BALOYI, S E	7
4.	CHILILO, N F	7
5.	DAVHANA, N D	7
6.	DZHIVHUHO, A S	8
7.	ESTERHUIZEN, W L (<i>appointed on 1 April 2023</i>)	2
8.	FURUMELE, M G	7
9.	GABARA, M J	9
10.	HLANGWANI, B	9
11.	HLONGWANE, B F	6
12.	JONES, N B	6
13.	KUTAMA, N	7
14.	KUTAMA, T	8
15.	MABASA, W	8
16.	MABUDU, H G	7
17.	MADAVHA, A	9
18.	MADZHIGA, F N	6
19.	MAGADA, M R	8
20.	MAHOSI, N S	8
21.	MAINGO, R T	6
22.	MAKAMU, T T	9
23.	MAKHUBELE, F P	9
24.	MAKWALA, M R	6
25.	MALANGE, M C	9
26.	MALANGE, T M	7
27.	MALIVHA, N V	7
28.	MALULEKE, H G	7
29.	MAMAFHA, T C	5
30.	MAMAFHA, T J	6
31.	MANGANYE, K N (<i>appointed 14 February 2023</i>)	3
32.	MAPHAHLA, A Z	4
33.	MAPHAKELA, K P	5
34.	MAPHUBU, K	8
35.	MARAGA, M	9
36.	MASHAMBA, L	9

FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:

NO.	NAMES OF COUNCILLORS	NUMBER OF COUNCIL MEETINGS ATTENDED 2021/2022
37.	MASHAU, P	4
38.	MASHAU, T C	8
39.	MASIPA, P N	9
40.	MASUKA, S	9
41.	MATHALISE, L M	5
42.	MATIDZA, T R (<i>appointed 2 May 2023</i>)	1
43.	MATUMBA, N J	8
44.	MBOYI, M D	8
45.	MOKGOADI, M R	5
46.	MPASHE, M J	6
47.	MUDUNUNGU, N A	3
48.	MUKHELI, K	8
49.	MUKHUBA, R	5
50.	MUKHUDWANA, R	8
51.	MUKOSI, M	6
52.	MUKOSI, M R (<i>appointed 1 July 2022</i>)	9
53.	MUKWEVHO-MTILENI, G T	5
54.	MULAUDZI, M E	5
55.	MULEFU, M E	8
56.	MUNYAI, N	9
57.	MUNYAI, N S	7
58.	MUSHANDANA, T T	8
59.	NDOU, M D	5
60.	NEMUDZIVHADI, N S	7
61.	PHANGAMI, L	7
62.	PHULUWA, M I	8
63.	RALIPHADA, R	7
64.	RAMALIVHANA, M	9
65.	RAMALATA, T T	6
66.	RAMALWA, M W	8
67.	RAVELE, T R	6
68.	SEBOLA, D J	8
69.	SIMANGWE, N J	7
70.	SINGO, M D	6
71.	SITHI, E T	5
72.	SMALLE, P	6
73.	SWALIVHA, M	8
74.	TSHIDAVHU, I A	5
75.	TSHILAMBYANA, M S	7

FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:

2.2.1. COUNCIL MEETINGS

The Municipality's Council is effective and functional and continues to discharge its responsibility as expected. Table below depicts the number of council meetings held during year under review:

TABLE 7: COUNCIL MEETINGS HELD

	Ordinary Council Meetings	Special Council Meetings	Total Meetings
Number of Meetings	4	5	9

A total number of nine (9) council meetings were held comprising of four (4) ordinary meetings and five (5) special council meetings during the year under review.

2.3 EXECUTIVE COMMITTEE

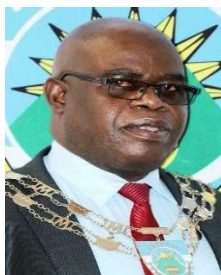
Makhado Local Municipality uses an Executive Committee system of governance which is composed in terms of the provisions of the Local Government: Municipal Structures Act, 1998. The Executive Committee consists of ten members; five full-time members and five part-time members as arranged by General Notice 94 of 2016 promulgated by the MEC for Cooperative Governance, Human Settlements and Traditional Affairs as published in the Provincial Gazette No. 2735 dated 22 July 2016.

The designation of full-time councilors in terms of the provisions of Section 18(4) of the Local Government: Municipal Structures Act, 117 of 1998 read with Part 14 of the General Notice No. 94 of 2016 published in the Provincial Gazette no. 2735 dated 22 July 2016, coupled with the concurrence of the MEC for CoGHSTA and Council Resolution of the 23 November 2021 stipulated the composition of Exco as follows:

FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:

FIGURE 4

EXECUTIVE COMMITTEE MEMBERS



His Worship Mayor Cllr Munyai N.S

FULL- TIME EXECUTIVE COMMITTEE MEMBERS



**Portfolio Head:
Corporate Services
Cllr Matumba
N.J**



**Portfolio Head:
Technical
Services Cllr
Mukwevho G.T**



**Portfolio Head:
Budget &
Treasury Cllr
Magada M.R**



**Portfolio Head:
Development
Planning Cllr
Munyai
N**

PART-TIME EXECUTIVE COMMITTEE MEMBERS



**Portfolio Head:
Disaster and
Moral**



**Regener
ation Cllr**



**Maphubu
K**



**Portfolio Head: Special Programmes Cllr
Maingo R.T**



FIGURE 4 EXECUTIVE COMMITTEE MEMBERS:

Exco Member Cllr Jones
N.B

Exco Member Cllr
Ramalwa M W(
From 28 February
2023)

P
o
r
t
f
o
l
i
o

H
e
a
d
:

C
o
m
m
u
n
i
t
y

S
e
r
v
i
c
e
s

C
l
l
r

R
a
l
i
p
h
a
d
a

R

TABLE 8: EXECUTIVE COMMITTEE :

COMMITTEE	NAMES OF COUNCILLORS	NUMBER OF MEETINGS ATTENDED
EXECUTIVE COMMITTEE	1. MUNYAI, N S (Chairperson)	17
	2. MUNYAI, N	17
	3. MATUMBA, N J	17
	4. MAGADA, M R	17
	5. MUKWEVHO, G T	13
	6. MAPHUBU, K	14
	7. RALIPHADA, R	11
	8. MAINGO, R T	16
	9. RAMALWA, M W (<i>elected 28 February 2023</i>)	4
	10. JONES, N B	11

The number of meetings held by the Executive Committee were as follows:

TABLE 9: EXECUTIVE COMMITTEE MEETINGS HELD :

2022/2023 FINANCIAL YEAR	NUMBER OF MEETINGS HELD
EXECUTIVE COMMITTEE	20

2.4 SECTION 79 OVERSIGHT COMMITTEES

TABLE 10: SECTION 79 OVERSIGHT COMMITTEE

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	TECHNICAL SERVICES	1. N S Nemudzivhadi (Chairperson) 2. M G Furumele 3. K P Maphakela 4. M D Singo 5. W L Esterhuizen 6. T C Mamafha 7. T C Mashau 8. M E Mulefu 9. P Mashau	4 2 3 3 1 3 2 4 1

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
2	CORPORATE SERVICES	1. I A Tshidavhu (Chairperson) 2. P Smalle 3. R Mukhuba 4. T C Mashau 5. A S Dzhivhuwo 6. M Swalivha 7. T R Ravele 8. M S Tshilambyana (<i>elected 14 December 2021</i>)	8 7 6 10 9 9 6 7
3	FINANCE	1. T T Makamu (Chairperson) 2. A Madavha 3. F P Makhubele 4. L Mashamba 5. L Phangami 6. F N Madzhiga 7. B Hlangwani 8. W Mabasa 9. K M Manganye 10. K P Maphakela	10 10 9 9 7 7 8 3 1 5
4	COMMUNITY SERVICES	1. N S Mahosi (Chairperson) 2. M G Furumele 3. K M Manganye 4. M D Singo 5. L Phangami 6. M R Mokgoadi 7. T Kutama 8. L Mashamba 9. M J Gabara 10. M I Phuluwa	2 1 1 2 3 1 5 4 5 4
5	DEVELOPMENT PLANNING	1. M D Ndou (Chairperson) 2. P Smalle 3. T T Ramalata 4. M E Mulefu 5. P N Masipa 6. B Hlangwani 7. R Baloyi 8. F P Makhubele	7 7 7 9 9 8 9 8
6	DISASTER, MORAL REGENERATION, SPORTS, ARTS AND CULTURE	1. M Makwala (Chairperson) 2. A Madavha 3. A Z Maphahla 4. T R Ravele 5. N Kutama 6. M Swalivha 7. R Mukhudwana	3 3 2 2 3 2 3

NO.	PORTFOLIO COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
		8. S Masuka	2
7	SPECIAL PROGRAMMES	L M Mathalise (Chairperson) M G Furumele M J Gabara T T Mushandana M Ramalivhana H G Maluleke M I Phuluwa N A Mudunungu	2 1 3 3 3 2 3 0

The number of meetings conducted by the Section 79 Oversight Committees were as follows:

TABLE 11: OVERSIGHT COMMITTEE MEETINGS HELD :

2022/2023 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. TECHNICAL SERVICES	4
2. CORPORATE SERVICES	10
3. FINANCES	10
4. COMMUNITY SERVICES	5
5. DEVELOPMENT PLANNING	9
6. DISASTER MANAGEMENT, MORAL REGENERATION AND SPORTS, ARTS AND CULTURE	3
7. SPECIAL PROGRAMS	3

2.4.1 SECTION 79 STANDING COMMITTEES

TABLE 12: SECTION 79 STANDING COMMITTEES:

NO.	STANDING COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1.	MPAC	N V Malivha (Chairperson) M J Mpashe F B Hlongwane M W Ramalwa (Until February 2023) H G Mabudu S E Baloyi D J Sebola K Mukheli M E Mulaudzi M Mukosi	15 6 5 10 12 12 12 12 12 13
2.	ETHICS	M Maraga (Chairperson) A Madavha T J Mamafha T T Mushandana F P Makhubele N D Davhana M R Mukosi T C Mashau N A Mudunungu	0 0 0 0 0 0 0 0 0
3.	RULES	N J Simangwe (Chairperson) K P Maphakela W Mabasa R Baloyi R Mukhuba B Hlangwani T T Ramalata N F Chililo L Mashamba	0 0 0 0 0 0 0 0 0

4.	WOMEN CAUCUS	T M Malange (Chairperson) (30August 2022)	1
		H G Maluleke	0
		L Mashamba	1
		N J Simangwe	1
		T T Mushandana	1
		M R Mokgoadi	1
		N S Mahosi	0
		M Swalivha	1
		N B Jones	1
		K N Manganye	1
		K P Maphakela	0
		M G Furumele	1
		T C Mashau	1
		M D Mboyi	0
		R T Maingo	1
		L M Mathalise	1
		N J Matumba	1
		T T Ramalata	1
		G T Mukwevho-Mtileni	1
		R Raliphada	1
		M J Gabara	1
		I A Tshidavhu	1
		B Hlangwani	1
		H G Mabudu	1
		M S Tshilambyana	1

The number of meetings conducted by the section 79 standing committees were as follows:

TABLE 13: SECTION 79 STANDING COMMITTEE MEETINGS HELD:

2022/23 FINANCIAL YEAR COMMITTEE	NUMBER OF MEETINGS HELD
1. MPAC	15
2. ETHICS	0
3. RULES	0
4. WOMEN CAUCUS	1

Rules and Ethics Committees did not hold meetings in the year under review because these Committees must meet only when specific matters are referred to them for consideration.

2.4.2 SECTION 80 COMMITTEES:

2.4.3 TABLE 14: SECTION 80 COMMITTEES:

NO.	COMMITTEE	CHAIRPERSON AND MEMBERS	NUMBER OF MEETINGS ATTENDED
1	GOVERNANCE AND FINANCIAL VIABILITY	M R MAGADA (CHAIRPERSON) M W RAMALWA(From Feb 2023) N J MATUMBA	0 0 0
2	PUBLIC SAFETY AND SOCIAL DEVELOPMENT	R RALIPHADA (CHAIRPERSON) R MAINGO K MAPHUBU	0 0 0
3	DEVELOPMENT PLANNING AND MUNICIPAL INFRASTRUCTURE	N MUNYAI (CHAIRPERSON) G T MUKWEVHO N B JONES	0 0 0

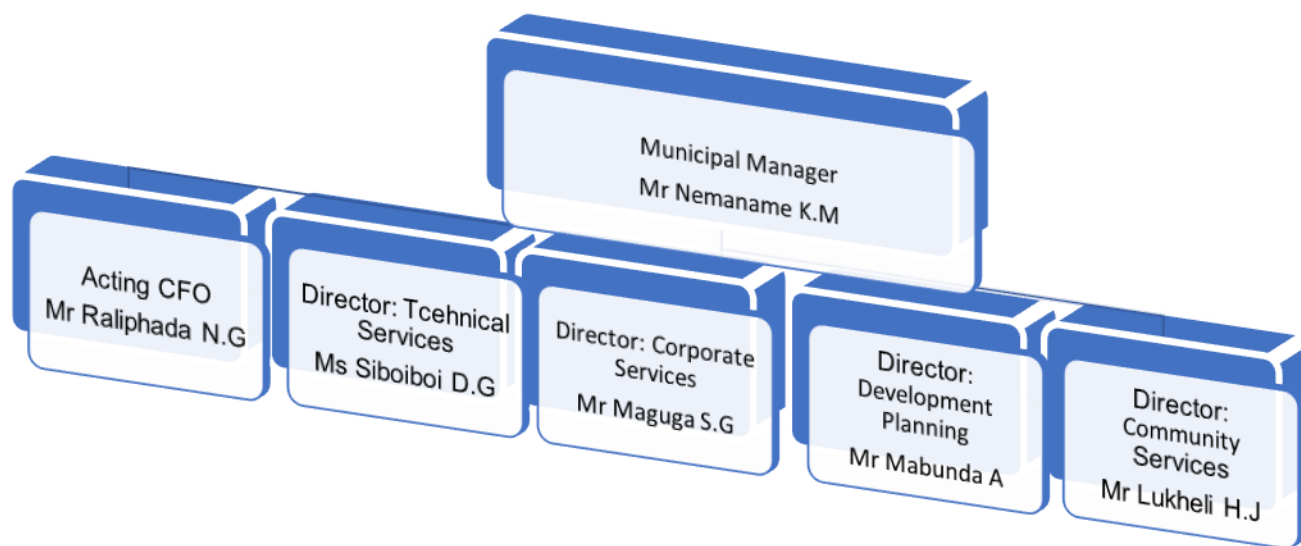
Note: There were no Section 80 Committee meetings held. Section 80 Committees meets as and when the Executive Committee refers matters for consideration and no matters were referred to Section 80 committee in the year under review.

2.5 ADMINISTRATIVE GOVERNANCE

STRUCTURE

SENIOR MANAGEMENT STRUCTURE 2022/23

FIGURE 5: SENIOR MANAGEMENT STRUCTURE



COMPONENT B

2.5. INTERGOVERNMENTAL RELATIONS:

Section 3 of the Municipal Systems Act requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance as envisaged in Section 41 of the Constitution.

The Municipality participates in the following IGR forums:

- Premier Mayor's Forum,
- District Mayor's Forum,
- District IGR Forum
- Provincial Monitoring and Evaluation forum
- Provincial Back to Basic Forum
- District Command Council
- District AIDS Council

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality continued to hold its IDP Steering Committee meetings during the year under review with the IDP Representative Forum forming a base or platform for the public to make their contributions and hold the municipality accountable. An Imbizo is an initiative of the municipality where questions are answered; concerns are heard, and inputs are taken from the public about the municipality's programs and services. The Municipality continues to hold the Imbizos as scheduled.

2.6. COMMUNICATION, PUBLIC PARTICIPATION AND FORUMS

Municipality introduced different platforms for Public Participation Programs listed herein below:

- Imbizos
- Ward Based Public Participation
- Meetings IDP Representative Forum
- meetings MPAC Public Participation meetings.
- Facebook (Makhado Local Municipality)
- postings Twitter (Makhado Municipal)
- messages Instagram (Makhado Municipality)
- postings Website(www.makhado.gov.za) uploads
- Press/Media Statement broadcasts and
- publications Media Interviews reports and broadcasts

Imbizo's, Ward PP meeting, IDP rep forum- provide a platform for effective communication between the municipality and communities on service delivery issues, while MPAC public meetings provides platform for financial accountability. Social media is another platform that the municipality uses to inform and update communities about municipal activities.

2.7. MUNICIPAL PUBLIC ACCOUNT COMMITTEE (MPAC)

The MPAC played an oversight role by exercising oversight of municipal expenditure and revenue in a transparent and accountable manner.

The Municipal Public Account Committee (MPAC) was established by Council comprising of ten

(10) members for the term of the Municipal Council. MPAC was able to conduct fifteen (15) meetings and submitted fifty-seven (57) reports to Council for consideration. The MPAC conducted one (1) public hearing, one (1) public participation, five (5) inspection in loco and compiled MPAC oversight reports and submitted its recommendation to Council for approval within regulated timeframes.

COMPONENT D: CORPORATE GOVERNANCE

2.8. GENERAL COMMUNICATION

The Municipality has an effective and efficient Communication Unit that implemented a communication strategy as approved by Council. Several media statements were produced, and radio interviews were conducted with Makhado FM, UNIVEN FM, Sekgosese FM, Vhembe FM, Munghana Lonene FM, and Phalaphala FM. The municipality mainly uses Zoutpansberg and Mirror newspapers to advertise its outreach programs.

The Municipality uses social media to communicate and receive feedback on services being rendered. To this effect the Municipality uses Facebook, Instagram and Twitter. The Municipality also has a functional website. Our Social Media Platforms in the year under review had approximately 47 000 followers.

2.9. INTEGRATED DEVELOPMENT PLANNING STEERING COMMITTEE

The municipality has a functional Integrated Development Plan (IDP) unit in place. The unit coordinates planning processes of the municipality in line with relevant regulations. The municipality annually reviewed and adopted IDP process plan and IDP framework for implementation.

The IDP is a tool that helps the local municipality focus on the most important needs of local communities considering the resources available at local level. It helps to identify the least serviced and most impoverished areas and points to where municipal funds should be spent.

Implementation is made easier because the relevant stakeholders have been part of the process. The IDP provides deadlock-breaking mechanisms to ensure that projects and programs are efficiently implemented. It is also worth reporting that the municipality managed to adopt its revised IDP and Budget within the stipulated timeframes.

2.10 INFORMATION TECHNOLOGY SERVICES STEERING COMMITTEE

The Municipality has a functional Information and Technology Steering Committee that is chaired by the Accounting Officer. Its main task is the provision of oversight and assistance with cyber-Security related issues, ICT Risk and further guide and advice Council on ICT governance matters.

The objectives of the committee are:

1. The activities and functions of the IT Strategy are aligned to the business strategy. Opportunities to improve the use of I T within Makhado Local Municipality are identified and exploited.
2. Optimal investment is made in IT, costs are managed and the return on investment is measured.
3. Synergies between IT initiatives are enabled, and IT choices are in the best interest of the municipality as a whole and not only those of individual business units.
4. IT services are sourced optimally and legitimately.
5. IT risks are identified and adequately addressed. Assurance is obtained to ensure that an IT control framework is in place to address IT risks.
6. Information, IT assets and intellectual property contained in IT systems are protected and effectively managed and used.
7. IT has adequate business resilience arrangements in place for business continuity.
8. Information Management is a joint IT and business responsibility.
9. IT use conforms to IT related laws and related rules, codes and standards are considered.
10. IT use is sustainable with respect to the environment.
11. ICT Steering Committee meetings were held for all 4 quarters of 2022/2023 financial year and Governance items were considered.

PERFORMANCE MANAGEMENT DEVELOPMENT SYSTEM

- 1.1 Management in the year under review implemented the Council approved performance management development system Policy.

COMPONENT B

2.11 INTERGOVERNMENTAL RELATIONS:

Section 3 of the Municipal Systems Act requires that municipalities to exercise their executive and legislative authority within the constitutional system of co-operative governance as envisaged in the Section 41 of the Constitution.

The Municipality participates in the following IGR forums:

- Premier Mayor's Forum,
- District Mayor's Forum,
- District IGR Forum
- Provincial Monitoring and Evaluation forum
- Provincial Back to Basic Forum
- District Command Council
- District AIDS Council

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality continued to hold its IDP Steering Committee meetings during the year under review with the IDP Representative Forum forming a base or platform for the public to make their contributions and hold the municipality accountable. An Imbizo is an initiative of the municipality where questions are answered; concerns are heard, and advice are taken from the public about the municipality's programs and services. The Municipality continues to hold the Imbizos as scheduled.

AUDIT AND PERFORMANCE AUDIT COMMITTEE(APAC)

2. INTRODUCTION

The Chairperson of the Audit and Performance Audit Committee has pleasure in submitting herewith the annual report of the Committee for the financial year ended 30 June 2022.

3. LEGAL FRAMEWORK GOVERNING THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

3.1 Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended) (MFMA) requires each municipality to have an audit committee.

3.2 In terms of section 166(2)(a) of the MFMA the audit committee is an independent advisory body which must "amongst others" advise the municipal council . . . on matters relating to-

- (i) Internal financial controls and internal audits;
- (ii) Risk Management;
- (iii) Accounting policies;
- (iv) the adequacy, reliability and accuracy of financial reporting and information;
- (v) Performance Management;
- (vi) Effective governance;
- (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation
- (viii) Performance evaluation; and
- (ix) any other issues referred to it by the municipality.

3.3 In addition sections 166(2)(b), (c), (d) and (e) require from the committee to review the annual financial statements, respond to Council on any issues raised by the Auditor-General (South Africa) in the audit report, carry out such investigations into the financial affairs of the municipality and to perform such other functions as may be prescribed by the Council.

4. GOVERNANCE OF THE COMMITTEE

4.1 All members of the Committee are non-executive members and all meetings of the committee were held in accordance with the Charter of the committee as approved by Council. The Chief Audit Executive reports operationally to the Municipal Manager and functionally to the Audit and

Performance Audit Committee per MFMA prescribes.

- 4.2 The Audit and Performance Audit Committee has executed its responsibilities in accordance with section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act number 56 of 2003 as amended).

The table below illustrates the APAC members and number of meetings attended.

Name	Position in APAC	NUMBER OF MEETINGS ATTENDED							
		03 August 2022	29 August 2022	21 September 2022	08 November 2022	26 November 2022	25 January 2023	25 April 2023	27 June 2023
Mrs. Jane Masite	Chairperson	🟡	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Ms MP Ramutsheli	Member	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢
Mr A Tshikovhi	Member	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢
Mr LJ Muthivhi	Member	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢

🟢	Meeting attended.
🟡	Meeting not attended (Apology Submitted)
🔴	Meeting not attended (Apology Not Submitted)

- 4.3 Risk Management, Anti-Fraud and Anti-Corruption Committee is a Management Committee chaired by the Municipal Manager to advise management while providing the Audit Committee with risk management oversight.

5. INTERNAL CONTROLS

- 4.1. Internal Audit reported system weaknesses and recommended corrective actions for management to address the deficiencies. Management implemented internal audit recommendations to enhance the system of internal controls to the acceptable level.

6. INTERNAL AUDIT

- 5.1. The committee is satisfied that the internal audit unit has executed its responsibility per the Internal Audit charter as approved by the Audit Committee. Further the committee approved the Risk Based Annual Audit plan for the 2022/2023 reporting period and was given the assurance that every effort will be made by the Accounting Officer to have all the resources available to properly execute the audit plan.
- 5.2. All Internal Audit activities were completed in-house in accordance with the approved Internal Audit Charter and no compromise of the independence or objectivity of the function was observed throughout for the year under review.
- 5.3. With Internal Audit follow-up reports, the committee has noted that management has implemented an appropriate tracking system in terms of which the various action plans by management to resolve the reported Internal Audit finding and recommendations and were

tracked, managed, and reported to the Audit Committee duly.

5.4. The committee noted an improvement in the percentage implementation of AG and Internal audit findings as resolved by management.

5.5. The committee confirms that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and Approved Internal Audit Charter.
















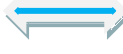








5.6. Further, the one-on-one discussions with the Chief Audit Executive did not reveal any matters of concern.

7. RISK MANAGEMENT

6.1. The Audit and Performance Audit Committee has excised its oversight responsibility and satisfied that risk Management process was adequately designed although not effectively and efficiently implemented in some instances.

6.2. Further, the committee acknowledges the progress made in risk management processes which improved the risk management maturity level of the municipality.

Top eight institutional risks:

No.	Strategic Risk	Risk Movement	Level of satisfaction (Internal Control)	Risk Status
1	Inadequate Services Delivery Imperatives and Maintenance		 Satisfactory	
2	Unsustainable Financial Management		 Satisfactory	
3	Inadequate ICT governance & ICT Delivery risk		 Satisfactory	
4	Fraud, Theft and Corruption		 Satisfactory	
5	Inadequate skill set due to inability to attract & manage talent		 Satisfactory	
6	Health, Safety & Security risks and Environmental welfare		 Satisfactory	
7	Non-Compliance with Legislation		 Satisfactory	
8	Ineffective Spatial Planning		 Satisfactory	

8. MATTERS OF CONCERN

- 8.1 Audit and Performance Audit Committee advised Accounting Officer that there is a need of revenue management enhancement especially on debt own by the State to effectively manage the cash flow challenges.
- 8.2 The municipality needs to finalize the Revenue Enhancement Strategy where the emphasis will be areas that the municipality is not collecting as intended.

9. PERFORMANCE MANAGEMENT

- 9.1 The Audit Committee considered performance management policy and procedure manual and recommended that Council to approve
- 9.2 The Performance Audit Committee monitored management's evaluation of identified "External Service Providers." as required by section 46 of the Municipal Systems Act, 2000.
- 9.3 The Chief Audit Executive in terms of the MFMA/MSA regulations on a quarterly basis audited the reported performance information. All system weaknesses reported were brought to the attention of the Accounting Officer and committed to put systems in place.

10. COMPLIANCE WITH MFMA, THE ANNUAL DIVISION OF REVENUE ACT AND ANY LEGISLATION

- 10.1 The Audit Committee recommended improvement to the compliance system implemented by management. The Audit Committee recommended that, the system to monitor compliance with applicable laws and regulations be enhanced to ensure reliability. The Audit Committee also noted that compliance in some instances is not being addressed in a timely manner.
- 10.2 The Council approved a materiality framework which provide for zero tolerance for non-compliance with laws and regulations.

11. REVIEW AND EVALUATION OF QUARTERLY, ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The committee has:

- 11.1 Reviewed and discussed the Annual Financial Statements together with Annual Performance Report with management and Auditor– General (SA), to be included in the Annual Report.
- 11.2 Reviewed the Auditor-General's management report and management's responses thereto, Audit Report
- 11.3 Reviewed the changes in the Accounting Policies and Practices.

12. AUDITOR-GENERAL (SOUTH AFRICA)

- 12.1 The committee concurs with audit opinion (Unqualified Audit Opinion with matters).
- 12.2 The Audit Committee also acknowledged the improvement made by management in implementation of AGSA action plan which is integrated in the annual report in terms of which management is addressing the reported issues.
- 12.3 The Committee has committed with the AG (SA) Office to closely monitor implementation of the new Audit Action Plan on a regular basis report to Council on the progress made by management.
- 12.4 The Audit and Performance Audit Committee also noted that there are no unresolved differences of opinion between the Auditor-General (South Africa) and the Accounting Officer.
- 12.5 One-on-one discussions with the Auditor-General (South Africa) did not reveal any matters of concern.

13. INTERACTION WITH THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The Chairperson of the APAC has previously reported to the members of MPAC the processes followed by the Committee with regard to the oversight evaluation of the Annual Report. The members of MPAC were also advised on the control system implemented by the Chief Audit Executive for purposes of tracking progress on the resolution of audit findings reported by the Internal Audit and all other Assurance Providers for the effective meetings the Audit Committee had.

One-on-one discussions between the members of the APAC also did not reveal any matters of concern. Audit Executive and the Auditor-General (South Africa).

14. APPRECIATION

The Audit and Performance Audit Committee (APAC) acknowledges the co-operation and assistance by the Makhado Local Municipality for coordinating the activities of the Committee. We also acknowledge the commitment of the Accounting Officer in strengthening corporate governance and achieving the unqualified audit opinion with findings.

The Audit and Performance Audit Committee (APAC) further acknowledges the commitment by the Honorable Mayor Councilor Munyai N.S in working towards clean administration and the contribution of the Speaker Councilor Mboyi M.D and committees of council.

Further express gratitude to the Chief Audit Executive, Auditor General and staff for the support and commitment in support to Audit and Performance Committee commendable work.

The Audit and Performance Audit Committee remains confident that all recommendations by the Internal Audit and Auditor General of South Africa shall continue to receive necessary attention in quest working towards clean administration.





CHAPTER 3

Service Delivery Performance

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

2. OVERVIEW OF SERVICE DELIVERY

Makhado Local Municipality is mandated to provide the following basic services:

- Electricity and,
- Refuse Removal, whilst water and sanitation are the responsibility of Vhembe District Municipality as a Water Service Authority (WSA).

According to Census 2011, Makhado Municipality service delivery backlog is summarized as follows:

TABLE: 17 BACKLOGS

SERVICE	NUMBER
Refuse Removal (household)	9140
Housing	16 207

The electricity backlog stood at 4413 households which included Eskom distribution area and it is predominantly comprised of new developments and extensions. By the end of June 2023 a total of 1173 households were provided with basic electricity in the municipality. Therefore, the municipality still had a backlog of 3240 households.

With regards to refuse removal, a total of 9140 households were given access to refuse removal during the year under review. This represents coverage of 15% of the total municipality households. The remaining 85% which is in rural areas are receiving attention through the annual allocation of skip bins.

2.3. OVERVIEW OF CAPITAL PROJECTS IMPLEMENTED

2.3.1. ROAD INFRASTRUCTURE AND OTHER INFRASTRUCTURE PROJECTS

During the year (2022/2023) under review, the Municipality implemented a total of forty-four (44) road infrastructure projects which include upgrading of gravel to surfaced roads, bridge infrastructure project, rehabilitation of streets, sports facility, market stalls project, fencing and other building projects. Out of the forty-four projects, two (2) roads were upgraded, fourteen (17) roads and public parking were rehabilitated while nine (9) cemeteries were fenced during the year and sixteen (16) projects were under construction.

2.3.2. ELECTRICITY CONNECTIONS

Makhado Local Municipality provides electricity to the town of Makhado, 38 wards with 37 villages and private farms.

Currently the provision of basic electricity at household level to reduce the service backlog in both Municipal and Eskom licensed areas is done on an annual basis with funding from the Department of Energy (DoE) through the Integrated National Electrification Programme (INEP). Areas identified are formulated into projects that are incorporated into municipal IDP. Households in the advantaged areas are connected as and when application is received from individuals or developers.

During 2022/23, a total of 1 125 households were connected with electricity which represent an increase of connections as compared to the previous financial year.

Financial Year	Makhado Local Municipality	ESKOM	Total
2022/2023	1125	0	1125
TOTAL	1125	0	1125

The municipality electrified 1125 households during the year under review.

The major challenge which the municipality is experiencing is the mushrooming of households in areas where electrification projects have already been implemented; this creates a need for post-connections. Apart from the above-mentioned challenge, there are more challenges which the municipality is facing day-by day which affects the electricity supply, which are as follows.

- Ageing infrastructure
- Backlog in preventative maintenance
- Limited funding and resources to maintain and improve the existing infrastructure
- High electricity losses due to theft and failures of old infrastructure.
- Illegal connections
- Mushrooming of informal settlements and settlements on private land
- Criminal activities (such as vandalism and theft)

2.3.3. ROADS UPGRADING AND REHABILITATION

The Makhado Local Municipality is also responsible for the provision and maintenance of road infrastructure. Upgrading and maintenance of roads and stormwater which improves accessibility within the municipality. The roads infrastructure networks and storm-water systems must be reliable, so as to improve economic conditions of the municipality.

The intention is to ensure that the public have usable roads, this can be achieved through effective spending and high-quality maintenance of our roads. The major challenge for the municipality, as road authority, is the ageing of infrastructure, backlog to upgrade from gravel to surfaced roads, insufficient funding, and skilled personnel to adequately maintain the road network.

By end of June 2023, the following projects were implemented:

TABLE 18: ROADS, STORMWATER AND BRIDGES PROJECTS

No.	Project Description	Status
1.	Rehabilitation of Tshakhuma ring road	100% completed
2.	Rehabilitation of Ha-Mutsha Access Road	100 % completed
3.	Waterval Rehabilitation of Street	100% completed
4.	Waterval Rehabilitation (Mpheni)	100% completed
5.	Rehabilitation of Eltivillas Parking (1)	100 % completed
6.	Rehabilitation of Hlangananai Street	100 % completed
7.	Rehabilitation of Grobler Street	100% completed
8.	Rehabilitation of Corner Kleinhans & Erasmus Street	100 % completed
9.	Rehabilitation of Vlei street	100% completed
10.	Commissioner & Main Street Intersection Rehabilitation and Stormwater	100 % completed
11.	Rehabilitation of Djunane street	100 % completed
12.	Sane to Natali Bridge	100% completed

13.	Rivoni to Xihobyeni Access road	100 % completed
14.	Lutanandwa Access Road and bridge Phase 1	100% completed
15.	Rehabilitation of Joe Slovo street at Vliefontein	100 % completed
16.	Regravelling of 4km Makhado Landfill Site Access Road	100% completed
17.	Construction of Sane to Natali Bridge	100% Completed
18.	Rehabilitation of Pretorius Street	100% completed
19.	Construction of Landfill Site at Makhado and Recycling Center (Additional Mega Cell and Stormwater Infrastructure)	52% in progress
20.	Tshedza to Vuvha Access Road Phase 4	57% in progress
21.	Construction of Vleifontein Clinic Access Road	69% in progress
22.	Makatu to Tshikota Access Road	51.15% in progress
23.	Lutanandwa Access Road and bridge Phase 2	66% in progress
24.	Rehabilitation of Breda Street	51% in progress
25.	Rehabilitation of Eltivillas Parking (2)	100% completed
26.	Rehabilitation of Hlanganani street	100% completed
27.	Rehabilitation of Devinish street	100% completed
28.	Rehabilitation of Kruger Street	100% completed
29.	Rehabilitation of Boabab street	100% completed

TABLE 18.1: OTHER PROJECTS

1.	Fencing of Makhado Municipality Cemetery	100% Completed
2.	Construction of Admin Block at Testing Ground	98% progress
3.	Refurbishment of Waterval regional office	100% completed
4.	Development of Dzanani Park Phase 2 (Installation of outdoor gym, playing equipment and swimming pool)	93% progress
5.	Erf 210 Burger Street market revitalization project	100% Completed
6.	Kutama Sithumule Sports Facility	79% progress
7.	Construction of Landfill Site at Makhado and Recycling Center (Additional Mega Cell and Stormwater Infrastructure)	52% progress
8.	Construction of Dzanani Taxi Rank and Market Stalls	5% progress

9.	Rehabilitation of Vondeling Landfill Site	80% progress
10.	Refurbishment change rooms, grandstand, and ablution facilities of Rabali stadium	55% progress
11.	Construction of customer waiting area at Dzanani Regional Office	100% completed
12.	Construction of customer waiting area at Dzanani Traffic Office	100% completed
13.	Construction of 6 x Pay Point Office , Guardroom, water tank and stand and septic tank (<i>Mashau, Matshavhawe, Tshiozwi, Mudimeli, Tshiendeulu, Khomele</i>)	100% completed
14.	Construction of sub switchroom, guardroom, septic tank at Makhado Park	100% completed
15.	Construction of sub switchroom, guardroom, septic tank at Eltivillas	100% completed

2.3.4. CHALLENGES

The major challenge experienced during the year was abnormal rainfall which delayed completion of some projects and delays due to high demands of royalties by tribal authorities for extracting gravel from the borrow-pit.



In terms of Stats SA 2022, 95,7% of households in Makhado Local Municipality had access to electricity. The backlog therefore stands at 4.3%. The Municipality has a free basic electricity (FBE) policy which is designed to service the poor households or indigents.

Makhado Local Municipality is implementing an alternative source of energy program. PV Solar is rolled out across the entire municipality to non-grid customers. Engagements are at advanced stage with department of energy for funding as the cost per unit is out of approved norm.

During the year under review a total of **1125** households were electrified within the municipality's licensed area. Makhado Local Municipality electrified **1125**.

*

Table below detailed the names of villages benefited including source of funding and budget spent.

TABLE 20 ELECTRICITY CONNECTIONS

No	Village	Connections	Source of Funding
1	Afton	26	INEP
2	Gogobole	88	INEP
3	Khomele	46	INEP
4	Maangani	17	INEP
5	Madodonga	62	INEP
6	Mamburu	22	INEP
7	Manavhela	3	Income
8	Mashau	33	INEP
9	Musekwa	130	INEP
10	Ramantsha	45	INEP
11	Riverside	20	INEP
12	Straighthardt	42	INEP
13	Tshendeulu	16	INEP
14	Muananzhele P4	575	INEP

TOTAL	1125	
--------------	-------------	--

It should be noted that the municipality is doing well with regards to electrification and to date the municipality's electrical bulk capacity amounts to 66 MVA.

Electrical infrastructure support projects done during the 2022/2023 financial year included the procurement of Power Transformers, Ring Main Units, including upgrading of substations in town.

Preventative maintenance was also conducted on high and low voltage networks which included the replacement of rotten poles, insulators, longrods and bush clearing. The aim was to address unplanned electricity interruptions caused by ageing electricity infrastructure. The following were the areas of focus: **Sinthumule, Kutama, Mara Farming Area, Levubu Farming Area, Bandelierkop Farming Area** and **Ward 37**.

We had ensured the continuous maintenance of streetlights and our streetlights are

functional. We have managed to install 42 high mast's lights on the following villages:

-  Maelula
-  Mandiwana
-  Tshikuwi
-  Mulangaphuma
-  Tshirangadzi
-  Tshifhefhe
-  Muwaweni
-  Tshiswenda
-  Funyufunyu
-  Dzananwa
-  Mangilasi
-  Tshiswiswini
-  Ndiitwani
-  Kwekwe
-  Tshitale
-  Madombidzha zone 02

-  Madombidzha zone 01
-  Tshikhudo
-  Tshikwarani
-  Madabani
-  Tshitavha
-  Siloam
-  Tshikumbu
-  Mbhokota
-  Riverplats
-  Elim
-  Nthabalala thondoni
-  Madodonga
-  Makhitha
-  Ndouvhada
-  Ramantsha
-  Mashau thondoni
-  Songozwi
-  Makhado park
-  Hendrick Potgieter Park
-  Kameel Park
-  Eltivillas Park
-  Mimosa Park
-  Tshiruluni Park
-  Makhado Park
-  Rose Park

Meerkat Park

Table below represents the last three (3) years stats of fault attended.

3.2.2. FAULTS REPORTED AND UNATTENDED

3.2.3. TABLE 21: ELECTRICITY FAULTS

Unplanned outages	2020/21	2021/22	2022/23
Reported and attended	14 480	12 852	17 863

TABLE 22: CALL CENTRE STATISTICS – ELECTRICITY

MONTH	Total Number of Electricity Cases Reported	Total Number of Electricity Cases Resolved
JULY 2022	445	445
AUGUST 2022	1300	1300
SEPTEMBER 2022	1254	1254
OCTOBER 2022	1327	1327

NOVEMBER 2022	1669	1669
DECEMBER 2022	2123	2123
JANUARY 2023	1605	1605
FEBRUARY 2023	2541	2541
MARCH 2023	2328	2328
APRIL 2023	1450	1450
MAY 2023	521	521
JUNE 2023	1300	1300
TOTAL	17863	17863

TABLE 23: ELECTRICITY LOSSES

Due to the municipality's vast electrical network, the determination of the losses are challenges. The NERSA norm on electricity losses is 10%. Losses are due to overhead power lines, wind, heat, copper, iron, and aluminum losses that are inherent in any electrical distribution system. None of the two can be done due to financial capacity and equipment constraints.

Table below is the last 3 years distribution (energy) loss.

Year	2020/21	2021/22	2022/23
Losses	10%	11%	11%

3.2.4. PROVISION OF REFUSE REMOVAL SERVICES (WASTE MANAGEMENT)

The municipality has proper Waste Management system in place with sufficient equipment and personnel that can render waste management services which are not limited to solid

waste collection, street cleaning and litter picking, environmental education and awareness campaign, waste minimization programs, and management of waste disposal facilities. The municipality has three (3) waste licenses/ permits which are for Makhado Waste Landfill site, Dzanani Waste transfer station and Vondeling Landfill Site (Closed). With regards to waste drop off facilities, the municipality has an existing six (6) drop off sites and 74 refuse skip bins were strategically located in 38 wards within the municipality.

As part of poverty alleviation, the municipality participated on Nakisani Vhupo Hashu program and a total number of 350 work opportunities were created as part of Extended Public Works Program (EPWP).

As per our service standards, all domestic households in R293 towns were serviced once per week, whilst businesses were serviced twice per week. During the year under review a total number of 9140 in urban households were serviced, 1200 businesses were serviced twice per week. However, Central Business District's (CBD) were serviced on daily basis. As part of keeping our environment clean, the municipality has rendered refuse collection and cleaning of public open spaces. By June 2023, a total area of 519 m2 has been cleaned per day.

The Municipality has appointed service providers for the development of waste disposal mega cell and stormwater at Makhado Landfill site and Rehabilitation of the existing Vondeling Landfill Site Phase 2. During the year under review an additional 20 x 9 cubes refuse skip bins were purchased and allocated to 20 wards as a way of extending refuse removal in rural areas. As a way of appreciating and encourage business owners to practice proper waste management practices at their premises, the municipality purchased 1000 x 240L Wheelie bins and distribute them to business within Makhado municipal area.

Item.	2020/2021	2021/2022	2022/2023
Nakisani Vhupo Hashu program	298 Workers	304 Workers	350 Workers
Cleaning of public open spaces	519 M2	519 M2	519 M2

The municipality had planted 900 indigenous trees in schools, public facilities, and traditional offices as a way of fighting against climate change. The municipality has conducted 12 Environmental workshops and clean-up campaigns in all 4 Makhado municipality regions. As a way of encouraging communities to minimize waste, the municipality formed a Local Recycling Forum with a committee to champion all waste recycling issues within the municipal area.

To comply with landfill site permit conditions the municipality drilled additional groundwater monitoring borehole at Vondeling landfill site, conducted a chemical laboratory test and external audit for both Vondeling and Makhado new Landfill site using an appointed service provider. During 2022/2023 financial year, the municipality conducted a Cost calculation for both Vondeling and Makhado New landfill site to determine the current site rehabilitation value. The municipality also completed the regravelling of 4 km road to Makhado Landfill site which now makes the landfill site users to access the site easily.

SOLID WASTE SERVICE DELIVERY LEVELS				
DESCRIPTION	HOUSEHOLDS			
	2020/2021	2021/2022	2022/2023	
	ACTUAL	ACTUAL	ACTUAL	REMEDIAL ACTION
<u>Solid Waste Removal:</u> (Minimum level)				
Removed at least once a week	9889 Urban areas and 43 skip bins in 31 villages	9140 Urban service point and distributed 59 skip bins in 28 wards	9140 Urban service point and distributed 20 skip bins in 20 wards	Increase collection through placing of more refuse skip bins in rural areas as refuse referral points
<i>Minimum Service Level and Above sub-total</i>	9889 and 31 villages	9140 and 28 wards	9140 and 20 wards	None
<i>Minimum Service Level and Above percentage</i>		9140 and 28 wards	9140 and 20 wards	

	15%			None
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	N/A	None	None	None
Using communal refuse dump	N/A	None	None	None
Using own refuse dump	N/A	None	None	None
Other rubbish disposal	N/A	None	None	None
No rubbish disposal	116371	116371	116371	None
<i>Below Minimum Service Level sub-total</i>	98916	98916	98916	None
<i>Below Minimum Service Level percentage</i>	85%	85%	85%	None
Total number of households	17285	9140 and 28 villages	9140 and 20 wards	None

Variations in the above years were noted due to new municipal demarcation which saw a large part of the municipality falling under Collins Chabane Municipality.

4. **COMMUNITY & SOCIAL SERVICES**

The Municipality has a total number of seven (07) community halls that were servicing communities, during the financial year under review. These halls are strategically located per region. These facilities are also used by communities when they hold their community

meetings. They are: Vleifontein, Waterval, Tshikota, Dzanani, Muduluni, Ha-Mutsha, Musekwa.

5. MUNICIPAL PUBLIC LIBRARIES

The Municipality owns one (01) public library and plays a coordinating role in libraries that belongs to Provincial Government under the Department of Sport, Arts and Culture. The Municipality has coordinated 9 additional satellite libraries located within its jurisdiction. During the year under review the municipality also participated in various events of which amongst others, this includes readathon, library week, world book day and back to school campaigns.

TABLE 25: PUBLIC LIBRARY – BOOKS ISSUED AND MEMBERS

ACTIVITY	2019/20	2020/2021	2021/2022	2022/2023
Books issued	2260	308	811	1358
Satellite Libraries	9	10	9	9
New Members	175	50	65	105

The Municipality is having one (01) main Library and nine (09) satellite libraries which is Emmanuel High School, Maluta High School, Kutama High School, LTT Prison, KIDS Academy, Litshovhu, Musekwa, Dzanani, Mukondeni, Tshifhire Primary School, however the municipality is in a process of establishing additional satellite library at Tshakhuma Community Hall. A total number of 1358 books were issued to library users and the number of new members increased by 105, during the year under review.

6. MUNICIPAL PARKS AND CEMETERIES

During the year under review, the Municipality managed to operate and maintain a total of twenty- nine (29) parks, four (4) sports facilities, six (6) cemeteries and municipal ablution facilities within its jurisdiction. The municipality obtained an Environmental Impact Assessment (EIA) authorization for the extension of both LTT and Tshikota Cemeteries. The extension of Tshikota cemetery by 2.9ha is already completed. However, the extension of LTT cemetery by 1.5ha is under construction. To achieve good park maintenance standard, the municipality purchased 11 new Tractor with complete mowing equipment and 14 Heavy-duty Lawnmower.

7. MUNICIPAL CREMATORIA AND HERITAGE

The municipality has one crematorium which is mostly used by the Muslim community. The municipality provides basic maintenance. A segment of crematorium which is used by Hindu Community was completely refurbished to comply with health standards.

8. DISASTER MANAGEMENT SERVICES

Regarding Disaster Management Services, the municipality had experienced a total number of forty- two (42) fire and hundred and twenty-three (123) storm/flood incidences, and such a total number of one hundred and sixty-five (165) disaster relieve programs were conducted during the year under review.

TABLE 26: DISASTER INCIDENTS

Incidences	2019/2020	2020/2021	2021/2022	2022/2023
Fire Incidence	33	56	42	50
Storm/floods Incidence	4	109	123	181
Death Incidences	0	0	03	23
Burned Incident	0	0	0	2
Disaster relief programs	37	138	165	13

Variations in the above years were caused due to the effects of climate changes experienced in each year in comparison to the year under review.

9. SPORT, ARTS AND CULTURE

During the year under review, the municipality constructed Kutama-Sinthumule sport facilities.

To promote community participation and environmental welfare the municipality refurbished change rooms, grandstand and ablution facilities at Rabali Stadium.

10. PROTECTION SERVICES

The Municipality renders Security Services at all the municipal properties within municipal areas. This includes provision of security for revenue collected at various municipal pay points. The Division is composed of Traffic Law Enforcement, Registering Authorities, Vehicle Testing Stations, and Driving License Testing Centers. During the year under review the following activities were performed:

11. TRANSPORT: VEHICLE LICENSING & TRAFFIC SERVICES

Municipality is an agent of Department Transport for the issuing of vehicle licenses which also includes testing of vehicles as part of vehicle licensing procedure. For this task the Municipality retains 20% of revenue generated from these services which does not cover its operational costs to perform the function. The municipality continue to render traffic services to ensure the maintenance of highest safety standards.

TABLE 28: TRAFFIC & LICENSING ACTIVITIES:

Activities	2020/2021		2021/2022		2022/2023	
	No. Value	Value	No. Value	Value	No. Value	Value
Written notices issued	8368	R4 983 550	6723	R3 666 350	9901	R6 002 150.00
Department of Transport 80%	Actual		Actual		Actual	
	R18 590 833.58		R18 476 513.23		R 20 961 476.50	
	Actual		Actual		Actual	

Municipality 20%	R 4 647 708.41	R4 619 128.31	R 2 240 369.13
------------------	----------------	---------------	----------------

Out of the total of 9901 written notices a total of R 6 002 150.00 was collected.

To provide accessible basic and infrastructure services, the municipality managed to upgrade Makhado Driving License and Testing Centre (DLTC) and its associated infrastructures. New Motor Vehicle Breaking Testing System were also Installed at Makhado DLTC. During the year under review, Dzanani VTS was paved and upgrade from Grade B to Grade B.

HOUSING

The provision of housing is the function of the Provincial Department of Cooperative Governance, Human Settlement and Traditional Affairs (COGHSTA) and the municipality plays an active role in the coordination of the housing development projects by making land available for such development, providing lists of beneficiaries, identifying challenges, and resolving them with support from local stakeholders like Ward Committees and traditional leaders. A total number of 300 houses could not be built in the 2021/2022 financial year due to Covid-19

TABLE 30 HOUSING PROJECTS

Financial Year	2020/2021		2021/2022		2022/2023	
Service Targets	Target	Actual	Target	Actual	Target	Actual
Service Objectives	300	0	300	80		

2.4. DELIVERY OF FREE BASIC SERVICES

The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.

Council adopted a Policy on Subsidy Scheme for Indigent Households, 2021/22 as per Council Resolution A.57.31.05.21.

The purpose of this policy is to ensure that the subsidy scheme for indigent households' forms part of the financial management system of Makhado Municipality and to ensure that the same procedure be followed for each individual case.

Services Subsidized:

Electricity

A subsidy of fifty (50) units of electricity per property per month to all individual households will apply. Where the consumption exceeds fifty (50) units per month the consumer will be charged for actual consumption exceeding fifty (50) units at the approved tariff.

Refuse Removal

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

TABLE 31: SUPPORT: LOW INCOME HOUSEHOLDS

FINANCIAL YEAR		2020/2021		2021/2022		2022/2023	
SERVICE TARGETS				TARGET	ACTUAL	TARGET	ACTUAL
<i>Provision of Free Basic Services</i>	Electricity	7253	4680	2668	2668	4250	3855
	Refuse Removal	9889	9889	2668	2668	4250	3855

2.5. OTHER MUNICIPAL SERVICES

Free basic water and sewerage is offered by Vhembe District Municipality

2.5.1. ROADS AND STORM WATER DRAINAGE

The streets in Makhado town and the proclaimed townships are generally tarred and provided with storm water drainage systems.

The total road and storm water management system backlog is estimated at approximately three thousand eight hundred and sixty-one (3,861,72) km. The largest backlog is in Dzanani, Waterval and

Levubu regions in which most of the villages are situated in mountainous, rocky, and clayish positions which aggravate the condition.

These regions require more surfacing to improve the accessibility. The Municipality has an annual program for the upgrading of roads from gravel to surfaced over a long term. In 2022/2023 financial year the following roads were upgraded which contributed on the slight reduction of the backlog: Rivoni to Xihlobyeni Access road, Lutanandwa bridge & Access Road Phase 1 and Sane to Natalie bridge were constructed. A total of 5.277km road upgraded including two bridges.

TABLE 32: GRAVEL ROAD INFRASTRUCTURE+

GRAVEL ROAD INFRASTRUCTURE				
KILOMETERS				
	Total Gravel Roads	New Gravel Roads Constructed	Gravel Roads Upgraded to Surface	Gravel Roads Graded / Maintained
2020/21	4276.4km	0	5.6km	4276.4km
2021/22	4270 km	0	8.5km	3867 km
2022/23	3867 km	4km	5.277km	3861.72km

A total number of 5.277 kilometers of gravel roads has been upgraded to asphalt during the year under review.

3.4.2 ROAD MAINTENANCE PROGRAMME

Besides maintenance of surfaced roads, gravel roads are also maintained on a regular basis through our municipality road maintenance Program.

A total number of 3861.72 kilometers of gravel roads has been maintained during the year under review.

Operation Duba-Buse is still our flagship project with a focus on the regravelling /grading of streets in all our wards. To date we continue with grading streets as per the set schedules. We have seen a major improvement in the accessibility of access roads.

3.4.3 MUNICIPAL DISASTER GRANT EXPENDITURE

There was no disaster funding received during the year under review.

MUNICIPAL INFRASTRUCTURE GRANT (MIG) EXPENDITURE

Makhado Local Municipality receives MIG funding for development of its infrastructure. In 2022/2023 financial year a total of R 102 597 000 million was allocated in this regard. Municipality was able to spend 100% on MIG funding.

TABLE 33: CAPITAL EXPENDITURE 2022/2023: ROAD SERVICES

PROJECT NAME	MIG FUNDING	ACTUAL EXPENDITURE
Tshedza to Vuvha Access road Phase 4 -VAT VARIENCE	R 5 097 885.41	R 5 097 885.41
Lutanandwa Access Road and bridge	R 26 839 197.03	R 26 839 197.03
Rivoni to Xihlobyeni Access road	R 1 566 940.96	R 1 566 940.96
Fencing of Makhado Municipality Cemetery (Madombidzha)	R 7 921 650.08	R 7 921 650.08
Landfill site makhado + recycling centre (regravelling)	R 14 585 262.81	R 14 585 262.81
Kutama Sinthumule Sports Facility	R 26 409 075.19	R 26 409 075.19
Sane to Natalie Bridge	R 1 969 774.31	R 1 969 774.31
Makatu to Tshikota Access Road	R 9 988 783.94	R 9 988 783.94
Upgrading of Midoroni Clinic Ring Road	R 3 579 113.64	R 3 579 113.64

Tshivhuyuni Sports Facility	R 623 069.76	R 623 069.76
PMU Management Fees	R 4 016 246,87	R 4 016 246,87
TOTAL	R 102 597 000	R 102 597 000

3.1. DEVELOPMENT PLANNING

Development Planning plays a critical role in ensuring that the municipal vision to be realized. The strategic objectives of this unit cannot be isolated from the municipal vision and mission. In order to achieve the Vision there must be planned projects each and every financial year. The spatial plans must be implemented while taking into cognizance provincial and national plans.

The Department consists of Local Economic Development Division, Town Planning, Building, Survey, Properties, Valuation, Environment, Local Economic Development (LED) and Housing sections. The Department plays a pivotal role in terms of developing plans, policies and strategies aimed at attracting developments, investors, and job creation, and it is also the main driver to the success of the Municipality vision.

3.1.1. AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY

3.1.1.1 AUTHORIZED OFFICIAL

In compliance with the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) and the Municipality Spatial Planning, Land Development and Land Use Management By-Law, 2016, and during the financial year under review the authorized official has considered 95.

3.1.1.2 MUNICIPAL PLANNING TRIBUNAL

During the 2022/2023 financial year the Municipal Planning Tribunal considered 06 land development and land use applications.

No	ITEM	Land use Rights Approved
1	Land Development Application on Portion of the remainder of the Farm Mpefu 202 MT	Filling Station
2	Subdivision of the Remaining extent of the farm Serolle 204 MT	subdivision
3	Land Development Application on the remaining extent of the farm Weltevreden 23 LT	“Special” Accommodation for hunters, tourists, staff, recreational facilities, spa, curio shop and supporting facilities, infrastructure as well as ancillary uses (Ekland Safaris)
4	Township Establishment	Township establishment on portion 6 of the farm Vondeling 285 LS to be known as Louis Trichardt extension 15 Township
5	Rezoning of the farm Brandhoek 1211 LS	“Agriculture” to “Special” to permit a photovoltaic solar power generation and to register a servitude for the purpose of generating electricity
6	Land Development Application on a portion of the remaining extent of the farm Serolle 204 MT	Resort (the Elias Resort)

3.1.1.3 APPEAL AUTHORITY

There were no applications considered by the Appeal Authority during 2022/2023 financial year.

3.1.2. LAND ALIENATION AND REVENUE COLLECTION

The alienation of properties plays a significant role in terms of bringing development to the Municipality. During the year under review, we managed to sell 411 sites and Louis Trichardt South of Pretorius and Tshikota. As part of the revenue collection, the Development and Planning Department is also responsible for the management of the Municipal valuation roll. The valuation roll was successfully implemented on the 1st July 2018 and Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) was adhered with during the process. The Department will continue with the monitoring of supplementary valuation roll.

3.1.3. DEMARCATION OF RESIDENTIAL SITES

To achieve advanced spatial planning and promote community well-being and environmental welfare, the municipality is also demarcating residential sites in communal land and Municipal owned land. This is also aimed at proper implementation of SPLUMA, Spatial Development Framework, Land Use Scheme and By-Law.

During the 2022/2023 financial year the municipality has demarcated 1900 sites at different villages. During the year under review the municipality demarcated sites in the following areas: Valdezia (300), Dovheni (300) and Tsianda (300), Doli–Doli (500) and Tshikuwi 500. A total number of 1 900 sites were demarcated.

With regards to building and zoning plans, table below detailed the 2022/2023 achievements per category of applications:

TABLE 34. BUILDING AND ZONING PLANS (2022/2023)

Category	Number of new applications received
Building Control	255
Rezoning	14
Consolidation	03
Erven alienated	0
Subdivision	10
Consent	69
TOTAL	351

During the year under review a total of 351 applications were attended to. This included 255 building control, 14 rezoning, 03 consolidation, no erven alienated, 10 subdivision and 69 consent applications.

3.1.4. LOCAL ECONOMIC DEVELOPMENT

The Municipality will continue to support and build on other short-to- medium public and private programmes like the Expanded Public Works Programme, establishment of

cooperatives and SMME's in the tourism and agriculture sectors. It should be noted that there are several cooperatives that need funding as financial constraints remain a challenge.

TABLE 36: EPWP JOBS CREATED

YEAR	JOBS CREATED THROUGH EPWP PROJECTS	
2022/2023	CWP	1260
2022/2023	EPWP	600
TOTAL		1860

A landscape photograph of a desert with a rainbow over dark clouds. The image shows a wide, flat desert floor in the foreground, leading up to a range of low, rocky hills. A vibrant rainbow arches across the sky, which is filled with dark, heavy clouds. The overall mood is dramatic and hopeful.

CHAPTER 4

Organizational Development Performance

CHAPTER 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

As of 30 June 2023, Makhado Municipality had a total workforce of five hundred and sixty-four (564) employees, distributed to departments. The Table below depicts the number of employees and vacancies.

TABLE 37 EMPLOYEE NUMBERS AND VACANCIES

	Employees Numbers and Vacancies				
Description	2020/2021	2021/2022	2022/2023		
	Employees numbers	Employees numbers	Approved Posts No.	Employees No.	Vacancies No.
Municipal Manager's, Mayor, Chief whip & Speaker	10	10	40	27	13
Corporate Services	58	60	77	50	27
Community Services	139	140	177	134	43
Technical Services	125	132	234	132	102
Development Planning	29	29	52	31	21
Budget & Treasury	51	52	110	63	47
Dzanani Regional Office	58	59	86	60	26
Waterval Regional Office	58	57	77	54	23

Luvuvu Regional Office	0	11	66	13	53
TOTAL	528	551	919	564	355

The rate at which posts are filled is 61,37% whereas the vacancy rate is at 38,62%. There is a need to fill vacancies if the municipality has to maximize its organizational performance and as such the municipality will develop a comprehensive recruitment plan during the 2023/24 financial year.2?><

AGE PROFILE	MALE	FEMALE	Total
61-65 Years	33	27	60
51-60 Years	126	71	197
41-50 Years	106	74	180
31-40 Years	64	49	113
21-30 Years	9	5	14
TOTAL	338	226	564

O
u
t
o
f
5
6
4

employees, 60 are between the ages of 61-65, 197 are between the ages of 51-60, 180 are between the ages of 41-50, 113 are between the ages of 31-40, and 14 are between the ages of 21-30.

This represented a high number of the municipality ageing workforce which will require the municipality to develop a comprehensive succession plan.

Table below depict the staff turnover rate, during the year under review:

TABLE 38. TURNOVER RATE

Details	Total appointments as at the end of Financial Year	Terminations during the financial year	Turn-Over Rate
---------	--	--	----------------

	No.	No.	%
2020/2021	528	27	5.11
2021/2022	551	28	5.08
2022/2023	564	23	4.07

The Municipality had a staff turnover of 4.7%, which is 1,1% lower than the previous financial year.

COMPONENT B: MANAGING MUNICIPAL WORKFORCE

The following policies amongst others guide the managing of the municipal workforce.

TABLE 39. HUMAN RESOURCES POLICIES

	Name of Policies	Completed %	Reviewed
1	HIV Policy, 2021	100%	30/06/2021
2	Succession Planning Policy, 2021	100%	30/06/2021
3	Housing Allowances Policy, 2021	100%	30/06/2021
4	Acting Allowance, 2021	100%	30/06/2021
5	Appointment Procedures Policy, 2021	100%	30/06/2021
6	Pension Fund and Medical Aid Policy, 2021	100%	30/06/2021
7	Employee Assistance Program Policy, 2021	100%	30/06/2021

8	Career Path, 2021	100%	30/06/2021
9	Dress Code, 2021	100%	30/06/2021
10	In-Service Training Policy, 2021	100%	30/06/2021
11	Language Policy, 2021	100%	30/06/2021
12	Placement Policy, 2021	100%	30/06/2021
13	Retention Strategy Policy, 2021	100%	30/06/2021
14	Training and Development Policy, 2021	100%	30/06/2021
15	Employment Practices Policy, 2021	100%	30/06/2021
16	Human Resources Strategy, 2021	100%	30/06/2021
17	Employee Funeral Assistance Policy, 2021	100%	30/06/2021
18	Tobacco Control Policy, 2021	100%	30/06/2021
19	Occupational Health and Safety Policy, 2021	100%	30/06/2021
20	Leave Policy, 2021	100%	30/06/2021
21	Standby Policy, 2021	100%	30/06/2021
23	Transfer of Staff Policy, 2021	100%	30/06/2021
24	Overtime Policy, 2021	100%	30/06/2021
25	Sports Team Policy, 2021	100%	30/06/2021
26	Danger Allowance Policy, 2021	100%	30/06/2021
27	Councillors' Funeral Assistance Policy, 2021	100%	30/06/2021
28	Employment Equity Plan 2019-2023	100%	30/06/2021

29	12Official Time Policy, 2021	100%	30/06/2021
30	Skills Development Policy, 2021	100%	30/06/2021
31	Travel Allowance Policy, 2021	100%	30/06/2021
32	Recruitment and Selection Policy 2022	100%	30/06/2021

Council Policies are normally reviewed annually.

Priority was given to five (5) policies because of the implementation of municipal staff regulations; however, the other policies will be reviewed in 2023/2024 financial year. See below the five (5) that were reviewed.

3. Acting Allowance Policy 2022
4. Recruitment and Selection Policy 2022
5. Skills Development Policy 2022
6. Training Development Policy 2022
7. Transfer of Staff Policy 2022

8. HEALTH AND SAFETY MATTERS

8.1. INJURY ON DUTY

During the year under review the Municipality recorded six **(6)** injuries on duty.

Table 40 below depicts injuries recorded during the year under review.

S/NO	DATE OF ACCIDENT	GENDER	PARTICULARS OF ACCIDENT	LEAVE PERIOD	NO OF DAYS
01	17/04/2023	Female	Sprain shoulder while lifting heavy object	17/04/2023- 24/04/2023	05
02	12/11/2022	Female	Accidentally fell into a manhole	12/11/2022- 20/11/2022	05
03	18/10/2022	Male	Stung by bees at work	18/10/2022-	08

				28/10/2022	
04	11/07/2022	Male	Hit by a flying object	11/07/2022- 12/09/2022	15
05	31/09/2022	Female	Fell from a truck	05/09/2022- 31/09/2022	18
06	25/11/2022	Male	Motor Vehicle Accidents	25/11/2022- 05/12/2022	05

NUMBER AND COST OF INJURIES ON DUTY				
Type of Injury	Injury Leave Taken	Employees Using Injury Leave	Average Injury Leave Taken Per Employee	Total Estimate Cost
	Days	No		Rand Value
Injuries that require basic medical attention only	15	03		R 5 372,20
Temporary total disablement	41	03		R 14 281,45
Permanent disablement	None	None		None
Fatal	None	None		None
TOTAL	56	06	9,3	R 19 653,65

The Municipality has introduced mechanisms to address basic causes of all incidents and identify relevant management interventions for intensive and effective incident investigation such as induction and training to reduce the high rate incidents.

Public Incidents

There were no public incidents reported for the period under review. This can be attributed to the fact that the Municipality has enforced compliance on construction safety. All Contractors appointed by the Municipality has been advised to display safety notices on the construction sites with the intention to prevent injuries and fatalities around construction sites by creating public awareness on health and safety issues. These notices contain vital precautionary information for communities in the areas where these projects take place.

4.1. ABSENCE DUE TO ILL HEALTH

4.2. 4.2.1. SICK LEAVE

The employees are entitled to eighty days (80) sick leave in a three-year leave cycle in terms of the SALGBC Main Collective Agreement. The table below depicts further information on sick leave.

TABLE 41. SICK LEAVE STATISTIC

Sick leave is managed through demanding sick notes from employees who are to go on sick leave or are in sick leave.

This is coupled by application letter for sick leave which is further captured in Sage People 300 system.

Salary Band	No of sick leave days taken	No of Sick Leave without medical certificate	No of Employees granted sick leave	Average Scale	Total Employees in posts	Estimated Cost R
MM and Section 57	0	0	0	770300.01	5	0

Salary Band	No of sick leave days taken	No of Sick Leave without medical certificate	No of Employees granted sick leave	Average Scale	Total Employees in posts	Estimated Cost R
1=0 2=0						
Management 3 = 11 4a = 7	18	1	04	632883.82	70	45567.47
Highly Skilled Supervision 4b = 21 5 =120 6 = 44	185	03	08	507951.98	103	375884.47
Highly Skilled Production 7 = 64 8 = 79	143	04	14	374112.59	156	213992.40
Skilled 9 = 0 10 64 11 = 46 12 = 22	86	0	18	240518.62	180	82738.41
Unskilled 13 = 40 14 =26 15 =115	181	0	23	160265.68	50	116032.35

Salary Band	No of sick leave days taken	No of Sick Leave without medical certificate	No of Employees granted sick leave	Average Scale	Total Employees in posts	Estimated Cost R
Total	613	8	67	2686032.76	564	834215.26

Estimated cost is calculated as follows

Average scale / 250 (no of working days per annum) * number of sick days leave taken.

DISCIPLINARY ACTION

In terms of the Employees Disciplinary procedure and code, employees who get themselves involved in misconduct may be suspended and appear before disciplinary committee. No employees were suspended during the year under review.

TABLE 42. GRIEVANCES

The table below depicts that there were no grievances lodged during the year under review

Position	Nature of alleged misconduct	Date of Suspension	Details of Disciplinary Action Taken or Status of the Case	Date Finalised
NONE	N/A	N/A	N/A	N/A

TABLE 42.1 MISCONDUCT

The table below depicts employees who were charged with misconduct.

Job Title	Type of misconduct	Suspension	Sanction	Date of Outcome
Artisan Assistant	Theft of fuel cards	None	Dismissal	17 January 2023
Messenger	Theft of fuel cards	None	Not guilty	23 January 2023
Service Worker	Theft of fuel cards	None	Not guilty	12 July 2022
Truck Driver	Theft of fuel cards	None	Not guilty	28 October 2022
Truck Driver	Theft of fuel cards	None	Dismissal	09 May 2023
Electrician	He did not switch off the electricity which caused the employee to be severely injured	None	Final written warning	22 April 2023
Manager SCM	Gross negligent	None	Final written warning, and suspension of 10 days without pay	10 October 2022
Accountant Inventory	Gross negligent	None	Final written warning, and suspension of 10 days without pay	10 October 2022

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.2 SKILLS DEVELOPMENT AND TRAINING

The municipality develops its workforce by ensuring that there is sustainable capacity building. This is done in the first place by conducting skills audit. The skills audit produces skills audit assessment which assist the municipality in the development of Workplace Skills Plan and this plan is submitted to LGSETA. The skills audit assessment is a guiding tool on how training of Councilors and officials was done during the year under review.

4.2.1. TRAINING

The tables below provides details of the demographic breakdown and various training provided to councilors and employees.

Table 42: TRAINING PROVIDED FOR} COUNCILLORS

Demography	Male	Field of study	Female
African	4	Municipal Finance Management	1
African	0	Municipal Staff Regulation	1
African	4	Performance Management System	4
African	2	Audit & Risk	0
African	2	Gender Base Violence	0
African	35	End user Computing / Computer Literacy	19
White	1		0
Total	48		25

In 2022/23 financial year training was provided for seventy- three (73) Councillors which amount to 97.3% as compared to the 2021/2022 financial year.

Table 43: TRAINING PROVIDED FOR WARD COMMITTEE MEMBERS

Demographic	Male	Field of study	Female
African	180	Ward Committee Induction Training	200
Total	180		200

In 2022/2023 financial year, 380 Ward Committee Members were provided with skills programme on the operations of the ward committees.

TABLE 44: TRAINING PROVIDED FOR OFFICIALS AND THEIR FIELDS OF STUDY

Demographic	Male	Field of study	Female
African	2	Supervision of construction processes	3
African	0	MIG hand on support	1
African	2	Municipal Staff Regulation	0
African	2	Audit & Risk	4
African	1	Refresher Examiner of Drivers License	1
African	3	Leverage Economic catalysis project	0
African	1	Comp easy training for OHS- officer	0
African	9	Electrical trade preparation & trade test (ARPL)	3
African	5	Operating High Voltage System	0
	2	Electrical distribution D- Form	0
African	2	Mscoa Training	10
African	8	Truvelo Prolaser	10
African	1	Performance Management & Development System	0
African	1	Examiner of Drivers license	1
African	5	Training Committee Induction	2

African	6	Municipal Finance Management programme	1
African	1	Data Capturing	1
African	0	National Public Sector clean audit	1
African	4	Mentoring workshop	0
African	2	Records Management	0
African	3	Local Government & PMS	1
African	8	Municipal Governance Programme	11
African	2	Advance Excell	0
African	1	Assets Management	1
African	0	Annual payroll Tax updates	2
African	1	Local Government Labour law	0
African	2	Munsoft cashbook	1
African	0	Enatis full end user system	1
African	1	Landscaping	0
	1	Human Resource Training	1
Total	77		56

A total number of 133 officials were trained during the 2022/2023 financial year as compared to 116 in the 2021/2022 financial year. This is an increase of 17 officials.

4.2.2. WORK INTEGRATED LEARNING AND INTERNSHIP PROGRAMME

Students who qualify are provided with an opportunity for experiential learning so as to meet their educational needs in order to graduate.

The table below provides details of the demographic breakdown of the one currently sponsored learner for full time study:

TABLE 45: BURSARIES FOR FULL TIME STUDY PER POPULATION GROUP AND GENDER

Demographic	Male	Field of study	Female
African	0	Information Technology	1
Total	0		1

The municipality is currently sponsored one learner as mentioned above.

TABLE 46: INTERNSHIP BY POPULATION GROUP, GENDER, AND AREAS OF STUDY

Demographic	Male	Field of study	Female
African	0	Human Resources Management	4
African	1	Mechanical Engineering	4
African	4	Civil Engineering	5
	2	Electrical Engineering	6
	1	Business Administration	0
African	0	Urban & Regional Town planning	3
African	1	Public Administration	11
African	1	Accounting	11
African	1	Financial Management	1
African	5	Food & Beverage	20
African	0	Welding	2

African	0	Environmental Management	4
Total	16		71

The number of internships at any given time is stable, however, the numbers do fluctuate over quarters as the interns are on contracts and these contracts expires on different dates. Over and above, the Municipality has placed number of interns in its various departments and other relevant industries. e.g. food and beverage learners were referred to hotels and restaurants.

TABLE 47: EMPLOYEES BURSARIES PER POPULATION GROUP, GENDER, AND AREAS OF STUDY

Demographic	Male	Field of study	Female
African	4	Bachelor of Business Administration	12
African	2	Bachelor of Accounting Science	1
Total	6		13

TABLE 48. CAPACITY BUILDING – WORK FORCE

Skills Matrix						
Levels	Gender	Employees in post as at June 2023	Number of Skilled employees as of 30 June 2023			
		No	Skill program and other short courses		Other forms of Training	
			Target	Actual	Target	Actual
Councilors	Males	50	50	47	50	0
	Females	25	25	25	25	0

MM and Directors	Males	5	5	5	5	0
	Females	1	1	1	1	0
Managers & Assistant Managers	Males	23	7	7	7	0
	Females	9	4	4	4	0
Professionals	Males	98	15	35	15	0
	Females	26	15	30	15	0
Administrators	Males	94	10	27	10	0
	Females	77	10	25	10	0
Elementary	Males	103	30	11	30	0
	Females	80	30	5	30	0
TOTAL		596	120	132	120	00

All Councilors were targeted for capacity building while 120 officials were also targeted in the year under review. However, the municipality managed to train 73 councilors which is 97.3%. The municipality also managed to train 133 employees, which is over the target by 13.

COMPONENT D: MANAGING MUNICIPAL WORKFORCE EXPENDITURE:

During the year under review, the salary bill of the Municipality was **R327,124,968**. This represented an increase of **R44,550,108 which is equivalent to 15.7%** as compared to the **R282,574,860 which was reported** in the 2021/2022 Financial year, this increase is due to the new employees who were appointed during the year under review.

The overall adjusted Expenditure Budget for the year under review was **R1,265,752,000**. This means that the workforce expenditure of the Municipality was at **26%** of the total Municipality Expenditure budget which is less than the norm of **36%** set out by the National Treasury.

A landscape photograph of a savanna with a rainbow in a dark sky. The sky is dark and cloudy, with a bright rainbow arching across it. The ground is a dry, brownish-yellow savanna with some sparse vegetation. In the background, there are rolling hills and mountains. The text "Chapter 5" is centered in the middle of the image.

Chapter 5

Financial Performance

CHAPTER 5: FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of the municipality. They underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and underutilization of resources. The key objective of the Municipal Finance Management Act (2003) (MFMA) is to modernize municipal financial management. The municipality had during the year under review, implemented financial management practices that seeks to effectively and efficiently manage municipality resources.

The chapter comprises four components:

Component A: Statement of Financial Performance

Component B: Spending against Capital Budget

Component C: Cash Flow Management and Investment

Component D: Other Financial Matters

The municipal overall operating results achieved for the past financial year closed off with a profit of R7.5 million compared to a budgeted surplus of R95.5 million as well as the 2021/22 profit of R5.6 million. Operating revenue for the year was R1.19 billion (2022: R1.13 billion), which reflects an increase of 6% from previous financial period. The operating expenditure for the year was R1.18 billion (2022: R1.12 billion), which indicates a 6% increase from previous financial period.

The total capital expenditure capitalized for the year in respect of property, plant, and equipment amounted to R265.9 million (2022: R251.1 million). This includes R122.7 million from government grants, and R143.2 million from own cash resources.

5.1.1. INTRODUCTION TO FINANCIAL PERFORMANCE

Operating revenue excluding capital grants and subsidies for the year was R1.07 billion (2022: R1 billion), which shows an increase of 7% from the previous financial period. Included in the above figure are operating government grants to the amount of R451.8 million (2022: R432.9 million), which constitute 38% of total revenue as shown in the table below:

NAME OF GRANT	R
Equitable Share	445 889 000
Financial Management Grant	1 950 000
Expanded Public Works	3 259 000
LGSETA	701 240
TOTAL	451 799

Service charges jointly comprise 32% of total revenue and decreased by R3.8 million from (2022: R 389.4 million) to R385.7 million in the current financial year. Electricity remains the largest source of income and contributes 60% to municipal revenue excluding capital & operational grants. Furthermore, electricity revenue decreased by 1% from R375.7 million in the previous financial year to R371.3 million in the current year.

Property rates constitute 16% of municipal revenue and increased by 1% from R96.3 million in the previous financial year to R97.3 million in the 2022/23 financial year.

Interest received from financial institutions has increased by 38% from R6.9 million in the previous financial year to R9.6 million in the current year.

The operating expenditure for the year was R1.18 billion (2022: R1.12 million), which indicates an increase of 6% from the previous financial year. This was mainly due to increases in the following expenses:

- Depreciation & asset impairment increased by 6% from R136.6 million in the previous year to R144.8 million.
- Finance costs increased by 19% from R14.5 million in the previous year to R17.3 million in the current year.
- General expenses increased by 68% from R78.1 million in the previous year to R131.5 million in the current year.
- Bulk purchases decreased by 2% from R306.3 million in the previous financial year to R299.1 million in the current year.
- Contracted services decreased by 6% from R196.4 million in the previous financial year to R184.5 million in the current financial year.

The major expenditure items during the financial year ended 30 June 2023 were as stated above.



COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The following represent the financial summary of the municipality as audited:

5.2.FINANCIAL SUMMARY OF THE MUNICIPALITY AS AUDITED

Table 52: Financial Summary

LIM344: Makhado Local Municipality

Description R thousands	2021/22	Current Year 2022/23				
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjustment Budget %
Financial Performance						
Property rates	96 261	100 453	116 094	97 300	97%	84%
Service charges	389 445	511 136	542 975	385 664	75%	71%
Interest from financial institutions	6 914	6 731	9 056	9 569	142%	106%
Transfers recognised - operational	432 954	466 925	466 925	451 799	97%	97%
Other own revenue	75 757	148 984	131 798	123 842	83%	94%
Total Revenue (excluding capital transfers and contributions)	1 001 330	1 234 229	1 266 848	1 068 175	87%	84%
Employee costs	282 575	355 501	327 501	327 125	92%	100%
Remuneration of councillors	28 071	29 444	29 444	28 209	96%	96%
Depreciation & asset impairment	136 627	120 000	145 000	144 860	121%	100%
Finance charges	14 465	9 707	17 620	17 252	178%	98%
Debt impairment	78 229	60 715	60 715	50 881	84%	84%
Materials and bulk purchases	306 304	328 830	345 562	299 071	91%	87%
Contracted services	196 423	183 327	220 227	184 519	101%	84%
Other expenditure	78 071	117 815	132 183	131 514	112%	99%
Total Expenditure	1 120 765	1 205 339	1 278 252	1 183 432	98%	93%
Surplus/(Deficit)	(119 434)	28 890	(11 404)	(115 256)	-399%	1011%
Transfers recognised - capital	125 064	106 890	106 890	122 717	115%	115%
Surplus after capital transfers & contributions	5 630	135 780	95 486	7 461	5%	8%
Surplus for the year	5 630	135 780	95 486	7 461	5%	8%

5.2.2.GOVERNMENT CAPITAL GRANTS

The municipality received and spent capital grants during the financial year, which normally have conditions attached. The following table shows the various capital grants receipts and spending for the year ended 30 June 2023.

Table 53: Capital Grants Received And Spent

GRAND TYPE	OPENING BAL	RECEIPTS	EXPENDITURE	CLOSING BAL
MIG	-	102 597 000.00	-102 597 000.00	-
INEP	-	20 120 000.00	- 20 120 000.00	-
GRAND TOTAL	-	122 717 000.00	- 122 717 000.00	-

5.2.3.MUNICIPALITY APPROVED POLICIES

Over and above the direct requirements of different sections of the Local Government: Municipal Finance Management Act, 2003 and its Regulations, Council also adopted the budget related policies in respect of the 2022/23 financial year. The following are the policies:

Table 54: Budget Related Policies

COUNCIL APPROVED POLICIES	
Budget policy	Budget Virement
Uniform Credit Control & Debt Collection policy	Uniform Credit Control & Debt Collection by-law
Borrowing Policy	Expenditure Management Policy
Framework for Cash-flow Management Policy	Funding and Reserves Policy
Tariff and Free Basic Services Policy	Policy on Subsidy Scheme for Indigents
Investment of Funds Policy	Revenue Management Policy
Petty Cash Policy	Travel and Subsistence Policy
Principles of Writing-off of Irrecoverable Debt	Asset Management Policy
Property Rates Policy	Property Rates by-law
Supply Chain Management Policy	

5.2.4.THE ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

The municipality considers effective revenue management to be important for a financially sound institution. The municipality monitors its debt book on monthly basis through the MFMA section 71 reports and regular debtors' reconciliations. The indigent policy is in compliance with the government policy that makes provision for free basic services. This policy is further extended to the indigent and poor people of the municipality who are unemployed, depending on government grant and some are child headed. The number of indigent households that benefited during the year from both Eskom and the municipality was 1 527 and 2 314 respectively and the total cost incurred was R622 183. The breakdown of the municipality indigents are as follows, old age 2 088, below threshold 13, child headed family 18, unemployed 146 and disability 49.

In the year under review, the municipality has seen an increase in the debt book, especially with residential debtors. Management has implemented measures to ensure that amounts owed to the municipality are recovered timeously.

As at the end of the financial year the debt book amounted to R478 million. The debt has increased from R436 million to R478 million. The increase in debtors during the financial year was R42 million, representing a 10% increase from previous year. Below is the detail for the current financial year debt book per area,

AREA	2022/23 AMOUNT(R)	2021/22 AMOUNT(R)	%
Louis Trichardt	202 million	209 million	3
Dzanani	32 million	25 million	(22)
Vleifontein	42 million	41 million	(2)
Waterval	83 million	78 million	(6)
Tshikota	12 million	11 million	(8)
Farms	65 million	114 million	75
TOTAL	436 Million	478 Million	10

The municipality also established better communication with national and provincial government as a stakeholder through IGR forums, thus enabling a simplified manner of debt collection for government accounts. The collection rate from government departments averages 75% as at 30 June 2023.

The municipality still has room for improvement with regards to its collection rate. At the moment we have undertaken the exercise to replace conventional meters with prepaid meters.

The municipality had an overall debt collection rate of 90% for the 2022/23 financial year.

5.2.5.ASSET MANAGEMENT

Municipality has asset management policy that complies with all relevant legislative requirements and standards specified by the Accounting Standards Board.

The municipality has developed and maintained an asset register containing key financial data on each item of property, plant, or equipment that satisfies and complies with GRAP standards.

The municipality had non-current assets with a total cost of R3 486 279 316 as at 30 June 2023 as compared to the previous financial year balance of R3 223 708 524, which reflected 8% increase, this was due to capitalization during the year of R265 950 330 (2022: R251 087 530). The capitalization increased by 6% from the previous financial year.

Major asset categories such as Infrastructure assets constituted a greater portion of the total cost with an amount of R2 613 969 138 (2022: R2 418 463 749), representing 75% of the total asset cost, Work in progress cost of R193 285 658 (2022: R173 318 568) was 6% of total assets value, Community assets of R164 339 691 (2022: R141 163 108) was 5% of total assets value and

transport assets of R86 002 049 (2022: R78 167 816) was 2% of the total assets value at the end of the financial reporting period.

The total carrying value of municipal assets was R1 842 500 767 (2022: R1 724 790 354) for the year ended 30 June 2023.

Treatment of the three largest assets acquired 2022/23

Table 55: Three Largest Assets

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED: FIN YEAR 2022/23				
Asset One				
Name	Kutama Sinthumule Sports Facility			
Description	Construction of Kutama Sinthumule Sports Facility			
Asset Type	Sports Facility			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
Cumulative Asset Value	2022/23			
	R 44 546 864			
Capital Implications	Upgrading of road from gravel to tar road and stormwater			
Future Purpose of Asset	Provision of sports facility			
Describe Key Issues	Construction of sports facility including concrete pallisade fence			
Policies in Place to Manage Asset	Yes			
Asset Two				
Name	Makatu to Tshikota Access Road			
Description	Construction of Makatu to Tshikota access Road including stormwater including infranstructure			
Asset Type	Roads and Storm Water			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
Cumulative Asset Value	2022/23			
	R 42 221 448			
Capital Implications	Upgrading of road from gravel to tar road and stormwater			
Future Purpose of Asset	Provision of access road to Community and Storm Water Management			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			
Asset Three				
Name	Lutanandwa bridge & access road Phase 3			
Description	Construction of Lutanandwa bridge & access road			
Asset Type	Roads and Stormwater			
Key Staff Involved	PMU Manager and Director Technical Services			
Staff Responsibilities	Project Manager and Civil Engineering Technician			
Cumulative Asset Value	2022/23			
	R 40 514 024			
Capital Implications	Construction of access road and bridge			
Future Purpose of Asset	Provision of access road to Community and Storm Water Management			
Describe Key Issues	Construction of road and associated storm-water management			
Policies in Place to Manage Asset	Yes			

FINANCIAL RATIOS BASED ON KEY FINANCIAL INDICATORS

RATIO		FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS
Asset Management/Utilisation						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) x 100	10% - 20%		18%	The capital expenditure incurred during the year was 18% of total expenditure. This is reasonable based on the maximum norm of 20%.
				Total Operating Expenditure	1 183 431 501	
				Taxation Expense	-	
				Total Capital Expenditure	265 950 330	
Debtors Management						
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	95%		90%	The municipality's collection rate is 90% for the year under review. Collection efforts are being intensified in order to recover outstanding debt amounts.
				Gross Debtors closing balance	477 509 557	
				Gross Debtors opening balance	435 653 330	
				Bad debts written Off	-	
				Billed Revenue	482 964 341	
Liquidity Management						
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	1 - 3 Months		1 Month	The municipality has the ability to cover operational costs with the available cash resources during the financial year.
				Cash and cash equivalents	146 595 502	
				Unspent Conditional Grants	3 500 000	
				Overdraft	-	
				Short Term Investments	-	
				Total Annual Operational Expenditure	1 183 431 501	
2	Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1		1.24	Municipality was able to settle short term obligations due to the availability of current assets to cover payments to creditors. The ratio is favourable.
				Current Assets	391 541 626	
				Current Liabilities	316 083 587	

RATIO	FORMULA	NORM/ RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	COMMENTS
-------	---------	----------------	-------------------	----------------------------	----------

Liability Management

1	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	45%		0%	Municipality had no significant borrowings during the year under review. The outstanding obligation of R322 046 relates to leasing of photocopier machines.
				Total Debt	322 046	
				Total Operating Revenue	1 190 892 113	
				Operational Conditional Grants	451 799 240	

Revenue Management

1	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue) x 100	= CPI		8%	Municipality achieved revenue increase of 8% from previous financial year. The revenue figures excludes grants & subsidies.
				CPI	7%	
				Total Revenue (Previous)	568 376 381	
				Total Revenue (Current)	616 375 873	

Expenditure Management

1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	30 days		30 days	The creditors payment period was 30 days during the year under review. Suppliers were paid in time in compliance with the legislative requirements.
				Trade Creditors	120 955 394	
				Contracted Services	184 519 383	
				Repairs and Maintenance	-	
				General expenses	699 841 464	
				Bulk Purchases	299 070 654	
				Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	265 950 330	
2	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	25% - 40%		30%	Employee costs was 30% of the total expenditure. The ratio is favourable.
				Employee/personnel related cost	327 124 968	
				Councillors Remuneration	28 208 519	
				Total Operating Expenditure	1 183 431 501	
				Taxation Expense	-	

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.3.SPENDING ON 5 LARGEST PROJECTS

The following represent the capital spending against the capital budget:

Table 56: Capital Expenditure Of 5 Largest Projects

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current: Year 2022/ 2023			Variance: Current Year 2022/ 23	
	Project Cost	Original Budget	Adjustment Budget	Actual Expenditure	Adjustment variance (%)
A - Kutama Sinthumule Sports Facility	44 546 864	23 278 552	31 345 548	26 409 075	15.7%
D - Makatu to Tshikota Access Road	42 221 448	5 000 000	16 876 457	10 069 644	40.3%
B - Lutanandwa access road & bridge Phase 3	40 514 024	33 100 000	23 230 226	23 140 223	0.4%
C - Makhado New landfill site development (Mega Cell + stormwater)	13 070 280	14 970 000	16 564 198	14 585 263	11.9%
E - Makhado Municipal Fencing of Cementeries in Various villages	7 921 650	8 500 000	8 330 975	7 921 650	4.9%
Name of Project - A: Kutama Sinthumule Sports Facility					
Objective of Project: To promote socis -economic through sports activities					
Delays	None				
Future Challenges: none					
Anticipated citizen benefits: promote good health by participating on vaiiours sporting codes; and further accessible for any community and social events.					
Name of Project - B:Makatu to Tshikota Access Road					
Objective of Project: To ensure easy access to roads by the community.					
Delays	None				
Future Challenges:None					
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas					
Name of Project - C: Lutanandwa access road & bridge Phase 3					
Objective of Project: To ensure easy access to roads by the community.					
Delays	None				
Future Challenges: Roads infrastructure costs rapidly increasing					
Anticipated citizen benefits: Easy and comfortable access to and from areas within municipal areas					
Name of Project - D: Makhado New landfill site development (Mega Cell + stormwater)					
Objective of Project: To ensure easy access to roads by the community.					
Delays	Shortage of construction materials.				
Future Challenges: None					
Name of Project - E: Makhado Municipal Fencing of Cementeries in Various villages					
Objective of Project: To ensure that municipal cemeteries are protected by way of fencing them					
Delays	Shortage of construction materials.				
Future Challenges: None					

Table 57: Capital Expenditure

Capital Expenditure - Funding Sources: Year 2022/23					
R' 000					
Details	Year 2021/22	2022/23			
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Actual to AB Variance (%)
Source of finance					
Grants and subsidies	125 064	106 890	106 890	122 717	15%
Internal	126 024	226 079	245 079	143 233	42%
Total	251 088	332 969	351 969	265 950	24%
Capital expenditure					
Governance and administration	64 695	93 495	90 687	68 524	-24%
Community and public safety	5 542	7 769	7 769	5 870	24%
Economic and environmental services	118 715	149 605	166 413	125 743	24%
Trading services	62 136	82 100	87 100	65 813	24%
Total	251 088	332 969	351 969	265 950	24%

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENTS

5.4.CASH MANAGEMENT

Proper cash flow management is a critical element to ensure the municipality meets its obligations. A stable positive cash flow balance relative to the growth of the municipality is a good indication of the municipality financial position and health. Cash flow projections are done on a monthly basis, and cash not immediately required are invested for a better return on the short term.

With regards to municipality borrowings, the municipality had no significant borrowings during the financial year ended 30 June 2023.

The municipality is leasing photocopier machines, whereby it is paying monthly instalment for the use of the machines. These transactions resulted in recognition of Finance Lease obligations in the accounting records. As of the end of the financial year 30 June 2023, R322 046 was outstanding.

The below table analyses the municipality borrowings made during the year and previous years.

Table 58: Borrowings

Actual Borrowings: Year -2021 to Year -2023			
			R' 000
Instrument	2020/21	2021/22	2022/23
Financial Leases	1 744	1 058	322
Total	1 744	1 058	322

5.4.4.CASH AND CASH EQUIVALENTS

The below table shows the cash and cash equivalents of the municipality comparing the budgeted amounts vis-à-vis the actual cash flows.

Table 59: Statement Of Cash Flow

Statement of Cash flow				
R'000				
Description	2021/22	2022/23		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	76 926	79 107	85 896	73 727
Service charges	490 217	537 969	559 868	437 295
Grants	558 018	573 815	573 815	578 016
Other receipts	124 570	166 322	163 726	151 841
Payments				
Suppliers and employees	(1 010 450)	(899 317)	(950 850)	(1 046 777)
Finance charges	–	(100)	(100)	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	239 280	457 796	432 355	194 102
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	1 951
Payments				
Capital assets	(243 021)	(449 888)	(435 765)	(249 995)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(243 021)	(449 888)	(435 765)	(248 044)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments				
Finance lease payments	(721)	–	–	(786)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(721)	–	–	(786)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 463)	7 908	(3 410)	(54 729)
Cash/cash equivalents at the year begin:	205 786	143 652	143 652	201 324
Cash/cash equivalents at the year end:	201 324	151 560	140 242	146 596

5.4.5.COMMENT ON CASH FLOW

The cash flow from operating activities indicates a positive cash flow of R194.1 million. Further, R248 million was utilized on investment activities mainly to purchase property, plant, and equipment.

The cash flow from financing activities indicated an outflow of R786 thousand, which is mainly attributable to the repayments on finance leases (photocopiers).

Considering the above movements, the net cash position at financial year-end was R146.5 million. The municipality has adequate cash resources to settle short term obligations as they fall due.

COMPONENT D: OTHER FINANCIAL MATTERS

5.5.SUPPLY CHAIN AND EXPENDITURE MANAGEMENT

The Council has adopted a Supply Chain Management Policy and practices in compliance with the guidelines set out by the Supply Chain Management Regulations, 2005. The Preferential Procurement Regulations, 2017, with effect from 01 April 2017, was incorporated in the policy and adopted.

The SCM Policy incorporating the above-mentioned regulations, as well as all other relevant pieces of legislation, regulations, and circulars are annually reviewed during the budget process.

The municipality has established the three (3) bid committee system. No councilors are members of any committee of the committees handling supply chain processes.

The supply chain officials are currently attending accredited training modules to meet the requirements of the minimum competency levels.

COMPETITIVE BIDDING PROCESSES ACTIVITY

ACTIVITY	Bids Advertised	Evaluated	Adjudicated	Awarded	BBB-EE	Re-Advertised	Cancelled
Balance B/F	05	-	-	-	-	-	-
1 st Quarter	27	17	17	17			
2 nd Quarter	28	18	18	18		05	
3 rd Quarter	25	27	27	27		02	
4 th Quarter	31	24	24	24		04	
TOTAL	116	86	86	86		11	

All requests for adverts were processed. As at 30 June 2023, the following 19 bids were not awarded:

NO	BID NO	DESCRIPTION	CLOSING DATE	COMMENTS
01	05 of 2023	Supply, Delivery, and Installation of street names within proclaimed areas in Makhado Local Municipality for a period of Three (03) Years (as and when required)	13-Mar-23	In Evaluation
02	32 of 2023	Appointment Of a Service Provider to Extend Existing Civic Centre Wireless Connectivity from Chambers To Offices For the Period Of Three (03) Years	11-Apr-23	In Evaluation
03	44 OF 2023	Supply and delivery, SS60 and CAT 65 Bituminous Emulsion for the period of three (03) years	26-May-23	In Evaluation
04	45 OF 2023	Supply and delivery of Hot mix	26-May-23	In Evaluation

NO	BID NO	DESCRIPTION	CLOSING DATE	COMMENTS
		asphalt for period of three (03) years		
05	47 OF 2023	Supply and Delivery of Road signs	08-May-23	In Evaluation
06	49 of 2023	Provision of single Automated Performance Management System for the period of three (03) Years	05-Jun-23	In Evaluation
07	50 of 2023	Panel for provision of security services for the period of three (03) years	05-Jun-23	In Evaluation
08	51 of 2023	Provision of short-term insurance for the period of three (03) years	05-Jun-23	In Evaluation
09	52 of 2023	Appointment for a panel of contractors for road maintenance and related services in Makhado Local municipality for the period of three (03) Years	12-Jun-23	In Evaluation
10	55 of 2023	Re-Advertisement: Supply and Delivery of Office Furniture for The Whole Municipality	09-Jun-23	In Evaluation
11	57 of 2023	Supply, Delivery of Material, Labour and Construction of Khomele Paypoint Office, Guardroom Office And Septic Tank	12-Jun-23	In Evaluation
12	58 of 2023	Supply, Delivery of Material, Labour And Construction of Tshiozwi Paypoint Office, Guardroom Office And Septic Tank	12-Jun-23	In Evaluation
13	59 of 2023	Supply, Delivery of Material, Labour and Construction of Pavement at Electrical Workshop Phase 3	12-Jun-23	In Evaluation
14	56 of 2023	Re-Advertisement: Auctioneering services on municipal assets for the period of three years	26-Jun-23	In evaluation
15	60 of 2023	Supply and Delivery of Geographical Positioning System (GIS)	09-Jun-23	In Evaluation
16	62 of 2023	Upgrading of Midoroni Clinic Ring Road	03-Jul-23	On advert
17	63 of 2023	Construction of Tshuvhuyuni Sport Facility	03-Jul-23	On advert
18	64 of 2023	Upgrading of Access Roads in Tsianda (Marundu)	03-Jul-23	On advert
19	65 of 2023	Upgrading of Luvhalani to Dzananza access road	03-Jul-23	On advert

FORMAL WRITTEN QUOTATIONS AS AT 30 JUNE 2023

ACTIVITY	Quotations Advertised	Quotations Evaluated	Quotations Awarded
4 th Quarter	45	33	33

5.5.1. PROCUREMENT STATISTICS

The municipality had 74 successful bidders in the 2022/23 financial year. Of that number, 48 were male bidders representing 65%, while female were 26 in total representing 35% and there were no bidders of mixed gender (male and female).

An analysis based on age group showed that successful bidders who were among the youths were 20 in total, representing 27% and the remainder of 54 successful bidders were of the old age and represents 73% of the total successful bidders. There were no bidders with any disability since no bidder indicated disability in their bids during the year under review.

5.5.2. SUMMARY OF PROCUREMENT STATISTICS

GENDER

MALE	FEMALE	MIXED(MALE AND FEMALE)	TOTAL
48	26	0	74
65%	35%	0%	100%

AGE

YOUTH	OTHER	TOTAL
20	54	74
27%	73%	100%

5.5.3. EXPENDITURE

The Municipal Finance Management Act, (Act 56 of 2003) read together with the Municipal Budget and Reporting Regulations, provides the legislative framework within which any expenditure related transactions must take place.

Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of Makhado Municipality.

The turnaround time for processing payments is 30 days and the municipality is complying with MFMA Section 65(e).

5.5.4. GRAP COMPLIANCE

The municipality prepared its annual financial statement in line with GRAP Standards. The objectives of GRAP are the following:

1. To ensure consistency in the accounting treatment of transactions and classification of account balances in municipalities
2. To enhance comparability between similar-sized municipal bodies on a national basis
3. To enable users of financial statements to make more accurate assessments of risks and returns.

5.5.5.MSCOA IMPLEMENTATION

MSCOA System is a fully Integrated Financial Management System which is 100% South African, developed on the latest development trends and based on international open standards.

The municipality has fully complied with MSCOA regulations and started transacting live on the 01st of July 2016. This is the fifth year of transacting on MSCOA and the municipality has achieved unqualified audit opinion.

Budgeting is also being done on MSCOA which improves financial planning and reporting. Municipality is also complying on the Section 71 reporting using MSCOA

The mscoa steering committee is functional and it hold its meeting on the quarterly basis .



Chapter 6

Auditor-General Audit Findings

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1. AUDITOR-GENERAL REPORTS PREVIOUS YEAR TABLE 56. AG REPORT 2020/2021

--	--

TABLE 56. AUDIT FINDINGS 2021/2022

Component Areas	Issues Raised	Remedial Action
Annual Financial Statement	PPE: Electrification assets with no co-ordinates	Electrical assets have co-ordinates and Internal Audit has verified.
Annual Performance Report	Internal control deficiencies on indigents beneficiaries	A new Indigent Register for the 2022 Financial Year is to be developed, with all the Indigents having to reapply to be in the register, thereafter the Indigents will be reviewed in the terms of the Indigent Policy and Internal Audit has confirmed and verified new Indigent register.

6.2. AUDITOR-GENERAL REPORT – CURRENT YEAR

AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE: 2022/23 TABLE

63. AG OPINION 2022/2023

Audit Report Status*:	Unqualified Opinion
------------------------------	----------------------------



ANNEXURES A1

2022/23 Audit Report

Report of the auditor-general to provincial legislature and the council on Makhado Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Makhado Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement, appropriation statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Makhado Local Municipality as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (DoRA).

Basis for opinion

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

Emphasis of matters

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

Material losses- electricity

7. As disclosed in note 39 to the financial statements, material electricity losses of R32 725 648 (2021-2022: R36 624 559) was incurred, which represents 11% (2021-2022: 12%) of total electricity purchased.

Material impairments

8. As disclosed in note 38 to the financial statements, material losses of R 50 881 155 were incurred as a result of an impairment of irrecoverable debtors.

An uncertainty relating to the future outcome of litigations

9. With reference to note 47 to the financial statements, the municipality is the defendant in various lawsuits. The municipality is opposing these claims, as it believes that the claims are unfounded. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information as set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer/ is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Objective
Basic service delivery	[XX]	Accessible basic and infrastructure services
Local economic development	[XX]	Invest in local economy

19. I evaluated the reported performance information for the selected performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
20. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives.
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- There is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

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

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

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

25. The municipality plays a key role in delivering services to South Africans. The table that follows provides information on the achievement of planned targets and list 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 [xx to xx].

Basic services delivery

<i>Targets achieved: 72.92%</i> <i>Budget spent: 71.84%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households serviced with electricity post connections	282 households serviced with electricity post connections by 30 June 2023	245 households serviced with electricity post connections
Number of high mast lights installed	37 high mast lights installed by 30 June 2023	29 high mast installed but not energised
Upgraded Emmarentia and Boom Park Substations	Upgrade of Emmerentia and Boom Park Substation by 30 June 2023	Upgrade of Emmarentia and Boom Park substation not completed. -Procurement of equipment underway

Upgraded Breakers at Levubu and Beaufort substation	Upgrading of Levubu and Beaufort substation breakers completed by 30 June 2023	Upgrading of Levubu and Beaufort Substation breakers not completed -Procurement of equipment underway
Installation of new transformers at central main substation	Installation of new transformers at central main substation completed by 30 June 2023	Installation of new transformers at central main substation not completed. -procurement of equipment underway
Number of electricity poles replaced	650 electricity poles replaced by 30 June 2023	650 electricity poles not replaced. Services provider allocated and site handover
Upgraded Main substation (breakers, panels, isolators, current transformers, surge arrestors)	Upgraded Main substation (breakers, panels, isolators, current transformers, surge arrestors) completed by 30 June 2023	Upgrading of main substation not completed Breakers, isolators supplied
Number of indigents with access to free electricity	4250 indigents with access to free electricity by 30 June 2023	3855 indigents with access to free electricity
Number of wheelie bins purchased	1000 x 240L wheelie bins purchased by 30 June 2023	Only 200 X 240L wheelie-bins were purchased and delivered
Percentage completion of construction of a Mega Cell and Stormwater at Makhado Landfill site	70% completion of constructed of Mega Cell and Stormwater at Makhado Landfill site by 30 June 2023	52% completion of constructed of Mega Cell and Stormwater at Makhado Landfill site
Refurbished change rooms, grandstand, and ablution facilities at Rabali stadium	Refurbished change rooms, grandstand and ablution facilities completed at Rabali stadium by 30 June 2023	Refurbished change rooms, grandstand and ablution facilities at Rabali stadium not completed. Only removal of existing rooms was completed
Percentage completion of installed gym equipment at Dzanani Park	100% completion of installed gym equipment at Dzanani Park by 30 June 2023	93% Percentage completion of installed gym equipment at Dzanani Park
Percentage completion of constructed Makhado Licencing and testing Admin block	100% completion of constructed Makhado Licencing and testing Admin block by 30 June 2023	98% completion of constructed Makhado Licencing and Testing Admin Block

Local Economic development

Targets achieved: 50%		
Budget spent: 100%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of LED projects supported	6(six) projects supported by 30 June 2023	6(six) projects not supported SLA signed

Report on compliance with legislation

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

Annual financial statements

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure item identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

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

Other information in the annual report

31. The accounting officer is responsible for the other information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported in this auditor's report.
32. 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.
33. 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 areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

35. 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.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and the material findings on compliance with legislation included in this report.
37. The accounting officer did not implement adequate internal controls to ensure the preparation of accurate financial statements as material misstatements were identified, though subsequently corrected.
38. The accounting officer did not adequately review and monitor compliance with applicable laws and regulations.
39. The accounting officer did not sufficiently exercise oversight responsibility regarding financial and compliance reporting and related internal controls.

Material irregularities

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

Status of previously reported material irregularities

Prohibited investment with a mutual bank not registered in terms of the Banks Act 94 of 1990 (Banks Act): Venda Building Society (VBS) Mutual Bank

41. In the audit report dated 13 December 2021, we reported on a material irregularity (MI) incurred by the municipality. The details of this MI were as follows:
42. The municipality made investments since 12 of February 2015 with VBS. At the time (12 March 2018) of placing VBS under curatorship, the municipality had investments amounting to R62 734 416 including interest.
43. The municipality received a letter from the curator of VBS on 12 March 2018 informing them that VBS mutual bank is under curatorship and that all deposits with VBS are frozen until such time the bank is in a position to repay these deposits.
44. In terms of regulation 6 of the municipal investment regulations, a municipality may only invest deposits with banks registered in terms of the Bank Act. The municipality did not comply with municipal investment regulations, as VBS is not registered in terms of the Bank Act.
45. This non-compliance is likely to result in a financial loss for the municipality if the amount invested is not recovered in full from the estate of VBS.
46. The accounting officer was notified of the material irregularity on 9 November 2021 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded on 23 December 2021, and the following actions have been taken to address the material irregularity:
- The municipal managers' contract expired prior the VBS investigation and the council had no powers to discipline him.
 - The CFO has resigned to join another municipality and the council had no powers to discipline her.
 - The municipality lodged a claim with the curator as a creditor on 6 November 2019 in the Polokwane High Court before the master of the high court.
 - We confirm that the municipality developed an investment policy which complies with Gazette no. 27431 for MFMA and municipal investment regulation.
 - The municipality put adequate controls in place to improve the management of investments.
 - The municipality received an amount of R4 391409 from curator/ liquidator as part of recovery process and the municipality is eagerly waiting for the finalisation of

curatorship process. The municipality continues to be registered with the curator for further recoveries.

47. I received a written submission on the actions taken to address the MI on 26 October 2022. I considered the representations made and the substantiating documents provided and have concluded that appropriate actions have been taken to address the material irregularity. Therefore, I will not pursue this matter any further.

Auditor General

Polokwane

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

statements represent the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

Legislation	Sections or regulations
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

A landscape photograph of a dry, hilly area. In the foreground, there is a rocky, brownish hillside with sparse vegetation. The middle ground shows a flat, dry plain extending towards a range of low, rounded hills. The sky is a deep blue with some light clouds, and a faint rainbow is visible on the right side. The text "2021/22 Audited Annual Financial Statement" is overlaid in white, bold, sans-serif font.

2021/22 Audited Annual Financial Statement



MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements
for the year ended 30 June 2023

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Category B municipality (local municipality) envisaged in section 155(1)(b) of the Constitution of the Republic of South Africa.
Nature of business and principal activities	Provision of municipal services in terms of the Municipal Finance Management Act No. 56 of 2003 and Municipal Systems Act No. 32 of 2000.
Executive Committee	Cllr K Maphubu Cllr R.T Maingo Cllr R Raliphada Cllr N.J Matumba Cllr N Munyai Cllr M.R Magada Cllr M.W Ramalwa Cllr T.G Mukwevho Cllr N.B Jones
Mayor	Cllr N.S Munyai
Speaker	Cllr M.D Mboyi
Chief whip	Cllr R.S Baloyi
Councillors	Cllr R Mukhudwana Cllr J.J Hlongwane Cllr L Phangami Cllr H.G Maluleke Cllr M.C Malange Cllr D.J Sebola Cllr P Smalle Cllr M Ramalivhana Cllr L Mashamba Cllr E.T Sithi Cllr F.P Makhubele Cllr S.E Baloyi Cllr M.D Ndou Cllr N.J Simangwe Cllr M.E Mulefu Cllr P Mashau Cllr T.T Mushandana Cllr N.V Malivha Cllr P.N Masipa Cllr M.E Mulaudzi Cllr M.R Makwala Cllr T Kutama Cllr M.I Phuluwa Cllr T.R Ravele Cllr M Maraga Cllr N.S Nemudzivhadi Cllr F.N Madzhiga Cllr S Masuka Cllr A.S Dzhivhuho Cllr K Mukheli

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

General Information

Cllr M Mukosi
Cllr M.R Mokgoadi
Cllr N.S Mahosi
Cllr M Swalivha
Cllr R Mukhuba
Cllr F.B Hlongwane
Cllr A.Z Maphahla
Cllr C.D Halgreen
Cllr M.D Singo
Cllr N.A Mudunungu
Cllr A Madavha
Cllr M.W Ramalwa
Cllr K.P Maphakela
Cllr M.G Furumele
Cllr M.J Mpashe
Cllr M.A Selapyana
Cllr N.F Chililo
Cllr T.C Mashau
Cllr T.M Malange
Cllr W Mabasa
Cllr L.M Mathalise
Cllr N.D Davhana
Cllr T.T Ngobeni
Cllr N Kutuma
Cllr L.B Mogale
Cllr T.C Mamafha
Cllr T.J Mamafha
Cllr M.J Gabara
Cllr I.A Tshidavhu
Cllr T.T Makamu
Cllr B Hlangwani
Cllr H.G Mabudu
Cllr M.S Tshilambyana

Accounting Officer

K.M Nemaname

Acting Chief Finance Officer (CFO)

G. Raliphada

Grading of local authority

4

Registered office

Corner Krogh and Erasmus Street
Makhado
0920

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

General Information

Business address	Corner Krogh and Erasmus Street Makhado 0920
Postal address	Private Bag X2596 Makhado 0920
Bankers	First National Bank
Audit and Performance Audit Committee	Ms J Masite(Chairperson) Ms MP Ramutsheli Mr A Tshikovhi Mr LJ Muthivhi
Attorneys	Panel of attorneys of the Municipality Makhuvha EM Kgoroadira Mudau Incorporated Nthambeleni Dabishi Attorneys Inc S Muedi Incorporated TT Ngobeni Attorneys Rerani Mawila JV Attorneys Gogome Ndou Attorneys JV Popela Maake Inc Mudau Netshipise Attorneys LRM Attorneys

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Index

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

	Page
Accounting Officer's Responsibilities and Approval	5
Accounting Officer's Report	6 - 9
Statement of Financial Position	10
Statement of Financial Performance	11
Statement of Changes in Net Assets	12
Cash Flow Statement	13
Statement of Comparison of Budget and Actual Amounts	14 - 17
Appropriation Statement	18 - 19
Accounting Policies	20 - 59
Notes to the Annual Financial Statements	60 - 113
Appendixes:	
Appendix B: Analysis of Property, Plant and Equipment	114
Appendix D: Segmental Statement of Financial Performance	120
Appendix C: Actual versus Budget (Revenue and Expenditure)	121
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	123

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

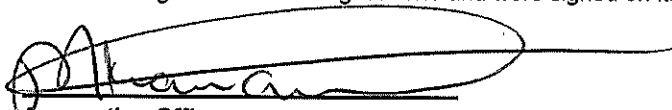
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on the government for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality's operations.

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

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

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:


Accounting Officer
K.M Nemaname

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The municipality's total income for the period ended 30 June 2023 increased by 6% from R1 126 394 103 in the previous financial period to R1 190 892 113 in the current period. Below table analyses the total income of the municipality in a particular financial period as a proportion of the type of income of the municipality. For the period ended 30 June 2023, Grants and subsidies was the major contributor to total income of the municipality with a 48.2% [2022:49.5%] contributing factor followed by service charges which contributed 32.4% [2022: 34.6%] of the total income, which was mainly sale of electricity as well as refuse collection.

Net surplus of the municipality was 7 460 612 (2022: surplus 5 629 593).

Proportion of income generated/raised

2023

Type of income	Proportion of contribution to income.	Amount
Service charges	32,38 %	385 664 462
Rental of facilities and equipment	0,03 %	321 030
Agency services	0,38 %	4 556 844
Licences and permits	0,32 %	3 790 850
Interest earned -outstanding receivables: Exchange	1,20 %	14 272 415
Other revenue - Exchange transactions	4,50 %	53 559 025
Interest received from financial institutions	0,80 %	9 569 147
Actuarial gains	1,52 %	18 155 355
Interest earned -outstanding receivables: Non exchnage	1,93 %	23 042 009
Property rates	8,17 %	97 299 879
Fines, Penalties and Forfeits	0,52 %	6 144 857
Government grants & subsidies	48,24 %	574 516 240

2022

Type of income	Proportion of contribution to income.	Amount
Service charges	34,57 %	389 445 230
Rental of facilities and equipment	0,02 %	239 386
Agency services	0,36 %	4 107 933
Licences and permits	0,36 %	4 053 393
Interest earned -outstanding receivables: Exchange	1,05 %	11 803 142
Other revenue - Exchange transactions	1,37 %	15 449 903
Interest received from financial institutions	0,61 %	6 913 853
Actuarial gains	0,75 %	8 443 504
Interest earned -outstanding receivables: Non exchnage	1,73 %	19 433 737
Property rates	8,55 %	96 260 597
Fines, Penalties and Forfeits	0,32 %	3 629 294
Government grants & subsidies	49,54 %	558 017 722
Other revenue - Non exchnage transactions	0,76 %	8 596 409

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of 1 785 334 720 (2022: R1 777 874 108) and that the municipality's total assets exceed its liabilities by 1 785 334 720 (2022:R1 777 874 108) .

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations of the municipality.

3. Subsequent events

The accounting officer is not aware of any material events that occurred between the end of the reporting period 30 June 2023 and the date that the financial statements are authorised for issue. Refer to Note 52

4. Accounting Officers' interest in contracts

The municipality has a policy relating to declaration of interest in contracts and other related transactions. This was adhered to in that the relevant officials with interests in SCM related transactions declared (both potential and existing) declared their interests.

5. Accounting policies

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

6. Accounting Officer

The accounting officer of the municipality is as follows:

Name	Nationality
K.M Nemaname	South African

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

7. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discusses the responsibilities of management in this respect, at Management meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code are outlined below:

Council

The Council:

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

Remuneration

The upper limits of the remuneration of the councillors, are determined in terms of Government Notices issued by the Minister of Co-operative Governance and Traditional Affairs, as required by the Remuneration of Public Office Bearers Act No. 20 of 1998.

Committee meetings

The accounting officer meets on a scheduled basis with the Executive Committee as well as the Audit & Performance Audit Committee. The Committee Chairpersons have access to all members of management (Section 57 Managers) of the municipality. Furthermore, the accounting officer meets with the Municipal Public Accounts Committee (MPAC) as and when the need arises.

Audit and risk committee

The Chairperson of the audit committee is an independent audit committee member. The committee met on a regular basis during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, Makhado Local Municipality must appoint members of the Audit and Performance Committee.

Internal audit

The municipality has an internal audit function, which is in compliance with the Municipal Finance Management Act, 2003 section 165.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Report

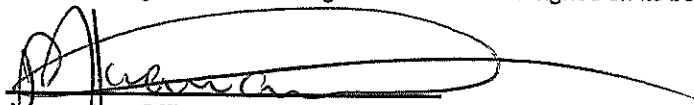
8. Bankers

First National Bank is the municipality's bank. The municipality's bankers did not change during the current year.

9. Auditors

will continue in office for the next financial period.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



Accounting Officer
K.M Nemaname

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Non-Current Assets			
Investment property	2	15 438 133	15 884 271
Property, plant and equipment	3	1 823 292 525	1 704 589 996
Intangible assets	4	1 609 780	2 155 758
Heritage assets	5	2 160 329	2 160 329
		1 842 500 767	1 724 790 354
Current Assets			
Inventories	7	119 081 129	128 637 294
Sundry Debtors	8	18 033 266	21 274 384
Receivables from non-exchange transactions	9	1 239 500	1 823 085
VAT receivable	10	3 167 064	-
Consumer debtors - Exchange transactions	11	62 839 619	78 289 593
Consumer debtors - Non- Exchange transactions	11	40 585 546	36 578 050
Cash and cash equivalents	12	146 595 502	201 324 162
		391 541 626	467 926 568
Total Assets		2 234 042 393	2 192 716 922
Liabilities			
Current Liabilities			
Employee benefit obligation	6	5 138 000	4 871 000
Finance lease obligation	13	322 046	735 751
Unspent conditional grants and receipts	14	3 500 000	-
Performance bonus obligation	15	251 579	125 790
Rehabilitation provision	16	5 000 000	10 000 000
Deferred Income	17	153 578	174 247
Payables from exchange transactions	18	286 096 946	223 110 824
VAT payable	19	-	17 681 944
Consumer deposits	20	15 621 438	15 957 818
		316 083 587	272 657 374
Non-Current Liabilities			
Employee benefit obligation	6	106 614 000	112 542 000
Finance lease obligation	13	-	322 046
Performance bonus obligation	15	-	125 789
Rehabilitation provision	16	26 010 086	29 195 605
		132 624 086	142 185 440
Total Liabilities		448 707 673	414 842 814
Net Assets		1 785 334 720	1 777 874 108
Accumulated surplus		1 785 334 720	1 777 874 108
Total Net Assets		1 785 334 720	1 777 874 108

* See Note 49

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	385 664 462	389 445 230
Rental of facilities and equipment	23	321 030	239 386
Agency services	25	4 556 844	4 107 933
Licences and permits	26	3 790 850	4 053 393
Interest earned -outstanding receivables	27	14 272 415	11 803 142
Other revenue	28	53 559 025	15 449 903
Interest received from financial institutions	29	9 569 147	6 913 853
Actuarial gains	42	18 155 355	8 443 504
Total revenue from exchange transactions		489 889 128	440 456 344
Revenue from non-exchange transactions			
Taxation revenue			
Interest earned -outstanding receivables	27	23 042 009	19 433 737
Property rates	30	97 299 879	96 260 597
Transfer revenue			
Fines, Penalties and Forfeits	24	6 144 857	3 629 294
Government grants & subsidies	31	574 516 240	558 017 722
Other revenue	32	-	8 596 409
Total revenue from non-exchange transactions		701 002 985	685 937 759
Total revenue	21	1 190 892 113	1 126 394 103
Expenditure			
Employee related costs	33	(327 124 968)	(282 574 860)
Remuneration of councillors	34	(28 208 519)	(28 070 806)
Depreciation and amortisation	35	(140 293 131)	(135 253 055)
Impairment of non - cash generating assets	36	(4 567 245)	(1 373 483)
Finance costs	37	(17 252 094)	(14 464 554)
Debt Impairment	38	(50 881 155)	(78 229 445)
Bulk purchases	39	(299 070 654)	(306 303 648)
Contracted services	40	(184 519 383)	(196 423 365)
General Expenses	41	(102 677 704)	(74 651 636)
Inventories losses/write-downs	43	(1 089 819)	(3 419 658)
Loss on disposal of assets	44	(27 746 829)	-
Total expenditure		(1 183 431 501)	(1 120 764 510)
Surplus for the year		7 460 612	5 629 593

* See Note 49

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1 773 439 314	1 773 439 314
Adjustments		
Prior year adjustments 49	(1 194 800)	(1 194 800)
Balance at 01 July 2021 as restated*	1 772 244 515	1 772 244 515
Changes in net assets		
Surplus/(Loss) for the year [Restated - Note 49]	5 629 593	5 629 593
Total changes	5 629 593	5 629 593
Adjustments		
Balance at 01 July 2022 as restated*	1 777 874 108	1 777 874 108
Changes in net assets		
Surplus /(Loss) for the year	7 460 612	7 460 612
Total changes	7 460 612	7 460 612
Balance at 30 June 2023	1 785 334 720	1 785 334 720
Note(s)		

* See Note 49

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Property rates		73 726 746	76 926 185
Service charges		437 295 185	490 216 505
Grants		578 016 240	558 017 722
Traffic Fines & Penalties		1 726 907	569 161
Licence & permits		4 321 252	3 986 600
Other income		75 057 219	55 186 936
VAT Received		53 963 413	48 638 475
Interest Income		16 771 981	16 188 568
		<u>1 240 878 943</u>	<u>1 249 730 152</u>
Payments			
Employee costs		(329 366 578)	(302 104 768)
Payments to suppliers		(717 410 090)	(708 345 651)
		<u>(1 046 776 668)</u>	<u>(1 010 450 418)</u>
Net cash flows from operating activities	45	<u>194 102 275</u>	<u>239 279 734</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(249 927 897)	(241 692 133)
Proceeds from sale of property, plant and equipment	3	1 950 785	-
Purchase of other intangible assets	4	(67 333)	(1 328 928)
Net cash flows from investing activities		<u>(248 044 445)</u>	<u>(243 021 061)</u>
Cash flows from financing activities			
Finance lease payments		<u>(786 490)</u>	<u>(720 952)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(54 728 660)</u>	<u>(4 462 279)</u>
Cash and cash equivalents at the beginning of the year		<u>201 324 162</u>	<u>205 786 441</u>
Cash and cash equivalents at the end of the year	12	<u>146 595 502</u>	<u>201 324 162</u>

The accounting policies on pages 20 to 59 and the notes on pages 60 to 113 form an integral part of the annual financial statements.

* See Note 49

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	511 136 000	31 839 000	542 975 000	385 664 462	(157 310 538)	Refer to Appendix C
Rental of facilities and equipment	315 000	-	315 000	321 030	6 030	Refer to Appendix C
Interest earned - outstanding receivables	11 741 523	3 374 823	15 116 346	14 272 415	(843 931)	
Agency services	-	-	-	4 556 844	4 556 844	Refer to Appendix C
Licences and permits	4 020 000	(112 000)	3 908 000	3 790 850	(117 150)	
Other revenue	109 664 000	(26 209 000)	83 455 000	53 559 025	(29 895 975)	Refer to Appendix C
Interest received - financial institutions	6 731 000	2 325 000	9 056 000	9 569 147	513 147	Refer to Appendix C
Total revenue from exchange transactions	643 607 523	11 217 823	654 825 346	471 733 773	(183 091 573)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	100 453 000	15 641 000	116 094 000	97 299 879	(18 794 121)	Refer to Appendix C
Interest earned - outstanding receivables	18 798 477	5 403 177	24 201 654	23 042 009	(1 159 645)	Refer to Appendix C
Transfer revenue						
Government grants & subsidies	573 815 000	-	573 815 000	574 516 240	701 240	Refer to Appendix C
Fines, Penalties and Forfeits	4 445 000	357 000	4 802 000	6 144 857	1 342 857	Refer to Appendix C
Total revenue from non-exchange transactions	697 511 477	21 401 177	718 912 654	701 002 985	(17 909 669)	
Total revenue	1 341 119 000	32 619 000	1 373 738 000	1 172 736 758	(201 001 242)	
Expenditure						
Personnel	(355 501 000)	28 000 000	(327 501 000)	(327 124 968)	376 032	Refer to Appendix C
Remuneration of councillors	(29 444 000)	-	(29 444 000)	(28 208 519)	1 235 481	Refer to Appendix C
Depreciation, amortisation & impairment	(120 000 000)	(25 000 000)	(145 000 000)	(144 860 376)	139 624	Refer to Appendix C
Finance costs	(9 707 000)	(7 913 000)	(17 620 000)	(17 252 094)	367 906	Refer to Appendix C
Debt Impairment	(60 715 000)	-	(60 715 000)	(50 881 155)	9 833 845	Refer to Appendix C
Bulk purchases	(328 830 000)	(4 232 000)	(333 062 000)	(299 070 654)	33 991 346	Refer to Appendix C

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted Services	(183 327 000)	(36 900 000)	(220 227 000)	(184 519 383)	35 707 617	Refer to Appendix C
General Expenses	(117 815 000)	13 732 000	(104 083 000)	(102 677 704)	1 405 296	Refer to Appendix C
Total expenditure	(1 205 339 000)	(32 313 000)	(1 237 652 000)	(1 154 594 853)	83 057 147	
Operating surplus	135 780 000	306 000	136 086 000	18 141 905	(117 944 095)	
Loss on disposal of assets	-	(28 000 000)	(28 000 000)	(27 746 829)	253 171	
Actuarial gains	-	-	-	18 155 355	18 155 355	
Inventories losses/write-downs	-	(100 000)	(100 000)	(1 089 819)	(989 819)	
	-	(28 100 000)	(28 100 000)	(10 681 293)	17 418 707	
Surplus for the year	135 780 000	(27 794 000)	107 986 000	7 460 612	(100 525 388)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	135 780 000	(27 794 000)	107 986 000	7 460 612	(100 525 388)	

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	110 578 000	(3 000 000)	107 578 000	119 081 129	11 503 129	
Sundry Debtors	87 265 544	(27 477 762)	59 787 782	18 033 266	(41 754 516)	
Receivables from non-exchange transactions	1 566 456	(493 238)	1 073 218	1 239 500	166 282	
VAT receivable	-	-	-	3 167 064	3 167 064	
Consumer debtors	91 703 000	32 243 000	123 946 000	103 425 165	(20 520 835)	
Cash and cash equivalents	151 560 000	(11 318 000)	140 242 000	146 595 502	6 353 502	
	442 673 000	(10 046 000)	432 627 000	391 541 626	(41 085 374)	

Non-Current Assets

Investment property	16 345 000	-	16 345 000	15 438 133	(906 867)	
Property, plant and equipment	2 719 885 000	(34 114 000)	2 685 771 000	1 823 292 525	(862 478 475)	
Intangible assets	622 000	91 000	713 000	1 609 780	896 780	
Heritage assets	-	-	-	2 160 329	2 160 329	
	2 736 852 000	(34 023 000)	2 702 829 000	1 842 500 767	(860 328 233)	

Total Assets

3 179 525 000 (44 069 000) 3 135 456 000 2 234 042 393 (901 413 607)

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	322 046	322 046	
Payables from exchange transactions	122 689 000	(16 274 000)	106 415 000	286 096 946	179 681 946	
Consumer deposits	10 458 000	(20 916 000)	(10 458 000)	15 621 438	26 079 438	
Employee benefit obligation	-	-	-	5 138 000	5 138 000	
Unspent conditional grants and receipts	-	-	-	3 500 000	3 500 000	
Rehabilitation provision	26 893 000	(53 787 000)	(26 894 000)	5 000 000	31 894 000	
Performance bonus obligation	-	-	-	251 579	251 579	
Deferred Income	-	-	-	153 578	153 578	
	160 040 000	(90 977 000)	69 063 000	316 083 587	247 020 587	

Non-Current Liabilities

Employee benefit obligation	-	-	-	106 614 000	106 614 000	
Rehabilitation provision	121 789 000	-	121 789 000	26 010 086	(95 778 914)	
	121 789 000	-	121 789 000	132 624 086	10 835 086	

Total Liabilities

281 829 000 (90 977 000) 190 852 000 448 707 673 257 855 673

Net Assets

2 897 696 000 46 908 000 2 944 604 000 1 785 334 720 (1 159 269 280)

Reserves

Accumulated surplus	2 897 696 000	46 908 000	2 944 604 000	1 785 334 720	(1 159 269 280)	
---------------------	---------------	------------	----------------------	---------------	------------------------	--

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Property Rates	79 107 000	6 789 000	85 896 000	73 726 746	(12 169 254)
Services Charges	537 969 000	21 899 000	559 868 000	437 295 185	(122 572 815)
Grants	573 815 000	-	573 815 000	578 016 240	4 201 240
Other receipts	166 322 000	(2 596 000)	163 726 000	151 840 772	(11 885 228)
	1 357 213 000	26 092 000	1 383 305 000	1 240 878 943	(142 426 057)

Payments

Suppliers and employees	(899 317 000)	(51 533 000)	(950 850 000)	(1 046 776 668)	(95 926 668)
Finance costs	(100 000)	-	(100 000)	-	100 000
	(899 417 000)	(51 533 000)	(950 950 000)	(1 046 776 668)	(95 826 668)

Net cash flows from operating activities	457 796 000	(25 441 000)	432 355 000	194 102 275	(238 252 725)
---	--------------------	---------------------	--------------------	--------------------	----------------------

Cash flows from investing activities

Purchase of property, plant and equipment	(449 888 000)	14 123 000	(435 765 000)	(249 927 897)	185 837 103
Proceeds from sale of property, plant and equipment	-	-	-	1 950 785	1 950 785
Purchase of other intangible assets	-	-	-	(67 333)	(67 333)

Net cash flows from investing activities	(449 888 000)	14 123 000	(435 765 000)	(248 044 445)	187 720 555
---	----------------------	-------------------	----------------------	----------------------	--------------------

Cash flows from financing activities

Finance lease payments	-	-	-	(786 490)	(786 490)
------------------------	---	---	---	-----------	------------------

Net increase/(decrease) in cash and cash equivalents	7 908 000	(11 318 000)	(3 410 000)	(54 728 660)	(51 318 660)
--	-----------	--------------	--------------------	--------------	---------------------

Cash and cash equivalents at the beginning of the year	143 652 000	-	143 652 000	201 324 162	57 672 162
--	-------------	---	--------------------	-------------	-------------------

Cash and cash equivalents at the end of the period	151 560 000	(11 318 000)	140 242 000	146 595 502	6 353 502
---	--------------------	---------------------	--------------------	--------------------	------------------

Reconciliation

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

2023

Financial Performance

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Property rates	100 453 000	15 641 000	116 094 000	-	-	116 094 000	97 299 879		(18 794 121)	84 %	97 %
Service charges	511 136 000	31 839 000	542 975 000	-	-	542 975 000	385 664 462		(157 310 538)	71 %	75 %
Investment revenue	6 731 000	2 325 000	9 056 000	-	-	9 056 000	9 569 147		513 147	106 %	142 %
Transfers recognised - operational	466 925 000	-	466 925 000	-	-	466 925 000	451 799 240		(15 125 760)	97 %	97 %
Other own revenue	148 984 000	(17 186 000)	131 798 000	-	-	131 798 000	124 327 258		(7 470 742)	94 %	83 %
Total revenue (excluding capital transfers and contributions)	1 234 229 000	32 619 000	1 266 848 000	-	-	1 266 848 000	1 068 659 986		(198 188 014)	84 %	87 %
Employee costs	(355 501 000)	35 000 000	(320 501 000)	-	(7 000 000)	(327 501 000)	(327 124 968)	-	376 032	100 %	92 %
Remuneration of councillors	(29 444 000)	-	(29 444 000)	-	-	(29 444 000)	(28 208 519)	-	1 235 481	96 %	96 %
Debt impairment	(60 715 000)	-	(60 715 000)			(60 715 000)	(50 881 155)	-	9 833 845	84 %	84 %
Depreciation and asset impairment	(120 000 000)	(20 000 000)	(140 000 000)		(5 000 000)	(145 000 000)	(144 860 376)	-	139 624	100 %	121 %
Finance charges	(9 707 000)	(7 913 000)	(17 620 000)	-	-	(17 620 000)	(17 252 094)	-	367 906	98 %	178 %
Materials and bulk purchases	(328 830 000)	(16 732 000)	(345 562 000)	-	-	(345 562 000)	(299 070 654)	-	46 491 346	87 %	91 %
Other expenditure	(301 142 000)	(56 268 000)	(357 410 000)	-	17 500 000	(339 910 000)	(316 518 608)	-	23 391 392	93 %	105 %
Total expenditure	(1 205 339 000)	(65 913 000)	(1 271 252 000)	-	5 500 000	(1 265 752 000)	(1 183 916 374)	-	81 835 626	94 %	98 %
Surplus/(Deficit)	28 890 000	(33 294 000)	(4 404 000)	-	-	1 096 000	(115 256 388)		(116 352 388)	(10 516)%	(399)%

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	106 890 000	-	106 890 000	-	-	106 890 000	122 717 000		15 827 000	115 %	115 %
Surplus (Deficit) after capital transfers and contributions	135 780 000	(33 294 000)	102 486 000	-	-	107 986 000	7 460 612		(100 525 388)	7 %	5 %
Surplus/(Deficit) for the year	135 780 000	(33 294 000)	102 486 000	-	-	107 986 000	7 460 612		(100 525 388)	7 %	5 %

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
-----------------	---------	------	------

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 New standards and interpretations

Standards and interpretations effective and adopted in the current year

There are no standards adopted in the current year that are relevant to the municipality's operations.

Standards and Interpretations early adopted

The municipality has chosen not to early adopt any standards and interpretations.

Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 01, 2023 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

These revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect the following:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

The effective date of the amendment is not yet set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 25: Employee Benefits

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The municipality expects to adopt the standard for the first time in the future. The effective date of these revisions have not yet been set.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

iGRAP 7: Limit on defined benefit asset, minimum funding requirements and their interaction

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (iGRAP 7).

The effective date of these revisions has not yet been set. The municipality expects to adopt the revisions for the first time in the future.

The adoption of this revisions is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The guideline is encouraged to be used by entities. The municipality expects to adopt the guideline for the first time in the future. It is unlikely that the guideline will have a material impact on the economic entity's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

A municipality applies judgement based on past experience and current facts and circumstances. The effective date of this amendment is for years beginning on or after 01 April 2025.

The municipality expects to adopt the amendment for the first time in the 2024/2025 financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

1.4 Materiality

Material 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.

1.5 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made some judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively. In the process of applying the municipality's accounting policies the following estimates, were made:

Trade and other receivables

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

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

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of intangible 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. 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 tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Rehabilitation provisions.

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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

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.

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 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.

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the municipality, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

1.6 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.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

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

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

1.7 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.

Initial measurement.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

Subsequent measurement

The municipality will, after initial recognition, treat items of PPE in terms of the cost model, thus carried at cost less any accumulated depreciation and accumulated impairment losses.

Depreciation

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.

Useful lives

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

Item	Depreciation method	Average useful life
Land and Buildings		
• Land	Straight-line	Indefinite
• Buildings	Straight-line	30 Years
Other assets		
• Furniture and fittings	Straight-line	5 - 19 Years
• Air conditioners	Straight-line	5 - 9 Years
• Office machines	Straight-line	5 - 19 Years
• Computer hardware	Straight-line	5 - 19 Years
• Transport assets	Straight-line	7 - 30 Years
Infrastructure		
• Roads ,Bridges and Storm water	Straight-line	10 - 100 Years

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

• Pedestrian malls	Straight-line	10 - 70 Years
• Electricity	Straight-line	10 - 70 Years
• Security measures	Straight-line	3 - 7 Years
•		
Community Assets		
• Buildings and other assets	Straight-line	05 - 50 Years
• Recreational facilities	Straight-line	15 - 30 Years
• Watercraft	Straight-line	15 Years
• Emergency equipment	Straight-line	05 - 15 Years
• Plant and equipment	Straight-line	05 - 40 Years
• Landfill sites	Straight-line	05 - 50 Years
• Bins and containers	Straight-line	05 - 10 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.

Assets under construction.

Assets under construction are stated at cost and not depreciated until the respective assets are completed and ready for use. Assets under construction are also assessed for impairment.

Derecognition

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

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

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

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

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

Impairment of non-cash generating assets

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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. 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.

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.

1.8 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.

1.9 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

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
Computer software, other	Straight-line	2 - 10 Years

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

Intangible assets are derecognised:

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

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

1.10 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Heritage assets (continued)

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

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

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Heritage assets (continued)

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

1.11 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 uncollectability.

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.

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Financial instruments (continued)

- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

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

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Financial instruments (continued)

Class	Category
Consumer Debtors	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other short term receivables	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Other short term payables	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value, plus in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Reclassification

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Financial instruments (continued)

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

The municipality assesses the financial assets for impairment individually, when assets are individually significant, or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment for impairment.

For collective assessments of impairment, assets with similar characteristics are grouped together. The credit risk characteristics are indicative of the debtors' ability to pay all amounts due according to contractual terms.

In making this assessment, management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the debtor;
- Delays in payments (including interest payments) or failure to pay / defaults;
- The probability that the borrower / debtor will enter sequestration (bankruptcy);
- Observable historical data indicating that there is a decrease in the estimated future cash flows that will be received by the municipality from a group of financial assets since the initial recognition of those assets;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Accounts in arrears for a period longer than the initial estimated repayment period;
- Accounts with a provision factor of more than 10; and
- Accounts handed over for collection.

Management considers all the indicators above as guidance but only uses the indicators for which there is sufficient information to make the assessment for possible or actual impairment.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Financial instruments (continued)

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.12 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - 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.

1.13 Inventories

The municipality recognises inventories as an asset when:

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

Initial recognition and measurement

Inventories, consisting of consumable stores, land inventories and raw materials are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 Inventories (continued)

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date of acquisition.

Subsequent measurement

Consumable stores and raw materials are valued at the lower of cost and net realisable value unless they are distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted average cost method.

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

Redundant and slow moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Differences arising on the valuation of inventory are recognised in surplus or deficit in the year in which they arose. The amount of any reversal of any write down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories. Such reversal is recognised in surplus or deficit in the period in which the reversal occurs.

Land inventory held by the municipality for the purpose of resale is carried at cost and accounted for as inventory.

Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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.

1.14 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. 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.

The municipality does not have bank overdraft facilities.

1.15 Consumer deposits

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding accounts.

Consumers are also allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the Municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

1.16 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 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.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Impairment of cash-generating assets (continued)

- 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.

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.

1.17 Impairment of non-cash-generating assets

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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

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

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

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

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

Recoverable 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:

Depreciated replacement cost approach

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Value added tax

The municipality is registered for Value Added Tax (VAT) on the payment basis to SARS in accordance with the VAT Act no 89 of 1991. The annual financial statements have been prepared on the accrual basis of accounting. The municipality declares output tax and claims input tax in the tax period only to the extent to which payment under consideration is received or made in that tax period. The municipality accounts for VAT on a monthly basis.

1.19 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- a municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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

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 municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the 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 municipality 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Employee benefits (continued)

The entity recognises the expected cost of bonus, incentive and performance related payments when the municipality 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 a municipality provides post-employment benefits for one or more employees.

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality 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 municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

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

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

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 municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Employee benefits (continued)

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an entity (a fund) that is legally separate from the reporting municipality 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 municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality'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 municipality 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 municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality 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;

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Employee benefits (continued)

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Employee benefits (continued)

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 municipality 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.

Termination benefits

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

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

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.20 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 Provisions and contingencies (continued)

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 Provisions and contingencies (continued)

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

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

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

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

Decommissioning, restoration and similar liability

The municipality has an obligation to dismantle, remove and restore items of property plant and equipment. The estimated cost to rehabilitate the landfill sites is performed by qualified engineers, using various assumptions. A provision is then made using those costs. The related cost is measured at cost:

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity 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.

1.21 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.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments,
- where the expenditure has been approved and the contract has been awarded at the reporting date, and
- where disclosure is required by a specific standard of GRAP.

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the municipality will discharge its responsibilities thereby incurring future expenditure that will result in an outflow of cash.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from exchange transactions (continued)

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

Interest earned

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Prepaid Electricity

Revenue from the sale of electricity pre-paid meter cards is recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date. Prepaid electricity liability portion is estimated based on the average unit sales and rate per unit as at 30 June 2023 and 30 June 2024 based on the Contour Prepaid Electricity vending system.

Service charges relating to electricity

Service charges relating to electricity are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption. Revenue arising from the consumption of electricity in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Refuse removal

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Service charges

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Revenue from exchange transactions (continued)

Service charges are recognised on a monthly basis in arrears by applying the approved tariff and/or contract conditions. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income

Rental income is recognised on an ad hoc basis through the renting of municipal facilities such as halls, sports grounds, lease of tents etc. and is charged using the relevant approved tariffs.

Licenses and permits

Revenue of specific licenses and permits is recognised on an ad hoc basis by applying tariffs determined and approved by the Department of Transport and adopted by the municipal council on a yearly basis.

Other Income

Other income included amongst others the following:

- Sale of bid documents;
- Advertising; and
- Sale of municipal land

1.23 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

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.

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.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Government grants

Equitable Share:

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional Grants:

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Property rates

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a differential rating system i.e business, farming and residential properties. In terms of this system, assessment rates are levied on the market value in respect of properties. Rebates are granted according to the use of the property concerned.

1.24 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all surplus (deficit) 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract on a systematic and rational basis; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.25 Investment income

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

1.26 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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.26 Accounting by principals and agents (continued)

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.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

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

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

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

1.27 Comparative figures

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

Current year comparatives (Budget):

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.27 Comparative figures (continued)

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Certain comparative figures have been reclassified. The nature and reasons for the reclassification and restatement are disclosed in Note 49 "Prior year adjustments" to the financial statements.

1.28 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).

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

1.29 Fruitless and wasteful expenditure

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

Fruitless and wasteful 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).

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.

1.30 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act, (Act No. 56 of 2003) is expenditure incurred by a municipality that is not in accordance with or in contravention of:

- the MFMA, and which has not been condoned in terms of Section 70;
- the Municipal Systems Act, (Act 32 of 2000) and which has not been condoned in terms of that Act;
- the Public Office-Bearers Act, (Act No.20 of 1998);
- the requirements of a supply chain management policy of the municipality or in accordance with the municipality's by-laws giving effect to such policy and which has not been condoned in terms of such policy or by-law.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.30 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the municipal council must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.31 Budget information

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

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

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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

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

1.32 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.33 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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2. Investment property

		2023		2022	

Reconciliation of investment property - 2023

	Opening balance	Impairments	Depreciation	Total
Investment property	15 884 270	(64 426)	(381 711)	15 438 133

Reconciliation of investment property - 2022

	Opening balance	Additions	Depreciation	Total
Investment property	15 583 573	682 408	(381 711)	15 884 270

Pledged as security

No investment property of the municipality was pledged as security.

Details of property

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.

Details of valuation

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

2. Investment property (continued)

The municipality measures investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	233 202 225	-	233 202 225	233 202 225	-	233 202 225
Buildings	60 530 401	(23 292 230)	37 238 171	53 464 195	(20 412 788)	33 051 407
Machinery and equipment	67 389 410	(37 089 962)	30 299 448	61 215 140	(30 778 335)	30 436 805
Furniture and office equipment	17 545 346	(13 864 357)	3 680 989	17 201 205	(12 481 292)	4 719 913
Transport assets	86 002 049	(41 892 275)	44 109 774	78 167 816	(34 403 341)	43 764 475
Computer equipment	17 086 312	(9 280 135)	7 806 177	14 722 559	(7 243 360)	7 479 199
Infrastructure assets	2 613 969 138	(1 467 055 651)	1 146 913 487	2 418 463 749	(1 349 378 260)	1 069 085 489
Community assets	164 339 691	(37 725 625)	126 614 066	141 163 108	(31 766 985)	109 396 123
Library Books	2 551 053	(2 408 523)	142 530	2 470 476	(2 334 684)	135 792
Work In Progress	193 285 658	-	193 285 658	173 318 568	-	173 318 568
Total	3 455 901 283	(1 632 608 758)	1 823 292 525	3 193 389 041	(1 488 799 045)	1 704 589 996

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 202 225	-	-	-	-	-	-	233 202 225
Buildings	33 051 407	-	(323 612)	-	7 389 818	(2 030 115)	(849 327)	37 238 171
Machinery and equipment	30 436 805	6 310 238	(135 968)	-	-	(6 285 304)	(26 323)	30 299 448
Furniture and office equipment	4 719 913	418 233	(74 092)	-	-	(1 370 118)	(12 947)	3 680 989
Transport assets	43 764 475	8 437 490	(603 257)	-	-	(7 488 759)	(175)	44 109 774
Library Books	135 792	82 156	(1 579)	-	-	(73 839)	-	142 530
Computer equipment	7 479 199	2 538 165	(174 412)	-	-	(2 006 154)	(30 621)	7 806 177
Infrastructure assets	1 069 085 489	-	(28 150 174)	-	223 655 563	(114 470 498)	(3 206 893)	1 146 913 487
Community assets	109 396 123	400 000	(2 844)	-	22 779 427	(5 582 107)	(376 533)	126 614 066
Work In Progress	173 318 568	283 960 811	-	(10 168 913)	(253 824 808)	-	-	193 285 658
	1 704 589 996	302 147 093	(29 465 938)	(10 168 913)	-	(139 306 894)	(4 502 819)	1 823 292 525

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers to expenditure	Transfers to completed projects	Depreciation	Impairment loss	Closing Balance
Land	233 839 633	45 000	(682 408)	-	-	-	-	233 202 225
Buildings	26 762 912	4 160 001	-	-	4 134 314	(1 986 472)	(19 348)	33 051 407
Machinery and equipment	23 349 465	12 806 547	-	-	-	(5 719 207)	-	30 436 805
Furniture and office equipment	4 381 389	2 046 451	-	-	-	(1 707 927)	-	4 719 913
Transport assets	51 465 863	1 478 265	-	-	-	(9 179 653)	-	43 764 475
Library Books	222 553	-	-	-	-	(86 761)	-	135 792
Computer equipment	5 972 690	3 161 696	-	-	-	(1 655 187)	-	7 479 199
Infrastructure assets	1 072 582 904	-	-	-	107 864 811	(110 019 507)	(1 342 719)	1 069 085 489
Community assets	61 255 268	-	-	-	51 778 457	(3 626 186)	(11 416)	109 396 123
Work In Progress	108 706 404	224 641 676	-	(3 119 540)	(156 909 972)	-	-	173 318 568
	1 588 539 081	248 339 636	(682 408)	(3 119 540)	6 867 610	(133 980 900)	(1 373 483)	1 704 589 996

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	125 287 942	21 232 578	26 798 048	173 318 568
Additions/capital expenditure	213 876 643	50 511 681	19 572 487	283 960 811
Transferred to completed items	(223 655 563)	(22 779 427)	(7 389 818)	(253 824 808)
Transferred to expenditure	(9 650 248)	(370 165)	(148 500)	(10 168 913)
	105 858 774	48 594 667	38 832 217	193 285 658

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	51 921 961	45 099 840	11 684 603	108 706 404
Additions/capital expenditure	178 064 903	27 499 785	19 986 885	225 551 573
Transferred to completed items	(100 997 202)	(51 485 512)	(4 134 314)	(156 617 028)
Transferred to expenditure	(1 642 025)	(1 941 230)	(739 126)	(4 322 381)
	127 347 637	19 172 883	26 798 048	173 318 568

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

3. Property, plant and equipment (continued)

Projects which are taking significantly longer periods to complete

Included in Work In Progress (WIP) total carrying value are projects which are taking longer to complete. The expenditure incurred to date for these projects are as follows:

Project Name	Amount	Reasons for project delays
Waterval Sports Facility Phase 2	12 542 061	The project was waiting completion of installatyon of the precast concrete grand stand which was part of Phase 3 scope.
Mara - Makhitha ringfeed line	135 770	Designs completed, project is now under contruction and it will be completed during 2023/24.
Main Substation upgrade Phase2 - breakers_ links_ controll pannels	750 344	Project is under contruction it will be completed during 2023/24.
Designs for High masts all villages (feasibility study)	839 544	There was no budget for cosntruction stage , hence there was no expenditure, project under construction and will be completed during 2023/24.
Upgrade Emmarentia substation - 7x switchgear	465 997	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
Upgrade & reroute 66KV transmission line from Makhado main substaion to Mpheni	2 050 060	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
Cricket substation control building	289 216	There was no budget for cosntruction stage , hence there was no expenditure, project estimates far much higher than budget.
New Council Chamber and Offices	2 918 108	There was no budget for cosntruction stage , hence there was no expenditure. According to Engineers estimate, this project need more than R 100m for both construction and engineers fees.
Waterval Stormwater 2020	1 093 906	There was no budget for construction stage. The design was completed during 2019/2020 financial year.
Upgrading of Sane to Natali Road	594 227	There was no budget for construction stage. The design was completed during 2021/2022 financial year.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Property, plant and equipment (continued)		
Luvhalani to Dzananza Access Road	1 023 795	The project is still on design stage
Mingard Bridge to Mhokota Entrance	1 247 104	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
Tsianda (Marundu to Military Base) Access Road 2020	605 622	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
Development of roads and stormwater at South of Pretorius 700 new stands	6 563 327	There was no budget for construction stage , hence there was no expenditure incurred during the financial year.
	31 119 081	

Repairs and Maintenance of property, plant and equipment

An amount of R66.2 million (2022: R92.8 million) was spent during the period ended 30 June 2023. In determining this amount, management has exclusively disclosed amounts charged by service providers. Refer to 40

Impairment of non - cash generating assets

At the reporting date all asset classes were assessed for impairment and the following classes of assets were impaired at reporting date and below are the asset categories that have been impaired by the following amounts:

Asset Class		
Buildings	849 327	19 348
Infrastructure assets	3 206 893	1 342 719
Community Assets	376 533	11 416
Machinery and equipment	26 323	-
Furniture and fittings	12 947	-
Computer assets	30 621	-
Transport assets	175	-
Library Books	-	-
	4 502 819	1 373 483

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.

Pledged as security

No items of property, plant & equipment of the municipality was pledged as security.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	8 758 278	(7 148 498)	1 609 780	8 699 728	(6 543 970)	2 155 758

Intangible assets

Reconciliation of intangible assets - 2023

Opening balance	Additions	Amortisation	Closing Balance
2 155 758	58 550	(604 528)	1 609 780

Intangible assets

Reconciliation of intangible assets - 2022

Opening balance	Additions	Amortisation	Closing Balance
1 890 493	1 155 589	(890 324)	2 155 758

Intangible assets

Pledged as security

No intangible assets of the municipality were pledged as security.

Restricted title

There is no restriction on the title of Intangible assets. Intangible assets have finite useful lives and are amortized over the useful lives.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

5. Heritage assets

2023				2022	
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
2 160 329	-	2 160 329	2 160 329	-	2 160 329

Heritage assets

Reconciliation of heritage assets 2023

Heritage assets	Opening balance 2 160 329	Closing Balance 2 160 329
-----------------	---------------------------------	---------------------------------

Reconciliation of heritage assets 2022

Heritage assets	Opening balance 2 160 329	Closing Balance 2 160 329
-----------------	---------------------------------	---------------------------------

Restrictions on heritage assets

There is no restriction on the title of heritage assets.

Pledged as security

No heritage assets of the municipality were pledged as security.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

6. Employee benefit obligations

Long Service Awards Obligation

The actuarial valuation of the long service award was performed by Chanan Weiss (Fellow of the Actuarial Society of South Africa), on behalf of ARCH Actuarial Consulting.

The long service bonus award provision consists of an obligation to pay out a bonus to qualifying employees in the year the employee attains the required service period. The obligation represents a liability to Makhado Local Municipality and the value is represented by the present value of the long service bonus awards expected to be paid in future. The valuation is thus an estimate of the cost of providing long service awards. The actual cost to the municipality will be dependent on the future levels of assumed variables and the demographic profile of the membership. The municipality is required to pay awards to its employees for every 5 years of service completed from 10 years to 45 years. This will be in the form of days accumulated, that will be encashed immediately.

Valuation assumptions made include Discount Rate of 11.08% (2022: 10.87%), Consumer Price Inflation of 6.47% (2022: 7.33%), Normal Salary Increase of 7.50% (2022: 4.90%) and Net Effective Discount Rate of 4.33% (2022: 3.30%), Mortality SA 85-90 (2022: SA 85-90)

Long service awards liability

Opening balance	(14 916 000)	(15 726 000)
Current service cost	(1 230 000)	(1 243 000)
Interest cost	(1 517 000)	(1 229 000)
Actuarial (gains)/loss	171 935	515 336
Past Service Costs	975 000	-
Expected employer benefit vesting	2 331 065	2 766 664
	(14 185 000)	(14 916 000)

Post retirement medical aid plan

The municipality operates an unfunded post - employment health care defined benefit plan for qualifying employees. Employees of the municipality are members of Bonitas, Keyhealth, Hosmed, LA Health and SAMWUMED medical aid schemes. The municipality is committed to pay 70% of the members' post employment medical aid contributions up to an amount that is currently capped at R5,245 per month. Under the plan, dependents of the former employees are entitled to continued membership of their medical aid scheme upon the death of the primary member. No other post-employment benefits are provided to these employees. As at the balance sheet date, the members of the medical aid entitled to the post employment medical scheme subsidy were 431 in service members, 132 in service non- members and 49 continuation(retiree and widow) members.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at 30 June 2023 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost and past service costs, were measured using the Projected Unit Credit Method.

Total post-retirement health care benefits liability

Opening balance	(102 497 000)	(99 378 000)
Current service cost	(4 110 000)	(3 870 000)
Interest cost	(11 948 000)	(9 972 000)
Actuarial (gains)/loss	17 983 420	7 928 169
Expected contributions (benefits paid)	3 004 580	2 794 831
	(97 567 000)	(102 497 000)

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

6. Employee benefit obligations (continued)

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

Carrying value		
Opening Balance	(117 413 000)	(115 104 000)
Current Service Costs	(5 340 000)	(5 113 000)
Past Service Costs	975 000	-
Interest Costs	(13 465 000)	(11 201 000)
Expected employee benefit vesting	5 335 645	5 561 495
Actuarial gain/(loss)	18 155 355	8 443 505
	(111 752 000)	(117 413 000)
Non-current liabilities	(106 614 000)	(112 542 000)
Current liabilities	(5 138 000)	(4 871 000)
	(111 752 000)	(117 413 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,47 %	11,82 %
Expected rate of return on reimbursement rights	3,12 %	3,12 %
Expected increase in salaries	7,50 %	4,90 %
Expected increase in healthcare costs	8,08 %	8,44 %

7. Inventories

Consumable stores	25 771 378	32 067 552
Land inventory	93 309 751	96 569 742
	119 081 129	128 637 294

7.1 Reconciliation of inventories

Land inventory		
Opening balance	96 569 742	101 244 400
Less: Sales	(3 030 000)	(1 255 000)
Less: Donated land	(140 000)	-
Less: Inventory written down	(89 991)	(3 419 658)
Closing balance	93 309 751	96 569 742

There are certain portions of land illegally occupied by invaders. At period -end, an amount of R89 991 (2022: R3 419 658) was written down.

Inventory consumables		
Opening balance	32 067 552	26 284 173
Add: Purchases	38 395 483	35 620 692
Less: Issues	(43 691 829)	(29 837 313)
Less: Adjustments:	-	-
Allowance for slow moving stock	(999 828)	-
Closing balance	25 771 378	32 067 552

Inventory pledged as security

No inventory was pledged as security for the current and previous year.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
8. Sundry Debtors		
Other receivables	7 358 419	3 661 703
Vhembe District Municipality	9 881 800	16 940 900
Prepaid expenses - Insurance	793 046	671 781
	18 033 266	21 274 384

Vhembe District Municipality

As of 30 June 2023, trade and other receivables from Vhembe District Municipality amounted to 9 881 800 (2022: 33 881 800).

The reconciliation of the gross balance for VDM debt is as follows:

Opening Balance	33 881 800	45 881 800
Settlements	(24 000 000)	(12 000 000)
Total	9 881 800	33 881 800
Less: Allowance for impairment	-	(16 940 900)
Closing balance	9 881 800	16 940 900

Reconciliation of provision for impairment of sundry debtors

Opening balance	(16 940 900)	-
Contributions to allowance	-	(16 940 900)
Reversal of impairment	16 940 900	-
	-	(16 940 900)

Sundry debtors pledged as security.

No trade and other receivables were pledged as security.

9. Receivables from non-exchange transactions

Fines	1 239 500	1 823 085
-------	-----------	-----------

Receivables from non-exchange transactions impaired

As of 30 June 2023, receivables from traffic fines of R13 957 070 (2022: R10 289 770) were impaired and provided for. The amount of the provision was R12 717 570 as of 30 June 2023 (2022: R8 466 685).

Gross Balances

Opening balance	10 289 770	26 782 370
Tickets issued	6 124 700	3 587 720
Withdrawals	(427 680)	(149 140)
Reductions	(275 150)	(15 310)
Payments	(1 754 570)	(539 210)
Bad debts written off	-	(19 376 660)
Closing Balance	13 957 070	10 289 770
Less: Provision for impairment	(12 717 570)	(8 466 685)
	1 239 500	1 823 085

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

9. Receivables from non-exchange transactions (continued)

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(8 466 685)	(26 609 730)
Contributions to allowance	(4 250 885)	(1 233 615)
Bad debts written off	-	19 376 660
	(12 717 570)	(8 466 685)

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security.

10. VAT receivable

VAT receivable (SARS)	2 724 038	-
VAT receivable (Accrual)	443 026	-
	3 167 064	-

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.

11. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	169 608 899	151 139 521
Consumer debtors - Electricity	97 996 925	97 076 379
Consumer debtors - Interest	139 202 128	110 979 925
Consumer debtors - Refuse	30 040 473	26 591 216
Consumer debtors - Sundries	19 658 463	16 640 286
Consumer debtors - VAT	16 976 536	28 110 371
Consumer debtors - Other	4 026 133	5 115 632
	477 509 557	435 653 330

Less: Allowance for impairment

Consumer debtors - Rates	(129 023 372)	(114 561 471)
Consumer debtors - Electricity	(59 242 733)	(46 374 121)
Consumer debtors - Interest	(120 681 325)	(96 428 372)
Consumer debtors - Refuse	(29 126 954)	(25 844 946)
Consumer debtors - Sundries	(17 572 726)	(15 189 106)
Consumer debtors - VAT	(14 580 214)	(17 367 823)
Consumer debtors - Other	(3 857 087)	(5 019 848)
	(374 084 411)	(320 785 687)

Net balance

Consumer debtors - Rates	40 585 527	36 578 050
Consumer debtors - Electricity	38 754 192	50 702 258
Consumer debtors - Interest	18 520 803	14 551 553
Consumer debtors - Refuse	913 519	746 270
Consumer debtors - Sundries	2 085 737	1 451 180
Consumer debtors - VAT	2 396 322	10 742 548
Consumer debtors - Other	169 046	95 784
	103 425 146	114 867 643

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Consumer debtors disclosure (continued)		
Included in above is receivables from exchange transactions		
Electricity	38 754 192	50 702 258
Interest	18 520 803	14 551 553
Refuse	913 519	746 270
Sundries	2 085 737	1 451 180
VAT	2 396 322	10 742 548
Other	169 046	95 784
	62 839 619	78 289 593
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	40 585 527	36 578 050
Net balance	103 425 146	114 867 643
Rates		
Current (0 -30 days)	9 749 257	10 301 432
31 - 60 days	3 257 294	3 634 139
61 - 90 days	3 073 149	7 921 881
91 - 120 days	2 955 358	10 330 921
121 - 365 days	150 573 841	118 951 149
	169 608 899	151 139 522
Electricity		
Current (0 -30 days)	41 911 855	46 314 628
31 - 60 days	3 052 355	2 951 781
61 - 90 days	1 562 668	1 679 292
91 - 120 days	1 515 768	2 397 064
121 - 365 days	49 954 279	43 733 614
	97 996 925	97 076 379
Interest		
Current (0 -30 days)	6 431 591	5 785 080
31 - 60 days	3 120 602	2 717 649
61 - 90 days	3 061 156	2 670 465
91 - 120 days	3 034 983	2 548 235
121 - 365 days	123 553 796	97 258 496
	139 202 128	110 979 925
Refuse		
Current (0 -30 days)	1 594 113	1 512 999
31 - 60 days	488 501	507 846
61 - 90 days	467 973	488 096
91 - 120 days	456 641	462 173
121 - 365 days	27 033 245	23 620 102
	30 040 473	26 591 216

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Consumer debtors disclosure (continued)		
Sundries		
Current (0 -30 days)	2 540 608	1 688 500
31 - 60 days	769 498	647 434
61 - 90 days	516 861	401 093
91 - 120 days	498 324	365 384
121 - 365 days	15 333 172	13 537 875
	19 658 463	16 640 286
VAT		
Current (0 -30 days)	3 229 160	15 837 650
31 - 60 days	584 044	599 844
61 - 90 days	349 896	374 038
91 - 120 days	344 257	467 926
121 - 365 days	12 469 179	10 830 913
	16 976 536	28 110 371
Other		
Current (0 -30 days)	314 677	265 652
31 - 60 days	135 560	145 567
61 - 90 days	121 244	138 771
91 - 120 days	113 437	143 085
121 - 365 days	3 341 215	4 422 558
	4 026 133	5 115 633

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Consumer debtors disclosure (continued)		
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	17 545 693	24 332 386
31 - 60 days	3 915 729	4 165 572
61 - 90 days	3 710 003	3 773 496
91 - 120 days	3 607 021	3 635 460
121 - 365 days	26 456 937	22 892 957
> 365 days	166 741 571	144 151 454
	<u>221 976 954</u>	<u>202 951 325</u>
Less: Allowance for impairment	<u>(211 729 727)</u>	<u>(188 112 917)</u>
	10 247 227	14 838 408
Industrial/ commercial		
Current (0 -30 days)	28 147 806	24 136 970
31 - 60 days	3 009 745	4 293 811
61 - 90 days	1 608 574	7 547 848
91 - 120 days	1 537 392	10 146 751
121 - 365 days	9 732 000	17 993 814
> 365 days	37 983 878	49 825 150
	<u>82 019 395</u>	<u>113 944 344</u>
Less: Allowance for impairment	<u>(58 112 712)</u>	<u>(45 683 569)</u>
	23 906 683	68 260 775
Agriculture		
Current (0 -30 days)	20 077 761	46 280 688
31 - 60 days	4 482 380	2 744 876
61 - 90 days	3 834 371	2 352 292
91 - 120 days	3 774 354	2 932 576
121 - 365 days	29 193 850	12 709 552
> 365 days	112 150 492	51 737 678
	<u>173 513 208</u>	<u>118 757 662</u>
Less: Allowance for impairment	<u>(104 241 972)</u>	<u>(86 989 200)</u>
	69 271 236	31 768 462
Total		
Current (0 -30 days)	65 771 260	94 750 043
31 - 60 days	11 407 854	11 204 259
61 - 90 days	9 152 948	13 673 636
91 - 120 days	8 918 767	16 714 787
121 - 365 days	65 382 787	53 596 323
> 365 days	316 875 941	245 714 282
	<u>477 509 557</u>	<u>435 653 330</u>
Less: Allowance for impairment	<u>(374 084 411)</u>	<u>(320 785 687)</u>
	103 425 146	114 867 643
Less: Allowance for impairment		
Current (0 -30 days)	(52 072 195)	(79 978 757)
31 - 60 days	(8 921 853)	(7 622 780)
61 - 90 days	(7 158 336)	(9 302 813)
91 - 120 days	(6 975 188)	(11 371 850)
121 - 365 days	(51 134 558)	(36 464 080)
> 365 days	(247 822 281)	(176 045 407)

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

11. Consumer debtors disclosure (continued)

	<u>(374 084 411)</u>	<u>(320 785 687)</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(320 785 687)	(254 475 606)
Contributions to allowance	(54 859 417)	(66 849 852)
Debt impairment written off against allowance	1 560 693	539 771
	<u>(374 084 411)</u>	<u>(320 785 687)</u>

Consumer debtors impaired

As of 30 June 2023, consumer debtors of R374 084 411 (2022: R320 785 687) were impaired and provided for.

An estimate is made for doubtful receivables based on the review of all outstanding amounts at year end. The provision for doubtful debts is determined in line with the municipality's approved method and assumptions for calculating provision for bad debts. No debt was written off during the period as uncollectable.

The amounts best represent the maximum exposure to credit risk at the end of the reporting period without taking into account of any collateral held or other credit enhancements.

Consumer debtors pledged as security

No portion of accounts receivables was pledged as security for any financial liabilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors on initial recognition is not deemed necessary.

Concentrations of credit risk with respect to consumer debtors are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of consumer debtors falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's consumer debtors.

Fair value of consumer debtors

The fair value of accounts receivable approximates their carrying amounts.

Consumer debtors	<u>103 425 146</u>	<u>114 867 643</u>
------------------	--------------------	--------------------

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash at bank	146 582 745	201 295 962
Petty Cash	57	15 000
Cash Float	12 700	13 200
	<u>146 595 502</u>	<u>201 324 162</u>

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

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

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

12. Cash and cash equivalents (continued)

Cash and cash equivalents pledged as collateral

No cash and cash equivalents were pledged as collateral in the current financial year and previous years.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB BANK - Primary account - 623-0832-9988	146 328 419	200 740 897	205 898 658	146 595 502	201 324 162	205 758 240
VBS MUTUAL BANK Investment account-010029570007	58 264 578	58 264 578	62 734 416	58 264 578	58 264 578	62 734 416
Total	204 592 997	259 005 475	268 633 074	204 860 080	259 588 740	268 492 656

Investment in VBS Mutual Bank:

Short term investment in VBS of R58 264 578 (2022:R58 264 578) has been impaired in full. VBS Mutual Bank was placed under curatorship by the Reserve Bank of South Africa on 11 March 2018 following material irregularities and alleged fraud by those charged with governance of the bank. The bank failed to honor its obligations due to liquidity crisis. For the period ended 30 June 2023, the municipality has recovered R0 (2022: R4 391 409) of the amount, disclosed in Note 32 of the Annual Financial Statements.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
13. Finance lease obligation		
Minimum lease payments due		
- within one year	327 704	786 489
- in second to fifth year inclusive	-	327 704
	<u>327 704</u>	<u>1 114 193</u>
less: future finance charges	(5 658)	(56 396)
Present value of minimum lease payments	<u>322 046</u>	<u>1 057 797</u>
Present value of minimum lease payments due		
- within one year	322 046	735 751
- in second to fifth year inclusive	-	322 046
	<u>322 046</u>	<u>1 057 797</u>
Non-current liabilities	-	322 046
Current liabilities	322 046	735 751
	<u>322 046</u>	<u>1 057 797</u>

It is the municipality's policy to lease certain equipment under finance leases, denominated in the presentation currency (Rand). The average lease term is 3 years, interest rates are fixed at the contract date and leases have fixed repayments. No arrangements have been entered into for contingent rent.

Defaults and breaches

During the current year, there were no defaults or breaches of any finance leases agreements.

Market risk

The carrying amounts of finance lease liabilities are denominated in the following currencies:

Rand	322 046	1 057 797
------	---------	-----------

For details of sensitivity of exposures to market risk related to finance lease liabilities, as well as liquidity risk refer to note 50. The fair value of finance lease liabilities approximates their carrying amounts.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

14. Unspent conditional grants and receipts

Unspent grants are mainly attributed to projects that are work in progress in the relevant financial year-end. The unspent grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. All conditional grants were fully spent as at 30 June 2023, except for Disaster Management Grant that was unspent at financial year end.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	-
Integrated National Electrification Programme	-	-
Finance Management Grant	-	-
Disaster Management Grant	3 500 000	-
Expanded Public Works Programmes	-	-
	3 500 000	-

Movement during the year

Additions during the year	131 426 000	156 270 722
Income recognition during the year	(127 926 000)	(156 270 722)
	3 500 000	-

See Note 31 for reconciliation of grants from national/provincial government.

15. Performance bonus obligation

Performance bonuses	251 579	251 579
---------------------	---------	---------

Reconciliation of performance bonuses

Balance at the beginning of the year	251 579	523 318
Increase in provision	-	136 194
Payments during the year	-	(407 933)
	251 579	251 579

Total performance bonus obligation

Performance bonuses	251 579	251 579
	251 579	251 579

Split between non-current and current portions

Non-current liabilities	-	125 789
Current liabilities	251 579	125 790
Non-current liabilities	-	125 790
Current liabilities	251 579	125 789
	251 579	251 579

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

16. Rehabilitation provision

Reconciliation of rehabilitation provision - 2023

	Opening Balance	Movement	Unwind Interest	Closing Balance
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	33 406 914	(9 423 500)	3 126 385	27 109 799
New Landfill Site [Permit Number:12/9/11/L413/6]	5 788 691	(2 502 497)	614 093	3 900 287
	39 195 605	(11 925 997)	3 740 478	31 010 086

Reconciliation of rehabilitation provision - 2022

	Opening Balance	Movement	Unwind Interest	Closing Balance
Old Landfill Site [Permit Number: 16/2/7/A 700/D1/Z1/P256]	37 039 755	(6 252 848)	2 620 007	33 406 914
New Landfill Site [Permit Number:12/9/11/L413/6]	6 102 111	(851 840)	538 420	5 788 691
	43 141 866	(7 104 688)	3 158 427	39 195 605

Non-current liabilities	26 010 086	29 195 605
Current liabilities	5 000 000	10 000 000
	31 010 086	39 195 605

Environmental rehabilitation provision

Long-term obligations comprising pollution control, rehabilitation and site closure result from environmental disturbances associated with the municipality's operations. Estimates are determined by independent environmental specialists in accordance with environmental regulations.

Restoration costs

Changes in the discounted amount of estimated restoration costs are charged to profit or loss during the period in which such changes occur. Estimated restoration costs are reviewed annually and discounted using a pre-tax risk-free rate that reflects market assessments of the value of money. The increase in restoration provisions owing to the passage of time is charged to finance costs. All other charges in the carrying amount of the provision subsequent to initial recognition are included in profit or loss in the period in which they are incurred.

Ongoing rehabilitation cost

The cost of ongoing current programmes to prevent and control pollution is recognised as an expense when incurred.

Critical accounting estimates and assumptions

The municipality's activities are subject to various laws and regulations governing the protection of the environment. The municipality recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred and actual timing thereof in future periods can differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of site estimates and discount rates can affect the carrying amount of this provision.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and landfill site closure, are based on the municipality's environmental policy taking into account current technological, environmental and regulatory requirements. Provisions for future rehabilitation costs have been determined, based on calculations which require the use of estimates.

Rehabilitation costs have been calculated as the present value of future obligation, discounted at net effective discount rate of 4.5% for the Vondeling Landfill and 5.25% for the Makhado Landfill.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

17. Deferred Income

Deferred Income	153 578	174 247
-----------------	---------	---------

18. Payables from exchange transactions

Salary Control	13 519 860	4 771 010
Accrued operating creditors	158 955 394	115 266 070
Retentions	49 630 382	41 957 455
Advance payments	13 957 517	11 923 796
Other creditors	6 612 974	6 656 342
Leave pay accrual	36 147 715	36 076 807
Bonus accrual	7 273 104	6 459 343
	286 096 946	223 110 824

Fair value of trade and other payables

Trade payables	286 096 946	223 110 824
----------------	-------------	-------------

The carrying amount of payables from exchange transactions approximates their fair values. The fair value is determined after considering the standard terms and conditions of agreements entered into by the Municipality and the parties. The Municipality did not default on any accounts payable in respect of capital or interest portions. No terms attached to the accounts payable were re-negotiated.

Trade payables:

The average credit period on purchases is 30 days from receipt of the invoice, as determined by Section 99 of the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. Included under payables are payments received in advance which are non-interest bearing and normally settled on 30 day terms.

Annual leave:

Annual leave accrues to employees on a monthly basis subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Annual bonus:

Annual bonus accrues to staff on an annual basis subject to certain conditions. The accrual is the actual amount due at the reporting date to staff and is paid after the completion of twelve months. The Municipality has an obligation to pay a service bonus in terms of its conditions of employment.

Retention:

Retention is non-interest bearing and settled in terms of the contract agreement.

19. VAT payable

VAT payable (Accrual)	-	17 681 944
-----------------------	---	------------

The financial statements have been prepared on the accrual basis whilst VAT is payable to SARS on the payment's basis. Output VAT is only payable as and when the purchase consideration is received and input VAT can only be claimed as and when payments are made. Interest on late payment is charged according to SARS policies.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

20. Consumer deposits

Electricity	15 210 158	15 779 979
Rental Properties	411 280	177 839
	15 621 438	15 957 818

During the financial period ended 30 June 2023, the municipality had guarantees in lieu of customers of R3 231 099 (2022: R3 244 744).

Consumer deposits are paid by customers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding accounts.

Business consumers are allowed to provide guarantees on application for new electricity connections instead of deposits. In cases where consumers default on their accounts, the municipality can request the guarantee amounts from the consumers' bank as payment for the outstanding accounts.

21. Revenue

Service charges	385 664 462	389 445 230
Rental of facilities and equipment	321 030	239 386
Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Agency services	4 556 844	4 107 933
Licences and permits	3 790 850	4 053 393
Other revenue from exchange transactions	53 559 025	15 449 903
Interest received from financial institutions	9 569 147	6 913 853
Actuarial gains	18 155 355	8 443 504
Property rates	97 299 879	96 260 597
Interest earned -outstanding receivables: non-exchange transactions	23 042 009	19 433 737
Government grants & subsidies	574 516 240	558 017 722
Other revenue from non - exchange transactions	-	8 596 409
Fines, Penalties and Forfeits	6 144 857	3 629 294
	1 190 892 113	1 126 394 103

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

Service charges	385 664 462	389 445 230
Rental of facilities and equipment	321 030	239 386
Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Agency services	4 556 844	4 107 933
Licences and permits	3 790 850	4 053 393
Other revenue from exchange transactions	53 559 025	15 449 903
Interest received from financial institutions	9 569 147	6 913 853
Actuarial gains	18 155 355	8 443 504
	489 889 128	440 456 344

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

Taxation revenue

Property rates	97 299 879	96 260 597
Interest earned -outstanding receivables: non-exchange transactions	23 042 009	19 433 737

Transfer revenue

Government grants & subsidies	574 516 240	558 017 722
Other revenue from non - exchange transactions	-	8 596 409
Fines, Penalties and Forfeits	6 144 857	3 629 294
	701 002 985	685 937 759

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
22. Service charges		
Sale of electricity	371 261 779	375 717 676
Refuse removal	14 402 683	13 727 554
	385 664 462	389 445 230
The amount disclosed above for revenue from service charges is in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
23. Rental of facilities and equipment		
Premises		
Venue hire	208 101	97 331
Garages and parking		
Rental Car Ports	-	24 287
Facilities and equipment		
Rental-Show Ground	97 117	117 344
Rental of equipment	15 812	424
	112 929	117 768
	321 030	239 386
24. Fines, Penalties and Forfeits		
Overdue Books Fines	560	143
Pound Fees Fines	19 597	41 431
Municipal Traffic Fines	6 124 700	3 587 720
	6 144 857	3 629 294
25. Agency services		
Vehicle Registration & Licencing	4 556 844	4 107 933
26. Licences and permits		
Dog Licences	5 161	85 060
Trading Licences	283 975	137 732
Road and Transport	3 501 714	3 830 601
	3 790 850	4 053 393
27. Interest earned -outstanding receivables		
Interest earned -outstanding receivables: exchange transactions	14 272 415	11 803 142
Interest earned -outstanding receivables: non - exchange transactions	23 042 009	19 433 737
	37 314 424	31 236 879

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Other revenue from exchange transactions		
Burial fees	170 613	195 061
Advertising	6 776	6 273
Land sales	20 309 765	5 093 421
Sundries	3 991 210	2 683 806
Sale of tender documents	75 000	76 200
Building plans	138 763	290 454
Landfill management	11 925 998	7 104 688
Reversal of impairment: VDM	16 940 900	-
	53 559 025	15 449 903
29. Interest received from financial institutions		
Interest revenue		
Interest received from primary account	9 569 147	6 913 853
30. Property rates		
Rates received		
Residential	45 156 217	42 476 319
Commercial	29 410 592	25 679 343
Agricultural	22 572 322	28 104 935
Public Service Infrastructure	160 748	-
	97 299 879	96 260 597
Valuations		
Residential	5 291 612 817	5 222 777 206
Commercial	2 189 659 051	2 176 281 223
Agricultural	6 203 287 787	6 466 632 227
Municipal	446 593 991	424 419 729
Churches	107 716 070	107 296 570
Government	3 917 636 891	3 575 275 716
Public Service Purposes	-	273 061 175
Public Service Infrastructure	104 965 740	104 650 140
Public Benefit Organisation	2 470 000	-
	18 263 942 347	18 350 393 986

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The valuations for the current year is R18 263 942 347 (2022: R18 350 393 986).

Rates are levied monthly on property owner's accounts.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

31. Government grants & subsidies

Operating grants

Equitable share	445 889 000	401 747 000
Expanded Public Works Programmes (EPWP)	3 259 000	2 280 000
Finance Management Grant (FMG)	1 950 000	1 850 000
Local Government Sector for Education and Training Authority	701 240	1 076 722
Disaster Management Grant	-	26 000 000
	451 799 240	432 953 722

Capital grants

Municipal Infrastructure Grant (MIG)	102 597 000	110 768 000
Integrated Electrification Program (INEP)	20 120 000	14 296 000
	122 717 000	125 064 000
	574 516 240	558 017 722

Capital and Operational Grants Received

Included in above are the following grants and subsidies received:

Capital grants received	122 717 000	125 064 000
Operational grants received	5 910 240	31 206 722
Equitable Share	445 889 000	401 747 000
	574 516 240	558 017 722

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The Equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

All registered indigents receive a monthly subsidy of 622 183 (2022: 240 528), which is funded from the grant.

Current-year receipts	445 889 000	401 747 000
Conditions met - transferred to revenue	(445 889 000)	(401 747 000)
	-	-

Municipal Infrastructure Grant (MIG)

Current-year receipts	102 597 000	110 768 000
Conditions met - transferred to revenue	(102 597 000)	(110 768 000)
	-	-

MIG Grant was used to accelerate the provision of basic service delivery through construction of capital projects. Conditions of the grant were fully met at year end - (see note 14).

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

31. Government grants & subsidies (continued)

Integrated National Electricity Programme (INEP)

Current-year receipts	20 120 000	14 296 000
Conditions met - transferred to revenue	(20 120 000)	(14 296 000)
	<u>-</u>	<u>-</u>

The purpose of this grant is to address electrification backlog of permanently occupied residential dwellings. Conditions of the grant were fully met at year end - (see note 14).

Expanded Public Works Programmes (EPWP)

Current-year receipts	3 259 000	2 280 000
Conditions met - transferred to revenue	(3 259 000)	(2 280 000)
	<u>-</u>	<u>-</u>

The grant was received from the Department of public works, roads, and infrastructure and spent on employing casual workers within community based projects. Conditions of the grant were fully met at year end - (see note 14).

Finance Management Grant (FMG)

Current-year receipts	1 950 000	1 850 000
Conditions met - transferred to revenue	(1 950 000)	(1 850 000)
	<u>-</u>	<u>-</u>

The Finance Management Grant is paid by National Treasury to municipalities to help implement the finance reforms required by the Municipal Finance Management Act (MFMA), 2003. The Finance Management Grant also pays for the cost of the Financial Management Internship Programme (e.g. Salary cost of the financial management interns). Conditions of the grant were fully met at year end - (see note 14).

Local Government Sector for Education and Training Authority

Current-year receipts	701 240	1 076 722
Conditions met - transferred to revenue	(701 240)	(1 076 722)
	<u>-</u>	<u>-</u>

The grant is used to pay for training courses. It supplements / augments the funds on the training vote. It is used to fund the primary and secondary skills development facilitators when they are out of the office on skills development related matters. The conditions of the grant were fully met- (see note 14).

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

31. Government grants & subsidies (continued)

Disaster Management Grant

Current-year receipts	3 500 000	26 000 000
Conditions met - transferred to revenue	-	(26 000 000)
	<u>3 500 000</u>	<u>-</u>

The grant was availed to assist the municipality with repairing damaged road and storm water infrastructure. The grant was unspent at year end - (see note 14).

32. Other revenue from non- exchange transactions

VBS Bank	-	4 391 409
Makhado Mall donation	-	4 205 000
	<u>-</u>	<u>8 596 409</u>

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

33. Employee related costs

Basic	193 460 144	165 664 605
Bonus	14 777 211	13 801 778
Medical aid - company contributions	17 188 031	15 312 142
UIF	1 523 921	1 318 053
Other payroll levies	72 198	64 370
Leave pay provision charge	1 352 424	361 659
Pension fund contributions	36 128 255	32 312 068
Travel, motor car, accommodation, subsistence and other allowances	15 968 532	13 671 005
Overtime payments	34 172 598	27 300 199
Employee benefits - current service costs	5 340 000	5 113 000
Acting allowances	1 076 257	1 512 011
Allowances: Non-pensionable	502 376	1 689 000
Housing benefits and allowances	398 249	361 689
Standby allowance	3 006 032	2 283 234
Group life insurance	2 158 740	1 810 047
	327 124 968	282 574 860

Remuneration of municipal manager

Annual Remuneration	848 323	-
Acting allowance	43 499	163 824
Car allowance	259 162	-
Contributions to UIF, Medical and Pension Funds	191 787	-
Other	21 916	-
	1 364 687	163 824

The first two months of the financial year, the position of the Accounting officer was on an acting basis. However, the Municipal Manager was appointed with effect from 01 September 2022.

Remuneration of chief finance officer

Annual Remuneration	147 802	754 736
Acting allowance	30 502	56 975
Car allowance	51 879	311 300
Contributions to UIF, Medical and Pension Funds	31 981	191 886
Other	21 916	-
	284 080	1 314 897

The first two months of the financial year, the position of the Chief Finance Officer was subsisting. However, the CFO resigned on the 31st of August 2022. The position is on acting basis as at the end of current financial year.

Remuneration of Director Technical Services

Annual Remuneration	445 230	-
Acting allowance	14 761	56 975
Car allowance	192 553	-
Contributions to UIF, Medical and Pension Funds	102 646	-
Other	21 916	-
	777 106	56 975

The first two months of the financial year, the position of Director Technical Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022.

Remuneration of Director Corporate Services

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

33. Employee related costs (continued)

Annual Remuneration	693 466	-
Acting allowance	10 763	53 853
Car Allowance	193 668	-
Contributions to UIF, Medical and Pension Funds	177 070	-
Other	23 492	-
	1 098 459	53 853

The first two months of the financial year, the position of Director Corporate Services was on an acting basis. However, the Director was appointed with effect from 01 September 2022.

Remuneration of Director Development Planning

Annual Remuneration	575 801	-
Acting allowance	14 338	56 568
Car Allowance	235 934	-
Contributions to UIF, Medical and Pension Funds	145 836	-
Other	21 916	-
	993 825	56 568

The first two months of the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022.

Remuneration of Director Community Services

Annual Remuneration	495 078	-
Acting allowance	12 186	56 365
Car Allowance	187 322	-
Contributions to UIF, Medical and Pension Funds	140 299	-
Other	21 916	-
	856 801	56 365

The first two months of the financial year, the position of Director Development Planning was on an acting basis. However, the Director was appointed with effect from 01 September 2022.

34. Remuneration of councillors

Mayor	926 455	924 088
Speaker	747 473	741 959
Councillors	26 534 591	26 404 759
	28 208 519	28 070 806

In-kind benefits

The Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have use of Council owned vehicles for official duties. The Mayor and Speaker have full-time secretary and manager.

The allowances and benefits of councillors of the Municipality, whether financial or in-kind, are within the upper limits of the framework envisaged in section 219 of the Constitution. Refer to Government Gazette Number 46470 of 02 June 2022.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

34. Remuneration of councillors (continued)

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

30 June 2023

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI	690 492	230 164	5 799	926 455
Mr MR MAGADA	518 106	172 702	13 697	704 505
Mrs TM MALANGE	270 112	90 037	12 218	372 367
Mr FN MADZHIGA	218 517	72 839	19 210	310 566
Ms MS TSHILAMBYANA	218 517	72 839	28 195	319 551
Mr NF CHILLO	218 517	72 839	29 469	320 825
Mr ND DAVHANA	218 517	72 839	29 236	320 592
Mr TC MAMAFHA	218 517	72 839	12 171	303 527
Mrs R RALIPHADA	288 906	96 302	12 220	397 428
Mr N KUTAMA	218 517	72 839	19 878	311 234
Mrs MJ GABARA	218 517	72 839	16 286	307 642
Mr AZ MAPHAHLA	218 517	72 839	46 500	337 856
Mr TJ MAMAFHA	218 517	72 839	29 186	320 542
Mr S MASUKA	218 517	72 839	29 733	321 089
Ms NB JONES	288 906	96 302	22 387	407 595
Mr MJ MPASHE	218 517	72 839	22 541	313 897
Mr NS NEMUDZIVHADI	280 431	93 477	29 403	403 311
Ms MG FURUMELE	218 517	72 839	12 266	303 622
Mr MA SELAPYANA	182 098	60 699	40 300	283 097
Ms GT MUKWEVHO - MITILENI	518 106	172 702	11 230	702 038
Ms NJ SIMANGWE	280 431	93 477	18 278	392 186
Mr MD NDOU	280 431	93 477	12 732	386 640
Mr T KUTAMA	218 517	72 839	11 050	302 406
Mr ME MULEFU	218 517	72 839	29 175	320 531
Mr NV MALIVHA	502 682	167 561	15 586	685 829
Mrs MR MOKGOADI	218 517	72 839	15 282	306 638
Mr ET SITHI	218 517	72 839	11 948	303 304
Mr K MAPHUBU	288 906	96 302	14 374	399 582
Mr N MUNYAI	518 106	172 702	13 197	704 005
Mr SR BALOYI	518 106	172 702	13 287	704 095
Mr R MUKHUBA	218 517	72 839	12 071	303 427
Mr R MUKHUDWANA	218 517	72 839	14 685	306 041
Mr R BALOYI	218 517	72 839	9 511	300 867
Ms L MASHAMBA	218 517	72 839	14 712	306 068
Ms HG MALULEKE	218 517	72 839	12 831	304 187
Mr MC MALANGE	218 517	72 839	28 509	319 865
Mr DJ SEBOLA	218 517	72 839	11 112	302 468
Mr M MARAGA	280 431	93 477	11 108	385 016
Ms M RAMALIVHANA	218 517	72 839	14 020	305 376
Mr MR MAKWALA	280 431	93 477	14 685	388 593
Ms M SWALIVHA	218 517	72 839	14 502	305 858
Mr PA SMALLE	218 517	72 839	46 500	337 856
Miss TC MASHAU	218 517	72 839	13 074	304 430
Mr TR RAVELE	218 517	72 839	41 750	333 106
Mr TT MAKAMU	280 431	93 477	11 089	384 997
Mr PN MASIPA	218 517	72 839	14 706	306 062
Ms KP MAPHAKELA	218 517	72 839	24 583	315 939
Mr AS DZHIVHUHO	218 517	72 839	14 723	306 079
Mr A MADAVHA	218 517	72 839	8 574	299 930
Ms HG MABUDU	218 517	72 839	17 995	309 351

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
34. Remuneration of councillors (continued)		
Mr MW RAMALWA	241 980	80 660
Mr ME MULAUDZI	218 517	72 839
Mr K MUKHELI	218 517	72 839
Mr M MUKOSI	218 517	72 839
Mr W MABASA	218 517	72 839
Ms NS MAHOSI	280 431	93 477
Mr MD SINGO	218 517	72 839
Miss IA TSHIDAVHU	280 431	93 477
Ms B HLANGWANI	218 517	72 839
Mr FP MAKHUBELE	218 517	72 839
Mr SE BALOYI	218 517	72 839
Mr P MASHAU	218 517	72 839
Mr NA MUDUNUNGU	218 517	72 839
Mrs TT MUSHANDANA	218 517	72 839
Mr MI PHULUWA	218 517	72 839
Mr L PHANGAMI	218 517	72 839
Mr MR MUKOSI	218 517	72 839
Mr FB Hlongwani	218 517	72 839
Mrs RT MAINGO	288 906	96 302
Miss KN MANGANYE	82 455	27 485
Ms NJ MATUMBA	518 106	172 701
Ms MD Mboyi	552 398	184 132
Mrs LM MATHALISE	280 431	93 477
Ms TA MARAGA	168 529	56 176
Miss TT RAMALATA	218 517	72 839
Mr CD HALGREEN	163 888	54 629
Mr WL ESTERHUIZEN	54 629	18 210
Mr TR MATIDZA	36 420	12 140
Mrs SM SINYOSI	2 249	750
Ms D RATSHIKUNI	5 412	1 804
Mr T SESHOKI	2 249	750
Mr BK JONES	2 249	750
Mr J KHODOGA	2 249	750
Ms MS MACHETHE	2 249	750
Ms TP MAMOROBELA	5 412	1 804
Mrs MF MUKHARI	2 249	750
Mr A DU PLOOY	2 249	750
Mr SZ MTHOMBENI	2 886	962
Mrs LB MOGALE	-	-
Mrs VS LUDUVHUNGU	2 249	750
Mrs MN NDOU	2 249	750
Ms S MADULA	2 249	750
Mr J LUKHELI	2 249	750
Mr SI BULALA	2 249	750
Ms TE TAMBANI	2 249	750
Mr MA MASHAMBA	2 249	750
Mr A MATUMBA	2 973	991
Ms MF NETHULWE	2 249	750
Mr G TSHIBVUMO	2 249	750
Mrs LR TSHIAMBWA	2 249	750
Mrs TJ MOHLABA	2 249	750
Mr KM MALULEKE	2 886	945
Mr T BALIBALI	2 249	750
Mrs MC NEMATANDANI	2 249	750
Mr SS TSHIFURA	2 249	750
Mrs TM BABADU	2 249	750
Ms MG PHOSHOKO	2 249	750
Mr KS RAMAVHOYA	2 249	750
Mr LG MASUTHA	2 249	750

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023		2022	
34. Remuneration of councillors (continued)				
Mrs LG MADUWA	2 249	750	1 200	4 199
Mr E MADUWA	2 249	750	1 200	4 199
Mr SS NYELISANI	2 249	750	1 200	4 199
Mr PN MUSANDIWA	2 249	750	1 200	4 199
Ms GM RAMUSHAVHA	2 249	750	1 200	4 199
Ms ML MASENGANA	2 249	750	1 200	4 199
Mr VO MAUDA	2 249	750	1 200	4 199
Mrs TE DZIVHANI	2 249	750	1 200	4 199
Mrs JJ HLONGWANE	658	219	300	1 177
	20 017 493	6 672 489	1 518 537	28 208 519

30 June 2022

Councillors	Emoluments	Travel allowance	Cellphone allowance	Total
Mr NS MUNYAI [Mayor]	672 605	224 200	27 283	924 088
S M.D MBOYI [Speaker]	527 688	175 893	22 332	725 913
MR S.R BALOYI [Chief Whip]	400 999	133 666	25 206	559 871
Miss IA TSHIDAVHU	174 998	58 331	23 775	257 104
Miss TC MASHAU	141 576	47 191	24 068	212 835
Miss TT NGOBENI	141 576	47 191	24 068	212 835
Mr A DU PLOOY	74 960	24 986	670	100 616
Mr A MADAVHA	141 576	47 191	23 775	212 542
Mr A MATUMBA	99 107	33 035	1 248	133 390
Mr AS DZHIVHUHO	141 576	47 191	24 068	212 835
Mr AZ MAPHAHLA	141 576	47 191	26 341	215 108
Mr BK JONES	74 960	24 986	727	100 673
Mr CD HALGREEN	141 576	47 191	26 341	215 108
Mr DJ SEBOLA	141 576	47 191	23 765	212 532
Mr E MADUWA	74 960	24 986	-	99 946
Mr ET SITHI	218 517	72 839	23 786	315 142
Mr F MOLEMA	4 000	-	-	4 000
Mr FB Hlongwani	196 205	65 400	27 740	289 345
Mr FN MADZHIGA	240 498	80 164	25 870	346 532
Mr FP MAKHUBELE	141 576	47 191	24 005	212 772
Mr G TSHIBVUMO	74 960	24 986	3 273	103 219
Mr HS MUKHARI	4 000	-	-	4 000
Mr J KHODOGA	74 960	24 986	2 616	102 562
Mr J LUKHELI	74 960	24 986	3 382	103 328
Mr K MAPHUBU	261 388	87 129	25 804	374 321
Mr K MUKHELI	141 576	47 191	23 712	212 479
Mr KM MALULEKE	96 199	32 066	1 908	130 173
Mr KS RAMAVHOYA	74 960	24 986	3 382	103 328
Mr L PHANGAMI	141 576	47 191	26 341	215 108
Mr LG MASUTHA	74 960	24 986	-	99 946
Mr M MARAGA	174 998	58 331	23 775	257 104
Mr M MUKOSI	141 576	47 191	23 765	212 532
Mr MA MASHAMBA	74 960	24 986	3 327	103 273
Mr MA SELAPYANA	218 517	72 839	26 307	317 663
Mr MC MALANGE	141 576	47 191	26 341	215 108
Mr MD NDOU	251 939	83 980	25 002	360 921
Mr MD SINGO	141 576	47 191	26 341	215 108
Mr ME MALIMA	-	-	888	888
Mr ME MULAUDZI	141 576	47 191	26 341	215 108
Mr ME MULEFU	240 498	80 164	26 309	346 971
Mr MI PHULUWA	141 576	47 191	24 068	212 835
Mr MJ MPASHE	218 517	72 839	24 252	315 608
Mr MR MAGADA	400 999	133 666	26 719	561 384
Mr MR MAKWALA	174 998	58 331	23 995	257 324

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand			2023	2022
34. Remuneration of councillors (continued)				
Mr MW RAMALWA	141 576	47 191	26 341	215 108
Mr N KUTAMA	240 498	78 708	31 649	350 855
Mr N MUNYAI	422 980	140 991	25 096	589 067
Mr NA MUDUNUNGU	141 576	47 191	26 341	215 108
Mr ND DAVHANA	324 334	108 109	28 621	461 064
Mr NF CHILILO	243 488	81 161	27 024	351 673
Mr NS NEMUDZIVHADI	251 939	83 980	27 714	363 633
Mr NTL MASHAMBA	4 000	-	-	4 000
Mr NV MALIVHA	391 591	130 530	23 237	545 358
Mr P MASHAU	141 576	47 191	23 775	212 542
Mr P NETSIANDA	4 000	-	-	4 000
Mr PA SMALLE	141 576	47 191	26 341	215 108
Mr PN MASIPA	141 576	47 191	24 005	212 772
Mr PN MUSANDIWA	74 960	24 986	1 092	101 038
Mr R BALOYI	141 576	47 191	26 341	215 108
Mr R MUKHUBA	218 517	72 839	38 171	329 527
Mr R MUKHUDWANA	141 576	47 191	23 995	212 762
Mr S MASUKA	243 488	81 161	29 176	353 825
Mr SE BALOYI	141 576	47 191	23 942	212 709
Mr SI BULALA	74 960	24 986	735	100 681
Mr SS NYELISANI	74 960	24 986	2 674	102 620
Mr SS TSHIFURA	74 960	24 986	2 556	102 502
Mr ST MUKHARI	4 000	-	-	4 000
Mr SZ MTHOMBENI	96 199	32 066	2 802	131 067
Mr T BALIBALI	74 960	24 986	2 546	102 492
Mr T KUTAMA	218 517	72 839	24 243	315 599
Mr T SESHOKI	74 960	24 986	1 963	101 909
Mr TC MAMAFHA	240 498	80 164	22 512	343 174
Mr TG MUILA	4 000	-	-	4 000
Mr TJ MAMAFHA	324 334	108 109	30 943	463 386
Mr TR RAVELE	141 576	24 986	25 920	192 482
Mr TT MAKAMU	174 998	58 331	23 765	257 094
Mr VC RAMABULANA	4 000	-	-	4 000
Mr VO MAUDA	64 070	21 357	12 541	97 968
Mr VP KUTAMA	4 000	-	-	4 000
Mr W MABASA	141 576	47 191	23 765	212 532
Mrs JJ HLONGWANE	21 922	7 307	3 700	32 929
Mrs LB MOGALE	336 431	112 142	25 141	473 714
Mrs LG MADUWA	74 960	24 986	3 265	103 211
Mrs LM MATHALISE	273 920	91 305	23 137	388 362
Mrs LR TSHIAMBWA	74 960	24 986	1 409	101 355
Mrs MC NEMATANDANI	74 960	24 986	982	100 928
Mrs MF MUKHARI	74 960	24 986	5 069	105 015
Mrs MJ GABARA	240 498	80 164	33 182	353 844
Mrs MM MPHEPHU	4 000	-	-	4 000
Mrs MN NDOU	74 960	24 986	1 376	101 322
Mrs MR MOKGOADI	218 517	72 839	24 257	315 613
Mrs R RALIPHADA	261 388	87 129	27 333	375 850
Mrs RT MAINGO	261 388	87 129	23 340	371 857
Mrs SM SINYOSI	74 960	24 986	5 432	105 378
Mrs TE DZIVHANI	74 960	24 986	853	100 799
Mrs TJ MOHLABA	74 960	24 986	1 011	100 957
Mrs TM BABADU	74 960	24 986	2 267	102 213
Mrs TM MALANGE	318 895	106 297	24 696	449 888
Mrs TT MUSHANDANA	141 576	47 191	23 942	212 709
Mrs VS LUDUVHUNGU	74 960	24 986	4 016	103 962
Ms B HLANGWANI	141 576	47 191	24 068	212 835
Ms D RATSHIKUNI	177 652	59 216	25 995	262 863
Ms GM RAMUSHAVHA	74 960	24 986	1 352	101 298

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023		2022	
34. Remuneration of councillors (continued)				
Ms GT MUKWEVHO	349 501	119 118	21 332	489 951
Ms HG MABUDU	141 576	47 191	23 995	212 762
Ms HG MALULEKE	141 576	47 191	23 995	212 762
Ms KP MAPHAKELA	141 576	47 191	26 341	215 108
Ms L MASHAMBA	141 576	47 191	24 068	212 835
Ms M RAMALIVHANA	141 576	47 191	24 068	212 835
Ms M SWALIVHA	141 576	47 191	24 068	212 835
Ms MF NETHULWE	74 960	24 986	5 686	105 632
Ms MG FURUMELE	218 517	72 839	24 291	315 647
Ms MG PHOSHOKO	74 960	24 986	589	100 535
Ms ML MASENGANA	74 960	24 986	4 123	104 069
Ms MS MACHETHE	74 960	24 986	5 027	104 973
Ms MS TSHILAMBYANA	218 576	72 833	21 836	313 245
Ms NB JONES	286 359	95 451	29 719	411 529
Ms NJ MATUMBA	324 058	108 018	26 341	458 417
Ms NJ SIMANGWE	251 939	83 980	25 879	361 798
Ms NS MAHOSI	174 998	58 331	23 775	257 104
Ms S MADULA	74 960	24 986	132	100 078
Ms TA MARAGA	261 388	86 929	24 443	372 760
Ms TD MUKWEVHO	45 401	17 679	-	63 080
Ms TE TAMBANI	74 960	24 986	2 673	102 619
Ms TP MAMOROBELA	177 652	59 216	4 221	241 089
	19 549 849	6 485 790	2 035 167	28 070 806
35. Depreciation and amortisation				
Property, plant and equipment			139 306 894	133 981 020
Investment properties			381 711	381 711
Intangible assets			604 528	890 324
Total depreciation and amortisation			140 293 133	135 253 055
36. Impairment loss				
Impairments				
Property, plant and equipment			4 567 245	1 373 483
37. Finance costs				
Interest cost: Actuarial valuation			13 465 000	11 201 000
Interest cost: Trade and other payables			169	8 790
Interest cost: Finance leases			46 446	96 337
Interest cost: Landfill site			3 740 479	3 158 427
			17 252 094	14 464 554
38. Debt impairment				
Consumer debtors			46 630 270	60 054 930
Traffic Fines			4 250 885	1 233 615
Sundry debtors - VDM			-	16 940 900
			50 881 155	78 229 445
39. Bulk purchases				
Electricity - Eskom			299 070 654	306 303 648

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
39. Bulk purchases (continued)		
Included in the electricity bulk purchases is 11% R32 725 648 (2022: 12% R36 624 559) which relate to distribution losses. Makhado Municipality gets billed by Eskom on a monthly basis for electricity used/or given to the municipality based on readings.		
40. Contracted services		
Outsourced Services		
Business and Advisory	2 967 316	9 951 339
Cleaning Services	721 570	978 000
Clearing and Grass Cutting Services	463 676	50 344
Hygiene Services	-	720 000
Internal Auditors	5 758 223	5 300 693
Meter Management	3 167 969	2 468 044
Medical Services [Medical Health Services & Support	-	960 000
Security Services	29 378 936	23 850 988
Consultants and Professional Services		
Business and Advisory	26 906 667	18 894 678
Infrastructure and Planning	2 565 755	3 748 741
Audit Committee	513 598	668 834
Legal Cost	27 051 021	25 463 058
Contractors		
Electrical	14 931 459	7 340 731
Employee Wellness	3 860 653	3 260 254
Maintenance of Equipment	1 502 025	1 183 206
Maintenance of other assets	64 730 515	91 584 455
	184 519 383	196 423 365
41. General expenses		
Cost of sales: Land	3 030 000	1 255 000
Advertising & publications	6 555 125	5 698 872
Auditors remuneration	6 499 272	6 215 606
Bank charges	1 975 098	1 962 822
Consumables	43 326 680	30 270 497
Donations	140 000	-
Insurance	3 735 246	2 715 718
Bursaries	25 000	217 076
IT expenses	219 834	329 102
Skills Development Fund Levy	2 904 617	2 562 175
Pre-paid electricity commission	1 420 438	4 929 812
Ward committees allowances	6 292 313	3 204 743
Postage and courier	188 852	17 136
Motor Vehicle Licence & Registrations	1 012 021	986 806
Workmens compensation	1 282 734	-
Subscriptions and membership fees	3 879 113	3 309 702
Telephone and fax	4 870 210	3 866 095
Travel and Subsistence	7 693 772	3 246 308
Uniform expenses	4 221 132	1 078 755
Indigent policy	622 183	240 528
Special programmes	871 430	1 337 222
Other expenses	1 912 634	1 207 661
	102 677 704	74 651 636

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
42. Actuarial gains/(losses)		
Post -Employment Medical Aid Benefits	17 008 420	7 928 168
Long Service Awards	1 146 935	515 336
	18 155 355	8 443 504
43. Inventories losses/write-downs		
Land	(89 991)	(3 419 658)
Consumables	(999 828)	-
	(1 089 819)	(3 419 658)
44. Gain/(Loss) on disposal of assets		
Property, plant and equipment	(27 746 829)	-
45. Cash generated from operations		
Surplus	7 460 612	5 629 593
Adjustments for:		
Depreciation and amortisation	140 293 131	135 253 055
Impairment of non-cash generating assets	4 567 245	1 373 483
Loss on disposal of assets	27 746 829	-
Inventory adjustment	1 089 819	3 419 658
Gains/(losses): Actuarial valuation	(18 155 355)	(8 443 505)
Finance costs - Finance leases	46 446	96 337
Interest Cost: Actuarial valuation	13 465 000	11 201 000
Current Service Costs: Actuarial valuation	5 340 000	5 113 000
Past service cost - Actuarial valuation	(975 000)	-
Interest Cost: Provision for rehabilitation	3 740 479	3 158 427
Debt impairment	50 881 155	78 229 445
Impairment reversal	(16 940 900)	-
Movement in provision for landfill site	(11 925 997)	(7 104 688)
Changes in working capital:		
Inventories	8 556 336	(1 108 720)
Sundry Debtors	3 241 118	28 191 997
Receivables from non-exchange transactions	583 585	(546 410)
Consumer Debtors -Exchange transactions	(23 386 849)	(29 521 067)
VAT receivable	(3 167 064)	-
Consumer Debtors -Non- Exchange transactions	(18 469 378)	(23 559 332)
Consumer Estimates	(19 414 797)	(16 725 058)
Payables from exchange transactions	62 250 372	55 766 562
VAT	(17 681 944)	2 846 389
Unspent conditional grants and receipts	3 500 000	-
Consumer deposits	(336 380)	(70 773)
Deferred Income	(20 669)	26 602
Rehabilitation provision	(8 185 519)	(3 946 261)
	194 102 275	239 279 734

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
46. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>234 404 868</u>	<u>153 689 830</u>
Total capital commitments		
Already contracted for but not provided for	<u>234 404 868</u>	<u>153 689 830</u>
Authorised operational expenditure		
Already contracted for but not provided for		
• Operational costs	<u>23 644 525</u>	<u>79 704 863</u>
Total operational commitments		
Already contracted for but not provided for	<u>23 644 525</u>	<u>79 704 863</u>
Total commitments		
Total commitments		
Authorised capital expenditure	234 404 868	153 689 830
Authorised operational expenditure	23 644 525	79 704 863
	<u>258 049 393</u>	<u>233 394 693</u>

This committed expenditure relates to plant and equipment and other operational costs. These commitments will be financed by available retained surpluses, internally generated funds and government grants. Commitment values are disclosed VAT inclusive.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

47. Contingencies

Litigations are in process against the municipality relating to a dispute with defendants in the following cases, should the judgement or ruling be in favour of the defendants the municipality will have to pay the estimated damages. The potential extent of the liability cannot be determined, since it is subject to litigation. The provisional estimate based on management assessment is R 271.6 million (2022 : R129.3 million). The merits must still be determined and could result in a lesser or greater amount.

Contingent Liabilities

SGL Engineers CC Consulting: Outstanding payment for consultancy rendered during the construction of Mutsha Road [Case Number: 721/12 MAG. LTT]	136 463	136 463
Getrusburg CPA: Claim for compensation for extracting water without the consent of the land owner [Case Number: 55339/2011]	28 484 000	28 484 000
Matshavha Thapelo Jeffrey: Claim for damages due to pothole on a provincial road in Levubu area. [Case Number: 226/17]	1 550 000	1 550 000
Department of Water Affairs and Sanitation: The Municipality extract water from the Middle Letaba Waterval Bulk Supply Main (Majosi) without the consent of the Department as the water authority [Case Number: 3940/16]	16 977 558	16 977 558
Antoinette Albertus Geerdts: Claim for unlawful arrest and defamation of character. [Case Number: 71357/12]	680 000	680 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No: 67 of 2016. [Case Number: 2303/18]	-	2 000 000
Tshiamiso Trading: Claim for unpaid standing time invoices for Tender No:61 of 2016. [Case Number: 2628/18]	-	5 425 414
Mleya Irene: Claim against Council, injury caused by pothole [Case number: 451/18]	215 000	215 000
Musa Mkhabele: Claim for damages[Case Number: 1082/18]	60 000	60 000
Tshihatu Tryphinah: Claim for damages[Case Number: 01/2019]	120 000	120 000
Mphephu Royal Council: Land dispute[Case Number: 635/2016]	600 000	600 000
Nengwekhulu Tshiwandalani Inc: Payment of outstanding amount. [Case Number: 1368/2018]	-	-
Tshifhiwa Jonathan Tambani: Plaintiff's child drowned in sewage drain[Case Number: 1305/2019]	1 950 000	1 950 000
Khulani Timber Industries: Plaintiff claiming settlement of amounts for service rendered. [Case Number: 970/2019]	144 291	144 291
MA Africa Party: Applicant filed an urgent application for council to be dissolved since it cannot perform its service delivery functions. [Case Number: 742/2020]	-	-
Zoutnet CC And Anton Jacobus Van Zyl: Applicants seeking and order to compel the municipality to disclose information regarding the award of tender [Case Number: 152/2020]	-	600 000
Makhado Nancy and Estate Late Moses Makhado: Applicants seeking an order to reprimand the municipality with further construction at Tshakhuma market due to the alleged damage casued on the Applicant's billboard: [Case Number: CCT145/2020]	-	1 000 000
Agnes Munzhedzi Shandukani & others: Plaintiff is suing for losses suffered as ,a result of drowning of three minor children. [Case Number:559/2020]	37 535 000	37 535 000
Pandelani Isaac Mutshinyali: Plaintiff is claiming for money which he believes was due and payable to him as per settlement agreement. [Case Number:466/2020]	300 000	300 000
Voltex Pvt Ltd: Plaintiff is suing the Municipality for goods sold and delivered to the defendant. [Case Number: 4548/2020]	-	565 289
Avax SA 222 CC: Claims against the Municipality. [Case Number: 1064/20]	1 227 806	1 227 806
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:229/2021]	-	400 000
Murn Trading Enterprise CC: Claim for cancellation of tender by the Municipality. [Case Number:1432/2020]	552 000	552 000

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
47. Contingencies (continued)		
Mpho Aaron Mulaudzi: Claim against the municipality for the death of employee who was electrocuted in the Levubu area under Makhado Local Municipality.[Case Number: 1661/2020]	480 000	480 000
Landmark Pvt Ltd: Plaintiff is claiming for the amount which they paid their employees due to an increment imposed by PSIRA. [Case Number: 1506/21]	2 450 424	2 450 424
Muofhe Gloria: Notice to compel municipality to register property in favor of gloria muofhe and her husband. [Case Number: 3803/2022]	400 000	-
Unlawful occupiers of portion 04 Makhado Farm [Case Number: 4549/2020]	1 200 000	1 200 000
Tshikhuthula Peter Radebe: Court interdict to compel the municipality to give out information in terms of PAIA. [Case Number: 1596/2020]	500 000	500 000
Land invasion at Vleifontein township	-	2 500 000
Mpho Emmanuel Mulaudzi: Claim against council [Case Number: 17/01/2022]	11 985 300	11 985 300
Northbulk Petroleum Whosalers: Claims against the Municipality for supply of fuel [Case Number: 147/2022]	5 000 000	5 000 000
Makongoza Adziambei Patrick: Land invasion at Dzanani, Makongoza [Case Number: 065/2022]	500 000	500 000
Sharp Move Trading 150 (PTY) LTD: Notice of Motion to compel municipality not to cut off applicant's electricity. [Case Number: 7917/2021]	400 000	400 000
Rammese Thomas: Claim sounding in money and matter is pending in court. [Case Number: 838/2021]	3 000 000	3 000 000
Mudau Dzivhuluwani Jonathan: Application to compel municipality to transfer property to the applicant's name. [Case Number: 4278/2019]	300 000	300 000
MEPF: Application to remove members from contributing to the fund.	500 000	500 000
Daybreak Properties: Claim sounding in money for losses suffered due to municipality's failure to install services. [Case Number: 2284/2022]	151 000 000	-
Illegal Occupants: Prevention of illegal occupants at clouds end hotel	350 000	-
Automotive Parts Exports: Application to review and set aside decision by planning tribunal. [Case Number: 20171/2022]	500 000	-
Sikhetho Freddy Ngobeni: Claim sounding in money for unfair labour practice. [Case Number: LP/LTT/RC/85/2022]	400 000	-
Themba Baloyi: Claim sounding in money as a result of theft and our attorneys of record are busy drafting summons.	128 000	-
Duwyk Boedery cc: Notice to compel municipality to re enstate electricity of applicant untill the dispute of billing between municipality and Duwyk is settled. [Case Number: 5430/2023]	1 000 000	-
Andre Naude: Notice to compel municipality to swich on electricity, matter finalised in favor of municipality. [Case Number: 5697/2023]	1 000 000	-
	271 625 842	129 338 545

Contingent assets

Litigations is in process and the municipality is a plaintiff in the following cases, should the judgement or ruling be in favour of the municipality, the municipality will be entitled to receive the estimated value of the damages as indicated below. The provisional estimate based on management assessment is R58.3 million (2022 : R70.1 million). The merits must still be determined and could result in a lesser or greater amount.

VBS Mutual Bank [Recovery of investment in VBS Bank	58 264 578	58 264 578
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 3617/18]	-	7 000 000
Tshiamiso Trading: Counter claim against the defendant due to undue enrichment. [Case Number: 4608/18]	-	4 825 414
	58 264 578	70 089 992

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

48. Related parties

Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee members, Municipal Manager and Directors reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Relationships

Accounting Officer

Mr K.M Nemaname

Chief Financial Officer

Vacant

Director Community services

Mr H.J Lukheli

Director Corporate Services

Mr S.G Maguga

Director Technical Services

Ms D.G Siboiboi

Director Planning & Development

Mr A Mabunda

Councillors

Refer to note 34

No member of the municipality's management has significant influence over the financial or operating policies of the municipality. No business transactions took place between the municipality and key management personnel.

All Councillors have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over the Council in making financial and operational decisions. Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and only have collective executive powers for planning, directing and controlling the activities of the municipality.

Related party transactions

Section 57 Managers and Councillors:

Refer to Note 33 for detail of remuneration paid to Section 57 Managers and to Note 34 for remuneration paid to Councillors.

Loans granted to related parties:

In terms of the MFMA the Municipality may not grant loans to its councillors, management, staff and public with effect from 01 March 2004.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

49. Prior-year adjustments

The comparatives have been restated to account for prior period errors. Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassifications of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual prior period error with the amounts involved:

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

49. Prior-year adjustments (continued)

Statement of financial position

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Current Assets					
Inventories	7	127 528 447	126	-	127 528 573
Sundry debtors	8	49 061 548	404 833	-	49 466 381
Receivables from non-exchange transactions	9	759 650	(587 010)	-	172 640
Consumer debtors- Exchange transactions	11	118 939 273	(37 644 470)	-	81 294 803
Consumer debtors- Non- Exchange transactions	11	46 802 524	-	-	46 802 524
Cash and cash equivalents	12	205 786 440	-	-	205 786 440
Non-current Assets					
Investment property	2	15 583 573	-	-	15 583 573
Property, plant & equipment	3	1 601 839 062	(7 167 688)	-	1 594 671 374
Intangible assets	4	1 866 388	24 105	-	1 890 493
Heritage assets	5	2 160 329	-	-	2 160 329
Current Liabilities					
Employee benefit obligation	6	(6 386 000)	-	-	(6 386 000)
Finance lease obligation	13	(686 149)	-	-	(686 149)
Performance bonus obligation	15	-	-	(523 318)	(523 318)
Rehabilitation provision	16	(3 000 000)	-	-	(3 000 000)
Deferred income	17	(147 645)	-	-	(147 645)
Payables from exchange transactions	18	(169 999 925)	3 090 359	523 318	(166 386 248)
VAT payable	19	(10 056 949)	(4 778 606)	-	(14 835 555)
Consumer deposits	20	(16 028 591)	-	-	(16 028 591)
Non-current liabilities					
Employee benefit obligation	6	(108 718 000)	-	-	(108 718 000)
Finance lease obligation	13	(1 057 797)	-	-	(1 057 797)
Rehabilitation provision	16	(40 141 866)	-	-	(40 141 866)
Opening Accumulated surplus		-	4 798 553	-	4 798 553
Accumulated surplus		(1 814 104 312)	41 859 798	-	(1 772 244 514)
		-	-	-	-

2022

	Note	As previously reported	Correction of error	Restated
Current Assets				
Inventories	7	128 637 294	-	128 637 294
Sundry debtors	8	21 274 384	-	21 274 384
Receivables from non-exchange transactions	9	1 828 415	(5 330)	1 823 085
Consumer debtors- Exchange transactions	11	91 333 695	(13 044 102)	78 289 593
Consumer debtors- Non- Exchange transactions	11	36 578 050	-	36 578 050
Cash and cash equivalents	12	201 323 734	428	201 324 162
Non-current Assets				
Investment property	2	15 884 270	-	15 884 270
Property, plant & equipment	3	1 709 692 321	(5 102 328)	1 704 589 993
Intangible assets	4	2 050 795	104 967	2 155 762
Heritage assets	5	2 160 329	-	2 160 329
Current Liabilities				
Employee benefit obligation	6	(4 871 000)	-	(4 871 000)
Finance lease obligation	13	(735 751)	-	(735 751)
Performance bonus obligation	15	(125 789)	-	(125 789)
Rehabilitation provision	16	(10 000 000)	-	(10 000 000)

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand		2023	2022
49. Prior-year adjustments (continued)			
Deferred income	17	(174 247)	- (174 247)
Payables from exchange transactions	18	(223 137 350)	26 526 (223 110 824)
VAT payable	19	(17 681 850)	(94) (17 681 944)
Consumer deposits	20	(15 957 818)	- (15 957 818)
Non-current liabilities			
Employee benefit obligation	6	(112 542 000)	- (112 542 000)
Finance lease obligation	13	(322 046)	- (322 046)
Performance bonus obligation	15	(125 789)	- (125 789)
Rehabilitation provision	16	(29 195 605)	- (29 195 605)
Accumulated surplus		(1 795 894 042)	18 019 933 (1 777 874 109)
		-	-

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand		2023	2022		
49. Prior-year adjustments (continued)					
Statement of financial performance					
2022					
	Note	As previously reported	Correction of error	Re-classification	Restated
Revenue					
Revenue from exchange transactions					
Service charges	22	402 489 332	(13 044 102)	-	389 445 230
Rental of facilities and equipment	23	239 386	-	-	239 386
Agency services	25	4 107 933	-	-	4 107 933
Licences and permits	26	4 053 393	-	-	4 053 393
Interest earned -outstanding receivables	27	11 803 142	-	-	11 803 142
Other revenue	28	20 248 456	(4 798 553)	-	15 449 903
Interest received from financial institutions	29	6 913 853	-	-	6 913 853
Actuarial gains	42	8 443 504	-	-	8 443 504
Revenue from non-exchange transactions					
Taxation revenue					
Interest earned -outstanding receivables	27	19 433 737	-	-	19 433 737
Property rates	30	96 260 597	-	-	96 260 597
Transfer revenue					
Fines, penalties and forfeits	24	3 765 724	(136 430)	-	3 629 294
Government grants & subsidies	31	558 017 722	-	-	558 017 722
Other revenue	32	8 596 409	-	-	8 596 409
Expenditure					
Employee related costs	33	(282 574 860)	-	-	(282 574 860)
Remuneration of councillors	34	(28 070 806)	-	-	(28 070 806)
Depreciation and amortisation	35	(136 057 880)	804 825	-	(135 253 055)
Impairment of non - cash generating assets	36	(1 373 483)	-	-	(1 373 483)
Finance costs	37	(14 464 554)	-	-	(14 464 554)
Debt Impairment	38	(79 464 580)	1 235 135	-	(78 229 445)
Bulk purchases	39	(306 303 648)	-	-	(306 303 648)
Contracted services	40	(201 726 732)	(912 239)	6 215 606	(196 423 365)
General Expenses	41	(68 462 134)	26 104	(6 215 606)	(74 651 636)
Inventories losses/write-downs	43	(3 419 658)	-	-	(3 419 658)
Surplus for the year		22 454 853	(16 825 260)	-	5 629 593

Errors

The following prior period errors adjustments occurred:

Error 1

Consumer Debtors

In the previous financial year ended 30 June 2022, consumer debtors were overstated by an amount of R13 044 102 relating to electricity estimates. The estimates relate to 2021, which were supposed to be subsequently reversed in the year ended 30 June 2022. The error was identified and subsequently corrected in the current financial year. The effect of the correction of the error is as follows:

Financial Statement Area

Decrease in Consumer Debtors from Exchange transactions [SFP]	(13 044 102)
Decrease in Service Charges - Electricity [SCI]	13 044 102
	-

Error 2

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

49. Prior-year adjustments (continued)

Trade & other payables

In the previous financial year ended 30 June 2022, Trade & other payables was overstated by an amount of R26 828.81 relating to General expenses and Contracted services. The error was subsequently corrected in the current financial year.

Furthermore, in the previous financial year ended 30 June 2022, Trade & other payables were understated by an amount of R428 relating to purchasing of lunch. The amount was supposed to be accrued at financial year ended 30 June 2022. The error was subsequently discovered and corrected in the current year.

The effect of the correction of the errors is as follows:

Financial Statement Area

Decrease in Trade & other payables [SFP]	26 829
Decrease in General expenses [SCI]	(26 104)
Decrease in Contracted services [SCI]	(630)
Increase in VAT payables [SFP]	(95)
Increase in Trade & other payables [SFP]	(428)
Increase in Cash & cash equivalents [SFP]	428
	<u>-</u>

Error 3

Other revenue from exchange transactions

In the previous financial year ended 30 June 2022, the disposal proceeds from assets auction amounting to R4 798 552.91 were recorded in the incorrect period. The amount was disclosed in the annual financial statements for the year ended 30 June 2022, under 'Other income from exchange transactions'. The error was discovered during the audit of 30 June 2022 financial year.

The effect of the correction of the errors is as follows:

Financial Statement Area

Decrease in Other revenue from exchange transactions [SCI]	4 798 553
Increase in Opening Accumulated surplus [SCE]	(4 798 553)
	<u>-</u>

Error 4

Receivables

Traffic fines:

In the previous financial year, traffic fines debtors included an amount of R1 240 465, relating to tickets paid in the previous financial periods. The receivable amount for 30 June 2022 was misstated by the same amount. Impairment amount of R9 701 820 in the previous financial year, included an amount of R1 235 135 relating to tickets that were paid in previous financial years. The error was identified and corrected in the current financial year.

The effect of the correction of the errors is as follows:

Financial Statement Area

Decrease in Revenue from non-exchange transactions [SCI]	136 430
Decrease in Receivable from non-exchange transactions [SFP]	(1 240 465)
Decrease in Retained Earnings [SCE]	1 104 035
Increase in Receivable from non-exchange transactions [SFP]	1 235 135
Decrease in Bad debts impairment [SCI]	(1 235 135)
	<u>-</u>

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

49. Prior-year adjustments (continued)

Error 5

Property, plant & equipment:

In the prior periods, Work In Progress was misstated due to non- capitalisation of completed projects as well as non - expensing of transactions that do not meet the asset recognition criteria.

Work in progress in the previous financial year was overstated by R1 365 287.81 (2021: R11 021 613.91). Work in progress in the previous financial year was overstated by R666 141.28. The error was identified during the current year and subsequently corrected. The effect of the correction of the errors is as follows:

Financial Statement Area

2021: Financial Year

Decrease in Equity [SCE]	4 889 318
Increase in completed projects - Community assets [SFP]	292 945
Increase in completed projects - Infrastructure assets [SFP]	5 839 352
Decrease in Work in progress [SFP]	(11 021 615)

2022: Financial Year

Increase in Contracted services [SCI]	246 728
Increase in completed projects - Infrastructure assets [SFP]	1 118 560
Decrease in Work in progress [SFP]	(1 365 288)
Increase in Contracted services [SCI]	666 141
Decrease in Work in progress [SFP]	(666 141)
	-

In the prior year, depreciation and amortisation was incorrectly calculated in the Fixed Asset Register. Therefore, property, plant & equipment carrying value was misstated by R1 413 971.97; R24 593.76; R26 486.78; R39 802.27 and R622 936.80 as well as intangible assets carrying value was misstated by R104 966.87. The error was identified in the current year and subsequently corrected.

Financial Statement Area

Decrease in Accumulated depreciation [SFP]	1 413 972
Decrease in depreciation expense [SCI]	(1 413 972)
Decrease in Accumulated amortisation [SFP]	104 967
Decrease in amortisation expense [SCI]	(104 967)
Increase in Accumulated depreciation - Computer Equipment [SFP]	(24 594)
Increase in depreciation - Computer Equipment [SFP]	24 594
Increase in Accumulated depreciation - Furniture Equipment [SFP]	(3 144)
Increase in Depreciation - Furniture Equipment [SCI]	3 144
Increase in Accumulated depreciation - Machinery and Equipment [SFP]	(23 343)
Increase in Depreciation - Machinery and Equipment [SCI]	23 343
Increase in Accumulated depreciation - Community Assets [SFP]	(39 802)
Increase in Depreciation - Community Assets [SFP]	39 802
Increase in Accumulated depreciation & impairment [SFP]	(622 937)
Increase in Depreciation & impairment [SFP]	622 937
	-

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

General Expenses:

An amount of R6 215 606.05 paid for external audit fees was incorrectly disclosed as contracted services. The error was identified in the current year and corrected. The following re-classification was done in financial statements:

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

49. Prior-year adjustments (continued)

Financial Statements Area

Increase in General Expenses (Audit fees) [SCI]

6 215 606

Decrease in Contracted services [SCI]

(6 215 606)

-

50. 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.

Council has the overall responsibility for the determination of the municipality's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Accounting Officer.

The Accounting Officer receives regular reports from the Directors through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The municipality's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee. The overall objective of Council is to set policies that seek to reduce risks as far as possible without unduly affecting the Municipality's competitiveness and flexibility.

Liquidity risk

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

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(322 046)	-	-	-
Payables from exchange transactions	(286 096 946)	-	-	-
Performance bonus obligation	(251 579)	-	-	-
Consumer deposits	(15 621 438)	-	-	-
Rehabilitation provision	(5 000 000)	-	(26 010 086)	-
Deferred Income	(153 578)	-	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liability	(735 751)	(322 046)	-	-
Payables from exchange transactions	(223 110 824)	-	-	-
Performance bonus obligation	(125 789)	(125 790)	-	-
Consumer deposits	(15 957 818)	-	-	-
Rehabilitation provision	(10 000 000)	-	(29 195 605)	-
Deferred Income	(174 247)	-	-	-

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

50. 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 counterparty. This risk arises due to changes in the financial circumstances of the counter party and other factors subsequent to the municipality obtaining the financial asset.

Sundry debtors, receivables from non-exchange transactions, consumer debtors and consumer deposits comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

There have been no material change in credit risk exposure by the municipality from the previous year. Financial assets exposed to credit risk at year end were as follows: Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Sundry Debtors	18 033 266	21 274 384
Receivables from non-exchange transactions	1 239 500	1 823 085
Consumer debtors -exchange transactions	62 839 619	78 289 593
Consumer debtors -Non-exchange transactions	40 585 546	36 578 050
Cash and cash equivalents	146 595 502	201 324 162

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality charge the interest rate of 15% on the outstanding customer accounts. For quantitative information on cash flow interest rate risk refer to liquidity risk above.

51. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of 1 785 334 720 and that the municipality's total assets exceed its liabilities by 1 785 334 720.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the municipality.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

52. Events after the reporting date

There were no material events that occurred between the end of the reporting period 30 June 2023 and the date that the financial statements are authorised for issue.

53. Fruitless and wasteful expenditure

Opening balance	207 812	199 918
Add: Fruitless and wasteful expenditure identified - current	259 169	8 774
Less: Amount recovered - current	(40 790)	(880)
Closing balance	426 191	207 812

Amount recovered

After the council committee investigations, council adopted the council committee recommendations to recover an amount of 40 790 from persons involved.

Amounts recovered on interest charged by SARS	(8 774)	-
Amounts recovered from stolen fuel cards	(32 016)	-
Amounts recovered from interest charged by Munsoft	-	(880)
	(40 790)	(880)

54. Irregular expenditure

Opening balance	130 850	79 528
Add: Irregular expenditure - current	562 570	130 850
Less: Amount written off - current	(56 952)	(79 528)
Closing balance	636 468	130 850

55. Additional disclosure in terms of Municipal Finance Management Act

Subscription fees

Current year subscription / fee	3 879 113	3 309 702
Amount paid - current year	(3 879 113)	(3 309 702)
	-	-

Distribution Losses

Kilowatts Hours		
Units Purchased	181 910 524	209 981 467
Units Sold	(162 005 062)	(184 874 084)
Distribution Loss (Units)	19 905 462	25 107 383
Rand Values		
Electricity	32 725 648	36 624 559
	32 725 648	36 624 559

Distribution losses for electricity relates to unaccounted for electricity. This mainly arises from, inter alia, illegal connections to the electricity network and bridging of meters by consumers. During the year 19 905 462 (2022: 25 107 383) kilowatts per hour were lost. This represented 11% (2022: 12%) of the electricity purchases for the year, which has been included in bulk purchases. An average price per kilowatt hour of R1.64 (2022: R1.46) was used.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
55. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Current year subscription / fee	6 499 272	6 160 198
Amount paid - current year	(6 499 272)	(6 160 198)
	<u>-</u>	<u>-</u>
PAYE and UIF		
Current year amount - Employer	1 367 387	1 204 967
Current year amount - Employees	53 966 710	48 150 907
Amount paid - current year	(55 334 097)	(49 355 874)
	<u>-</u>	<u>-</u>
Pension and Medical Aid Deductions		
Current year amount - Employer	55 470 087	49 326 109
Current year amount - Employees	29 574 568	26 059 803
Amount paid - current year	(85 044 655)	(75 385 912)
	<u>-</u>	<u>-</u>
VAT		
VAT(receivable) /payable	(3 167 064)	17 681 944

VAT output payables and VAT input receivables are shown in Note 10 and 19. All VAT returns have been submitted by the due date throughout the year.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

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

Councillors' arrear consumer accounts

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

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebola DJ	3 852	-	3 852
Phuluwa MI	8 043	180 350	188 393
Halgreen CD	185	-	185
Jones NB	64	273	337
Mudunungu NA	220	141	361
Baloyi RS	2 951	63 244	66 195
Tshidavhu IA	4 073	4 054	8 127
	19 388	248 062	267 450
30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Sebola DJ	423	7 106	7 529
Phuluwa MI	8 956	153 733	162 689
Halgreen CD	-	3 975	3 975
Jones NB	57	37	94
Mudunungu NA	255	2 148	2 403
Baloyi RS	2 678	52 036	54 714
Tshidavhu IA	1 253	-	1 253
	13 622	219 035	232 657

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2023	Highest outstanding amount	Aging (in days)
Phuluwa MI	180 350	90
Jones NB	273	90
Mudunungu NA	141	-
Baloyi RS	63 244	90
Tshidavhu IA	4 054	90
	248 062	360
30 June 2022	Highest outstanding amount	Aging (in days)
Sebola DJ	7 106	90
Phuluwa MI	153 733	90
Halgreen CD	3 975	90
Jones NB	37	90
Mudunungu NA	2 148	90
Baloyi RS	52 036	90
	219 035	540

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

56. Actual operating expenditure versus budgeted operating expenditure

Refer to **Appendix C** for the comparison of actual operating expenditure versus budgeted expenditure.

57. Deviation from supply chain management regulations

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

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

The following is the quotation and tender deviation for the year as approved by the Accounting Officer. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Quotation deviations for the 2022/23 financial year in terms of the Supply Chain Management Regulations amounted to R1 759 455 [2022: R1 651 807].

Period		
Quarter 1	248 812	459 482
Quarter 2	621 180	141 353
Quarter 3	386 836	550 175
Quarter 4	502 627	500 797
	1 759 455	1 651 807

58. Key Assumptions and Estimates Used

The key assumptions and estimates used are as follows: (1) Long Service Award: A number of valuation variables were used. Should these valuation assumptions be different from the actual variables, the provision for Long Service Award may be different from the one disclosed. (2) Post Retirement Medical Aid Benefit Obligation: By its nature, estimating the Post Retirement Medical Aid Benefit requires use of estimates and significant judgement. This was the case in the computation of the relevant obligation.

59. Segment information

General information

Identification of segments

The mandate of the municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal management reporting is based on each service objective. The components below have been identified as individually significant segments for the purposes of reporting according to these service objectives.

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.

MAKHADO LOCAL MUNICIPALITY

(Registration number : LIM 344)

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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

59. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Energy Sources	Electricity and distribution
Finance & administration (Including Executive & council)	Administration and accounting services
Waste management	Solid waste management (Refuse)
Road Transport	Road infrastructure and maintenance
Planning and development	Town planning and development
Executive & Council	Council
Other	Community & social services; public safety; health; housing and sport & recreation

For the segment surplus or deficit, refer to **Appendix D** to the Annual Financial Statements as at 30 June 2023.

60. Accounting by principals and agents

Makhado Local Municipality is a party to a principal-agent arrangement.

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

Makhado Local Municipality as agent and Limpopo Department of Transport as a principal.

The agreement requires the municipality to perform all the registering and testing function on behalf of the department which consist of licensing, driving licence test centre functions and vehicle test station functions . Makhado Local Municipality is an agent to the agreement as they are only entitled to commission amount and deposits all the net amount received for services rendered to the provincial department of transport.

The significant terms and conditions of the arrangement is that the municipality is entitled to 20% commission and Limpopo Department of Transport is entitled to 80% of the licence and permits fees. There are no significant risks associated with the transaction and no changes occurred during the reporting period.

Revenue recognised:

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R4 556 844 (2022: R4 107 933) as disclosed in note 25.

There were no expenses paid or accrued on behalf of Limpopo Department of Transport.

Amounts paid to Limpopo Department of Transport:

In the financial period ended 30 June 2023, the municipality paid R21 840 467 (2022:R18 823 404) over to the Department of Transport.

MAKHADO LOCAL MUNICIPALITY
MAKHADO LOCAL MUNICIPALITY

Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	209 945 543	-	-	-	-	-	209 945 543	-	-	-	-	-	-	209 945 543
Undeveloped land	23 256 662	-	-	-	-	-	23 256 662	-	-	-	-	-	-	23 256 662
Dwellings	3 487 346	-	-	-	-	-	3 487 346	(866 468)	-	-	-	(144 894)	(1 011 362)	2 475 984
Nonresidential structures	49 976 849	7 389 818	-	(621 915)	-	-	56 744 752	(19 546 320)	298 302	-	(849 327)	(1 885 221)	(21 982 566)	34 762 186
	286 666 420	7 389 818	-	(621 915)	-	-	293 434 323	(20 412 788)	298 302	-	(849 327)	(2 030 115)	(22 993 928)	270 440 395
Infrastructure														
Electricity	1 109 633 441	66 167 110	-	(9 975 513)	-	-	1 165 825 038	(670 738 054)	5 814 983	-	(2 237 787)	(46 179 035)	(713 339 893)	452 485 145
Roads	1 280 292 631	157 019 227	-	(63 680 267)	-	-	1 373 631 591	(667 404 909)	39 690 623	-	(936 992)	(67 031 084)	(695 862 362)	677 949 229
Solid waste disposal	28 537 782	469 226	-	-	-	-	29 007 008	(11 235 300)	-	-	(32 114)	(1 260 379)	(12 527 793)	16 479 215
	2 418 463 854	223 655 563	-	(73 655 780)	-	-	2 568 463 637	1 349 378 253	45 505 606	-	(3 206 893)	(114 470 498)	1 421 550 048	1 146 913 589
Community Assets														
Cemeteries	9 252 583	4 817 189	-	-	-	-	14 069 772	(4 797 599)	-	-	(43 110)	(454 353)	(5 295 062)	8 774 710
Cemeteries perimeter protection	7 812 671	3 076 992	-	(570)	-	-	10 889 093	(1 201 739)	-	-	(20 017)	(329 347)	(1 550 558)	9 338 535
Community center	80 813 903	13 980 540	-	(6 410)	-	-	94 788 033	(19 353 405)	3 591	-	(227 170)	(3 025 647)	(22 602 631)	72 185 402
Libraries	1 238 958	-	-	-	-	-	1 238 958	(790 638)	-	-	-	(44 771)	(835 409)	403 549
Sports and recreational facilities	42 044 994	1 304 707	-	-	-	-	43 349 701	(5 623 605)	-	-	(86 236)	(1 727 990)	(7 437 831)	35 911 870
Library books	2 470 476	82 156	-	(24 227)	-	-	2 528 405	(2 334 684)	22 648	-	-	(73 839)	(2 385 875)	142 530
	143 633 585	23 261 584	-	(31 207)	-	-	166 863 962	(34 101 670)	26 784	-	(376 533)	(5 655 947)	(40 107 366)	126 756 596

Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	173 318 588	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
	173 318 588	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
Other assets														
Machinery and equipment	61 215 141	6 310 238	-	(3 190 213)	-	-	64 335 166	(30 778 335)	3 054 245	-	(26 323)	(6 285 304)	(34 035 717)	30 299 449
Furniture and office equipment	17 201 205	418 233	-	(3 180 006)	-	-	14 439 430	(12 481 292)	3 105 916	-	(12 947)	(1 370 118)	(10 758 441)	3 680 989
Computer Equipment	14 722 559	2 538 165	-	(2 144 164)	-	-	15 116 560	(7 243 360)	1 969 752	-	(30 620)	(2 006 154)	(7 310 382)	7 806 178
Transport assets	78 167 816	8 437 490	-	(3 170 048)	-	-	83 435 258	(34 403 341)	2 566 792	-	(175)	(7 488 759)	(39 325 483)	44 109 775
	171 306 721	17 704 126	-	(11 684 433)	-	-	177 326 414	(84 906 328)	10 696 705	-	(70 065)	(17 150 335)	(91 430 023)	85 896 391

MAKHADO LOCAL MUNICIPALITY
MAKHADO LOCAL MUNICIPALITY

Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2023
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	293 434 323	(20 412 788)	298 302	-	(849 327)	(2 030 115)	(22 993 928)	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	2 568 463 637	1 349 378 263	45 505 606	-	(3 206 893)	(114 470 498)	1 421 550 048	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	166 863 962	(34 101 670)	26 784	-	(376 533)	(5 655 947)	(40 107 366)	126 756 596
Work In Progress	173 318 588	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	177 326 414	(84 906 328)	10 696 705	-	(70 065)	(17 150 335)	(91 430 023)	85 896 391
	3 193 389 148	555 971 902	(253 824 808)	(85 993 335)	(10 168 913)	-	3 399 373 994	1 488 799 049	56 527 397	-	(4 502 818)	(139 306 895)	1 576 081 365	1 823 292 629
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
Intangible assets														
Computers - software	8 699 729	58 550	-	(24 227)	-	-	8 734 052	(6 543 971)	22 648	-	-	(604 528)	(7 125 851)	1 608 201
	8 699 729	58 550	-	(24 227)	-	-	8 734 052	(6 543 971)	22 648	-	-	(604 528)	(7 125 851)	1 608 201
Investment properties														
Developed land	4 979 659	-	-	-	-	-	4 979 659	-	-	-	-	-	-	4 979 659
Dwellings	6 372 122	-	-	-	-	-	6 372 122	(2 145 336)	-	-	(64 426)	(177 451)	(2 387 213)	3 984 909
Non residential structures	8 107 646	-	-	-	-	-	8 107 646	(1 429 821)	-	-	-	(204 260)	(1 634 081)	6 473 565
	19 459 427	-	-	-	-	-	19 459 427	(3 575 157)	-	-	(64 426)	(381 711)	(4 021 294)	15 438 133
Total														
Land and buildings	286 666 420	7 389 818	-	(621 915)	-	-	293 434 323	(20 412 788)	298 302	-	(849 327)	(2 030 115)	(22 993 928)	270 440 395
Infrastructure	2 418 463 854	223 655 563	-	(73 655 780)	-	-	2 568 463 637	1 349 378 263	45 505 606	-	(3 206 893)	(114 470 498)	1 421 550 048	1 146 913 589
Community Assets	143 633 585	23 261 584	-	(31 207)	-	-	166 863 962	(34 101 670)	26 784	-	(376 533)	(5 655 947)	(40 107 366)	126 756 596
Work In Progress	173 318 588	283 960 811	(253 824 808)	-	(10 168 913)	-	193 285 658	-	-	-	-	-	-	193 285 658
Other assets	171 306 721	17 704 126	-	(11 684 433)	-	-	177 326 414	(84 906 328)	10 696 705	-	(70 065)	(17 150 335)	(91 430 023)	85 896 391
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
Intangible assets	8 699 729	58 550	-	(24 227)	-	-	8 734 052	(6 543 971)	22 648	-	-	(604 528)	(7 125 851)	1 608 201
Investment properties	19 459 427	-	-	-	-	-	19 459 427	(3 575 157)	-	-	(64 426)	(381 711)	(4 021 294)	15 438 133
	3 223 708 633	556 030 452	(253 824 808)	(86 017 562)	(10 168 913)	-	3 429 727 802	1 498 918 177	56 550 045	-	(4 567 244)	(140 293 134)	1 587 228 510	1 842 499 292

MAKHADO LOCAL MUNICIPALITY
MAKHADO LOCAL MUNICIPALITY

Appendix B

March 2023

Analysis of property, plant and equipment as at 30 June 2022
Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Developed land	210 582 951	45 000	-	(682 408)	-	-	209 945 543	-	-	-	-	-	-	209 945 543
Undeveloped land	23 256 682	-	-	-	-	-	23 256 682	-	-	-	-	-	-	23 256 682
Dwellings	3 487 346	-	-	-	-	-	3 487 346	(721 574)	-	-	-	(144 894)	(866 468)	2 620 878
Nonresidential structures	41 682 534	4 160 001	4 134 314	-	-	-	49 976 849	(17 911 557)	-	-	(19 348)	(1 615 415)	(19 546 320)	30 430 529
	279 009 513	4 205 001	4 134 314	(682 408)	-	-	286 666 420	(18 633 131)	-	-	(19 348)	(1 760 309)	(20 412 788)	266 253 632
Infrastructure														
Electricity	1 061 685 486	47 967 975	-	-	-	-	1 109 633 441	(625 273 120)	-	-	(1 166)	(45 463 768)	(670 738 054)	438 895 387
Roads	1 221 022 592	59 270 039	-	-	-	-	1 280 292 631	(603 188 589)	-	-	(1 341 553)	(62 874 757)	(667 404 909)	612 887 722
Solid waste disposal	27 910 882	626 900	-	-	-	-	28 537 782	(9 991 592)	-	-	-	(1 243 708)	(11 235 300)	17 302 482
	2 310 598 940	107 864 914	-	-	-	-	2 418 463 854	1 238 453 311)	-	-	(1 342 719)	(109 582 233)	1 349 378 263)	1 069 085 591
Community Assets														
Cemeteries	9 111 583	141 000	-	-	-	-	9 252 583	(4 412 499)	-	-	-	(385 100)	(4 797 599)	4 454 984
Cemeteries perimeter protection	6 481 833	1 330 838	-	-	-	-	7 812 671	(965 841)	-	-	-	(235 898)	(1 201 739)	6 610 932
Community center	57 410 900	23 403 003	-	-	-	-	80 813 903	(17 154 271)	-	-	(3 950)	(2 195 184)	(19 353 405)	61 460 498
Libraries	1 183 252	55 706	-	-	-	-	1 238 958	(749 170)	-	-	-	(41 468)	(790 638)	448 320
Sports and recreational facilities	15 197 083	26 847 911	-	-	-	-	42 044 994	(4 884 007)	-	-	(7 466)	(732 132)	(5 623 605)	36 421 389
Library books	2 470 476	-	-	-	-	-	2 470 476	(2 247 923)	-	-	-	(86 761)	(2 334 684)	135 792
	91 855 127	51 778 458	-	-	-	-	143 633 585	(30 413 711)	-	-	(11 416)	(3 676 543)	(34 101 670)	109 531 915

Analysis of property, plant and equipment as at 30 June 2022
Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Work In Progress														
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	173 318 568	-	-	-	-	-	-	173 318 568
	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	173 318 568	-	-	-	-	-	-	173 318 568
Other assets														
Machinery and equipment	48 408 593	12 806 548	-	-	-	-	61 215 141	(25 059 128)	-	-	-	(5 719 207)	(30 778 335)	30 436 806
Furniture and office equipment	15 154 754	2 046 451	-	-	-	-	17 201 205	(10 773 365)	-	-	-	(1 707 927)	(12 481 292)	4 719 913
Computer Equipment	11 560 863	3 161 696	-	-	-	-	14 722 559	(5 588 173)	-	-	-	(1 655 187)	(7 243 360)	7 479 199
Transport assets	76 689 551	1 478 265	-	-	-	-	78 167 816	(25 223 688)	-	-	-	(9 179 653)	(34 403 341)	43 764 475
	151 813 761	19 492 960	-	-	-	-	171 306 721	(66 644 354)	-	-	-	(18 261 974)	(84 906 328)	86 400 393

MAKHADO LOCAL MUNICIPALITY MAKHADO LOCAL MUNICIPALITY

Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2022

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Transfers to PPE Rand	Disposals Rand	Transfers to expenditure Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers to expenditure Rand	Impairment Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	279 009 513	4 205 001	4 134 314	(682 408)	-	-	286 666 420	(18 633 131)	-	-	-	(1 760 309)	(20 412 788)	266 253 632
Infrastructure	2 310 598 940	107 864 914	-	-	-	-	2 418 463 854	1 238 453 311)	-	-	(1 342 719)	(109 582 233)	1 349 378 263)	1 069 085 591
Community Assets	91 855 127	51 778 458	-	-	-	-	143 633 585	(30 413 711)	-	-	(11 416)	(3 676 543)	(34 101 670)	109 531 915
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	173 318 568	-	-	-	-	-	-	173 318 568
Other assets	151 813 761	19 492 960	-	-	-	-	171 306 721	(66 644 354)	-	-	-	(18 261 974)	(84 906 328)	86 400 393
2 941 983 745	407 983 009	(152 775 658)	(682 408)	(3 119 540)	-	-	3 193 389 148	1 354 144 507)	-	-	(1 373 483)	(133 281 059)	1 488 799 049)	1 704 590 099
Heritage assets														
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
2 160 329	-	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
Intangible assets														
Computers - software & programming	7 544 139	1 155 590	-	-	-	-	8 699 729	(5 653 647)	-	-	-	(890 324)	(6 543 971)	2 155 758
7 544 139	1 155 590	-	-	-	-	-	8 699 729	(5 653 647)	-	-	-	(890 324)	(6 543 971)	2 155 758
Investment properties														
Developed land	4 297 251	682 408	-	-	-	-	4 979 659	-	-	-	-	-	-	4 979 659
Dwellings	6 372 122	-	-	-	-	-	6 372 122	(1 967 884)	-	-	-	(177 451)	(2 145 335)	4 226 787
Nonresidential structures	8 107 646	-	-	-	-	-	8 107 646	(1 225 561)	-	-	-	(204 260)	(1 429 821)	6 677 825
18 777 019	682 408	-	-	-	-	-	19 459 427	(3 193 445)	-	-	-	(381 711)	(3 575 156)	15 884 271
Total														
Land and buildings	279 009 513	4 205 001	4 134 314	(682 408)	-	-	286 666 420	(18 633 131)	-	-	-	(1 760 309)	(20 412 788)	266 253 632
Infrastructure	2 310 598 940	107 864 914	-	-	-	-	2 418 463 854	1 238 453 311)	-	-	(1 342 719)	(109 582 233)	1 349 378 263)	1 069 085 591
Community Assets	91 855 127	51 778 458	-	-	-	-	143 633 585	(30 413 711)	-	-	(11 416)	(3 676 543)	(34 101 670)	109 531 915
Work In Progress	108 706 404	224 641 676	(156 909 972)	-	(3 119 540)	-	173 318 568	-	-	-	-	-	-	173 318 568
Other assets	151 813 761	19 492 960	-	-	-	-	171 306 721	(66 644 354)	-	-	-	(18 261 974)	(84 906 328)	86 400 393
Heritage assets	2 160 329	-	-	-	-	-	2 160 329	-	-	-	-	-	-	2 160 329
Intangible assets	7 544 139	1 155 590	-	-	-	-	8 699 729	(5 653 647)	-	-	-	(890 324)	(6 543 971)	2 155 758
Investment properties	18 777 019	682 408	-	-	-	-	19 459 427	(3 193 445)	-	-	-	(381 711)	(3 575 156)	15 884 271
2 970 465 232	409 821 007	(152 775 658)	(682 408)	(3 119 540)	-	-	3 223 708 633	1 362 991 599)	-	-	(1 373 483)	(134 553 094)	1 498 918 176)	1 724 790 457

MAKHADO LOCAL MUNICIPALITY

Appendix D

June 2023

Segmental Statement of Financial Performance for the year ended Current Year Prior Year

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality						
445 889 000	104 637 930	341 251 070	Executive & Council/Mayor and Council	401 747 000	91 306 366	310 440 634
197 163 219	401 950 856	(204 787 637)	Finance & Admin/Finance	176 389 376	483 388 395	(306 999 019)
20 618 511	28 799 429	(8 180 918)	Planning and Development/Economic Development/Plan	5 841 144	31 268 618	(25 427 474)
-	1 836 827	(1 836 827)	Health/Clinics	-	2 152 706	(2 152 706)
157 277	10 249 432	(10 092 155)	Comm. & Social/Libraries and archives	182 238	3 335 062	(3 152 824)
19 597	8 632 349	(8 612 752)	Public Safety/Police	41 431	3 901 789	(3 860 358)
97 117	1 656 181	(1 559 064)	Sport and Recreation	117 767	1 079 152	(961 385)
17 661 683	21 270 059	(3 608 376)	Waste Water Management/Sewerage	16 007 554	23 953 422	(7 945 868)
117 903 931	174 862 505	(56 958 574)	Road Transport/Roads	123 009 814	108 235 806	14 774 008
391 381 778	429 535 933	(38 154 155)	Electricity /Electricity Distribution	403 057 779	372 143 194	30 914 585
190 892 113	183 431 501	7 460 612		126 394 103	120 764 510	5 629 593
190 892 113	183 431 501	7 460 612	Municipality	126 394 103	120 764 510	5 629 593
190 892 113	183 431 501	7 460 612	Total	126 394 103	120 764 510	5 629 593

MAKHADO LOCAL MUNICIPALITY

Appendix C

June 2023

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023	Current year 2023			
	Act. Bal.	Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget	
	Rand	Rand	Rand	Var	
Revenue					
Service charges	385 664 462	542 975 000	(157 310 538)	(29,0)	The municipality billed less revenue than budgeted.
Rental of facilities and equipment	321 030	315 000	6 030	1,9	The municipality realised more collections from rentals of community halls and other facilities
Property rates	97 299 879	116 094 000	(18 794 121)	(16,2)	Less revenue was billed as compared to what was budgeted for the year.
Interest received from debtors	37 314 424	39 318 000	(2 003 576)	(5,1)	Interest receivable from consumers was less than budgeted amount.
Agency services	4 556 844	-	4 556 844	-	
Government grants & subsidies	574 516 240	573 815 000	701 240	0,1	The actual government grants received approximates the budgeted amounts.
Fines, Penalties and Forfeits	6 144 857	4 802 000	1 342 857	28,0	The municipality billed more tickets than budgeted.
Licences and permits	3 790 850	3 908 000	(117 150)	(3,0)	The municipality collected less licences and permits than budgeted by only 3%.
Other income	53 559 025	83 455 000	(29 895 975)	(35,8)	Less revenue was realised from other sources than what was budgeted for.
Actuarial gains	18 155 355	-	18 155 355	-	
Interest received from financial institutions	9 569 147	9 056 000	513 147	5,7	The municipality received more interest from banks during the year than budgeted for.
	190 892 113	373 738 000	(182 845 887)	(13,3)	
Expenses					
Personnel	(327 124 968)	(327 501 000)	376 032	(0,1)	Expenditure is within the budget.
Remuneration of councillors	(28 208 519)	(29 444 000)	1 235 481	(4,2)	Expenditure is within the budget.
Depreciation & amortisation	(144 860 376)	(145 000 000)	139 624	(0,1)	Expenditure is within the budget.
Finance costs	(17 252 094)	(17 620 000)	367 906	(2,1)	Expenditure is within the budget.
Debt Impairment	(50 881 155)	(60 715 000)	9 833 845	(16,2)	Expenditure is within the budget.
Bulk purchases	(299 070 654)	(333 062 000)	33 991 346	(10,2)	Expenditure is within the budget.

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023

	Current year 2023	Current year Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Contracted Services	(184 519 383)	(220 227 000)	35 707 617	(16,2) Expenditure is within the budget.
General Expenses	(131 514 352)	(132 183 000)	668 648	(0,5) Expenditure is within the budget.
Other revenue and costs	183 431 501	265 752 000	82 320 499	(6,5)
Net surplus/ (deficit) for the year	7 460 612	107 986 000	(100 525 388)	(93,1)

MAKHADO LOCAL MUNICIPALITY
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2023

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed / withheld						Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun		Yes/ No				
Municipal Infrastructure Grant	National Treasury	-	31 650	29 510	41 437	-	-	13 899	36 461	11 549	40 688	-	-	-	-	-	-	Yes				
Integrated Electrification Program	Department of Energy	-	-	5 000	15 120	-	-	-	(5 000)	(7 340)	(7 780)	-	-	-	-	-	-	Yes				
Financial Management Grant	National Treasury	-	1 950	-	-	-	-	(525)	(592)	(430)	(403)	-	-	-	-	-	-	Yes				
EPWP	Department of Public Works	-	815	1 467	977	-	-	(815)	(815)	(815)	(814)	-	-	-	-	-	-	Yes				
Disaster Management Grant	COGTA	-	-	-	-	3 500	-	-	-	-	-	-	-	-	-	-	-					
		-	34 415	35 977	57 534	3 500	-	15 239	42 868	20 134	49 685	-	-	-	-	-	-					



2022/23 Audited Annual Performance Report

1. INTRODUCTION

Municipal organizational performance monitoring, evaluation and reporting forms part of governance, a good practice and a statutory requirement in the South African government. The purpose of this Annual Performance Report is to record, disclose and account on the results of the assessment of actual service delivery achievements as measured against predetermined objectives for the 2022/2023 reporting period.

The Performance Management Framework at Makhado Local Municipality integrates organizational strategic management, service delivery, performance measurement and evaluation, and the associated reporting. The performance management function allows the municipality to track service delivery progress towards achieving the municipal objectives set in the Integrated Development Plan (the “IDP”) with its linked Medium-Term Revenue and Expenditure Framework (“MTREF”).

The municipality’s 2022/2023 Annual Performance Report focuses on service delivery performance information relating to the key deliverables recorded in the 2022/2023 Integrated Development and Planning implemented through the 2022/2023 Service Delivery and Budget Implementation Plan (the “SDBIP”).

2. Legislative background

Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (the “MFMA”) mandates the municipality to prepare an Annual Report indicative of records of activities of the municipality during the 2022/23 reporting period. The report must also give an account on performance against the budget of the municipality and promote accountability to the local community for the decisions made by the municipality.

According to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), *Section 46(1)* of as well as MFMA *Circular 11* on reporting annual performance of the municipality, the compilation of the annual performance report must include an assessment of external providers, a comparison of the performance with targets set for and performance in the previous financial year and measures taken to improve unacceptable performance.

3. PERFORMANCE MEASUREMENT AT MAKHADO LOCAL MUNICIPALITY

Performance measurement of the municipality deals with collection, analysing and/or reporting information regarding the performance of an individual, group, organization. During the reporting the municipality used the manual system to monitor its performance and manage its performance

information. This manual system was guided by the Performance Management Framework, Policy and Procedure Manual.

The basic functioning of the performance monitoring system is to compare actual performance achievements with quarterly performance projections; to determine the deviations of the actuals against the projections; to express those deviations.

The system also provides management information in the form of graphical representations when the actual achievements are compared against the quarterly projections.

These graphical representations are used for performance and trend analyses to reflect on progress meeting predetermined objectives and targets; and for the purposes of early warning indicators of where corrective actions are required. The system also provides for accounts in the form of explanations for actual achievements, putting these achievements into context; and proposed actions for improvement where performance targets and projections were not achieved.

4. 2022/2023 ANNUAL ORGANIZATIONAL PERFORMANCE RESULTS

The 2022/2023 Service Delivery and Budget Implementation Plan on which this Performance Report is based, comprises 78 key performance indicators with its concomitant performance targets. As an organisation, Makhado Local Municipality in the 2022/2023 reporting period achieved 59 of the performance indicators set and 19 were not achieved. This accounts for 76% target achievement, translating to a negative variance of 24%.

The table below reflects the actual performance per key performance area

CRITERIA	KPA 1	KPA 2	KPA 3	KPA 4	KPA 5	TOTAL
Number of Key Indicators	7	48	12	2	9	78
Number of Targets Achieved	6	34	11	1	7	59

Number of targets Not Achieved	1	14	1	1	2	19
--------------------------------	---	----	---	---	---	----

5. COMPARATIVE ANALYSIS OF ORGANIZATIONAL PERFORMANCE INDICATORS 2021/2022 AND 2022/2023

The following table compares the Organizational Performance of 2021/2022 with 2022/2023

Activity	Number of indicators planned	Number of indicators achieved
2021/2022	60	39
2022/2023	78	59

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION															
Integrated Development Planning	Good governance and administrative excellence	Reviewed Integrated Development Plan (Annual)	Adopted 2022/23 - 2026/27 Integrated Development Plan	Reviewed 2023/24 Integrated Development Plan by 31 May 2023	Target Achieved	Reviewed 2023/24 Integrated Development Plan by 31 May 2023	None	None	IDP Review	All Wards	Income (Own Funding)	Operational	Council resolutions, Final IDP, Invitations and attendance register for IDP consultation	MM	1
Performance Management	Good governance and administrative excellence	Approved 2023/24 SDBIP	Approved 2022/23 SDBIP	Approved 2023/24 SDBIP by 28 June 2023	Target Achieved	Approved 2023/24 SDBIP by 28 June 2023	None	None	SDBIP Development	All Wards	Income (Own Funding)	Operational	Approved 2023/24 SDBIP	MM	2
Performance Management	Good governance and administrative excellence	Adjusted 2022/23 SDBIP	Adjusted 2021/22 SDBIP	Adjusted 2022/23 SDBIP by 28 February 2023	Target Achieved	Adjusted 2022/23 SDBIP by 28 February 2023	None	None	SDBIP Review	All Wards	Income (Own Funding)	Operational	Adjusted 2022/23 SDBIP	MM	3
Performance Management	Good governance and administrative	Approved 2022/23 Mid-	Approved 2021/22 Mid-	Approved 2022/23 Mid- Year Report by	Target Achieved	Approved 2022/23 Mid- Year Report by	None	None	Mid-Year Report	All Wards	Income (Own	Operational	Approved 2022/23 Mid-	MM	4

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
	excellence	Year Report	Year Report	30 January 2023		30 January 2023					Funding)		Year Report		
Performance Management	Good governance and administrative excellence	Approved 2021/22 Annual Report	Approved 2020/21 Annual Report	Approved 2021/22 Annual Report by 31 March 2023	Target Achieved	Approved 2021/22 Annual Report by 31 March 2023	None	None	Annual Report	All Wards	Income (Own Funding)	Operational	Approved Final 2021/22 Annual Report	MM	5
Human Resources and Organizational Development	Invest in human capital	Number of employees trained	80 employees trained	140 employees trained by 30 June 2023	Target Achieved	150 employees trained by 30 June 2023	None	None	Employees Training	All Wards	Income (Own Funding)	Operational	Attendance Registers	CORP	6
		Number of councilors trained	75 Councillors Trained	75 Councilors trained by 30 June 2023	Target not Achieved	71 Councilors trained by 30 June 2023	4 Councillors could not attend training	Enhance Councillor training awareness to ensure all targeted Councillor are trained	Councillors Training	All Wards	Income (Own Funding)	Operational	Attendance Registers	CORP	7

BASIC SERVICE DELIVERY

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Electricity Provision	Accessible basic and infrastructure services	Number of households electrified	350 Households	1171 Households electrified by 30 June 2023	Target Achieved	1178 Households electrified	None	None	Electrification of households	Ward 19, 22,25,26, 31,35,37	INEP INCOME	20 120 000 2 337 692,56	Completion Certificate	TECH	8
Electricity Provision	Accessible basic and infrastructure services	Number of Households serviced with electricity post connections	250 Households	282 Households serviced with electricity post connections by 30 June 2023	Target not Achieved	245 Households serviced with electricity post connections	Received requests less than projected number	Timeously review post-connection target	Electricity Post-Connections	Ward 19,20,22 ,33,6,7	Income (Own Funding)	3 000 000	Completion Certificates	TECH	9
Electricity Provision	Accessible basic and infrastructure services	Number of High Mast Lights installed	9	37 high mast lights installed by 30 June 2023	Target not Achieved	High mast lights not fully installed	Contractor for the remaining 4 was terminated due to non-performance & 4 under construction	Fast-tracking process of energising with Eskom and reallocate the four remaining to the new service provider in the new financial year	High Mast Lights installation	Ward 1,2,3, 4,5,6,7 ,8,10,11 ,12,13,17 ,18,19,20, 21,22,23 ,24,25,26,	Income (Own Funding)	15 000 000	Completion Certificate	TECH	10

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
										27,28,29, 30,33,37 ,38					
Electricity Provision	Accessible basic and infrastructure services	Number of New Urban Stands Electrified (South of Pretorius)	New	687 New Urban Stands electrified by 30 June 2023 (South of Pretorius)	Target Achieved	687 New Urban Stands electrified (South of Pretorius)	None	None	New Urban Stands Electrification	Ward 8	Income (Own Funding)	28 175 000	Completion Certificate	TECH	11
Electricity Provision	Accessible basic and infrastructure services	Upgraded Emmarentia and Boom Park Substations	Emmarentia and Boom Park Substations	Upgrade of Emmarentia and Boom Park Substations completed by 30 June 2023	Target not Achieved	Upgrade of Emmarentia and Boom Park Substations not completed -Procurement of equipment underway	Project rolled over due to procurement lead time	Extension of Time granted	Emmarentia and Boom Park Substations	Ward 8	Income (Own Funding)	4 800 000	Completion Certificate	TECH	12

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Electricity Provision	Accessible basic and infrastructure services	Upgraded fence and building at Eltivillas East and Makhado Park Substation	Eltivillas East and Makhado Park Substation	Upgrading of fence and building at Eltivillas East and Makhado Park Substation completed by 30 June 2023	Target Achieved	Upgrading of fence and building at Eltivillas East and Makhado Park Substation completed	None	None	Eltivillas East and Makhado Park Substation	Ward 9	Income (Own Funding)	1 500 000	Completion Certificate	TECH	13
Electricity Provision	Accessible basic and infrastructure services	Upgraded Breakers at Levubu and Beaufort Substation	Old Breakers at Levubu and Beaufort Substation	Upgrading of Levubu and Beaufort Substation breakers completed by 30 June 2023	Target not Achieved	Upgrading of Levubu and Beaufort Substation breakers not completed -Procurement of equipment underway	Project rolled over due to procurement lead time	Extension of Time granted	Levubu and Beaufort Substation	Ward 31	Income (Own Funding)	730 250	Completion Certificate	TECH	14
Electricity Provision	Accessible basic and infrastructure services	Upgraded Transformers at Makhado Park, Roodewaal, Cricket Club & Eltivillas East	Old Transformer at Makhado Park, Roodewaal, Cricket Club & Eltivillas East	Upgrading of Transformers at Makhado Park, Roodewaal, Cricket Club & Eltivillas East completed by	Target Achieved	Upgrading of Transformers at Makhado Park, Roodewaal, Cricket Club & Eltivillas East	None	None	Transformer Upgrade	Ward 09	Income (Own Funding)	5 500 000	Completion Certificate	TECH	15

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
				30 June 2023		completed									
Electricity Provision	Accessible basic and infrastructure services	Installation of New Transformer at Central Main Substation	Old Tranformer at Central Main Substation	Installation of New Transformer at Central Main Substation completed by 30 June 2023	Target not Achieved	Installation of New Transformer at Central Main Substation not completed -Procurement of equipment underway	Project rolled ver due to procurement lead time	Extension of Time granted	Transformer installation	Ward 9	Income (Own Funding)	9 200 000	Completion Certificate	TECH	16
Electricity Provision	Accessible basic and infrastructure services	Construction of fence at Proposed East of Bergview Estate Substation	None	Construction of fence at proposed East of Bergview Estate Substation completed by 30 June 2023	Target Achieved	Construction of fence at proposed East of Bergview Estate Substation completed	None	None	East of Bergview Estate Constructions	Ward 9	Income (Own Funding)	400 000	Completion Certificate	TECH	17

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
Electricity Provision	Accessible basic and infrastructure services	Upgraded Pretorius Substation	Pretorius Substation	Appointment, Site handover and establishment at Pretorius Substation completed by 30 June 2023	Target Achieved	Appointment, Site handover and establishment at Pretorius Substation completed	None	None	Pretorius Substation	Ward 8	Income (Own Funding)	3 000 000	Appointment letter and Site Handover progress report	TECH	18
Electricity Provision	Accessible basic and infrastructure services	Number of electricity poles replaced	None	650 electricity poles replaced by 30 June 2023	Target not Achieved	650 electricity poles not replaced Service provider allocated and Site handover	Contractor appointed in April 2023	Project rolled- over to the next financial year	Electricity Poles	Ward 9,31,20,7 ,6,22,26,27, 37	Income (Own Funding)	22 000 000	Completion Certificate	TECH	19
Electricity Provision	Accessible basic and infrastructure services	Upgraded Main Substation (Breakers, Panels, Isolators, Current Transformers, Surge Arrestors)	Main Substation	Upgrading of Main Substation (Breakers, Panels, Isolators, Current Transformers, Surge Arrestor completed by	Target not Achieved	Upgrading of Main Substation not completed. Breakers, isolators, supplied.	Project rolled over due to procurement lead time	Extension of Time granted	Main Substation	Ward 9	Income (Own Funding)	4 000 000	Completion Certificate	TECH	20

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
				30 June 2023											
Electricity Provision	Accessible basic and infrastructure services	Electrification of Tshikota Households	None	Appointment of Service provider and Site handover at Tshikota by 30 June 2023	Target Achieved	Service provider appointed, Site handover and establishment completed at Tshikota	None	None	Tshikota Households	Ward 8	Income (Own Funding)	8 600 000	Appointment letter and Site Handover Report	TECH	21
Electricity Provision	Accessible basic and infrastructure services	Commissioned third Incomer intake point for Main Substation	N/A	Commissioning of third Incomer intake point for Main Substation completed by 30 June 2023	Target Achieved	Commissioning of third Incomer intake point for Main Substation completed	None	None	Incomer intake point Eskom Substation	Ward 8	Income (Own Funding)	2 000 000	Completion certificate	TECH	22
Cemetery Fencing	Accessible basic and infrastructure services	Number of Fenced municipality cemeteries	1	(09) Municipal cemeteries fenced by 30 June 2023	Target Achieved	9 Municipal cemetery fenced	None	None	Fencing of Cemeteries	Ward 03,26 ,34,16, 28, 23,	MIG	8 330 975	Completion Certificate	TECH	23

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
										21,13,30					
Waste Management	Promote community and environmental welfare	Number of households in urban areas with access to refuse removal	9140 Households	9140 Households accessing refuse removals by 30 June 2023	Target Achieved	9140 households accessing refuse removals	None	None	Waste Management	Ward 7, 8, 10 ,16, 20	Income (Own Funding)	Operational	Signed Collection Slips	COMM	24
Free Basic Services Access	Accessible basic and infrastructure services	Number of Indigents with access to free electricity	2175	4250 Indigents with access to free electricity by 30 June 2023	Target not Achieved	3855 Indigents with access to free electricity	Delays in electronic vetting of some applications due to non availability of the system	A Service provider has since been appointed	Free Basic Services	All Wards	Income (Own Funding)	Operational	Updated Indigent Register	B&T	25
Development Planning	Accessible basic and infrastructure services	Number of sites demarcated	New	1650 Sites demarcated by 30 June 2023	Target not Achieved	1662 Sites demarcated	None	None	Sites Demarcation	Ward 3,17,20,21, 4	Income (Own Funding)	Operational	Approved Layout Plan	DDP	26

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
Waste Management	Promote community and environmental welfare	Number of Wheelie bins purchased	New	1000 x 240L Wheelie bins purchased by 30 June 2023	Target not Achieved	Only 200 wheelie bins were delivered.	Problem with supply from manufacturi ng company.	Continuous follow up with the manufacturing company to check availability of the wheelie bins.	Waste Management	All Wards	Income (Own Funding)	1 500 000.00	Delivery Note	COMM	27
Waste Management	Promote community and environmental welfare	Number of skip bins purchased	40	20 Skip bins purchased by 30 June 2023	Target Achieved	20 skip bins purchased.	None	None	Waste Management	All Wards	Income (Own Funding)	781 000.00	Delivery Note	COMM	28
Waste Management	Promote community and environmental welfare	Percentage completion of Construction of a Mega Cell and Stormwater at Makhado Landfill Site	Makhado Landfill site	70% Completion of constructed Mega Cell and Stormwater at Makhado Landfill site by 30 June 2023	Target not Achieved	52% completion of constructed Mega Cell and Stormwater at Makhado Landfill site	Completion delayed due to rainfall	Extension of Time granted	Makhado Landfill Site	Ward 9	MIG	16 564 197.98	Progress Report	TECH	29

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Waste Management	Promote community and environmental welfare	Percentage completion of Regravelling of Makhado Landfill Site Access Road	Makhado Landfill site	100% Completion of regravelled 4km Makhado Landfill Site Access Road by 30 June 2023	Target Achieved	100% Completion of regravelled 4km Makhado Landfill Site Access Road	None	None	Makhado Landfill Site	Ward 9	MIG	6 808 721.61	Completion Certificate	TECH	30
Protection Services and Licencing	Promote community and environmental welfare	Installation of a New Motor Vehicle Breaking Testing System at Makhado Licencing and Testing Station	Old Break Testing System	Installed New Motor Vehicle Breaking Testing System at Makhado Licencing and Testing Station by 30 June 2023	Target Achieved	Installation of New Motor Vehicle Breaking Testing System at Makhado Licencing and Testing Station completed	None	None	Makhado Testing Ground	Ward 9	Income (Own Funding)	2 000 000.00	Completion Certificate	COMM	31
Protection Services and Licencing	Promote community and environmental welfare	Upgrading of Dzanani Licencing and Testing Station from Grade B to Grade A	Grade B	Upgraded Dzanani Licencing and Testing Station from Grade B to Grade A by 30 June 2023	Target Achieved	Upgrading of Dzanani Licencing and Testing Station from Grade B to A has been completed	None	None	Dzanani VTS	Ward	Income (Own Funding)	2 500 000.00	Completion Certificate	COMM	32

<i>Priority Issue/ Programme</i>	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
<i>Parks & Recreation</i>	Promote community and environmental welfare	Number of heavy duty lawn mowers and brush cutters purchased	Old Lawnmowers	Twenty four (24) heavy duty lawnmowers and 20 brush cutters purchased by 30 June 2023	Target Achieved	Twenty four (24) heavy duty lawnmowers and 20 brush cutters have been delivered.	None	None	Lawnmowers	All Wards	Income (Own Funding)	1 304 000.00	Delivery Note	COMM	33
<i>Parks & Recreation</i>	Promote community and environmental welfare	Number of Tractors with complete mowing equipments purchased	Old Tractors	Eleven (11) tractors with complete mowing equipments purchased by 30 June 2023	Target Achieved	Eleven (11) tractors with complete mowing equipments have been delivered.	None	None	Tractors	All Wards	Income (Own Funding)	4 060 100.00	Delivery Note	COMM	34
<i>Parks & Recreation</i>	Promote community and environmental welfare	Percentage completion of Construction of Kutama-Sinthumule Sports Facility		70% Construction Progress of Kutama-Sinthumule Sports Facility by 30 June 2023	Target Achieved	79% construction progress of Kuitama Sinthumule Sports Facility	None	None	Kutama-Sinthumule Sports Facility	Ward 24	MIG	23 230 225.69	Progress Report	TECH	35

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
<i>Parks & Recreation</i>	Promote community and environmental welfare	Refurbished change rooms, grand stand and ablution facilities at Rabali Stadium	Dilapidated change rooms, grand stand and ablution facilities	Refurbished change rooms, grand stand and ablution facilities completed at Rabali Stadium by 30 June 2023	Target not Achieved	Refurbished change rooms, grand stand and ablution facilities at Rabali Stadium not completed Only Removal of existing room was completed	Community protest for Subcontracting and local labors	Extension of Time granted	Rabali Stadium	Ward 34	Income (Own Funding)	2 200 000.00	Completion Certificate	TECH	36
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Rehabilitated Joe Slovo Street (Vleifontein)	68% Progress	100% completion of rehabilitated Joe Slovo Street by 30 June 2023	Target Achieved	100% completion of rehabilitated Joe Slovo Street	None	None	Joe Slovo Street (Vleifontein)	Ward 20	Income (Own Funding)	10 167 300	Completion Certificate	TECH	37
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Constructed ERF 210 Burger Street Market Stalls	41%	100% Completion of constructed ERF 210 Burger Street Market Stalls by 30 June 2023	Target Achieved	100% Completion of constructed ERF 210 Burger Street Market Stalls	None	None	ERF 210 Burger Street Market Stalls	Ward 8	Income (Own Funding)	12 000 000	Completion Certificate	TECH	38

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Rehabilitation of Djunane Street (Waterval)	5%	100% Completion of rehabilitated Djunane Street by 30 June 2023 (Waterval)	Target Achieved	100% Completion of rehabilitated Djunane Street	None	None	Djunane Street (Waterval)	Ward 16	Income (Own Funding)	9 512 000	Completion Certificate	TECH	39
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Rehabilitation of Kleinhans & Erasmus Street	Dilapidated Surfaced Road	100% Completion of Rehabilitated Kleinhans & Erasmus Street of by 30 June 2023	Target Achieved	100% Completion of Rehabilitated Kleinhans & Erasmus Street	None	None	Kleinhans & Erasmus Street	Ward 8	Income (Own Funding)	2 000 000	Completion Certificate	TECH	40
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Constructed Tshedza to Vuvha Access Road (Phase 4)	Tshedza to Vuvha Access Road (Phase 3)	50% Completion of constructed Tshedza to Vuvha Access Road (Phase 4) by 30 June 2023	Target Achieved	57% Completion of constructed Tshedza to Vuvha Access Road (Phase 4)	None	None	Tshedza to Vuvha Access Road	Ward 25 and 26	MIG	5 000 000	Progress Report	TECH	41

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
<i>Building and Construction</i>	Accessible basic and infrastructure services	Percentage completion of Constructed Dzanani Taxi Rank and Market Stalls	Dilapidated Dzanani Taxi Rank and Market Stalls	5% Progress on construction of Dzanani Taxi Rank and Market Stalls by 30 June 2023	Target Achieved	5% Progress on construction of Dzanani Taxi Rank and Market Stalls	None	None	Dzanani Taxi Rank and Market Stalls	Ward 10	Income (Own Funding)	7 000 000	Progress Report	TECH	42
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Constructed Vleifontein Clinic Access Road	Gravel Road	40% Progress on construction of Vleifontein Clinic Access Road by 30 June 2023	Target Achieved	69% Progress on construction of Vleifontein Clinic Access Road	None	None	Vleifontein Clinic Access Road	Ward 20	Income (Own Funding)	8 000 000	Progress Report	TECH	43
<i>Waste Management</i>	Accessible basic and infrastructure services	Percentage completion of Rehabilitation of Vondeling Landfill Site	Old Landfill Site	70% progress on rehabilitated Vondeling Landfill Site by 30 June 2023	Target Achieved	80% progress on rehabilitated Vondeling Landfill Site	None	None	Vondeling land Site	Ward 9	MIG	10 000 000	Completion Certificate	TECH	44
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Constructed Makatu to	Detailed Design Report	50% Progress on constructed Makatu to Tshikota Road	Target Achieved	51,15% Progress on constructed Makatu to Tshikota Road	None	None	Makatu to Tshikota Road	Ward 33	MIG	16 879 457	Progress report	TECH	45

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
		Tshikota Road		by 30 June 2023											
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Construction of Lutanandwa Access Road and Bridge(Phase 1)	92% Progress	100% Completion of constructed Lutanandwa Access Road and Bridge by 30 June 2023 (Phase 1)	Target Achieved	100% Completion of constructed Lutanandwa Access Road and Bridge	None	None	Lutanandwa Access Road and Bridge	Ward 28	MIG	3 698 974	Completion Certificate	TECH	46
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Construction of Lutanandwa Access Road and Bridge (Phase 2)	Lutanandwa Access Road Bridge (Phase 1)	60% Progress on construction of Lutanandwa Access Road and Bridge (Phase 2) by 30 June 2023	Target Achieved	66% Progress on construction of Lutanandwa Access Road and Bridge (Phase 2)	None	None	Lutanandwa Access Road and Bridge (Phase 2)	Wad 28	MIG	24 907 429	Progress report	TECH	47
Roads, Bridges and Storm water	Accessible basic and infrastructure services	Percentage completion of Rehabilitation of Breda Street	Detailed Designs	30% Progress on rehabilitated Breda Street by 30 June 2023	Target Achieved	51% Progress on rehabilitated Breda Street	None	None	Breda Street	Ward 8	Income (Own Funding)	7 000 000	Progress report	TECH	48

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Rehabilitation of Pretorius Street	Detailed Designs	100% Completion on rehabilitated Pretorius Street by 30 June 2023	Target Achieved	100% Completed on rehabilitated Pretorius Street	None	None	Pretorius Street	Ward 8	Income (Own Funding)	7 000 000	Completion Certificate	TECH	49
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Construction of Sane Bridge	New	100% completion of constructed Sane Bridge by 30 June 2023	Target Achieved	100% completion of constructed Sane Bridge	None	None	Sane Bridge	Ward 37	MIG	1 969 774.31	Completion Certificate	TECH	50
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of Construction of Commissioner & Main street	Dilapitated Surfaced Road	100% completion of constructed Commissioner & Main Street by 30 June 2023	Target Achieved	100% completion of constructed Commissioner & Main Street	None	None	Commissioner & Main street	Ward 7	Income (Own Funding)	2 405 423.72	Completion Certificate	TECH	51
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of constructed Rivoni to Xihobyeni	New	100% Completion of constructed Rivoni to Xihobyeni Access Road by	Target Achieved	100% Completion of constructed Rivoni to Xihobyeni	None	None	Rivoni to Xihobyeni access road	Ward 2	MIG	1 566 940.96	Completion Certificate	TECH	52

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
		Access Road		30 June 2023		Access Road									
<i>Parks & Recreation</i>	Promote community and environmental welfare	Percentage completion of Installed gym equipments at Dzanani Park	New	100% completion of installed gym equipments at Dzanani Park by 30 June 2023	Target not Achieved	93% completion of installed gym equipments at Dzanani Park	Slow progress by contractor	Contractor is currently on penalties.	Dzanani Park Phase 2	Ward 10	Income (Own Funding)	4 776 144.82	Completion Certificate	TECH	53
<i>Roads, Bridges and Storm water</i>	Accessible basic and infrastructure services	Percentage completion of paved Vlei Street	Dilapidated Surfaced Road	100% completion of paved Vlei Street by 30 June 2023	Target Achieved	100% completion of paved Vlei Street by 30 June 2023	None	None	Vlei street	Ward 8	Income (Own Funding)	7 488 055.01	Completion Certificate	TECH	54
<i>Building and Construction</i>	Accessible basic and infrastructure services	Percentage completion of Constructed Makhado Licencing and Testing Admin Block	New	100% completion of constructed Makhado Licencing and Testing Admin block by 30 June	Target not Achieved	98% completion of constructed Makhado Licencing and Testing Admin block	Delay by the service provider	Contractor is currently on penalties.	Testing Ground Admin Block	Ward 8	Income (Own Funding)	9 150 443.78	Completion Certificate	TECH	55

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
				2023											
MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
Financial Statements	Sound Financial Management and viability	Improved Audit opinion for the previous financial year	Unqualified audit opinion (2020/21)	Improved Audit Opinion on previous financial year (2021/22) by 30 November 2022	Target Achieved	Unqualified Audit Opinion with reduced findings	None	None	Audit Opinion	All Wards	Income (Own Funding)	Operational	AG Report and Management Letter	B&T	56
Financial Statements	Sound Financial Management and viability	Prepared Interim Financial Statement (FS)	2020122 Interim Financial Satements	Developed and Submitted 2022/23 Interim Financial Statement by 30 April 2023	Target Achieved	2022/23 Interim FS developed and submitted by 30 April 2023	None	None	Interim Financial Statements	All Wards	Income (Own Funding)	Operational	202223 Interim Financial Statements	B&T	57

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Financial Statements	Sound Financial Management and viability	Prepared and Submitted Annual FS for 2021/22 Financial Year	Annual Financial Statement 2020/2021	Developed and submitted 2021/22 AFS by 31 August 2022	Target Achieved	Developed and submitted 2021/22 AFS by 31 August 2022	None	None	Annual Financial Statements	All Wards	Income (Own Funding)	Operational	Annual Financial Statements	B&T	58
Expenditure management	Sound Financial Management and viability	Percentage Expenditure on MIG	100% 2021/22 MIG spent	100% MIG Expenditure by 30 June 2023	Target Achieved	100% MIG Expenditure	None	None	MIG	Ward 2,3,9, 13,16,21,23 , 24,25,26, 28,30,33,34 ,37	MIG	93 449 000.00	Section 71 and Quarterly Financial Reports	TECH	59
Expenditure management	Sound Financial Management and viability	Percentage Expenditure on INEP Grant	100% 2021/22 INEP Spent	100% INEP Expenditure by 30 June 2023	Target Achieved	100% INEP Expenditure	None	None	INEP	All Wards	INEP	20 120 000.00	Section 71 and Quarterly Financial Reports	TECH	60
Budget and Reporting	Sound financial management and viability	Approved 2022/23 budget	Approved 2023/24 Budget	Approved 2023/24 Budget by 31	Target Achieved	Final budget approved by Council on the	None	None	Approved Budget	All Wards	Income (Own Funding)	Operational	Approved budget and Council	B&T	61

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
				May 2023		31 May 2023							Resolution		
Budget and Reporting	Sound financial management and viability	Number of section 71 reports submitted to Treasury within 10 days after the end of the month	12 Reports Submitted during 2021/22	12 Section 71 Reports submitted by 30 June 2023	Target Achieved	12 Section 71 Reports submitted	None	None	Section 71 Reports	All Wards	Income (Own Funding)	Operational	Copy of acknowledgem ent of receipt by Treasury and COGHSTA	B&T	62
Expenditure management	Sound Financial Management and viability	Percentage Expenditure of Financial Management Grant	100% of 2021/22 Financial Management Grant Spent	100% of 2022/23 Financial Management Grant spent by 30 June 2023	Target Achieved	100% of 2022/23 Financial Management Grant spent	None	None	FMG Expenditure	All Wards	FMG Funding	1 950 000.00	Approved and Submitted Expenditure Report	B&T	63
Expenditure management	Sound Financial Management and viability	Percentage of Electricity distribution loss	5%	10% of Electricity Distribution loss (As per Treasury Regulations) by 30 June 2023	Target Achieved	8% of Electricity Distribution loss (As per Treasury Regulations)	None	None	Electricity Distribution Loss	All Wards	Income (Own Funding)	Operational	Monthly Expenditure and Revenue Reports	B&T	64

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Supply Chain Management	Sound financial management and viability	Percentage of Tenders processed within 90 days (From closing date in the advert)	New	95% of Tenders Processed within 90 Days after bid closing date by 30 June 2023	Target not Achieved	90% of Tenders Processed within 90 Days after bid closing date	Increased volume of tenders to be evaluated and adjudicated	Committee meetings are also scheduled for after hours and weekends	Tender Processing	All Wards	Income (Own Funding)	Operational	Advertisements , Minutes of Adjudication Committee	B&T	65
Supply Chain Management	Sound financial management and viability	Percentage of Invoices Paid within 30 days of receipt	New	100% of Invoices paid within 30 days of receipt by 30 June 2023	Target Achieved	100% of Invoices paid within 30 days of receipt	None	None	Invoices Payment	All Wards	Income (Own Funding)	Operational	Monthly Expenditure Reports	B&T	66
Revenue Management	Sound financial management and viability	Revenue Collection Rate	90%	90% of Revenue Collected during 2022/23 Financial Year by 30 June 2023	Target Achieved	91% of Revenue Collected during 2022/23 Financial Year	None	None	Revenue Collection	All Wards	Income (Own Funding)	Operational	Collection Rate reports	B&T	67
LOCAL ECONOMIC DEVELOPMENT															

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Local Economic Development	Invest in local economy	Number of LED projects supported	Six (06) Projects	Six (06) Projects Supported by 30 June 2023	Target not Achieved	Six (06) Projects not Supported SLA signed	Delay in the appointment of the service provider	Procurement to be done in the first quarter of the financial year	LED Projects	All Wards	Income (Own Funding)	900 000	Service Level Agreements (SLA) Close-up reports	DEVP	68
Local Economic Development	Invest in local economy	Number of job opportunities created	400	600 job opportunities created by 30 June 2023	Target Achieved	600 job opportunities created	None	None	Employment Opportunities	All Wards	Income (Own Funding)	Operational	EPWP, CWP , and Community Projects employment register	DEVP	69
GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
Risk Management	Good governance and Administrative Excellence	Reviewed and Developed Strategic and Operational Risk Assessment Register	Reviewed and Developed 2022/23 Strategic and Operational Risk Assessment Register	Reviewed and Developed 2023/24 Strategic and Operational Risk Assessment Register by 30 June 2023	Target Achieved	Reviewed and Developed 2023/24 Strategic and Operational Risk Assessment Register	None	None	Strategic and Operational Risk Register	Ward 8	Income (Own Funding)	Operational	Approved Strategic and Operational risk register	MM	70

<i>Priority Issue/ Programme</i>	<i>Development Objectives</i>	<i>Key Performance Indicators</i>	<i>Baseline</i>	<i>Annual Targets</i>	<i>Performance Remark</i>	<i>Actual Performance</i>	<i>Challenges</i>	<i>Measures taken to improve performance/ Proposed Intervention</i>	<i>Project Name</i>	<i>Location</i>	<i>Funding Source</i>	<i>Budget 2022/23</i>	<i>Portfolio Of Evidence</i>	<i>Dept</i>	<i>ID No.</i>
Risk Management	Good governance and Administrative Excellence	Coordinate risk management activities	100% of Fraud and Anti-Corruption cases attended	100% of Fraud and Anti-Corruption cases attended by 30 June 2023	Target Achieved	100% of Fraud and Anti-Corruption cases attended	None	None	Fraud and Anti-Corruption	Ward 8	Income (Own Funding)	Operational	Investigation Reports / Case Register	MM	71
Internal Audit	Good governance and Administrative Excellence	Percentage implementation of action plans to address External Audit findings.	93%	100% of External Audit Findings resolved by 30 June 2023	Target Achieved	100% (19/19) of External Audit Findings resolved	None	None	External Audit Findings	Ward 8	Income (Own Funding)	Operational	Management Action Plan to address AG(SA) findings.	MM	72
Internal Audit	Good governance and Administrative Excellence	Percentage implementation of approved Risk based Annual Internal Audit Plan.	100%	100% of Risk based Annual Internal Audit Plan Implemented by 30 June 2023	Target Achieved	100% of Risk based Annual Internal Audit Plan Implemented	None	None	Risk based Annual Internal Audit Plan.	Ward 8	Income (Own Funding)	Operational	Internal Audit progress report.	MM	73
Internal Audit	Good governance and Administrative Excellence	Approved Risk based three(03) year internal Audit rolling	Approved Risk based three(03) year internal Audit rolling	Approved three(03) year internal Audit rolling plan by	Target Achieved	Approved Risk based three(03) year internal audit rolling plan	None	None	Risk based three(03) year internal Audit rolling plan.	Ward 8	Income (Own Funding)	Operational	Risk based three(03) year internal audit rolling plan	MM	74

Priority Issue/ Programme	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
		plan.	plan 2021/22	30 June 2023											
Information Technology	Good governance and Administrative Excellence	Number of IT projects completed	10 IT Projects Implemented during in 2021/22 Financial Year	12 (Twelve) Information Technology Projects completed by 30 June 2023	Target not Achieved	9 Information Technology Projects completed	The rest of the projects could not be completed due to infrastructur e readines	Projects rolled- over to the new financial year	IT Projects	Ward 8	Income (Own Funding)	3 871 733	Appointment letters and Close-out report	CORP	75
Council Services	Good governance and Administrative Excellence	Percentage Implementation of Council Resolutions	98% Council Resolutions Implemented	100% of Council Resolutions Implemented by 30 June 2023	Target Not Achieved	98% of Council Resolutions Implemented	Gwanda delegation requested postponeme nt	The visit has been rescheduled for the 27 July 2023	Council Resolutions	Ward 8	Income (Own Funding)	Operational	Resolutions Register	CORP	76
Council Services	Good governance and Administrative Excellence	Number of Council Meetings held	Four(4) Council Meetings held during 2021/22 Financial Year	Four (4) Council Meetings held by 30 June 2023	Target Achieved	4 Council Meetings held	None	None	Council Meetings	Ward 8	Income (Own Funding)	Operational	Minutes, Attendance register, notice of invitations.	CORP	77

<i>Priority Issue/ Programme</i>	Development Objectives	Key Performance Indicators	Baseline	Annual Targets	Performance Remark	Actual Performance	Challenges	Measures taken to improve performance/ Proposed Intervention	Project Name	Location	Funding Source	Budget 2022/23	Portfolio Of Evidence	Dept	ID No.
Public Participation	Good governance and Administrative Excellence	Number of Imbizos convened	One(1) Imbizo held during 2021/22 Financial Year	Four (4) Imbizos held by 30 June 2023	Target Achieved	4 Imbizos held	None	None	Public Participation	All Wards	Income (Own Funding)	Operational	Invitations, Attendance Registers	CORP	78

1. SUMMARY: MUNICIPAL PERFORMANCE

A total number of 78 performance targets were due for review at the end of the financial year under review. Out of these 59 were achieved, while 19 were not achieved. This accounts for 76% target achievement, whilst the 18 that is not achieved, is translating to a negative variance of 24%. This a notable improvement as compared to the financial year 2021-22, where the overall achievement stood at 65%.

2. CONCLUSION

Tangible improvement in performance management and service delivery is being realized because there are clearly defined targets to be achieved by using a service delivery budget implementation plan aligned to the municipality's annual budget .

Effective and efficient in-year performance reporting, continues to assist the municipality in accurately tracking progress thereby identifying early warnings and activities that are lagging behind, thereby determine the intervention required and corrective actions are implemented as need arises.

3. SERVICE PROVIDERS PERFORMANCE REPORT

As provided for in Section 76(b) of the Municipal Systems Act, 32 of 2000, municipal services can be rendered by entering into a Service Delivery Arrangement with an external service provider. The Municipality is responsible for monitoring and evaluating the execution of the agreement, including the performance of the service provider in compliance with Section 41 of the Municipal Systems Act, 32 of 2000.

The performance of service providers that have been selected to provide assistance in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on.

4. CONCLUSION

Tangible improvement in performance management and service delivery is being realized because there are clearly defined targets to be achieved by using a service delivery budget implementation plan aligned to the municipality's annual budget.

Effective and efficient in-year performance reporting, continues to assist the municipality in accurately tracking progress thereby identifying early warnings and activities that are lagging, thereby determines the intervention required and corrective actions are implemented as need arises.

5. SERVICE PROVIDERS PERFORMANCE REPORT

As provided for in Section 76(b) of the Municipal System Act, 32 of 2000, municipal services can be rendered by entering a Service Delivery Arrangement with an external service provider. The Municipality is responsible for monitoring and evaluating the execution of the agreement, including the performance of the service provider in compliance with Section 41 of the Municipal Systems Act, 32 of 2000.

The performance of service providers that have been selected to aid in the provision of a municipal service, otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies, is required, by section 116 of the Municipal Finance Management Act, to be monitored and reported on.

								Assessment of service provider			
								(Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent			
Dep	Tender number	Project name	Name of Service provider	Starting date	Completion date	extension of completion date (only if applicable)	Challenges and interventions	Quarter 1	Quarter 2	Quarter 3	Quarter 4
DDP	51/2017	Compilation of General Valuation Roll for the period five years	Geospatial Valuation Technologies	01/07/2018	30/06/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
DTS	44/2018	Appointment of a Professional Engineer: Additional incomer intake points for Makhado local municipality Main Substation for the period of Two (02) years	NSK Electrical and Construction Managers (Pty)Ltd	30/01/2019	29/01/2022	30/06/2023	not applicable	3	3	3	5
DFS	75/2018	Provision of Banking Services for a period	First Rand bank limited	24/06/2019	23/06/2024		not applicable	4	5	5	5

		of five years									
DFS	24/2019	Auctioneering services on municipal assets for the period of three years	Root -X Auctioneers	19/08/2019	18/08/2022		No service rendered for 1st quarter (Not rated)	–			
			Tirhani Auctionners	19/08/2019	18/08/2022		not applicable	5			
DCOMS	35/2019	Provision of Healthcare risk, Waste collection and treatment services for the period of three years	Gonyanie Trading and Technology	19/08/2019	18/08/2022		project completed in 1st quarter	2			
DCOMS	36 /2019	Appointment of service provider for Operation and maintenance of Makhado new landfill site for the period of three (03) years	Mascon Trading Cc	30/11/2019	29/11/2022		Project completed in 2nd quarter	4	4		
DCORP	38/2019	Refill, service, Supply and Delivery of Council fire extinguishers for the period of three (03) years	Quick Fire Services and General Trading	20/11/2019	19/11/2022		contract expired in 2nd quarter	–	–		
DFS	28 / 2019	Panel of service provider for sourcing of grants and implementation of programmes on a risk based for a period of three (03) years	Pholisani Capital Advisory and Investment	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	–	–		
			Mafumu Consulting (Pty)Ltd	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	–	–		
			Masala Ramabulana Holdings	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	–	–		

			Pfani IT Services	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	-	-		
			Melokuhle Management	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	-	-		
			Afrikon Investment	25/11/2019	24/11/2022		No service rendered for 1st and 2nd quarter (Not rated)	-	-		
DFS	55/2019	Provision of meter reading for electrical consumption for the period of three years	KMA Consulting CC	19/12/2019	18/12/2022		contract expired in 2nd quarter	3	4		
DFS	56 /2019	Provision of Value added tax (VAT) recovery for the period of three years	PF Financial Consulting CC	25/11/2019	24/11/2022		contract expired in 2nd quarter	5	5		
DTS	65 /2019	Construction of Xitacini to Jiweni Access road	PGN pty Ltd	08/01/2020	30/08/2021	15/12/2022	not applicable	3	3		
DTS	66/ 2019	Waterval sport facility phase 3	Valcross	07/02/2020	30/08/2021	15/12/2022	not applicable	4	4		
DTS	71/2019	Panel of service providers to supply and delivery of electrical materials (Group C) for the period of three years	Rasmushavhi General Trading	02/09/2020	01/09/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			TMMR Trading Enterprise	02/09/2020	01/09/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-

			Conan Consulting and Projects	02/09/2020	01/09/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Nrath Trading (Pty)ltd	02/09/2020	01/09/2023		No service rendered for 1st, 2nd and 3rd quarter (Not rated)	-	-	-	5
			Masgac Trading Enterprise	02/09/2020	01/09/2023		No service rendered for 1st quarter (not rated)	-	5	5	5
			Best Enough Trading Projects	02/09/2020	01/09/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Mphuma Supply and Services	02/09/2020	01/09/2023		No service rendered for 1st quarter and 4th quarter (Not rated)	-	5	5	-
			Mapondo Trading and projects	02/09/2020	01/09/2023		No service rendered for 1st quarter and 4th quarter (Not rated)	-	5	5	-
			Angoni Capital	02/09/2020	01/09/2023		No service rendered for 1st quarter	-	5	5	5

			Cloud One Trading	02/09/2020	01/09/2023		No service rendered for 1st,2nd and 3rd quarter (Not rated). Delay to deliver in 4th quarter.	-	-	-	2
			Aarotec (Pty)ltd	02/09/2020	01/09/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
DTS	63/2019	Supply and delivery of Air Conditioners for the period of three (03) years	Mpho's Aircondition	08/09/2020	07/09/2023		No service rendered for 3rd quarter (Not rated)	2	2	-	2
			Rasmushavhi General Trading	08/09/2020	07/09/2023		No service rendered for 3rd quarter (Not rated)	5	5	-	5
			Nrath Trading (Pty)ltd	08/09/2020	07/09/2023		No service rendered for 3rd quarter (Not rated)	2	5	-	2
			Tsuamo Civils (Pty)ltd	08/09/2020	07/09/2023		No service rendered for 3rd quarter (Not rated)	2	5	-	2

DFS	24/2020	Provision of Short-term insurance for the period of 3 years	Kunene Makopo Risk Solutions	30/09/2020	29/09/2023		not applicable	4	5	5	5
DCOMS	14/2020	Provision of security services to Municipal properties for a period of three years	Collins Sebola Financial Services	11/09/2020	10/09/2023		not applicable	5	5	5	5
			Tshakhwilo Trading Enterprise	11/09/2020	10/09/2023		not applicable	5	5	5	5
			Ditiro Tsaka Security Services	11/09/2020	10/09/2023		not applicable	5	5	5	5
			Vhugi Protection Services	11/09/2020	10/09/2023		not applicable	5	5	5	5
			Backline Security Services	11/09/2020	10/09/2023		not applicable	5	5	5	5
DCORP	16 / 2020	Supply,delivery,installation and commissioning of 19 rental photocopiers and two coin controllers for a period of 03 years	Todani Development and Consultancy	01/10/2020	30/09/2023		not applicable	4	4	4	4
MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	TT NGOGENI ATTORNEYS INC	11/01/2021	10/01/2024		not applicable	5	5	5	5
			KGOROEADIRA MUDAU INC	11/01/2021	10/01/2024		not applicable	5	5	5	5

		GROUP A- LITIGATION	MAKHUVHA E.M ATTORNEY	11/01/2021	10/01/2024		not applicable	4	4	4	5
			RERANI MAWILA JV	11/01/2021	10/01/2024		not applicable	5	5	5	5
			MUDAU AND NETSHIPISE ATTORNEYS	11/01/2021	10/01/2024		not applicable	4	5	5	5
			MUEDI ATTORNEYS INC	11/01/2021	10/01/2024		not applicable	5	5	5	5
			GOGOME NDOU ATTORNEYS J/V	11/01/2021	10/01/2024		not applicable	5	5	5	5
			DUBISHI NTHAMBELENI ATTORNEYS	11/01/2021	10/01/2024		not applicable	5	5	5	5
MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	LEBEA & ASSOCIATES	11/01/2021	10/01/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			LRM AND ASSOCIATES INCORPORATED	11/01/2021	10/01/2024		not applicable	5	5	5	5
		GROUP B -LABOUR MATTERS	MUEDI ATTORNEYS INC	11/01/2021	10/01/2024		not applicable	5	5	5	5
MM	33 of 2020	Appointment for a Panel of Legal Services for the period of three (03) years	DABISHI NTHAMBENI INC	11/01/2021	10/01/2024		not applicable	5	5	5	5
			MUNONDE ATTORNEYS	11/01/2021	10/01/2024		not applicable	5	5	5	5

		GROUP C - CONVEYANCERS	POPELA MAAKE ANCOPORATED	11/01/2021	10/01/2024		not applicable	5	5	5	5
			MAKAMU AND MUNYAI INC	11/01/2021	10/01/2024		not applicable	4	5	5	5
DFS	47 of 2020	Travel	Exila Travels	15/12/2020	14/12/2023		not applicable	4	4	5	5
			Nyeleti Travels	15/12/2020	14/12/2023		not applicable	2	2	3	4
			Pheto Travels	15/12/2020	14/12/2023		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			Ariye Travels	15/12/2020	14/12/2023		No service rendered for 3rd and 4th quarter (Not rated)	2	2	–	–
DFS	38/2020	Panel of service providers to supply and delivery of refuse plastic bags for the period of three years	Umanza Business Enterprise	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
			Savelot	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–

Wauluga (pty)ltd	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
Angoni Capital	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
MMC Consultants (PTY) LTD	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
Moleke Projects	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
Enge Security Services and Projects (PTY) LTD	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
Muponi Property Management	15/06/2021	14/06/2024		No service rendered for 1st and 4th quarter (Not rated)	–	2	5	–
SEOMC Trading Enterprise	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–

			Nendila General Supply	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
			Mbofholowo General Trading and Gardening	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
			Linubrite	15/06/2021	14/06/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			Kondelelani Zwidoitea Construction and General Supply	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
			Culis Tent Chairs and Tables Hire	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–
			Annah and Son Trading and Projects	15/06/2021	14/06/2024		No service rendered for 1st, 3rd and 4th quarter (Not rated)	–	5	–	–

DCORP	16/2021	appointment of service provider for mime cast cyber resilience foundation plan, upgrade from g1 to m2r for 350 users and licensing for the period of three (03) years	Ndila Information Systems (pty) Ltd	30/04/2021	29/04/2024		not applicable	4	5	4	5
DCORP	21/2021	renew Microsoft office 365 apps for business license for the period three (03) years.	QSmart Services	30/04/2021	29/04/2024		not applicable	4	5	4	5
DTS	10/2021	re-advertisement: repairs of small equipment for the period of the two (03) years	Justfix Auto Electrix	19/05/2021	18/05/2024		not applicable	4	4	4	4
DTS	06/2021	supply and delivery of spares for repairs and maintenance for makhado local municipality fleet for the period of two (03) years	Justfix Auto Electrix	19/05/2021	18/05/2024		not applicable	3	3	3	4
DTS	64/2020	Appointment of panel of electrical contractors for emergency and preventative maintenance for the period of three (03) years	Avax SA 222 CC	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	5	5	5

FFM Engineering (pty) Ltd	29/04/2021	28/04/2024		No service rendered for 1st and 3rd quarter (not rated)	–	5	–	5
Shudu Trading and Projects	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	3	5	5
Hwali Business Enterprise	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	5	5	5
KMA Consulting CC	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	3	5	5
Tsire Consulting JV Masgac Trading Enterprise	29/04/2021	28/04/2024		No service rendered for 1st and 3rd quarter (not rated)	–	5	–	5
Capotex Trading Enterprise CC	29/04/2021	28/04/2024		No service rendered for 1st, 3rd and 4th quarter (not rated)	–	3	–	–
Denzhe Electrical CC	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	5	5	5

			Miluwani Electrical and House Wiring	29/04/2021	28/04/2024		No service rendered for 1st and 3rd quarter (not rated)	–	5	–	5
			TM Consortium (pty) Ltd	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated)	–	4	4	5
			Rivisi Electrical Contractors	29/04/2021	28/04/2024		No service rendered for 1st, 3rd and 4th quarter (not rated)	–	4	–	–
			NSK Electrical and Construction Managers (Pty)Ltd	29/04/2021	28/04/2024		No service rendered for 1st quarter (not rated). Contractor delay to commence with allocated preventative and maintenance work in 2nd and 3rd quarter.	–	2	2	3
			IPSUM Engineering Solutions	29/04/2021	28/04/2024		No service rendered for 1st, 3rd and 4th quarter (not rated)	–	3	–	–
DCOMS	22/2021	Panel of service providers to provide a service of grass cutting, litter picking in makhado municipality parks, empty stand and open spaces as and when required	MVR Consulting and Projects Managers	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–

basis for period of three years

Velaphe Transport and Projects JV seithuto Trading	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
MNN Landscaping	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Kaybee Consulting and Projects	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
UB16 Investment and Projects (pty) ltd	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
N and C Civils	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
KMA Consulting CC	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-

			Muponi Property Management	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Mvelaphandle Trading and Projects	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Vhashumza Trading (pty) Ltd	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Zabest Construction (pty) Ltd	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			PRR Solutions	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Ramashu Supply and services	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
DTS	18/2021	rehabilitation and resealing of roads, emergency potholes patching within makhado local municipality for the period	Swadawada (pty) Ltd	29/04/2021	28/04/2024		No service rendered for 1st, 2nd 3rd quarter (Not rated)	-	-	-	5

three years as and when required basis.

Mvuno geo-environmental civil and construction	29/04/2021	28/04/2024		No service rendered for 2nd and 3rd quarter (Not rated)	4	–	–	5
Dzina 10 Trading (pty) Ltd	29/04/2021	28/04/2024		No service rendered for 1st, 2nd and 3rd quarter (Not rated)	–	–	–	5
MH Construction	29/04/2021	28/04/2024		No service rendered for 2nd,3rd and 4th Quarter (Not rated)	2	–	–	–
Rixongile Consulting Engineers	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
Edgar Mul Holdings	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
Nrath Trading (pty) Ltd JV Makawana Solutions	29/04/2021	28/04/2024		No service rendered for 3rd quarter (Not rated)	4	5	–	5
Gerson Matamela Holdings	29/04/2021	28/04/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
IFWS Projects (Pty) Ltd	29/04/2021	28/04/2024		No service rendered for 3rd	4	5	–	–

							and 4th quarter (Not rated)				
			Muponi Property Management	29/04/2021	28/04/2024		No service rendered for 2nd and 3rd quarter (Not rated)	4	–	–	4
			Courtesy Management (pty) ltd	29/04/2021	28/04/2024		No service rendered for 2nd, 3rd and 4th Quarter (Not rated)	3	–	–	–
			Pakani Trading Enterprise	29/04/2021	28/04/2024		No service rendered for 2nd, 3rd and 4th Quarter (Not rated)	4	–	–	–
DTS	65/2020	Appointment of panel of Engineering Consultants for Electrical projects for the three (03) years	Shumba Engineering Services	21/04/2021	20/04/2024		not applicable	3	3	5	5
			NSK Electrical and Construction Managers (Pty)Ltd	21/04/2021	20/04/2024		not applicable	3	3	4	5
			Risima Projects Management	21/04/2021	20/04/2024		Delay to provide the feasibility report to the municipality for 3rd , 4th quarter.	3	3	2	2

			Winding Technologies (pty) Ltd	21/04/2021	20/04/2024		not applicable	3	5	4	4
			AES Consulting	21/04/2021	20/04/2024		not applicable	3	3	4	4
DFS	31/2021	Re-Advertisement : Provision of Fleet Tracking System for the period of three (03) years	Just Fix Auto Electrix	19/05/2021	18/05/2024		not applicable	3	3	3	5
DFS	47/2021	Re-advertisement of Provision of assets management in compliance with MFMA and GRAP standard for the period of three (03) years	PMT Management Consultant	15/06/2021	14/06/2024		not applicable	5	5	5	5
DTS	45/2020	Appointment of contractor for admin block (testing ground)	MTTP Construction	28/01/2021	30/05/2022	30/11/2022	not applicable	4	4	3	3
DTS	54/2021	ERF 210 Burger street market revitalization project	T and C Civils	08-08-2021	19/08/2022	30/11/2022	not applicable	4	4	4	4
DTS	48 of 2021	Re-advertisement of Appointment of panel of electrical Contractors for electrification of villages for the period of three (03) years	HLTC/ Splish Splash Construction JV	22-09-2021	21/09/2024		No service rendered for 4th quarter (Not rated)	3	4	5	—
			Rems Electrical Construction	22-09-2021	21/09/2024		No service rendered for 3rd and 4th quarter (Not rated)	3	5	—	—

			Seshego Electrical Constructors Cc	22-09-2021	21/09/2024		Contract abandoned site effect from 1st, 2nd and 3rd Quarter, Therefore municipality terminate the contract.	1	1	1	–
			Shonisani Rambau Construction	22-09-2021	21/09/2024		Contract decline the appointment in 2nd quarter and not rated 3rd and 4th quarter	3	1	–	–
			Kotlolo Engineering	22-09-2021	21/09/2024		not applicable	5	5	5	5
			Blessed Engineering Solutions	22-09-2021	21/09/2024		not applicable	5	4	4	5
			Kgashane Electrical	22-09-2021	21/09/2024		No service rendered for 3rd and 4th quarter (Not rated)	3	5	–	–
			Conan-Consulting And Projects JV Nu Era	22-09-2021	21/09/2024		No service rendered for 3rd and 4th quarter (Not rated)	3	4	–	–
			Gerson Matamela Holdings	22-09-2021	21/09/2024		Contract decline the appointment in 2nd quarter and not rated 3rd and 4th quarter	3	1	–	–

			Ravha Trading Enterprises	22-09-2021	21/09/2024		Contract decline the appointment in 2nd quarter and not rated 3rd and 4th quarter	3	1	–	–
			Muthanyi Engineering	22-09-2021	21/09/2024		not applicable	3	3	5	5
			777 MPS Logistics	22-09-2021	21/09/2024		No service rendered for 3rd and 4th quarter (Not rated)	3	4	–	–
			Machavi BUKUTA BUSINESS ENTERPRISE	22-09-2021	21/09/2024		not applicable	3	4	5	5
			Marungane Projects (Pty) Ltd	22-09-2021	21/09/2024		No service rendered for 3rd and 4th quarter (Not rated)	3	5	–	–
DTS	55 /2021	Panel of contractors for regrading and regravelling of villages for the period of three (03) years	Maltec Business Connection	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			Makawana Solution	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			T And C Civils	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–

Ndzalama Projects Engineering (Pty) Ltd	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Mudzusi Wavhutali Civils	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Tsuamo Civils	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Tshiten Property Investment (Pty) Ltd	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Mulisa Projects (Pty) Ltd	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Kgompho Civils	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
N And C Civils	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
Tshira Tshashu Trading And Enterprise	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter	-	-	-	-

							(Not rated)				
			Swadawada	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Khatha Khatha Trading	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Znms Jv Cloud One	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Tsire Construction Jv Masgec	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Gumbu Holdings (Pty) Ltd	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
			Mudugwe Projects	22-09-2021	21/09/2024		No service rendered from 1st quarter to 4th quarter (Not rated)	-	-	-	-
DCOMS	62/ 2021	Provision of additional security services for remaining period ending Septmber	Tshira Tshashu Trading And Enterprise	29/10/2021	30/09/2023		not applicable	5	5	5	5

		2023	Divhazwau Security	29/10/2021	30/09/2023		not applicable	5	5	5	5
			Tshitangu security services	29/10/2021	30/09/2023		not applicable	5	5	5	5
			KBMP JV Tasmanian	29/10/2021	30/09/2023		not applicable	5	5	5	5
DFS	17/09/02/2004	Municipal financial system and preparation of annual financial statement	MUNSOF(PTY)LTD	30/06/2022	30/06/2025		not applicable	5	5	5	5
DTS	72 Of 2021	Electrical contractor for provision of underground electrical reticulation networks for new residential stands at South Pretorious	MADZ Electrical	28/10/2022	30/06/2023		No service rendered for 1st quarter (Not rated)	–	4	5	5
DTS	74 of 2021	Panel of civil contractors for Supply ,delivery ,Installation of culverts pipes maintenance of existing storm water drainage ,pipe and V-drains for the period three years	Courtesy Management (pty) ltd	10/11/2021	09/11/2024		No service rendered for 3rd quarter (Not rated)	3	3	–	5
			Edgar Mul Holdings	10/11/2021	09/11/2024		No service rendered for 3rd, 4th quarter (Not rated)	5	5	–	–
			Rixongile Consulting Engineers	10/11/2021	09/11/2024		not applicable	5	5	5	5
			SMA Business Enterprise	10/11/2021	09/11/2024		not applicable	5	5	5	5

			Phem Consulting and projects managers	10/11/2021	09/11/2024		not applicable	4	3	4	3
DFS	61 of 2021	Supply and delivery of protective clothing for a period of three years	N And C Civils	30/12/2021	29/12/2024		not applicable	5	5	5	5
			SMA Business Enterprise	30/12/2021	29/12/2024		not applicable	5	4	5	5
			Nrath Trading (Pty)Ltd	30/12/2021	29/12/2024		not applicable	4	4	5	5
DFS	65 of 2021	Supply and delivery of Cold mix asphalt for a period of three years	Nrath Trading (Pty)Ltd	30/12/2021	29/12/2024		delay to deliver the goods for 4th quarter	5	5	5	2
			SMA Business Enterprise	30/12/2021	29/12/2024		not applicable	5	5	5	5
			MajestryM (Pty)Ltd	30/12/2021	29/12/2024		delay to deliver the goods for 4th quarter	4	5	5	2
			Moloufu (Pty)Ltd	30/12/2021	29/12/2024		delay to deliver the goods for 4th quarter	4	5	5	2
			New Honey Administrators	30/12/2021	29/12/2024		not applicable	5	5	5	5

DCORP	53 of 2021	Call Centre and ticketing system for municipality call centre for a period of three years	Umbono Cloud Services	30/12/2021	29/12/2024		not applicable	4	5	4	5
DCORP	84 of 2021	Supply, Delivery, Install, Configure and commissioning Conversion from analogue to Voip telephone system for the period of three years	Yello Solution Technology CC	04/03/2022	03/03/2025		No service rendered for 3rd and 4th quarter (Not rated)	4	4	–	–
DFS	08 of 2022	Cellphone and Tablet contract package for the period of two years	Vodacom PTY LTD	23/03/2022	22/03/2024		not applicable	4	4	4	4
DCORP	67 of 2022	Design, Printing, Supply and delivery of Diaries and calendars	Mukona Consulting	16/11/2022	31/01/2023		Project completed in 3rd quarter		5	5	
DCOMS	71 of 2021	Appointment of services provider for rendering waste material recovery (recycling) at Makhado waste disposal facilities for the period of three years	Trash Converters	04/03/2022	03/03/2025		not applicable	4	4	5	5
			Waste Aside	04/03/2022	03/03/2025		not applicable	4	4	5	5

DTS	78 of 2021	Rehabilitation of Vlei Street	Mulisa Projects (Pty) Ltd	30/12/2021	30/12/2022		Project completed in 2nd quarter	3	2		
DTS	79 of 2021	Construction of Makhado landfill site and recycling centre phase 3 (Regravelling) at Makhado municipality within Vhembe district of limpopo province	PJMJ engineering JV 1 Daisy	06/01/2022	31/10/2022		Project completed in 2nd quarter	3	4		
DTS	67 of 2021	Rehabilitation of joe slovo street at Vleinfontein	Mbidzo SMA JV	12/10/2021	29/07/2022		Project completed in 1st quarter	5			
DFS	56 of 2021	Debt collectors for the provision of services regarding the debt collection for outstanding debts for the period of three years	Kamohelo entle trading JV KRM Inc	02/02/2022	01/02/2025		No service rendered from 1st, 2nd and 3rd quarter (Not rated)	–	–	–	5
			Ramatshila -muregi Attorney Inc	02/02/2022	01/02/2025		No service rendered from 1st, 2nd and 3rd quarter (Not rated)	–	–	–	5
DTS	98 of 2021	Appointment of electrical contractor to supply, deliver, install and commissioning of 10MVA Transformer (22000/11000) at Stubb Substation	NSK Electrical and Construction Managers (Pty)Ltd	04/03/2022	30/06/2023		Project completed in 4th quarter	3	3	3	5

DFS	100 of 2021	Panel of service provider for publishing notice and adverts on different newspaper for the period of three years	Aredzi trading and projects	05/04/2022	04/04/2025		not applicable	4	5	5	5
			N and C Civils	05/04/2022	04/04/2025		not applicable	4	5	5	5
			Makgopo Holdings	05/04/2022	04/04/2025		not applicable	4	5	5	5
			LLM Auto Trading (Pty)Ltd	05/04/2022	04/04/2025		not applicable	4	5	5	4
DTS	01 of 2022	Development of Dzanani Park Phase 2 (institution of outdoor gym, Playing equipment and Swimming pools)	Mvuno geo-environmental civil and construction	25/04/2022	09/12/2022	30/04/2023	not applicable	5	5	3	3
DTS	02 of 2022	Rerfubishment of Waterval regional office	MTEC DEMBE JV	25/04/2022	24/11/2022	28/02/2023	not applicable	4	3	3	4
DTS	04 of 2022	Construction of fence of Maelula Graveyard	Courtesy Management (pty) ltd	25/04/2022	30/07/2022		Project completed in 1st quarter	4			
DTS	06 of 2022	Rehabilitation of streets in Waterval Djunani Street	Thivharumi Holdings JV Nrath	09/05/2022	31/12/2022		Project completed in 2nd quarter	5	5		

DFS	11 of 2022	providing of fuel and lubricants for yellow and small equipment for Makhado local municipality for the period of three (03) Years	Class A Trading 514 t/a Total Makhado	09/05/2022	08/05/2025		not applicable	5	4	4	4
DCS	10 of 2022	Occupational Medical Services for Makhado local municipality employees for the period of three (03) years	Afrimed Business solutions cc	09/05/2022	08/05/2025		not applicable	5	5	5	5
MM	07 of 2022	Appointment of a services provider/consultants to render assignment for internal audit unit makhado municipality for the period of three years	Morar Incorporated	23/05/2022	22/05/2025		No service rendered from 1st quarter to 4th quarter (Not rated)	–	–	–	–
			Tumisong (Pty)Ltd	23/05/2022	22/05/2025		not applicable	5	5	5	5
			Jofani Accounting Consulting	23/05/2022	22/05/2025		No service rendered for 4th quarter (Not rated)	5	5	5	–
			Thuso financial consultants (pty)ltd	23/05/2022	22/05/2025		not applicable	5	5	5	5
			Shumba Inc	23/05/2022	22/05/2025		No service rendered for 2nd and 4th quarter (Not rated)	5	–	5	–
			AVC Corporated Advisory Services	23/05/2022	22/05/2025		No service rendered for 1st and 2nd quarter (Not rated)	–	–	5	5
DTS	94 of 2021	Appointment of electrical contractor to supply and erection of high masts	KOTLOLO ENGINEERING	15/06/2022	15/11/2022		contract not yet commence with construction work in 3rd quarter, therefore	3	3	2	5

		lightening structures in town parks					project commence and completed in 4th quarter				
DTS	95 of 2021	Appointment of electrical contractor to upgrade wooden poles to concrete poles for 22KV line to Emma Substataion	Madz Electrical	15/06/2022	15/11/2022		Project completed in 2nd quarter	5	4		
DCOMS	12/2022	Supply and delivery of Skip Bins	Mapetas General Trading 121	15/06/2022	31/08/2022		Project completed in 2nd quarter	5	5		
DTS	97 of 2021	Supply deliver and commissioning of 3x Voltage Regulators at Tshipise	TM Consortium (pty) ltd	15/06/2022	15/11/2022		poor performance of contractor for 4th quarter	4	3	3	1
DCS	15 of 2022	Refresh backup hardware and software (secondary server environment) and inclusive of three years warranty and service plan	Luucole Holding (Pty)	15/06/2022	15/06/2025		not applicable	3	3	4	4
DCS	35 OF 22	Construction of Lutanandwa access road phase 2	Luzuko Trading Enterprise	16/09/2022	16/05/2023		not applicable	4	4	4	4
DCS	36 OF 2022	Construction of Kutama Sinthumule Sports Facility	Muswobi Building Construction	26/09/2022	26/09/2023		not applicable	4	5	4	4
DTS	33 OF 2022	RE-ADVERTISEMENT : APPOINTMENT OF PANEL OF CONSULTANTS FOR PROFESSIONAL CIVIL ENGINEERING RELATED SERVICES FOR THE PERIOD OF	Morula Consulting engineer and projects	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	3

		THREE (03) YEARS									
			Nemorango Consulting Engineers	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	4
			Sizeya Consulting Engineers	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	5	5
			MJT Consulting Engineers (Pty)Ltd	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	3
			Mamadi and Company SA (Pty)Ltd	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	3
			Phamela Engineering Services	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	3
			Mont Consulting Engineers	19/09/2022	18/09/2025		not applicable		4	4	5
			Risima Projects Management	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd quarter and poor performance of engineer reported for 4th quarter		–	–	1
			DKW Engineering and project managers	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd and 4th quarter (Not rated)		–	–	–

			Rendeals four consulting (Pty)Ltd	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd and 4th quarter (Not rated)		–	–	–
			Phunga Consulting Engineers	19/09/2022	18/09/2025		not applicable		4	4	3
			MVE Consulting engineers	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	3
			Tshashu Consulting and projects managers	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	3
			MLTS Engineers	19/09/2022	18/09/2025		not applicable		4	4	4
			Tshino Consulting engineers	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	4
			Rixongile Consulting Engineers	19/09/2022	18/09/2025		not applicable		4	4	4
			EKS Consulting engineers	19/09/2022	18/09/2025		not applicable		4	4	4
			AGC Consulting engineers	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd and 4th quarter (Not rated)		–	–	–
			Mulanga Consulting Engineers	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd and 4th quarter		–	–	–

							(Not rated)				
			T2-Tech engineering	19/09/2022	18/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	3
			limgroup consulting services	19/09/2022	18/09/2025		No service rendered for 2nd, 3rd and 4th quarter (Not rated)		–	–	–
DTS	47/2022	Construction of fence at Waterval graveyard	Kuhlaria Holding	29/09/2022	20/01/2023	20/06/2023	project completed in 4th quarter		2	3	3
DTS	48/2022	Construction of fence at Raballi graveyard	Moshaopane Skelly JV	29/09/2022	20/01/2023		Project completed in 3rd quarter		4	5	
DTS	49/2022	Construction of fence at Tshikuwi Graveyard	AK and Associates JV Vincent	29/09/2022	20/01/2023		Project completed in 3rd quarter		4	5	
DTS	50/2022	Construction of fence at Tshikwarani Graveyard	Tshithandwa Trading and Cleaning	29/09/2022	20/01/2023		Project completed in 3rd quarter		4	5	
DTS	51/2022	Construction of fence at Rathidili Graveyard	Courtesy Management (pty) Ltd	29/09/2022	20/01/2023		Project completed in 3rd quarter		4	5	
DTS	52/2022	Construction of fence at Chavani Graveyard	Quintax 212 CC	29/09/2022	20/01/2023		Project completed in 3rd quarter		3	5	
DTS	53/2022	Construction of fence at Mangilasi	Matsheketsheke Civil (Pty)ltd	29/09/2022	20/01/2023		Project completed in 3rd		3	5	

		Graveyard					quarter				
DTS	54/2022	Construction of fence at Muhovhoya Graveyard	Nkomazi Business Network	29/09/2022	20/01/2023		Project completed in 3rd quarter		5	5	
DTS	41/2022	APPOINTMENT OF ELECTRICAL CONTRACTOR TO SUPPLY , DELIVERY, INSTALL AND COMMISSIONING OF 1 X NEW 22/66KVA 10MVA TRANSFORMER AT MAIN SUBSTATION CENTRAL	CONAN CONAN CONSULTING JV NUERA	19/09/2022	30/06/2023		Wrong item supplied and rejected by municipality in 3rd quarter. No Service rendered in 4th Quarter		2	2	–
DTS	43 OF 2022	APPOINTMENT OF SERVICE PROVIDER FOR OPERATION AND MAINTENANCE OF MAKHADO NEW LANDFILL SITE FOR THE PERIOD OF THREE (03) YEARS	MASCON TRADING	15-09-2022	14/09/2025		not applicable		4	3	4
DCORP	44 OF 2022	APPOINTMENT OF PANEL OF SERVICE PROVIDER FOR SKILLS DEVELOPMENT PROGRAMMES (SKILLS DEVELOPMENT PROVIDER) FOR THE PERIOD OF THREE YEARS (GROUP:7 MFMP UNIT STANDARD ID:48965 NQF LEVEL6)	EDU HOUSE SOUTH AFRICA PTY LTD	26-09-2022	25/09/2025		not applicable		5	5	5
			WE INVEST INVESTMENT	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		–	–	–

			SUMMAT TRADING INSTITUTE	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		-	-	-
			EXCELLENT MINDS INSTITUTE	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		-	-	-
			KGOLO INSTITUTE	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		-	-	-
		(GROUP:12 MUNICIPAL GOVERNANCE UNIT STANDARD ID:67467 NQF LEVEL 5)	WE INVEST INVESTMENT	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		-	-	-
			SUMMAT TRADING INSTITUTE	26-09-2022	25/09/2025		No service rendered for 2nd,3rd and 4th quarter (Not rated)		-	-	-
			EXCELLENT MINDS INSTITUTE	26-09-2022	25/09/2025		No service rendered for 2nd quarter (Not rated)		-	5	5
DTS	47 OF 2022	CONSTRUCTION OF FENCE AT WATERVAL GRAVEYARD	KUHLARIA HOLDING	28-09-2022	20/01/2023		not applicable		2	3	3

DTS	34 OF 2022	PANEL OF ELECTRICAL CONTRACTORS FOR SUPPLY AND ERECTION OF HIGHMASTS FOR THE PERIOD OF THREE YEARS	777 MPS LOGISTICS	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	5
			SHONISANI RAMBAU	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	5
			MUTHANYI ENGINEERING	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	5
			KOTLOLO ENGINEERING	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	2	5
			KMA BUSINESS CONSULTING	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	5
			MADZ ELECTRICAL	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	5
			TAROWOX PTY LTD	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	4	5

			RISIMA PROJECTS	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated) and reported poor performance in 4th quarter		–	3	1
			NDUMASEKHO PROJECTS	1-10-2022	30/09/2025		No service rendered for 2nd quarter (Not rated)		–	3	4
DTS	32 OF 2022	PANEL OF SERVICE PROVIDERS FOR SUPPLY AND DELIVERY OF ELECTRICAL MATERIALS	ALL 5 GROUP AND PROJECTS	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated)		–	5	5
			MUKWITA HOLDINGS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		–	–	–
			MUKHOMI HARDWARE AND PROJECTS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		–	–	–
			DREAMFINDERS TRADING AND PROJECTS	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated)		–	4	5
			SMA BUSINESS ENTERPRISES	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		–	–	–

			Enge Security Services and Projects (PTY) LTD	28-10-2022	27/10/2025		No service rendered from 2nd, quarter (Not rated) and cancel purchase official order in 4th Quarter		-	5	1
			AAROTEC PTY LTD	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			MUSPAT TRADING	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated)		-	5	5
			MASEWA CONSTRUCTION AND GENERAL SUPPLY	28-10-2022	27/10/2025		No service rendered for 2nd and 4th quarter (Not rated)		-	4	-
			1 DAISY GENERAL DEALER 001 PTY LTD	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			LET US GO TRADING	28-10-2022	27/10/2025		No service rendered from 2nd and 3rd quarter (Not rated)		-	-	5
			REMBU CONSTRUCTION	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-

			MAITAZWITOMA ELECTRICAL AND CIVIL SERVICES	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			MAKGOPO HOLDINGS	28-10-2022	27/10/2025		No service rendered for 2nd and 4th quarter (Not rated)		-	5	-
			NDALAMO ENGINEERING	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated) and delay to deliver the goods in 4th quarter.		-	5	2
			ANDISANI MANAGEMENT	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			PRR SOLUTIONS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			FARO GLOBAL SOLUTIONS AND PROJECTS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			NKAVELO NSUKU TRADING AND PROJECTS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-

			N AND C CIVILS	28-10-2022	27/10/2025		No service rendered from 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			LASVITO EVENT MANAGEMENT AND LOGISTICS	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated)		-	5	5
			LUPHUSE SERVICES	28-10-2022	27/10/2025		No service rendered for 2nd and 4th quarter (Not rated)		-	5	-
			ANGONI CAPITAL	28-10-2022	27/10/2025		No service rendered for 2nd, 3rd and 4th quarter (Not rated)		-	-	-
			SAVELOT	28-10-2022	27/10/2025		No service rendered for 2nd quarter (Not rated)		-	5	5
			TSHAMBILA ENV CONSULTANT (PTY)LTD	28-10-2022	27/10/2025		No service rendered for 2nd and 3rd quarter (Not rated)		-	-	5
			MUROLMA ELECTRICAL MECHANICAL	28-10-2022	27/10/2025		No service rendered for 2nd and 3rd quarter (Not rated) and cancel purchase order in 4th quarter		-	-	1
			NGP ENGINEERING	28-10-2022	27/10/2025		No service rendered for 2nd quarter and 4th quarter (Not rated)		-	5	-

			ACTOM (PTY)LTD	28-10-2022	27/10/2025		No service rendered for 3rd quarter (Not rated)		5	–	5
DTS	57 of 2022	REHABILITATION OF PRETORIOUS STREET	THIVHARUMI HOLDINGS JV NRATH	7-10-2022	28/04/2023		not applicable		4	4	4
DTS	56 OF 2022	CONSTRUCTION OF TSHEDZA TO VUVHA ACCESS ROAD PHASE 4	PJM ENGINEERING AND PLANT HIRE	7-10-2022	30/04/2023		poor performance of contractor reported in 3rd quarter		3	1	3
DTS	38 OF 2022	PANEL OF SERVICE PROVIDERS TO SUPPLY AND DELIVER ICT END USER EQUIPMENT	YELLO SOLUTIONS	29-11-2022	28/11/2025		No service rendered for 2nd quarter (Not rated)		–	3	4
			MUKWITA COMMUNICATIONS	29-11-2022	28/11/2025		No service rendered for 2nd quarter (Not rated)		–	4	4
			LMF TECH	29-11-2022	28/11/2025		No service rendered for 2nd quarter (Not rated)		–	4	4
DCORP	46 OF 2022	DESIGN ARCHITECTURE OF DISASTER RECOVERY SOLUTION	MUNSOFT(PTY)LTD	18-11-2022	30/06/2023		No service rendered for 2nd quarter (Not rated)		–	3	3
DTS	58 OF 2022	UPGRADING OF ROADS TO VLEIFONTEIN	ZABEST PROPERTIES (PTY)LTD	18-11-2022	30/08/2023		No service rendered for 2nd quarter (Not rated)		–	4	5
DTS	61 OF 2022	SUPPLY AND DELIVERY OF JUMPSTAMPER	VAAL WATER PIPE AND PUMP SUPPLY	18-11-2022	once off		not applicable		3	5	4

DTS	70 OF 2022	MAKATU TO TSHIKOTA ACCESS ROAD	TSHIAMISO TRADING	21-11-2022	30/09/2023		No service rendered for 2nd quarter (Not rated)		–	4	4
DCOMS	43 OF 2022	PROVISION OF HEALTHCARE RISK WASTE COLLECTION AND TREATMENT SERVICES FOR THE PERIOD OF THREE YEARS	GONYANI TRADING	21-11-2022	20/11/2025		not applicable		5	5	5
DTS	69 OF 2022	CONSTRUCTION OF LANDFILL SITE MAKHADO AND RECYCLING CENTRE (ADDITIONAL MEGA CELL AND STORMWATER INFRASTRUCTURE)	H TE CONSTRUCTION	9-12-2022	09/09/2023		No service rendered for 2nd quarter (Not rated)		–	4	4
DTS	71 OF 2022	REHABILITATION OF BRED A STREET	YISIMA PROJECTS	9-12-2022	31/07/2023		No service rendered for 2nd quarter (Not rated)		–	4	3
DTS	68 OF 2022	CONSTRUCTION OF THE ASSOCIATED WORKS FOR THE REHABILITATION AND CLOSURE OF VONDELING LANDFILL SITE	HLEKETANI CONSTRUCTION	9-12-2022	30/06/2023		No service rendered for 2nd quarter (Not rated)		–	4	4
DFS	81 OF 2022	PROVISION OF METER READING (ELECTRIC) AND CREDIT CONTROL FOR THE PERIOD THREE (03) YEARS FOR MAKHADO MUNICIPALITY LICENSED ARE	KMA BUSINESS CONSULTING	13-01-2023	12/01/2026		not applicable			4	5
DTS	62 OF 2022	SUPPLY, DELIVERY, LABOUR AND CONSTRUCTION OF HA-MASHAU PAY POINT OFFICE GUARDROOM AND SEPTIC TANK	MVELAPHANDA TRADING AND PROJECTS	30-01-2023	28/04/2023		project completed in 4th quarter			5	5

DTS	63 OF 2022	SUPPLY,DELIVERY,LABOUR AND CONSTRUCTION OF HA-MUDIMELI PAY POINT OFFICE GUARDROOM AND SEPTIC TANK	TLM ENGINEERING	30-01-2023	28/04/2023		project completed in 4th quarter			5	5
DTS	64 OF 2022	SUPPLY,DELIVERY,LABOUR AND CONSTRUCTION OF HA-TSHIENDULU PAY POINT OFFICE GUARDROOM AND SEPTIC TANK	TLM ENGINEERING	30-01-2023	28/04/2023		project completed in 4th quarter			5	5
DCOMS	65 OF 2022	UPGRADING OF DZANANI VEHICLE TESTING STATION FROM GRADE B TO A	PHAFUWA CONSTRUCTION (PTY)LTD	30-01-2023	28/04/2023		project completed in 4th quarter			4	5
DCOMS	84 OF 2022	SUPPLY AND DELIVERY OF 240L POLYTHENE WHEELIE BINS	NDOKOMAN TRADING AND PROJECTS	28/02/2023	once off		project completed in 4th quarter			3	5
DCOMS	73 OF 2022	SUPPLY AND DELIVERY OF HEAVY DUTY (INDUSTRIAL LAWNMOWER AND BRUSHCUTTER MACHINES)	WATER OF AFRICA CONSTRUCTION	30-01-2023	30/06/2023		project completed in 4th quarter			3	5
DCOMS	74 OF 2022	REMOVE AND REPLACE ALL ROADWORTHY TEST EQUIPMENT AT MAKHADO TESTING STATION	N AND C CIVIL	30-01-2023	28/04/2023		project completed in 4th quarter			5	5
DTS	80 of 2022	PROVISION OF UNDERGROUND ELECTRICAL RETICULATION NETWORK FOR TSHIKOTA	NSK ELECTRICAL AND CONSTRUCTION MANAGERS	30-01-2023	29/09/2023		not applicable			3	4

DTS	83 of 2022	UPGRADING OF 04X5MVA TRANSFORMERS OF 22/11 FOR MAKHADO PARK,RODEVAAL,CRICKET CLUB AND ELTIVILLAS EAST SUBSTATIONS	MADZ ELECTRICAL	30-01-2023	29/06/2023		not applicable			4	5
DFS	02 OF 2023	PRINTING,MAIL PROCESSING AND POSTING OF CONSUMER STATEMENTS FOR THE PERIOD OF THREE (03) YEARS	MAILTRONIC DIRECT MARKETING CC	20-02-2023	19/02/2026		not applicable			5	5
DTS	94 OF 2022	CONSTRUCTION OF DZANANI TAXI RANK	CHAUKE BUSINESS ENTERPRISE	20-02-2023	22/11/2023		not applicable			4	3
DTS	96 OF 2022	SUPPLY AND DELIVERY OF WALL PAINTS	OMPHA MUKUNDI TRADING SUPPLY AND SERVICES	20-02-2023	once off		not applicable			4	5
DTS	04 OF 2023	SUPPLY DELIVERY OF MATERIALS AND LABOUR FOR PAVING OF MAKHADO CIVIC CENTRE PARKING AREA AND CONSTRUCTION OF GUARD ROOM	MVUNO GEO-ENVIRONMENTAL CIVIL	23-03-2023	22/06/2023		not applicable			3	3
DTS	06 OF 2023	SUPPLY,DELIVERY OF MATERIALS AND LABOUR FOR PAVEMENT OF OUTSIDE PARKING AREA AT MAKHADO TESING STATION	NEW HONEY ADMINISTRATORS	23-03-2023	22/06/2023		No service rendered for 3rd quarter (Not rated)			–	5
DFS	08 OF 2023	SUPPLY,DELIVERY AND INSTALLATION OF HYDRAULIC CRANES TO EXISTING MUNICIPAL TRUCKS	RED ROCK ENGINEERING	23-03-2023	22/06/2023		not applicable			5	5

DTS	10 OF 2023	CONSTRUCTION OF CONCRETE SLAB OF ALL REFUSE SKIP BIN DROP OFF DZANANI REGION	MVUNO GEO-ENVIRONMENTAL CIVIL	23-03-2023	22/06/2023	31/10/2023	No service rendered for 3rd quarter (Not rated)			-	4
DTS	11 OF 2023	CONSTRUCTION OF CONCRETE SLAB OF ALL REFUSE SKIP BIN DROP OFF WATERVAL REGION	MVUNO GEO-ENVIRONMENTAL CIVIL	23-03-2023	22/06/2023	31/10/2023	No service rendered for 3rd quarter (Not rated)			-	4
DTS	12 OF 2023	CONSTRUCTION OF CONCRETE SLAB OF ALL REFUSE SKIP BIN DROP OFF SINTHUMULE/KUTAMA REGION	MVUNO GEO-ENVIRONMENTAL CIVIL	23-03-2023	22/06/2023		project completed in 4th quarter			-	4
DTS	13 OF 2023	CONSTRUCTION OF CONCRETE SLAB OF ALL REFUSE SKIP BIN DROP OFF LUVUVHU REGION	LONDWA GROUP (PTY)LTD	23-03-2023	22/06/2023		project completed in 4th quarter			3	5
DTS	15 OF 2023	CONSTRUCTION OF MAKHADO PARK SUBSWITCH ROOM,GUARDROOM AND CEPTIC TANK	MAHISH TRADING ENTERPRISE (PTY)LDT	23-03-2023	22/06/2023		not applicable			5	5
DTS	16 OF 2023	CONSTRUCTION OF ELTIVILAS PARK SUBSWITCHROOM AND SEPTIC TANK	N AND C CIVILS	23-03-2023	22/06/2023		not applicable			5	5
DTS	95 OF 2022	UPGRADING OF WATERVAL CLINIC RING ROAD	TODANI (PTY)LTD	23-03-2023	22/11/2023		not applicable			4	4
DTS	30 OF 2023	REFURBISHMENT OF RABALI STADIUM	NRATH TRADING (PTY)LTD	02-May-23	30-Nov-23		not applicable				3

DCORP	89 OF 2022	MANAGE ENGINE PATCH MANAGER PLUS ENTERPRISE SOFTWARE TO MONITOR AND REPORT ON WINDOWS SECURITY PATCHES UPDATES FOR A PERIOD OF THREE YEARS	PHANDU COMMUNICATIONS	25-Apr-23	24-Apr-26		not applicable				4
DCORP	90 OF 2022	SUPPLY AND DELIVERY ,INSTALATION ,COMMISSIONING AND LICENCING FOR SECURITY FIREWALL BACKUP PRODUCTS	MUNSOFT (PTY)LTD	25-Apr-23	30-Nov-23		not applicable				5
DCORP	91 OF 2022	REPLACE LOCAL AREA NETWORK (LAN) CABLING AT DZANANI TRAFFIC STATION OFFICES	INFORTECH IT SOURCE (PTY)LTD	25-Apr-23	30-Jun-23		project completed in 4th quarter				5
DCORP	92 OF 2022	REPLACE LOCAL AREA NETWORK (LAN) CABLING AT DZANANI REGIONAL OFFICES	DIAMBELE COMMUNICATIONS	25-Apr-23	30-Jun-23		project completed in 4th quarter				3
DCORP	93 OF 2023	SUPPLY,DELIVERY AND COMMISSIONING OF SOUND AND RECORDING SYSTEM FOR COUNCIL CHAMBER	SHONDONI INVESTMENTS T/A SHONDO TECHNOLOGIES	25-Apr-23	30-Nov-23		not applicable				3
DCORP	07 OF 2023	ACTIVE DIRECTORY AUDIT PLUS SOFTWARE TO MONITOR AND REPORT ON MUNICIPAL COMPUTER DOMAIN	AGILE INFO WORXS	22-Jun-23	30-Sep-23		not applicable				5
DCORP	09 OF 2023	SUPPLY,DELIVERY AND INSTALLATION OF MOBILE OFFICES AT LUVUVHU REGIONAL OFFICE	N AND C CIVILS	07-Jun-23	01-Oct-23		not applicable				3

DCOMS	18 OF 2023	APPOINTMENT OF SERVICE PROVIDER TO PROVIDE ADMINISTRATION OF THE TRAFFIC CONTRAVENTION MANAGEMENT SYSTEM FOR THE PERIOD OF THREE YEARS	TOTAL COMPUTER SERVICES (PTY)LTD	30-Jun-23	29-Jun-26		No service rendered for 4th quarter (Not rated)				–
DTS	31 OF 2023	SUPPLY ,DELIVERY,INSTALLATION AND REPAIRS OF MOBILE RADIO AND PORTABLE RADIO FOR THE PERIOD OF THREE YEARS	AGILE INFO WORX	18-May-23	17-May-26		No service rendered for 4th quarter (Not rated)				–
DTS	34 OF 2023	APPOINTMNET OF A CONTRACTORS TO CONSTRUCT CLEAR VIEW AND ELECTRIC FENCE FOR ELTIVILLAS EAST AND MAKHADO PARK SUBSTATION	RIXALADZA ENTERPRISES (PTY)LTD	18-May-23	31-Jul-23		not applicable				5
DTS	82 OF 2022	SUPPLY,DELIVERY,INSTALLATION AND COMMISSIONING OF BATTERIES AND CHARGER FOR SUBSTATION APPLICATION	MTNA ENGINEERING	21-Jun-23	once off		not applicable				5
DTS	40 OF 2023	REFURBISHMENT OF ABLUTION BLOCK AT WATERVAAL OFFICE	LONDWA GROUP (PTY)LTD	13-Jun-23	31-Oct-23		No service rendered for 4th quarter (Not rated)				–
DTS	53 OF 2023	ELECTRICAL CONTRACTOR FOR SUPPLY,CONSTRUCTION AND COMMISSIONING OF NEW LINE FORM MARA 22 KV LINE TO MAKHITHA VILLAGE	SHUDU TRADING AND PROCETS (PTY)LTD	13-Jun-23	31-Oct-23		not applicable				5
DTS	54 OF 2023	SUPPLY AND DELIVERY OF 110V DC DRIVE MOTORS FOR THE 22KV KIOSK BREAKERS (SF6 GAS CIGUIT BREAKERS)	MAKGOPO HOLDINGS (PTY)LTD	13-Jun-23	once off		No service rendered for 4th quarter (Not rated)				–

DTS	35 OF 2023	ELECTRICAL CONTRACTOR FOR THE UPGRADE OF SOUTH OF PRETORIOUS SUBSTATION	MADZ ELECTRICAL	07-Jun-23	28-Feb-24		No service rendered for 4th quarter (Not rated)				–
DTS	38 OF 2023	SUPPLY,DELIVEY OF MATERIALS ,LABOUR AND CONSTRUCTION OF FENCE OF EXTENDED TSHIKOTA AND LTT CEMENTRIES	FARISA CONSTRUCTION	07-Jun-23	31-Oct-23		No service rendered for 4th quarter (Not rated)				–
DTS	41 OF 2023	REFURBISHMENT OF MUWAWENI COMMUNITY HALL	NRATH TRADING (PTY)LTD	07-Jun-23	31-Oct-23		No service rendered for 4th quarter (Not rated)				–
DFS	48 OF 2023	PROVISION OF VETTING SYSTEM FOR THE PERIOD OF THREE YEARS	EKHAYA SEARCH (PTY)LTD	07-Jun-23	06-Jun-26		not applicable				5
DCOM	46 OF 2023	SUPPLY,DELIVERY AND INSTALLATION AND MAINTENANCE OF CCTV CAMERAS FOR THE PERIOD OF THREE YEARS	KRAZY CABLING SOLUTIONS	13-Jun-23	12-Jun-26		No service rendered for 4th quarter (Not rated)				–

N.B Kindly note that in a case were a service provider hasn't rendered any services during the quarter of the financial year under review (2022-23), no rating is affected.

The Municipal Systems Act, (Act 32 of 2000) as amended, stipulates the following:

Annual performance reports:

46. (1) A municipality must prepare for each financial year a performance report reflecting –

- (a) the performance of the municipality and of each external service provider during that financial year.
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- (c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.”
