

# ANNUAL REPORT



## VICTOR KHANYE LOCAL MUNICIPALITY

2022/23

## GENERAL INFORMATION

### VICTOR KHANYE LOCAL MUNICIPALITY: LOCAL GOVERNMENT

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## ABBREVIATIONS AND ACRONYMS

<b>ABET</b>	Adult Basic Education and Training
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CBD</b>	Central Business District
<b>CBO</b>	Community-Based Organisation
<b>CDW</b>	Community Development Worker
<b>CETA</b>	Construction Education and Training Agency
<b>CFO</b>	Chief Financial Officer
<b>CHBC</b>	Community Home-Based Care
<b>COGTA</b>	Department of Cooperative Governance and Traditional Affairs
<b>CWP</b>	Community Works Programme
<b>DoRA</b>	Division of Revenue Act
<b>EEA</b>	Employment Equity Act
<b>EPWP</b>	Expanded Public Works Programme
<b>ESKOM</b>	Electricity Supply Commission
<b>FBS</b>	Free Basic Services
<b>FMG</b>	Financial Management Grant
<b>FTE</b>	Full Time Equivalent
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice
<b>GDP</b>	Gross Domestic Product
<b>GIS</b>	Geographic Information System
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>HH</b>	Household
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>HOD</b>	Head of Department
<b>HR</b>	Human Resource
<b>HRD</b>	Human Resource Development



<b>HRDM</b>	Human Resource Development Management
<b>ICT</b>	Information and Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IEM</b>	Integrated Environmental Management
<b>IGR</b>	Intergovernmental Relations
<b>INEP</b>	Integrated National Electrification Programme
<b>ISDF</b>	Integrated Spatial Development Framework
<b>ISRDP</b>	Integrated Sustainable Rural Development Programme
<b>ITP</b>	Integrated Transport Plan
<b>IWMP</b>	Integrated Waste Management Plan
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>KPR</b>	Key Performance Results
<b>LED</b>	Local Economic Development
<b>LGDS</b>	Local Government Development Services
<b>LGSETA</b>	Local Government Sector Education Training Authority
<b>LM</b>	Local Municipality
<b>LRAD</b>	Land Reform for Agricultural Development
<b>LRC</b>	Local Reference Committee
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goals
<b>MEC</b>	Member of Executive Council
<b>MFMA</b>	Municipal Finance Management Act 54 of 2003
<b>MIG</b>	Municipal Infrastructure Grant
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of the Mayoral Committee
<b>MPAC</b>	Municipal Public Accounts Committee
<b>MPCC</b>	Multi-Purpose Community Centre
<b>MSA</b>	Municipal Systems Act 32 of 2000
<b>MSA</b>	Municipal Structures Act 117 of 1998
<b>MSIG</b>	Municipal Systems & Implementation Grant
<b>MSP</b>	Master System Plan
<b>MVA</b>	Mega Volt Amp
<b>NAFCOC</b>	National African Federated Chamber of Commerce and Industry
<b>NDM</b>	Nkangala District Municipality
<b>NDOT</b>	National Department of Transport
<b>NDP</b>	National Development Plan
<b>NEMA</b>	National Environmental Management Act
<b>NEPAD</b>	New Partnership for Africa's Development

<b>NER</b>	National Electricity Regulator
<b>NERSA</b>	National Electricity Regulator of South Africa
<b>NGO</b>	Non-Governmental Organisation
<b>NSDP</b>	National Spatial Development Perspective
<b>NWMS</b>	National Waste Management Strategy
<b>OB</b>	Operational Budget
<b>OHS</b>	Occupational Health and Safety
<b>ORHVS</b>	Operating Regulations for High Voltage Systems
<b>OVS</b>	Operation Vuka Sisebente
<b>PGDS</b>	Provincial Growth and Development Strategy
<b>PHC<sup>1</sup></b>	Primary Health Care
<b>PHD<sup>2</sup></b>	Provincial Health Department
<b>PMS</b>	Performance Management System
<b>PPP</b>	Public-Private Partnership
<b>RDP</b>	Reconstruction Development Programme
<b>REDS</b>	Regional Electricity Distribution System
<b>ROD</b>	Record of Decision
<b>SABS</b>	South African Bureau of Standards
<b>SACOB</b>	South African Chamber of Business
<b>SALGA</b>	South African Local Government Association
<b>SANAC</b>	South African National AIDS Council
<b>SANS</b>	South African National Standards
<b>SAPS</b>	South African Police Service
<b>SCM</b>	Supply Chain Management
<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>SDF</b>	Spatial Development Framework
<b>SDP</b>	Skills Development Plan
<b>SETA</b>	Sector Education Training Authority
<b>SG</b>	Surveyor-General
<b>SLA</b>	Service Level Agreement
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>VAT</b>	Value-Added Tax
<b>VKLM</b>	Victor Khanye Local Municipality
<b>WPSP</b>	White Paper on Strategic Planning
<b>WSA</b>	Water Services Authority
<b>WWTW</b>	Waste Water Treatment Works

## GLOSSARY

<b>ACCESSIBILITY INDICATORS</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>ACCOUNTABILITY DOCUMENTS</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>ACTIVITIES</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>ADEQUACY INDICATORS</b>	The quantity of input or output relative to the need or demand.
<b>ANNUAL REPORT</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and audited by the Auditor-General South Africa.
<b>APPROVED BUDGET</b>	The annual budget of a municipality approved by council.
<b>BASELINE</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>BASIC MUNICIPAL SERVICE</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>BUDGET YEAR</b>	The financial year for which an annual budget is to be approved/ a year ending on 30 June.
<b>COST INDICATORS</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>DISTRIBUTION INDICATORS</b>	The distribution of capacity to deliver services.
<b>FINANCIAL STATEMENTS</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>GENERAL KEY PERFORMANCE INDICATORS</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>IMPACT</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>INPUTS</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>INTEGRATED DEVELOPMENT PLAN (IDP)</b>	Set out municipal goals and development plans.
<b>NATIONAL KEY PERFORMANCE AREAS</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure.</li> <li>• Economic development.</li> <li>• Municipal transformation and institutional development.</li> </ul>



	<ul style="list-style-type: none"> <li>Financial viability and management.</li> <li>Good governance and community participation.</li> </ul>
<b>OUTCOMES</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>OUTPUTS</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>PERFORMANCE INDICATOR</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
<b>PERFORMANCE INFORMATION</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>PERFORMANCE STANDARDS</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>PERFORMANCE TARGETS</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>VOTE</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</p> <p>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.</p>

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A – FOREWORD BY THE EXECUTIVE MAYOR



On behalf of the Victor Khanye Local Municipality Council and officials, I hereby present this Annual Report for the financial Year 2022/23. 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 council. The 2022/23 Annual report which in many ways reflect our service delivery and developmental achievements and challenges, is

presented in recognition of our legislative obligation to be an accountable and transparent organisation. The report also outlines the implementation and achievement of these objectives, conform to the various pieces of legislation such as the section 46 of the Local Government: Municipal Systems Act No.32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003.

The Municipality progressed significantly in achieving objectives with regard to the six key performance areas as prescribed by the Performance Management Guide for Municipalities of 2001 outlined in this Annual Report:

- Basic Service Delivery and Infrastructure Development
- Financial Viability and Finance Management
- Institutional Development and Transformation
- Good Governance and Public Participation
- Spatial Rationale & Environmental Management
- Local Economic Development

It is a law-making authorization that as a Local Municipality, we are obligated to prepare an Annual report which its main objective is to reflect on the performance of the Municipality for each financial year, which is prepared in terms of the provisions of section 121(1) of the Municipal Finance Management Act as well as section 46(1) of the Municipal Systems Act of 2000.



The Office of the Auditor General South Africa (AGSA) announced through a presentation to Special Full Council that the Victor Khanye Local Municipality has achieved a **qualified Audit outcome** for the financial year 2021/2022. In line with section 131 of MFMA, a corrective audit action plan was developed to address the matters of concern as raised by the Auditor General which included property, plant and equipment, trade and other receivables from exchange transactions and statutory receivables amongst others. The audit action plan included the root causes, planned corrective measures to address the findings, target dates/timeframes and progress to date. We also assured the AG Office that the council will work diligently with the senior managers to improve on the view expressed by the findings.

The Municipal Council is determined to progressively ensure the provision of basic services to each deserving community and each deserving household. We are continuously improving our institutional systems and reporting obligations in line with the expected legal prescripts. All our efforts during this time were made possible by our collective working together with the Mayoral Committee, fellow councillors, entire management team, staff members and all our stakeholders.

**Cllr KV Buda**  
**Executive Mayor**





## COMPONENT B – EXECUTIVE SUMMARY

### OVERVIEW BY THE MUNICIPAL MANAGER



Firstly, I would like to thank the staff, councillors, members of the community and stakeholders for the support and commitment shown in the 2022/23 financial year.

In 2022/23, we achieved a number of service delivery goals as well as increase in performance and financial management of our municipality. As the Accounting Officer of the Municipality, it is a privilege to present the 2022/23 Annual Report. The purpose of the report is to reflect on the work carried out in the 2022/23 Financial Year in line with the approved Top Layer Service Delivery and Budget Implementation Plan (SDBIP) or Comprehensive Departmental SDBIPs and to provide detailed feedback on performance against targets to various stakeholders including the community, government departments and other interested parties. The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

Highlighting our commitment to responsible financial management, the municipality's Financial Viability and Management demonstrated an upward trend. In 2021/2022, we scored 61%, reflecting fiscal responsibility. Progressing, 2022/2023 saw remarkable growth to an impressive 67%, affirming our strategic financial approach for ongoing success. The MIG conditional grant was fully utilised or spent (100%) which means that there was no roll over of the grant funding. 83% of the total operational budget was achieved against the 96% National Treasury Norm.

We remain adamant in ensuring that the people of Victor Khanye Local Municipality are capacitated and assisted with initiatives to allow them to start their own businesses, which in return enhances the local economy and alleviate poverty and unemployment through various SMME initiatives. The municipality has implemented 6 capacity building skills workshops aimed at SMME's and Cooperatives in the 2022/23 financial year. We have been struggling with the

development of master plans however this financial year, the municipality in partnership with the DBSA have signed an agreement to develop numerous master plans.

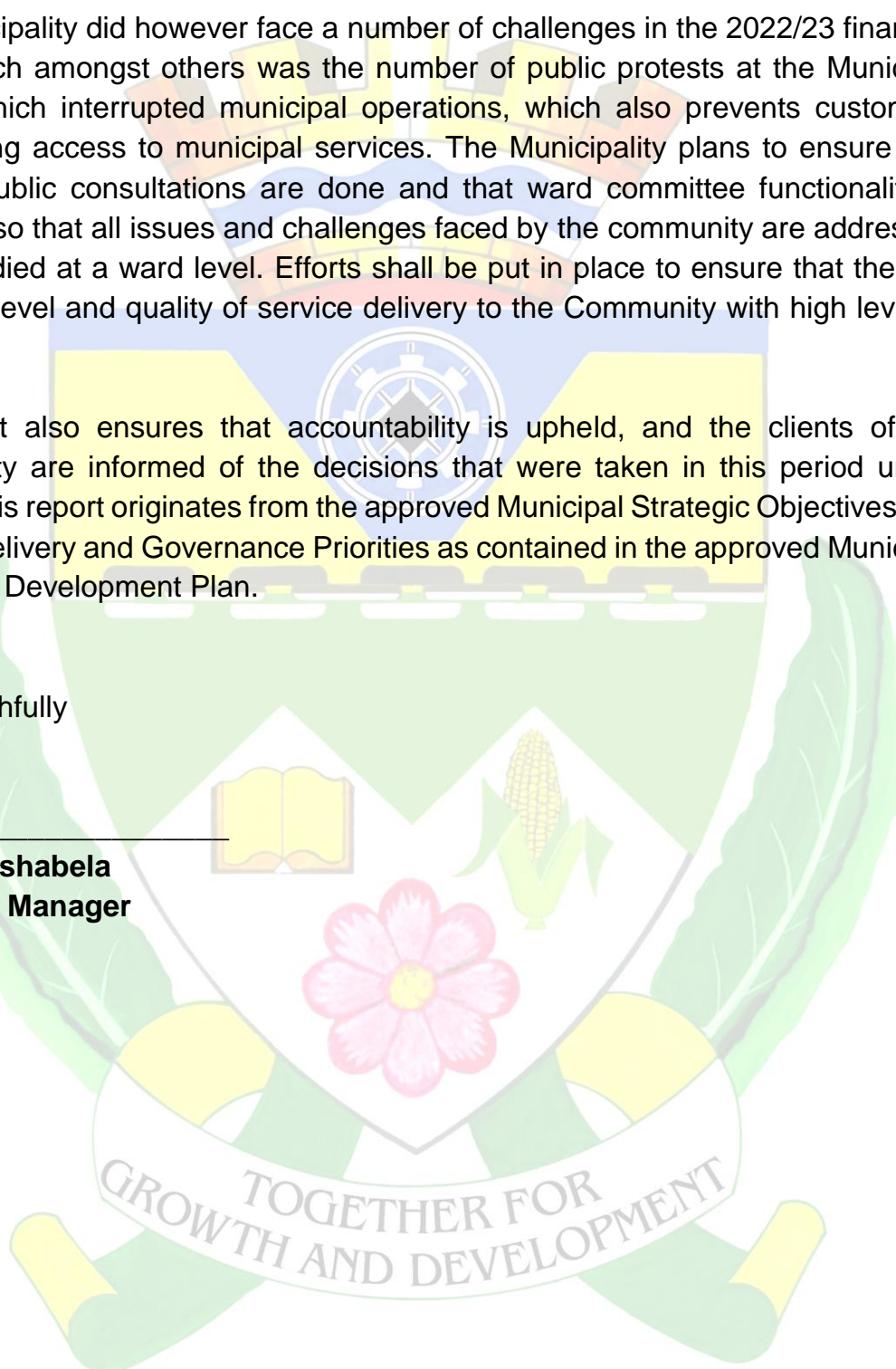
The municipality did however face a number of challenges in the 2022/23 financial year. Which amongst others was the number of public protests at the Municipal offices, which interrupted municipal operations, which also prevents customers from having access to municipal services. The Municipality plans to ensure that efficient public consultations are done and that ward committee functionality is improved so that all issues and challenges faced by the community are addressed and remedied at a ward level. Efforts shall be put in place to ensure that there is improved level and quality of service delivery to the Community with high level of speed.

The report also ensures that accountability is upheld, and the clients of the Municipality are informed of the decisions that were taken in this period under review. This report originates from the approved Municipal Strategic Objectives and Service Delivery and Governance Priorities as contained in the approved Municipal Integrated Development Plan.

Yours Faithfully

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**Mr TM Mashabela**  
**Municipal Manager**





## 1.2. VISION, MISSION AND VALUES OF VICTOR KHANYE LOCAL MUNICIPALITY

### VISION

*“Repositioned municipality for a better and sustainable service delivery for all”*

### MISSION

**It is envisaged that the municipal vision will be achieved through:**

- ❖ Providing quality and sustainable services to the diverse community in a responsive and efficient way for optimum economic growth in order to enhance prosperity;
- ❖ Inspired by desire to be positioned on the global map of attractive cities resulting in a positive impact on investment, jobs, inhabitants, visitors and events through quality service provision.

### VALUES

We adhere to the following values in all of our work and interactions with the community and other stakeholders:

**Integrity:** As public servants, we pledge to carry out the municipality's functions and operations in an honest and ethical way.

**Professionalism:** We commit to employ professionals with particular competencies and capabilities and to enforce the code of conduct and code of ethics.

**Resilience:** As custodians of hope we commit to develop strategies for dealing with the future shocks and stresses and to be able to adapt and thrive in the face of these challenge.

**Openness:** We will continuously work together with communities to ensure the public trust and establish a system of transparency, public participation, and collaboration.

**Impact and Outcomes:** We undertake to maintain healthy living conditions and improving the quality of life for communities.

### 1.3. STRATEGIC FOCUS AREAS

In line with our Vision and Mission of the Victor Khanye Local Municipality, the following goals are adopted and briefly summarised as follows:

**Goal 1:** Improved provision of basic services to the residents of Victor Khanye Local Municipality.

**Goal 2:** Improved social protection and education outcomes.

**Goal 3:** Improved Compliance to MFMA and Victor Khanye Local Municipality Policy Framework.

**Goal 4:** Improved efficiency and effective of the Municipal Administration.

**Goal 5:** Improve community confidence in the system of local government.

**Goal 6:** Increase regularisation of built environment.

**Goal 7:** Increased economic activity and job creation.

### 1.4. CORE PRINCIPLES IN EXECUTING THE GOALS

Shared work between political leadership, the administration and community.

The municipality encompasses three core components:

- ❖ Democratically elected political leadership;
- ❖ The administration, comprising officials; and
- ❖ Citizens, as individuals, interest groups and organisations (public, community-based and private).

It is vital that political leadership and administration work closely together for long-term municipal management. Policy direction is ultimately the responsibility of democratically elected political leadership. The administration offers policy recommendations and implements them.

Victor Khanye Local Municipality is dedicated to ensuring that our poorest communities benefit from meaningful social and economic growth by including and empowering them. Communities are not often aware that they are officially part of the municipality. However, because this is the case, local communities cannot simply play the position of critic or bystander. Local communities must be actively involved in the development and execution of initiatives and programs in their areas.

Ward-based planning is one aspect of community engagement, with the goal of having a ward-based plan for each of the 09 wards. Ward-based plans are a type of participatory planning that encourages community involvement and has obvious ties to the IDP. Such plans encourage communities and residents to take charge of their own fate and capture what they regard as desirable results. They also help to expedite the IDP's implementation.

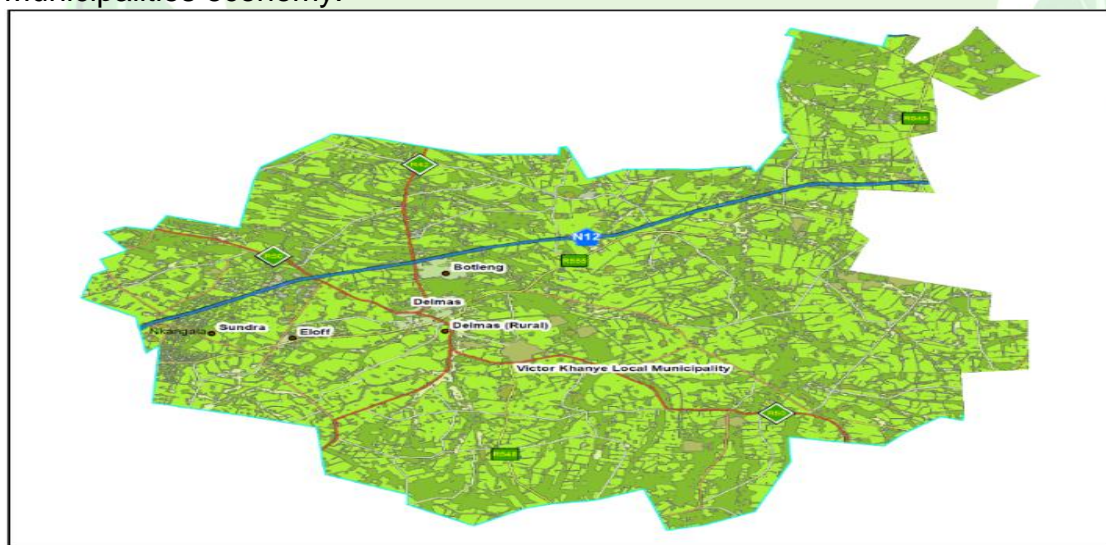


This ensures that community members, ward councillors, ward committees, the business community, NGOs and CBOs, and all other stakeholders within the municipal area of jurisdiction assume joint responsibility for the IDP objectives. This provides a chance for forward-thinking local leaders to put in place a shared agenda and demonstrate results.

### 1.5. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Victor Khanye Local Municipality (previously Delmas Local Municipality) is a Category B municipality strategically located within the Nkangala District in the Highveld of the Mpumalanga Province. It is situated on the border of the Gauteng Province, less than 100km from Pretoria, Johannesburg and eMalahleni. It is one of the smallest of six municipalities in the district.

The Municipality is linked by a major freeway, the N12, which was declared a Maputo Corridor. There is a railway line running through to the inner part of Mpumalanga and to Mozambique. The municipality is regarded as a gateway to the Mpumalanga Province, covering a geographic area of approximately 1,567 square kilometres. The Municipality is currently characterized by an increase in coal mining and related activities, the mining of silica sand is also done at large scale and other important sectors in this area are agriculture, agricultural product processing, industrial and manufacturing. Natural resources make a significant and direct contribution to the Municipalities economy.



**Map 1 – Victor Khanye Local Municipality**

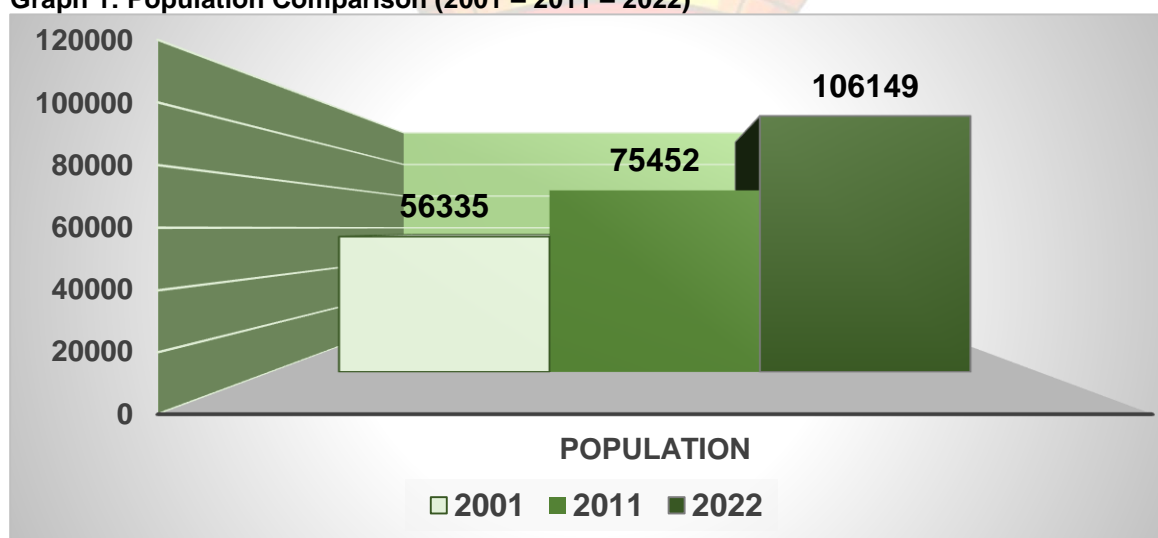
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## COMPONENT C – DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

### 1.6. MUNICIPAL GEOGRAPHICAL INFORMATION

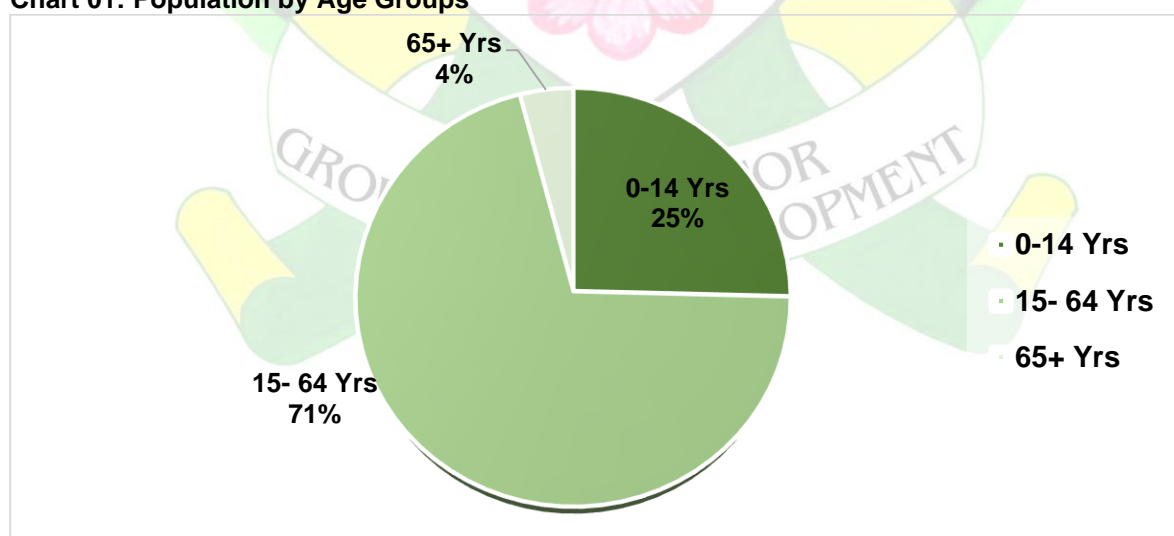
According to Stats SA's Census 2022, Victor Khanye Local Municipality makes up 6,7% of the total population of the Nkangala District Municipality, with a total population of 106 147 in 2022, an increase from the 75 452 reported in 2011. The population of Victor Khanye Local Municipality has grown significantly between the period 2011 and 2022, this marked a population increase, which is an average of 3 069 people per annum over a period of 11 years.

Graph 1: Population Comparison (2001 – 2011 – 2022)



Majority of the population in Victor Khanye Local Municipality is made up of the working age group, which is categorised as people between ages 15 – 64 years old followed by 25% of people between the ages of 0 – 14 years old. The chart below demonstrates the population grouping per age categorisation.

Chart 01: Population by Age Groups



Demography encompasses the study of the size, structure, and distribution of these populations, and spatial or temporal changes in them in response to birth, migration, ageing, and death. Demographics are quantifiable characteristics of a given population.






An analysis of the population figures released under the Stats SA – Census 2011 & 2022 reveals that Victor Khanye Local Municipality has further experienced population growth, with the total average annual population growth of 3,3% between 2011 and 2022. The average annual economic growth is at 3,2% which is the highest compared to other Municipalities within the Nkangala District.











**Table 01: Population Data**

Local Municipal Area	Population number		Female population share	Youth (0-34 years) share	Elderly (60+ years) share	Average annual population growth	Average annual economic growth
	2011	2022	2022	2022	2022	2011-22	2011-22
Emalahleni	395 466	434 522	49.2%	59.7%	5.4%	0.9%	0.5%
Steve Tshwete	229 831	242 031	50.3%	60.5%	6.5%	0.5%	0.6%
Emakhazeni	47 216	50 165	51.6%	61.7%	8.2%	0.6%	1.6%
<b>Victor Khanye</b>	<b>75 452</b>	<b>106 149</b>	<b>49.2%</b>	<b>46.7%</b>	<b>5.4%</b>	<b>3.3%</b>	<b>3.2%</b>
Thembisile Hani	310 458	431 248	52.2%	49.5%	5.5%	3.2%	1.6%
Dr JS Moroka	249 705	324 855	52.6%	51.4%	8.6%	2.6%	1.3%



Table 02: Victor Khanye at a Glance

DEMOGRAPHICS		Population Estimates			
	POPULATION		HOUSEHOLD		
	106 149		33 786 (2022)		
EDUCATION	2022		SOCIAL ASSISTANCE	2022	
	Matric Pass Rate	72.5% (2022)		Care Dependency Grant	1.1%
				Child Support Grant	62.8%
				Disability Grant	6.9%
				Foster Care Grant	1.2%
				Old Age Grant	26.7%
	SAFETY AND SECURITY				
	Crime Stats (2022)	SERIOUS CRIMES REPORTED			
	VKLM is rated Number 12 in terms of serious crimes (in the Province)	2018/19	2022/23		
		The number of serious crimes that were reported the 2018/19 financial year was <b>309</b> .	The number of serious crimes reported declined in the 2022/23 financial year to <b>275</b> .		

ACCESS TO BASIC SERVICE DELIVERY						% HH WITH ACCESS TO BASIC SERVICES								
	Water			Electricity			Housing			Refuse Removal			Sanitation	
	2022	2011		2022	2011		2022	2011		2022	2011			
	63.3%	48.4%		91.9%	84.9%		86.2%	79.3%		77.9%	73.7%		84.8%	78.6%
SCHOOLING				LABOUR				SOCIO-ECONOMIC RISKS						
		2022	2011			2022	2019							
	No Schooling	8.0%	11.8%		Strict Unemployment Rate	30.7%	29.2%	Risk 1	Rising Unemployment					
	Higher Education	3.8%	7.2%					Risk 2	Informal Sector expansion					
		2022	2014											
	Matric	72.5%	74.6%		Expanded unemployment Rate	40.7%	36.1%	Risk 3	Low skills base (Labour)					
LARGEST ECONOMIC SECTORS						CONTRIBUTIONS TO THE GDP & EMPLOYMENT (NKANGALA DISTRICT)								
						EMPLOYMENT		GDP						
		Mining				16.1%		26.1%						
 Trade		Trade				18.5%		11.2%						
		Community Services				17.8%		19.2%						



## 1.7. SOCIO-ECONOMIC CONTEXT

### 1.7.1. POPULATION DETAILS

The population size is defined as the total number of people living in a certain municipality; this is crucial for assessing service requirements and infrastructure requirements for local residents. The population growth rate is also significant because it affects the capacity to forecast the future.

These forecasts are used to forecast future demands and to predict external or inward migration, which has an impact on job creation and economic growth. Victor Khanye Local Municipality has an estimated population of 106 149 people, according to *Stats SA – Census 2011 & 2022*. Between 2011 and 2016, the annualised population growth was 2.5 percent, and this has increased to 3.3% in 2011 – 2022.

2011			2016			2022		
Male	Female	Total	Male	Female	Total	Male	Female	Total
38 816	36 636	<b>75 452</b>	43 656	40 495	<b>84 151</b>	53924	52225	<b>106 149</b>

Table 03: Population Composition by Gender (2011 – 2022)

- ❖ Females make up 49.2% and Males 50.88% of the population of Victor Khanye Local Municipality as at 2022.
- ❖ Over the past 10 years, the percentage of Male population has been on the increase which could be attributed to migration into the area in quest for job opportunities.

#### a) POPULATION COMPOSITION BY RACE (2022)

Victor Khanye Local Municipality has a majority of black African community members, followed by whites. Black Africans make up 92.5% of the total population, whites with 6,3% and the lowest being Indian/Asians with 0,4% of the population. As demonstrated in the table below;

Table 04: Population by Race (2022)

Name	Frequency	%
BLACK AFRICAN	98 196	92,50%
COLOURED	832	0,80%
INDIAN/ASIAN	374	0,40%
WHITE	6 736	6,30%
OTHER	11	0,00%

## b) POPULATION COMPOSITION BY GENDER & AGE GROUPS

**Table 05 - Population by Composition by Gender and Age Groups (2022)**

AGE GROUP	Male	Male (%)	Female	Female (%)
85+	71	0,10%	176	0,20%
80-84	101	0,10%	202	0,20%
75-79	248	0,20%	372	0,40%
70-74	488	0,50%	730	0,70%
65-69	895	0,80%	1 091	1,00%
60-64	1 473	1,40%	1 428	1,30%
55-59	1 861	1,80%	1 959	1,80%
50-54	2 427	2,30%	2 046	1,90%
45-49	2 937	2,80%	2 435	2,30%
40-44	4 114	3,90%	3 459	3,30%
35-39	5 169	4,90%	4 660	4,40%
30-34	5 843	5,50%	5 262	5,00%
25-29	5 940	5,60%	5 620	5,30%
20-24	5 374	5,10%	5 060	4,80%
15-19	3 889	3,70%	3 827	3,60%
10--14	4 164	3,90%	4 430	4,20%
4--9	3 869	3,60%	4 091	3,90%
0-4	5 111	4,80%	5 327	5,00%
<b>TOTAL</b>	<b>53974</b>	<b>50.88%</b>	<b>52225</b>	<b>49.2%</b>

The table above demonstrates that according to the latest Stats – SA data generated in 2022, majority of the population group in Victor Khanye Local Municipality is Males between the ages of 25 – 29 years, with a total of 5 940 followed by Males between the ages of 30 – 34 years, with a total of 5 843.

### 1.7.2. HOUSEHOLD SERVICES

A household is either a group of people living together and provide themselves jointly with food and/or other essentials for living, or it is a single person on his/her own. An individual is considered part of a household if he/she spends at least four nights a week within the household. The 2022 Census Data from Stats SA shows that, during the release of the figures, Victor Khanye Local Municipality was found to account for 33 786 of the households found within Nkangala District. The recorded average household size was 3.1 people which suggests a slight decline in average household size from the one which was recorded in the year 2011 which is 3.7.

**Table 06: Households Data**

LOCAL MUNICIPAL AREA	HOUSEHOLDS NUMBER		AVERAGE ANNUAL HOUSEHOLD GROWTH 2011-2022	HOUSEHOLD SIZE	
	2011	2022		2011	2022
MPUMALANGA	1 075 466	1 421 721	2.7%	3.8	3.6
NKANGALA	356 902	483 169	3.0%	3.7	3.3
<b>VICTOR KHANYE</b>	<b>20 548</b>	<b>33 786</b>	<b>4.9%</b>	<b>3.7</b>	<b>3.1</b>

#### **1.7.2.1. INFORMAL DWELLINGS, PIPED WATER BACKLOGS, ELECTRICITY CONNECTION & TOILET BACKLOG, REFUSE COLLECTION & INDIGENT SUPPORT**

In general, some good improvements with household services was noted in Nkangala District between 2011 and 2022 according to Census 2022 of Stats SA, however, the backlog in piped water, flush/chemical toilets, & refuse collection remain high. Number of informal dwellings declined from 49 514 in 2011 to 36 493 in 2022 in the District – an improvement of 13 021 households. Despite the improvement, 7.6% of households still lived in informal dwellings.

According to the Green Drop Report 2022, 1 of Nkangala's local municipal areas received a "low" green drop risk rating (GDRR), 1 a "medium" GDRR, and 4 a "high" GDRR. The GDRR of 2 local municipal areas improved, whereas that of 4 regressed. The local municipal areas in Nkangala ranked (best to worst) 1st (Steve Tshwete), 2nd (Thembisile Hani), 3rd (Victor Khanye), 7th (Emakhazeni), 16th (Dr JS Moroka), and 17th (Emalahleni) in Mpumalanga in the Out of Order municipal rankings by News24 in October 2021.

#### **a) INFORMAL DWELLINGS**

Informal housing or informal settlement can include any form of housing, shelter, or settlement (or lack thereof) that is illegal, falls outside of government control or regulation, or is not afforded protection by the state. As such, the informal housing industry is part of the informal sector. To have informal housing status is to exist in "a state of deregulation, one where the ownership, use, and purpose of land cannot be fixed and mapped according to any prescribed set of regulations or the law".

As mentioned, Stats SA - Census 2022 reports a total of 33,786 households under Victor Khanye Local Municipality and 86,0% of these households are categorised as formal dwellings, with 13,3% being informal dwelling as per the table below;

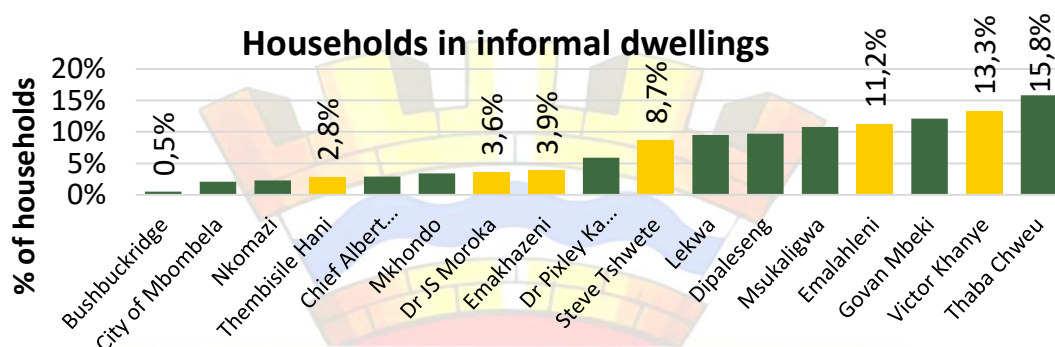
**Table 07: Dwelling Types (2022)**

DWELLING TYPE - 2022	
FORMAL DWELLINGS	86.0%
TRADITIONAL DWELLING	0,5%
INFORMAL DWELLING	13,3%
OTHER	0,2%



Victor Khanye Local Municipality makes up 13, 3% of the total number of informal dwellings in Mpumalanga. This is the second highest in the province.

**Graph 02: Households in Informal Dwellings - Mpumalanga**



The figure below indicates that Victor Khaye Local Municipality in 2022 recorded 4 505 informal dwellings, as opposed to the 3 158 reported 10 years ago, this of course being a result of the population increase.

**Table 08: Households in Informal Dwellings - VKLM**

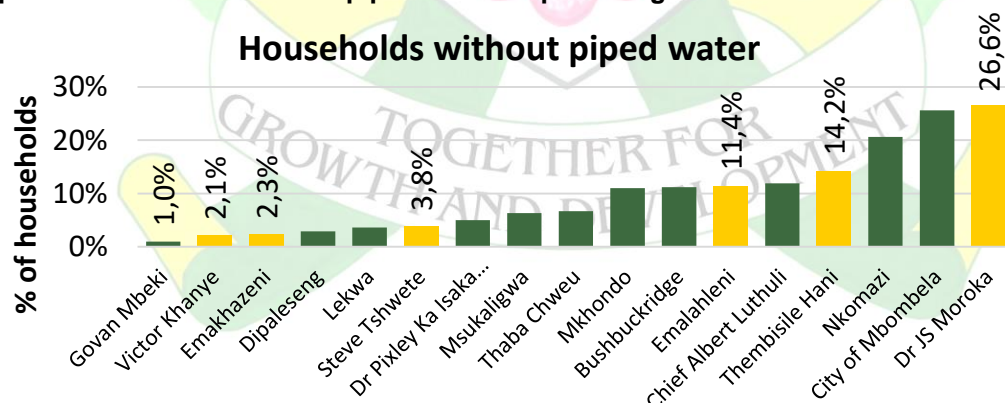
	2011	2022
NKANGALA DISTRICT	49 514	36 493
VICTOR KHANYE LM	3 158	4 505

## **b) PIPED WATER BACKLOGS**

Piped water (also known as running water, tap water or municipal water) is water supplied through a tap, a water dispenser valve. In many countries, tap water usually has the quality of drinking water. Piped water is commonly used for drinking, cooking, washing, and toilet flushing.

The graph below illustrates the figures of each Municipality's reported households without piped water as at 2022 in the Mpumalanga province. Victor Khanye ranked the second lowest in terms of backlogs to access of piped water.

**Graph 03: Households without piped water - Mpumalanga**



Victor Khanye Local Municipality has a total of 772 piped water backlog which is a decline from the previously recorded backlog of 882 in 2011.

**Table 09 – Piped water backlog**

<b>PIPED WATER BACKLOG</b>		
	<b>2011</b>	<b>2022</b>
NKANGALA DISTRICT	26 200	58 467
VICTOR KHANYE LM	882	722

### **c) ELECTRICITY CONNECTION**

Electricity plays a significant role in the betterment of human life. Apart from its social benefits, electricity is also a driving factor in the economy. Its usage ranges from communication and transportation to production. Local government plays an important role in the electricity industry in South Africa.

The number of households without electricity connection in the Nkangala District has decreased from 50 324 in 2011 to 40 287 in 2022. Victor Khanye Local Municipality also recorded a decline the number of electricity not connected. According to Stats SA – Census 2022, VKLM had 3 062 non-connections, and this declined to 2 733 in 2022.

**Table 10: Households without Electricity connection**

<b>NUMBER OF HOUSEHOLDS WITHOUT ELETRICITY CONNECTION</b>		
	<b>2011</b>	<b>2022</b>
NKANGALA DISTRICT	50 324	40 287
VICTOR KHANYE LM	3 062	2 733

### **d) SANITATION (HOUSEHOLDS WITHOUT TOILETS)**

Around 65% of South Africa's population have access to waterborne sanitation such as flushing toilets connected to a sewer network, septic tank or conservancy tank. Another 19% have ventilated improved pit latrines, while 13% have pit toilets with no ventilation pipes. The remaining population either have pour flush toilets, chemical toilets or composting toilets, or they use buckets. Unfortunately, about 1% of the population still practise open defecation because they have no access to any sort of toilet facility.

The number of households in Victor Khanye Local Municipality without toilets decreased in 2022 to 2 733 from the recorded 3 062 in 2011, however the number of households without flush chemical toilets increased from 4 943 to 3 742 in 2011.

**Table 11: Households without Toilets**

<b>SANITATION ( HOUSEHOLDS WITHOUT TOILETS)</b>		
	<b>2011</b>	<b>2022</b>
<b>NUMBER OF HOUSEHOLDS WITHOUT TOILETS</b>		
NKANGALA DISTRICT	50 324	40 287
VICTOR KHANYE LM	3 062	2 733
<b>NUMBER OF HOUSEHOLDS WITHOUT FLUSH CHEMICAL TOILETS</b>		
NKANGALA DISTRICT	171 092	178 983
VICTOR KHANYE LM	3 742	4 943

**e) REFUSE COLLECTION**

South Africa is estimated to generate domestically a total of 12.7 million tonnes of waste per annum. In the country, municipalities are facing increasing pressures and challenges to provide waste management services due to the growing waste generation. Every year approximately 3.67 million tonnes of this waste are not collected and treated through formal waste collection systems, resulting in large amounts being dumped illegally.

Section 156(1)(a) of the Constitution, read with Schedule 5, assigns responsibility for refuse removal, refuse dumps, solid waste disposal and cleansing to local government.

**Table 12: Households with no refuse removal**

<b>NUMBER OF HOUSEHOLDS WITH NO WEEKLY/LESS OFTEN REFUSE REMOVAL</b>		
	<b>2011</b>	<b>2022</b>
NKANGALA DISTRICT	183 526	193 414
VICTOR KHANYE LM	5 166	6 689

The number of household with no weekly/less often refuse removal at Victor Khanye Local Municipality increased from 5 166 in 2011 to 6 689 in 2022.

**f) INDIGENT SUPPORT**

Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be. Any household earning less than the R6 000.00 per month, qualifies to be registered as indigents.

**Table 13: Households receiving Indigent Support**

<b>NUMBER HOUSEHOLDS BENEFITTING FROM INDIGENT SUPPORT</b>					
	Indigent Households	Water	Electricity	Sewerage & Sanitation	Solid Waste Management
<i>Nkangala</i>	28 245	23 929	26 722	26 822	27 798
Victor Khanye	3 154	1 386	3 154	1 840	3 109
Emalahleni	5 655	5 655	5 655	5 655	5 655
Steve Tshwete	11 179	8 631	9 656	11 179	10 886
Emakhazeni	3 754	3 754	3 754	3 754	3 754



Thembisile Hani	109	109	109	0	0
Dr JS Moroka	4 394	4 394	4 394	4 394	4 394

The table above indicates according to Stats SA – Non-financial Census 2021, that Victor Khanye has a reported number of 28 245 indigent households. The table also reports the indigent support beneficiaries in terms of water, electricity, sewerage and sanitation as well as solid waste management.

### 1.7.3. EDUCATION

Education broadens the number of alternatives available to people and allows them to live their lives to their best potential. Education is not just a means to an end, but it also satisfies human wants for knowledge and progress. Education and training give the necessary skills for a person to enter the labour market or become self-employed, resulting in rapid and long-term growth.

The baseline data used to depict the educational profile of Victor Khanye Local Municipality is representative of people in the area who are above the age of 20. According to Mpumalanga Department of Education, 2023, just 8.0 percent of the Municipality's citizens have completed Grade 12 or above.

Furthermore, 81.8 percent of Victor Khanye residents who are ages 15 years and older have completed grade 7 or higher. A figure that is higher than the 79.0% reported in the 2014 report.

Nkangala's grade 12 pass rate improved between 2021 and 2022 by 1.6 percentage points. Between 2021 & 2022, the pass rate improved in 5 of the 6 municipal areas. There is concern about Emakhazeni, Dr JS Moroka, and Victor Khanye that ranked among the five lowest pass rates in the province in 2022.

#### a) EARLY CHILDHOOD DEVELOPMENT (ECD)

Early childhood development is one of the South African government's top priorities, and it's a crucial policy problem that the Department of Education wants to solve. The formation of perception-motor abilities essential for reading, writing, and numeracy later in life is crucial throughout the early years of life.

These are the reasons why resources are targeted toward promoting ECD access. Despite increased spending in this key area, access gaps still persist. As a result, enrolment in Grade R has increased, and South Africa is on the verge of achieving its goal of universal access to school for five-year-olds.

## b) EDUCATIONAL ATTENDANCE

The table below shows that a total of 25 829 people who have some secondary education and 24 745 finished/reached grade 12/standard 10, which makes up 36,8% of the 20+ years old population group.

**Table 14: Highest level of education (20+ years)**

Name	Frequency	%
No Schooling	5 404	8,0%
Some Primary	5 660	8,4%
Completed Primary	2 792	4,2%
Some Secondary	25 829	38,4%
Grade 12/Std10	24 745	36,8%
Higher Education	2 584	3,8%
Other	257	0,4%

## c) EDUCATION OUTCOMES (MATRIC PASS RATE)

Education is still one of the most important ways for the government to participate in the economy. Education policy choices and decisions are crucial in deciding the extent to which future economic and poverty reduction initiatives may be realized when it comes to training persons for future employment. The matric results in Victor Khanye Local Municipality have increased enormously from 52.8 percent in 2021 to 75.5 percent in 2022, with 35% of these attaining admissions to B Degree studies.

### 1.7.4. ECONOMIC DATA

Nkangala was the leading role player in the provincial mining, manufacturing, and utilities industries & made significant contributions to construction, trade, transport, finance, & community services. Over the period 1996 to 2022, the economic growth rate for Nkangala was 1.8% p.a., however, it expanded by only 0.6% p.a. between 2019 & 2022. The Nkangala economy contracted by 1.1% in 2019, expanded by 4.4% in 2022 & is expected to contract by 1.4% in 2023. The estimated average annual GDP growth between 2023 & 2027 for Nkangala is 2.1% p.a.

In 2022, the size of the economy was estimated at R209.6 billion in current prices & R124.3 billion in constant 2015-prices. In 2022, the four largest industries (mining, community services, finance & manufacturing) contributed 74.3% to the economy of Nkangala. Nkangala holds a comparative advantage in utilities (especially electricity). In 2019, tourism spend totalled R6.6 billion or equal to 4.2% of the district's GDP in current prices. By 2022, it declined to R5.8 billion, which was equal to 2.8% of the district's GDP in current prices.

Victor Khanye Local Municipality's contribution to Mpumalanga's economy by municipal area in constant 2015-prices is reported to be at 2,5%.

The table below illustrates the economic contribution by Victor Khanye Local Municipality in terms of different economic sectors;

**Table 15: VKLM's contribution to the Provincial Economy**

INDUSTRY	%
Agriculture	17.7%
Mining	10.9%
Manufacturing	3.0%
Utilities	2.3%
Construction	5.4%
Trade	6.0%
Transport	8.4%
Finance	4.7%
Community services	4.8%
Total	6.8%

## 1.8. SERVICE DELIVERY OVERVIEW

Victor Khanye Local Municipality places a high priority on providing citizens and communities with high-quality, dependable, effective, and long-term services. The Municipality's priority has been on improving the delivery of services to underserved areas and families, as well as guaranteeing the regularity of service availability and fulfilling service delivery promises.

Despite the numerous hurdles faced, the Municipality made steady progress in providing services. While there has been some remarkable progress, the failure to accomplish all of the intended objectives is a severe worry. In this regard, the Municipality is still looking for solutions to resolve the underlying causes of the barriers in order to ensure that all obligations are kept.

According to the Constitution, every person has the right to sufficient housing, and the state shall take reasonable legislative and other measures, within its available resources, to ensure that this right is gradually realized. To guarantee that households have a good level of life, access to housing also involves access to services such as drinkable water, basic sanitation, safe energy sources, and garbage collection services.



In response to the issues encountered by disadvantaged communities and households, the Municipality has supplied basic water and sanitation services to households including informal settlements in an effort to ease the burden of informality and to address the dangerous living conditions prevalent in such areas.

In addition to the different home variables that must be analysed in a socio-economic study, the amount of accessibility to fundamental municipal services must also be considered. This section summarizes the current state of service delivery in the Victor Khanye Local Municipality.

### 1.9. FINANCIAL VIABILITY OVERVIEW

Delivery of effective and efficient services may be accomplished by consistently enhancing and sustaining the Municipality's financial viability. This is recognised as vital for meeting service delivery as well as growth and development goals. The Municipality's capacity to earn adequate funds has a direct influence on this.

However, due to the high incidence of unemployment and poverty within the municipality's borders, income generation is impeded by consumers' capacity to pay for their services.

The Municipality continues to improve efforts to limit non-priority spending and to implement stringent cost-containment measures in terms of the Municipal Financial Management Act Circular 97 and the Municipality's cost containment circular.

### 1.10. ORGANISATIONAL DEVELOPMENT OVERVIEW

The Municipal Manager is empowered in terms of Section 66 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) to develop a staff establishment and submit it to Council for approval. The Municipal Council resolved and adopted the **organisational structure (organogram) on May, 2022 as per Council Resolution: A014/05/2020.**

The approval of the 2022/23 (updated) IDP in May 2023 was the culmination of a process plan that paved the way for an inclusive and thorough IDP process. This process was also defined by a renewed commitment to ensuring that the organization's structure, human resources, skills, and ability, as well as the skills and capacity of its officials and councillors, all contribute immensely to the successful execution of the municipal strategy.



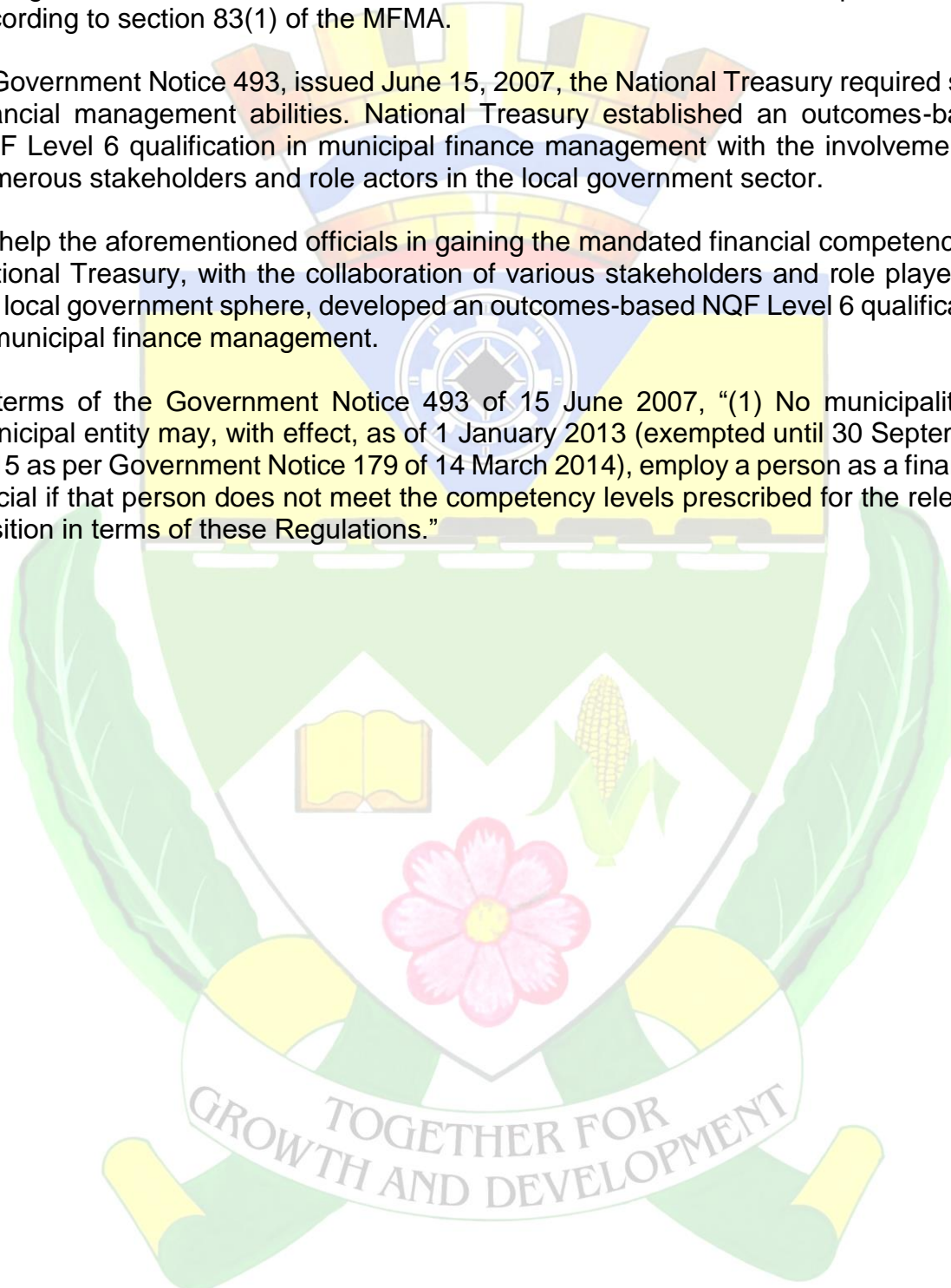
**1.10.1. MFMA COMPETENCIES**

The accounting officer, senior managers, chief financial officer, non-financial managers, and other financial officials of a municipality must fulfil the defined financial management skill levels that are critical to the MFMA's successful implementation, according to section 83(1) of the MFMA.

In Government Notice 493, issued June 15, 2007, the National Treasury required such financial management abilities. National Treasury established an outcomes-based NQF Level 6 qualification in municipal finance management with the involvement of numerous stakeholders and role actors in the local government sector.

To help the aforementioned officials in gaining the mandated financial competences. National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes-based NQF Level 6 qualification in municipal finance management.

In terms of the Government Notice 493 of 15 June 2007, “(1) No municipality or municipal entity may, with effect, as of 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”



## 1.11. STATUTORY ANNUAL REPORT PROCESS

**Table 16: Annual Report Process**

No.	Activity	Timeframe
1.	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July– November 2022
2.	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3.	Finalize the 4th quarter Report for previous financial year.	
4.	Submit draft Annual Report to Internal Audit and Auditor-General.	
5.	Municipal entities submit draft annual reports to MM.	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant).	December 2022
7.	Mayor tables the unaudited Annual Report.	
8.	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	Sep 2021– Mar 2023
10.	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	
11.	Municipalities receive and start to address the Auditor General's comments.	March 2023
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report.	
13.	Audited Annual Report is made public and representation is invited.	
14.	Oversight Committee assesses Annual Report.	
15.	Council adopts Oversight report.	May 2023
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	June 2023
18.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	



## CHAPTER 2 – GOVERNANCE

Good governance is a government strategy dedicated to constructing a system based on democracy, transparency, growing public administrative capacity, responsiveness to public needs, and human rights respect. Participation, rule of law, transparency, responsiveness, consensus-oriented, accountability, effectiveness and efficiency, equitability, and inclusiveness are the eight components that make up good governance.

Corruption is reduced in a framework of good governance, minorities' perspectives are considered, and the voices of society's most disadvantaged are heard in decision-making. It is also relevant to society's current and future requirements.

This section provides an overview of the framework of institutional management and governance structures through which the Municipality implements its strategies, using the resources. The following key aspects are reported on:

- ❖ Political and Administrative Governance
- ❖ Intergovernmental Relations
- ❖ Public Accountability and Participation
- ❖ Corporate Governance

### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Victor Khanye Local Municipality comprises of the Councillors and Senior Managers, respectively; they work together on a day-to-day basis in order to achieve identified service delivery goals and targets.

#### 2.1. POLITICAL GOVERNANCE

##### 2.1.1. INTRODUCTION TO POLITICAL GOVERNANCE

Victor Khanye Local Municipality has several political structures, which include Full Council, Executive Committee, other Council committees and Committees established to support the Executive Committee. The Speaker is the head of Council, whilst the Executive Committee is chaired by the Mayor. The Municipality also has the office of the Chief Whip. The following Portfolio Committees have been established and are aligned to the Municipality's organizational structure:

- ❖ Finance and Corporate Services Portfolio Committee
- ❖ Planning, Infrastructure, Transport and Safety Portfolio Committee
- ❖ Health, Social Services and Development Portfolio Committee.

These Portfolio Committees are chaired by Members of the Mayoral Committee as follows;

- ❖ Finance and Corporate Services – Cllr EM Masilela
- ❖ Health, Social Services and Development Portfolio Committee – Cllr BD Yeko
- ❖ Planning, Infrastructure Transport and Safety – Cllr TG Mamane

The Municipal Public Accounts Committee (MPAC) is a committee of Council that oversees the expenditure of public funds on behalf of Council and thereby ensures accountability of both the Mayoral Committee and administration.

### 2.1.1.1. COUNCIL

The Council of Victor Khanye Local Municipality consists of 17 Councillors, 09 of whom were directly elected to serve on the Council. Membership of the Council is made up of 09 Councillors representing the African National, 03 from the Democratic Alliance, 03 from the African Voice Progressive Party, and 01 representative from the Economic Freedom Fighters and VF Plus, respectively.

The table below, further breaks down the

**Table 17: Councillors & Political Representation**

NAMES OF COUNCILLORS	POLITICAL PARTY
1. Cllr HM Ngoma; - <b>Speaker</b>	ANC
2. Cllr KV Buda - <b>Executive Mayor</b>	ANC
3. Cllr EM Masilela; MMC – <b>Fin and Corp</b>	ANC
4. Cllr BD Yeko; MMC – <b>HSS</b>	ANC
5. Cllr TG Malomane; MMC – <b>PITS</b>	ANC
6. Cllr NS Ngcobo - <b>Council Whip</b>	ANC
7. Cllr DJ Bath	DA
8. Cllr NE Mohoadibe	EFF
9. Cllr BL Mbalati	ANC
10. Cllr SG Mkhawane - <b>R: Replaced by Cllr A Smith on 28 Feb 2023</b>	AVPP
Cllr A Smith - <b>28 Feb 2023</b>	AVPP
11. Cllr M Mofomme <b>D: Deceased replaced by LS Lebatse on 06 April 2023</b> 1 July 2022- 18 Dec 2022	ANC
Cllr LS Lebatse - <b>06 April 2023</b>	ANC
12.Cllr ZJ Ndlovu	ANC
13. Cllr M Rautenbach	DA
14. Cllr RK Segone <b>R: Replaced by Cllr ST Segone on 28 Feb 2023.</b>	AVPP
Cllr ST Segone - <b>28 Feb 2023</b>	AVPP

15. Cllr P Senekal	VFP
16. Cllr MM Sepenyane	AVPP
17. Cllr SM Skosana	DA

To ensure compliance with the legislative requirement the Council meets at least quarterly. However, to meet compliance requirements in relation to such issues as Budget approvals, mid-term Budget Reviews, Adjustments Budgets, IDP Reviews, Annual Report and Annual Report Oversight reviews, the Council effectively meets almost once every month. To optimise efficiency of operation the Council has reserved to itself decision making powers on certain critical and strategic matters - such as considering the results of the provincial government's monitoring of the Municipality, deciding whether to provide security for any of the Municipality's debt obligations and deciding to recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure. It has otherwise delegated to its Executive Committee power to exercise all powers of the Council in respect of matters not specifically excluded from delegation in terms of Section 160 (2) of the Constitution and Section 59 of the Systems Act. To facilitate maximum participation by Councillors in the decision-making processes of the Council and its Committees, all Councillors are provided with copies of the agenda and minutes of all meetings.

During the 2022/23 financial year, 3 Councillor Replacements took place due to the passing away of Cllr M Mofomme, who was replaced by Cllr LS Lebatse on the 06<sup>th</sup> of April 2023. The other two replacements were of Cllr SG Mkhawane and Cllr RK Segone who were replaced by Cllr A Smith and Cllr ST Segone, respectively.

### INTRODUCTION OF THE FULL-TIME COUNCILLORS

The following Councillors are full-time as per NOTICE 2073 of the Local Government: Municipal Structures Act; namely the Executive Mayor, the Speaker, the Council Whip and three (3) members of the Mayoral Committee.



Speaker: Cllr H.M Ngoma



Chief Whip: Cllr N.S Ngcobo



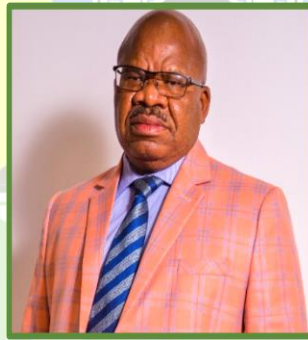
### 2.1.1.2. MAYORAL COMMITTEE

The members of the Mayoral committee are appointed by the Executive Mayor from among the members of the council. The power to dismiss a member of the Mayoral committee also vests in the Executive Mayor. The Mayoral Committee has no power on its own; it is an instrument to assist the Executive Mayor, to offer him/her advice and to take decisions together with the Executive Mayor with regard to designated powers. Decisions are nevertheless that of the Executive Mayor.

Individual members of the Mayoral committee may however be granted delegated powers. The Executive Mayor may:

- ❖ Delegate specific responsibilities to each member of the committee;
- ❖ Delegate any of the Executive Mayor's powers to the respective members.

The Mayoral committee consists of the Executive Mayor, and three (3) members;



Executive Mayor: Cllr VK Buda



MMC: Cllr E.M Masilela



MMC: Cllr T.G Malomane



MMC: Cllr B.D Yeko

## 2.1.2. SECTION 79/80 COMMITTEES

Council has established the following Section 79 Committees chaired by Non – Executive Members/ Councillors and each of the Members Mayoral Committee sit in these portfolio committees, the said portfolio committees then report to the Executive Mayor through the Mayoral Committee, and the Executive Mayor subsequently reports to Council.

The Portfolio Committees are constituted as indicated below:

**Table 18: Committee Allocations (2022/23)**

<b>COMMITTEE ALLOCATIONS – JULY 2022 – JUNE 2023</b>		
<b>PORTFOLIO COMMITTEE</b>	<b>CHAIRPERSON</b>	<b>MEMBERS</b>
Members of the Mayoral Council	Councillor Cllr. KV Buda (Executive Mayor)	Councillor B.D Yeko Councillor T.G Malomane Councillor E.M Masilela
Policy Development Committee	Councillor M Mofomme	Councillor KV Buda Councillor NE Mohoadibe Councillor NS Ngcobo Councillor MM Sepenyane Councillor HM Ngoma Councillor BL Mbalati
Local Geographic Names Change Committee	Councillor NE Mohoadibe	Councillor NS Ngcobo Councillor BL Mbalati Councillor SM Skosana Councillor M Mofomme
Local Labour Forum	Councillor EM Masilela	Councillor SG Mkhawane Councillor BL Mbalati
Rules and Ethics Committee	Councillor HM Ngoma (Speaker is the chairperson of this committee in terms of delegated powers)	Councillor NS Ngcobo Councillor MM Sepenyane Councillor NE Mohoadibe
Municipal Public Accounts Committee	Councillor JZ Ndlovu	Councillor DJ Bath Councillor BL Mbalati Councillor M Mofomme Councillor MP Hlatshwayo Councillor NE Mohoadibe Councillor P Senekal
Finance and Corporate Services Portfolio Committee	Councillor BL Mbalati	Councillor EM Masilela - MMC Councillor MP Hlatshwayo Councillor NS Ngcobo Councillor S Skosana
Planning, Infrastructure, Transport and Safety Portfolio Committee:	Councillor DJ Bath	Councillor TG Malomane - MMC Councillor JZ Ndlovu Councillor P Senekal

		Councillor BL Mbalati
Health, Social Services and Development Portfolio Committee	Councillor M Rautenbach	Councillor BD Yeko - MMC Councillor NS Ngcobo Councillor NE Mohoadibe Councillor M Mofomme
Budget Steering Committee	Councillor KV Buda - Mayor	Councillor EM Masilela Councillor TG Malomane Councillor DJ Bath Councillor BL Mbalati

The Speaker will be an ex-officio to all the section 79 committees (with the exception of the MPAC and the committees Chaired by him.

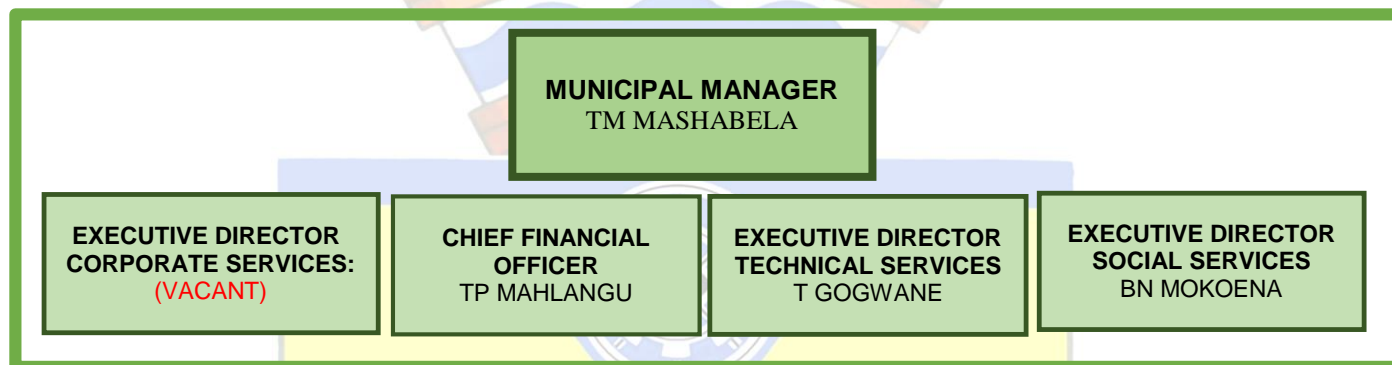




## 2.2. ADMINISTRATIVE GOVERNANCE

During the financial year under review the organizational structure that was adopted by Council constituted the following directorates namely; the Office of the Municipal Manager, Budget and Treasury Office, Community and Social Services, Corporate Services as well as Technical Services. It should be noted that the Municipality is currently with at least two (2) Senior Managers (HOD) on acting positions.

**Figure 01: Administrative Governance**



The Municipality has 05 departments which is headed by the MM, Chief Financial Officer and 3 Executive Directors. These departments have the following functions;

### OFFICE OF THE MUNICIPAL MANAGER

1. Departmental Management
2. Budget Process & Control
3. Cash flow Management
4. General Administration
5. Report Writing
6. Meetings: Council/Management
7. Address public enquiries
8. Integrated Development Planning
9. Performance Management
10. EPWP
11. Transversal Affairs
12. LED
13. Internal Audit
14. Risk Management
15. Youth Development
16. Public Participation
17. Legal Compliance
18. Gazettes: Govern / Prov
19. Policies & Bylaws
20. ICT
21. Legal Matters
22. Communication



## CORPORATE SERVICES

1. Departmental Management
2. Budget Process & Control
3. Cash flow Management
4. General Administration
5. Report Writing
6. Meetings: Council/Management
7. Address public enquiries
8. Photocopying
9. Archives
10. Administration: EDMS
11. Official Notices
12. HR Management & Development
13. Leave Administration
14. Skills Development
15. Occupational Health & Safety
16. Employee Wellness
17. Injury on Duty
18. Property Admin
19. Estate Management
20. Support Service
21. Postal & Messenger Service



## BUDGET & TREASURY OFFICE

1. Departmental Management
2. Budget Process & Control
3. Cash flow Management
4. General Administration
5. Report Writing
6. Meetings: Council/Management
7. Address public enquiries
8. Financial System Man
9. Financial Planning & Statistics
10. Financial Reporting
11. Financial Year-end
12. Investment Management
13. Insurance Admin & Management
14. Loan Management & Admin
15. Asset Management
16. Liaison: External Auditors
17. Creditors Administration
18. Debtors Administration
19. Credit Control:
20. Indigent Policy:
21. Meter Reading Function
22. Municipal Stores
23. Pay Office
24. SCM
25. Contract Management



## TECHNICAL SERVICES

1. Departmental Management
2. Budget Process & Control
3. Cash flow Management
4. General Administration
5. Report Writing
6. Meetings: Council/Management
7. Address public enquiries
8. Building control
9. Land Use Management
10. Fleet management
11. Mechanical Workshop
12. Town Planning
13. Repair & Maintenance
14. Elec Reticulation Network
15. Repair & Maintenance:
16. Elec Installations & Equipment
17. Repair & Maintenance:
18. Sewerage Network
19. Repair & Maintenance:
20. Waste Water Care works
21. Repair & Maintenance:
22. Water Care works
23. Repair & Maintenance:



## SOCIAL SERVICES

1. Departmental Management
2. Budget Process & Control
3. Cash flow Management
4. General Administration
5. Report Writing
6. Meetings: Council/Management
7. Address public enquiries
8. Estate Management
9. Cleansing
10. Landfill Sites
11. Environmental Health
12. Traffic Services
13. Fire Services
14. Licenses: Drivers & Vehicles
15. Library Service
16. Manage and control :
  - a) Parks division
  - b) Cemeteries
  - c) Sport fields
  - d) Open spaces
  - e) Pavements
  - f) Municipal gardens





## COMPONENT B: INTERGOVERNMENTAL RELATIONS

'Inter-governmental relations' means the relationships between the three spheres of government. The South African Constitution states, 'the three spheres of government are distinctive, interdependent and interrelated'. Provincial and local government are spheres of government in their own right, and are not a function or administrative implementing arm of national or provincial government. Although the three spheres of government are autonomous, they exist in a unitary South Africa and they have to work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

### 2.3. NATIONAL INTERGOVERNMENTAL STRUCTURES

- ❖ **National Treasury** – It coordinates the development of the Local Government fiscal framework applicable to Municipalities within the context of the Division of Revenue Act. It manages the development of the Local Government Equitable Share formula and ensures compliance with the MFMA to modernise local government budgeting and financial management processes and practices.

It provides assistance to improve financial governance and to maximize Municipal capacity to deliver services through efficiency, effectiveness and sustainability, and by dealing with corruption. It sets up the accountability cycle by ensuring proper linkages between IDPs, Budgets, SDBIPs, In-Year Reports, Annual Financial Statements, Annual Reports, Oversight Reports, and Audit Reports.

- ❖ **The Department of Cooperative Governance and Traditional Affairs (COGTA)** – It develops various policies and guidelines to enable sustainable development to eradicate poverty and develops a service-orientated culture that requires the active participation of the wider community. Community inputs are essential to improve Integrated Development Planning and service delivery. Linked to this is the establishment of performance management, which is a crucial mechanism to improve living conditions for all citizens.
- ❖ **SALGA** – Is the national representative body of local government and has a constitutionally defined mandate. It responds to challenges facing organised local government and addresses past weaknesses.



## 2.4. PROVINCIAL INTER-GOVERNMENTAL STRUCTURE

- ❖ **OFFICE OF THE PREMIER** – It focuses on cooperative and good governance through the provision of advice and information, coordination, monitoring, and support to local government.
- ❖ **PROVINCIAL TREASURY**– The functions of provincial treasuries are to promote cooperative Government amongst role-players and assist National Treasury in implementing the MFMA, monitor Municipal budgets and outcomes, analyse in-year reports, and take intervention measures to assist Municipalities that breach the MFMA.

Provincial Treasury has established various units to assist and monitor the Municipality. These units specialise in revenue enhancement, assets, accounting standards, and in year reporting. Through the MunMec meeting and Technical MunMec meetings, various Municipal issues in the province are discussed to formulate solutions and plans to improve Governance and service delivery. These meetings were conducted quarterly during the financial year.

- ❖ **COGTA MPUMALANGA** – To assist and provide guidance in building a clean, effective, efficient, responsive, and accountable local government. To strengthen partnerships between local government and communities and ensure Municipalities meet their mandate of providing basic services.
- ❖ **SALGA** – It is the official representative of local government, an employer's organization for all Municipalities, and sits as the employer in the South African Local Government Bargaining Council.

Victor Khanye Local Municipality is a keen participant of joint intergovernmental planning initiatives of Provincial Government i.e. MunMec (Provincial MECs, Provincial Heads of Departments, Mayors and Municipal Managers) and the Premier's Coordinating Forum are provincial forums for fruitful interaction regarding local government cooperation and challenges. These meetings are held twice per annum.

- ❖ The Provincial Municipal Managers Forum meets quarterly. Chief Audit Executive and Chief Risk Officer forum are held on a quarterly basis in conjunction with Provincial Treasury where all municipalities share best practises and consult on areas of improvement. Victor Khanye is represented on the Provincial IDP Managers Forum, the Provincial Public Participation and Communication Forum, all of which are facilitated by the Provincial Department of Cooperative Governance and Traditional Affairs (COGTA)

## 2.5. DISTRICT INTER-GOVERNMENTAL STRUCTURES

The Nkangala District Municipality has a supporting role to play in the planning and coordinating of activities within its boundaries to ensure the provision of services in the district. It is therefore imperative that the capital allocations from the district be based on community needs. These projects are implemented by the District Municipality and transferred to the Municipality on completion.

The District Municipality also assists the Municipality with the establishment of the District Shared Audit Committee. This Audit and Performance Audit Committee perform both the function of financial and performance auditing. Through this initiative, the Municipalities in the district save substantially on the cost of the Audit and Performance Audit Committee member's fees, reimbursement costs, and indirect costs such as printing of agendas, delivery, and taking of minutes.

The municipality is taking advantage of the established platforms created to foster relationship between all three spheres of government. The overall aim for consultation with various interest groups and all other key stakeholders is to:

- ❖ Create a platform for dialogue where all stakeholders would discuss and agree on the development route.
- ❖ Ensure that all key sectorial issues are well reflected in the IDP;
- ❖ Ensure that all projects and programmes of all key stakeholders are well captured within the IDP;

At district level the following are structures in which the municipality participate:

- ❖ Nkangala District Municipality Speakers Forum.
- ❖ Nkangala District Municipality Mayoral Forum.
- ❖ Nkangala District Municipality Municipal Managers Forum.
- ❖ Nkangala District Municipality LED/IDP Forum.
- ❖ Nkangala District Municipality IDP/PMS Forum.
- ❖ Nkangala District Municipality Communicators Forum.
- ❖ Nkangala District Municipality Youth Manager's Forum.
- ❖ Nkangala District Municipality IDP Working Groups.
- ❖ Nkangala District Disaster Management Advisory Forum.
- ❖ Waste Management Offices Forum.
- ❖ Air Quality Management Forum.

Victor Khanye Local Municipality participates in this forum and the District Municipal Managers Forum and benefits immensely from this involvement by being exposed to good practises in other municipalities and strengthening the relationship with the district municipality in forging joint partnerships in the interest of good governance and service delivery. For the financial year under review, a project to the value of R18 million was implemented by Nkangala District Municipality at Victor Khanye Local Municipality.



## 2.6. VICTOR KHANYE STAKEHOLDER FORUMS

The Municipality has established various fora to enhance relationship and interaction between all its stakeholders. Most of them are chaired by the Executive Mayor and meets, at least, once in a quarter. To mention but a few:

- ❖ Intergovernmental Forum; between the Municipality and local sector departments, three spheres of government.
- ❖ LED/IDP Forum; between the Municipality and local development stakeholders.

The following forums are chaired by the Member of the Mayoral Committee for Health, Social Services and Development.

- ❖ Local Aids Council; between the Municipality and local health stakeholders.
- ❖ Cemetery Forum between Municipal Officials, funeral undertakers and other relevant stakeholder.

## 2.7. WARD COMMITTEES

With the birth of democracy in 1994, a new democratic local governance system was born, one that supports certain fundamental ideals and principles. Transparency, accountability, and an open and inclusive system of government, as well as planning and democratization of development, are examples of such ideals and principles. This put South Africa on level with other democratic countries across the world, and it established it as a respected example of a successful decentralised government system.

The concept of participation is a cornerstone of effective governance, and it plays an important role in policymaking, development planning, and budgeting. Section 152 of the Constitution prioritizes community engagement in service delivery and other aspects of local government. Similarly, the MSA and the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) provide the statutory foundation for municipalities to form Ward Committees.

Section 42 of the MSA states that a municipality must involve the local community in the development, implementation, and review of the municipality's performance management system and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality through appropriate mechanisms, processes, and procedures established in accordance with Chapter 4 of said Act.

Ward committees are defined as area-based committees whose borders align with ward boundaries, according to popular belief.

### Ward Committees:

- *are made up of representatives of a particular ward;*
- *are made up of members who are elected to represent a specific geographical area/block;*

- are chaired by the ward councillor;
- are meant to be an institutionalised channel of communication and interaction between communities and municipalities;
- give the community members the opportunity to express their needs and opinions on issues that affect their lives, and to be heard at the municipal level via the ward councillor; and
- are advisory bodies created within the sphere of civil society to assist the ward councillor in carrying out his or her mandate in the most democratic manner possible.

Ward committees should be elected by the people who live in the community. A ward committee should have no more than ten members, with women being strongly represented. The ward councillor serves as the chairperson of the ward committee.

Despite the fact that ward committees have no statutory authority, they advise the ward councillor, who makes particular representations to the city council. These committees are extremely important in the preparation and annual modification of the area's integrated development plan.

The ward committee provides assistance to the ward councillor, who receives development reports, participates in development planning procedures, and facilitates greater community engagement. The municipality is continually striving to ensure that all ward committees work ideally in terms of community information, meeting convening, ward planning, service delivery, IDP development, and performance reporting to communities.

**Table 19: Ward Committee Members Per Ward**

WARD 1	WARD 2	WARD 3
1. S Manamela	1. NP Phakathi	1. N Nxuza
2. M Khoza	2. JK Mokotong	2. NE Zwane
3. V Mabena	3. BS Nkabinde	3. CN Masilela
4. L Buda	4. SL Ngema	4. DM Mbatha
5. B Seakgwe	5. JB Simelani	5. SS Mkhondo
6. S Nkwanyane	6. TJ Mohwadiba	6. LF Ramufhi
7. Z Ntuli	7. MN Masuku	7. SL Makua
8. J Manyara	8. AC Mbonani	8. AB Mzobe
9. B Mnisi	9. NE Kgabo	9. C Msiza
10. M Mncina		10. DO Ntini

WARD 4	WARD 5	WARD 6
1. ET Mtshweni	1. RV Mtshali	1. SP Moyane
2. E Malopi	2. SV Sibanyoni	2. VL Zwane
3. ZC Masango	3. MP Nhlebi	3. MP Masombuka
4. SD Mahlangu	4. M Segone	4. NM Makoala
5. MS Nageng	5. SB Hlumbane	5. BA Mnathe
6. DF Hlongwane	6. EG Moyo	6. BP Dhlomo
7. PM Sekati	7. NM Mthembu	7. TM Mabuza
8. JJ Mashego	8. ML Msiza	8. MN Mashiyane
9. BJ Mlangeni	9. HM Mvakali	9. JM Mkhonza
10. BJ Mhlongo		10. SM Mosia

WARD 7	WARD 8	WARD 9
1. TC Tshiba	1. JG Vorster	1. TT Sibanyoni
2. LM Nkosi	2. SL Mokone	2. ML Makuwa
3. SJ Mbonani	3. CS Boschhoff	3. AD Mdzipa
4. P Mahlangu	4. SP Mahlangu	4. CN Mahamba
5. JS Mbatha	5. SJ Mavuso	5. TL Radebe
6. HM Mgcina	6. T Mathe	6. TP Manana
7. BW Masombuka	7. ML Khumalo	7. S Mthimunye
8. MW Mabena	8. IM Mbonani	8. B Tsotetsi
9. MM Mabuza	9. CN Von Mo	9. A Tyumbu
10. MC Mtshweni		10. T Mahlabe

### 2.7.1. FUNCTIONALITY OF WARD COMMITTEES

Public participation is a vital part of democracy and allows citizens to get involved in how their communities are governed. At the local government level, the Local Government: Municipal Structures Act, 1998, requires, among others, that municipalities develop mechanisms to consult communities and community organisations in performing their functions and exercising their powers.

These structures are commonly known as Ward Committees and provide a vital link between Ward Councillors, the community and the municipality. They allow for members of communities to influence municipal planning in a manner which best addresses their needs.

Ward committees are crucial in the local government system as they are the link between the councillor and the community. The ward committee system is also said to play a critical role in giving meaning to the notion of “the people shall govern”. This is so because local government is regarded as the level of government closest to the people and ward committees are just one way to ensure that citizens give input to the decisions that local councils make. The functionality of ward committees has a greater impact on how members of the community sees the municipality. It is of great importance for ward committees to do execute their duties to their best abilities to ensure that the community are satisfied with the municipality.

Table 20: Ward Committee Meetings Per Quarter

QUARTER	PLANNED	ACTUAL
QTR 1	27	27
QTR 2	27	27
QTR 3	27	20
QTR 4	27	20
TOTAL	108	94



## COMPONENT C: OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.8. PUBLIC ACCOUNTABILITY



Section 15(b) of the MSA mandates that a municipality develop and organize its administration in order to foster a culture of responsibility among its employees. A municipality shall design a system of municipal governance that balances formal representative

government with a participatory governance system, according to Section 16(i). A municipality is required to provide its community with information about municipal government, management, and development under Section 18(i) (d). The participation outlined above is required in terms of the following:

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

The municipality ensures widespread and conducive stakeholder participation and accountability through the following interventions:

- ❖ Media such as local newspapers, ward community meetings, national radio stations, municipal bills, text/sms system and district communicators forum are utilised to inform communities and stakeholders of Council's activities.
- ❖ All messages/information is conveyed in a language/s understood by the general community.
- ❖ The venues and times for public meetings are well communicated, and efforts are made that meetings are held at such times convenient for all stakeholders.
- ❖ Adequate time is allowed for the community, representatives of organisations, and business to report back to their relevant forums and make inputs.
- ❖ Council meetings are open to the public, and residents are invited through notices in the local newspaper and at notice boards at all municipal pay points as well as libraries, to attend. Important documents such as IDP, Budget, and valuation roll are available at all public libraries within the municipal area.
- ❖ Ward committee and ward community bi-monthly meetings are convened fourteen days after an ordinary Council sitting, and serve as a platform for interaction, engagement, and sharing of information.

- ❖ Various forums exist on local, district and provincial level
- ❖ CDWs act as a link between government and the community.

### **2.8.1. COMMUNICATION, PARTICIPATION AND FORUMS**

The Municipality engages the community in consultation meetings on a regular basis in an effort to provide feedback on progress in relation to the level of development, to gather input from communities in relation to service delivery needs, and to disseminate information on the municipality's roles and responsibilities.

The major goal of this consultation is to guarantee that political leaders get closer to the communities and provide people of the community an opportunity to express their concerns. Ward committee arrangements are utilized to bridge the gap between the municipality and the communities since ward committees are familiar with and understand the citizens and communities they serve. Community Development Workers (CDWs) serve as a link between communities and community development initiatives/programs.

Councillors, representatives from corporate organizations, mining corporations, NGOs/CBOs, government agencies, agricultural organizations, parastatal organizations, and stakeholder representatives from unorganized groups make up the IDP forum. The representatives are given the chance to represent community interests and offer information and ideas, so generating consensus and support for the planning process and assuring greater ownership of the results.

Weekly media briefings were given to keep the media up to date on the latest municipal happenings. To distribute timely information to the community, a bulk SMS system is deployed. Quarterly integrated community Imbizo meetings were arranged to promote and educate residents about government programs and services.

The Municipality received quarterly community newsletters that were produced and distributed. The IDP and Multi-year Budget processes for 2022/2023 were both available to public participation. The materials may be viewed at all municipal libraries and on the municipal website, [www.vklm.gov.za](http://www.vklm.gov.za)

## **2.8.2. IDP PARTICIPATION AND ALIGNMENT**

The Five Year Integrated Development Plan 2017-2022, the 2022/2023 Review IDP was developed in accordance with the Municipal Process Plan as adopted by Council in terms of Chapter 5, Section 28 of the Municipal Systems Act, Act 32 of 2000. This process plan is presented to Council by the end of August for approval, and contains various forms of consultation, including public consultation, stakeholder's consultation informing the Integrated Development approach for the Five Years and annual review and/or amendment of the IDP.

The public consultation process will under normal circumstances take place within each and every ward followed by an IDP Representative Forum consultation where all communicated/listed public needs are confirmed. The alignment of the IDP is undertaken with specific sector plans; i.e. the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years.

The IDP is the key instrument to achieve developmental local governance for decentralised, strategic, participatory, implementation orientated, coordinated and integrated development. Preparing an IDP is not only a legal requirement in terms of the legislation but it is actually the instrument for realising municipalities' major developmental responsibilities to improve the quality of life of citizens. It seeks to speed-up service delivery by securing a buy-in of all relevant role-players and provides government departments and other social partners with a clear framework of the municipality's development trajectory to harness implementation efforts.

### **2.8.2.1. IDP and IGR**

Integrated development planning also promotes intergovernmental co-ordination by facilitating a system of communication and co-ordination between local, provincial and national spheres of government. Local development priorities, identified in the IDP process, constitute the backbone of service delivery.

The local governments' budgets, plans, strategies and implementation activities. Hence, the IDP forms the policy framework on which service delivery, infrastructure development, economic growth, social development, environmental sustainability and poverty alleviation rests. The IDP therefore becomes a local expression of the government's plan of action as it informs and is informed by the strategic development plans at national and provincial spheres of government.

### **2.8.2.2. IDP REVIEW PROCESS**

S34 of the MSA provides for the annual review of the IDP in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand. In order to systematically and procedurally review the IDP, a municipality must, in terms of S27 (1) of the Act, within a prescribed period after the start of its elected term and after following a consultative process with the local



municipalities within its area of jurisdiction, must adopt a framework for integrated development planning in the area as a whole.

Victor Khanye Local Municipality (VKLM) is required to consult the local community before adopting the process and after adoption of the process sub-Section 3 stipulates that a municipality must give notice to the local community of particulars of the process it intends to follow.

Thus, as per the former issue the draft municipal Process Plans must be presented to the municipal consultation for and special meetings may also be held with the identified stakeholders and communities. In terms of the latter matter, communities must be informed of the adoption of the Process Plans, through the available municipal communication channels

The Process Plan specifies timeframes for the different steps, it must at least cover the following issues:

- a) Identify plans and planning requirements binding in terms of national and provincial legislation on local municipality;
- b) Identify matters to be included in the integrated development plans of the district municipality and the local municipality that require alignment;
- c) Specify the principles to be applied and co-ordinate the approach to be adopted in respect of those matters; and
- d) Determine procedures:
  - For consultation between the district municipality and the local municipalities during the process of drafting their respective integrated development plans; and
  - To effect essential amendments to the framework plan.

#### **2.8.2.3. IDP REVIEW PHASES**

The synchronization of planning activities between district and local municipalities is essential to ensure that the planning activities occur and outputs are available more or less simultaneously so that the joint and complimentary responsibilities of the municipalities can be undertaken for all and by all responsible, at the same time. This approach will avoid duplication of the required joint processes and maximize the use of limited human resource capacities.

The review and implementation of the (2022/23) IDP comprised of the following five (5) phases, commencing with Phase 0 to Phase 5:

#### **2.8.2.4. PREPARATORY PHASE**

Before starting the planning process, an IDP Process Plan must be drawn up. This plan is meant to ensure the proper management of the planning process. The Plan must be set out in writing in terms of the legislation and must comply with the provisions of the District Framework Plan in terms of the binding National and Provincial Planning Frameworks, mechanisms and processes stipulated in the Framework Plan of the District.

#### **2.8.2.5. ANALYSIS PHASE**

During this phase information is collected on the existing conditions within the municipality. When assessing the existing level of development in the municipality, the level of access to basic services and those communities that do not have access to these services must be identified. Focus must be on the types of problems faced by community in the area and the causes of these problems. The identified problems are assessed and prioritized in terms of what is urgent and what needs to be done first.

Information on availability of resources is also collected during this phase. Priority issues highlighted during the 2022/23 IDP processes will also be revised and confirmed during this phase. Community meetings, stakeholder meetings, surveys, opinion polls and researched information should form the basis of this phase.

#### **2.8.2.6. STRATEGIES PHASE**

The Municipality must begin to contemplate on the best possible strategies to tackle the identified challenges. Critical in this process in order to ensure a focused analysis, the municipal vision must be confirmed and development objectives containing clear statements of what the municipality would like to achieve in the medium term to deal with the problems outlined in the first phase.

Internal transformation needs and council's development priorities must be taken into account when formulating council objectives. This process should involve strategy workshops, targeted stakeholder engagements, public hearings, sector Provincial and National Departments engagements, social partners, interest-based groups and organized civil society.

Development strategies must then be developed focusing on finding the best way for the municipality to meet a development objective. Once the municipality has identified the best methods and strategies to achieving its development objectives identification of specific projects must commence.

#### **2.8.2.7. PROJECTS PHASE**

During this phase the municipality works on the designs and content/specifications of projects identified during the prior phases. Clear details for each project have to be worked out. Clear targets must be set and indicators worked out to measure performance as well as the impact of individual programmes and projects. The identified projects must have a direct link to the priority issues and objectives identified in the previous phase. Municipalities must ensure engagement of internal technical committees, possibly with selected key stakeholders.

The needs and views of the affected communities must be taken as a priority. The project technical committees and their subcommittees must be able to distinguish between the strategic municipal wide development programmes and the localized community-level projects.

### **2.8.2.8. INTEGRATION PHASE**

Once all projects have been identified, the municipality must confirm that the identified projects will achieve the desired impact in terms of addressing the identified challenges and are aligned with the objectives and strategies and comply with legislation. The identified programmes/projects will set the pace and direct the trajectory emanating from the overall picture of the development plans of all the stakeholders, including sector departments and social partners.

During this period, Provincial Sector Departments will have finalized their draft strategic plans. Public discussion, community engagement and opportunities for comments from residents and interested stakeholder organisation must be facilitated and appropriate mechanisms should be in place and be institutionalised. Towards the completion of this phase the municipality must also conduct IDP INDABA engagements to confirm the chosen development trajectory with all the stakeholders.

### **2.8.2.9. ADOPTION PHASE**

After consulting and receiving public comments the Municipality must adopt their final IDP for 2022/23 financial year by the 26 of March 2022 to enable the District to adopt it's 2022/23 IDP by the 31st of March 2022. In terms of S36 of the MSA, a municipality must give effect to its IDP and must conduct its affairs in a manner which is consistent with its integrated development plan.

The budget of the municipality must be informed by the adopted IDP. The public must be informed of the adoption of the reviewed Integrated Development Plan by notice in a newspaper circulating in by placing the notice in official notice boards in terms of Section 25 (4) of the Act. It is critical to note that in terms of S25 (4) (b) of the Act municipalities must after adoption of the IDP publicise a summary of the Plan.

### **2.8.2.10. SUBMISSION TO MEC FOR LOCAL GOVERNMENT.**

In terms of S32 (1)(a) of the MSA, the municipal manager of a municipality must submit a copy of the integrated development plan as adopted by the council of the municipality and any subsequent amendment to the plan, to the MEC for local government in the province within 10 days of the adoption or amendment of the plan.

Such a copy must be accompanied by a summary of the process in terms of S28, a statement that the process has been complied with, together with any explanations that may be necessary to amplify the statement, and a copy of the Process Plan as adopted in terms of S27 of the Act.



## COMPONENT D: CORPORATE GOVERNANCE

Corporate governance refers to the procedures, practices, policies, regulations, and stakeholders that influence how an entity is directed, administered, or controlled. Corporate governance also encompasses the relationships between the various parties involved, as well as the aims for which the organization is governed.

### 2.9. RISK MANAGEMENT

Section 62 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as the effective, efficient and economical use of the resources of the municipality. This responsibility was delegated to the Chief Risk Officer. During this current financial year, the following activities were conducted as per the approved Risk Management Implementation Plan:

- ❖ Continuous awareness raising throughout the municipality;
- ❖ The Risk Management, Anti-Fraud and Anti-Corruption Committee (shared service) was established to facilitate and govern the risk management process, with a terms of reference, and has been operational since January 2013;
- ❖ The Chief Audit Executive has a seat on the Risk Management, Anti—Fraud and Anti-Corruption Committee where all risk and fraud management related activities are reported;
- ❖ The Risk Management, Anti-Fraud and Anti-Corruption Committee reports to the Audit Committee;
- ❖ Risk registers have also been completed at an operational level;
- ❖ The previous year's strategic registers were revisited and an acceptable risk appetite was determined;
- ❖ The revised risk register was adopted by Council;
- ❖ Risks were also identified which could prevent the achievement of the predetermined objectives, and were noted in the SDBIP; and
- ❖ The Risk Management enabling documents were reviewed and adopted by Council;

Although the Chief Risk Officer is responsible for coordinating and facilitating risk management at all levels within the municipality, management plays an active role in risk management and the mitigation of risk exposure. Risk assessment is conducted on an annual basis and all emerging risks were incorporated into the municipal risk register with mitigating strategies.

including the appointment of Risk Champions per directorate in line with the National Treasury Public Sector Risk Management Framework and the municipality has an effective Risk Management, Anti-Fraud and Anti-Corruption Committee as an oversight committee responsible to the Accounting Authority for the monitoring of risk management which includes assisting in designing and coordinating the Municipality's risk management initiatives

The following are the municipal high top risks for 2022/23:

- i. Inability to provide Basic Services in a sustainable manner;
- ii. Inadequate improvement of compliance to legislation and VKLM Policy Framework;
- iii. Inadequate sustainable financial viability;
- iv. Unconducive environment for economic growth;
- v. Ineffective good governance;
- vi. Inability to control overtime
- vii. Delays in payment of service delivery
- viii. Insufficient revenue collection
- ix. Failure to increase efficiency of the supply chain management processes
- x. Shortage of burial space.

## 2.10. ANTI-FRAUD AND ANTI-CORRUPTION

### ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY

Victor Khanye local Municipality employs in excess of 376 staff members, runs a budget of over R375 million and owns assets. This puts the municipality at risk of fraud and corruption by either staff or outsiders. Fraud Prevention Strategy and Fraud Prevention Policy was developed and implemented. The municipality has implemented the Presidential fraud Hotline and a Corruption Watch Hotline. Fraud and corruption are defined as follows, respectively:

**Fraud:** Is deliberate distortion of documents in order to conceal the misuse of assets for personal gain.

**Corruption:** Is the offering, giving, soliciting, or acceptance of an inducement that may influence any person to act inappropriately.

#### Strategic Objective:

- Encouraging a culture within the Municipality where all employees, the public and other stakeholders continuously behave ethically in their dealings with, or on behalf of the Municipality;
- Improving accountability, efficiency and effective administration within the Municipality;
- Improving the application of systems, policies, procedures and regulations;
- Changing aspects of the Municipality which could facilitate fraud and corruption and allow these to go unnoticed or unreported; and
- Encouraging all employees and other stakeholders to strive toward the prevention and detection of fraud and corruption impacting or having the potential to impact the Municipality.

Other activities conducted to prevent and detect fraud and corruption:

- Anti-Fraud and Anti-Corruption awareness conducted by the National COGTA in collaboration with the SIU and Provincial Treasury.
- Zero tolerance statement to fraud and corruption adopted by the Municipality.
- Anti-Fraud and Anti-Corruption posters circulated to all Municipal Buildings including bumper and licence disc stickers.

## 2.11. INTERNAL AUDITING

Section 165(2)(a), (b) and (c) of the MFMA requires that: The internal audit unit of a municipality must: –

- a) prepare a risk based audit plan and an internal audit programme for each financial year; and
- b) advise the accounting officer and report to the Audit Committee on the implementation on the internal audit plan and matters relating to:
  - ❖ internal audit;
  - ❖ internal controls;
  - ❖ accounting procedures and practices;
  - ❖ risk and risk management;
  - ❖ performance management;
  - ❖ loss control; and
  - ❖ compliance with this Act, the annual Division of Revenue Act and another applicable legislation.
- c) perform such other duties as may be assigned to it by the Accounting Officer.

Victor Khanye Local Municipality's Internal Audit function comprised of in-house staff. The main focus areas were compliance to applicable laws, regulations, policies and procedures which resulted in both assurance as well as consulting work. During the year under review, the internal audit activity was able to effectively executed 73% of the initial adopted risk-based audit plan.

In addition, process flowcharts for all identified audit areas have been documented, highlighting the key controls and / or control gaps for process owners' / line managers to consider and implement. Follow-up reviews were conducted relating to previously reported matters during the previous financial year.



**2.11.1. ANNUAL RISK BASED AUDIT PLAN**

Risk-Based Audit Plan for 2022/23 was implemented with available resources. The table below provides detail on audits completed:

**Table 21: Risk Based Audit Plan**

<b>AUDIT ACTIVITY</b>	<b>2022/23</b>
<b>STATUTORY AUDIT</b>	
Division of Revenue Act (DoRA) Compliance	√
Pre-Determined Objectives	√
Performance Management System	√
Risk Management Review	√
<b>FOLLOW-UP REVIEWS</b>	
AG Follow-Up Review	√
Supply Chain Management	√
Performance Management System	√
Revenue – Indigent Consumer Verification	√
Risk Management Follow-Up	√

### 2.11.2. PMS AUDITS

Actual performance was subjected to an internal audit review and results of their findings submitted to the Performance Audit Committee. Quarterly audits were performed and reported to the Audit Committee.

### 2.12. SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy applicable to the 2022/23 financial year was revised and adopted by Council on 31 May 2023 as Resolution Number: S007/05/2023 (as attachment to the budget-related policies) in terms of section 17(1) – (3) of the MFMA.

The changes alluded to above will ensure that the Supply Chain Management Unit (SCMU) has the required legislative mandate to further streamline procedures and processes in order to promote more efficient and effective service delivery to all our internal and external stakeholders.

The SCM Policy incorporating the abovementioned regulations, as well as all other relevant legislation, regulations and circulars and are annually reviewed with the budget process. The municipality has established the three (3) bid committee system, namely:

- i. Bid Specification Committee.
- ii. Bid Evaluations Committee.
- iii. Bid Adjudications Committee.

#### 2.12.1. AWARDS MADE BY THE ACCOUNTING OFFICER

The Municipality through the Bid Adjudication Committee, appointed by the Municipal Manager awarded the following bids, amongst other awards.

**Table 22: The highest Bids Awarded by Bid Adjudication Committee**

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount
<b>Tsoga molemi trading</b>	Supply and delivery of petrol and diesel, on as and when required for the period of 36 months	28 July 2022	13 February 2022	R1 784.80
<b>Sense it (pty)ltd</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on various ict licencing services for period of 3 years	28 July 2022	13 February 2022	R1 599 882.30
<b>Unics technologies</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on	21 July 2022	13 February 2022	R608 552.40

	various ict licencing services for period of 3 years			
<b>Elangeni services Cc</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on various ict licencing services for period of 3 years	21 July 2022	13 February 2022	R525 411.52
<b>Eugene chem solutions</b>	Supply and delivery of water treatment chemicals and maintenance of ozone generation system, on as and when required basis for a period of 3 years	21 July 2022	13 February 2022	R187 986.10
<b>Irhalane construction</b>	Supply (Rental), install and maintain / service portable chemical toilets at informal settlement around VKLM, for the period of 36 months	05 August 2022	13 February 2022	R345 000.00
<b>Diphala consultants &amp; project managers</b>	Provision of civil engineering and construction of water related infrastructure in reducing the non revenue water in botleng township in VKLM	30 September 2022	28 July 2022	R33 644 208.27
<b>Kgalema lenyatso trading enterprise</b>	Appointment of service provider for the development of portion 6 of farm middleburg 231-ir-no.1202 water services in VKLM	30 September 2022	19 July 2022	R9 972 047.38
<b>Imisebe engineering technologies</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R2 855 617.90
<b>Melokuhle manageent</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 436 183.29
<b>Ochad holdings</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 212 548.00



<b>Riendzo rinene (pty)ltd</b>	Service provider for the development of portion 6 of farm Middleburg 231-ir-no.1202- Sanitation services in VKLM	30 September 2022	19 July 2022	R11 466 447.37
<b>Singo consulting</b>	Drilling, refurbishment of boreholes in rural areas and provision of elevated steel tank in VKLM – drilling and testing of boreholes	01 May 2023	25 October 2022	R2 466 266.59
<b>Kotp waste solutions</b>	Operational and maintenance of Delmas / Botleng landfill site for the period of 3 years	05 April 2023	25 October 2022	R6 665 400.00
<b>Khosiwe trading</b>	Supply and delivery of complete x10 heavy duty brush cutters	13 March 2023	16 October 2022	R150 000.00
<b>Eknoz construction and general supply</b>	Supply and delivery of x5 self-propelled grass mower with detachable ride on seat	13 March 2023	16 October 2022	R196 500.00

### 2.12.2. OBJECTIONS LODGED

The municipality did not receive objections for year under review.

### 2.12.3. FORMAL QUOTATIONS (ABOVE R 30 000 AND BELOW R 200 000) PROCUREMENT PROCESSES

Table 23: Formal Quotations Procurement Processes (30k – 200k)

Service Provider	Description of services / goods	Appointment date	Appointed Amount
<b>Nonunu projects (pty)ltd</b>	Training service for customer care, 34 employees	29 August 2022	R57 800.00
<b>Sihle and wandy construction and transport</b>	Hiring of refuse compactor truck (21 cubic meter) for a period of months, as and when required (panel of 3)	29 August 2022	R7 900.00 rate per day
<b>Lera holdings (pty)ltd</b>	Hiring of refuse compactor truck (21 cubic meter) for a period of months, as and when required (panel of 3)	29 August 2022	R7 900.00 rate per day
<b>Bhekinhlanhla youth building civil construction &amp; maintenance</b>	Hiring of refuse compactor truck (21 cubic meter) for a period of months, as and when required (panel of 3)	29 August 2022	R7 900.00 rate per day
<b>Kopt waste solutions</b>	Hiring of skip loader truck for emptying of skip bins around VKLM, for 3 months	29 August 2022	R65 000.00 per month

<b>Hlase consulting</b>	Training service for fixed assets and projects accounting, for 5 employees	29 August 2022	R179 800.00
<b>Fusukhono &amp; son (pty)ltd</b>	Supply and provide calibration certificates and deliver portable water testing meters and reagents	26 September 2022	R188 112.00
<b>Kevan holdings</b>	Renovation of FC Dumat offices	26 September 2022	R106 000.00
<b>Nvj legacy (pty)ltd</b>	Renovation of Modderbee water pump station	26 September 2022	R199 350.00
<b>Pica biz 354 trading enterprise</b>	Renovation of FC Dumat canopy	03 November 2022	R134 234.09
<b>Ntandokuhle holding (pty)ltd</b>	Eradication of sanitation backlog in Kwa Jozi (block A)	09 December 2022	R149 490.00
<b>Nvj legacy</b>	Eradication of sanitation backlog in Arbor (block A)	09 December 2022	R184 682.00
<b>Geo mat trading</b>	Eradication of sanitation backlog in Brakfontein (block B)	09 December 2022	R196 000.00
<b>K2020547499</b>	Eradication of sanitation backlog in Ematshotshombeni (block B)	09 December 2022	R176 065.00
<b>Sphumenathi projects</b>	Eradication of sanitation backlog in Kwa Piet (block B)	09 December 2022	R183 315.00
<b>Khosiwe trading</b>	Eradication of sanitation backlog in Brakfontein (block A)	09 December 2022	R180 000.00
<b>Pica biz 354 trading</b>	Eradication of sanitation backlog in Arbor (block B)	09 December 2022	R158 773.37
<b>Kevan holdings</b>	Eradication of sanitation backlog in Kwa Piet (block A)	09 December 2022	R143 200.00
<b>Musir trading</b>	Eradication of sanitation backlog in ward 9	09 December 2022	R152 000.00
<b>Jin jon trading &amp; projects</b>	Eradication of sanitation backlog in Ward 9	09 December 2022	R182 000.00
<b>Khosiwe trading</b>	Renovation of FC Dumat canopy	18 January 2023	R162 400.00
<b>Musir trading</b>	Eradication of sanitation backlog in ward 9	09 December 2022	R152 000.00
<b>Kgolo institute</b>	Training service for water and wastewater process control level 2 (SAQA ID 58951)	03 February 2023	R175 000.00
<b>Phapamafuthi holdings</b>	Training on the Audit of performance information and requirement of the FMPPi	23 February 2023	R181 000.00
<b>Kgolo institute</b>	Training service for water and wastewater process control (SAQA ID 61709)	03 February 2023	R192 000.00

<b>Linto consulting engineering</b>	Hiring of skip loader truck for emptying of skip bins around vkkm for 3 months	23 February 2023	R700 per day
<b>Nonunu projects (pty)ltd</b>	Municipal finance management programme service provider	03 February 2023	R187 500.00

#### AWARDS DONE BY TRANSVERSAL CONTRACTS (NATIONAL TREASURY)

Table: 24 – Awards done by transversal contracts

Service Provider	Description	Amount
Kura Uone group	Supply and delivery of pedestrian roller behind and trailer	R780 000.00
Nkopetsi fleet (pty)ltd	Supply, delivery and registration of JCB 3DX TLB	R1 333 000.01

#### 2.12.4. DISPOSAL MANAGEMENT

The system of disposal management envisages the following:

- i. Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
- ii. Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
- iii. Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
- iv. immovable property is let at market related rates, except when the public plight of the poor demands otherwise;
- v. all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
- vi. where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
- vii. in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

The municipality complies with section 14 of the MFMA which deals with the disposal of capital assets as well as with the Asset Transfer Regulations.

#### 2.12.5. SUPPLY CHAIN MANAGEMENT PERFORMANCE MANAGEMENT

The SCM policy requires that an internal monitoring system be established and implemented in order to determine, on the basis of retrospective analysis, whether the SCM processes were followed and whether the objectives of the SCM policy were achieved. Monitoring of internal processes is an on-going process. Procedure manuals for various SCM processes should be developed, approved and be implemented.



### 2.13. WEBSITE

A municipality's website is an essential component of its communication infrastructure and strategy. It facilitates stakeholder monitoring and evaluation of municipal performance, serves as a tool for community participation, and improves stakeholder involvement. Section 75 of the MFMA compels municipalities to post significant papers and information on their websites, such as the IDP, yearly budgets, modifications budgets, and budget-related documents and rules.

The following is a website checklist for indicating compliance with Section 75 of the MFMA:

**Table 25: Documents on the Website**

DOCUMENTS PUBLISHED ON THE VKLM WEBSITE	YES/NO	PUBLISHING DATE
Current annual and adjustments budgets and all budget-related documents	Yes	Within legislated period
All current budget-related policies	Yes	Within legislated period
Current annual and adjustment budgets and all budget-related documents	Yes	Within legislated period
The annual report for 2020/21	Yes	Within legislated period
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act for 2020/21	Yes	Within legislated period
All service delivery agreements for 2020/21	Yes	Within legislated period
All long-term borrowing contracts for 2020/21	Yes	Within legislated period
All supply chain management contracts above a prescribed value for 2020/21	Yes	Within legislated period
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during 2020/21	Yes	Within legislated period

## 2.14. COMMUNICATION

Local governments have a legal and political commitment to maintain regular and efficient contact with the community. In defining the purposes of local government, Section 152 (1)(e) of the Constitution of the Republic of South Africa Act 1996 stipulates that municipalities shall "promote the engagement of communities and community organizations in matters of local administration."

According to Section 160(7) of the Constitution, "a municipal council shall do its work openly and may close its sittings or committees only when it is fair to do so." The Municipal Systems Act of 2000 governs local government (Act No. 32 of 2000) Section 4 of the MSA encourages community engagement in the operations of local towns. We have a duty as a local government to operate with high levels of transparency, accountability, openness, participatory democracy, and direct engagement with communities in order to better the lives of citizens.

The concept of enhanced communication that encourages public engagement is central to our Communication Strategy, which was adopted by Council in April 2021. In its efforts to simplify and strengthen interactions with citizens, companies, the media, and other external stakeholders, the municipality has made steady progress.

Ensuring that the correct messages reach the right audiences on the right platforms and fostering dialogues through our communication platforms all contribute to the building of our corporate identity and brand.

Communication with the media has vastly enhanced. On a weekly basis, comprehensive replies are provided to all media inquiries from community, local, regional, and national newspapers and broadcasters. Positive news stories are being disseminated through the proactive distribution of media messages.

These declarations and favourable news items are also shared on the municipal website and social media channels to reach a wider audience. Members of the public can report defects or send inquiries to the [contact.info@vklm.gov.za](mailto:contact.info@vklm.gov.za) mailbox using an e-mail link on the website.

This inbox is reviewed on a daily basis, and inquiries, compliments, and complaints are transmitted to the appropriate departments. On a regular basis, the municipal website is updated with fresh official announcements, formal quotations, tenders, news items, vacancies, as well as meeting agendas and minutes.

The website is becoming more user friendly, and plans are in the works to simplify navigation and boost overall consumer satisfaction by rebuilding the website. Communication via our social media channels has dramatically risen. The municipal Facebook page has been continuously developing and now reach a considerably wider and ever-expanding audience.

Social media channels are utilized to communicate crucial warnings and messages in addition to publicizing municipal news pieces, images, and videos. Our social media networks also direct traffic to the website. Municipal advertising are put in community and regional publications on a regular basis, which helps to establish the municipality's brand.

The Municipality have extra channels for interacting with residents and other stakeholders thanks to the Executive Mayor's quarterly newsletter, brochures, posters, notice boards, and frequent IDP / Ward meetings. Internal communication is also improved through the Municipal Manager's newsletter, internal memoranda, notice boards, a bulk SMS system, and frequent employee meetings.

#### **2.14.1. COMMUNITY SATISFACTION SURVEY**

No community satisfaction surveys were completed during the 2022/23 financial year.

#### **2.14.2. PUBLIC SATISFACTION ON MUNICIPAL SERVICES**

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

**Table 26: Communication Activities**

<b>COMMUNICATION ACTIVITIES</b>	<b>YES/NO</b>
Communication Unit	<b>Yes</b>
Communication Strategy	<b>Yes</b>
Communication Policy	<b>No</b>
Customer Satisfaction Survey	<b>No</b>
Functional Complaints Management System	<b>Yes</b>
Quarterly Newsletters Distributed	<b>Yes</b>



## CHAPTER 3: SERVICE DELIVERY PERFORMANCE

### COMPONENT A: BASIC SERVICES

In essence, service delivery refers to the distribution of basic services such as safe water supply, electricity, health services, roads, street lighting, traffic controls, refuse collection, sewage disposal and maintenance, as well as municipal parks and recreation. According to the South African Constitution Act No. 108 of 1996, the duties of municipalities are to “structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community. And, to promote the social and economic development of the community.” The duties also include participating in national and provincial development programmes, which play a key role in economic growth.

#### 3.1. WATER PROVISION

Water is the most basic and necessary of all accessible natural resources, essential for life, the environment, food production, cleanliness, and power generation. Poverty reduction and better water management are inextricably related. Water and sanitation services, confined to potable water supply systems and home waste water and sewage disposal systems, are listed as a local government role in Section 4B of the Constitution.

The total population supplied with water in the Victor Khanye Local Municipal area amount to approximately 90 621 (*projected figures by 2019*) people. Water is also supplied to a fairly extensive industrial area. Victor Khanye Local Municipality manages two (2) namely Botleng and Delmas booster Pumps, unfortunately only Botleng booster Pump is fully functional. All residents in urban areas also receive water from the Rand Water Bloemendal and Moderbee bulk water scheme. Currently little water is received from the existing boreholes, situated in the A, B and C borehole fields due to vandalism, collapse and water level getting low and dry.

The Municipality supplies potable water to the entire municipal area through a network and infrastructure consisting of water treatment works, 2 reservoirs and 1 Waters Towers in Sundra, 1 Water Tower at Eloff, 2 Reservoirs at Delmas, 2 Reservoirs at Botleng and 1 Elevated Steel Tank. Ensuring a supply of approximately 28.5 Ml/d to the municipality's area of responsibility. The system is fully controlled and operated by a telemetry system.

Rand Water continues to impose water restrictions and unscheduled maintenance in the municipality, affecting Botleng Ext 3 -5, Eloff, and Sundra. Furthermore, owing to budgetary limits, the municipality is unable to construct a Comprehensive Water Service Development Planning (WSDP) that will contain a 5-year financial plan capable of addressing water supply challenges. Water pipe replacement, destitute

household leak repair and meter replacement, Victor Khanye water meter audit, and in-house water services operation and maintenance are among the WSDP projects.

### 3.1.1. WATER SERVICE DELIVERY LEVELS

As a priority, Victor Khanye Local Municipality must guarantee that necessary and suitable expenditures are made to enable the gradual realization of all individuals in its jurisdiction's right to at least a minimum level of water and sanitation services. While providing basic water services is the most critical and urgent priority, Water Services Authorities are obligated to provide intermediate and higher levels of service (for example, water on site) whenever possible, as long as it is financially viable and sustainable.



All water services supplied by Victor Khanye Local Municipality to consumers within its Municipal Management Area are governed by the municipality's Tariff Policy and Tariff By-laws, while impoverished households are accommodated by the municipality's Indigent Policy. The municipality faces a significant issue in providing acceptable housing due to the vast number of individuals in the lowest income classes (living in informal areas).

Victor Khanye Local Municipality strives to provide all households in the towns with an inside water connection and to connect all households to a waterborne sanitation system. Water connections and waterborne sanitation facilities are supplied within all formal dwellings in the urban sections of the Victor Khanye Municipality's area of jurisdiction (higher level of service).



As a temporary emergency service, communal standpipes and ablution facilities are supplied in the informal neighbourhoods. The municipality has become aware that community standpipes are most often the weakest link in a network's water delivery services.

Standpipes are frequently built in such a manner that

they cannot survive heavy usage (and, in some cases, abuse) and are frequently disregarded in terms of operation and maintenance, resulting in detrimental impacts on the quality of the water supply. Poor homes, who do not generally pay for water, also utilize communal standpipes.

### 3.1.2. WASTE WATER (SANITATION) PROVISION

The main focus for the 2022/23 fiscal year was to implement the demands of the Victor Khanye Local Municipality's masterplan, fulfilling the development needs for the greater Victor Khanye Municipality's vision, which included completing the upgrade of the existing Delmas Waste Water Treatment plant, which requires urgent upgrading due to growing population numbers. The plant is likewise outdated and needs to be updated.

Nkangala District Municipality contributed 18 million in the 2021/22 financial year to restore/refurbish the Delmas and Botleng Waste Water Treatment Plants. The refurbishment of the two wastewater treatment has been completed. However, the municipality is experiencing vandalism and theft of infrastructure that was refurbished. To address capacity deficits caused by population increase, NDM and DWS are co-funding the upgrading of Delmas Waste Water Treatment Plant from 8.5MI/d to 12MI/d. The upgrade of the Delmas Waste Water Treatment Plant is planned over a period of two financial years, 2022/2023 – 2023/2024. The municipality also has issues with Sewer Pump Stations that need to be upgraded due to the rising population covered by the stations.

The municipality has launched a cleanliness push that resulted in the construction of around 80 low flush toilets in 2022/23 in rural regions of Wards 7, 8, and 9. The municipality supplies chemical toilets in the informal settlements of Mandela, Mawag, and Ellof while seeking to move residents to a more appropriate settlement.



### 3.2. ELECTRICITY PROVISION

The Municipality continues to face challenges in certain areas. This includes ageing water and electricity infrastructure and the use of asbestos-cement pipes. The municipality has taken a long term approach to address this challenges by implementing a capital replacement program which involves the appointment of a transactional advisory panel with a view to sought alternative funding in order to address these challenges in the long run. The objective of addressing these challenges is to curb water and electricity distribution losses and minimise disruption of services.

As a NERSA licence holder, the municipality supplies, upgrades, and maintains electricity to all formal townships in accordance with the license conditions. The municipality ensures that all energy meters are regularly monitored to detect and correct any losses. The municipality continues to provide the monthly free basic energy (50 kWh) to indigents.

Eloff, Sundra, Rietkol and Botleng Ext. 3 and the rural areas receive electricity directly from ESKOM and therefore do not fall under the municipalities billing system. The advent of Pre-paid electricity metering has significantly improved revenue collection and this coupled with the 60/40 system of credit and arrears payment through card purchases is enabling the municipality to reduce the outstanding debtor base.

One of the main challenges facing the municipality is the practice of illegal electricity connections which not only impact on revenue receipts but create a major safety risk and damages to our electrical infrastructure (blowing of transformers due to overloading) through these practices. A project in conjunction with the Finance department has identified possible offenders and resulted in some illegal connections being terminated. The Municipality was able to disconnect 1441 household (2020/21 FY) for illegal connections and breaching of electricity.

Other challenges relate to the lightning damage to transformers and theft of cables which are a serious challenge affecting the sectors of the economy within Victor Khanye Local Municipality. Within the financial constraints imposed through funding



availability the department has improved the overall level of service delivery and increased the number of household provided with electricity but the aging infrastructure is still a major concern. The municipality through INEP programme electrified 660 household and stands in the 2020/21 financial year. An amount of around R1.7million per annum was spent for maintenance of the substations.

### **3.3. WASTE MANAGEMENT, REFUSE COLLECTIONS, WASTE DISPOSAL AND RECYCLING**

The Department of Community and Social Service is responsible to keep the municipality area clean and free of illegal dumping and to provide a sustainable waste collection and disposal service for all residents. The municipality also focuses on



several ways to enhance waste reduction as well as the implementation of treatment, recovery and recycling systems for various waste streams.

The 2022/23 financial year was a challenging year for the Department of Community and Social Service as the Victor Khanye Landfill site reached its capacity and the municipality is operating with old vehicles, which are highly expensive to maintain, and this cause backlog and delay in terms of service delivery and unnecessary overtime.

Other major challenges include lack of household dustbins, Inadequate old waste collection equipment, Un-rehabilitated (illegal land mining) dongas that leads to dumping spots, Poor access roads to informal settlements, non-availability of funds and uncontrollable illegal dumping spots.

The street cleaning and clearing of illegal dumping services for all the streets in towns, main entrances, and open spaces was carried out by permanent Municipal employees and temporary employees appointed through the Extended Public Works Programme (EPWP).

The street cleaning and clearing of illegal dumping services for all the streets in towns, main entrances, and open spaces was carried out by permanent Municipal employees, contractors (garden waste contractors) and temporary employees appointed through the Extended Public Works Programme (EPWP).

During the financial year, waste volumes were relatively consistent however the disposal of waste to landfill was significant lower during level 5 and 4 national

lockdown. This could mainly be contributed to the schools and businesses being closed over these periods. There was however a gradual increase as the lockdown levels were lifted.sc



### 3.4. HOUSING

The municipality bears a significant obligation for ensuring that all of its residents live in developable, formalized, safe, and sustainable human settlements. This is accomplished by providing respectable living conditions through national and provincial funding in close proximity to employment possibilities, so improving the quality of life for all inhabitants.

However, it should be noted that the municipality is not directly responsible for the provision of houses as this remains the responsibility of the provincial department of Human Settlements. In an effort to understand and plan for the municipal backlogs the municipality registers beneficiaries on the national housing needs register. The municipality has the following prominent areas:



- ❖ Botleng and its extension: predominantly a residential area for people in the lower income levels. This is where the housing demand is the highest as reflected by the concentration of squatter settlements on the periphery of the settlement as well as the development of backyard shack dwellings.
- ❖ Delmas and its extensions: including business and industrial area, and residential area for people in the middle and higher income levels.
- ❖ Delpark Extension 2 and 4 is predominantly a residential area for people in the lower income levels.
- ❖ Ellof, Waaikraal, Abor, Argent and Savana these are predominantly rural farming communities with a mixture of low income and middle class working communities. The housing demand is increasing as reflected by the mushrooming of squatter settlements on the periphery of the settlements as well.
- ❖ The Department of Human Settlement is in a process of upgrading certain informal settlements through the NUSP Programme.

**Table 27: Informal Settlements**

SETTLEMENTS		
1	BRAKFORTEIN	NKANINI
2	SAPONYINI	ABOR
3	RIETKUIL	MANDELA
4	LEEUPORT	MAWAAG
5	HOLFORTEIN	MIMOSA
6	DU TOIT	WAAIKRAAL
7	TIKILINE	DELPARK EXT 4
8	KLIPSPRUIT	SAVANAH
9	WITKLIPBANK	ARGENT
10	SCHOONGEZICHT	
11	MAHLATHINI	
12	KOBOS	
13	GROENFORTEIN	
14	DWARSFORTEIN	
15	WITKLIP	
16	RIETKOL	
17	MAFENSINI	

18	DRYDEN	
19	DELMAS COAL	

### 3.5. ACCESS TO BASIC SERVICES PROGRAMME (ABS)

The Municipality continues to ensure that all the informal settlements have access to basic services i.e. water, sanitation and where possible electricity. The Municipality through the Human Settlements unit undertakes regular site visits to the various informal settlements in order to report the status of the respective services. It is imperative to the Municipality that a level of service is maintained that either meets the national criteria or is quite close to the national criteria.

The 2022/23 IDP of the municipality depicts that 4643 informal houses comprised 521 traditional structures, 1150 backyard units, and 2973 structures in informal settlements. It also projected incremental subsidized demand of 1000 units by 2032, and 5993 bonded units by the same time. More than 500 housing unit were built in Ward 3 and 4 between 2019 – 2023 in partnership with Department of Human Settlement

### 3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality fulfil the promise of giving access to the under-privileged or indigent households through the assistance of the Indigent Policy. Indigent consumers get access to basic services (in terms of the Policy) such as rates, refuse, sewerage, and 6kl of water and 50kw of electricity depending on their indigent status.

All consumers in urban areas are connected to the water network with yard connections, and communal stand pipes for the informal settlements within the urban areas. Residents in the rural villages and informal settlements are receiving water and sanitation services free of charge. Residents on farms who do not get water from the farm owner are being provided with water through water tankers – also as free basic services.

**Table 28: Indigent Flat Rates**

CATEGORY	FLAT RATE
SPECIAL INDIGENTS WITH NO INCOME	R0 p/m + actual consumption
SOCIAL WELFARE PENSIONERS	R94 p/m + actual consumption
REGISTERED INDIGENTS	< R800 = R143 p/m + actual consumption
REGISTERED INDIGENTS	< R1500 = R243 p/m + actual consumption

## COMPONENT B: ROAD TRANSPORT AND STORM WATER DRAINAGE

### 3.7. ROADS

Roads infrastructure in Victor Khanye Local Municipality was originally designed for low volume traffic. The traffic volume has increased due to growth within the industrial, mining and farming sectors. The main road networks through Victor Khanye currently operates at capacity and at times beyond capacity, resulting in traffic congestion. The strategy is to ensure the provision of road infrastructure and storm water infrastructure while upgrading existing infrastructure in all new developments and existing areas as well as maintaining existing roads.

The estimated Kms of Municipal roads and provincial roads around Victor Khanye is 345kms and 170 Kms (excluding 50 Kms National Roads) respectively. The Road infrastructure under the responsibility of VKLM reflects 132kms of surfaced roadway and a further 213 Kms of gravelled roads.

The Roads infrastructure within the urban edge of Delmas has aged and needs to be upgraded or reconstructed. The construction of Mlambo and Mabuza roads were completed. Furthermore, in excess 50 Kms of gravel roads were graded, and maintained.

However; it should also be noted that Heavy haulage traffic continues to deteriorate roads surfaces and results in in additional costs for roads maintenance for the municipality. The municipality is also not having enough funding and resources to continuously do road maintenance.

### **3.8. TRANSPORT (LICENSING) SERVICES**

The Victor Khanye Local Municipality's licensing and testing services was unfortunately taken over by the Mpumalanga Provincial Department of Community



Safety, Security & Liaison to carry out the licensing and testing functions. However the Municipality still provide working stations for the following services:

- ❖ Vehicle Registrations and Renewal of Vehicle License discs.
- ❖ Issuing of learners and drivers licenses.



- ❖ Issuing of roadworthy certificates and professional driving permits.
- ❖ Conversion of foreign drivers licenses into South African licenses.
- ❖ Issuing of motor trade numbers, temporary and special permits.
- ❖ Deregistration of motor vehicles.

The department is faced with a great challenge regarding the office space in that customers coming for various services have to meet at one pay point service centre. The process of implementing the online booking for learners and driving licenses has been delayed by this unprecedented Covid-19 pandemic. Once the online booking is implemented, queues will be easily managed and some customers will have to come at their allocated times for such services.

### 3.9. STORM WATER DRAINAGE

The Municipality has to develop and implement the Storm Water Master Plan to improve the identified gaps and challenges on an annually basis, and this system should be periodically maintained to ensure preparedness for the any foreseeable season.

The installation of storm water drainage will be funded using the municipal capital budget, funds from the district municipality, and the MIG. The municipality faces a challenge in some of the developed areas like Extension 6 and 7 where there is no adequate Stormwater drainage system. A request for funding to MIG in order to address the backlog will be facilitated and submitted for approval.

Sundra, Eloff, Leeuwpoort and Rietkol Agricultural Holdings, Botleng and Delpark have inadequate storm water drainage systems. As a result certain houses are flooded during raining seasons. The storm water drainage is very old and needs to be rebuilt and reconfigured. An amount of around R300 000 per annum is spent for maintenance of the storm water drainage systems.

### 3.10. BASIC SERVICE DELIVERY LEVELS

The table below specifies the different basic service delivery levels for the financial years 2022/23:

**Table 29: Basic Service Delivery 2022/23**

CAPITAL PROJECTS – 2022/2023				
Project Name	Project Location		Amount	Output
	Ward	Settlement/village		
Reconstruction of paved roads in Victor Khanye	Ward 3 & 6	Botleng Extension 3 & Delpark	R4 819 279,59	Inception, Concept & Viability, Design Development & Documentation and Procurement
Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Ward 1 & 2	Erf 1202	R 9 336 540,41	Work in Progress

Development of Portion 6 of the Farm Middelburg 231 ER - Sanitation Services	Ward 1,2&3	Erf 1202	R 9 784 175,30	Work in Progress
Eradication of sanitation backlog to rural areas.	Ward 7,8,9	Brakfontein,Arbor,Kwa Piet,Ematshotshombeni, Strayela	R 1 506 502,47	80HH
Development of the 2nd Phase of the Landfill Site in Delmas	Ward 3	Botleng Extension 7	R 870 952,50	Inception, Concept & Viability,Design Development
Drilling of Boreholes in rural areas and provision of elevated steel tanks	Ward 7 & 9	Groenfontein & Brakfontein	R 139 450,00	Inception, Concept & Viability,Design Development & Documentation and Procurement
Installation of High Mast Light at Victor Khanye Municipality	Ward 3	Botleng Extension 7	R 202 750,00	Inception, Concept & Viability,DesignDevelopment & Documentation and Procurement
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Botleng 3,4,5,6,7	R20 000 000,00	Work in Progress
Refurbishment of Intake Delmas North Station	Ward 3,4,5	Botleng 3,4,5,6,7	R5 000 000,00	3822HH

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.11. INTRODUCTION TO PLANNING AND DEVELOPMENT

The economic base of this municipality is built mainly on mining, agriculture, manufacturing, and retail trade sectors respectively. These sectors are the major employers of the people living within this municipality. The existing mines that still have lifespans ranging between 5 and 30 years are seen to have economic opportunity.

However, the challenge is that the mining and manufacturing economies are not green development because they contribute to emission of carbon footprints, destruction of high-potential agricultural lands, and water and atmospheric pollution. The road networks are under serious pressure due to increasing traffic volumes owing to the continued economic development and population growth.

The concept of green buildings is not yet grasped by many public members, as a result there are only a few energy-efficient buildings. The huge initial costs for designing green buildings and retrofitting of energy-efficient equipment to the existing buildings are the main deterrents.

This is demonstrated by the mushrooming of informal settlement and land grab mainly close to areas where there are work opportunities. The National Department of Human Settlement will have to be engaged in order to assist the municipality to develop a policy and strategy on upgrading of informal settlement in an effort to reduce and control the rapid growth of informal settlements.

The current backlog for land and providing people with their own stands and houses and title deeds are enormous and needs to be addressed. The problem is that Victor Local Municipality situated on largely dolomitic land, and the establishment of new residential areas are problematic. VKLM does not have enough own land for residential development. Most of the land is privately owned. The municipality has completed township establishment of Arbor rural settlement.

### **3.12. TOWN AND SPATIAL PLANNING**

The main planning strategies for the municipality are as follows:

- ❖ Regulation of land uses and building activities through enforcement of the Municipal Spatial Development Framework and the Victor Khanye Town Planning Scheme, 2018, as well as the National Building Regulations and Building Standards Act No. 103 of 1977.
- ❖ Victor Khanye By-laws on Spatial Planning And Land Use Management, 2015. Establishment of integrated human settlements to provide residential, business, industrial, and institutional sites to address the demand by the community.
- ❖ Promote spatial transformation to correct the historically segregated and low density and mono functional towns.
- ❖ Formalisation of informal settlements.
- ❖ Creation of rural villages.
- ❖ Formulation and enforcement of densification policy.
- ❖ Encouragement of mixed land use.
- ❖ Promotion of infill development.
- ❖ Formulation of long term development plans.
- ❖ Enforcement of green building principles.

Nonetheless; the Municipal Spatial Development Framework, 2015 was adopted during 2015/2016 financial year. The review and amendment of the MSDF is eminent to align with the development principles advocated by the Spatial Planning and Land Use Management Act No. 16 of 2015, namely, spatial justice, spatial sustainability, efficiency, spatial resilience and good administration principles.

The town planning and design principles will be incorporate such as access and movement, landscaping, a safe community, permeability and street linkages, integration, continuity, active street interface, local economic development, integration of public spaces with community facilities, dignified space concept and linkages between public spaces.

### **3.13. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**



Local authorities have a legal mandate to promote social and economic Upliftment in areas of their jurisdiction as outlined by the objectives outlined in section 152 of the Constitution of the Republic of South Africa.

For local government, the ability to attract investments is influenced by its ability to, among others, provide a package of resources such as availability and access to infrastructure, skilled human resources, availability of housing and recreational amenities which attract skilled human capital.

These resources are identified and provided through a local government's Local Economic Development (LED) strategy, and as Koma (2014) points out, the LED strategy is critical in boosting local economies to "address high level of poverty, unemployment and inequalities and most importantly to address South Africa competitiveness and the integration of South African economy into the global economy".

The Municipality reviewed and adopted its 2021/26 LED Strategy on the 17 December 2020 as per Resolution Number: A 030/11/2020. The development and implementation of the LED Strategy helps the municipality to address some of the core challenges, specifically:

- ❖ Determining key economic drivers by sector;
- ❖ Ensuring alignment with other municipal policies and strategies;
- ❖ Identifying a practical programme for each economic sector that could be used as a basis for proactive economic development initiatives;
- ❖ Designing a guideline for redistribution of wealth and opportunities, poverty alleviation and job creation;
- ❖ Ensuring that development opportunities have definite geographic and spatial orientation;
- ❖ Enhancing collaboration between the private sector and the public sector;
- ❖ Capacitating local government to perform a new developmental role; and
- ❖ Addressing the current limited private sector investment in the job-rich sectors and unconducive environment to local economic development.

### **3.14. PERFORMANCE OF THE EXPANDED PUBLIC WORKS PROGRAMMES (EPWP)**

At the time of writing this report, the Municipality had spent 100% percent of its budget on MIG projects that resulted in EPWP job opportunities totalling 384 EPWP workers were employed during the 2022/23 financial year. The total expenditure was R10 846 031, with a budget of R2 284 000, this resulted in a 475% total spent on the received amount, this meaning that the Municipality incurred unauthorised expenditure in order to cover the payment of the EPWP costs.

These employment opportunities are divided between the Community and Social Services Directorate and the Technical Services Directorate at The employment commence from 01 July 2022 and was supposed to end by June 2023, however the Municipality resolved to extend until 30 August 2023.



Engagements with business sectors have been facilitated in order to align the municipal plans with the business community. Long term plans have been

presented to business particularly the mining industry with a view to establish a partnership in upgrading the municipal infrastructure.

## COMPONENT D: COMMUNITY AND SOCIAL SERVICES

### 3.15. LIBRARIES

#### INTRODUCTION

The Municipality is operating the libraries on an agency basis on behalf of the Department of Culture Sport and Recreation (DCSR). All libraries have been provided with internet facilities. There is a dire need for at least 3 mobile libraries to service the rural areas, but funding is a problem. The DCSR also indicated that they do not have the funds for mobile libraries.

#### 3.15.1. STATUS OF VKLM LIBRARIES

The Municipality has three libraries: Delmas, Botleng Ext. 3 and Sundra. Libraries operating times are as follows: Sundra : Monday to Fridays 08:00 to 16:00 ; Delmas & Botleng Extension 3 Monday to Fridays 08:00 to 16:00 , Saturdays 08:00 to 12:00. In the 2022/2023 financial year all libraries recorded the following users 2679 (excluding PC users), and the PC users was 1691.

### 3.15.2. LIBRARY SERVICES PROVIDED

The libraries in VKLM provides the following services:

- ❖ Free internet (email and research)
- ❖ Photocopies
- ❖ Study facilities and rooms
- ❖ Library orientation for groups and individuals
- ❖ Printing and scanning.
- ❖ Boardroom for meetings and trainings

Challenges experienced by the libraries are safety to the users. Fencing is required at the Sundra and Delmas libraries. The DCSSR has also seconded a librarian to assist in Botleng library as well as a cyber-cadet. Computer classes are being conducted free of charge by the cyber cadet at Botleng library

### 3.16. CEMETERIES AND CREMATORIUMS

VKLM has 2 active cemeteries, namely in Botleng Ext 14, Sundra. Delmas Town cemetery was closed for new burials in 2022 only reburials and reserved burials are permitted in Delmas cemetery . Development of a new cemetery is in progress, the following work towards establishing a new cemetery has been done since 2019:

- ❖ Development of a business plan and identification of suitable sites (2019)
- ❖ Purchase of land to develop a new cemetery (2020)
- ❖ Geo –Technical studies and Environmental Impact Assessment & approval of thereof (2021)
- ❖ Surveys, pegging and development of preliminary designs (2022)
- ❖ A steering committee was established to fast track development of a new cemetery in April 2023.

The objective of the cemeteries section is to provide adequate burial space and ensure a dignified burial service.

**Table 29 (a): Recorded Deaths per Graveside**

GRAVE SIDE	RECORDED DEATHS 20/21	RECORDED DEATHS 21/22	RECORDED DEATHS 22/23



	ADULTS	CHILDREN	ADULTS	CHILDREN	ADULTS	CHILDREN
<b>BOTLENG CEMETERY</b>	<b>526</b>	<b>89</b>	<b>490</b>	<b>82</b>	<b>503</b>	<b>83</b>
<b>DELMAS CEMETERY</b>	<b>39</b>	<b>0</b>	<b>23</b>	<b>1</b>	<b>6</b>	<b>0</b>
<b>SUNDRA CEMETERY</b>	<b>28</b>	<b>0</b>	<b>37</b>	<b>1</b>	<b>20</b>	<b>5</b>
<b>TOTAL</b>	<b>593</b>	<b>89</b>	<b>550</b>	<b>84</b>	<b>529</b>	<b>88</b>
<b>GRAND TOTAL</b>	<b>682</b>		<b>634</b>		<b>617</b>	

The Municipality provides free burials to registered indigents as well as the provision of pauper burials for unclaimed bodies in its mortuaries.

The Municipality endeavour to maintain cemeteries in good mint through cutting grass, removal of weeds, and planting of trees. The database is kept up to date, and the cemetery registers are updated daily.

challenges encountered by cemeteries unit

- *the shortage of burial space;*
- *to convert burial records to electronic soft copies (in progress as per the five-year plan); and*
- *to promote alternative burial methods such as cremations amongst various religious groups.*
- *Vandalisation of perimeter fencing , tomb stones and other cemeteries infrastructure*
- *Lack of necessary cemeteries infrastructure e.g. ablution facilities*

### **3.17. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

All our citizens should have access to a dignified life, irrespective of their relative material wealth or their background. By a dignified life we mean, inter alia, access to shelter, pursuit of ethical administration of municipal housing, and sufficient choice in housing opportunity for different income groups, including young people.

This function involves activities that promote the protection of and facilitate the functionality of environmental services and systems & natural assets, so that the natural environment of Victor Khanye is one that sustains life, promotes equality and uses innovative solutions for complex environmental challenges while encouraging the involvement and participation of communities.

The Transversal Unit aims to ensure effective and efficient management of institutional mechanisms for social and economic empowerment, equalization of opportunities, and access to resources for various individuals and organizations. These include gender, children, persons with disability, elderly persons, and those affected and infected by HIV and AIDS issues including organizations working with special programs.

In Victor Khanye Local Municipality there is no sufficient facility for disabled children, currently we have one stimulation centre which only provides limited care provision. Facilities which will cover skills development of adults and children with disabilities are needed. As a result of HIV and AIDS mortalities, households are left to the care of children. These children are forced to look after their siblings and sometimes they have to leave school, to find employment in order to provide for themselves.

The Department of Home Affairs is currently issuing identity documents, birth and death certificates to enable people to access social service grants. The aim of the programmes is to work with and strengthen collaboration with relevant departments, the private sector and civil society in mainstreaming issues related to the targeted groups at Victor Khanye Local Municipality. No capital expenditure incurred, during the financial year in question.

### 3.18. YOUTH DEVELOPMENT

The biggest challenges facing the municipality is high rate of unemployment, substance abuse and HIV/AIDS infection amongst young people. Another major challenge is the limited financial resources available to coordinate Youth Development Programmes.

This challenge can be best resolved by introducing mainstreaming of youth development in all departments in the municipality and the strengthening of private public partnership in order to maximize youth participation in the economy. Youth development is the ongoing growth process in which all young people are engaged in attempting to:

- i. meet their basic personal and social needs to be safe, feel cared for, valued, useful, and spiritually grounded;
- ii. build their skills, talent, and competencies that allow them to function and contribute in their daily lives; and
- iii. Provide guidance on educational, economic, development art & cultural, and sports development, including income generation and wealth creation activities

Youth development also refers to engaging young women and men in developmental activities as participants in decision-making processes and as beneficiaries. The target youth as per the National Youth Policy are people between the ages of 14 and 35. In addressing youth development, the municipality is focusing on the following areas:

- ❖ Education and skills development
- ❖ Health care, well-being and combating substance abuse
- ❖ Sports, recreation art & culture
- ❖ Economic participation and transformation
- ❖ Moral regeneration, social cohesion and nation building

### 3.19. EDUCATION AND SKILLS DEVELOPMENT

Table 30: Youth Skills and Education Initiatives 2022/23

STRATEGIC FOCUS	PROGRAMME	NUMBER OF BENEFICIARIES
SKILLS DEVELOPMENT	12 months IT Learnership with ICTSETA and LIMCO Consulting. The learners were receiving a monthly stipend of R1 800. All learners completed and graduated from the program.	30
	The Youth Development Unit partnered with KFC for an employment opportunity. 50 young people from Victor Khanye were employed and placed in various KFC outlets around Mpumalanga.	50
	30 young people trained by NYDA and assisted with SMME's grant applications.	30
	20 young people assisted with code 14 driving license's in partnership with the Department of forestry, fisheries and the environment.	20
	In partnership with LIMCO consulting, 10 graduates were placed in various workplaces for internship opportunities.	10
EDUCATION	Anti-corruption and crime awareness campaign.	200



	Matric empowerment programs were hosted for Grade 12 learner's different local high schools. Matriculates were assisted with information relating to Institutions of higher learning, tertiary applications, checking of admission status, online registrations, awareness on various social ills and the disadvantages.	300+
<b>EDUCATION</b>	Grade 12 learners from six local high schools benefited in the quarterly Academic Excellence Awards hosted in partnership with the Department of education.	100+
	Life-skills workshop with NYDA	60+
	Social ills awareness campaign for Grade 6&7 learners.	300
<b>TOTAL</b>		<b>1080</b>

### 3.20. HEALTH AND WELLBEING

Table 30 (i): Youth health and wellbeing initiatives 2022/23

STRATEGIC FOCUS	PROGRAMME	NUMBER OF BENEFICIARIES
<b>HEALTH AND WELLBEING</b>	Young people from Victor Khanye Ward 08 and 09 benefited on a Health and Wellness Imbizo hosted in partnership with the Department of Health, Department of Social Development and Universal Coal	<b>90</b>

	Young people benefitted on Gender based Violence and Wellness Imbizo hosted in partnership with Department of Social Development, Universal Coal and Delmas SAPS	<b>112</b>
<b>TOTAL</b>		<b>202</b>

### 3.21. SPORTS AND RECREATION:

Table 30 (ii) : Sport Participation 2022/23

<b>STRATEGIC FOCUS</b>	<b>PROGRAMME</b>	<b>NUMBER OF BENEFICIARIES</b>
<b>SPORTS FUN WALK</b>	The Sport unit organized a program that was done on the 20 <sup>th</sup> of August 2022 to commemorate the month of woman in sports, both men and women participated on the day. Medals and gifts were issued to the winners.	<b>100</b>
<b>WOMAN'S SPORTS DAY</b>	The Sports Unit partnered with the VKLM Sports Council together with the Department of Sports to do a program that celebrated woman in sports on the 9 <sup>th</sup> of August 2022 and the sporting codes which were played were soccer and netball, trophy and medals were issued to the winners.	<b>200</b>
<b>MAYORALS TOURNAMENT</b>	The yearly program that starts on the 16 <sup>th</sup> of December until the 31 <sup>st</sup> of December each and every year which comprises of soccer team for both male and females from Victor Khanye and its surrounding areas and the neighboring town/cities. The teams are 16 (males) and 4 (females) which plays a round robin format.	<b>400 males (16 *25) 64 females (4 *25) Total = 464</b>
<b>ARTS, CULTURE AND RECREATION AFRICA DAY</b>	The Arts and Culture unit partnered with Local CCIFSA and the Department of Arts and Culture to organize an Africa day on the 23 <sup>rd</sup> of May 2023 to celebrate the Africa Day. All 9 sectors which constitute the CCIFSA structure were invited to showcase their talents.	<b>100</b>
<b>GOLDEN GAMES</b>	The Arts and Culture unit partnered with the department of Social Development to organize these elderly golden games, the games took place on the 26 <sup>th</sup> of May 2023.	<b>100</b>
<b>TOTAL</b>		<b>964</b>

### 3.22. ECONOMIC DEVELOPMENT

Table 30 (iii): Local Economic Initiatives 2022/23

Programme	Institution	No. participants	of	Target
Township and Rural Entrepreneurship Programme (TREP)	Small Enterprise Development Agency	61		SMMes
Grow my business	Coca-Cola and Centre for Innovation & Entrepreneurship	37		SMMes
Business Management Training	Small Enterprise Development Agency	43		SMMes
Customer service and sales excellence	WRSETA and Turning Zone Solutions	53		SMMes within retail sector
Tendering and RFQ Workshop	South African Local Government Association (SALGA)	36		Contractors
<b>TOTAL</b>		<b>230</b>		

## COMPONENT E: ENVIRONMENTAL PROTECTION

### ENVIRONMENTAL PROTECTION

Section 24 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have environment protected for the benefit of the present and future generations through reasonable legislative and other measures that:

A = prevent pollution and ecological degradation

B = promote conservation and

C = to secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.



Section 14 (iii) read together with Section 58 of the NEM: Air Quality Act 39 of 2004 provides that “Each Municipality must designate an Air Quality Officer from its administration to be responsible for coordinating matters pertaining to air quality management in the municipality.

The priorities of the environmental management services section are to ensure a safe and healthy environment for the community through the following:

- ❖ Ensure compliance with environmental legislation through monitoring and enforcement.
- ❖ Give technical input on environmental issues with regard to new and existing developments.
- ❖ Water monitoring.
- ❖ Environmental pollution control.
- ❖ Air quality monitoring
- ❖ Facilitate pauper's burials.



- ❖ Scrutinizing building plans.
- ❖ Auditing of council disposal facilities and development projects.
- ❖ Conducting mine inspections

Investigation of complaints and addressing nuisance control. An air quality officer must co-ordinate the activities in such

a manner as may be set out in the National Environmental Management Framework. Both a Waste Management Officer and an Air Quality officer were appointed by the Municipality in 2016 and designated in 2018. 04 Environmental Awareness and Education Campaigns on Air Quality (Air Pollution and Climate Change) were conducted.

### 3.23. POLLUTION CONTROL

The top service delivery priority for the Environmental Management Unit to manage pollution control, are the analyses of contributing factors regarding chronic pollution. As a result of this, the department analyses test samples in estuary catchments and overseas a river clean-up EPWP programme and participates in various forums to address the main causes of environmental pollution and, in particular, estuarine pollution.

The unit also works in conjunction with the Technical Services Directorate who also have pollution control interventions. The new organizational structure, approved by

Council, incorporated the Air-Quality and Environmental officer and WMO resides within the Social Services Directorate. The majority of the environmental Health functions are performed by Environmental Health Practitioners operating under Nkangala District Municipality.

### 3.24. AIR QUALITY MONITORING

The Municipality has one Air Quality Monitoring Station or Air Quality Monitoring Network (AQMN), at Delpark Primary School, installed by the Mpumalanga Province in 2015. The Criteria Pollutant Data are reported live to South African Air Quality Inventory System (SAAQIS) and information pertaining state of ambient air quality within municipality jurisdiction area is reported to Council monthly.

Pollution Control Activities:

- Air Quality Management Plan be developed and be implemented since the Municipality falls under High priority area.
- Municipality to develop Air Quality Management By-laws to manage air quality in the municipality.
- Biodiversity and conservation functions be developed and be budgeted for these programmes.
- Municipality must develop and implement the Climate Change Response Strategy/Plan (Mitigation and Adaptation).
- Climate Change must be mainstreamed into all municipal plans, strategies, projects, procedures and systems.

### 3.25. BIO-DIVERSITY

The municipality has currently no capacity to implement a Bio-Diversity programme, but remains a priority for the municipality to build capacity and foster implementation.

## COMPONENT F: TRAFFIC, SECURITY, AND SAFETY

### 3.26. TRAFFIC

The National Traffic legislation, Act 93 of 1996 sets out the main function of the Traffic Services is to make the roads safe, maintain law and order, and ensure free flow of

traffic at all times. This is done through visible law enforcement, road safety campaigns and awareness programmes. Selective law enforcement is done at all accident zones where different law enforcement duties are conducted.

The Public Safety unit consists of four (3) sections namely. The Traffic Department, Fire / Rescue and Disaster risk management services and internal security services.. Amongst the measures that are implemented by the municipality to improve road safety is the construction of traffic calming measures at different streets to reduce the speed of vehicles.

The unit provides road safety awareness campaigns, traffic law enforcement to control , street trading and public transport control, funeral and VIP escorts.

Accident rate has significantly decreased this can be attributed to:

- ❖ Awareness safety campaigns
- ❖ Visibility of traffic law enforcement officers
- ❖ Implementation of speed cameras at high risk zones
- ❖ Appointment of a service provider who is managing traffic management systems.

### **CHALLENGES:**

Traffic congestion remains a major challenge on main road intersections (R42 and R50) within Victor Khanye. This projects seeks to identify necessary interventions such as road expansion in order to address the congestion challenge. Partnership with Mpumalanga Department of Public Works needs to expedited to realize this intervention.

- Bad state of provincial and municipal roads.
- Lack of road signs, traffic lights and weigh bridge.

#### **3.26.1.1. TRAFFIC ENFORCEMENT**

There are 7 qualified traffic officers appointed by the municipality and are not adequate to enforce public safety matters.

### **3.27. SAFETY AND SECURITY**

The Municipality is only responsible for traffic enforcement, Disaster Management and Security of municipal assets. General public safety such as crime management resides with South Police Services.

### **3.28. FIRE SERVICES AND DISASTER MANAGEMENT**

#### **3.28.1. FIRE SERVICES**



Fire Services are an important public service. It forms part of the social fabric of all our communities. The services it provides are critical to preventing fires and responding quickly and effectively to incidents. In terms of the Fire Brigade Services Act, No 99 of 1987, the service are responsible for;

- ❖ Preventing the outbreak or spread of a fire;
- ❖ Fighting or extinguishing a fire;
- ❖ The protection of life or property against a fire or other threatening danger;
- ❖ The rescue of life or property from a fire or other danger;
- ❖ Subject to the provisions of the Health Act, 1997, the rendering of an ambulance service as an integral part of the fire brigade service.

The Municipality performs firefighting in respect of permanent structures, informal settlements, as well as vehicle and other fires. The department also responds to vehicle accidents, hazardous material incidents and specialised rescue services inclusive of rope, water, high-angle, structural and trench rescue.

Fire prevention forms an integral part of the daily functions of the service, not only fire safety but also disaster management activities to ensure a safer community. The department also makes use of a 24-hour emergency control centre to manage distress calls received.

Dangers surrounding veld fires resulted in the establishment of a Fire Protection Association of which Victor Khanye Local Municipality is an active member, supporting land owners by providing support with the maintenance of fire breaks and combat fires between the municipal boundaries and private land. These services are made available to land owners within the Municipal jurisdiction on an as-and-when required basis.

Average turnout times are determined by logging the times from the receipt of an emergency and the time the first appliance leaves the Fire Station and analysing the record. The target set by Victor Khanye Local Municipality is an average of 85% and these calls must be within this range. The national standard according to SANS 10090 the average response is 80% compliance requirement.

- ❖ The Fire and Rescue Services have personnel strength of a Chief Fire Officer, a Station Officer, Senior fire fighter and fifteen (15) operational fire-fighters, as well as six (6) Control Room Operators. (the position of Station officer became vacant after the passing of the member due to illness. The Senior Firefighter was appointed as acting for the time being)
- ❖ The service is operational on a 24-hour basis.
- ❖ A temporary satellite station has been set up at the Delmas Water Treatment Plant and is still in a testing phase to determine better speed of response, which is currently not bearing favourable results.
- ❖ The Unit respond to all Emergency incidents, which include Fires, vehicle collisions, entrapments/Rescues and various other related special, and humanitarian services.
- ❖ The service strives to respond to all emergency calls within a ten (10) minute after hours and 5 min during office hours' timeframe from receipt of call to dispatch of the vehicles; currently the goal is to have 85 % compliance as a benchmark.

- ❖ The service has averaged a 86% response time for the 10 minutes response times after hours of which the target was 80%, and with an average of 91% within a five (5) minutes response range during office hours of which the target was at 85%.
- ❖ The focus of fire services is changing from a response outlook to that of a preventative nature. During this year various school talks were conducted by the fire fighters and additional education programs were included to encompass rural settlements.

### **3.28.2. DISASTER MANAGEMENT**

The Disaster Management Act states that “Disaster Management is a continuous and integrated, multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, Response, recovery, and rehabilitation.” Disaster Management is defined as “a continuous and integrated multi-sectoral and multi- disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation”

Disaster Management and its objectives:

- a) Building of institutional capacity within the Victor Khanye Local Municipality;
- b) Perform disaster risk reduction initiatives to ensure safer and resilient communities;
- c) Ensure implementation of community safety programmes and campaigns to promote safe resilient sustainable communities;
- d) Establishing of efficient early warning systems;
- e) Improving emergency preparedness in vulnerable communities; and
- f) Ensure appropriate response by relevant services to emergencies and disasters within the Victor Khanye Local Municipality.

As per Section 1 of the Disaster Management Act, 57 of 2002. The Disaster Management function is, by legislation at the District Municipal level. At the local Municipal level, the function is at the Directorate Social Services, in the Office of the Chief Fire Officer who is also appointed as the Head for Disaster Management. The Municipality is generally spared in terms of disasters during this financial year but the continued ENSO (El Nino Southern Oscillation) effect caused below normal rainfall, and isolated severe windstorms during the summer months.

## **COMPONENT G: SPORT AND RECREATION**

The people in the Victor Khanye Local Municipal Area are very passionate about sport in general and the discussion of this topic was particularly prevalent during the public participation process of the IDP review where communities in nearly all wards demonstrated clearly the high priority they put on sport facilities and sport development programmes.

Sport and recreation is a vital developmental tool to maximize social development through the provision of facilities and programmes for all members of society.

Investment into sport development programmes can facilitate personal, social and economic benefit. Sport & recreation activities are a very effective vehicle for social cohesion and integration of communities across the spectrum of society.

The Victor Khanye Local Municipality is responsible for the management and maintenance of sports grounds in its municipal area urban and rural areas. It is the Municipality's goal to create active, healthy communities and to provide a sporting hub for all its residents and visitors by offering a wide range of well-maintained and well-managed sporting facilities.

The Municipality provides a wide range of services to the community. This reaches from the administration of sports and recreational facilities to the maintenance of all parks and recreational facilities. The service delivery priorities are to provide and maintain sports facilities, parks and public open spaces as well as the seasonal maintenance of sidewalks and all council owned open areas.

Where necessary, pesticides, herbicides and arboriculture applied to problem areas. These priorities were met through maintaining all facilities by cutting grass, removal of weeds, planting of trees etc, pruning of trees and selectively applying chemicals. Seasonal employees were appointed and EPWP projects introduced to ensure job creation and a safe environment.

The predominant Sport Activities in Victor Khanye Local Municipality are:

- ❖ Rugby
- ❖ Football
- ❖ Netball
- ❖ Basketball
- ❖ Bowling
- ❖ Athletics
- ❖ Schools sport
- ❖ Darts
- ❖ Dance
- ❖ Golf

The municipality has upgraded a number of township soccer fields and allow community members and schools to utilise them. The municipality is in the process of ensuring that all fields have the necessary services such as ablution blocks, water, and electricity. The municipality has created a number of parks according to the greening project in 2020 communities use these facilities as picnic, braai, and general recreation areas and playing grounds for children.

Local teams that are playing in the regional and provincial leagues:

Botleng United Ladies FC – Sasol League Mpumalanga  
Botleng United FC – Nkangala regional league  
Botleng United FC – Nkangala regional league  
Young Guns FC – Nkangala regional league  
MJ True Lovers FC – Nkangala regional league  
Botleng Classic FC – Nkangala regional league  
Victor Khanye Darts Club – Mpumalanga darts association



However there is a need for a recreational swimming pool as for many years the children of Botleng have gone swimming at a local small river fondly known as deep level. VKLM In the light of the government commitment to expanded access to services has prioritized the provision of services to the communities who are located in the peripheral areas. The Simon Gondwe Sports Centre at Delmas provides the communities of the municipality with access to sport facilities.

However, it should be extended in order to accommodate communities in the periphery, particularly communities from areas such as Botleng who have limited access to sport facilities. The need for sport facilities for soccer, netball etc. (ward 6) has been highlighted by the communities.

## **COMPONENT H: CORPORATE POLICY OFFICES AND OTHER SERVICES**

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

### **3.29. ORGANIZATIONAL DEVELOPMENT**

#### **3.29.1. MUNICIPAL WORKFORCE**

Victor Khanye Local Municipality, as at 30 June 2023, employed 387 officials (excl. Councillors) (excluding non-permanent positions), who individually and collectively contribute to the achievement of the municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

#### **3.29.2. EMPLOYMENT EQUITY**

The Employment Equity Act (1998), Chapter 3, section 15 (1), states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer.

The national performance indicator also refers to the "number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan" The following table provides clarity on the employment equity status as at 30 September 2020.

### **3.30. CORPORATE POLICY OFFICES**

The Corporate Services directorate executes procurement and dissemination of information, messenger services, and safe custody of documents and registers of Council. All policies have to serve at Council, and procedure manuals serve at Management Committees for their endorsement.

Section 11 of the MSA gives municipal councils the executive and legislative authority to pass and implement by-laws and policies. Municipal policies and by-laws approved and/or reviewed in the 2022/23 financial year are listed below;

**Table 31: List of By-Laws and Policies**

	Description	Date of approval	Last Reviewal	Custodian(s) Responsible person
<b>BUDGET RELATED POLICIES</b>				
1	Budget and Financial procedures	28/05/2012	31/05/2018	CFO
2	Credit control and debt collection	28/05/2012	31/05/2022	CFO
3	Cash management, investment and financial procedures	28/05/2012	31/05/2022	CFO
4	Rates management	28/05/2012	31/05/2022	CFO
5	Supply Chain Management	28/05/2012	31/05/2022	CFO
6	Indigent management	28/05/2012	31/05/2022	CFO
7	Tariffs Policy	28/05/2012	31/05/2022	CFO
8	Burial of Indigent	28/05/2012	31/05/2018	CFO/ED:SOCIAL SERVICES
9	Revenue enhancement strategy		28/05/2021	CFO
10	Petty Cash		31/05/2022	CFO
11	Inventory		31/05/2022	CFO
12	Assets		31/05/2022	CFO
13	Virement		31/05/2022	CFO
14	Financial regulations		31/05/2022	CFO
15	Provision for doubtful debt & write off		31/05/2022	CFO
16	Contract management		28/05/2021	CFO
17	Loss control		31/05/2022	CFO
18	Monitoring and evaluation of service providers		28/05/2021	CFO
19	Creditors and staff payments		31/05/2018	CFO
20	Budget	28/05/2021	31/05/2022	CFO
21	Payday	28/05/2021	31/05/2022	CFO
22	Staff and Councillors payment	28/05/2021	31/05/2022	CFO
23	Cost containment	28/05/2021	31/05/2022	CFO
<b>HUMAN RESOURCE MANAGEMENT RELATED POLICIES</b>				
1	Employee, Councillor wellness programme	07/10/2012	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
2	Overtime and procedure	07/10/2012	03/11/2020	EXECUTIVE DIRECTOR: CORP SERV
3	Employment practice	07/10/2012	01/10/2022	EXECUTIVE DIRECTOR: CORP SERV

4	Performance Management	07/08/2012	06/06/2017	EXECUTIVE DIRECTOR: CORP SERV
5	Performance Management Framework	01/06/2021		EXECUTIVE DIRECTOR: CORP SERV
6	Hospitality, Gift, Appreciation and Staff Farewell Function	31/10/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
7	Entertainment Budget Utilization	31/10/2012		EXECUTIVE DIRECTOR: CORP SERV
8	Language	30/08/2016	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
9	Subsistence and Travel	11/10/2012	05/06/2014	EXECUTIVE DIRECTOR: CORP SERV
10	Occupational Health and Safety	01/08/2013	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
11	Bursary Scheme	01/08/2013	03/12/2019	EXECUTIVE DIRECTOR: CORP SERV
12	Incapacity due to poor work performance	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
13	Leave management practise	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
14	Succession Planning and career pathing	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
15	HR Strategy	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
16	Attraction and retention	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
17	Dress code	01/08/2013		EXECUTIVE DIRECTOR: CORP SERV
18	Bereavement	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
19	Training and development	01/08/2013	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV



20	Exit interview	01/08/2013	03/11/2020	EXECUTIVE DIRECTOR: CORP SERV
21	Employment Equity	01/08/2013		EXECUTIVE DIRECTOR: CORP SERV
22	Records management	31/10/2013		EXECUTIVE DIRECTOR: CORP SERV
23	VIP Protection	31/10/2012		EXECUTIVE DIRECTOR: SOCIAL SERV
24	Security	06/06/2017	06/10/2020	EXECUTIVE DIRECTOR: SOCIAL SERV
25	Incapacity due to ill-health/ injury	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
26	Induction	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
27	Smoking	01/11/2010	01/06/2021	EXECUTIVE DIRECTOR: CORP SERV
28	External study bursary	01/11/2010		EXECUTIVE DIRECTOR: CORP SERV
29	Private work and declaration of interest	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
30	Attendance and punctuality	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
31	Employee assistance	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
32	Termination of service	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
33	Intoxication substance abuse	03/11/2020		EXECUTIVE DIRECTOR: CORP SERV
34	Transport allowance	03/11/2020		CFO
35	Acting allowance	03/11/2020	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV
36	Placement, transfer and redeployment	03/11/2020	04/10/2022	EXECUTIVE DIRECTOR: CORP SERV

37	Performance management system framework	01/06/2021		OFFICE OF THE MUNICIPAL MANAGER
38	Job Evaluation	08/12/2022		EXECUTVE DIRECTOR: CORP SERV
39	Danger allowance, Risk assessment and Metrix Policy	04/10/2022		EXECUTIVE DIRECTOR: CORP SERV/CFO
40	Internship	04/10/2022		EXECUTVE DIRECTOR: CORP SERV

### SERVICE DELIVERY PROGRAMME RELATED POLICIES

1	Community Development Projects Expenditure	31/10/2012		
2	Immovable Property Disposal Land acquisition and Disposal	31/10/2012 08/12/2022		
	Municipal Property	04/10/2022		
3	EPWP	23/01/2014	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
4	Human Settlement chapter allocation	31/10/2013		EXECUTIVE DIRECTOR: TECH SERV
5	Transport Policy	05/06/2014	08/12/2022	EXECUTIVE DIRECTOR: TECH SERV
6	Communication Strategy	05/06/2014	13/04/2021	OFFICE OF THE MUNICIPAL MANAGER
7	Public Participation Strategy	05/06/2014		OFFICE OF THE MUNICIPAL MANAGER
8	Registry Procedure Manual	29/01/2015		
9	Parks and public open space	02/07/2019		
10	Bulk contribution	22/10/2019		
11	Business Licence	08/12/2022		
12	Water conservation and demand strategy	04/10/2022		

### BY LAWS

1	Public health	07/06/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
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2	Street trading	07/06/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
3	Cemetery & Crematoria	07/06/2013		EXECUTIVE DIRECTOR: SOCIAL SERV
4	Credit control and collection	07/06/2013	31/05/2022	CFO
5	Property rates	07/06/2013	03/10/2017	CFO
6	Fire Brigade Services	06/06/2017		EXECUTIVE DIRECTOR: SOCIAL SERV
7	Waste management	06/06/2017		EXECUTIVE DIRECTOR: TECH SERV
8	Water and wastewater	28/02/2020		EXECUTIVE DIRECTOR: TECH SERV
9	Tariffs	28/05/2021	31/05/2022	CFO
10	Air quality management	17/07/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
11	Traffic	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
12	Liquor Trading	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
13	Trading	27/11/2018		EXECUTIVE DIRECTOR: SOCIAL SERV
14	Land invasion bylaw and strategy	04/10/2022		OFFICE OF THE MUNICIPAL MANAGER

RISK & INTERNAL AUDIT POLICIES				
1	Risk Management Policy	05/06/2014	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
2	Risk Management Strategy	05/06/2014	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
3	Fraud prevention plan		04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
4	Risk methodology		03/10/2017	OFFICE OF THE MUNICIPAL MANAGER



5	Fraud prevention strategy		04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
6	Risk Management Committee charter		03/10/2017	OFFICE OF THE MUNICIPAL MANAGER
7	Fraud Prevention and anti-Corruption Policy	31/10/2012	01/06/2021	OFFICE OF THE MUNICIPAL MANAGER
8	Whistleblowing		04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
9	Combined assurance framework	01/06/2021	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
10	Internal audit charter	01/06/2021	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
11	Internal audit methodology	01/06/2021	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
12	Risk Management Anti-fraud and anti-corruption committee charter	01/06/2021	04/10/2022	OFFICE OF THE MUNICIPAL MANAGER
13	Risk Appetite and Tolerance Framework	04/10/2022		OFFICE OF THE MUNICIPAL MANAGER
14	Business Continuity Management	04/10/2022		OFFICE OF THE MUNICIPAL MANAGER
15	Business Continuity Management Framework	01/10/2022		OFFICE OF THE MUNICIPAL MANAGER
<b>ICT RELATED POLICIES</b>				
1	Information Technology Security	31/10/2012	23/01/2014	OFFICE OF THE MUNICIPAL MANAGER
2	End-User Account Access Control	31/10/2012	23/01/2014	OFFICE OF THE MUNICIPAL MANAGER
3	E-Mail and Internet Usage	31/10/2012		OFFICE OF THE MUNICIPAL MANAGER
4	ICT change management	23/01/2014	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
5	ICT Accountability for assets	23/01/2014	17/12/2020	OFFICE OF THE MUNICIPAL MANAGER

6	ICT Backup & retention	23/01/2014	17/12/2020	OFFICE OF THE MUNICIPAL MANAGER
7	Disaster recovery plan	23/06/2015	17/12/2020	OFFICE OF THE MUNICIPAL MANAGER
8	ICT business continuity plan	23/06/2015		OFFICE OF THE MUNICIPAL MANAGER
9	ICT governance framework	23/06/2015		OFFICE OF THE MUNICIPAL MANAGER
10	ICT firewall	23/06/2015	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
11	ICT access	17/12/2020		OFFICE OF THE MUNICIPAL MANAGER
12	ICT information communication standard	17/12/2020		OFFICE OF THE MUNICIPAL MANAGER
13	Telephone and cell phone	17/12/2020		OFFICE OF THE MUNICIPAL MANAGER
14	ICT management procedure	17/12/2020		OFFICE OF THE MUNICIPAL MANAGER
15	ICT strategy	17/12/2020	08/12/2022	OFFICE OF THE MUNICIPAL MANAGER
16	ICT Information Security	08/12/2022		OFFICE OF THE MUNICIPAL MANAGER

The Municipality has a total of 120 policies and by-laws that have been approved by Council; the total of number of budget related policies is 23, 40 for the Human Resources related, Service Delivery Programmes related has 12 policies, and 14 By-Laws are approved in place, Risk/Internal Audit and ICT related policies are at 15 and 16 respectively.

### 3.31. FINANCIAL SERVICES

The Directorate is responsible for the function of budgetary and accounting, expenditure and revenue management, and maintenance of the financial system. Financial management strategies are important to guide the Municipality to maximise the available financial resources to ensure long-term financial viability through the following strategies:

- ❖ To Manage revenue, expenditure, assets, and liabilities in a responsible manner.
- ❖ A Well throughout budget and financial planning processes in line with budget and reporting regulations.
- ❖ Effective supply chain management.
- ❖ Effective cash flow management.

**Table 32: Financial Performance**

CURRENT YEAR 2022/23			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	YTD Actual
Employee related costs	151 320 000	161 661 000	177 777 000
CURRENT YEAR 2022/23			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL
Repairs and Maintenance	30 883 000	26 156 000	21 243 000
CURRENT YEAR 2022/23			
ITEM	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL
Total Capital Funding	44 275 003,68	51 775 003,68	44 854 743,00

### 3.32. HUMAN RESOURCE SERVICES

Victor Khanye Local Municipality views the Human Resources Management component as the governance of the organisation's employees. More commonly, human resources per se refers to the people or human capital appointed or employed by the organisation whose skills are used to reduce risk and maximise return on investment.

The purpose of the Human Resources Unit is undoubtedly to build partnerships with management at all levels of the organisation, to create a culture or working environment where employees are valued or appreciated and to ensure a diverse, qualified, healthy and highly motivated workforce focused on achieving the critical outcomes, through the development and administration of cost-effective and results-oriented human resources.

In addition other responsibilities include the drafting of items, compilation and distribution of agendas, keeping of minutes of the proceedings and the finalization of resolutions in respect of the Local Labour Forum Meetings. The Directorate of Corporate Services comprises of seven (7) divisions and plays a pivotal role in municipal governance and is responsible for the following functions:



The Human Resources Management Department objectives for Victor Khanye Local Municipality include but are not limited to:

- ❖ Helping the organisation achieve its goals;
- ❖ Ensuring effective utilisation and maximum development of human resources;
- ❖ Ensuring respect for human beings;
- ❖ Identifying and satisfying the needs of individuals;
- ❖ Ensuring reconciliation of individual goals with those of the organisation;
- ❖ Achieving and maintaining high morale among employees;
- ❖ Providing the organisation with well-trained and well-motivated employees;
- ❖ Increasing employee's job satisfaction and self-actualisation;
- ❖ Developing and maintaining quality of work life;
- ❖ Being ethically and socially responsive to the needs of the community;
- ❖ Developing overall personality of each employee in its multidimensional aspect;
- ❖ Enhancing employee's capabilities to perform the present job; and
- ❖ Ensuring service excellence for the broader VKLM community.

The Human Resources services include:

- ❖ Strategic Human Resources Management,
- ❖ Labour Relations;
- ❖ Recruitment and Selection;
- ❖ Training and Development;
- ❖ Employee Assistance;
- ❖ Occupational Health and Safety;
- ❖ Employment Equity; and
- ❖ All Human Resources Administration.

Each Executive Director, manager, assistant manager, departmental head, superintendent, assistant superintendent and foreman are responsible for setting objectives, delegating responsibilities and tasks, motivating staff, disciplining staff, developing skills and career paths, measuring performance and generally guiding their staff.

In these endeavours, management and line management are assisted by the Human Resource Department, who provides policies, guidelines, support, systems and specialised inputs.

#### **3.32.1. GENERAL ADMINISTRATION**

The tasks involved in the execution of this function includes amongst other procurement and dissemination of information, messenger services, safe custody of documents and registers of Council.

#### **3.32.2. SECRETARIAT OF MEETINGS**

This function involves the drafting of items, compilation and distribution of agendas, keeping of minutes of the proceedings and the finalization of resolutions in respect of meetings of Council, Mayoral Committee, Sub and or Portfolio Committees of Council.

### **3.32.3. PROPERTY ADMINISTRATION**

This function involves alienation (sale, purchasing, leasing and rental) of the fixed properties of Council and the management of the municipal valuation roll. This function is done in consultation with Technical Services, office of the Municipal Manager and Budget & Treasury Office.

### **3.32.4. ARCHIVES**

All documents of this council are kept in this section which is referred to as Records. This section is not only responsible for the safe keeping of records but also receive, sort, electronically registers all incoming documents addressed to council after which it is referred to the relevant directorate for finalization and or comments. The original documents are filed as hard copy in the filing system kept in the section.

## **3.33. INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES**

The ICT services provide an advisory, strategic, developmental and management service in order to maintain and control the information systems, communication network and technology resources for the Municipality. Thus to ensure compliance, availability, continuity, integrity and security of the Municipality's data and services. The Municipality has identified ICT as an enabler to the delivery of the IDP delivering on its mandate.

Information communication technology services unit provides platform to support ICT system and ICT services to the end-users of Victor Khanye Municipality and to the community by extension. The priority has been an enabler for information communication technology. Setting systems and providing services that enables the various departments in the municipality to provide their products and services to the community by hosting such system on ICT infrastructure.

We have continued to host financial, human resources, electrical, civil engineering, planning, traffic, call centre etc. To enable the departments to provide efficient and reliable products and services. We have improved our server infrastructure and networking through the provision of backup.

Retention services, introduction new buildings to municipal network infrastructure, improved the wireless network capacity, provided tools of trade to the users, implemented a DR (Disaster Recovery Centre) & Replication Services, Continued the use of sms's to communicated with the community, provision of telecommunication services, data services and enabling platform for users.

We have continued to host financial, human resources, water service, civil engineering, planning, audit, records, communication, traffic and call centre systems to enable departments to provide efficient and reliable products and services. We have improved our server infrastructure and networking through the provision of backup and retentions services, introducing new buildings to municipal network infrastructure.

We have also improved our wireless network capacity, provided tools of trade to our users, introduced a mobile app to improve communication, continued the use of SMSs to communicate with the community, provision of telecommunication services and data services, and enabling a platform for our users. Highlights of the 2022/23 ICT performance are explained here below:

The objective of ICT is to ensure that ICT services are delivered timeously through technology mediums and ensuring that service delivery objectives of each department and the Council are met. The continuous system evaluation will be done to recommend usage of new technology innovations, implementation of less costly technology and ensuring the optimal usage of ICT resources.

The Municipality invests in the development and training of staff to provide a workforce capable of obtaining the best results from the technological investment.

The municipal leadership plays a role in the ICT space by participating actively in the IT Steering committee meetings, which take place quarterly. The committee provides strategic advice, guidance and direction to municipal Council on technology requirements and initiatives.

In addition to the internally defined objectives, the ICT Department gets additional support from the Nkangala District Municipality ICT Department on key initiatives, projects and critical infrastructure requirements.

The change in strategic position is the key pre-requisite for the ICT department to be able to deliver on the following key drivers.

Driver	Description
1. Disruptive New Technologies	Responding to new, on demand services, Cyber security requirements, as well as integrating social and mobile technologies
2. Digital Transformation	Digitisation of business process, and Business Intelligence driving predictive analytics and blurring any distinction between ICT and the business
3. Focus on Business Outcomes	Delivery of end-to-end, outcome-based services driven and enabled by ICT focusing on creating and maintaining business value
4. Speed of Delivery	Delivering better, more innovative and intuitive technology and services faster and cheaper than ever before

In its new role as a strategic partner, the ICT Department therefore has to improve access to services through **principles** that underpin the chosen approach and focus areas which at a minimum would be:

1. Improving the municipality's Customer Experience
2. Enabling improved access to municipality services



3. Enabling operational excellence within the municipality
4. enhance the understanding of internal and external customers

In executing its mandate, the ICT Department will utilise **Enterprise Architecture** as a blueprint to guide the controlled evolution of ICT in a way that delivers business benefit in a cost-effective way. This will reduce redundancy, complexity and information silos, and business risks associated with ICT Investments. The domains that are key in Enterprise Architecture are:

- ☐ **Business Architecture**
- ☐ **Information Systems Architecture (Data and Applications Architecture)**
- ☐ **Technology Architecture**

The chosen strategic direction will ensure that ICT is aligned to business with the ability to respond appropriately to the continuous changes in the operating environment and the capability to manage the myriad challenges and demands placed on the “new” Victor Khanye ICT Department.

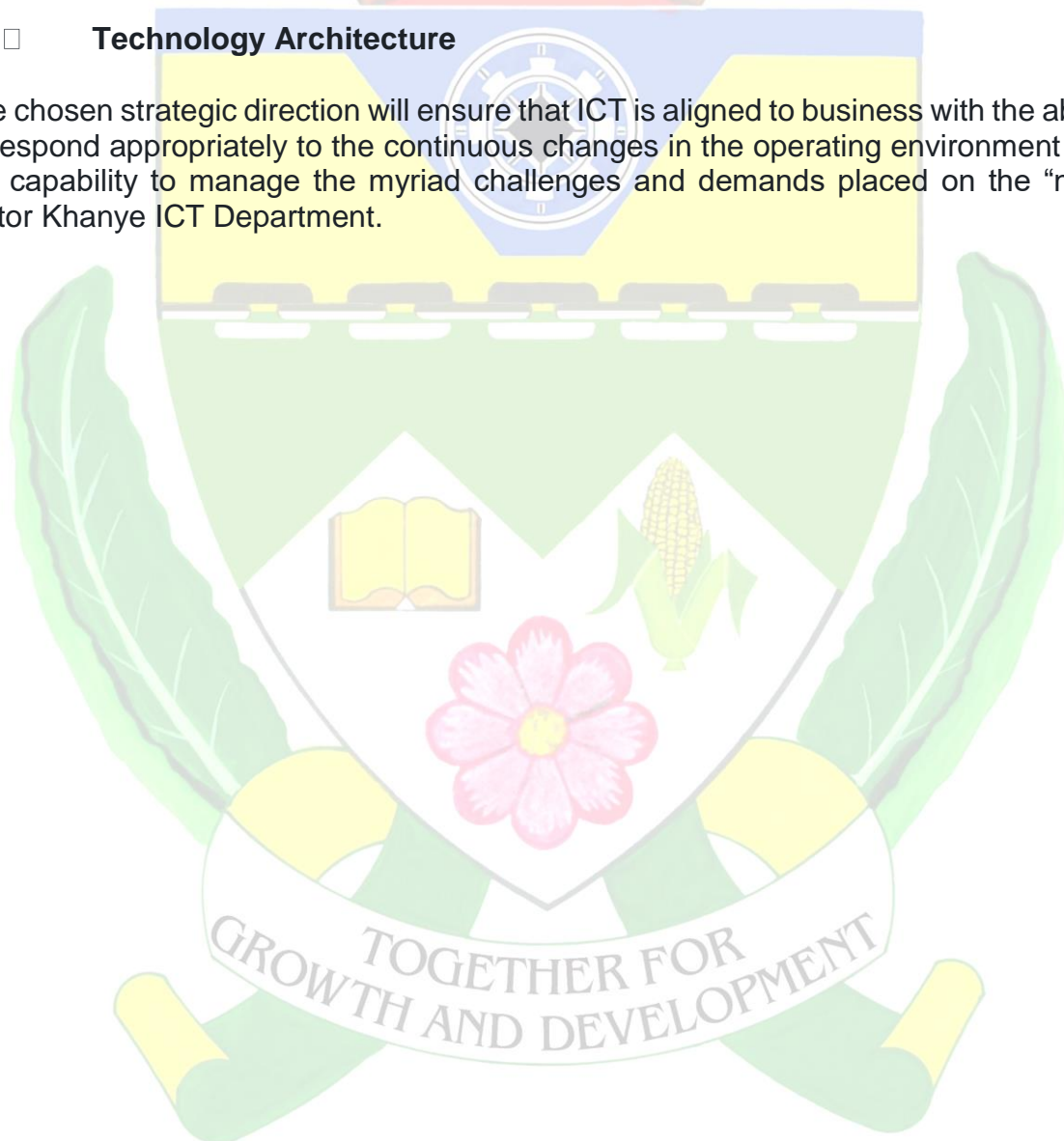


Table 33: ICT Performance

PROGRAMME	
<p>1) DELMAS TOWN AND BOTLENG TOWNSHIP UPGRADES IN REGARDS TO NETWORK IMPROVEMENTS AND FIBRE FOR BOTH THE DELMAS TOWN AND BOTLENG TOWNSHIP.</p> <p>2) THE MUNICIPALITY AND ITS BUSINESS FORUMS CAN NOW ENJOY THE PRIVILEGE OF MAKING PROPOSALS TO MAJOR HOTELS AND CASINO'S AS THE TOWN DOES MATCH THE MINIMUM AND STANDARD REQUIREMENTS FOR THE BUSINESS TO FUNCTION WITHOUT CHALLENGES AS THE TOWN NOW HAS FAIL OVER FUNCTIONS HAVING 6 CREDIBLE SERVICES PROVIDERS TO PROVIDE NEED TECHNOLOGICAL SERVICES.</p> <p>3) ICT HAS MANAGED TO ATTRACT THE MAJOR FIBRE COMPANIES IN THE 2022/23 FINANCIAL YEAR NAMELY:</p>	
COMPANY	PROGRAMME
<b>TELKOM</b>	Currently Telkom has provided the town with Speeds from 10MB to 40MB for homes and 40MB to 2.3GHZ for Standard Bank, FNB and ABSA in Delmas Town.
<b>SCREAMER TELECOMMUNICATIONS</b>	Currently utilised by homes and companies in Delmas has managed to improve the Wireless Fibre from 10MB-20MB to 40MB and higher as per customised requirements.
<b>INICS</b>	Delmas based Fibre Company has managed to have Way Leave Applications approved and currently sourcing funding for growth in implementing FIBRE around Delmas.
<b>UNICS</b>	Currently providing both land based FIBRE and WIRELESS FIBRE for both the Delmas Town and its surroundings areas and also providing Wireless Fibre for Botleng Township.

<b>VODACOM</b>	Currently the service provider has made countless improvements of their Network throughout the town and Botleng in its entirety and the upgrades done have not improved coverage and major complains from the service provider are mainly Vandalism and theft of their power substitutes which are batteries that are part of the vandalism that is currently taking place in and around Delmas on Towers.
<b>MTN</b>	Currently the service provider has improved its data and voice speed from 20MB of Data to 50-60 MB and also introduced the Wireless Fibre currently near the Municipality Building where a Node was contracted in line to the MTN Fibre to be rolled out in the 2022/2023 Fibre plans for Delmas (Willow Broke Mall has shops currently connected via the MTN HUAWEI Fibre namely: Sheet Street and Mr Price).
<b>CELL –C</b>	Has not shown interest nor improvements for the Delmas town and Botleng Township.





### 3.34. PROPERTY, LEGAL, RISK MANAGEMENT, AND PROCUREMENT SERVICES

This Corporate Service Directorate is responsible for the management of municipal-owned land and buildings, i.e. acquisition, awarding of rights and disposal thereof, excluding any housing rental stock and housing projects. The management of office accommodation is also done by this department.

This function involves alienation (sale, purchasing, leasing and rental) of the fixed properties of Council and the management of the municipal valuation roll. This function is done in consultation with Technical Services, office of the Municipal Manager and Budget & Treasury Office. This directorate is also responsible for the maintenance of all Council-owned buildings.

**Legal Services:** The Legal Services Department in conjunction with user departments ensures and manages the implementation, monitoring, evaluation and reporting on sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to Legal Services.

The main objectives are the following:

- ❖ Advice and manage litigations instituted by the municipality and against it;
- ❖ Provide legal advice, opinions and input on policies, contracts, agreements, memorandums, legislation, by-laws and authorities;
- ❖ Advising Council on items submitted to meetings;
- ❖ To ensure by-laws are promulgated after consultation with user departments and approval by Council; and
- ❖ Attend to new legislation and proclamations for comment as and when required.

**Property Valuation:** The directorate is responsible for providing an updated basis for the levying of property rates. During the 2022/2023 financial year the new 2019/2024 general 1<sup>st</sup> valuation roll was still valid and the tender process for the next roll will be embarked on, in the 2023/24 financial year.

**The Corporate Property Admin Archive Housekeeping unit** is fully complying with the aim of ensuring Good Governance. The unit provides records management, secretariat services and alienation of Council's properties. This Corporate Service Directorate will therefore continue to provide a high quality of administrative support and to ensure legal compliance.

**Risk Management Services:** The unit is responsible for providing guidance on risk mitigation strategies in line with the approved risk management strategy and policy. On an annual basis, the risk workshop is held to review organisational risk and new emerging risks to develop strategic and operational risk plans.

In addition the appointment of the Chief Risk Officer (CRO) continues to assist the Municipality in managing both the strategic and operational risks. This responsibility was delegated to the Chief Risk Officer. During this current financial year, the following were done:

- ❖ continuous awareness raising throughout the municipality;
- ❖ the Chief Audit Executive has a seat on the Risk Management Committee where all risk and fraud management related activities are reported;
- ❖ the Risk Management Committee reports into the Audit Committee;
- ❖ risk registers have also been completed at an operational level;
- ❖ the previous year's strategic registers were revisited and an acceptable risk appetite was determined;
- ❖ the revised risk register was adopted by Council;
- ❖ risks were also identified which could prevent the achievement of the predetermined objectives,
- ❖ and were noted in the SDBIP; and
- ❖ the Risk Management Policy was reviewed and adopted by Council;

**Supply Chain Services:** The unit is responsible for the acquisition of supplies and services in support of the Municipality's business. It ensures that all procurement processes are fair, equitable, competitive and cost effective and that it complies with the regulatory framework and consistent with all applicable legislation.

## COMPONENT J: ORGANISATIONAL PERFORMANCE SCORECARD

### 3.35. ORGANISATIONAL PERFORMANCE SCORECARD

Municipal Performance Management is the process which measures the implementation of the Councils strategy as set out and approved in the Integrated Development Plan, hereafter referred to as the IDP. It also serves as a management tool to plan, monitor, and measure and review the impact of service delivery by the Municipality.

As with most local government processes performance management is institutionalized by means of legislative and policy requirements. The report covers a specific financial year of the Five Year 2017/2022 IDP, the 2022/23 reviewed IDP, which confirms six strategic objectives and its focus areas as:

**a) To improve and maintain current basic service delivery through specific infrastructural development projects.**

- ❖ *Sanitation*
- ❖ *Electricity*
- ❖ *Streets and Storm Water Management*
- ❖ *Water Supply*
- ❖ *Integrated Human Settlements*

**b) To promote a safe and healthy environment through the protection of our natural resources**

- ❖ *Environmental Conservation*
- ❖ *Disaster management*

**c) To create an enabling environment for social development and economic growth**

- ❖ *Decent employment opportunities and job creation*
- ❖ *Rural development*
- ❖ *Youth development*
- ❖ *Care for the elderly*
- ❖ *Opportunities for women and people living with disability*
- ❖ *HIV – Human Immunodeficiency Virus/Aids – Acquired Immune Deficiency Syndrome awareness*

**d) To grow the revenue base of the municipality**

- ❖ *Sound Financial Planning*

**e) To structure and manage the municipal administration to ensure efficient service delivery**

- ❖ *Institutional capacity building*

**f) To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication**

- ❖ *Ward committees System*
- ❖ *Communication*
- ❖ *Responsive and accountable system of Local Government*

The 2022/23 Annual Performance Report and Financial Statements provide the basis for the 2022/23 Annual Report. Therefore, the Oversight Report as adopted by Council for the prior reporting period is taken into consideration during the drafting of the Annual Performance Report.

### **3.35.1. PURPOSE**

The 2022/23 Annual Performance Report is submitted to Victor Khanye Municipal Council in terms of the Municipal Systems Act, Act 32 of 2000, section 46(1) & (2). This report reflects performance information for the period 01 July 2022 to 30 June 2023 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched as in the Municipality's Integrated Development Plan (IDP) for the year under review.

The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2022/2023. The format of the report will reflect Victor Khanye Local Municipality's Key Performance Indicators (KPI's) per:

- Overall Performance of the organisation;
- Performance per Directorate;
- Performance per Strategic Objective; and
- Performance per Focus Area

Victor Khanye Local Municipality is committed to enhancing the characteristics of a developmental state. The strategic objectives are linked to service areas and



departmental objectives and the information were used to develop the following predetermined objectives (PDO) and align them with the municipal budget and performance management system.

Performance management is focussed on benefiting employees, the organisation, the community as well as external service providers. In order to improve performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- ❖ An electronic performance management system which serves as a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.
- ❖ Workshops with Councillors and Directors on the Draft Service Delivery and Budget Implementation Plan, before submission to the Executive Mayor.

Performance management is a procedure that assesses how well an organization's strategy is being implemented as outlined in its Integrated Development Plan (IDP). It is also a management tool for planning, monitoring, measuring, and reviewing performance indicators to assure the municipality's efficiency, effectiveness, and influence on service delivery.

Performance management is institutionalised at the local government level through the statutory requirements of the performance management process. Performance management offers a system for determining if targets are accomplished in accordance with the organization's strategic goals.

Section 152 of the Republic of South Africa's Constitution of 1996 addresses the objectives of local government and lays the groundwork for performance management. To address the demands of Victor Khanye, a responsible government is essential. According to Section 195(1), democratic ideals and principles are also associated with the notion of performance management, with reference to the principles of, among others, the following:

- ❖ promote the efficient, economic and effective use of resources,
- ❖ ensure accountable public administration,
- ❖ be transparent by providing information,
- ❖ be responsive to the needs of the community, and
- ❖ facilitate a culture of public service and accountability amongst staff.

Municipalities are required by the MSA to implement a performance management system. Furthermore, the MSA and MFMA mandate that the Integrated Development Plan (IDP) be in sync with the municipal budget. The Service Delivery and Budget Implementation Plan must be used to track organizational budget performance versus the IDP on a quarterly basis (SDBIP). The report is made public when the council has been notified of quarterly progress toward stated goals.

Performance management is important not only for the organization as a whole, but also for the individuals who work there, as well as for external service providers and municipal organizations. This framework, among other things, represents the relationship between the IDP, the Budget, and the SDBIP.

### 3.35.2. LEGISLATIVE REQUIREMENTS

This 2022/23 Annual Performance Report was compiled in compliance with the requirements of section 46(1) of the Local Government: Municipal Systems Act, No. 32 of 2000; stipulating the following:

(1) *A municipality must prepare for each financial year an annual report consisting of*

- a) *a performance report reflecting -*
  - (i) *the municipality's and any service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year;*
  - (ii) *the development and service delivery priorities and the performance targets set by the municipality for the following financial year, and*
  - (iii) *measures that were or are to be taken to improve performance.*

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that *"A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."*

### 3.35.3. ORGANISATIONAL PERFORMANCE

The assessment of strategic performance demonstrates how effectively the municipality is fulfilling its objectives and whether policies and processes are effective. To guarantee that service delivery is efficient, effective, and cost-effective, all government institutions must report on strategic performance. Municipalities must create strategic plans and devote resources to carry them out.

The implementation must be monitored on an ongoing basis, and the findings must be communicated to various stakeholders throughout the fiscal year so that remedial actions may be implemented as soon as possible as necessary. This report highlights the municipality's strategic performance in terms of the Top-Layer Service Delivery and Budget Implementation Plan (SDBIP), high-level performance in terms of the municipality's strategic objectives, and performance on the National Key Performance Indicators prescribed in terms of Section 43 of MSA.



### **3.35.4. ADOPTION OF A PERFORMANCE MANAGEMENT POLICY FRAMEWORK**

The Performance Management Framework System 2022/23 was reviewed and submitted to Council for approval in June 2022.

### **3.35.5. GOVERNANCE FRAMEWORK FOR THE IDP, BUDGET AND PERFORMANCE MANAGEMENT**

The draft review of the Fifth generation IDP was tabled in March 2022 and then publicized for public feedback. In May 2022, Resolution Number: A012/05/2020 Victor Khanye Municipal Council approved the revised Fourth Generation IDP (2021/22 – 2023/24) together with the 2022/23 MTREF Budget. The IDP is the primary planning tool used to steer and inform the municipal budget. Each municipality in South Africa is required by the MSA to establish such a strategic plan to guide all development and management within the municipal territory.

The IDP outlines the municipality of Victor Khanye Local Municipality's development goals for the next five years. Municipal planning and project implementation must be guided and determined by the IDP. The budget for 2022/23 was based on the IDP as well as other domains of government and service providers. The IDP for the period July 2021 to June 2026 expresses the political mandate given to inhabitants in the August 2016 local government election.

The MSA mandates municipalities to consult with their residence and other institutions, which produced a favourable response and participation from the public. The IDP is a strategic framework that directs all local government initiatives in conjunction with people and stakeholders. In keeping with the IDP's more matured and strategic approach, the implementation plan focuses solely on the important strategic programs, projects, and initiatives that will support the attainment of the goals throughout the five-year term of office. Its focus is on development in general, and it is a structured plan that influences budget priorities, decision making, and resource allocation.

The IDP has a wide range of objectives, including the provision of basic municipal services, measures to build and transform municipal capacity, measures to assist in expanded livelihood opportunities for citizens, enterprise development, building dignified and safe living environments, and, most importantly, exploring new ways of working and living together.

It directs and is informed by various aspects of the municipality's work, such as how the municipality is structured politically and administratively, the Municipal budget, sector plans, and service delivery and budget implementation plans for various municipal services, and how the municipality manages its performance.

The three-year budget outlines the municipality's revenue and expenditure plans for approval by Council in conformity with the MFMA. Funding must be allocated in accordance with the priorities outlined in the IDP. The IDP must be represented in the appropriate staff's performance agreements, as well as in the budget, service delivery, and budget implementation plans (SDBIP).



The SDBIP is the municipality's primary performance management tool. The SDBIP, which is linked to the IDP, serves as the foundation for director performance contracts as well as quarterly, mid-year, and yearly performance assessments of senior management, directorates, and the municipality.

### **3.35.6. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

A municipal scorecard is used to assess organizational performance (Top-Layer SDBIP). Performance targets must be practical, quantifiable, and based on key performance indicators, as represented in the municipal scorecard. The SDBIP is a mechanism that translates the IDP and budget into quantifiable criteria for how, where, and when the municipality's strategy, objectives, and typical business activities are implemented.

It also delegated authority to directorates to offer services in accordance with the IDP and budget. The Municipal Budget and Reporting Regulations, Schedule A 1, GenN 393 in GG32141 of 2009, are clarified in MFMA Circular No. 13 and prescribes that the:

- ❖ IDP and budget must be aligned;
- ❖ Budget must address the strategic priorities;
- ❖ SDBIP should indicate what the municipality is going to do during the next 12 months; and
- ❖ SDBIP should form the basis for measuring the performance against goals set during the budget / IDP processes.

The Top-Layer SDBIP 2022/23 was approved by the Executive Mayor, in terms of section 53(1)(c)(ii) of the MFMA.

### **3.35.7. THE MUNICIPAL SCORECARD (TOP-LAYER SDBIP)**

The Municipal scorecard (Top-Layer SDBIP) consolidates service delivery objectives established by Council / senior management and offers an overall picture of the municipality's performance, indicating performance in its strategic priorities for the 2022/23 fiscal year. The scorecard is a performance evaluation instrument that is used during senior managers' informal and formal performance evaluations.

Components of the Top-Layer SDBIP include:

- i. One-year detailed plan with the following components:
  - ❖ Monthly projections of revenue to be collected for each source;
  - ❖ Monthly projections of expenditure (operating and capital) and revenue for each vote;
  - ❖ Quarterly projections of service delivery targets and performance indicators for each vote;
  - ❖ Ward information for expenditure and service delivery; and
  - ❖ Detailed capital works plan broken down by ward over three years.

ii. Top-Layer KPIs were prepared based on the following:

- Key performance indicators (KPIs) for the programmes / activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;
- KPIs identified during the IDP and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

### **3.35.8. AMENDMENT OF THE TOP-LAYER SDBIP**

The Top Layer SDBIP 2022/23 was reviewed once during the 2022/23 financial year and submitted to Council for approval on 28 February 2023.

### **3.35.9. ACTUAL PERFORMANCE**

The Municipality uses an electronic web-based, real-time performance-based system, which KPI owners update on a monthly basis. KPI owners document the following information on the performance system to report on the KPI's results:

- ❖ The actual result in terms of the target set;
- ❖ A performance comment; and
- ❖ Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

Every KPI owner is responsible for keeping an updated portfolio of evidence to support real performance outcomes and providing it to the Internal Auditor and Auditor General upon request during quarterly and yearly audit testing.

### **3.35.10. MONITORING OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

Municipal performance is measured as follows:

- a) Mid-year assessment and submission of the mid-year report to the Mayor in terms of section 72(1)(a). In terms of section 72(1)(a) of the MFMA, the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year.

A report on such an assessment must, in terms of Section 72(1)(b) of the MFMA, be submitted to the Mayor, Provincial and National Treasury. Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

- b) Quarterly assessment i.t.o. section 52(d) of the MFMA to assess the performance of the municipality during the first half of the financial year.

Section 52(d) of the MFMA requires the Executive Mayor, who must provide general political guidance over the fiscal and financial affairs of the municipality, to submit to the Council a report on the implementation of the budget and the financial state of affairs of the municipality within 30 days after the end of each quarter.

Actual performance was audited by the Internal Audit Unit and the results of their findings were submitted to the Audit and Performance Audit Committee (APAC).

- ❖ Quarter 1 (July to September 2021);
- ❖ Quarter 2 (October to December 2021);
- ❖ Quarter 3 (January to March 2022); and
- ❖ Quarter 4 (April to June 2022).

Municipal Manager and Managers that report directly to the Municipal Manager in terms of Section 56 of the MSA they are required to engage into performance-based agreements with the Municipal Manager and managers directly reporting to the Municipal Manager. Performance agreements must be evaluated and disclosed on a yearly basis for the public's benefit.

This procedure and format are further governed by MSA Regulation 805 (August 2006). The performance agreements for the Municipal Manager and section 56 appointments for the 2022/2023 fiscal year were signed on the mandated date of July 30, 2022. They contain performance contracts for the following:

- i. Municipal Manager;
- ii. Chief Financial Officer;
- iii. Executive/Acting Director: Corporate Services;
- iv. Executive Director: Community and Social Services; and
- v. Executive Director: Technical Services.

Actual performance in terms of agreed-upon agreements shall be assessed twice a year, as stipulated. It should be noted, however, that no top-level performance evaluations were performed during the fiscal year under review. Owing to AG process postponements as a result of the Covid-19 epidemic. AG was still on site, when the assessments were supposed to be conducted hence we were unable to finish the Annual Performance Report.

### **3.35.11. SERVICE DELIVERY PERFORMANCE**

This section provides an overview of the key service achievements of the municipality that came to completion during 2022/23 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. In order to improve on performance planning, implementation, measurement and reporting, the municipality implemented the following actions:

Departmental operational plans were created in order to monitor and report on operational programs. The municipality has an electronic performance management system in place. The same system serves as the foundation for performance assessments of the Executive Directors and the Municipal Manager.



The municipality worked hard to ensure that the "SMART" principle was followed in the construction of the Top Layer SDBIP as well as the development of the Departmental SDBIP. The emphasis was on ensuring that aims were defined and time-bound, making them quantifiable.

**Table 34: Performance Management System Checklist**

	Performance Management Framework	All MSA s56/57 Performance Contracts Signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Performance Reporting to Council
In place	√	√	√	√	√	√

### 3.35.11.1. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (TOP-LAYER)

The goal of performance reporting is to provide information about the implementation and accomplishment of IDP outcomes. This section should offer a summary of a municipality's accomplishments in terms of strategic objective and deliverables as outlined in the IDP. The Top-Layer (Strategy) SDBIP is the municipality's strategic plan, and it demonstrates the strategic alignment of the various documents (IDP, Budget and Performance Agreements).

A Municipal Scorecard (Top Layer SDBIP) at the organizational level and the Service Delivery and Budget Implementation Plan (SDBIP) at the departmental level are used to evaluate organizational performance. The SDBIP is a plan that translates the IDP and Budget into quantitative indications of how, where, and when the municipality's plans, objectives, and routine business activities are implemented. It also assigns directorates duties for delivering services in accordance with the IDP and budget.

The MFMA Circular No.13 prescribes that:

- ❖ The IDP and budget must be aligned;
- ❖ The budget must address the strategic priorities;
- ❖ The SDBIP should indicate what the municipality is going to do during next the 12 months; and
- ❖ The SDBIP should form the basis for measuring the performance against goals set during the budget / IDP processes.

The Top Layer SDBIP was created in the manner outlined below and authorized by the Executive Mayor on June 29, 2022. The Top Layer SDBIP 2022/23, on the other hand, was amended in January 2020. These changes were made in accordance with the adjustment budget, internal audit results, and recommendations provided by the South African Auditor General (AGSA). The performance obtained against the Top-Layer SDBIP according to the IDP strategic objectives is highlighted in the paragraphs below. The table below describes how the overall evaluation of actual performance versus objectives established for the SDBIP's key performance indicators (KPIs) is measured:

### 3.35.11.2.OVERALL PERFORMANCE PER MUNICIPAL KEY PERFORMANCE AREA

The following table and graph illustrates the municipality's overall performance per Municipal Key Performance Area (KPA).

Table 35: Performance per KPA 2022/23

KEY PERFORMANCE AREAS	2021/22			2022/2023		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
1. Infrastructure and Basic Service Delivery	40	27	68%	40	31	78%
2. Financial viability and Finance Management	36	22	61%	33	22	67%
3. Institutional Development and Transformation	35	15	43%	29	20	69%
4. Good Governance and Public Participation	64	32	50%	45	28	63%
5. Spatial Rationale	04	03	75%	04	02	50%
6. Local Economic Development	08	05	63%	08	06	75%
Total	187	104	56%	159	109	69%

The table above indicates that Victor Khanye Local Municipality recorded an overall improvement in terms of achieving KPIs set within the 6 KPAs; with an increase of an overall achievement of 69% of the total KPAs, as opposed to the 56% achieved in 2021/22.

The best performing KPA in the 2022/23 financial year was Infrastructure and Basic Service Delivery, followed by Local Economic Development, with 78% and 75% respectively, both having improved from the achieved percentage in the 2021/22 FY.

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### 4. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM (OPMS)

In terms of the Municipal Systems Act and the Municipal Performance Regulations, Victor Khanye Local Municipality has developed a Performance Management System to measure and assess the Performance of the Organisation and its Section 57 employees known as Executive Directors reporting directly to the Municipal Manager.

The organisational performance is based on the programmes in the IDP, Budget and is being implemented through the use of the Top layer of the Service Delivery Budget Implementation Plan (SDBIP) to monitor performance that is in the Organisational Scorecard and the Performance Agreements of the Municipal Manager and the Heads of Departments. Their performance is monitored quarterly by the Performance Evaluation Committee set up by Council and internally audited by the Internal Audit. A report is sent to Audit Committee, Performance Audit Committee and Council.

#### 4.1. LEGISLATIVE REQUIREMENTS

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

1. A municipality must prepare for each financial year a performance report reflecting—
  - a) The performance of the Municipality and each external service provider during that financial year;
  - b) A comparison of the performance referred to in paragraph (a) with targets set for performance 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."

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role players." Performance management is not only relevant to the organization as a whole, but also to the Municipality Local Municipality | 196 individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.



#### 4.1.1. LEGISLATIVE PERFORMANCE REPORTING FRAMEWORK

**Table 36: Legislative Reporting Framework**

FREQUENCY AND NATURE OF REPORT	MANDATE	RECIPIENTS
Monthly reporting on actual revenue targets and spending against budget no later than 10 working days after the end of each month	1. Section 71 of the MFMA	1. National Treasury
Quarterly progress report	1. Section 41 (1) (e) of the Systems Act, 2. Section 166 (2) (a) (v) and (vii) of the Municipal Management Finance Act (MFMA) 3. Regulation 7 of Municipal Planning and Performance Management Regulations	1. Municipal Manager 2. Mayor 3. Mayoral Committee 4. Audit Committee 5. National Treasury
Mid-year performance assessment	1. Section 72 of the MFMA. 2. Section 13 (2) (a) of Municipal Planning and Performance Management Regulations 2001.	1. Municipal Manager 2. Mayor 3. Mayoral Committee 4. Council 5. Audit Committee 6. National Treasury 7. Provincial Government
Annual report (to be tabled before Council by 31 January (draft and approved / published by 31 March each year)	1. Sections 121 and 127 of the MFMA, as read with Section 46 of the Systems Act and Section 6 of the Systems Amendment Act.	1. Mayor 2. Mayoral Committee 3. MPAC 4. Council 5. Audit Committee 6. Auditor-General 7. National Treasury 8. Provincial Government 9. Local Community

#### 4.1.2. OPERATING PROCEDURES AND OVERVIEW

In the 2022/23 Financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is corresponding to the institutional service delivery objectives captured in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- ❖ The 2022/23 IDP included strategic objectives, strategies and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- ❖ The budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- ❖ After approval of the budget, the 2022/23 SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the organisational strategies;

- ❖ Performance agreements with performance plans were developed, signed and approved by the Honourable and the Accounting Officer as required by the Municipal Performance Regulations, 2006;
- ❖ Quarterly performance reports with supporting Portfolio of Evidence Files were prepared by managers directly reporting to the Municipal Manager. These reports were used in the quarterly performance assessments.
- ❖ Quarterly performance reports were verified by the Monitoring and Evaluation Unit and audited by the Internal Audit unit to test the credibility and reliability;
- ❖ The performance assessments for 2021/22 Annual and mid-term 2022/23 were concluded as per the regulated timeframes.

#### 4.2. PERFORMANCE /AUDIT COMMITTEE

The Performance Audit Committee for the 2022/23 financial year was re-affirmed in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 members are as follow:

- ❖ During the year under review, the Performance and Audit Committee met quarterly to consider the performance reports. The deliberations and resolutions taken by the PAC are encapsulated in the minutes of the committee

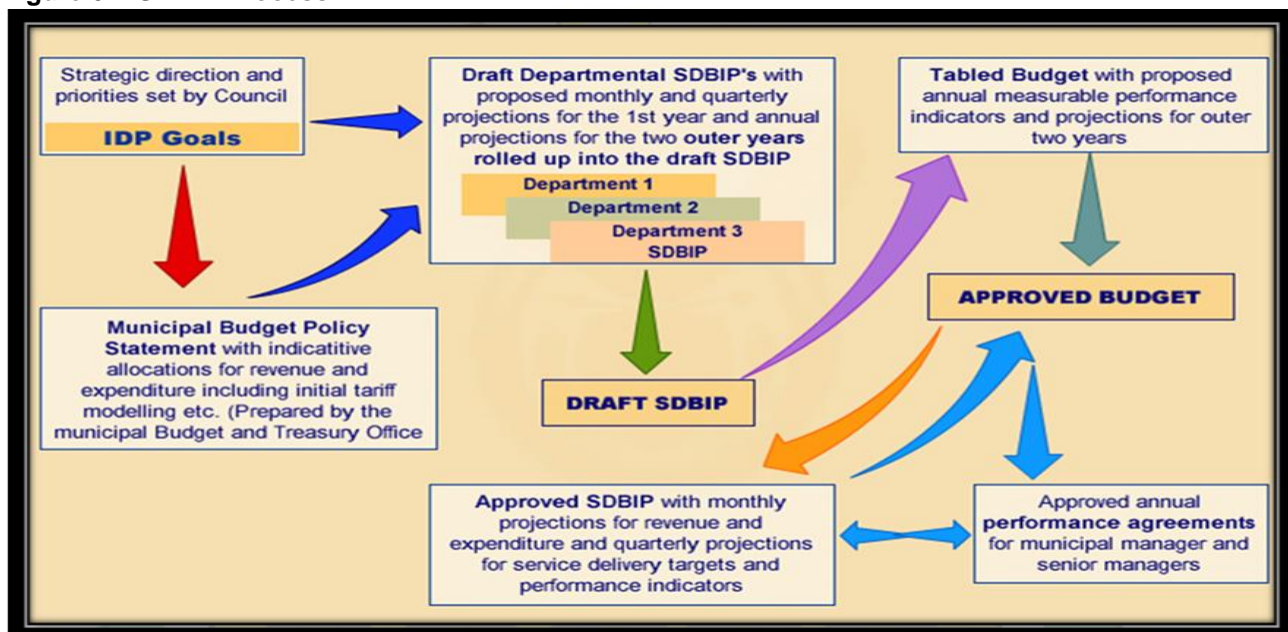
#### 4.3. ORGANISATIONAL SCORECARD/TOP LAYER SDBIP

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council and Senior Management and provide an overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities. This is a **one-year** detailed plan, but includes a **three-year** capital plan. The necessary components include:

- ❖ Monthly projections of revenue to be collected for each source;
- ❖ Expected revenue to be collected NOT billed;
- ❖ Monthly projections of expenditure (operating and capital) and revenue for each vote;
- ❖ Quarterly projections of service delivery targets and performance indicators for each vote;
- ❖ Non-financial measurable performance objectives in the form of targets and indicators;
- ❖ Detailed capital project plan broken down by ward over three years.

The process for preparing and approving the SDBIP, as depicted in the MFMA Circular No.13, is diagrammatically summarized as follows

**Figure 02: SDBIP Process**



It should be noted that, for the quarter three and quarter four performance reporting the 2022/23 Top Layer SDBIP was adjusted and adopted by Council.

The Victor Khanye Local Municipality 2022/23 SDBIP was revised based on the following recommendations:

1. SMART principle, in some instances, indicators and targets were re-defined due to existing targets being not measurable, achievable and lacking alignment to the IDP;
2. Mid-year performance results were exploited to make Q3 and Q4 adjustments, especially areas of immense over and under performance;
3. The synergy in alignment between the approved 2021/22 Top Layer SDBIP and IDP Review 2022/23 was considered.
4. The SDBIP was revised so as to cater for the implementation of the new Local Government: Municipal Staff Regulations.

#### **4.3.1. PROCESSES IN AMENDING 2022/23 TOP LAYER SDBIP**

The process was consultative and included the following key milestones:

- a) Amending the SDBIP to the strategic framework in the IDP to achieve alignment; b) Meeting with the Head of Departments (HOD);
- b) Submitted proposed amendments to the Audit Committee;
- c) Submitted proposed amendments to council for adoption;



- d) Submitted the Revised SDBIP 2022/23 to be signed by the Mayor and tabled to council for the acquiring of council resolution
- e) Public advert was posted on the Amended SDBIP 2022/23 and on the on the website and advertised in Local Newspapers.

#### **4.3.2. DEPARTMENTAL SCORECARD/LOWER LAYER SDBIP**

The Departmental Scorecards (detail Top Layer SDBIP) capture the performance of each Department. Unlike the Organisational Scorecard, which reflects on the strategic performance of the municipality, the Departmental SDBIP provides a comprehensive picture of the performance of that Department/sub-department/branch. It was compiled by Senior Managers for their Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP, the approved budget and measurable service delivery indicators related to each functional area. This non-financial third quarter performance report contains information about:

- ❖ Quarterly performance against quarterly and annual targets as per the SDBIP is reported on. The SDBIP contains the objectives and indicators as per the Municipal IDP as well as National indicators. The SDBIP for 2022/23 was developed to reflect cumulative performance, therefore the status of indicators reflects the overall performance level achieved in the 2022/23 Financial Year
- ❖ Measures taken to improve performance; Corrective action is included for each KPI
- ❖ Comparison of performance against set targets;
- ❖ Calculations to calculate the variance between actual quarterly performances are included for each KPI; Calculations to calculate the variance between actual quarterly performances are included for each KPI; Comparisons of performance against quarterly targets are highlighted in the form of colours based on scores, which were calculated manually by the Monitoring and Evaluation Unit.
- ❖ The scoring method utilized is in line with the assessment-rating calculator prescribed by the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- ❖ The purpose of including these ratings and colour coding is to serve as early warning indicators so that Council can easily distinguish under performance.

#### **4.4. ORGANISATIONAL PERFORMANCE HIGHLIGHTS AGAINST PREDETERMINED OBJECTIVES (KPI)**

The organizational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organizational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- ❖ The IDP and budget must be aligned;
- ❖ The budget must address the strategic priorities;
- ❖ The SDBIP should indicate what the municipality is going to do during next 12 months; and
- ❖ The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The municipality in formulating and reviewing its Integrated Development Plan (IDP) developed and adopted Strategic Goals, Strategic Objectives and Strategies which are key instruments to drive or facilitate implementation of both, the IDP and Budget in service delivery.

These Key instruments are considered as enablers to justify an organization's activities and existence, define performance standards as well as the specific tasks that must be accomplished for the municipal goals to be met.

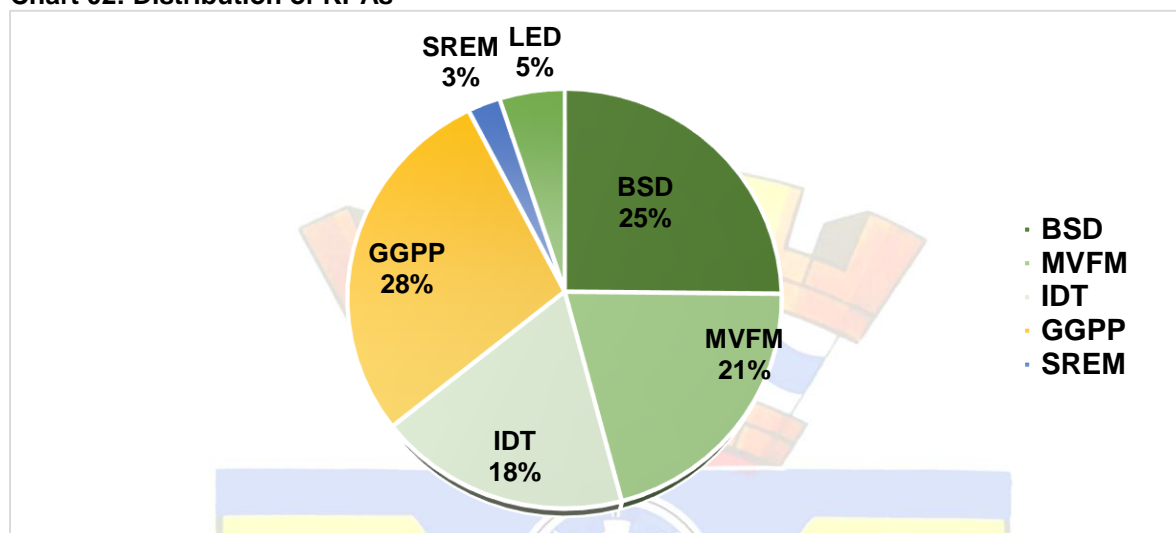
The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

COLOUR CATEGORY	COLOUR CATEGORY
	TOTAL NUMBER OF KPI's
	KPI'S NOT ACHIEVED
	KPI's ACHIEVED

The Service Delivery Performance Report is divided according to the National Key Performance Areas (KPA) of Local Government namely;

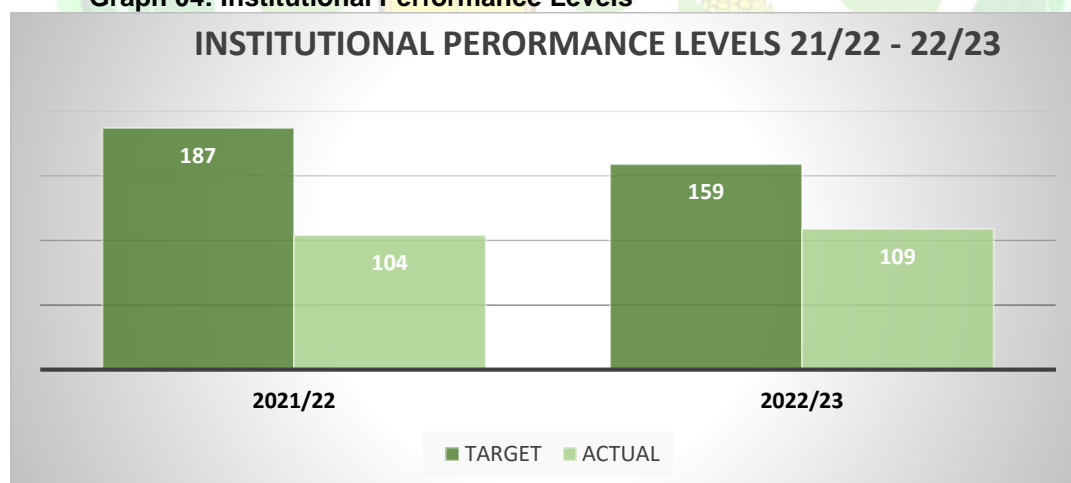
NO	NATIONAL KEY PERFORMANCE AREA	ACRONYM
1.	Basic Service Delivery	BSD
2.	Good Governance and Public Participation	GGPP
3.	Municipal Financial Viability and Management	MFVM
4.	Local Economic Development	LED
5.	Municipal Transformation and Institutional Development	MTID
6.	Spatial Rationale Environmental Management	SREM

This pie chart below depicts the distribution of key performance indicator (KPI) to each national key performance area (NKPA). It is helpful to highlight the number of KPI's contributing to the NKPA because; it gives an indication where the municipality's focus is in terms of contributions towards the NKPA's.

**Chart 02: Distribution of KPAs**

Evidently, the pie chart shows that the municipality has most of its KPI's in the top two dedicated to Infrastructure and Basic Service Delivery at **25%** and Good Governance and Public Participation at **28%**. Municipal Financial Viability Management at **21%**, followed by Institutional Development and Transformation at **18%**, Local Economic Development at **05%** and Spatial Rational and Environmental Management takes **03%**.

The following graphs illustrate the overall performance of the Municipality measured in terms of the Top Layer (Strategic) SDBIP as at the end of the 2022/2023 FY in comparison to that of the 2021/22 FY.

**Graph 04: Institutional Performance Levels**

The chart illustrates an improvement in the 2022/23 FY in the number of KPIs achieved, as opposed to those achieved in the 2021/22. A total of 109 KPIs were achieved in 2022/23 out of 159 KPIs targeted, which translate to 69% achievement. The 104 KPIs achieved in 2021/22 against 187 targeted KPIs, translates to 56% total achievement.



## COMPONENT A: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

The overall score for this KPA is 78% for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality because of its direct impact to community development e.g. the construction of road infrastructure, water provision, etc.

Performance under this KPA was as follows:

**Table 37: BSD Performance (2022/23)**

KPI Status	Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	31
Target Not Met (below planned)	9
Total	40
% Targets met	78%
% Targets not met	22%

### *Performance Highlights for the 2022/23*

- The MIG conditional grant was fully utilised or spent (100%) which means that there was no roll over of the grant funding.
- The municipality has been struggling with the development of master plans however this financial year, the municipality in partnership with the DBSA have signed an agreement to develop numerous master plans.
- All formal household within the municipal area received frequent waste removal services.

### *Challenges*

- One of the challenges met under this KPA is that the Water Services Master Plan and WSDP were not developed. The municipality signed a non-lending agreement with DBSA through COGTA to assist with the development of the Water Services Master Plan and WSDP. DBSA would appoint service providers in 2023/2024 financial year.

## COMPONENT B: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The overall score for this KPA is **67%** for the year under review. This represents an improved achievement from the 61% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators.

Performance under this KPA was as follows:

**Table 38: MFVM Performance (2022/23)**

KPI Status	Financial Viability and Finance Management
Target Met (as planned and exceeded)	22
Target Not Met (below planned)	11
<b>Total</b>	<b>33</b>
<b>% Targets met</b>	<b>67%</b>
<b>% Targets not met</b>	<b>33%</b>

***Performance Highlights for the 2022/23***

- The FMG conditional grant was fully spent (100%) on the capacitation of financial management interns.
- The municipality was able to prepare interim financial statements in the third quarter to ensure that at year-end, we are able to submit credible financial statements to the Auditor General.
- 83% of the total operational budget was achieved against the 96% National Treasury Norm.

***Challenges:***

- One of the challenges faced in relation to this KPA includes that only 45% of households billed was collected. There was a slow enforcement on the credit control for the 3rd quarter. Credit control measures not properly implemented. Inaccurate billing as a result of faulty, bridged or no meters (electricity and water).

## COMPONENT C: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The overall score for this KPA is **69%** for the year under review. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 43% in 2021/2022 to an impressive 69% in 2022/2023, our commitment to transformational progress is evident and poised for further success.

Performance under this KPA was as follows:

**Table 39: MTID Performance (2022/23)**

KPI Status	Municipal Transformation and Institutional Development
Target Met (as planned and exceeded)	20
Target Not Met (below planned)	9
<b>Total</b>	<b>29</b>
<b>% Targets met</b>	<b>69%</b>
<b>% Targets not met</b>	<b>31%</b>

### *Performance Highlights for the 2022/23*

- 87 employees were trained in various disciplines for them to be able to perform their duties effectively and efficiently.
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- The bi-annual performance reviews were conducted for all section 56 managers and the section 54A manager.

### **Challenges:**

Some of the challenges faced within this KPA were as follows;

- Critical vacant positions below the Section 56/54A previously filled were not processed within three months as the municipality is currently facing financial constraints.
- Only 18 of the planned 30 employees participated in the 2022/23 employee wellness programme due to non-attendance



## COMPONENT D: GOOD GOVERNANCE & PUBLIC PARTICIPATION

The overall score for this KPA is **62%** for the year under review.

Elevating municipal excellence, Good Governance and Public Participation thrived. Advancing from 50% in 2021/2022 to a notable 62% in 2022/2023, our dedication to effective governance and inclusive engagement is evident and paves the way for continued progress.

Performance under this KPA was as follows:

**Table 40: GGPP Performance (2022/23)**

KPI Status	Good Governance and Public Participation
Target Met (as planned and exceeded)	28
Target Not Met (below planned)	17
Total	45
% Targets met	62%
% Targets not met	38%

### **Performance Highlights for the 2022/23**

- All HR related policies were reviewed in accordance with the requirements of the New Local Government Staff Regulations.
- 85% of all risks identified were mitigated.
- The Municipal Public Account Committee (MPAC) met regularly on a quarterly basis to ensure that municipal funds are spent efficiently.

### **Challenges:**

- One of the challenges under this KPA included that scheduled community meetings were disrupted by community unrest, necessitating cancellation for the safety of community members and Councillors.

## COMPONENT E: SPATIAL RATIONALE & ENVIRONMENTAL MANAGEMENT

The overall score for this KPA is **50%** for the year under review.

Spatial Rationale's performance declined from 75% in 2021/2022 to 50% in the current 2022/2023. Nevertheless, our unwavering commitment to thoughtful spatial planning continues to drive our municipality towards an even more vibrant and sustainable future.

Performance under this KPA was as follows:

**Table 41: SREM Performance (2022/23)**

KPI Status	Spatial Rationale
Target Met (as planned and exceeded)	2
Target Not Met (below planned)	2
Total	4
% Targets met	50%
% Targets not met	50%

### *Performance Highlights for the 2022/23*

- All land use applications received were processed within 90 days.

### **Challenges:**

- Circulation and approval of building plans took more than agreed 28 days timeframe.

## COMPONENT F: LOCAL ECONOMIC DEVELOPMENT

The overall score for this KPA is **75%** for the year under review. The KPA had an overall achieved of 63% in the previous financial year, this shows an increased performance.

Performance under this KPA was as follows:

KPI Status	Local Economic Development
Target Met (as planned and exceeded)	6
Target Not Met (below planned)	2
Total	8
% Targets met	75%
% Targets not met	25%

### ***Performance Highlights for the 2022/23***

- The municipality has implemented 6 capacity building skills workshops aimed at SMME's and Cooperatives.

### ***Challenges:***

- Due to financial constraints, the Youth Summit had to be postponed until the Municipality secures the necessary funding to host it.

## **4.5. INTRODUCTION TO MUNICIPAL PERFORMANCE PREDETERMINED OBJECTIVES**

### **4.5.1. DEPARTMENTAL SDBIP**

The SDBIP serves to focus both the administration and Council on outputs by providing clarity of service delivery expectations, expenditure and revenue requirements, service delivery targets and performance indicators.

SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager and the Municipal Manager and Senior Managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as Municipal Entities, Public-Private Partnerships and service contracts. The SDBIP Template is therefore included in the report for each department as follows;

- Department: Office of the Municipal Manager
- Department: Budget and Treasury Office
- Department: Corporate Services
- Department: Technical Services and Infrastructure Development
- Department: Community Services and Social Services

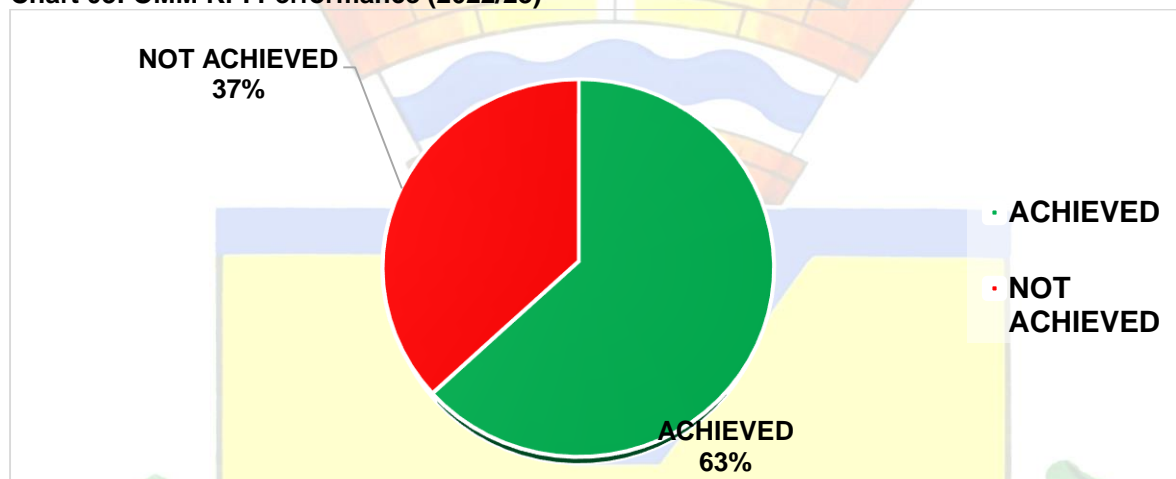
The Municipality had a total of 159 KPIs in the 2022/23 financial year; and achieved 109 of these set KPIs, which means 50 were not achieved; the Municipal performance towards achieving these set KPIs is further broken down departmentally as follows;



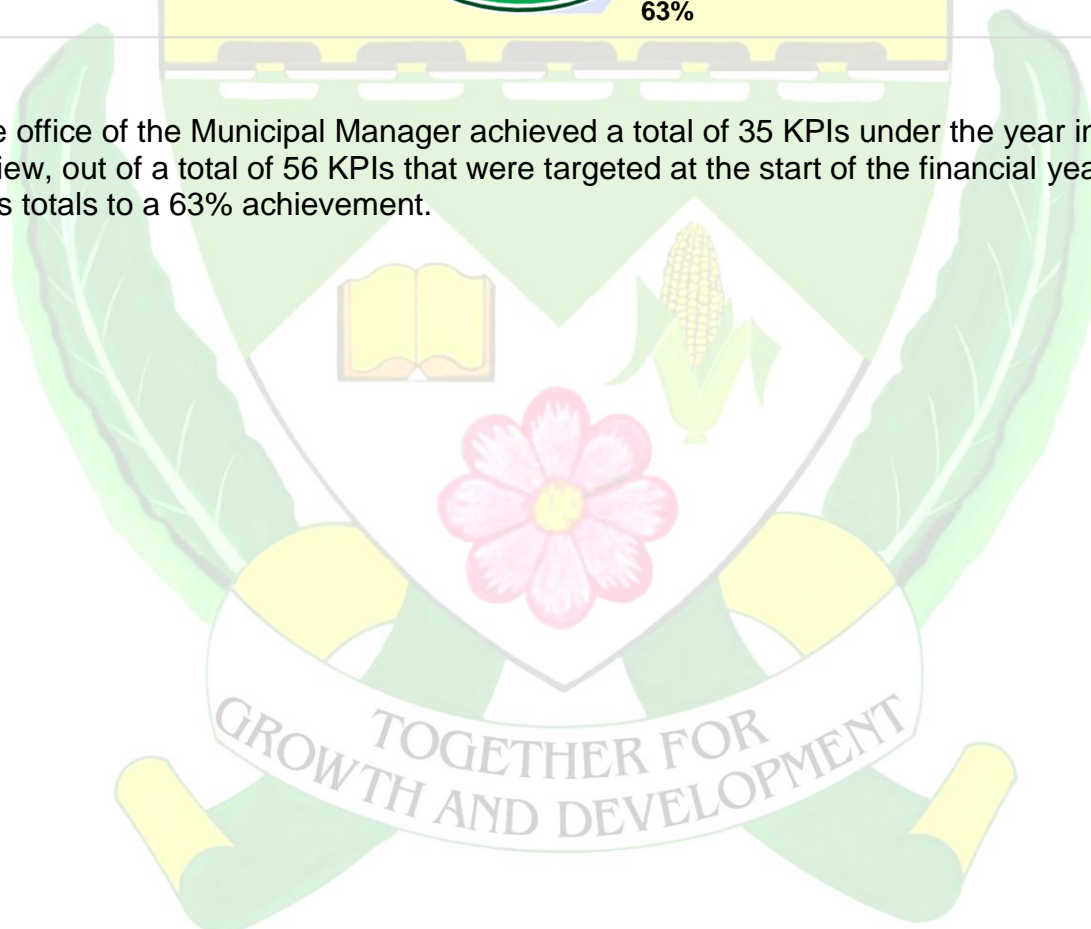
## A) OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for a total of **56 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows:

**Chart 03: OMM KPI Performance (2022/23)**

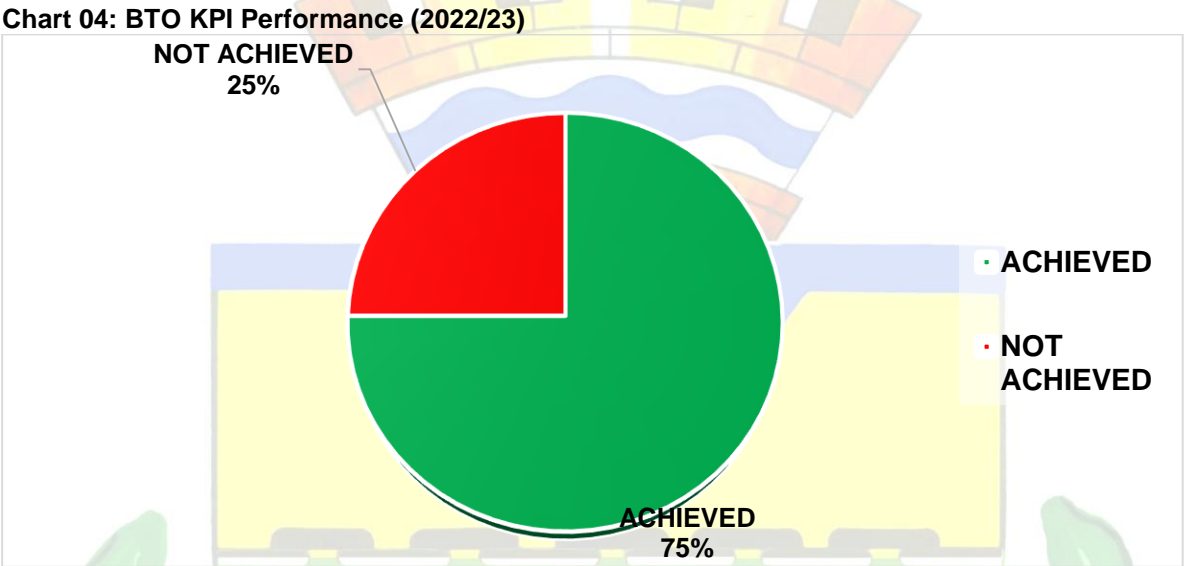


The office of the Municipal Manager achieved a total of 35 KPIs under the year in review, out of a total of 56 KPIs that were targeted at the start of the financial year. This totals to a 63% achievement.



**B) BUDGET AND TREASURY OFFICE**

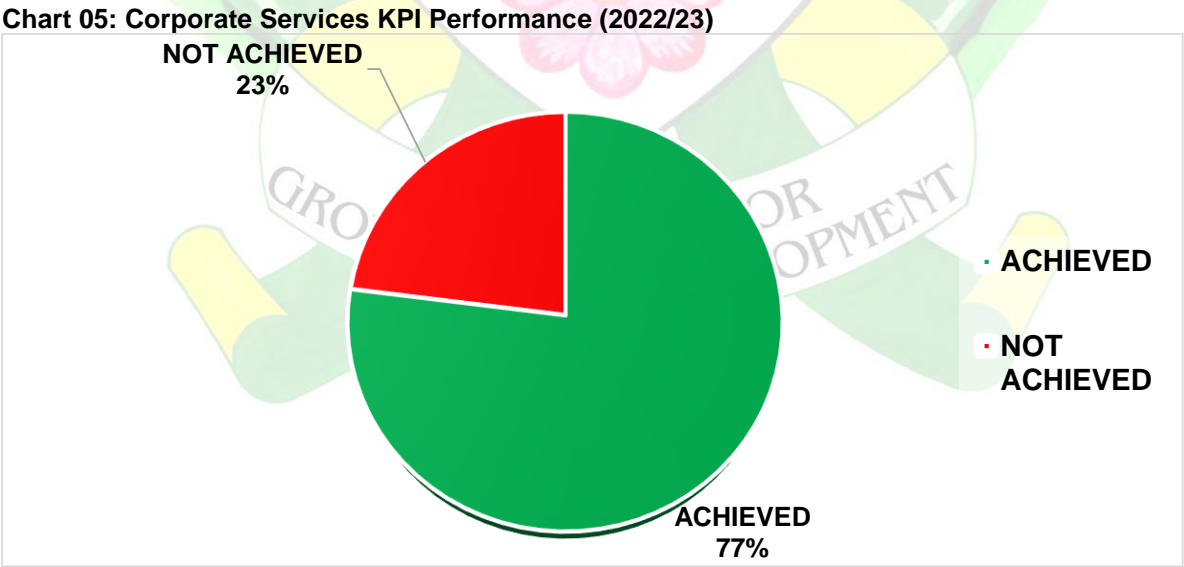
The Budget and Treasury Department is responsible for **28 KPI's** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.



The Budget and Treasury office achieved 21 KPIs, and 7 were not achieved; this translates to a total of 75% achievement in the 2022/23 FY.

**C) CORPORATE SERVICES**

The Corporate Services Department is responsible for a total of **26 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

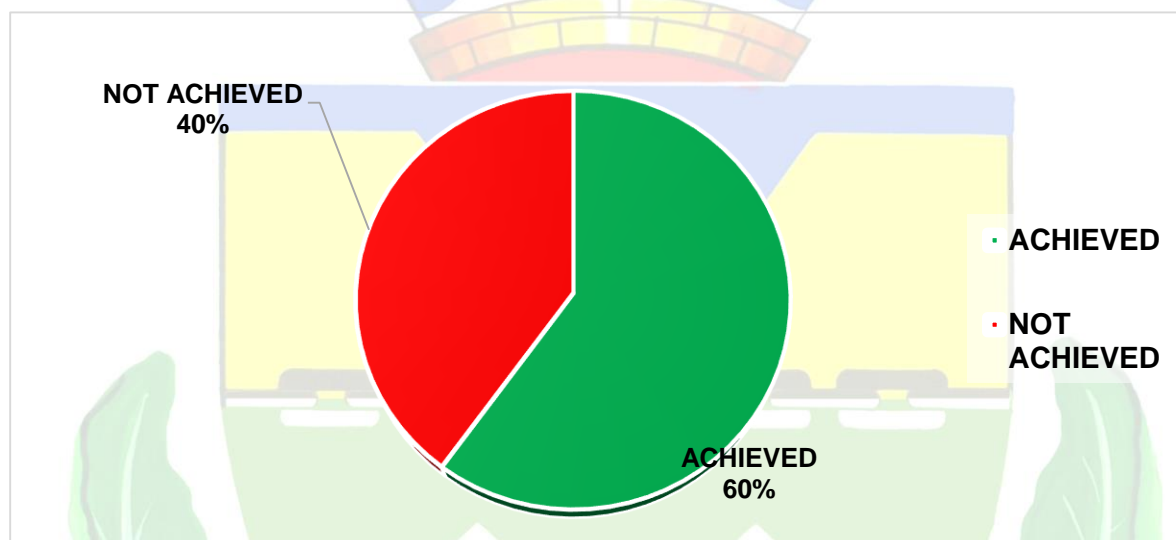


Corporate Services had 26 KPIs in the 2022/23 and all were eligible for assessment, 20 of which were achieved and 6 were not, this equals to a 77% achievement.

#### **D) TECHNICAL SERVICES & INFRASTRUCTURE DEVELOPMENT**

The Technical Services Department is responsible for a total of **25 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

**Chart 06: Technical Services KPI Performance (2022/23)**

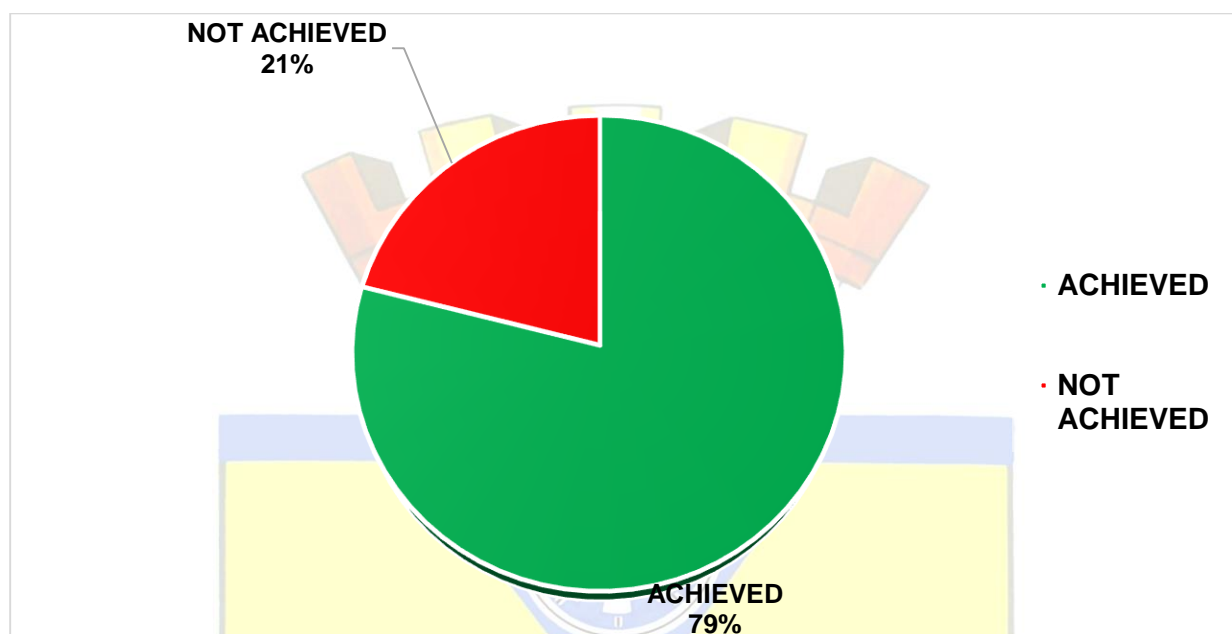


Technical Services and Infrastructure Development department had 25 KPIs and 15 were achieved, leaving 10 unachieved. This translate to 60% achievement under the TSID department in the 2022/23 financial year.

#### **E) COMMUNITY SERVICES AND SOCIAL SERVICES**

The Community and Social Services Department is responsible for a total of **24 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.



**Chart 07: Community Services and Social Services KPI Performance (2022/23)**

Community Services and Social Services had a total of 24 KPIs and 19 of which were achieved, this equals to an achievement of 79% of the KPIs set in the 2022/23 financial year.

## **COMPONENT B: INTRODUCTION TO THE MUNICIPAL PERSONNEL**

### **4.6. EMPLOYEE TOTALS, TURNOVER, AND VACANCIES**

To ensure that the organization's effectiveness is increased, the Municipality conducts a personnel needs analysis and makes the necessary provision in the Municipal Budget on an annual basis. To ensure effectiveness and efficiency within the organisation, the Municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. The necessary training is then provided depending on available financial resources.

Employees are also provided with all the necessary tools including, but not limited to, ICT tools, furniture, and machinery. Necessary policies, systems, procedures, and mechanisms are put in place to ensure organizational development. These include, but are not limited to, recruitment, selection, training, discipline, and the retention of staff. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential.

Positions at the entry level are posted in local media and on municipal notice boards, whereas vacancies at the management, skilled, and professional levels are advertised in both local and national media in accordance with the recruitment policies to ensure adequate coverage. Changes in business process and changing environment requires the organization to review its organizational structure on a regular basis. The key challenge that the municipality has is the attraction and retention of skills of Senior Management or Section 54A/56 level.

However, most of the said critical positions have been filled with the exception of the position of the Executive Director: Corporate Services and Executive Director: Technical Services. When vacancies like these arose, acting appointments were created. Internal employees are free to apply for promotional jobs if they meet the qualifications, abilities, and experience requirements.

When making appointments, the Employment Equity Plan is always taken into consideration. The time it takes to replace a vacant position depends on the scarcity of skills in the labour market, as well as the credentials and experience required. Three (03) months is the target turnaround time for filling a position.

Filling vacancies has been prioritized in order to reduce the vacancy rate, but the overall cost of the Operational Budget (OPEX) is being continuously watched to ensure that it does not exceed prescriptive levels or have a negative impact on service delivery funding. Resignations, retirement, death, and, to a lesser extent, dismissals are the main causes of turnover. Employees typically depart as a result of advancement in their careers. We have an active Employee Assistance Program in place, as well as wellness events for our employees throughout the year.

In addition, there is a long-term service recognition system in place that is applied in terms of service conditions and internal policies. Scarcity allowances and other retention measures have been imposed for selected positions. However, it is not always possible to keep scarce and skilled staff since rival institutions offer greater perks than we can pay.

**Table 12: Status quo of the Organogram 2022/23**

<b>VICTOR KHANYE: MP311</b>				
<b>DIRECTORATE</b>	<b>TOTAL # Posts</b>	<b>Filled</b>	<b>Vacant</b>	
			<b>Budgeted</b>	<b>Not Budgeted</b>
<i>Office of the Municipal Manager</i>	42	32	10	N/A
<i>Corporate Services</i>	49	29	20	N/A
<i>Budget &amp; Treasury</i>	74	58	17	N/A
<i>Social Services</i>	209	118	91	N/A
<i>Technical Services</i>	197	150	47	N/A
<b>Total</b>	<b>571</b>	<b>387</b>	<b>185</b>	<b>N/A</b>

**COMPONENT C: MANAGING THE MUNICIPAL WORKFORCE****4.7. MUNICIPAL WORKFORCE MANAGEMENT**

The municipality works to meet its IDP objectives by ensuring timely human resource provisioning through a thorough recruitment procedure. Employees are considered as assets to the municipality, and procedures are in place to guarantee that employees' capacity is built to support their career goals.

Short courses and long-term interventions in the form of study bursaries with reputable institutions of higher learning are offered for employee training and development. An Employment Equity Plan was designed and executed, and it is reviewed on a yearly basis. As mandated by the Employment Equity Act, annual updates on the plan's implementation are provided to the Department of Labour at the end of September.

Although most policies are in place and approved by council, compliance with policies and the ability of management to enforce compliance with policies remains a challenge and requires attention. Knowledge and understanding of policies by all staff also remain an issue of concern and therefore it becomes crucial to improve and accelerate awareness activities amongst staff. Workplace policies are developed and reviewed as and when necessary in consultation with labour as prescribed by the relevant pieces of labour legislation and signed collective agreements.

Special sick leave is taken in the case of injury on duty. An Occupational Health and Safety (OHS) Policy is in place and displayed at all workplaces. All departments are required to comply with this policy. Regular OHS inspections and safety audits are carried out during the year to identify any new health and safety risks.

Accidents and injuries on duty were investigated in terms of relevant legislation. Sick leave was monitored by HODs, and proper record was kept of all leave and sick leave taken. Where necessary, officials may be sent to medical practitioners appointed by Council for second opinions in cases of extended sick leave.

**COMPONENT D: CAPACITATING THE MUNICIPAL WORKFORCE****4.8. WORKFORCE CAPACITY DEVELOPMENT**

Employees are encouraged to pursue studies that will benefit their personal growth (PDP), individual performance, and ability to contribute successfully to the attainment of organizational goals using the Skills Needs Analysis forms to identify skills needs. The municipality is also utilizing the bursary program to subsidize employee skill development in areas where they are in short supply. The Training and Development programs includes Learnerships, Skills Program, Workshop and Seminars that will benefit the municipality by expanding workers' sets and empowering staff in leadership qualities. The Workplace Skills Plan describes the skills needs and the range of skills development interventions that an organization will use to address these needs. A Workplace Skills Plan is developed annually-May to April and is submitted to Local Government Sector Education Training Authority (LGSETA) on the 30<sup>th</sup> of April every year. The Municipality is required to provide Annually Training Report (ATR) as to how needs are addressed as defined in the Workplace Skills Plan also provides sector



information to the LGSETA specifically. The Training Budget was R1.800 000.00 for 2022/2023 Financial Year

## **COMPONENT E: MANAGING THE WORKFORCE EXPENDITURE**

### **4.9. WORKFORCE EXPENDITURE**

Workforce expenditures are managed by our finance department as part of the municipal operational expenditure budget. Salary, donations to medical aids, pension funds, housing scheme, UIF, group life insurance, travel, mobile, and data allowances are all part of it. All expenses should be in accordance with the agreed budget.

When the staffing plan is approved, money is set aside in the budget for all of the positions that can be filled, as well as the timelines for doing so. There are no unfunded positions that can be filled. The municipality guarantees that it hires people who are capable of providing high-quality service in order to meet its strategic objectives.

Expenditure in this regard has been stable compared to previous years considering the fact that VKLM has not yet implemented Task Job Evaluation which has the potential of increasing workforce expenditure. Total employee related cost is at R18 5424 621.00 and this expenditure is equivalent to 23% of the total municipal operational expenditure.

### **4.10. DISCLOSURES OF FINANCIAL INTERESTS**

Officials declared their financial interests for 2022/23 financial year and declarations are done annually by all staff and councillors in order to foster a culture of integrity and accountability and to give high priority towards the needs of communities as per the code of conduct for both officials and councillors in terms of the Municipal Systems Act.

## CHAPTER 5 – FINANCIAL PERFORMANCE

### 5. FINANCIAL OVERVIEW

This chapter contains information regarding financial performance and highlights specific accomplishments. 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 total revenue of the Municipality is sitting at R691 145 278 and the expenditure for 2022/23 accounts for R821 370 069 which indicates an overspending of expenditure level of 101%. It should be taken note that the budget was compiled on the assumption that the payment rate will be 75%. In respect of council's employee cost expenditure is at 109% of the Year-to-date (YTD) budgeted amount. In respect of Councillor Allowances, the expenditure is at 95%. Council's and Officials travelling costs is at 88% of the Year-to-date (YTD), the cost containment measures should be adhered to in order to reduce the travelling costs.

With reference to council's overall cash flow situation it can be reported that it is managed carefully to ensure financial viability. Council is grant dependent and expenditure has to be strict monitored. The cash flow analysis for the twelve month reflects that Council will not be in the position to fulfil its obligations, this have resulted in non-payment of creditors such as Eskom and Rand water.

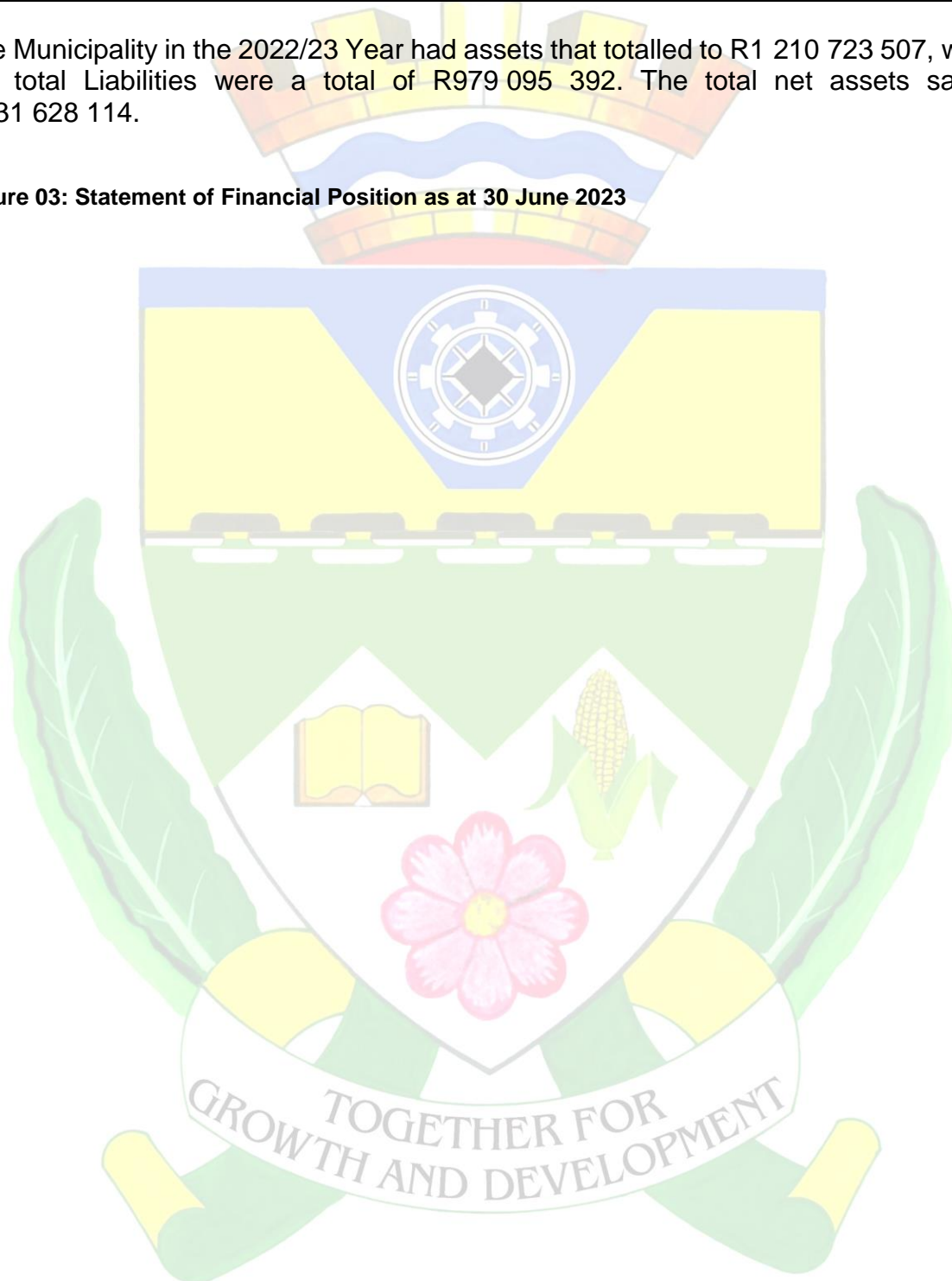
The cash flow has reached critical levels due to the over spending that occurred during the financial year, it could result in fruitless and wasteful expenditure being incurred due to insufficient cash flow to pay creditors on time. Eskom and Rand water debt has reached sky high total amount of R1 billion. Debtor's payment rate is at 68% for June 2023. Sufficient provision was made for debt impairment, however additional controls need to be implemented. The biggest portion of council's debtor's balance is older than 120 days. Council total debt for the year that ended on 30 June 2023 is R869 398 345.

Capital expenditure as at June 2023 was at R52 976 000 (1% increase). The cashbook balance (cash on hand) at month-end was R6.6 Million rand which excludes the Equitable Share and other Grants that were received in 2023.

## COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

The Municipality in the 2022/23 Year had assets that totalled to R1 210 723 507, while the total Liabilities were a total of R979 095 392. The total net assets sat at R231 628 114.

**Figure 03: Statement of Financial Position as at 30 June 2023**





**Victor Khanye Local Municipality**

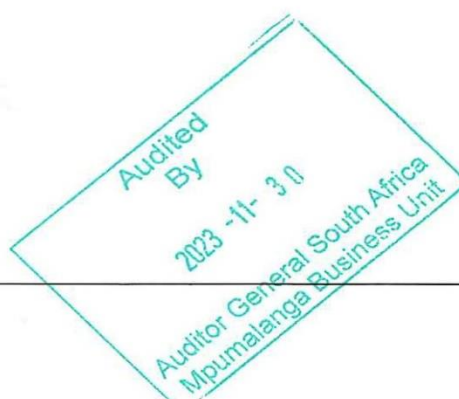
Annual Financial Statements for the year ended 30 June 2023

**Statement of Financial Position as at 30 June 2023**

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	12	2 121 315	2 715 455
Receivables from exchange transactions	7&9	185 586 013	102 453 117
Receivables from non-exchange transactions	8&9	82 280 539	70 231 427
VAT receivable	40	94 145 120	68 966 240
Cash and cash equivalents	6	6 653 290	5 605 153
		<b>370 786 277</b>	<b>249 971 392</b>
<b>Non-Current Assets</b>			
Investment property	2	83 958 749	85 903 931
Property, plant and equipment	3	863 252 574	873 709 840
Intangible assets	4	63 840	63 840
Heritage assets	5	1 074 503	1 074 503
		<b>948 349 666</b>	<b>960 752 114</b>
<b>Total Assets</b>		<b>1 319 135 943</b>	<b>1 210 723 507</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	53	3 385 251	-
Payables from exchange transactions	14	1 146 820 536	917 902 896
Consumer deposits	13	1 652 291	1 592 136
Employee benefit obligation	11	1 985 454	2 303 512
Provisions	10	2 376 058	2 895 628
		<b>1 156 219 590</b>	<b>924 694 172</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	53	4 767 853	-
Employee benefit obligation	11	40 603 194	42 837 425
Provisions	10	9 880 221	11 563 795
		<b>55 251 268</b>	<b>54 401 220</b>
<b>Total Liabilities</b>		<b>1 211 470 858</b>	<b>979 095 392</b>
<b>Net Assets</b>		<b>107 665 085</b>	<b>231 628 114</b>
Accumulated surplus		107 665 085	231 628 114
<b>Total Net Assets</b>		<b>107 665 085</b>	<b>231 628 114</b>

\* See Note 38

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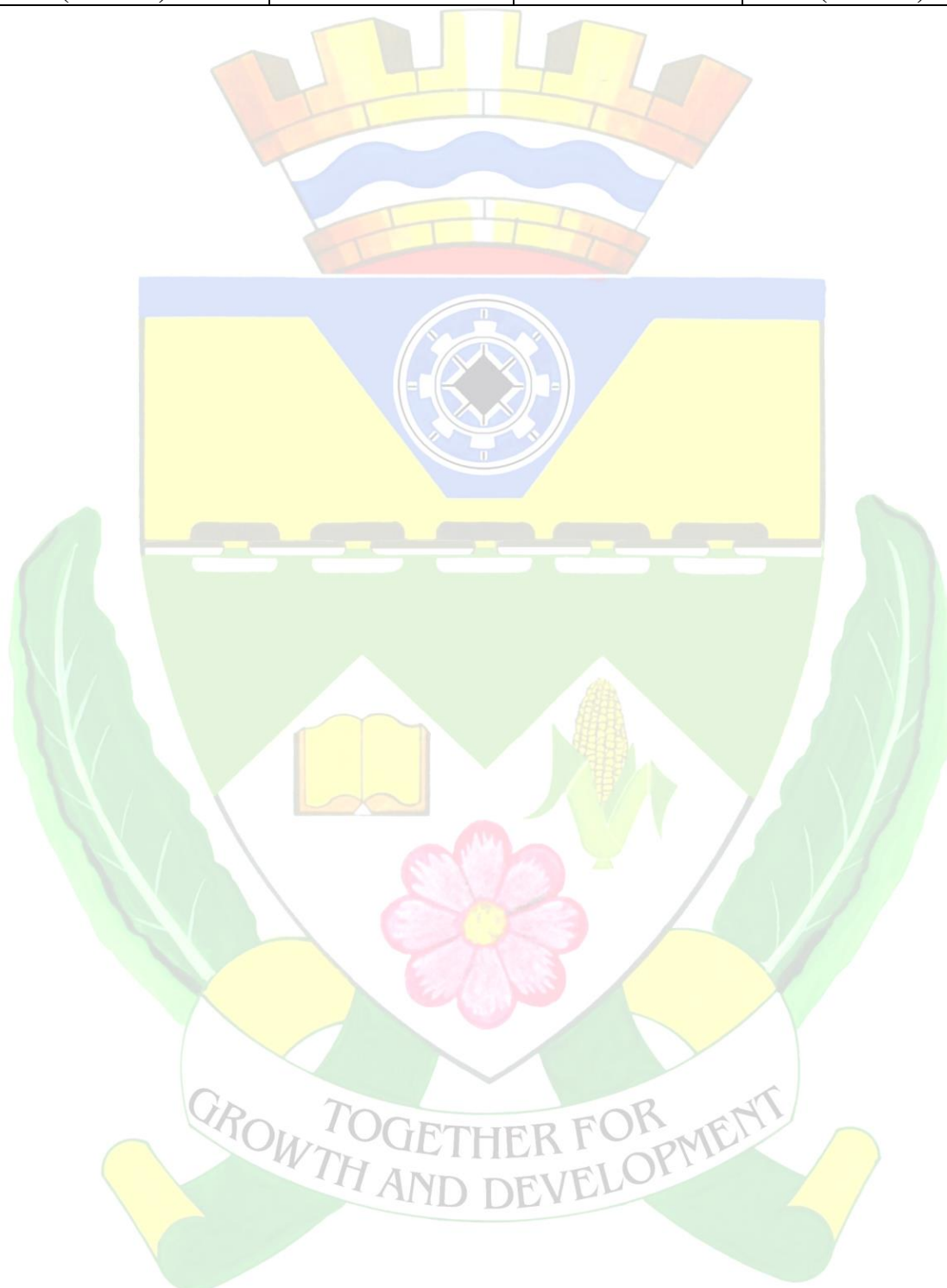


Victor Khanye Local Municipality in the 2022/23 FY generated a revenue of R468 730 000, and the total expenditure was R675 542 000. This translate in a deficit of R206 811 000. The revenue of R153 242 000 was generated from service charges – electricity services.

**Table 43: Total Revenue & Expenditure**

<b>RENU</b>			
<b>2021/22 Audited Outcome</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>2022/23 Budget Year</b>

<b>548 503</b>	<b>703 238</b>	<b>775 801</b>	<b>468 730</b>
<b>EXPENDITURE</b>			
<b>800 555</b>	<b>738 496</b>	<b>810 530</b>	<b>675 542</b>
<b>SURPLUS/DEFICIT</b>			
<b>(223 696)</b>	<b>12 717</b>	<b>18 247</b>	<b>(206 811)</b>

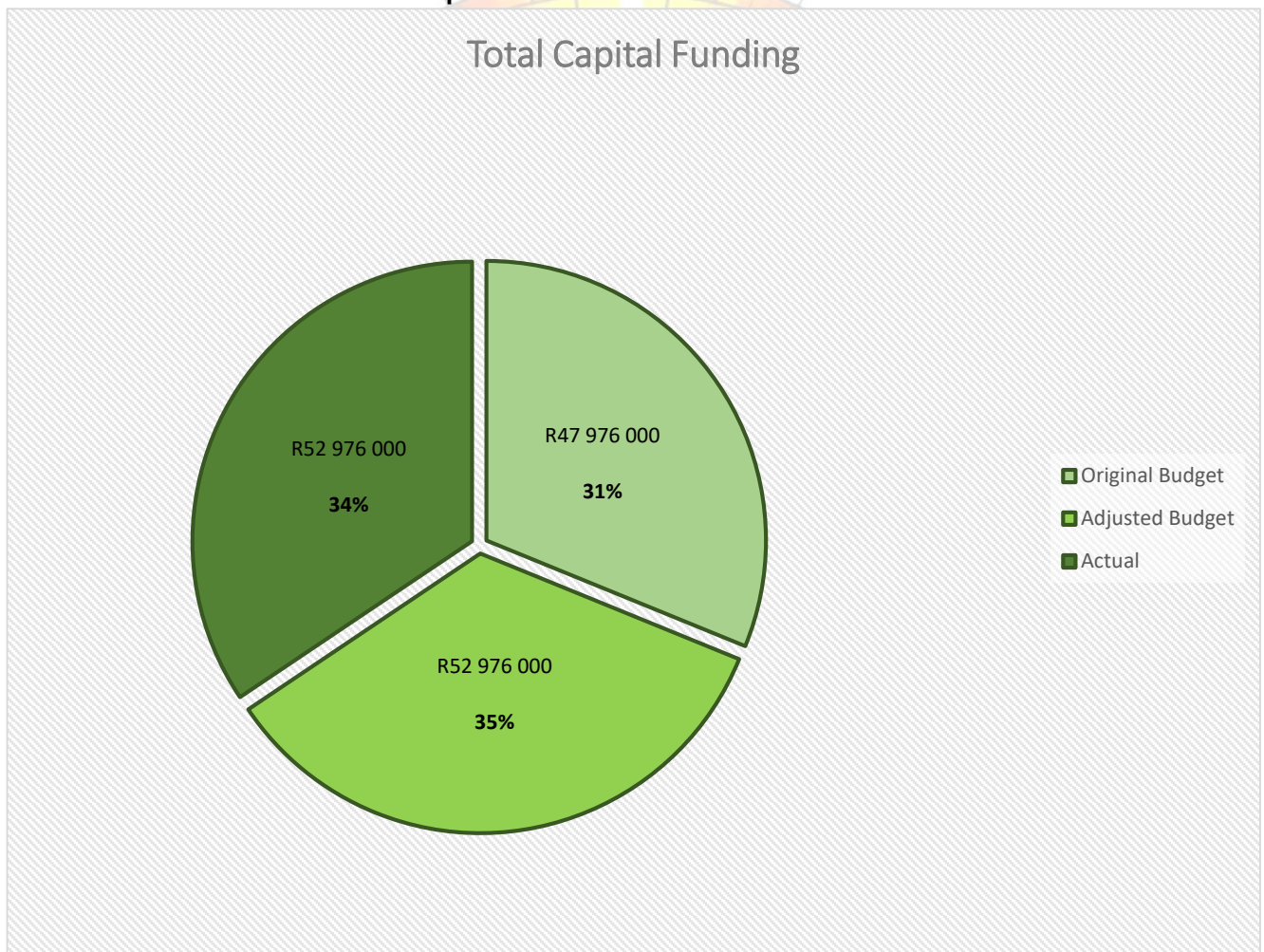


## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### CAPITAL EXPENDITURE

As depicted in the graph below, the capital expenditure of the original capital budget of R 47 976 000 million which was increased to R 52 976 000 in the final adjustments budget. The actual capital expenditure of R 52 976 000 million represented 110% of the original budget and 100% of the final adjustments budget.

Chart 08: Actual Revenue and Expenditure 2022/23





## 5.1. CAPITAL SPENDING ON 5 LARGEST PROJECTS

The five largest capital expenditure projects for 2021/2022 and 2022/23 financial year(s) are depicted in the table below.

**Table 44: Spending on Largest Projects**

PROJECT NO.	PROJECT TYPE	PROJECT NAME	SUPPLIER	TOTAL SPENT
T/RW07/WISG/2022/ 2023	CAPITAL - WSIG	Provision of civil engineering and construction of water related infrastructure in reducing the Non-revenue water in botleng township in VKLM	DIPHALA	19 999 999.82
T/RW01/MIG/P7/2022/2023	CAPITAL - MIG	Development of portion of farm middleburg 231 –ir no 1202 sanitation services in VKLM	RIENDZO RINENE	9 468 349.81
T/TR01/MIG/P3/2021/2022	CAPITAL - MIG	Development of portion of farm middleburg 231 –ir no 1202 sanitation services in VKLM	KGALEMA LENYATSO	8 79 451.50
T/RWW02/MIG/P2/2020/2021	CAPITAL - MIG	tarring and paving of road	KTN Consulting engineers & projects management	3 160 280.57
T/TECH/ELEC-01/05/2021/2022	CAPITAL - MIG	Refurbishment of intake at Delmas North Substation	Mapulaneng electrical	2 534 129.54

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.1. CASH FLOW STATEMENT

Cash flow is of vital importance to the financial health of a municipality. The net cash inflows from operating activities (Sub-total A) generated a positive cash inflow of R46 million. The net cash outflows of investing activities (Sub-total B) resulted in a cash outflow of minus (R 53) million. The net cash inflows from financing activities generated a positive cash inflow of minus (R 8) million. Overall the Municipality had ended the financial year with cash and cash equivalents to the amount of R 6.6 million.

Table 45: Cash Flow and Investments

#### Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

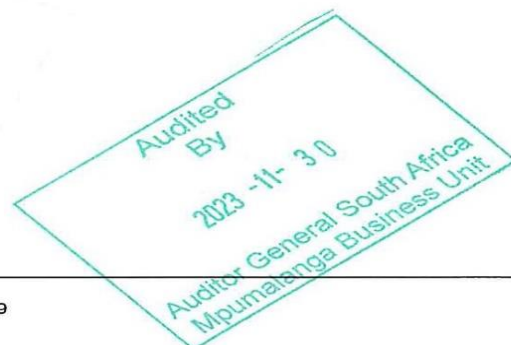
#### Cash Flow Statement

Figures in Rand

	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		136 029 364	230 894 778
Grants		184 204 000	132 031 743
Rates and fines		93 381 880	80 039 512
Interest income		38 561 966	402 128
Other receipts		5 432 086	2 188 653
Penalties imposed		17 377 204	10 335 077
		474 986 545	455 891 891
<b>Payments</b>			
Compensation of employees and councillors,		(182 024 904)	(170 131 463)
Suppliers, service providers and others		(158 789 698)	(197 934 934)
Finance costs		(87 868 628)	(48 399 925)
		(428 683 228)	(416 466 322)
<b>Net cash flows from operating activities</b>	33	<b>46 303 271</b>	<b>39 425 569</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(53 408 235)	(26 538 108)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		-	(714 459)
Finance lease payments		8 153 104	-
<b>Net cash flows from financing activities</b>		<b>8 153 104</b>	<b>(714 459)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 048 140</b>	<b>12 173 002</b>
Cash and cash equivalents at the beginning of the year		5 605 153	3 767 229
<b>Cash and cash equivalents at the end of the year</b>	6	<b>6 653 293</b>	<b>15 940 231</b>

The accounting policies on pages 14 to 38 and the notes on pages 39 to 89 form an integral part of the annual financial statements.

\* See Note 38



## 5.2. BORROWING AND INVESTMENTS

### 5.2.1. EXTERNAL BORROWINGS

The municipality does not have any external borrowings for the 2022/2023 financial year.

### 5.2.2. PUBLIC PRIVATE PARTNERSHIPS

The municipality had no public private partnerships as per the municipal public-private partnership regulations for the year under review.

### 5.2.3. GRANTS

Victor Khanye Local Municipality received R 142 million in 2021/22 and increased to the R184 million in 2022/23 allocated from Government (National and Provincial). These include both capital and operational revenue. From the table below shows that EPWP grant was overspent.

Table 46: Grant Allocation

Grants	Gazetted amount	Total Received	YTD spending	% spent on received amt
Equitable share	127 094 000	127 094 000	127 094 000	100%
FMG	1 850 000	1 850 000	1 850 000	100%
EPWP	2 284 000	2 284 000	10 846 031	475%
MIG	27 976 000	27 976 000	27 976 000	100%
WSIG	20 000 000	20 000 000	20 000 000	100%
INEP	5 000 000	5 000 000	5 000 000	100%





### 5.3. ASSET MANAGEMENT

Victor Khanye Local Municipality has a total carrying value of R 907 774 263.82

Table 47: Asset Register

No.	Category	Opening Cost	Closing Cost	Closing Depreciation	Closing Impairment	Closing Carrying Value	Closing Carrying Amount As per GL	Difference
1	Buildings	132 895 714,35	148 609 479,83	- 83 182 582,93	- 4 574 407,22	60 852 489,68		
2	Computer equipment	5 242 258,60	5 370 904,90	- 3 926 733,48	- 72 387,72	1 371 783,70		
3	Finance lease assets	-	8 898 845,00	- 2 452 612,50	-	6 446 232,50		
4	Fire Equipment	1 601 302,97	1 587 802,97	- 1 142 312,23	- 1 418,32	444 072,42		
5	Furniture and office equipment	6 822 932,05	6 588 078,83	- 4 460 540,91	- 36 465,25	2 091 072,67		
6	Infrastructure Assets - Electricity	233 265 736,50	241 714 227,86	- 147 996 194,47	- 592 999,60	93 125 033,79		
7	Infrastructure Assets - Roads	534 636 729,69	534 313 429,08	- 349 547 568,54	- 6 048 290,52	178 717 570,02		
8	Infrastructure Assets - Sanitation	376 768 689,78	370 523 235,29	- 220 725 508,75	- 828 060,63	148 969 665,91		
9	Infrastructure Assets - Solid Waste Dispos	15 605 982,32	12 476 301,32	- 1 902 751,51	-	10 573 549,81		
10	Infrastructure Assets - Water	426 745 079,86	432 468 927,90	- 267 267 418,59	- 1 536 433,98	163 665 075,33		
11	Land	162 341 597,20	162 341 597,20	-	-	162 341 597,20		
12	Other machinery and equipment	4 973 436,44	5 416 210,85	- 3 673 207,05	- 48 235,03	1 694 768,77		
13	Transport assets	37 235 708,18	37 693 972,43	- 23 943 758,31	- 7 359,37	13 742 854,75		
		<b>1 938 135 167,94</b>	<b>1 968 003 013,46</b>	<b>- 1 110 221 189,27</b>	<b>- 13 746 057,64</b>	<b>844 035 766,55</b>	<b>844 264 499,25</b>	<b>-228 732,70</b>
No.	Category	Opening Cost	Closing Cost	Closing Depreciation	Closing Impairment	Closing Carrying Value	Closing Carrying Amount As per GL	Difference
14	Heritage assets	1 102 112,01	1 102 112,01	-	- 27 609,38	1 074 502,63		
		<b>1 102 112,01</b>	<b>1 102 112,01</b>	<b>-</b>	<b>- 27 609,38</b>	<b>1 074 502,63</b>	<b>1 074 502,63</b>	<b>-</b>
No.	Category	Opening Cost	Closing Cost	Closing Ammortisation	Closing Impairment	Closing Carrying Value	Closing Carrying Amount As per GL	Difference
15	Intangible assets	608 771,08	608 771,08	-	- 544 931,08	63 840,00		
		<b>608 771,08</b>	<b>608 771,08</b>	<b>-</b>	<b>- 544 931,08</b>	<b>63 840,00</b>	<b>63840,02</b>	<b>- 0,02</b>
No.	Category	Opening Cost	Closing Cost	Closing Depreciation	Closing Impairment	Closing Carrying Value	Closing Carrying Amount As per GL	Difference
16	Investment properties	96 456 941,57	96 456 941,57	- 33 148 460,70	- 708 327,11	62 600 153,76		
		<b>96 456 941,57</b>	<b>96 456 941,57</b>	<b>- 33 148 460,70</b>	<b>- 708 327,11</b>	<b>62 600 153,76</b>	<b>62 600 153,76</b>	<b>-</b>
		<b>2 036 302 992,60</b>	<b>2 066 170 838,12</b>	<b>- 1 143 369 649,99</b>	<b>- 15 026 925,21</b>	<b>907 774 263,82</b>		
		<b>2 036 302 992,60</b>	<b>2 066 170 838,12</b>	<b>- 1 143 369 649,97</b>	<b>- 15 026 925,21</b>	<b>907 774 262,94</b>		

### 5.3.1. DEBTOR'S AGE ANALYSIS

Debtor's Age Analysis for the month ended 30 June 2023, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to R869 million of which consumer debtor's amount to R668 million and sundry debtors amount to R131 million. Creditors to the amount of R1 billion were not paid during the month of June 2023.

**Table : Debtor's Age Analysis**

MP311 Victor Khnaye - Supporting table for SC3 Debtors Age Analysis - M12 2022_23														
Description		Budget Year 2022/23												
	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	5 483	3 432	3 195	201 755	-	-	-	-	213 865	201 755	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	11 918	2 095	1 067	14 366	-	-	-	-	29 446	14 366	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	7 648	4 610	3 461	140 384	-	-	-	-	156 103	140 384	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	987	536	459	18 307	-	-	-	-	20 290	18 307	-	-	
Receivables from Exchange Transactions - Waste Management	1600	989	555	501	19 887	-	-	-	-	21 932	19 887	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	5 116	4 845	4 850	151 244	-	-	-	-	166 056	151 244	-	-	
Interest on Arrear Debtor Accounts	1810	1 561	1 623	1 565	122 896	-	-	-	-	127 645	122 896	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	827	883	753	131 600	-	-	-	-	134 062	131 600	-	-	
Total By Income Source	2000	34 530	18 579	15 851	800 439	-	-	-	-	869 398	800 439	-	-	
2019/20 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	365	701	589	14 432	-	-	-	-	16 087	14 432	-	-	
Commercial	2300	5 632	2 731	1 509	48 534	-	-	-	-	58 405	48 534	-	-	
Households	2400	13 713	10 825	10 743	653 566	-	-	-	-	688 847	653 566	-	-	
Other	2500	14 819	4 323	3 010	83 907	-	-	-	-	106 059	83 907	-	-	
Total By Customer Group	2600	34 530	18 579	15 851	800 439	-	-	-	-	869 398	800 439	-	-	
Notes														

Notes

## COMPONENT D: OTHER FINANCIAL MATTERS

Victor Khanye Local Municipality has ensured that it improves its financial management through the implementation of relevant internal controls and adhering to legislation. Financial reporting – finance reports are presented to the Finance Portfolio Committee on a monthly basis. All statutory returns have been submitted to National Treasury on a monthly, quarterly, bi-annually and annually basis. S71, S52 (d) & S72 reports are compiled and submitted to National Treasury

### 5.4. SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2022/2023 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. Victor Khanye Local Municipality's SCM Policy complies with the regulatory framework.

The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive and cost-effective. The Municipality applies the bid committee system for procurement above R 200,000 and for the procurement of long term contracts.

The bid committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively. The bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

#### 5.4.1. GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from the standards.

The adoption of the standards and interpretation thereof did not have a significant impact on the financial position, financial performance or cash flows of the Municipality except for the disclosures in Note 48 of the 2021/2022 Annual Financial Statements.



## CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

In the tables below the Auditor-General's opinion on the last two financial years' annual Financial statements and annual performance report is discussed.

### 6.1. AUDITOR GENERAL REPORT 21/22FY

In the 2021/22 financial year, the Auditor General expressed a **Qualified Audit Opinion** for Victor Khanye Local Municipality.

The basis for qualified opinion is as follows:

#### PROPERTY, PLANT AND EQUIPMENT

- ❖ Items of property, plant and equipment in accordance with GRAP 17, Property plant and equipment were not recognized by the Municipality.
- ❖ Some movable assets listed in the statement of financial position weren't recorded.
- ❖ Impairment on completed property, plant and equipment was not determined by calculating the recoverable service amount in accordance with GRAP 21, Impairment of non-cash generating assets

#### TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

- ❖ provision for customer service debtors and the provision for other receivables in accordance with GRAP 104, Financial Instruments not calculated.

#### STATUTORY RECEIVABLES

- ❖ The municipality did not calculate the provision for statutory receivables in accordance with GRAP 108, Statutory Receivables

#### BULK PURCHASES

- ❖ insufficient appropriate audit evidence for bulk purchase as the municipality did not maintain proper accounting records.

## IRREGULAR EXPENDITURE

- ❖ The municipality did not have adequate controls to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d) of the MFMA.

## COMMITMENTS

- ❖ The municipality did not disclose all commitments on active contracts as commitments of the municipality, in accordance with GRAP 17, Property plant and equipment.

## PRIOR PERIOD ERRORS AND RECLASSIFICATIONS

- ❖ The municipality did not correctly make adjustments for prior period errors relating to irregular expenditure, accumulated surplus and debt write off in accordance with GRAP 3, Accounting policies, estimates and errors.

## MATERIAL LOSSES – WATER

- ❖ material water losses.

## OTHER MATTERS RAISED WERE AS FOLLOWS:

- ❖ Unaudited disclosure note.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### VARIOUS INDICATORS

The evidence and method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions:

- ❖ *Number of formal businesses with access to waste collection utilizing mass containers as per the approved schedule per week.*
- ❖ *Number of formal streets with street cleaning services per week as per schedule*
- ❖ *Number of formal household areas with refuse collection services per week as per approved schedule (including repeated areas) (GKPI)*
- ❖ *Number of spots cleared of illegal dumping per quarter as per schedule (including repeated areas).*

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### ANNUAL FINANCIAL STATEMENTS

Uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

### PROCUREMENT AND CONTRACT MANAGEMENT

- ❖ Contravention of SCM regulation 36(1).
- ❖ Declaration of interest not submitted by some awarded service providers.
- ❖ Contract performance and monitoring measures were not in place to ensure effective contract management.

### EXPENDITURE MANAGEMENT

- ❖ Steps were not taken to prevent irregular, unauthorized, fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA.

### REVENUE MANAGEMENT

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

### CONSEQUENCE MANAGEMENT

- ❖ Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA.

### ASSETS MANAGEMENT

- ❖ An effective system of internal control for assets including an asset register was not in place, as required by section 63(2)(c) of the MFMA.
- ❖ An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2) (a) of the MFMA.
- ❖ Capital assets were sold that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.
- ❖ Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services;
- ❖ considered the fair market value of the assets and the economic and community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.



## STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

- ❖ The performance management system and related controls were not maintained and were inadequate as it did not describe how the performance measurement review processes should be conducted and managed.

## HUMAN RESOURCE MANAGEMENT

- ❖ Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA

## 6.2. AUDITOR GENERAL REPORT 22/23FY

Report of the auditor-general to Mpumalanga Provincial Legislature and the council on Victor Khanye Local Municipality

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### QUALIFIED OPINION

1. I have audited the financial statements of the Victor Khanye Local Municipality set out on pages. to ..., which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Victor Khanye Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for qualified opinion

#### PROPERTY, PLANT AND EQUIPMENT

3. The municipality did not recognise all its property, plant and equipment in accordance with GRAP 17, *property plant and equipment*. Land belonging to the municipality was not accounted for in the statement of financial position, while land that is no longer registered in the name of the municipality was still included in the accounting records of the municipality. Consequently, I was unable to determine the full extent of the misstatement of land stated at R162,3 million (2022:

R162,3 million) included in Note 3, to the financial statements as it was impracticable to do so.

4. The municipality did not accurately assess, at reporting date, for the prior year whether there was an indication that work in progress for water infrastructure, as presented in note 3 to the financial statements may be impaired in accordance with GRAP 21, *impairment of non-cash generating assets*. As a result, the comparative figures for accumulated depreciation and impairment was understated and the carrying value of the water infrastructure was overstated. This also resulted in an understatement of the impairment loss on property, plant and equipment as stated in the statement of financial performance. I was unable to quantify the full extent of the overstatement of water infrastructure and the understatement of impairment loss on property, plant and equipment, for the comparative figure as it was impracticable to do so.
5. The municipality did not review useful lives of property, plant and equipment for the prior year in accordance with GRAP 17, property, plant and equipment. Assets with zero useful life were in use and assessed as in good condition as at reporting date. Additionally, assets were depreciated not in line with the assets management accounting policy of the municipality. Consequently, I was unable to determine the full extent of the misstatement of property, plant and equipment, for the comparative stated at R873,7 million in note 3 to the financial statements, and the depreciation of property, plant and equipment expense for the comparative stated at R48,7 million in note 26 to the financial statements as it was impracticable to do so.
6. Additionally the municipality did not accurately disclose the restatements of corresponding amounts for property plant and equipment, depreciation and amortisation and accumulated surplus as required by GRAP 3, *accounting policies, changes in accounting estimates and errors*. The municipality did not accurately disclose the restatements of corresponding amounts as disclosed in note 38 , to the financial statements, the restatement was made to rectify a previous year misstatement but it could not be substantiated by supporting audit evidence. Consequently, I was unable to determine whether any adjustments were necessary to the prior year adjustments note in the financial statements.

## BULK PURCHASES

7. I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality did not maintain proper accounting records. I could not confirm bulk purchases expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to bulk purchases stated at R167,2 million (2022: R171,1 million), trade payables stated at R1 147 million (2022: R917,9 million) in note 14 to the financial statements. This also had an impact on the deficit and on the accumulated surplus for the period.

## FRUITLESS AND WASTEFUL EXPENDITURE

8. The municipality did not have adequate controls to identify and disclose all fruitless and wasteful expenditure incurred during the year, as required by section 125(2)(d) of the MFMA. This resulted in the understatement of fruitless and wasteful expenditure. I was unable to quantify the full extent of the understatement to fruitless and wasteful expenditure of R87,1 million as disclosed in note 35 to the financial statements as it was impracticable to do so.

## IRREGULAR EXPENDITURE

9. The municipality did not have adequate controls to identify and disclose all irregular expenditure incurred during the year, as required by section 125(2)(d) of the MFMA. This resulted in the understatement of irregular expenditure. I was unable to quantify the full extent of the understatement to irregular expenditure of R214,3 million as disclosed in note 36 to the financial statements as it was impracticable to do so.

## CONTEXT FOR OPINION

10. 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.
11. 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.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## EMPHASIS OF MATTER

### MATERIAL LOSSES / IMPAIRMENTS – CONSUMER DEBTORS

13. As disclosed in note 9 to the financial statements, material losses of R641,6million (2022: R672,7million) was incurred as a result of an allowance for provision for impairment on consumer debtors.

### MATERIAL LOSSES – ELECTRICITY

14. As disclosed in note 28 to the financial statements, material electricity losses of R33,7million (2022: R52,7 million) was incurred, which represents 32 % (2022: 43 %) of total electricity purchased.

### MATERIAL LOSSES – WATER

15. As disclosed in note 28 to the financial statements, material electricity losses of R47, 3 million (2022: R51,1 million) was incurred, which represents 68% (2022: 70%) of total water purchased.



## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

16. The municipality is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA; and for such internal control as the municipality determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
17. In preparing the financial statements, the municipality 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

18. 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.
19. 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

20. 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 area presented in the annual performance report. The municipality is responsible for the preparation of the annual performance report.
21. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page numbers	Purpose
KPA 1 – basic services delivery and infrastructure development	x-x	Improve provision of basic service delivery to the residents of VKLM

22. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

23. 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 reasons provided for any over- or underachievement of targets.

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

25. The material findings on the reported performance information for the selected key performance area are as follows:

#### KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

26. Based on audit evidence, the actual achievement for three indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially more.

Performance indicator description	Planned indicator	Reported achievement
% of households with access to basic levels of sanitation by 30 June 2023 - (GKPI).	100%	100%
% of households with access to basic levels of water by 30 June 2023 - (GKPI).	100%	100%
Number of households earning less than R4000 per month provided with access to free basic services by 30 June 2023 (GKPI.)	500	544

#### Various indicators

27. Adequate processes had not been established to consistently measure and reliably report on these indicators. Consequently, I could not confirm the reliability of the reported achievement against the target for the following indicators.

Performance indicator description	Planned indicator	Reported achievement
Number of formal streets with street cleaning services per week as per schedule	22	22
Number of formal household areas with refuse collection services per week as per approved schedule (inclusive of the repeated areas)	25	25
Number of spots cleared of illegal dumping per quarter as per schedule (including repeated areas)	30	26

#### Percentage of households with access to basic levels of electricity by 30 June 2023.

28. An achievement of 100% was reported against a target of 100%. However, some supporting evidence was not provided for auditing; and, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

#### OTHER MATTERS

29. I draw attention to the matter below.

#### ACHIEVEMENT OF PLANNED TARGETS

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



## MATERIAL MISSTATEMENTS

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 1: basic service delivery. Management did not correct the misstatements and I reported material findings in this regard.

### REPORT ON COMPLIANCE WITH LEGISLATION

32. 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 municipality is responsible for the municipality's compliance with legislation.
33. 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.
34. 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.
35. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

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

## ASSET MANAGEMENT

37. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
38. Capital assets were permanently disposed of that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.
39. Capital assets were disposed of without the municipal council having, in a meeting open to the public, decided on whether the assets were still needed to provide the minimum level of basic municipal services and considered the fair market value of the assets and the economic and

community value to be received in exchange for the assets, as required by section 14(2)(a) and 14(2)(b) of the MFMA.

## EXPENDITURE MANAGEMENT

40. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R10,8 million, as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
42. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R87,1 million, as disclosed in note 35 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged due to over accounts.
43. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and authorisation of funds, as required by section 65(2)(a) of the MFMA.
44. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

## CONSEQUENCE MANAGEMENT

45. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
46. Some of the losses resulting from irregular expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

## PROCUREMENT AND CONTRACT MANAGEMENT

47. Some of the contracts were made to bidders other than those recommended by the bid evaluation committee without ratification by the accounting officer, as required by supply chain management (SCM) regulation 29(5)(b).
48. Some of goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
49. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service (Sars) to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
50. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers

who, abused the SCM system of the municipality.

51. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.
52. Invitation to tender for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation (PPR) 8(2). Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year.

## STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

53. The performance management system and related controls were inadequate, as it did not describe how the performance measurement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

### OTHER INFORMATION IN THE ANNUAL REPORT

54. The municipality is responsible for the other information included in the annual report the audit committee's report The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
55. 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.
56. 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.
57. 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 reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

### INTERNAL CONTROL DEFICIENCIES

58. 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.
59. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.



60. Management did not ensure that there is reconciliation of underlying listings that were used to support achievements in the annual performance report.

61. The technical indicator definitions of key performance indicators did not provide accurate information pertaining to the indicators to enable the correct measurement of key performance indicators.

62. The controls designed by management are not operating as intended to promptly detect and correct material misstatements.

63. Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

#### **MATERIAL IRREGULARITIES**

64. In accordance with the PAA and the material irregularity (MI) regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

#### **MATERIAL IRREGULARITIES IN PROGRESS**

65. I identified two instances of material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2).

66. By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in next year's auditor's report.

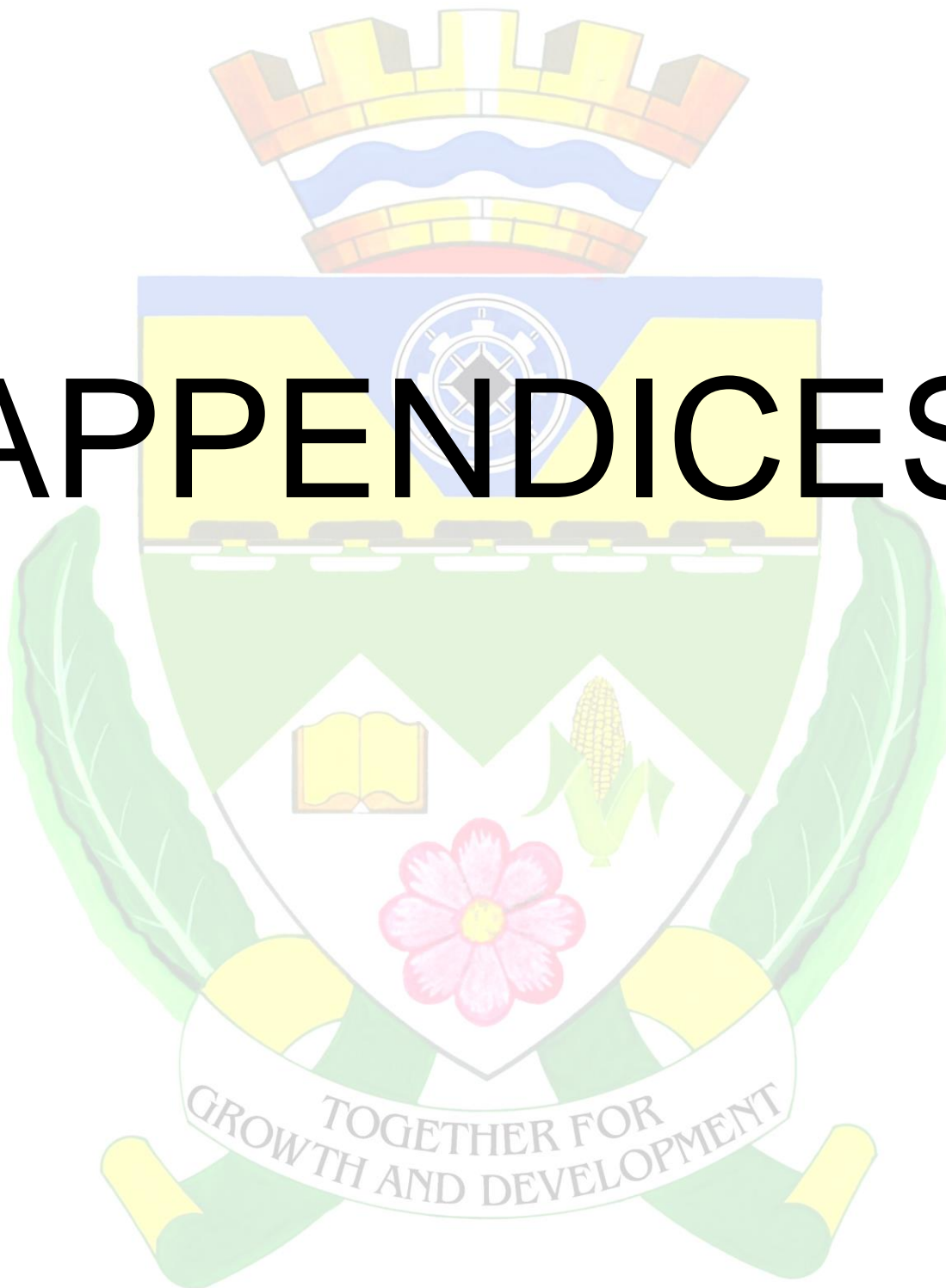
Auditor-General

Mbombela

30 November 2023



# APPENDICES





# APPENDIX A

## COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

TOGETHER FOR  
GROWTH AND DEVELOPMENT





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

### VICTOR KHANYE LOCAL MUNICIPALITY - COUNCIL STRUCTURE

Established in terms of Municipal Structures Act, section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed. The Council continues with its role as a strong and effective advocate, lobbying on behalf of our community for action on important local issues and continues to receive grants from other spheres of government and external bodies.

The following Councillors formed part of Victor Khanye Local Municipality's Council Structure.

NAMES OF COUNCILLORS	POLITICAL PARTY	WARD REPRESENTED	PLANNED MEETINGS	TOTAL PRESENT
1. Councillor HM Ngoma; <b>Speaker</b>	ANC	WARD 5	5	5
2. Councillor KV Buda <b>Executive Mayor</b>	ANC	PR	5	4
3. Councillor EM Masilela; MMC – <b>Fin and Corp</b>	ANC	WARD 9	5	4
4. Councillor BD Yeko; MMC – <b>HSS</b>	ANC	WARD 2	5	5
5. Councillor TG Malomane; MMC – <b>PITS</b>	ANC	WARD 3	5	5
6. Councillor NS Ngcobo <b>Council Whip</b>	ANC	WARD 6	5	5
7. Councillor DJ Bath	DA	WARD 8	5	5
8. Councillor NE Mohoadibe	EFF	PR	5	2
9. Councillor BL Mbalati	ANC	WARD 1	5	4
10. Councillor SG Mkhawane <b>R: Replaced by Cllr A Smith on 28 Feb 2023</b>	AVPP	PR	5	2
Councillor A Smith <b>28 Feb 2023</b>	AVPP	PR	5	3
11. Councillor M Mofomme <b>D: Deceased replaced by LS Lebatse on 06 April 2023</b> 1 July 2022- 18 Dec 2022	ANC	WARD 4	5	1
Councillor LS Lebatse	ANC	WARD 4	5	2



<b>06 April 2023</b>				
12. Councillor ZJ Ndlovu	ANC	WARD 7	5	<b>5</b>
13. Councillor M Rautenbach	DA	PR	5	<b>5</b>
14. Councillor RK Segone <b>R: Replaced by Cllr ST Segone on 28 Feb 2023.</b>	AVPP	PR	5	<b>2</b>
Councillor ST Segone <b>28 Feb 2023</b>	AVPP	PR	5	<b>2</b>
15. Councillor P Senekal	VFP	PR	5	<b>5</b>
16. Councillor MM Sepenyane	AVPP	PR	5	<b>3</b>
17. Councillor SM Skosana	DA	PR	5	<b>4</b>





# APPENDIX B

## COMMITTEES AND COMMITTEE PURPOSES







## PURPOSE OF THE PORTFOLIO COMMITTEES

Victor Khanye Local Municipality has a total of 12 Portfolio Committees, 09 of which are Section 79 and 3 are Section 80. Portfolio Committees meet on monthly basis to discuss service delivery issues and ways to improve service delivery where needed.

A section 79 committee reports to the council while a section 80 committee reports to the executive mayor in the manner prescribed by the Mayoral Committee or the Executive Mayor.

### SECTION 79 COMMITTEES

Section 79 Committees are usually temporal and appointed by the Mayoral Committee as and when needed. They are usually set up to investigate a particular issue and do not have any decision-making powers. They make recommendations to Council.

POLICY DEVELOPMENT COMMITTEE	
1. Councillor M Mofomme	Chairperson
2. Councillor KV Buda	Executive Mayor
3. Councillor NE Mohoadibe	Member
4. Councillor NS Ngcobo	Member
5. Councillor MM Sepenyane	Member
6. Councillor HM Ngoma	Member
7. Councillor BL Mbalati	Member

LOCAL GEOGRAPHIC NAMES CHANGE COMMITTEE	
1. Councillor NE Mohoadibe	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor BL Mbalati	Member
4. Councillor SM Skosana	Member
5. Councillor M Mofomme	Member

LOCAL LABOUR FORUM	
1. Councillor EM Masilela	Chairperson
2. Councillor SG Mkhawane	Member
3. Councillor BL Mbalati	Member

RULES AND ETHICS COMMITTEE (Speaker is the chairperson of this committee in terms of delegated powers)	
1. Councillor HM Ngoma	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor MM Sepenyane	Member
4. Councillor NE Mohoadibe	Member



### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

1. Councillor JZ Ndlovu	Chairperson
2. Councillor DJ Bath	Member
3. Councillor BL Mbalati	Member
4. Councillor M Mofomme	Member
5. Councillor RK Segone	Member
6. Councillor NE Mohoadibe	Member
7. Councillor P Senekal	Member

### FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE

1. Councillor BL Mbalati	Chairperson
2. Councillor RK Segone	Member
3. Councillor NS Ngcobo	Member
4. Councillor S Skosana	Member

### PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE:

1. Councillor DJ Bath	Chairperson
2. Councillor JZ Ndlovu	Member
3. Councillor P Senekal	Member
4. Councillor BL Mbalati	Member

### HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE

1. Councillor M Rautenbach	Chairperson
2. Councillor NS Ngcobo	Member
3. Councillor NE Mohoadibe	Member
4. Councillor M Mofomme	Member

### BUDGET STEERING COMMITTEE

1. Councillor KV Buda	Chairperson
2. Councillor EM Masilela	Member
3. Councillor TG Malomane	Member
4. Councillor DJ Bath	Member
5. Councillor BL Mbalati	Member

### SECTION 80 COMMITTEES

Section 80 committees are usually permanent committees that specialise in one area of work and sometimes are given the right to make decisions over small issues. Section 80 committees will also advise executive committees on policy matters and make recommendations to council.



FINANCE AND CORPORATE SERVICES PORTFOLIO COMMITTEE	
1. Councillor EM Masilela	Chairperson
2. Councillor M Rautenbach	Member
3. Councillor NS Ngcobo	Member
4. Councillor NE Mohoadibe	Member
5. Councillor M Mofomme	Member

PLANNING, INFRASTRUCTURE, TRANSPORT AND SAFETY PORTFOLIO COMMITTEE	
1. Councillor TG Malomane	Chairperson
2. Councillor BL Mbalati	Member
3. Councillor RK Segone	Member
4. Councillor NS Ngcobo	Member
5. Councillor S Skosana	Member

HEALTH, SOCIAL SERVICES AND DEVELOPMENT PORTFOLIO COMMITTEE	
1. Councillor BD Yeko : Chairperson	Chairperson
2. Councillor DJ Bath	Member
3. Councillor ZJ Ndlovu	Member
4. Councillor P Senekal	Member
5. Councillor BL Mbalati	Member

## PURPOSE OF THE MAYORAL COMMITTEE

### MAYORAL COMMITTEE

Members of the Mayoral Committee are appointed by the Mayor from among Councillors. The duties of the Mayoral Committee are to assist the Mayor in the execution of his/her duties. The Mayor may delegate specific responsibilities to each member of the Mayoral Committee. The following Councillors are the members of the Mayoral Committee of Victor Khanye Local Municipality.

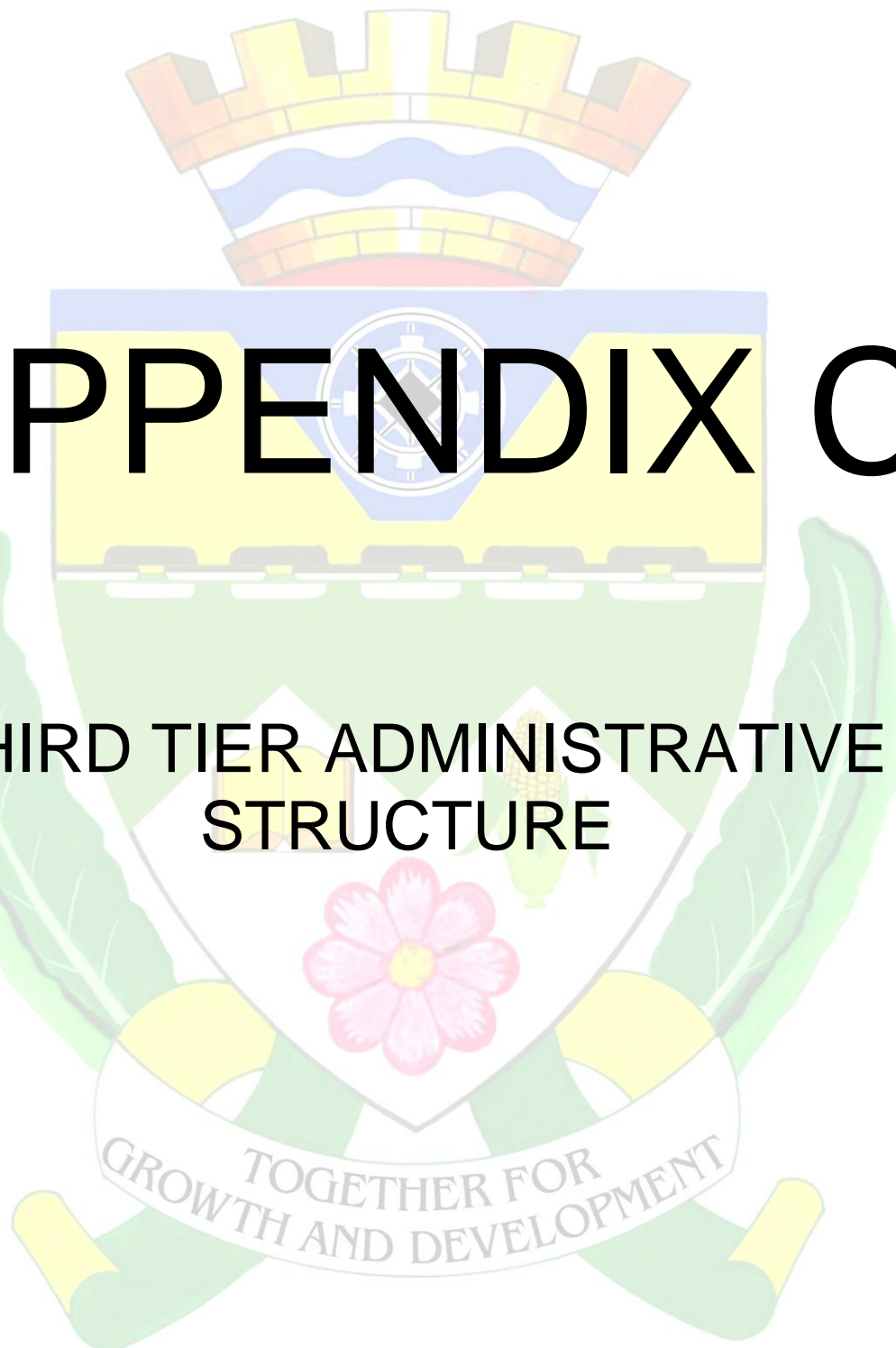
MAYORAL COMMITTEE	
Executive Mayor	Cllr VK Buda
MMC	Cllr E.M Masilela
MMC	Cllr T.G Malomane
MMC	Cllr B.D Yeko





# APPENDIX C

## THIRD TIER ADMINISTRATIVE STRUCTURE





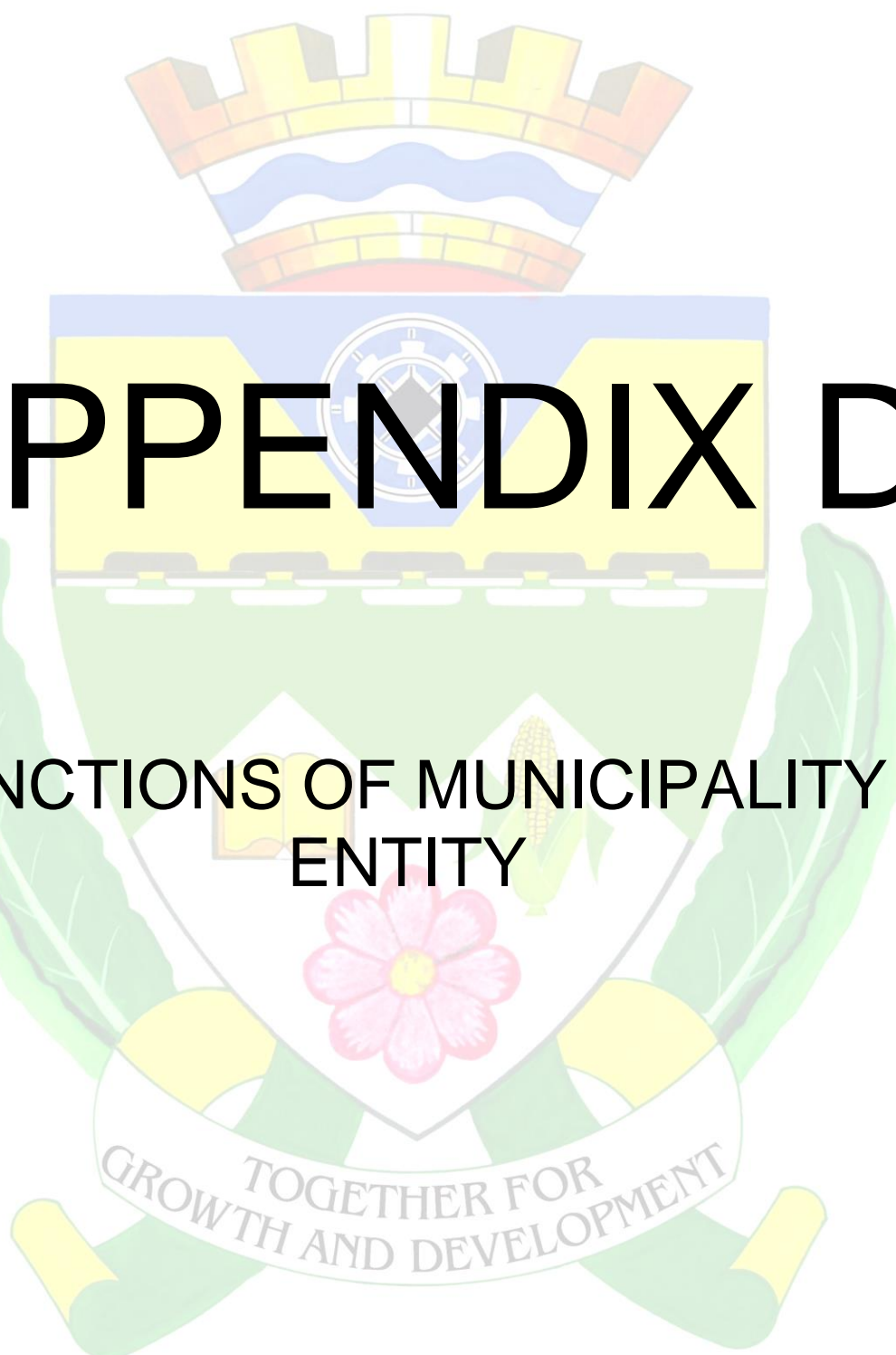
# VICTOR KHANYE LOCAL MUNICIPALITY 2023/24 FY

<div>CTI MUNICIPAL MANAGER TM MASHABELA 0071</div>				
<div>CTI EXECUTIVE DIRECTOR CORPORATE SERVICE VACANT PAGE 3</div>	<div>CTI CHIEF FINANCIAL OFFICER TP MAHLANGU 0338 PAGE 4</div>	<div>MANAGER: OFFICE OF MM MJ DUMA 0498 PAGE 2</div>	<div>CTI EXECUTIVE DIRECTOR TECHNICAL SERVICE VACANT PAGES 5 - 8</div>	<div>CTI EXECUTIVE DIRECTOR SOCIAL SERVICE BN MOKOENA PAGES 9 - 12</div>
<div>ARCHIVES FACILITY MANAGEMENT HR DEVELOPMENT HR MANAGEMENT PROPERTY ADMIN SECRETARIAT SERVICES SECURITY SERVICES SUPPORT SERVICES</div>	<div>ACCOUNT ADMIN ASSET MANAGEMENT DEBT COLLECTION EXPENDITURE FINANCIAL MANAGEMENT FINANCIAL SYSTEMS PAYROLL REVENUE STORES SUPPLY CHAIN MANAGEMENT</div>	<div>POLITICAL OFFICE PMS: INSTITUTIONAL IDP LED EPWP MONITORING &amp; EVALUATION PUBLIC PARTICIPATION INTERNAL AUDIT YOUTH DEVELOPMENT RISK MANAGEMENT ICT COMMUNICATION CUSTOMER CARE LEGAL SERVICES &amp; IR</div>	<div>BUILDING CONTROL CIVIL ENGINEERING ELECTRICITY MECHANICAL W/S FLEET MANAGEMENT BLACKSMITH W/S LAND &amp; HOUSING PROJECT MANAGEMENT SANITATION TOWN PLANNING WATER</div>	<div>CEMETERIES ENVIRONMENTAL HEALTH FIRE SERVICE LAW ENFORCEMENT LIBRARY SERVICE PARKS SOCIAL SERVICES SPORT &amp; RECREATION</div>
<div>1. Departmental Management 2. Budget Process &amp; Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Photocopying 9. Archives 10. Administration: EDMS 11. Official Notices 12. HR Management &amp; Development 13. Leave Administration 14. Skills Development 15. Occupational Health &amp; Safety 16. Employee Wellness 17. Injury on Duty 18. Property Admin 19. Estate Management 20. Support Service 21. Postal &amp; Messenger Service</div>	<div>1. Departmental Management 2. Budget Process &amp; Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Financial System Man 9. Financial Planning &amp; Statistics 10. Financial Reporting 11. Financial Year-end 12. Investment Management 13. Insurance Admin &amp; Management 14. Loan Management &amp; Admin 15. Asset Management 16. Liaison: External Auditors 17. Creditors Administration 18. Debtors Administration 19. Credit Control: 20. Indigent Policy: 21. Meter Reading Function 22. Municipal Stores 23. Pay Office 24. SCM 25. Contract Management</div>	<div>1. Departmental Management 2. Budget Process &amp; Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Integrated Development Planning 9. Performance Management 10. EPWP 11. Transversal Affairs 12. LED 13. Internal Audit 14. Risk Management 15. Youth Development 16. Public Participation 17. Legal Compliance 18. Gazettes: Govern / Prov 19. Policies &amp; Bylaws 20. ICT 21. Legal Matters 22. Communication</div>	<div>1. Departmental Management 2. Budget Process &amp; Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Building control 9. Land Use Management 10. Fleet management 11. Mechanical Workshop 12. Town Planning 13. Repair &amp; Maintenance 14. Repair &amp; Maintenance: Elec Installations &amp; Equipment 15. Repair &amp; Maintenance: Sewerage Network 16. Repair &amp; Maintenance: Waste Water Care works 17. Repair &amp; Maintenance: Water Care works 18. Repair &amp; Maintenance: Water Reticulation Network</div>	<div>1. Departmental Management 2. Budget Process &amp; Control 3. Cash flow Management 4. General Administration 5. Report Writing 6. Meetings: Council/Management 7. Address public enquiries 8. Estate Management 9. Cleansing 10. Landfill Sites 11. Environmental Health 12. Traffic Services 13. Fire Services 14. Licenses: Drivers &amp; Vehicles 15. Library Service 16. Manage and control : a) Parks division b) Cemeteries c) Sport fields d) Open spaces e) Pavements f) Municipal gardens</div>



# APPENDIX D

## FUNCTIONS OF MUNICIPALITY / ENTITY





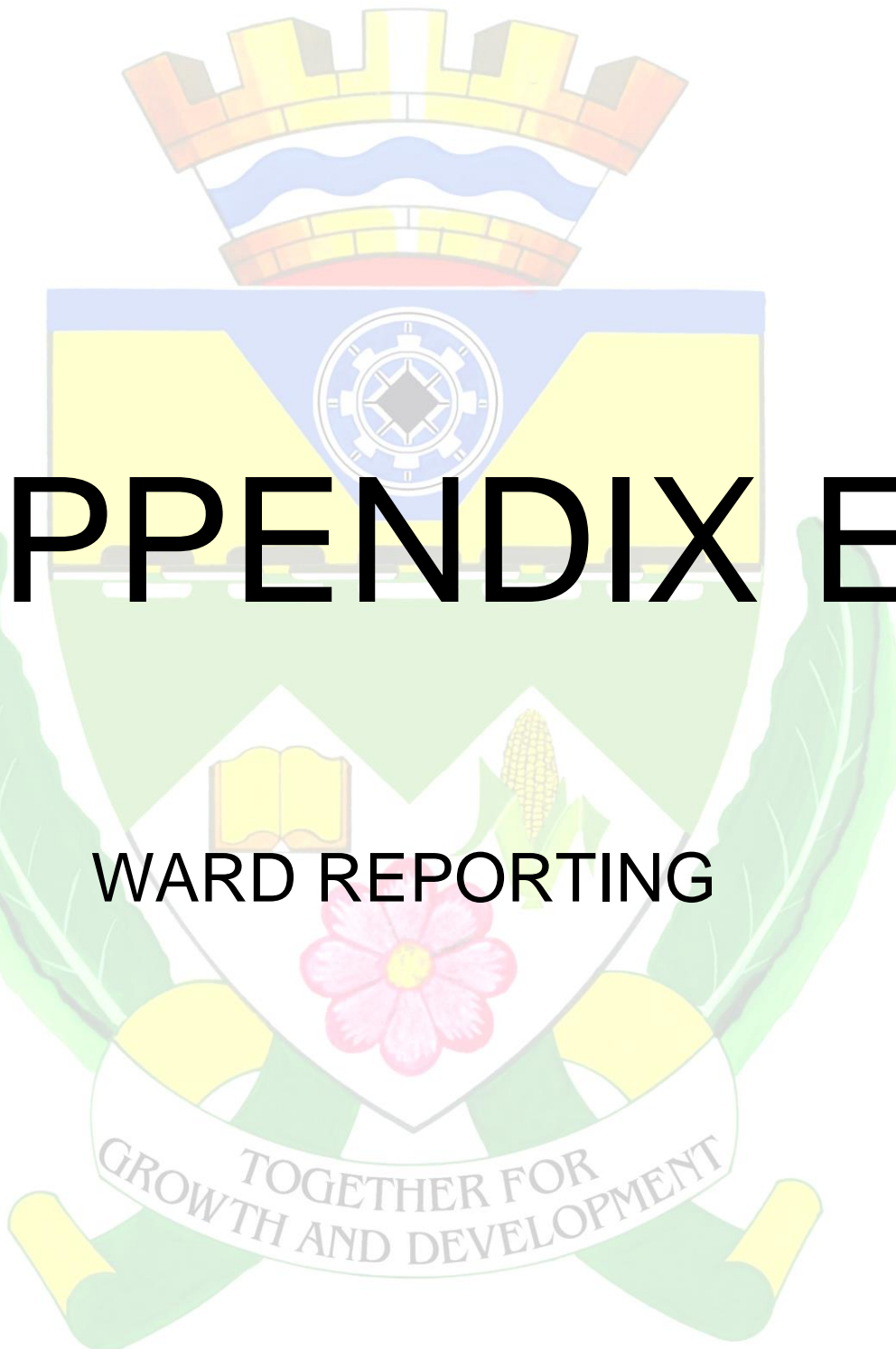


Municipal Function	Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes



# APPENDIX E

## WARD REPORTING





## WARD COMMITTEE ALLOCATION (2022/23)

Ward committees are crucial in the local government system as they are the link between the councillor and the community. The ward committee system is also said to play a critical role in giving meaning to the notion of “the people shall govern”. This is so because local government is regarded as the level of government closest to the people and ward committees are just one way to ensure that citizens give input to the decisions that local councils make.

The South African Local Government Association, which is the sole representative of all municipalities, says ward committees are also important in fostering relations between ward councillors and key stakeholders at ward level, such as traditional councils and community development workers.

The terms of office of ward committees are aligned to that of municipal councils and the municipality must, as soon as possible after the results of the elections have been declared, arrange ward meetings in order for the interest groups in the ward to be identified and subsequently for the ward committees to be elected, according to the system applicable in each respective municipality.

The following are the ward allocation for the 17 Ward Committees of Victor Khanye Local Municipality for the 2022/23 financial year;

WARD 1	WARD 2	WARD 3
S Manamela	NP Phakathi	N Nxuza
M Khoza	JK Mokotong	NE Zwane
V Mabena	BS Nkabinde	CN Masilela
L Buda	SL Ngema	DM Mbatha
B Seakgwe	JB Simelani	SS Mkhondo
S Nkwanyane	TJ Mohwadiba	LF Ramufhi
Z Ntuli	MN Masuku	SL Makua
J Manyara	AC Mbonani	AB Mzobe
B Mnisi	NE Kgabo	C Msiza
M Mncina		DO Ntini





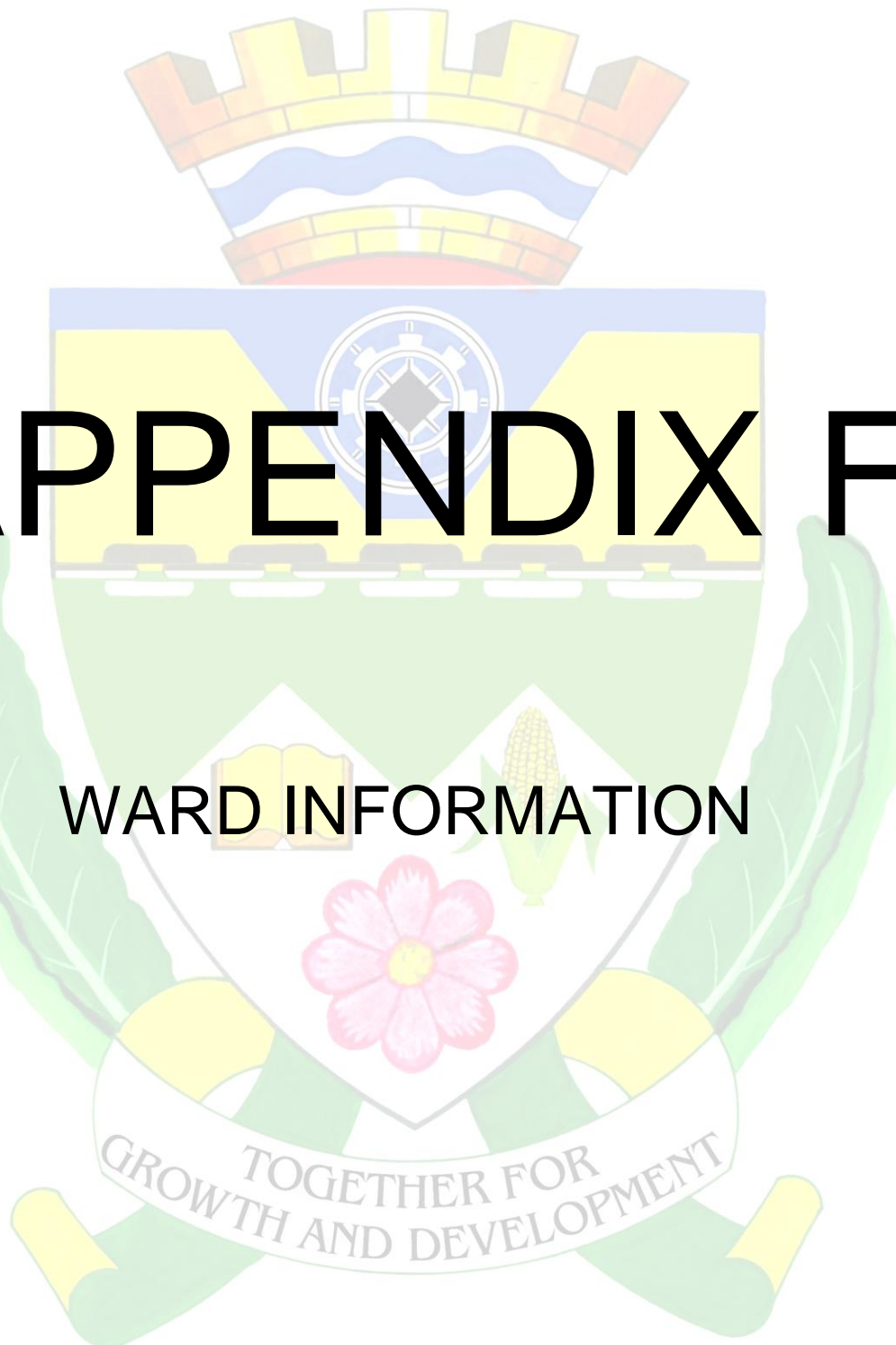
WARD 4	WARD 5	WARD 6
ET Mtshweni	RV Mtshali	SP Moyane
E Malopi	SV Sibanyoni	VL Zwane
ZC Masango	MP Nhlebi	MP Masombuka
SD Mahlangu	M Segone	NM Makoala
MS Nageng	SB Hlumbane	BA Mnathe
DF Hlongwane	EG Moyo	BP Dhlomo
PM Sekati	NM Mthembu	TM Mabuza
JJ Mashego	ML Msiza	MN Mashiyane
BJ Mlangeni	HM Mvakali	JM Mkhonza
BJ Mhlongo		SM Mosia

WARD 7	WARD 8	WARD 9
TC Tshiba	JG Vorster	TT Sibanyoni
LM Nkosi	SL Mokone	ML Makuwa
SJ Mbonani	CS Boschhoff	AD Mdzipa
P Mahlangu	SP Mahlangu	CN Mahamba
JS Mbatha	SJ Mavuso	TL Radebe
HM Mgcina	T Mathe	TP Manana
BW Masombuka	ML Khumalo	S Mthimunya
MW Mabena	IM Mbonani	B Tsotetsi
MM Mabuza	CN Von Mo	A Tyumbu
MC Mtshweni		T Mahlabe



# APPENDIX F

## WARD INFORMATION





## WARD INFORMATION

Progress on functionality of ward committees as at end of 2022/23 financial year:

The functionality of ward committees has a greater impact on how members of the community sees the municipality. It is of great importance for ward committees to do execute their duties to their best abilities to ensure that the community are satisfied with the municipality.

The following table illustrates that the Victor Khanye Local Municipality's Ward Committees are functional, as out of the 108 planned meetings, 94 meetings sat. this represents a total of 87% of meeting sittings, some of the challenges for the meetings not sitting include the issue of the quorum not meeting for the sittings, however all the pressing issues are discussed in the following meeting.

QUARTER	PLANNED	ACTUAL
QTR 1	27	27
QTR 2	27	27
QTR 3	27	20
QTR 4	27	20
<b>TOTAL</b>	<b>108</b>	<b>94</b>



The background of the page features a large, faded coat of arms of Victor Khanye Local Municipality. It includes a crown at the top, a shield with a clock face, a green field with a pink flower, and a banner at the bottom that reads "TOGETHER FOR GROWTH AND DEVELOPMENT".

# APPENDIX G

## AUDIT COMMITTEE RECOMMENDATIONS



## ANNUAL REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE (REPORT FROM THE CHAIRPERSON OF THE AUDIT AND PERFORMANCE COMMITTEE)

We are pleased to submit the report of the Audit and Performance Committee (APC) for the year ended 30 June 2023

### 1. Background

Nkangala District Municipality and some of its local municipalities namely Steve Tshwete Local Municipality, Emakhazeni Local Municipality, Victor Khanye Local Municipality and Thembisile Hani Local Municipality have opted for the shared APC Services. The APC was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit committee has adopted its terms of reference.

#### Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an Audit committee. The Audit committee is an independent advisory body that advises council, political office bearers, accounting officer, and the staff of the municipality on the following:

- Internal financial control and internal audit;
- Risk and risk management;
- Accounting policies
- The adequacy, reliability and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the annual Division of Revenue Act (DORA) and any other applicable legislation;
- Performance evaluation
- Any other issues referred to it by the municipality;
- Review annual financial statements in order to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA and other prescripts
- Respond to Council on any matter raised by the Auditor- General (AGSA); and
- Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

### 2. Attendance of meetings

Name of the member	Ordinary meetings	Performance meetings	Special meetings	Total
Ms. FJ Mudau (Chairperson)	4	4	3	10
Mr. T. Gafane *	1	2	3	6
Mr. JL Thobakgale **	2	2	0	4
Ms. MC Moloji	4	4	3	11
Ms. P Ntuli	4	4	3	11
Ms. SJ Masite	4	4	3	11

\*Resigned during the financial year

\*\*Appointed during the financial year



The following although not members of the APC, have standing invitation to our meetings:

- The Accounting Officer;
- The Chief Financial Officer;
- The Chairperson of the Risk committee
- The Section 56 Managers/Departmental Heads
- Chief Risk Officer
- The Auditor- General
- The National Treasury
- Mpumalanga Provincial Treasury
- Mpumalanga Department of Cooperative Governance
- South African Local Government Association (SALGA)
- Internal Audit (Secretariat function)

### **3. Governance**

The APC commends the Municipality for the appointment the Executive Director: Social Services as this will assist in ensuring that there is stability and consistency in decision making processes within the department.

It is recommended that the Municipality fill the vacant position of the following personnel to ensure that adequate attention is given to the manner in which the Municipality operates:

- Executive Director: Corporate Services
- Executive Director: Technical Services

The APC will continue have meetings with Mayoral Committee and report to Council on a quarterly basis. It important that all APC resolutions be monitored for implementation by Council.

### **4. Internal Audit**

The APC is satisfied that the Internal Audit unit (IAU) during the period under review. IAU effectively focused its available resources towards identified critical risk areas in accordance with the approved Risk Based Annual Audit plan for 2022/23. The APC also believes that Internal Audit has effectively carried out its mandate and responsibility in accordance with the MFMA and approved Internal Audit Charter.

The internal audit staff has been going through various trainings and it is expected these initiatives to contribute to the internal audit function becoming more efficient, more responsive to challenges and better able to provide audit reports of a high quality to management and the committee on a timely basis. The APC supports the direction that the internal audit function is adopting in providing the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the municipalities' various locations.

The IAU was previously assessed by the Provincial Treasury on its effectiveness; progress has been made in addressing the findings. The APC recommends peer quality reviews from similar municipalities to be performed at the IAU. This will prepare for the external assessments, which can be budgeted for in future if the municipality is financially viable.

The following policies were approved by the APC and recommended to Council for adoption:

- Internal Audit Charter
- Internal Audit Methodology
- Three Year Rolling Strategic and Annual Audit Plan
- Combined Assurance Framework
- Audit and Performance Committee Charter





## 5. Effectiveness of Internal controls

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the municipality revealed certain weaknesses, which were then raised with the municipality. There were several deficiencies in the system of internal control and/or deviations, governance and risk management processes which were reported by the internal auditors during the year under review. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The APC noted management's commitment to correct the deficiencies; however, during the related year under review there was inconsistent monitoring of action plans, implementation and progress.

The APC has also urged management to draw up action plan to address issues raised by the Auditor- General in the management letter and audit report and to ensure that all matters have been raised by the Auditor General are resolved by Management.

The APC has further recommended that a Combined Assurance approach should be followed by the Municipality in order to ensure that there are no risks that fall within the gaps, and/or consider aligning the process with the Municipal Audit Support Programme (MASP) by SALGA.

## 6. Risk Management

Risk Management, Anti-Fraud and Anti-Corruption Committee is a management committee chaired by an independent Chairperson (Mr. T Boltman) to guide and advice management while providing with the Audit Committee oversight.

The municipality has an effective risk unit that consist of one staff member and Risk management, anti-fraud and anti-corruption committee.

Efforts should be made to that all indicated risks be mitigated, including cash-flow risk, water provision services and debt management.

Four (5) risk committee meetings were held for the year under review and the following policies were reviewed by the APC:

- Risk Management Strategy
- Risk Management Policy
- Whistle blowing Policy
- Fraud Prevention Strategy
- Risk Management Implementation Plan
- Fraud Prevention Policy
- Fraud Prevention Strategy
- Whistle Blowing Policy
- Risk Committee Charter
- Business Continuity Management Framework
- Risk appetite and Tolerance Framework
- Business Continuity Management Policy

## 7. Performance Management

Part of the responsibilities of the APC includes the review of performance management. The Committee has in terms of the performance of the municipality conducted the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality and its entities.
- Review of compliance with in-year reporting requirements.



- Review of the quarterly performance reports submitted by the internal audit function.  
Review and comment on the municipality's performance management system and making recommendations for its improvement.

The APC has reviewed and given consideration to the in-year performance reports and performance results reported by management. Considerable improvements were noted in the effectiveness of the processes and the quality of information reported, however challenges are still experienced with the reliability of information reported. The APC is pleased that resources to drive and monitor the process for planning, monitoring and reporting of predetermined objectives have been allocated

## **8. Compliance with laws and regulations**

Internal Audit revealed a number of non-compliance with the enabling laws and regulations during the year. Improvement is required in so far as establishing an effective system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

## **9. Information Systems**

The municipality has made progress to improve control over IT systems including user access, security management and disaster recovery. However, there are still areas for improvement that needs management attention and intervention. From audits performed, by both Internal as well as External Audit, change management plans, defined processes and a system development life cycle plan should be developed and implemented to assist in objective setting and achievement, deploying ICT systems effectively and efficiently which meets organizational needs, safeguards and ensures credible information, adds value and contributes to the organizations value creation and achievement of objectives by improving the processes to effectively, efficiently and economically deliver services.

## **10. The quality of in year management and quarterly reports submitted in terms of the MFMA**

We reviewed the in-year quarterly reports submitted together with internal audit comments thereon. We noted improvement in the content and quality of reports prepared and submitted by management.

## **11. Evaluation of unaudited annual financial statements**

The APC reviewed and discussed the unaudited annual financial statements and the unaudited annual performance report before submitting to the Auditor General.

The APC wishes to indicate that it performed a review on the financial statements focusing among others:

- Significant financial reporting adjustments and estimates contained in the Annual Financial Statements;
- Clarity and completeness of disclosures has been set properly;
- Changes in GRAP standards;
- Quality and acceptability of and any changes in accounting policies and practice;
- Significant adjustments arising from the audit; and
- Reasons for major year to year fluctuations

The APC has further:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and Senior Management of the Municipality.
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the municipality compliance with legal and regulatory provision and;
- Reviewed significant adjustments resulting from the audit.

The APC concurs and accepts the conclusions of the Auditor General South Africa (AGSA) on the





Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the Report of the AGSA.

It is recommended that:

- There be an assessment of the capacity in terms of applying management responsibilities and leadership within the Budget and Treasury department.
- That management ensure that the financial management system used assists in improving reporting.
- That the quarterly financial statements be prepared and reviewed by Internal Audit and the APC.
- That the use of external consultants aiming to be build capacity in all department must be monitored.

## 12. Audit Outcome

A meeting was held with the AGSA whereby summary of the AG audit opinion was presented. The APC has noted a qualified opinion with concern and urges Accounting Officer and Management to:

- Improve systems of internal controls and prioritize the proper implementation Post Audit Action Plan that will address the Audit findings root causes.
- Implement adequate consequence management regarding compliance legislation.
- Review the over reliance on the usage and dependency on consultants and strengthen the oversight controls regarding work performed by the consultants.
- On quarterly basis report on the implementation plan for the audit issues raised by the Auditor General.

## 13. Conclusion

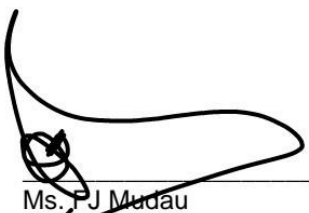
The audit committee notes the qualified audit opinion outcome and that the municipality has remained stagnant and ineffective controls to be addressed by management. The Audit and Performance Committee wishes to acknowledge and encourage commitment from Council, management and staff of the municipality to:

- enhance service delivery;
- implement effective controls with relation to financial processes and reporting,
- performance reporting and compliance with laws and regulations;

## 14. Appreciation

The Committee would also like to thank the Speaker, Executive Mayor, MPAC, and Councillors for the support, Municipal Manager and Senior Management for their efforts towards clean audit processes and Auditor General and internal audit for their contribution towards clean governance.

P.P.



Ms. PJ Mudau  
Chairperson of Audit and Performance committee

20.12.2023

Date





# APPENDIX H

## LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

TOGETHER FOR  
GROWTH AND DEVELOPMENT

2022/23

**LONG TERM CONTRACT R'000**

Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by Service Provider	Start Date of Contract	Expiry date of Contract	Project Manager	Contract Value
None					
The Municipality does not have contracts that are longer than three (3) years					

**PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO DURING 2022/23**

Name and Description of Project	Name of Partner (s)	Initiation Date	Expiry Date	Project Manager	Value
None					
The Municipality does not have an entity					



# APPENDIX I

## MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

TOGETHER FOR  
GROWTH AND DEVELOPMENT



### 2022/23 CURRENT OPERATIONAL TENDER REGISTER

Service Provider	Description of services / goods	Appointment date	Advertisement Date	Appointed Amount	Type of Contract
<b>Tsoga molemi trading</b>	Supply and delivery of petrol and diesel, on as and when required for the period of 36 months	28 July 2022	13 February 2022	R1784.80	Long Term - 3 Year Contract
<b>Sense it (pty)ltd</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	28 July 2022	13 February 2022	R1 599 882.30	Long Term - 3 Year Contract
<b>Unics technologies</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	21 July 2022	13 February 2022	R608 552.40	Long Term - 3 Year Contract
<b>Elangeni services Cc</b>	Provision of application softwares and facilities of licence renewals for three certified service providers on various ICT licencing services for period of 3 years	21 July 2022	13 February 2022	R525 411.52	Long Term - 3 Year Contract
<b>Eugene chem solutions</b>	Supply and delivery of water treatment chemicals and maintenance of ozone generation system, on as and when required basis for a period of 3 years	21 July 2022	13 February 2022	R187 986.10	Long Term - 3 Year Contract
<b>Irhlane construction</b>	Supply (Rental), install and maintain / service portable chemical toilets at informal settlement around VKLM, for the period of 36 months	05 August 2022	13 February 2022	R345 000.00	Long Term - 3 Year Contract
<b>Imisebe engineering technologies</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R2 855 617.90	Long Term - 3 Year Contract
<b>Melokuhle manageent</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 436 183.29	Long Term - 3 Year Contract
<b>Ochad holdings</b>	Professional service provider for designing and implementation of various electrical project around jurisdiction of VKLM for 36 months	30 September 2022	19 July 2022	R3 212 548.00	Long Term - 3 Year Contract
<b>Kotp waste solutions</b>	Operational and maintenance of Delmas / Botleng landfill site for the period of 3 years	05 April 2023	25 October 2022	R6 665 400.00	Long Term - 3 Year Contract



# APPENDIX J

## DISCLOSURES OF FINANCIAL INTERESTS 2022/23

TOGETHER FOR  
GROWTH AND DEVELOPMENT

## **DISCLOSURES OF FINANCIAL INTERESTS BY:-**

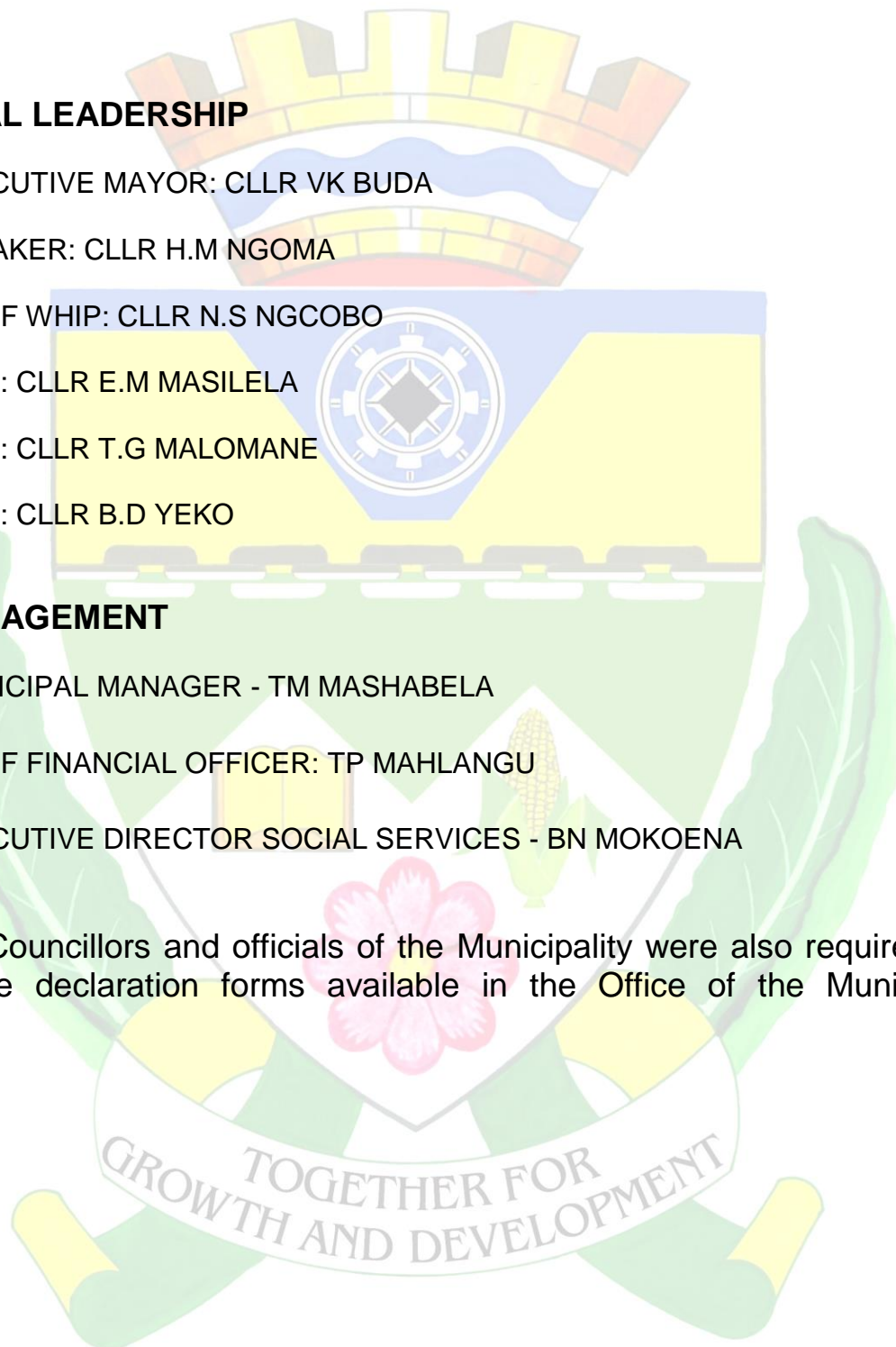
### **POLITICAL LEADERSHIP**

1. EXECUTIVE MAYOR: CLLR VK BUDA
2. SPEAKER: CLLR H.M NGOMA
3. CHIEF WHIP: CLLR N.S NGCOBO
4. MMC: CLLR E.M MASILELA
5. MMC: CLLR T.G MALOMANE
6. MMC: CLLR B.D YEKO

### **TOP MANAGEMENT**

1. MUNICIPAL MANAGER - TM MASHABELA
2. CHIEF FINANCIAL OFFICER: TP MAHLANGU
3. EXECUTIVE DIRECTOR SOCIAL SERVICES - BN MOKOENA

All other Councillors and officials of the Municipality were also required to submit the declaration forms available in the Office of the Municipal Manager.

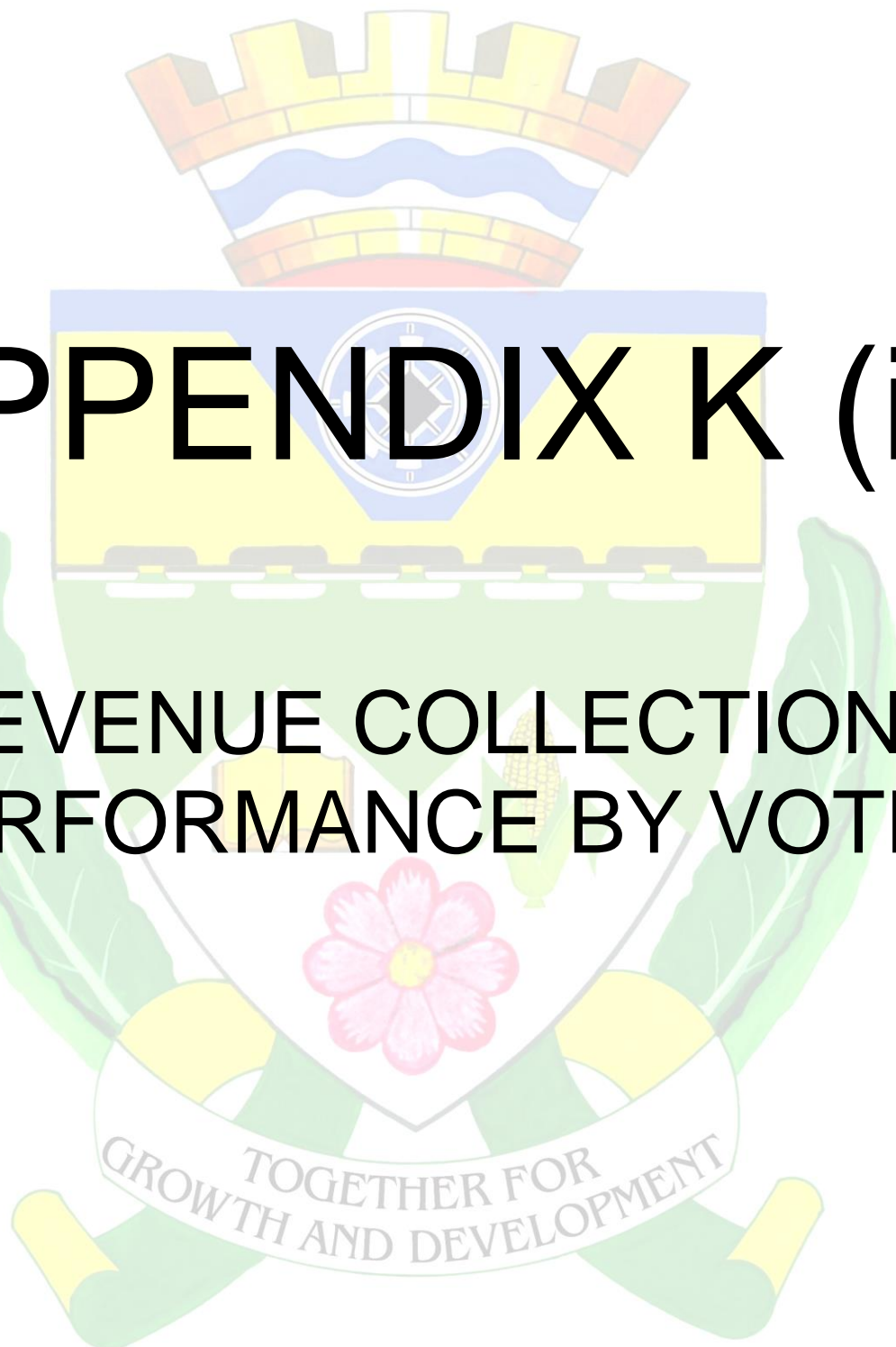






# APPENDIX K (i)

## REVENUE COLLECTION PERFORMANCE BY VOTE



MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	Ref	2021/22	Budget Year		Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget						
R thousands										
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		222 687	219 388	361 194	(61 998)	150 331	361 194	(210 863)	-58.4%	361 194
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		481	3 813	2 890	28	318	2 890	(2 572)	-89.0%	2 890
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		17 527	2 216	2 623	262	2 460	2 623	(163)	-6.2%	2 623
Vote 7 - Housing		2 072	2 157	2 265	225	2 654	2 265	389	17.2%	2 265
Vote 8 - Health Services		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 10 - Roads Transport		1 720	31 398	29 826	-	-	29 826	(29 826)	-100.0%	29 826
Vote 11 - Electricity Services		161 060	245 446	244 530	9 880	153 242	244 530	(91 289)	-37.3%	244 530
Vote 12 - Water Services		98 738	92 540	92 540	3 865	46 959	92 540	(45 582)	-49.3%	92 540
Vote 13 - Waste Water Management		36 888	14 834	15 834	887	9 932	15 834	(5 902)	-37.3%	15 834
Vote 14 - Solid Waste Management		35 686	139 421	77 074	914	102 835	77 074	25 761	33.4%	77 074
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	576 859	751 214	828 777	(45 958)	468 730	828 777	(360 047)	-43.4%	828 777
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		45 383	54 741	60 987	9 900	47 582	60 987	(13 406)	-22.0%	60 987
Vote 2 - Budget and Treasury		250 339	120 795	171 705	(3 113)	78 486	171 705	(93 220)	-54.3%	171 705
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		9 736	37 695	12 665	1 232	14 648	12 665	1 981	15.6%	12 665
Vote 5 - Sport and Recreation		(149)	541	1 041	118	842	1 041	(199)	-19.1%	1 041
Vote 6 - Public Safety		37 632	23 181	23 970	1 831	21 378	23 970	(2 591)	-10.8%	23 970
Vote 7 - Housing		1 364	261	(0)	-	-	(0)	0	-100.0%	(0)
Vote 8 - Health Services		2 017	1 694	761	52	170	761	(591)	-77.6%	761
Vote 9 - Planning and Development		7 368	3 254	5 154	556	3 554	5 154	(1 590)	-30.9%	5 154
Vote 10 - Roads Transport		72 385	38 073	48 611	3 175	44 282	48 611	(4 329)	-8.9%	48 611
Vote 11 - Electricity Services		238 675	255 167	279 599	79 309	274 944	279 599	(4 655)	-1.7%	279 599
Vote 12 - Water Services		80 315	151 315	142 052	53 381	137 545	142 052	(4 507)	-3.2%	142 052
Vote 13 - Waste Water Management		23 349	37 366	41 598	2 954	30 889	41 598	(10 699)	-25.7%	41 598
Vote 14 - Solid Waste Management		32 141	14 411	22 385	1 843	21 203	22 385	(1 182)	-5.3%	22 385
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	800 555	738 496	810 530	151 238	675 542	810 530	(134 989)	-16.7%	810 530
Surplus/ (Deficit) for the year	2	(223 696)	12 717	18 247	(197 195)	(206 811)	18 247	(225 058)	-1233.4%	18 247

**References**

1. Insert 'Vote'; e.g. Department, if different to standard classification structure
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)



The background of the page features a large, faint watermark of the Government of Karnataka emblem. The emblem consists of a crown at the top, a shield in the center, and a banner at the bottom. The shield is divided into four quadrants: top-left (blue with a white gear), top-right (yellow), bottom-left (green), and bottom-right (white with a pink flower). The banner at the bottom contains the text "TOGETHER FOR GROWTH AND DEVELOPMENT".

# APPENDIX K (ii)

## REVENUE COLLECTION PERFORMANCE BY SOURCE



MP311 Victor Khanye - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		85 936	81 288	113 288	(6 401)	78 579	113 288	(34 709)	-31%	113 288
Service charges - electricity revenue		161 060	292 557	310 603	9 880	153 242	310 603	(157 361)	-51%	310 603
Service charges - water revenue		47 734	64 321	74 321	3 865	46 959	74 321	(27 362)	-37%	74 321
Service charges - sanitation revenue		11 041	14 834	15 834	867	9 932	15 834	(5 902)	-37%	15 834
Service charges - refuse revenue		10 438	12 327	13 527	914	11 252	13 527	(2 275)	-17%	13 527
Rental of facilities and equipment		2 113	2 094	2 403	225	2 655	2 403	252	10%	2 403
Interest earned - external investments		402	-	-	208	1 638	-	1 638	#DIV/0!	-
Interest earned - outstanding debtors		46 476	46 344	56 344	(60 660)	(9 674)	56 344	(66 018)	-117%	56 344
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		17 139	1 900	2 400	184	1 706	2 400	(694)	-29%	2 400
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		116 808	132 151	131 228	-	123 357	131 228	(7 871)	-6%	131 228
Other revenue		48 755	55 421	55 854	4 961	49 086	55 854	(6 768)	-12%	55 854
Gains		-	-	-	-	-	-	-	-	-
		548 503	703 238	775 801	(45 958)	468 730	775 801	(307 071)	-40%	775 801
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs		169 348	151 320	161 661	15 360	177 777	161 661	16 116	10%	161 661
Remuneration of councillors		8 083	9 000	9 000	305	3 336	9 000	(5 664)	-63%	9 000
Debt impairment		112 584	133 600	103 571	-	-	103 571	(103 571)	-100%	103 571
Depreciation & asset impairment		45 556	51 938	71 938	-	14 764	71 938	(57 175)	-79%	71 938
Finance charges		48 400	39 498	33 352	-	-	33 352	(33 352)	-100%	33 352
Bulk purchases - electricity		171 101	163 717	184 477	75 250	249 945	184 477	65 467	35%	184 477
Inventory consumed		38 837	80 000	109 975	44 492	125 281	109 975	15 306	14%	109 975
Contracted services		76 661	80 025	89 502	13 967	72 060	89 502	(17 442)	-19%	89 502
Transfers and subsidies		-	7 336	7 336	-	141	7 336	(7 195)	-98%	7 336
Other expenditure		79 086	21 970	39 718	1 864	32 239	39 718	(7 479)	-19%	39 718
Losses		50 898	-	-	-	-	-	-	-	-
		800 555	738 496	810 530	151 238	675 542	810 530	(134 989)	-17%	810 530
Total Expenditure										
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(252 052)	(35 259)	(34 729)	(197 195)	(206 811)	(34 729)	(172 082)	0	(34 729)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		26 134	47 976	52 976	-	-	52 976	(52 976)	(0)	52 976
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
		2 222	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(223 696)	12 717	18 247	(197 195)	(206 811)	18 247			18 247
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(223 696)	12 717	18 247	(197 195)	(206 811)	18 247			18 247
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		(223 696)	12 717	18 247	(197 195)	(206 811)	18 247			18 247
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		(223 696)	12 717	18 247	(197 195)	(206 811)	18 247			18 247

The background of the page features a large, faded watermark of the Government of Karnataka emblem. The emblem consists of a crown at the top, a shield in the center, and a banner at the bottom. The shield is divided into four quadrants: top-left (blue with a white gear), top-right (yellow with a blue gear), bottom-left (green with a white gear), and bottom-right (yellow with a blue gear). The banner at the bottom contains the text "TOGETHER FOR GROWTH AND DEVELOPMENT".

# APPENDIX L

## CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

## TRANSFERS RECOGNISED – CONDITIONAL GRANTS

GRANTS	GAZZETTED AMOUNT	TOTAL RECEIVED	YTD SPENDING
Finance Management Grant	R127 094 000	R127 094 00	100%
Expended Public Works Programme	R1 850 000	R1 850 000	475%
Water Services Infrastructure Grant	R20 000 000	R20 000 000	100%
Integrated National Electrification Programme	R5 000 000	R5 000 000	100%



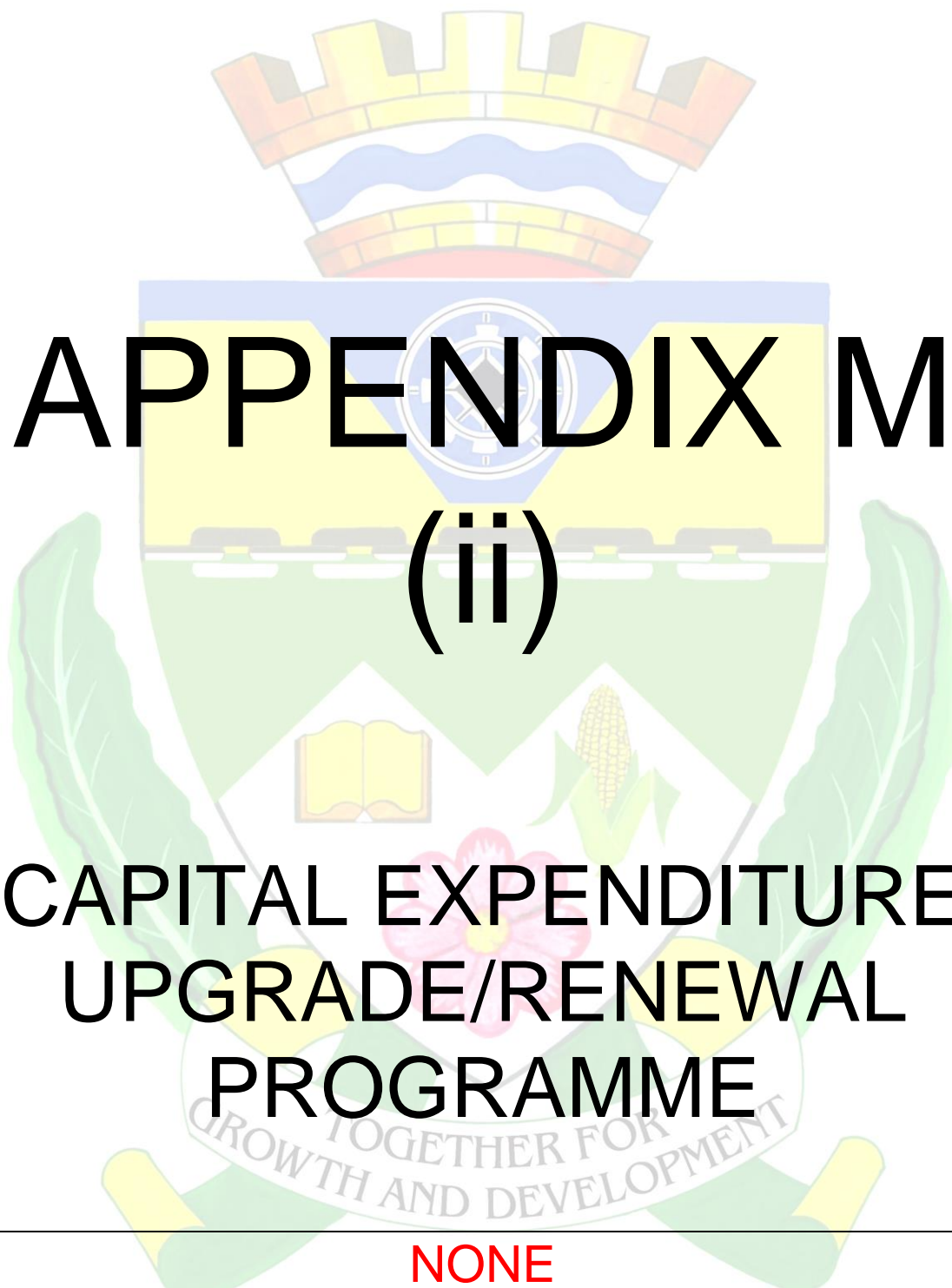


# APPENDIX M

(i)

## CAPITAL EXPENDITURE NEW ASSETS PROGRAMME

NONE
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# APPENDIX M

## (ii)

### CAPITAL EXPENDITURE UPGRADE/RENEWAL PROGRAMME

NONE
------



# APPENDIX N

## CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

NONE
------





CAPITAL PROJECTS – 2022/2023				
Project Name	Project Location		Amount	Output
	Ward	Settlement/village		
Reconstruction of paved roads in Victor Khanye	Ward 3 & 6	Botleng Extension 3 & Delpark	R4 819 279,59	Inception, Concept & Viability, Design Development & Documentation and Procurement
Development of 5000 stands on Portion 6 of the farm Middelburg 231 ER: Water Services	Ward 1 & 2	Erf 1202	R 9 336 540,41	Work in Progress
Development of Portion 6 of the Farm Middelburg 231 ER -Sanitation Services	Ward 1,2&3	Erf 1202	R 9 784 175,30	Work in Progress
Eradication of sanitation backlog to rural areas.	Ward 7,8,9	Brakfontein, Arbor, Kwa Piet, Ematshotshombeni, Strayela	R 1 506 502,47	80HH
Development of the 2nd Phase of the Landfill Site in Delmas	Ward 3	Botleng Extension 7	R 870 952,50	Inception, Concept & Viability, Design Development
Drilling of Boreholes in rural areas and provision of elevated steel tanks	Ward 7 & 9	Groenfontein & Brakfontein	R 139 450,00	Inception, Concept & Viability, Design Development & Documentation and Procurement
Installation of High Mast Light at Victor Khanye Municipality	Ward 3	Botleng Extension 7	R 202 750,00	Inception, Concept & Viability, Design Development & Documentation and Procurement
Provision of Civil Engineering and Construction of Water Related Infrastructure in Reducing The Non-Revenue Water in Botleng Township	Ward 3,4,5	Botleng 3,4,5,6,7	R20 000 000,00	Work in Progress
Refurbishment of Intake Delmas North Station	Ward 3,4,5	Botleng 3,4,5,6,7	R5 000 000,00	3822HH



# APPENDIX P

## SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

NONE
------



# APPENDIX Q

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

NONE

The background of the page features a large, faded watermark of the Municipality of Maitland crest. The crest includes a crown at the top, a shield with a blue and yellow design, and a banner at the bottom that reads "TOGETHER FOR GROWTH AND DEVELOPMENT".

# APPENDIX R

## DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

<b>NONE</b>
-------------



# APPENDIX S

## DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

**THERE ARE NO RETURNS OUTSTANDING**





# APPENDIX T

## NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

THE FUNCTIONS OF THE MUNICIPALITY HAVE BEEN DETAILED IN THE ANNUAL REPORT UNDER THE DEPARTMENTAL FUNCTIONS ON PAGE 40 AS WELL AS THE SHARING OF FUNCTIONS WITH OTHER SECTOR DEPARTMENTS ON PAGES 43 TO 48 OF THIS REPORT.

# **VICTOR KHANYE LOCAL MUNICIPALITY**

*“A repositioned municipality for a better and sustainable  
service delivery for all”*



## **2022/23 Institutional (Non-Financial) Annual Performance Report**

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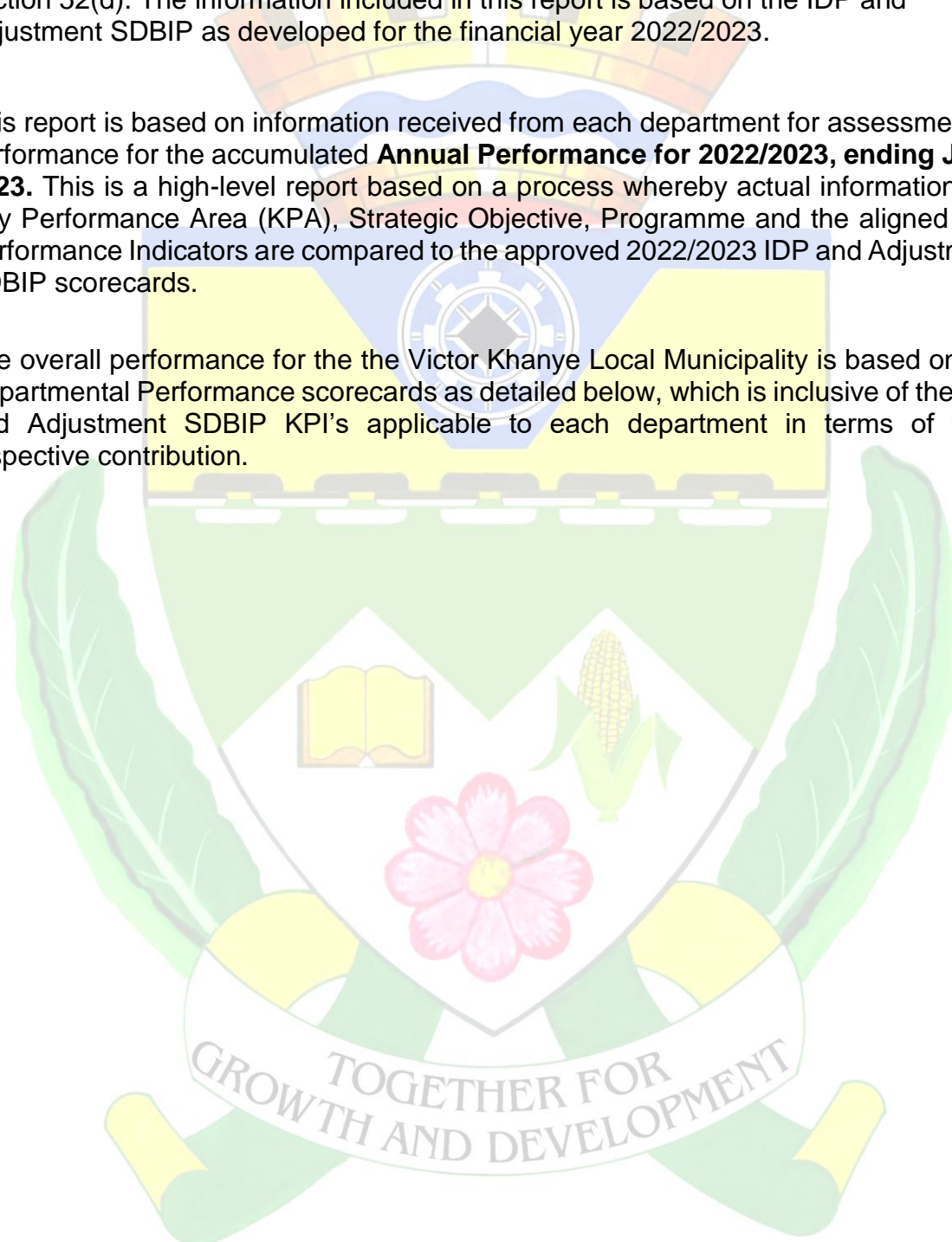


## 1.0. PURPOSE

The purpose of this report is to give feedback regarding the performance of the Victor Khanye Local Municipality as required through The Municipal Systems Act No 32 of 2000, section 41(e) and the Municipal Finance Management Act 56 of 2003, section 52(d). The information included in this report is based on the IDP and Adjustment SDBIP as developed for the financial year 2022/2023.

This report is based on information received from each department for assessment of performance for the accumulated **Annual Performance for 2022/2023, ending June 2023**. This is a high-level report based on a process whereby actual information per Key Performance Area (KPA), Strategic Objective, Programme and the aligned Key Performance Indicators are compared to the approved 2022/2023 IDP and Adjustment SDBIP scorecards.

The overall performance for the the Victor Khanye Local Municipality is based on the Departmental Performance scorecards as detailed below, which is inclusive of the IDP and Adjustment SDBIP KPI's applicable to each department in terms of their respective contribution.



## 2.0. EXECUTIVE SUMMARY

This report serves as the **Annual Performance Report** for the **2022/23** financial year **ending 30 June 2023**. It provides effective and informative feedback on the performance level achieved (accumulative reporting) against the targets as laid out in the IDP and Adjustment SDBIP Scorecards. In the case of under-performance, the respective concerns or mitigating reasons are highlighted and detail pertaining to the relevant measures taken to address these challenges are included thereto.

The overall performance for the Victor Khanye Local Municipality is based on a composite Performance Scorecard of each Department comprising of all indicators inclusive of the IDP and Adjustment SDBIP. The institution is responsible for a **total of 159 KPI's, of which all were assessed**. All these KPI's combine to contribute to the overall performance level of the IDP and Adjustment SDBIP Scorecards.

The overall accumulative Institutional performance score achieved for the **Annual Performance Report of 2022/23, ending June 2023** was **69%**, based on **109 of 159 KPI's** assessed achieving their respective annual targets.



### 3.0. KEY PERFORMANCE AREAS AND ORGANISATIONAL STRATEGIC GOALS

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

#### KPA 1: Infrastructure and Basic Service Delivery

Goal 1: Improved provision of basic services to the residents of VKLM

Goal 2: Improved social protection and education outcomes

#### KPA 2: Financial viability and Finance Management

Goal 3: Improved Compliance to MFMA and VKLM Policy Framework

#### KPA 3: Institutional Development and Transformation

Goal 4: Improved efficiency and effective of the Municipal Administration

#### KPA 4: Good Governance and Public Participation

Goal 5: Improve community confidence in the system of local government

#### KPA 5: Spatial Rationale

Goal 6: Increase regularization of built environment

#### KPA 6: Local Economic Development

Goal 7: Increased economic activity and job creation

The traffic light system used in the report of performance is as follows:

GREEN	ACHIEVED
RED	NOT ACHIEVED



#### 4 Comparison of Institutional Performance Levels 2021/22 – 2022/23

**Table 1: Annual Performance Comparison**

Key Performance Areas	2021/22			2022/23		
	Total KPI's Assessed	Targets Achieved	% Targets Achieved	Total KPI's Assessed	Targets Achieved	% Targets Achieved
1. Infrastructure and Basic Service Delivery	40	27	68%	40	31	78%
2. Financial viability and Finance Management	36	22	61%	33	22	67%
3. Institutional Development and Transformation	35	15	43%	29	20	69%
4. Good Governance and Public Participation	64	32	50%	45	28	63%
5. Spatial Rationale	4	3	75%	4	2	50%
6. Local Economic Development	8	5	63%	8	6	75%
<b>Total</b>	<b>187</b>	<b>104</b>	<b>56%</b>	<b>159</b>	<b>109</b>	<b>69%</b>

## 4.0. INSTITUTIONAL AND DEPARTMENTAL PERFORMANCE

Below is a summary of the overall combined KPI and Project performance level achieved by each Department, depicting both the individual departmental performance and the achievement per KPA.

### Comparison of Institutional KPI's per KPA - 2022/23

Table 2: KPI's Attaining Target

KPA	Infrastructure and Basic Service Delivery	Financial viability and Finance Management	Institutional Development and Transformation	Good Governance and Public Participation	Spatial Rationale	Local Economic Development	Total	Dept. %
<b>Budget and Treasury</b>	<b>1/1</b>	<b>17/23</b>	<b>0/0</b>	<b>2/4</b>	<b>0/0</b>	<b>0/0</b>	<b>20/28</b>	<b>71%</b>
	100%	74%	N/A	50%	N/A	N/A		
<b>Technical Services</b>	<b>10/15</b>	<b>0/2</b>	<b>1/1</b>	<b>0/1</b>	<b>2/4</b>	<b>2/2</b>	<b>15/25</b>	<b>60%</b>
	67%	0%	100%	0%	50%	50%		
<b>Community and Social Services</b>	<b>14/16</b>	<b>2/4</b>	<b>0/0</b>	<b>3/4</b>	<b>0/0</b>	<b>0/0</b>	<b>19/24</b>	<b>79%</b>
	88%	50%	N/A	75%	N/A	N/A		
<b>Corporate Services</b>	<b>0/0</b>	<b>2/2</b>	<b>14/18</b>	<b>4/6</b>	<b>0/0</b>	<b>0/0</b>	<b>20/26</b>	<b>77%</b>
	N/A	100%	78%	67%	N/A	N/A		
<b>Office of the Municipal Manager</b>	<b>6/8</b>	<b>1/2</b>	<b>5/10</b>	<b>19/30</b>	<b>0/0</b>	<b>4/6</b>	<b>35/56</b>	<b>63%</b>
	75%	50%	50%	60%	N/A	67%		
<b>Total Achieved</b>	<b>31</b>	<b>22</b>	<b>20</b>	<b>28</b>	<b>2</b>	<b>6</b>	<b>109</b>	
<b>Total Assessed</b>	<b>40</b>	<b>33</b>	<b>29</b>	<b>45</b>	<b>4</b>	<b>8</b>	<b>159</b>	
<b>Percentage %</b>	<b>78%</b>	<b>67%</b>	<b>69%</b>	<b>62%</b>	<b>50%</b>	<b>75%</b>	<b>69%</b>	

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

The individual performance of each KPI per KPA is highlighted in the following departmental scorecard.

#### 4.1. OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is responsible for a total of **56 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows

**Table 3: Office of the Municipal Manager Statistics**

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
Total	56	35	63%	21	37%



## 4.2. BUDGET & TREASURY

The Budget and Treasury Department is responsible for a total of **28 KPI's** of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

**Table 4: Budget & Treasury Statistics**

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
Total	28	21	75%	7	25%

### 1.1 4.3 CORPORATE SERVICES

The Corporate Services Department is responsible for a total of **26 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

**Table 5: Corporate Services Statistics**

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
Total	26	20	77%	6	23%

## 4.4. COMMUNITY & SOCIAL SERVICES

The Community and Social Services Department is responsible for a total of **24 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

**Table 6: Community and Social Services Statistics**

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
Total	24	19	79%	5	21%

#### 4.5. TECHNICAL SERVICES

The Technical Services Department is responsible for a total of **25 KPI's**, of which all were eligible for assessment in the period under review and combine to contribute to the overall performance level for the IDP and Adjustment SDBIP Scorecards. The statistics for the Department are as follows.

**Table 7: Technical Services Statistics**

Type	Total KPI's Assessed	Targets Achieved	% Target Achieved	Under Target	% Under Target
Total	25	15	60%	10	40%

## 5.0. KEY PERFORMANCE AREA 1: INFRASTRUCTURE AND BASIC SERVICE DELIVERY

The overall score for this KPA is **78%** for the year under review. The greatest contributors to this KPA are the Technical and Community & Social Services Departments. This is one of the key KPA's for the municipality because of its direct impact to community development e.g. the construction of road infrastructure, water provision, etc.

Over the past two financial years, our commitment to enhancing Infrastructure and Basic Service Delivery has yielded commendable progress. In the 2021/2022 financial year, our performance stood at a noteworthy 68%, reflecting our dedication to meeting the needs of our constituents. Building upon this momentum, the subsequent financial year, 2022/2023, witnessed a marked improvement, with our performance soaring to an impressive 78%. This trajectory of growth underscores our relentless pursuit of excellence and underscores our ability to adapt, innovate, and deliver essential services effectively. As we look ahead, we remain steadfast in our pursuit of even greater milestones, driven by a steadfast commitment to enhancing the quality of life for all those we serve.

KPI Status	Infrastructure and Basic Service Delivery
Target Met (as planned and exceeded)	31
Target Not Met (below planned)	9
Total	40
% Targets met	78%
% Targets not met	22%

### Performance Highlights for the 2022/23

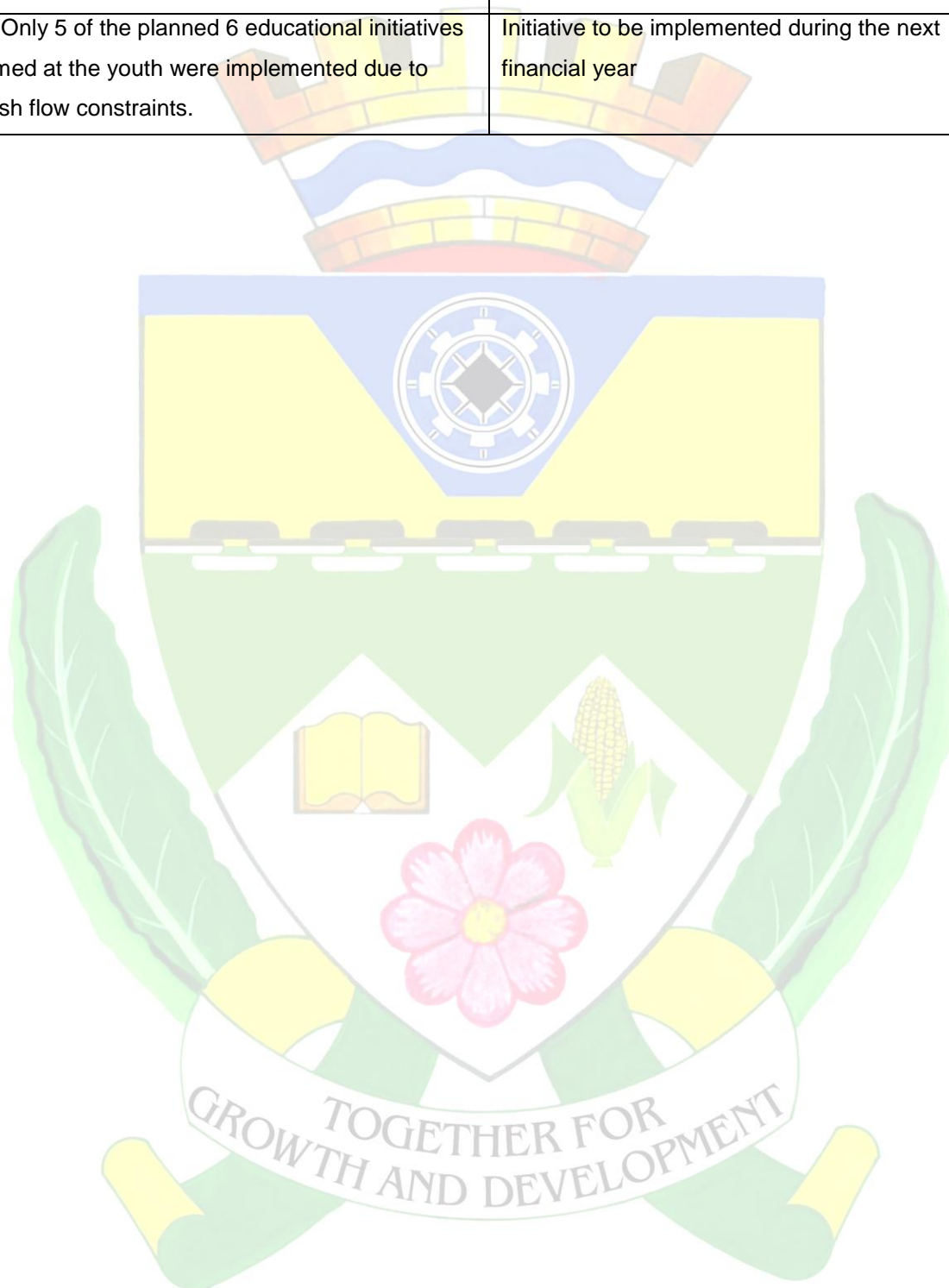
- The MIG conditional grant was fully utilised or spent (100%) which means that there was no roll over of the grant funding.

- The municipality has been struggling with the development of master plans however this financial , the municipality in partnership with the DBSA have signed an agreement to develop numerous master plans.
- All formal household within the municipal area received frequent waste removal services.

Challenges	Measures taken to improve performance
1. The Water Services Master Plan and WSDP were not developed. The municipality signed a non-lending agreement with DBSA through COGTA to assist with the development of the Water Services Master Plan and WSDP. DBSA would appoint service providers in 2023/2024 financial year.	DBSA would appoint service providers in the 2023/2024 financial year to develop the WSMP and WSDP
2) 3 of the planned 6 capital projects were completed by 30 June 2023. The reasons for the non-completion of others are:1. Development of Portion 6 of the Farm Middelburg 231 ER - Sanitation Services - Work in progress due to cash flow constraints.  2. Development of on Portion 6 of the farm Middelburg 231 ER: Water Services - Work in progress due to cash flow constraints.  3. Eradication of sanitation backlog to rural areas - two contractor issued with intention to terminate. Work in progress due to cash flow constraints.	Funding to be available in 2023/2024 financial year.
3) Drastically cut budget due to municipal finances. Service level agreements with MIB's have expired and was not renewed due to overdue invoices and expiration of SLA's. No extension allowed from SCM even though there are only two MIB's for Fire Appliances	Additional Repair and Maintenance budget was requested to address maintenance of emergency vehicles
4) One Youth Imbizo was postponed due to unavailability of certain stakeholders	The Imbizo will be hosted in 2023/2024 FY.



5) Not all illegal dumping spots were cleared due to the breakdown of equipment, i.e. front-end loader and shortage of other clearing equipment	Avail the required equipment through fleet management office and clean more dump spaces using EPWP beneficiaries. Clean more during 2023/24 FY.
6) Only 5 of the planned 6 educational initiatives aimed at the youth were implemented due to cash flow constraints.	Initiative to be implemented during the next financial year



## 5.1 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT SCORECARD

Strategic Goal 1: Improved provision of basic services to the residents of VKLM

Strategic Goal 2: Improved social protection and education outcomes

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Sanitation	% of households with access to basic levels of sanitation by 30 June 2023 – (GKPI)	Rw23-2022	ED:TS	1.1	1 000	Opex	150	100%	100%	Achieved	0 applications received	Installations will be done only after an application is received and paid by the customer	Register of new connections applications for sanitation
	Water	% of households with access to basic levels of water by 30 June 2023 (GKPI)		ED:TS	1.2	1 000	Opex	100%	100%	100%	Achieved	Only 2 applications received, paid and installed	Installations will only be done once application is received and paid	Register of new connections applications for water
		Number of monthly reports showing non-revenue water submitted to the MM by 30 June 2023	WS5.1	ED:TS	1.3	0	Opex	12	12	12	Achieved	None	None	Monthly report submitted to the MM
	Water/ Sanitation	Water Services Master Plan and WSDP developed and submitted to Council by 30 June 2023	Rw30-2022	ED:TS	1.4	1 500	Opex	0	1	0	Not Achieved	The municipality signed a non-lending agreement with DBSA through COGTA to assist with the development of the Water Services Master Plan and WSDP. DBSA would appoint service providers in 2023/2024 financial year.	DBSA would appoint service providers in the 2023/2024 financial year to develop the WSMP and WSDP	Copies of Water Services Master Plan and WSDP

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Housing	Number of monthly progress reports submitted to the MM with respect to the # of new RDP Housing units provided by the PDoHS by 30 June 2023	Hs 01-2022	ED:TS	1.7	0	Opex	12	12	12	Achieved	None	None	Copies of monthly progress reports submitted to the MM
	Project Management	Number of Capital projects (infrastructure) completed in terms of agreed schedule excluding NDM funded projects by 30 June 2023	Rw25-2022	ED:TS	1.8	Incl.	Capex	16	6	3	Not Achieved	1. Development of Portion 6 of the Farm Middelburg 231 ER - Sanitation Services - Work in progress due to cash flow constraints.  2. Development of on Portion 6 of the farm Middelburg 231 ER: Water Services - Work in progress due to cash flow constraints.  3. Eradication of sanitation backlog to rural areas - two contractor issued with intention to terminate. Work in progress due to cash flow constraints.	Funding to be made available in 2023/2024 financial year.	Copies of practical completion certificates
		% of expenditure of Capital projects in terms of budget excl., NDM funded projects by 30 June 2023		ED:TS	1.9	45 027	Capex	100%	100%	100%	Achieved	None	None	Monthly expenditure report
		% spend on conditional MIG grant by 30 June 2023		ED:TS	1.1.0	Incl.	MIG	100%	100%	100%	Achieved	N/A	N/A	MIG expenditure report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Project Management	% of new Capital projects started on time In terms of the appointment of consultants / contractors excluding NDM funded projects by 30 Sept 2022	Rw06-2022	ED:TS	1.1.1	Incl.	Opex	100%	100%	0%	Not Achieved	Outstanding appointment for construction services-Eradication of sanitation backlog to rural areas.  Reconstruction of paved roads in Victor Khanye.  Drilling of Boreholes in rural areas and provision of elevated steel tanks	Acceleration appointment for construction services-Eradication of sanitation backlog to rural areas-Reconstruction of paved roads in Victor Khanye-Drilling of Boreholes in rural areas and provision of elevated steel tanks	Copies of the individual project appointment letters in terms of consultants/contractors
	Improved Community awareness	Number of community awareness campaigns held in terms of waste management per quarter	Wr02-2022	ED:SS	1.1.2	0	Opex	3	3	3	Achieved	None	None	Copy of close-out report for each campaign
	Waste removal	Number of formal household areas with refuse collection services per week as per approved schedule (including repeated areas) (GKPI)	Wr01-2022	ED:SS	1.1.3	11 000	Opex	25	25	25	Achieved	None	None	Copies of weekly approved waste removal collection schedules signed by the Workman
		Number of formal businesses with access to waste collection utilising mass containers as per the approved schedule per week.	Wr04-2022	ED:SS	1.1.4	1 000	Opex	20	16	22	Achieved	There were extra new businesses that applied to be serviced which made the total to be 22	None	Copy of a signed register by the business representative
		Number of formal streets with street cleaning services per week as per schedule		ED:SS	1.1.5	0	Opex	19.25	22	22	Achieved	None	None	Copies of weekly street registers signed by the Workman



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Waste Removal	Number of spots cleared of illegal dumping per quarter as per schedule (including repeated areas).	Wr06-2022	ED:SS	1.1.6	0	Opex	36.5	30	26	Not Achieved	Breakdown of equipment i.e. front-end loader and shortage of other clearing equipment	Avail the required equipment through fleet management office and clean more dump spaces using EPWP beneficiaries. Clean more during 2023/24 FY.	Copies of quarterly approved schedule signed by the Workman
	Electricity	% of households with access to basic levels of electricity by 30 June 2023 (GKPI)	Es02-2022	ED:TS	1.1.7	0	Opex	100%	100%	100%	Achieved	None	None	Register of new connection applications
		Electricity Master Plan developed and submitted to Council by 30 June 2023	Es10-2022	ED:TS	1.1.8	1 000	Opex	0	1	0	Not Achieved	No internal budget to develop the energy master plan.	Grant agreement between DBSA and the VKLM has been entered into for the development of the energy master plan for the financial year 2023/2024.	Copy of Electricity Master Plan & Council Resolution
	Electricity	Number of reports of households disconnected due to electricity tempering submitted to MM per quarter	Es10-2022	ED:TS	1.1.9	0	Opex	4	4	4	Achieved	None	None	Quarterly Reports submitted to the MM
	Roads and Storm water	Number of monthly reports of potholes patched submitted to the MM by 30 June 2023	Rsw07-2022	ED:TS	1.2.1	0	Opex	12	12	12	Achieved	None	None	Monthly pothole patching report submitted to the MM
		Number of monthly reports on Road Maintenance submitted to the MM by 30 June 2023	Rsw06-2022	ED:TS	1.2.2	0	Opex	12	12	12	Achieved	None	None	Copy of monthly reports on Road Maintenance
		Number of monthly reports of storm water drainage systems cleaned & submitted to the MM by 30 June 2023	Rsw10-2022	ED:TS	1.2.3	0	Opex	12	12	12	Achieved	None	None	Copy of monthly reports of storm water drainage systems cleaned

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Disaster Management	% availability of emergency response vehicles per quarter to comply to the codes of practice (SANS 10090)	Dm02-2022	ED:SS	1.2.4	800	Opex	82%	70%	69%	Not Achieved	Drastically cut budget due to municipal finances. Service level agreements with MIB's have expired and was not renewed due to overdue invoices and expiration of SLA's. No extension allowed from SCM even though there are only two MIB's for Fire Appliances	Additional Repair and Maintenance budget was requested to address maintenance of emergency vehicles	Copies of monthly statistics register
	Disaster Management	% response time normal hours (5 min) with respect to the request for emergency services received per month to vehicles out the gate	Dm07-2022	ED:SS	1.2.5	0	Opex	91%	80%	90%	Achieved	Personnel availability results in quicker response times	None	Copies of monthly statistics register
		% response time after hours (10 min) with respect to the request for emergency services received per month to vehicles out the gate		ED:SS	1.2.6	0	Opex	86%	85%	90%	Achieved	Personnel availability results in quicker response times	None	Copies of monthly statistics register
		Number of community awareness programmes conducted per quarter with respect to emergency / disaster risk awareness	Dm07-2022	ED:SS	1.2.7	0	Opex	9	4	7	Achieved	Additional awareness was conducted which was ad-hoc requests from external stakeholders.	No corrective measures required. Ad-hoc requests from external stakeholders is once-off requests received	Copies of the Public Education Awareness Report and/or Website screen shot.
	Indigent	Number of households earning less than R4000 per month provided with access to free basic services by 30 June 2023 (GKPI)	Rw04-2022	CFO	1.2.8	0	Opex	2214	500	544	Achieved	The outreach programme which was conducted in the 3rd quarter resulted in the over achievement of the target	Proper planning from the department will be done regarding the indigent registrations and the communication thereof.	Copy of a list of households provided with FBS

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Community Upliftment	Number of initiatives focused on improving the life of designated groups by 30 June 2023	Vg03-2022	MM	1.2.9	350	Opex	6	3	3	Achieved	None	None	Copy of close-out reports for each initiative
		Number of learners provided with financial support (Mayoral community programme) by 31 March 2023	Led 34-2022	MM	1.3.0	250	Opex	78	40	103	Achieved	The number of applications we received were many, and the different institutions that they applied to has made it possible for us to pay for the said number without exceeding the budgeted amount due to others having far less application fee	Increase the number of expected applicants	Copies of successful learner applications and report on Registration Fee Assistance Fund allocation and Copy of close-out reports
		Number of Matric Excellence Awards held by 31 March 2023		MM	1.3.12	100	Opex	New	1	1	Achieved	None	None	Copy of a close-out report for the awards
	Environmental Protection	Number of trees planted in public and private spaces per quarter	Wr13-2020	ED:SS	1.3.1	75	Opex	0	50	55	Achieved	The target was exceeded by 5 trees because trees were available at a price lower than budgeted for, the supplier offered a special price	None	Copy of close out reports
	Mainstream Disability and Gender	Number of events scheduled and held in terms of mainstreaming of gender (man and woman & LGBTQI+), disabled, elderly and children by 30 June 2023	Vg 01-05 2022	MM	1.3.2	60	Opex	11	6	12	Achieved	More performance because of the collaboration with other stakeholders as our financial year differ	None	Copy of close-out reports for each event
	Youth	Number of educational initiatives implemented in terms of the Youth by 30 June 2023	Led35-2022	MM	1.3.3	200	Opex	6	6	5	Not Achieved	One (1) initiative could not be implemented due to municipal cash flow constraints	Initiative to be implemented during the next financial year	Copy of close-out reports for each initiative

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Youth	Number of Sports and Arts and Culture events held in terms of the youth by 30 June 2023	Ts07-2022	MM	1.3.4	500	Opex	2	4	4	Achieved	None	None	Copy of close-out reports for each event
		Number of Youth Imbizos held by 30 June 2023	Pa27-2022	MM	1.3.5	200	Opex	3	2	1	Not Achieved	One Imbizo was postponed due to unavailability of certain stakeholders	The Imbizo will be hosted in 2023/2024 FY.	Copy of close-out reports for each Imbizos held
	Parks	Number of main municipal intersections with ornamental structures maintained per month	Cs 03-2022	ED:SS	1.3.6	0	Opex	15	12	13	Achieved	A community group assist the municipality maintain entrance along R42 Road and Mandela Drive	None	Copy of main municipal intersections with ornamental structures maintained with pictures
	Libraries	Number of community members utilizing the library facilities monthly	Ls03-2022	ED:SS	1.3.7	0	Opex	11831	13 000	24657	Achieved	Stable internet for learning, projects, and job searches, coupled with rising computer literacy course enrolments, and drove an increase in community library utilization by June 30 2023.	Target will be increased in 2023/24 FY.	Copies of monthly summary of the statistics register
		Number of library awareness campaigns conducted per quarter		ED:SS	1.3.8	50	DCSR	New	4	4	Achieved	None	None	Copy of close-out report for each campaign conducted
	Environmental Protection	Number of air quality education and awareness campaigns programmes conducted per quarter	Wr10-2020	ED:SS	1.3.9	0	Opex	New	2	2	Achieved	None	None	Copy of close-out reports for each campaign conducted
	Environmental Protection (Air Quality Management Plan)	Number of quarterly compliance inspections conducted to monitor facility performance in terms of Air Quality Act	Wr10-2020	ED:SS	1.3.10	0	Opex	New	2	2	Achieved	None	None	Copy of inspections report



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Service Delivery	Environmental Protection (Air Quality Management Plan	Number of the state of ambient air quality reports submitted to HHS Portfolio Committee per quarter	Wr10-2020	ED:SS	1.3.11	0	Opex	New	4	4	Achieved	None	None	Copies of Council resolutions on the state of ambient air quality reports
	Mainstream HIV/AIDS	Number of HIV/AIDS educational awareness campaigns implemented each quarter	Vg06-2022	MM	1.4.0	30	Opex	5	4	6	Achieved	Extra performance because of a "know your status programme" where the Department of Health distributed the self-testing kit	None	Copy of close-out report of each campaign held

## 6.0. KEY PERFORMANCE AREA 2: FINANCIAL VIABILITY AND FINANCE MANAGEMENT

The overall score for this KPA is **67%** for the year under review. This represents an improved achievement from the 61% achieved in the previous financial year. The greatest contributor to this KPA is the Budget and Treasury Department as this KPA deals with financial management performance indicators and IDP indicators

Highlighting our commitment to responsible financial management, the municipality's Financial Viability and Management demonstrated an upward trend. In 2021/2022, we scored 61%, reflecting fiscal responsibility. Progressing, 2022/2023 saw remarkable growth to an impressive 67%, affirming our strategic financial approach for ongoing success.

KPI Status	Financial Viability and Finance Management
Target Met (as planned and exceeded)	22
Target Not Met (below planned)	11
Total	33
% Targets met	67%
% Targets not met	33%

### *Performance Highlights for the 2022/23*

- The FMG conditional grant was fully spent (100%) on the capacitation of financial management interns.
- The municipality was able to prepare interim financial statements in the third quarter to ensure that at year-end, we are able to submit credible financial statements to the Auditor General.
- 83% of the total operational budget was achieved against the 96% National Treasury Norm.

Challenges	Measures taken to improve performance
1) Only 45% of households billed was collected. There was a slow enforcement on the credit control for the 3rd quarter. Credit control measures not properly implemented. Inaccurate billing as a result of faulty, bridged or no meters (electricity and water).	Enforcing the credit control and debt collection policy on the fourth quarter. Proper implementation of the approved credit control policy, blocking of meters if the current account is not paid, physical disconnections to those that are using conventional meters.
2) 36% of compliant invoices were paid within the legislated 30 days due to cash flow constraints.	Full implementation of Revenue Enhancement Strategy and implementation of Credit Control Policy
3) Cost coverage ratio was not achieved. When comparing the actual revenue and expenditure at year end, the municipality recorded a deficit which was due to none monitoring of the budget during the financial year 2022/2023.	The budget funding plan should be implemented to ensure the reduction in expenditure and maximising revenue in order for the municipality to be able to service its debtors without being grant dependent.
4) Service delivery departments worked overtime in excess of the legislated levels due to ageing infrastructure that constantly breaks down.	Ensure that the municipality collects enough revenue in order to refurbish the infrastructure.

## 6.1 FINANCIAL VIABILITY AND FINANCE MANAGEMENT SCORECARD

### Strategic Goal 3: Improved compliance to MFMA and VKLM policy Framework

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial Viability	Financial Viability	Approval of MTREF Budget by 31 May 2023	Mf22-2022	CFO	2.1	0	Opex	1	1	1	Achieved	None	None	Copy of the approved Final Annual budget
		% of amounts of households billed collected per quarter	Mf05-2022	CFO	2.2	0	Opex	30.50%	75%	45.10%	Not Achieved	There was a slow enforcement on the credit control for the 3rd quarter. Credit control measures not properly implemented. Inaccurate billing as a result of faulty, bridged or no meters (electricity and water).	Enforcing the credit control and debt collection policy on the fourth quarter.  Proper implementation of the approved credit control policy, blocking of meters if the current account is not paid, physical disconnections to those that are using conventional meters.	Copies of the Credit Control and debt collection report
		% of amounts of businesses billed collected per quarter		CFO	2.3	0	Opex	94%	80%	88.60%	Achieved	Credit control processes were strictly adhered to.	None	Copies of the Credit Control and debt collection report
Financial Management	Financial Management	Unaudited Annual Financial Statements (AFS) submitted on or before 31 Aug 2022	Mf19-2022	CFO	2.4	1 500	Opex	1	1	1	Achieved	None	None	Copy of the Unaudited AFS & Acknowledgement from AG
		Number of interim financial statements prepared and submitted to the MM by 28 February 2023		CFO	2.5	1 500	Opex	0	1	1	Achieved	None	None	Interim financial statements & acknowledgement of receipt by the MM
		Number of monthly section 71 MFMA reports submitted to Mayoral committee within legislative timeframes	Mf16-2022	CFO	2.6	0	Opex	12	12	12	Achieved	None	None	Copy of monthly section 71 report



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial Management	Financial Management	Midyear section 72 MFMA report submitted to Mayoral committee within legislative timeframes by 25 January 2023	Mf17-2022	CFO	2.7	0	Opex	1	1	1	Achieved	None	None	Copy of the Section 72 Report
		Number of quarterly section 52(d) MFMA reports submitted to Mayoral committee within legislative timeframes		CFO	2.8	0	Opex	4	4	4	Achieved	None	None	Copy of the quarterly section 52(d) report
		% of approved (compliant) invoices paid within 30 days	SC01-2022	CFO	2.9	0	Opex	92%	100%	36.24%	Not Achieved	Cash flow constraints	Full implementation of Revenue Enhancement Strategy and implementation of Credit Control Policy	Copy of the monthly creditors reconciliation report
		% spend on conditional FMG grant per quarter	Mf15-2022	CFO	2.1.0	1 720	FMG	100%	100%	100%	Achieved	None	None	Copies of the monthly FMG Report
		% Debt coverage ratio (GKPI) by 30 September 2022		CFO	2.1.2	0	Opex	18%	45%	0%	Achieved	The norm as indicated on an annual target must be adjusted so that it will be aligned to debt coverage ratio	None	Statement of financial position and statement of financial performance
		% outstanding service debtors to revenue (GKPI) by 30 September 2022	Mf15-2022	CFO	2.1.3	0	Opex	32%	32%	0%	Achieved	If the result of the Ratio analysis indicates less than 45% then the Municipality still has capacity to take increase funding from borrowings, however, this should be considered within the cash flow requirements of the Municipality	None	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial management	Financial Management	Cost coverage ratio (GKPI) by 30 September 2022		CFO	2.1.4	0	Opex	0.26	1:7.8	0.11	Not Achieved	When comparing the actual revenue and expenditure at year end the municipality recorded a deficit which was due to none monitoring of the budget during the financial year 2021/2022.	The budget funding plan should be implemented to ensure the reduction in expenditure and maximising revenue in order for the municipality to be able to service it's debtors without being grant dependent.	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS
	Supply Chain Management	Number of days taken to conclude and award tenders above R200 000 by 30 June 2023	SC04-2022	CFO	2.1.5	0	Opex	67,5	<90	43.25	Achieved	None	None	Copy of the SCM Register
		Number of monthly deviation reports submitted to the MM (Total organisation)	SC01-2022	CFO	2.1.6	0	Opex	12	12	12	Achieved	None	None	Copy of the quarterly SCM deviation report
	Supply Chain Management	Number of monthly SCM reports submitted to the MM	SC01-2022	CFO	2.1.7	0	Opex	12	12	12	Achieved	None	None	Copy of the monthly SCM report
		Number of monthly UIFW reports submitted to the MM		CFO	2.1.8	0	Opex	12	12	12	Achieved	None	None	Copy of UIFW Report submitted to the MM
	Asset Management	Annual submission of the asset verification report to the MM by 15 August 2022	As02-2022	CFO	2.1.9	0	Opex	1	1	1	Achieved	None	None	Copy of the fixed asset verification report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% spend of the total operational Budget per quarter	Mf15-2022	CFO	2.2.0	0	Opex	82%	96%	83%	Achieved	Target was achieved, as per the National Treasury Norms and Standard the Norm range is between 95%-100% therefore the under-spending should be seen as the result of improved efficiencies and not as a result of non-implementation of programmes and/or projects.	None	Copy of the quarterly section 52(d) report
		% spend on employee costs in terms of the total operational Budget per quarter	Mf15-2022	CFO	2.2.1	0	Opex	34%	<34%	44%	Not Achieved	Target was not achieved due to misclassification that took place during the financial year.	Correction JRNL will be process before the submission of the annual financial statement to correct the misclassification.	Copy of the quarterly section 52(d) report
		Number of quarterly reports submitted to Council in terms of legislated overtime levels (Total Organisation)		ED:CS	2.2.3	0	Opex	10	4	5	Achieved	Council has amended the frequency of council sittings from quarterly to monthly basis and the reporting is now done monthly.	The calendar of events was amended from quarterly to monthly meetings.	Copies of quarterly overtime report submitted to Council
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (OMM)		MM	2.2.4	0	Opex	0%	0%	0.58%	Not Achieved	Weekend meetings increase the overtime in quarter 1.	Reduced hailing periods for weekend meetings has led to compliance in quarter 2,3 and 4	Copies of approved financial overtime schedule
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (CS only)		ED:CS	2.2.5	0	Opex	0%	0%	0%	Achieved	None	None	Copies of approved financial overtime schedule

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (Finance only)		CFO	2.2.6	0	Opex	2.75%	0%	0%	Achieved	None	None	Copies of approved financial overtime schedule
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (SS only) (excl., essential services)		ED:SS	2.2.7	0	Opex	0.25%	0%	0.75%	Not Achieved	Emergencies like trees falling & blocking roads after hours and break down of refuse collection trucks	Request for new refuse trucks	Copies of monthly overtime report submitted to Council
		% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee (SS only) (essential services)		ED:SS	2.2.8	0	Opex	12.65%	0%	9.15%	Not Achieved	Rendering emergency services	The Directorate is in the process of hiring more staff and introducing shift system	Copies of monthly overtime report submitted to Council
		% of employees exceeding legislated overtime levels stipulated as not more than (40) hours per month per employee (TS) (excl., essential services)	Mf15-2022	ED:TS	2.2.9	0	Opex	1.25%	0%	3%	Not Achieved	Exceeded overtime targets due to disruptions at Sundra and Eloff	Try to monitor the maintained of breakdown. will improve in the next financial year	Copies of approved financial overtime schedule



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Financial Management	Improved Compliance to Legislation & Policies (Financial Management)	% of employees exceeding legislated overtime levels stipulated as not more than (45) hours per month per employee (TS) (essential services)		ED:TS	2.3.0	0	Opex	1.25%	0%	1%	Not Achieved	A plant operator transported shift workers, resulting in excess shift and overtime hours due to community water supply crisis.	To address this, we will limit total monthly hours, including overtime, to a maximum of 40 hours. Our commitment to improvement extends to the next financial year.	Copies of approved financial overtime schedule
	Financial Management & Revenue Enhancement	Number of road traffic safety operations conducted per month	Tp02-2022	ED:SS	2.3.1	0	Opex	16	12	16	Achieved	Additional operations was conducted with assistance from the Service provider on Traffic management	None	Copy of close up report for road traffic safety operations conducted
		Number of flammable liquids permits issued by 30 June 2023	Mf02-2022	ED:SS	2.3.2	0	Opex	35	34	52	Achieved	Companies renewed more regularly and 8 new applications for registration was processed and registration permits issued	None	Copy of permits register
		% of trade licenses issued by 30 June 2023		MM	2.3.3	0	Opex	7	100%	100%	Achieved	None	Awareness campaign will be done in order to conscientize business to get their trading licenses	Copies of trade license register.
		Number of quarterly reports on the implementation of credit control and debt collection policy submitted to Council by 30 June 2023	SCM01-2022	CFO	2.3.4	0	Opex	4	4	4	Achieved	None	None	Copy of Monthly Credit Control Report
		Number of quarterly reports submitted to Council on budget funding plan	SCM01-2022	CFO	2.3.5	0	Opex	New	4	3	Not Achieved	The budget funding plan was not submitted to council on the monthly basis for the first quarter.	Submit the finding plan to council on the monthly basis.	Copies of quarterly budget funding plan reports.

## 7.0 KEY PERFORMANCE AREA 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The overall score for this KPA is **69%** for the year under review. The greatest contributor to this KPA is the Corporate Services Department as this KPA deals with Human Resources indicators, performance indicators and IDP indicators.

Driving institutional growth, our municipality's performance surged. From 43% in 2021/2022 to an impressive 69% in 2022/2023, our commitment to transformational progress is evident and poised for further success.

KPI Status	Institutional Development and Transformation
Target Met (as planned and exceeded)	20
Target Not Met (below planned)	9
Total	29
% Targets met	69%
% Targets not met	31%

### *Performance Highlights for the 2022/23*

- 87 employees were trained in various disciplines for them to be able to perform their duties effectively and efficiently.
- Local Labour Forum meetings met as per the approved schedule thereby ensuring better working relations between the municipality and organized labour.
- The bi-annual performance reviews were conducted for all section 56 managers and the section 54A manager.

Challenges	Measures taken to improve performance
1) Critical vacant positions below the Section 56/54A previously filled were not processed within three months as the municipality is currently facing financial constraints.	The municipality is looking at filling the service delivery orientated positions in the new financial year in order to generate revenue and ensure that the municipality is financially viable and stable which will lead to advertising and filling of all the vacant positions.
2) Only 18 of the planned 30 employees participated in the 2022/23 employee wellness programme due to non-attendance or alleged lack of interest.	Affected employees have been identified and spoken to in order to explain to them the importance of the programme. Communication will also be improved to ensure that affected employees are informed timeously.
3) Only 2 of the planned 4 quarterly SDBIP reports were submitted to Council. The reports are developed and submitted to the Audit Committee however the submission to Council always happens outside of the quarter due to misalignment.	Align the submission of reports to the sitting of the municipal council in the 2023/2024 financial year..
4) Only 84% of the planned 95% availability of ICT services was achieved. Load shedding impacted Hardware and Governance. ICT Steering Committee was postponed, projects stalled due to cash flow. Internet services disrupted by delayed municipal payments, affecting the municipality's operations.	To address these issues, we will implement proper hardware maintenance and support, convene the Governance committee for facilitation and server room upgrades, and enhance payment plans to ensure uninterrupted ICT services.

## 7.1. INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION SCORECARD

### Strategic Goal 4: Improved efficiency and effectiveness of the Municipal Administration

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Operational Efficiency	Performance Management	% of KPIs attaining organisational targets by 30 June 2023 (Total organisation)	Pm02-2022	MM	3.1	0	Opex	56%	100%	68%	Not Achieved	See respective departmental comments.	See respective departmental comments.	Copies of the quarterly consolidated performance report
	Organisational Development	% approved critical positions processed within (5) months (Sec 56/54 A) which will become vacant during 2022/23	Eq11-2022	ED:CS	3.2	0	Opex	100%	100%	100%	Achieved	None	None	Copies of Progress reports submitted to the Council
		Submit a final report to the MM after conducting an employee satisfaction survey by 30 June 2023	Eq1-2022	ED:CS	3.3	0	Opex	1	1	1	Achieved	None	None	Copy of final satisfaction survey evaluation report acknowledged by MM
		Calendar of events developed and approved by Council by 30 June 2023	Pa18-2022	MM	3.4	0	Opex	1	1	1	Achieved	None	None	Approved calendar of events and Council Resolution
		% of employees from previously disadvantaged groups appointed in the three highest Task Grades of management as per the approved 2020-22 EE plan (GKPI)	Eq2-2022	ED:CS	3.5	0	Opex	85%	85%	85%	Achieved	None	None	Copies of appointment letters
Operational Efficiency	Organisational Development	% of budget spent implementing the Workplace Skills Plan (GKPI) by 30 June 2023	Ts06-2022	ED:CS	3.6	1 300	SETA GRANT	70%	100%	100%	Achieved	None	None	Copy of an extract from a Section 52 (d) report



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
		% of disciplinary proceedings initiated in relation to reported matters per quarter".	Pa36-2022	ED:CS	3.7	0	Opex	100%	100%	100%	Achieved	None	None	Copies of all disciplinary matters reported
	ICT	% of Internal Audit findings in terms of ICT resolved by year-end	Pa13-2022	MM	3.9	0	Opex	57.75%	100%	53%	Not Achieved	The ICT Server Room building requires upgrades. In progress Q3 : No internal Audit findings presented to ICT in the quarter under review. Q4: Incidents not logged and Kaspersky(Ant-Virus) had some findings.	A follow up will be conducted the next quarter to monitor progress made in relation to the plans. Management letter to technical services noted, and a follow up will be conducted on the progress in the next quarter.	Copy of a follow-up on Internal Audit Report
		% availability of ICT services per quarter	It01-2022	MM	3.1.0	3 000	Opex	71.25%	95%	83.75%	Not Achieved	Load shedding impacted Hardware and Governance. ICT Steering Committee was postponed, projects stalled due to cash flow. Internet services disrupted by delayed municipal payments, affecting the municipality's operations.	To address these issues, we will implement proper hardware maintenance and support, convene the Governance committee for facilitation and server room upgrades, and enhance payment plans to ensure uninterrupted ICT services.	Copies of the quarterly ICT report
		Number of ICT Projects implemented per quarter	It 02- 08 2022	MM	3.1.1	3 600	Opex	0	4	3	Not Achieved	Two contracts were only managed month-to-month, while others were neglected without addressing their remaining contract terms.	Convene Supply Chain Management and ICT Steering Committee to provide solutions for current challenges.	Quarterly reports on implementation of ICT projects

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Operational Efficiency	ICT	Number of ICT Steering Committee reports per quarter	It 02- 08 2022	MM	3.1.2	0	Opex	2	4	2	Not Achieved	Two (2) Committee could not sit for the year under review, the municipality is still awaiting training of committee members by Nkangala District Municipality.	Consequence management will be enforced for meeting absenteeism, highlighting the priority of ICT Governance. The ICT Steering Committee meetings will follow the Management plan schedule, resuming once the postponed training concludes.	ICT Steering Committee reports submitted to the MM per Quarter
	Legal Services	Number of quarterly reports on the status of municipal service level agreements approved by the MM by 30 June 2023	SCM01-2022	ED:CS	3.1.3	0	Opex	1	4	3	Not Achieved	Lack of a competent in-house legal expert to address the unachieved matter.	The Directorate has appointed a new legal practitioner to address the matter	Quarterly Reports on the status of municipal service level agreements approved by the MM
		Number of quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM by 30 June 2023	Mf15-2022	ED:CS	3.1.4	0	Opex	1	4	4	Achieved	None	None	Quarterly reports on the status of municipal legal cases that the municipality is involved in approved by the MM
	Organisational Development	Review and submit organisational structure (aligned to the IDP and Budget) to Council for approval before June 2023	Eq9-2022	ED:CS	3.2.0	0	Opex	1	1	1	Achieved	None	None	Copy of an approved by Council annual organogram
		Number of quarterly staff turnover reports submitted to Council	Eq10-2022	ED:CS	3.2.1	0	Opex	12	4	5	Achieved	Council has amended the frequency of council sittings from quarterly to monthly basis and the reporting is now done monthly.	None	Copies of quarterly staff turnover reports submitted to Council

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Operational Efficiency	Organisational Development	% of approved vacant posts (below Sec 56/54 A)(previously filled) processed within (3) months	Eq13-2022	ED:CS	3.2.2	0	Opex	75%	100%	77.50%	Not Achieved	The Municipality is currently facing cash flow constraints and the only positions that are currently being filled are the strategic positions, which are required to create stability within the municipality.	The municipality is looking at filling the services delivery orientated positions in the new financial year in order to generate revenue and ensure that the municipality is financial viable and stable which will lead to advertising and filling of all the vacant positions.	Copy of final recruitment report submitted to the MM
	Fleet	Number of quarterly fleet management reports submitted and approved by the MM by 30 June 2023	Pa36-2022	ED:TS	3.2.3	0	Opex	4	4	4	Achieved	None	None	Fleet management reports approved by the MM
Organisational Development	Organisational Development	Number of job descriptions developed and signed by the MM by 30 June 2023	Eq12-2022	ED:CS	3.2.4	0	Opex	0	2	2	Achieved	None	None	Copy of job descriptions report signed by the MM
	Workplace Skills Development	Workplace Skills Plan (WSP) and Annual Training Report (ATR) submitted on due date 30 April 2023	Ts04-2022	ED:CS	3.2.5	0	Opex	1	1	1	Achieved	None	None	Copies of WSP and ATR submitted to the LG SETA
		Number of quarterly training status reports submitted to the District		ED:CS	3.2.6	0	Opex	4	4	4	Achieved	None	None	Copy of quarterly training status report submitted to the District
		Number of employees trained per quarter in line with the approved 2022/23 WSP		ED:CS	3.2.7	1 800	SETA GRANT	97	70	87	Achieved	LGSETA furnished us with training interventions over above the trainings that we have planned and budgeted for.	None	Copies of the quarterly training report. submitted to the District

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Organisational Development	Workplace Health and Safety Workplace Health and Safety	Number of monthly workplace inspections conducted and submitted to the MM	Oh06-2022	ED:CS	3.2.8	0	Opex	12	12	12	Achieved	None	None	Copies of monthly inspection reports submitted to the MM
		Number of quarterly SHE related reports submitted to the MM	Oh06-2022	ED:CS	3.2.9	0	Opex	8	4	3	Not Achieved	Due to lack of SHE committee sittings to discuss SHE reports with MM's reports, it was recommended that first quarter reports be discussed before second report submitted for discussion.	To conduct follow-ups with the Chairperson(Municipal Manager)	Copy of the quarterly SHE related reports submitted to the MM
		Number of employees who have participated in the approved 2022/23 Wellness programmes per quarter	Oh05-2022	ED:CS	3.3.0	640	Opex	114	120	84	Not Achieved	The wellness program initially slated for March 2023 with Old Mutual was postponed due to protests. Although the Municipal Manager approved June 20, 2023, for financial wellness sessions for all employees, only 18 employees participated.	The wellness program shall be scheduled for 2023/2024 FY. The Municipal Manager recommended enhancing employee communication.	Copy of the quarterly Employee Wellness Programme (EWP) report with the number of participants
	Labour Relations	Number of Local Labour Forum (LLF) meetings agendas processed every quarter as per approved Calendar of Events	Pa36-2022	ED:CS	3.3.1	0	Opex	2	4	4	Achieved	None	None	Copy of the agenda signed by the Chairperson
Operational Efficiency	Performance Management	Number of formal bi-annual performance reviews conducted with Section 56 & 54A employees	Pm06-2022	MM	3.3.2	50	Opex	1	2	2	Achieved	None	None	Performance Assessment Reports



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Operational Efficiency	Performance Management	Performance Agreements of Senior Managers signed by 01 Aug. 2022	Pm05-2022	MM	3.3.3	0	Opex	1	1	1	Achieved	None	None	Signed Performance Agreements and proof of submission to CoGTA
		Compilation of the Annual Performance Report (2021/22 FY) and submitted to AG by 31 Aug. 2022	Pm02-2022	MM	3.3.4	0	Opex	1	1	1	Achieved	None	None	Copy of APR and proof of submission to AG
		Number of quarterly SDBIP performance reports submitted to Council by 30 June 2023	Pm02-2022	MM	3.3.5	0	Opex	2	4	2	Not Achieved	The reports are developed and submitted to the Audit Committee however the submission to Council always happens outside of the quarter due to misalignment.	Align the submission of reports to the sitting of the municipal council.	Quarterly SDBIP performance report

#### 8.0 KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The overall score for this KPA is **62%** for the year under review.

Elevating municipal excellence, Good Governance and Public Participation thrived. Advancing from 50% in 2021/2022 to a notable 62% in 2022/2023, our dedication to effective governance and inclusive engagement is evident and paves the way for continued progress.

KPI Status	Good Governance and Public Participation
Target Met (as planned and exceeded)	28
Target Not Met (below planned)	17
Total	45
% Targets met	62%
% Targets not met	38%

#### *Performance Highlights for the 2022/23*

- All HR related policies were reviewed in accordance with the requirements of the New Local Government Staff Regulations.
- 85% of all risks identified were mitigated.
- The Municipal Public Account Committee (MPAC) met regularly on a quarterly basis to ensure that municipal funds are spent efficiently.

Challenges	Measures taken to improve performance
1) Scheduled community meetings were disrupted by community unrest, necessitating cancellation for the safety of community members and Councillors.	Reschedule meetings for the first quarter of the 2022/2023 FY and notify the South African Police Service about the upcoming meetings.
2) The compliance registers were not submitted to Council due to the passing on of the previous incumbent. The function was not allocated to any official due to limited personnel	An official responsible for this function has since been appointed on the 1 <sup>st</sup> August 2023.
3) The community satisfaction survey could not be conducted as a result of lack of resources (budget), the municipality was relying on the Nkangala District for the service through the research department.	The unit will conduct the survey through the website and Facebook page, which does not have financial implications
4) The ward committee reports could not be submitted to Council because the ward committees were not trained.	The ward committees have been trained and the reports will be submitted in the first quarter of 23/24 FY.
5) The municipality obtained a qualified audit opinion from the Auditor General (SA) due to amongst other, Property, Plant and Equipment, etc.	A detailed reconciliation of Municipal land per the fixed asset register and the deeds office will be performed. The land sale process will be refined, and adequate controls will be put in place. Bi-annual asset verifications of movable assets to be performed.
6) 35% of Council meeting resolutions were implemented. Most resolutions are on-going and/or in progress hence they are regarded non achieved. The remaining resolution are in progress (7)	Directorates to expedite implementation in the 2023/24 FY
7) 9 of the planned 11 Mayoral Committee meetings were held due to unrest in the community that led to the cancellation of the February 2023 meeting. Non-adherence to the April 2023 Section 79 committee calendar resulted in the suspension of MAYCO activities for that month.	We will improve community engagement and conflict resolution, establish stricter adherence to the Section 79 committee calendar, and create contingency plans for MAYCO activities during calendar disruptions.
8) 24% of Internal Audit findings were resolved due to slow implementation of Internal Audit recommendations.	Management to keep close monitoring on the implementation of IAU recommendation and weekly monitoring, including having IAU as a standing invitee to all meetings

## 8.1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION SCORECARD

Strategic Goal 5: Improve community confidence in the system of local government

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of total MPAC resolutions raised and resolved per quarter	Pa29-2022	MM	4.1	0	Opex	50%	100%	50%	Not Achieved	1 In the Second Quarter, no resolutions were raised due to the fact that the Committee was still waiting for the the outcomes of the Investigations of UIFWE. 2 In the fourth Quarter, the resolutions were raised , however, few questions were responded to.	1 The committee resolved that the Service provider that is conducting investigations for the UIFWE should start reporting to the Committee directly, so the committee will have control of when the report is being submitted. 2 The Committee will start copying the Executive when requesting information, so the management can respond to the resolutions and should do so timely as to allow the committee to fully execute its functions.	Copies of the quarterly MPAC resolutions raised and the respective managers response
	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (total organisation)	Pa07-2022	MM	4.2	0	Opex	85%	85%	85%	Achieved	None	None	Copies of the Quarterly Risk Reports, Agenda and minutes of the Risk Management Meetings
	Good Governance	Obtain an improved audit opinion from the annual audit outcome	Pa08-2022	MM	4.4	0	Opex	Qualified Opinion	Unqualified Opinion	Qualified Audit Opinion	Not Achieved	Property, plant and equipment	A detailed reconciliation of Municipal land per the fixed asset register and the deeds office will be performed. The land sale process will be refined, and adequate controls will be put in place. Bi-annual asset verifications of movable assets to be performed.	Copy of the Auditor General's final audit report



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of AG Management Letter findings resolved (in terms of the Audit Action Plan) by 30 June 2023 (Total organization)	Pa11-2022	CFO	4.5	0	Opex	68%	85%	81%	Not Achieved	The none achieved emanate from the following findings that were raised . 1. Consistence between APR and quarterly reports 2. Other assets incorrectly classified as investment property.	1. The APR has been reviewed and amended as per the AG recommendation. 2. The municipality investigated those assets and now are correctly classified as assets under investigation	Copy of the quarterly AG Action Plan status report
		Draft Consolidated Annual Report submitted to AG on or before the 31 Aug 2022	Mf15-2022	MM	4.6	0	Opex	1	1	1	Achieved	None	None	A copy of a Draft Consolidated Annual Report and a signed copy of acknowledgement of receipt of the draft report by AG
Accountability	Community Participation	Number of Ward operational plans submitted to Council per annum	Pa24-2022	MM	4.7	250	Opex	0	9	0	Not Achieved	The ward operational plans are developed during the fourth quarter for the next financial year.	The ward operational plan will be submitted during the fourth quarter after the sitting of the Ward committee forum.	Copy of annual Ward operational reports submitted to Council and Council Resolution
		Number of Ward Committee reports submitted to Council per quarter	Pa22-2022	MM	4.8	0	Opex	4	36	0	Not Achieved	The ward committee reports could not be submitted because the ward committees were not trained.	The ward committees have been trained and the reports will be submitted in the first quarter of 23/24 FY.	Copies of quarterly ward committee reports submitted to Council
		Number of Community outreach meetings facilitated and attended by 30 June 2023	Pa21-2022	MM	4.9	250	Opex	3	4	2	Not Achieved	Scheduled meetings were disrupted by community unrest, necessitating cancellation for the safety of community members and Councillors.	Reschedule meetings for the first quarter of the 2023/2024 FY and notify the South African Police Service about the upcoming meetings.	Copy of the quarterly outreach report and attendance register submitted to the MM
	Good Governance	Submission of final audited consolidated Annual Report to Council by the 31 Jan 2023	Mf15-2022	MM	4.1.0	0	Opex	1	1	1	Achieved	None	None	Copy of Final Annual Report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance	Good Governance	Submission of Oversight Report to Council by the 31 March 2023	Mf15-2022	MM	4.1.1	0	Opex	1	1	1	Achieved	None	None	Annual Oversight Report
		2023/24 IDP review Process Plan approved by 31 Aug 2022	Mf20-2022	MM	4.1.2	0	Opex	1	1	1	Achieved	None	None	Copy of approved IDP review Process Plan
		Final IDP tabled and approved by Council by 31 May 2023		MM	4.1.3	0	Opex	1	1	1	Achieved	None	None	Copy of Final IDP and Council resolution item reference approving the document
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 27 May 2023 (OMM)	Pa37-2022	MM	4.1.4	0	Opex	11	10	10	Achieved	None	None	Copies of approved reviewed / new Policies and Council Resolution
		Number of monthly Section 79 Committee agendas generated as per the approved Calendar of Events	Pa33-2022	ED:CS	4.1.5	0	Opex	17	33	33	Achieved	None	None	Copies of signed Section 79 Committee agendas
		Final SDBIP approved by Executive Mayor within 28 days after approval of Budget	Pa32-2022	MM	4.1.6	0	Opex	1	1	1	Achieved	None	None	Copy of Final approved SDBIP
		Adjusted Budget and SDBIP approved by Executive Mayor by the end of February 2023		MM	4.1.7	0	Opex	1	1	1	Achieved	None	None	Copy of Adjustment Budget and SDBIP

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance	Good Governance	% of Council meetings resolutions resolved per quarter (Total organisation)	Pa35-2022	MM	4.1.8	0	Opex	46.50%	100%	34.75%	Not Achieved	Most resolutions are on-going/ in progress hence they are regarded non achieved. The remaining resolution are in progress (7)	Prompt Directorates to expedite implementation in the 2023/24 FY	Copy of quarterly status report of Council resolutions resolved and submitted to the M&E Unit
		Number of quarterly Ordinary Council meeting agendas generated as per the approved Calendar of Events	Pa35-2022	ED:CS	4.2.1	0	Opex	9	4	5	Achieved	Council has amended the frequency of council sittings from quarterly to monthly basis	None	Copy of signed Council agendas
		Number of monthly ordinary MAYCO agendas generated as per the approved Calendar of Events	Pa34-2022	ED:CS	4.2.2	0	Opex	7	11	9	Not Achieved	Unrest in the community led to the cancellation of the February 2023 meeting. Non-adherence to the April 2023 Section 79 committee calendar resulted in the suspension of MAYCO activities for that month.	To address these issues, we will improve community engagement and conflict resolution, establish stricter adherence to the Section 79 committee calendar, and create contingency plans for MAYCO activities during calendar disruptions.	Copy of signed Mayoral Committee agendas
		Number of quarterly Compliance Register Reports submitted to Council	Pa38-2022	ED:CS	4.2.3	0	Opex	0	4	0	Not Achieved	The compliance matter was assigned to the late Mr. X Nkosi, but his inactivity and lack of records hindered continuity of the task.	Transferred to the Office of the Municipal Manager, the assigned individual will commence responsibilities on August 1, 2023.	Copy of quarterly Compliance Register Report
		Number of MPAC committee meetings held per quarter	Pa29-2022	MM	4.2.6	0	Opex	2	4	4	Achieved	None	None	Minutes of MPAC meetings held
		Number of MPAC committee reports submitted to Council per quarter		MM	4.2.7	0	Opex	3	4	2	Not Achieved	The Committee is still Investigating the Unauthorised, Irregular, fruitless and Wasteful Expenditure.	The Committee will conclude on it investigation and send the reports to Council	Copies of agenda, attendance register and minutes

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance		Draft 2023/24 IDP tabled before Council for adoption by 31 March 2023	Mf20-2022	MM	4.2.8	0	Opex	1	1	1	Achieved	None	None	Copy of the Draft 2023/24 IDP and Council Resolution
	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule (OMM)	Pa17-2022	MM	4.3.1	0	Opex	25%	85%	66.78%	Not Achieved	Pending implementation due to unrevised Communication and Public Participation Strategies, compounded by undrafted service standards, absence of an Unlocated Receipts Policy, and failure to secure Fire PPE.	Seek PDC approval for submissions and carry forward unimplemented risks to the upcoming financial year.	Copy of an Operational Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule (Finance only)		CFO	4.3.2	0	Opex	60%	85%	83%	Not Achieved	Due to inactive market demand system other action could not be achieved	Asset section has started using the market demand system to perform transaction, assets register has been updated and new asset champions has been appointed	Copy of an Operational Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule (CS only)		ED:CS	4.3.3	0	Opex	85%	85%	88.75%	Achieved	The department has implemented all the operational risks and has gone beyond 85% and mitigated more risk.	None	Copy of an Operational Risk Monitoring Report
		% execution per quarter of Risk Management Plan in line with detailed time schedule (CSS only)	Pa17-2022	ED:SS	4.3.4	0	Opex	77%	85%	98%	Achieved	The Department managed to finalize most of the risk items for the financial year.	The 85% target was set by Management for all departments. No corrective measures needed	Copy of an Operational Risk Monitoring Report



Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Good Governance	Risk Management	% execution per quarter of Risk Management Plan in line with detailed time schedule by (TS)		ED:TS	4.3.5	0	Opex	21%	85%	76%	Not Achieved	The Municipality is awaiting approval by DBSA to assist in the development of Master Plan	Request DBSA to speed up the process	Copy of an Operational Risk Monitoring Report
		Number of Risk Management reports submitted to the Risk Management Committee per quarter	Pa04-2022	MM	4.3.6	0	Opex	4	4	4	Achieved	None	None	Copy of quarterly Risk Management Committee report
		Number of Risk Management Committee reports submitted to the Audit Committee per quarter		MM	4.3.7	0	Opex	4	4	4	Achieved	None	None	Copies of Risk Management Committee reports
	Internal Audit	Number of Internal Audit reports submitted to the Audit Committee per quarter	Pa10-2022	MM	4.4.1	0	Opex	4	4	4	Achieved	None	None	Copy of the quarterly IA progress report
		Number of Audit Committee reports submitted to Council per quarter		MM	4.4.2	0	Opex	3	4	4	Achieved	None	None	Copy of quarterly AC report submitted to Council and Council Resolution
	Good Governance	Action Plan on issues raised by the Auditor General compiled and tabled to Council by 31 January 2023	Pa08-2022	CFO	4.4.3	0	Opex	0	1	1	Achieved	None	None	Copy of approved Action Plan
	Internal Audit	Review Risk Based Internal Audit Plan and submit to Audit Committee by 31 July 2022		MM	4.4.4	0	Opex	1	1	1	Achieved	None	None	Reviewed Risk Based Internal Audit Plan submitted to Audit Committee

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	Pa39-2022	MM	4.5.0	0	Opex	3	4	2	Not Achieved	Awaiting Council resolution, only submitted the reports	The reports will be submitted to council on a monthly basis from the next financial year	Copy of quarterly Customer Complaint reports and Council Resolution
Good Governance	Good Governance	% of Internal Audit Findings resolved per quarter as per the Audit Plan (Total Organization)	Pa10-2022	MM	4.5.1	0	Opex	42%	100%	23.8%	Not Achieved	Slow implementation of IAU recommendations	Management to keep close monitoring on the implementation of IAU recommendation and weekly monitoring, including having IAU as a standing invitee to all meetings	Copy of the quarterly internal audit report
	Good Governance	Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2023 (B&T only)	Pa37-2022	CFO	4.5.2	0	Opex	21	19	21	Achieved	Council approved 21 budget policies in the 2023-2024 Financial year.	None	Copies of approved reviewed / new Policies and Council Resolution
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2023 (CS only)		ED:CS	4.5.3	0	Opex	5	5	5	Achieved	None	None	Council Resolution
		Number of new/reviewed policies, strategies and By-Laws approved by Council by 30 June 2023 (CSS only)		ED:SS	4.5.4	500	Opex	0	5	3	Not Achieved	All required policies was reviewed for this financial year	None, no other policy required reviewal. Only new policy was the Climate change vulnerability and Response plan as a policy	Copies of approved reviewed / new Policies and By-Laws
	Improved Compliance to Legislation & Policies(Public Safety )	Number of Municipal firearms inspections performed by 30 June 2023	Tp03-2022	ED:SS	4.5.5	0	Opex	12	12	12	Achieved	None	None	Copies of firearms inspection report

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
	Improved Cemeteries Management	Number of Cemeteries Management Forum Meetings Scheduled & held per quarter	Cs01-2022	ED:SS	4.6.0	0	Opex	3	4	4	Achieved	None	None	Close out report for each forum meeting to include minutes & attendances registers
Customer Relationship Management  Customer Relationship Management	Customer/ Stakeholder Relationship Management	Number of Customer satisfaction survey conducted by 30 June 2023	Pa20-2022	MM	4.6.1	0	Opex	0	1	0	Not Achieved	The survey could not be conducted as a result of lack of resources (budget), the municipality was relying on the Nkangala District for the service through the research department.	The unit will conduct the survey through the website and Facebook page, which does not have financial implications	Report on Customer satisfaction survey submitted to the MM
	Customer/ Stakeholder Relationship Management	Number of quarterly newsletter(s) published	Pa20-2022	MM	4.6.2	200	Opex	0	4	1	Not Achieved	Due to cash flow constraints, the unit was advised to produce the newsletter in-house, however that could not be done	The Communication Unit will request for adequate budget during the budget adjustment process to be able to produce the newsletters through a service provider for the next financial year	Copy of quarterly newsletter(s) published
		Number of radio slots secured for the Executive Mayor per quarter	Pa18-2022	MM	4.6.3	100	Opex	1	4	4	Achieved	None	None	Copy of confirmation from the radio station
		Number of legislated notices approved by the MM and published per quarter		MM	4.6.4	100	Opex	3	5	7	Achieved	Miscalculation of number of legislated notices that are supposed to be issued in the first quarter.	None	Copy of approved notices published

## 9.0 KEY PERFORMANCE AREA 5: SPATIAL RATIONALE

The overall score for this KPA is **50%** for the year under review.

Spatial Rationale's performance declined from 75% in 2021/2022 to 50% in the current 2022/2023. Nevertheless, our unwavering commitment to thoughtful spatial planning continues to drive our municipality towards an even more vibrant and sustainable future.

KPI Status	Spatial Rationale
Target Met (as planned and exceeded)	2
Target Not Met (below planned)	2
<b>Total</b>	<b>4</b>
<b>% Targets met</b>	<b>50%</b>
<b>% Targets not met</b>	<b>50%</b>

### *Performance Highlights for the 2022/23*

- All land use applications received were processed within 90 days.

Challenges	Measures taken to improve performance
1) Circulation and approval of building plans took more than agreed 28 days timeframe	Assessing units to be given a 3 days assessment timeline to ensure that assessment is completed within agreed time frame



## 8.1. SPATIAL DEVELOPMENT SCORECARD

### Strategic Goal 6: Increase regularisation of built environment

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Land Tenure and Spatial Development	Land Tenure and Spatial Development	% of new registered building plan applications received and approved (referred back) within agreed timeframes of 28 days.	Sd07-2022	ED:TS	5.1	0	Opex	100%	100%	75%	Not Achieved	Circulation and approval of building plans took more than agreed 28 days timeframe	Assessing units to be given a 3 days assessment timeline to ensure that assessment is completed within agreed time frame	Copy of application Register
		% of land use applications received and processed within 90 days by authorised officer	Sd06-2022	ED:TS	5.2	0	Opex	100%	100%	100%	Achieved	None	None	Copy of the land use applications report
		% of land use applications received and referred to Nkangala District Tribunal within 90 days from VKLM		ED:TS	5.3	0	Opex	100%	100%	100%	Achieved	None	None	The list of application received and referred to NDM (Land tribunal)
	Building Control	% of quarterly Buildings Contraventions notices issued by 30 June 2023	Sd09-2022	ED:TS	5.4	0	Opex	80%	100%	54.50%	Not Achieved	The POE does not cover the numerator vs denominator principle	To submit a register of all complaints and observed transgression and measure it against number of issued non-compliance notices	Copy of quarterly building contravention notices issued

## 10.0 KEY PERFORMANCE AREA 6: LOCAL ECONOMIC DEVELOPMENT

The overall score for this KPA is **75%** for the year under review. The KPA had an overall achieved of 63% in the previous financial year, this shows an increased performance.

KPI Status	Local Economic Development
Target Met (as planned and exceeded)	6
Target Not Met (below planned)	2
Total	8
% Targets met	75%
% Targets not met	25%

### Performance Highlights for the 2022/23

- The municipality has implemented 6 capacity building skills workshops aimed at SMME's and Cooperatives.

Challenges	Measures taken to improve performance
1) Due to financial constraints, the Youth Summit had to be postponed until the Municipality secures the necessary funding to host it.	The summit will be hosted in the next financial year

## 9.1. LOCAL ECONOMIC DEVELOPMENT SCORECARD

### Strategic Goal 7: Increased economic activity and job creation

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Economic Growth and Development	Economic Growth and Development	Number of MOU's signed with respect to external Social Responsibility Programmes by 30 June 2023	Led03-2022	MM	6.1	0	Opex	1	2	2	Achieved	Most mining houses implement their SLP-CSI projects without having MOU	Working together with mining houses, DMRE and the municipality, MOU will be signed before the implementation of any project	Copy of the MOU's signed
		Number of reports submitted to Council with respect to CSI and SLP programmes of both Business and Mining organisations (bi-annual)		MM	6.2	0	Opex	3	2	4	Achieved	Through the assistance of DMRE, the mining houses were able to implement SLP and CSI	Maintain proper relationship with Mining Houses, DMRE and the Municipality	Copies of quarterly reports submitted to Council
		Number of EPWP Full Time Equivalent (FTE's) job opportunities provided through the implementation of Capital projects by 30 June 2023 (GKPI)	Led09-2022	ED:TS	6.3	0	Opex	31	9	26.4	Achieved	Water and sanitation project created more than anticipated work opportunities.	None	Job opportunity report
		Number of skills development initiatives scheduled and held in terms of the youth each quarter	Led35-2022	MM	6.4	400	Opex	4	2	2	Achieved	None	None	Copies of the agenda and attendance registers

Strategic Thrust	Programme	KPI	IDP Link	Resp. MM/ED	SDBIP Ref No	Budget Alloc. R'000	Budget Source	Baseline 2021/22	Annual Target 2022/23	Actual Performance 2022/23	Achievements	Challenges	Corrective Action	POE
Economic Growth and Development	Economic Growth and Development	Number of SMME's and Cooperatives capacity building skill workshops scheduled and held by the 30 June 2023	Led10-2022	MM	6.5	200	Opex	4	2	6	Achieved	There was a need to assist contractors and SMMEs in order to participate in the mainstream economy	Yearly plan for interventions will be drawn at the beginning of the financial year	Copy of close-out reports and attendance register for each event
		Number of EPWP Full Time Equivalent (FTE's) created through social, culture and environment initiatives per quarter	Led09-2022	MM	6.6	2 800	EPWP GRANT	587	170	588	Not Achieved	The intake of participants escalated due to the number of appointments	There will be close monitoring during the next financial year	Copy of monthly DPW Summary report
		Number of Capital projects (infrastructure) that provide employment through EPWP initiatives per quarter	Led09-2022	ED:TS	6.7	0	Capex	0	4	5	Achieved	Refurbishment of intake at Delmas North substation was not anticipated to provide employment through EPWP initiative as such it was omitted during planning however during construction some employment opportunities were created.	None	Project registration summary report
	Youth Development	Number of Youth Development Summits held by 30 June 2023	Pa30-2022	MM	6.8	650	Opex	0	1	0	Not Achieved	Due to financial constraints the Summit had to be postponed until the Municipality secures the necessary funding to host it.	The summit will be hosted in the next financial year	Council resolution to host the event and close out summit report

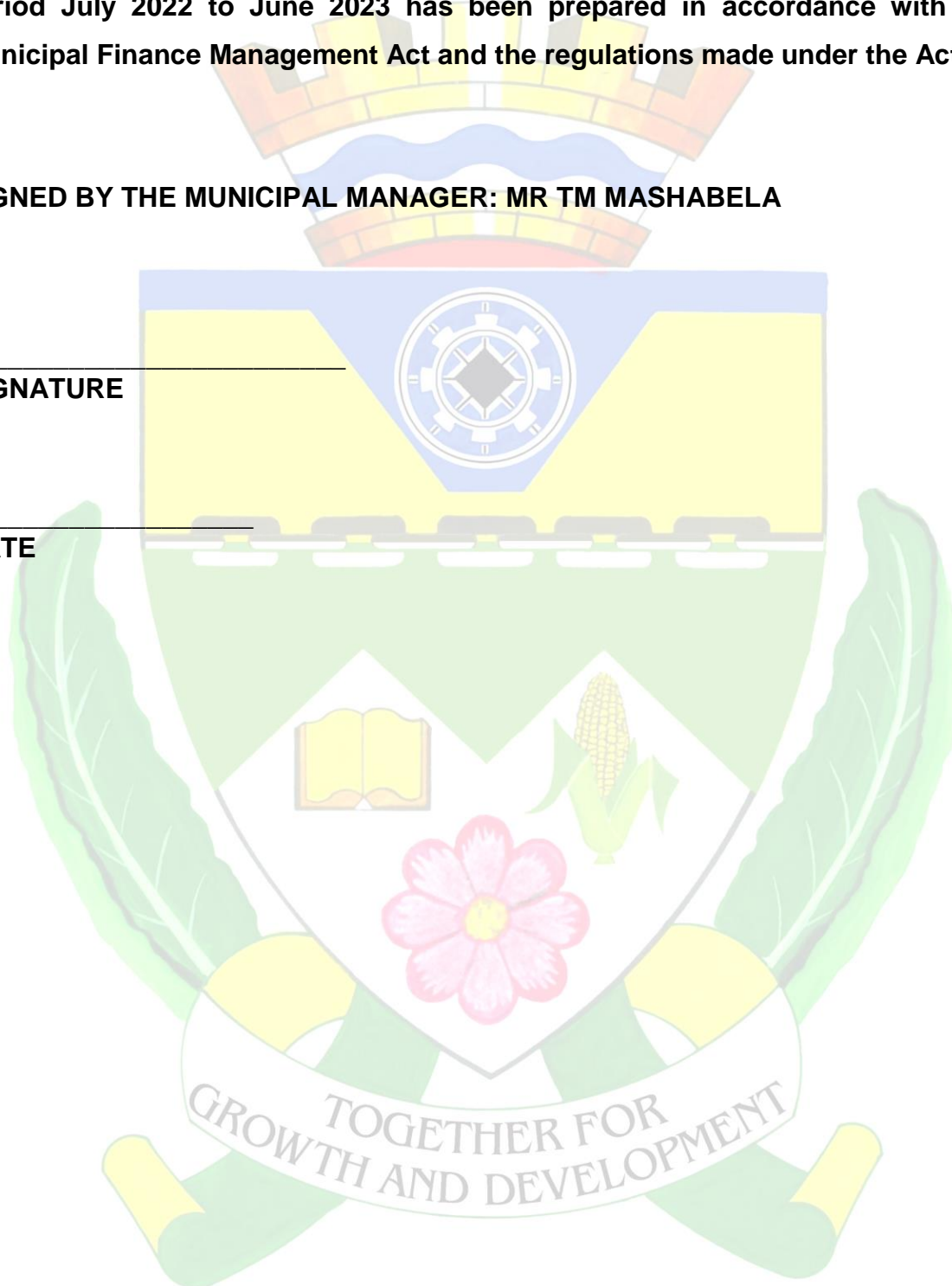


I, \_\_\_\_\_ the  
Municipal Manager of the Victor Khanye Local Municipality, hereby certify that  
the Annual Performance Report (APR) and supporting documentation for the  
period July 2022 to June 2023 has been prepared in accordance with the  
Municipal Finance Management Act and the regulations made under the Act.

**SIGNED BY THE MUNICIPAL MANAGER: MR TM MASHABELA**

\_\_\_\_\_  
**SIGNATURE**

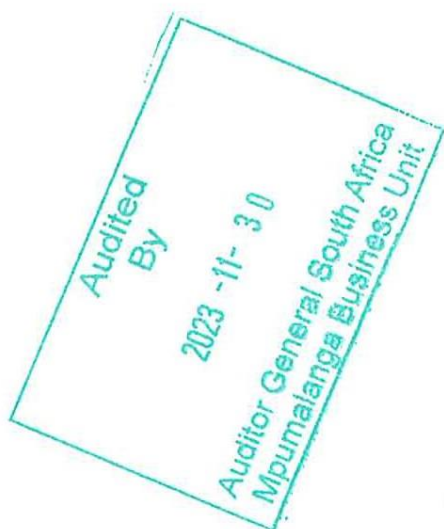
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**DATE**



The background of the page features a large, faded watermark of the University of Limpopo crest. The crest is shield-shaped with a yellow upper section containing a blue gear-like emblem, a green lower section with a pink flower and a yellow corn cob, and a banner at the bottom. Above the shield is a crown-like structure with yellow and orange segments. The shield is flanked by green leaves.

# VOLUME II

## ANNUAL FINANCIAL STATEMENTS 2022/23



## **Victor Khanye Local Municipality**

**Annual Financial Statements  
for the year ended 30 June 2023**

# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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<b>Legal form of entity</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
<b>Legislation governing the municipality's operations:</b>	Constitution of the Republic of south Africa (Act 108 of 1998)  Local Government: Municipal Finance Management Act (Act no.56 of 2003)  Local Government: Municipal Systems Act (Act 32 of 2000)  Local Government: Municipal Structures Act (Act 117 of 1998)  Municipal Property Rates Act (act of 6 2004)  Division of Revenue Act (Act 1 of 2007)
<b>Grading of local authority</b>	3  TM Mashabela
<b>Chief Finance Officer (CFO)</b>	TP Mahlangu
<b>Members of council:</b>	KV Buda (Executive Mayor) HM Ngoma (Speaker) NS Ngcobo (Chief Whip/Ward 6) TG Malomane (MMC PITS/ Cllr ward 3) ME Masilela (MMC Finance/ Cllr ward 9) BD Yeko (MMC Social/ Cllr ward 2) BLO Mbalati (Cllr ward 1) ES Lebatse (Cllr ward 4) DJ Bath (Cllr ward 8) JZ Ndlovu (Cllr ward 7) M Rautenbach (PR Cllr (DA)) SM Skosana (PR Cllr (DA)) NE Mohoadibe (PR Cllr (EFF)) P Senekal (PR Cllr (VF PLUS)) MM Sepenyane (PR Cllr (AVPP)) ST Segone (PR Cllr (AVPP))) A Smith (PR Cllr (AVPP))
<b>Registered office</b>	Cnr Samuel road and Van der Walt street Delmas 2210
<b>Website:</b>	<a href="http://www.vklm.gov.za">www.vklm.gov.za</a>
<b>Postal address</b>	P/O BOX 6 Delmas 2210
<b>Bankers</b>	Standard Bank ABSA
<b>Auditors</b>	AG SA





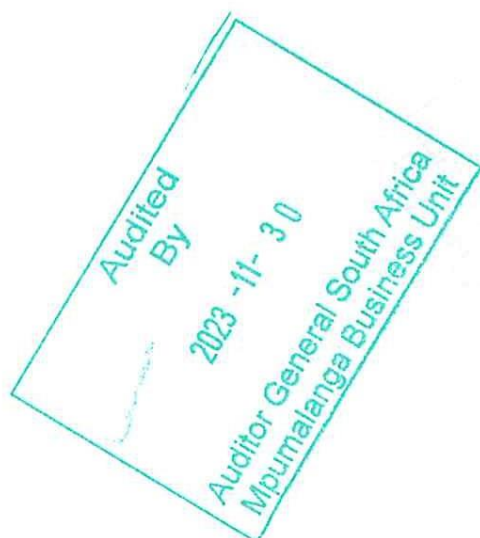
# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## General Information

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	Chartered Accountants (S.A.) Registered Auditors
Attorneys	Morudu Attorneys Khumalo Masondo Attorneys Mohlala EH Incorporated Masando Malope Attorneys ML Mateme Inc DK Siwela Attorneys Inc. MB Mabunda Inc. SM Sibeko Attorneys Moketla Mamabolo Attorneys Mohube Setsoalo Mabusela Inc Raphela Attorneys
Audit committee	FJ Mudau( Chairperson) J Masite P Ntuli MJ Moloi- Chamane T Gafane



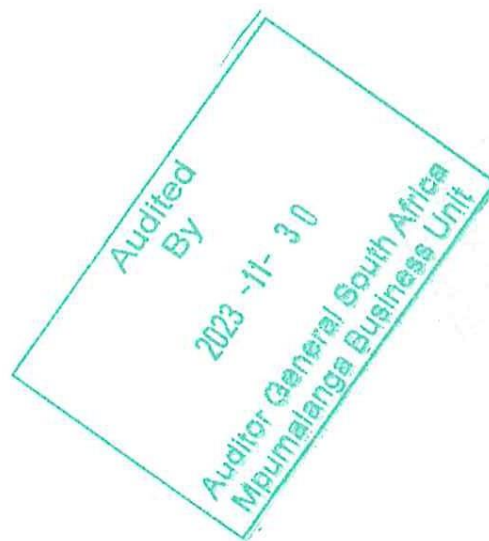
# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### Abbreviations used:

AO	Accounting Officer
UIF	Unemployment insurance fund
AGSA	Auditor-General of South Africa
MIG	Municipal Infrastructure Grant
COVID-19	Coronavirus
FMG	Financial Management Grant
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
INEP	Integrated National Electrification Programme
PPE	Property, Plant and Equipment
SARS	South African Revenue Services
COGTA	Cooperative Governance and Traditional Affairs
CRR	Capital Replacement Reserve
CFO	Chief Financial Officer
COLD	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SDL	Skills Development Levy
NPV	Net Present Value
EPWP	Expended Public Works Programme
SCM	Supply Chain Management



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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 wholly dependent on the municipality 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.

Although I am primarily responsible for the financial affairs of the municipality, this is supported by the municipality's external auditors.

As at June 30 2023, the municipality's total assets exceeded its total liabilities as indicated in the Statement of Financial Position.

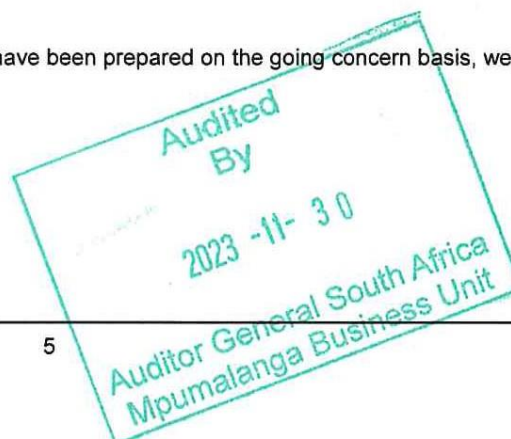
The accounting officer certify that the salaries, allowances and benefits of councillors as disclosed in note 23 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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 and their report is presented on page 6.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved and signed by the Accounting Officer.

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**Accounting Officer**  
**31 August 2023**





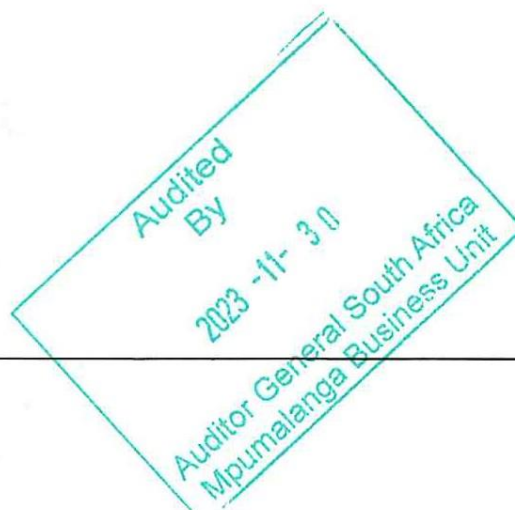
# Victor Khanye Local Municipality

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*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	12	2 121 315	2 715 455
Receivables from exchange transactions	7&9	185 586 013	102 453 117
Receivables from non-exchange transactions	8&9	82 280 539	70 231 427
VAT receivable	40	94 145 120	68 966 240
Cash and cash equivalents	6	6 653 290	5 605 153
		<b>370 786 277</b>	<b>249 971 392</b>
<b>Non-Current Assets</b>			
Investment property	2	83 958 749	85 903 931
Property, plant and equipment	3	863 252 574	873 709 840
Intangible assets	4	63 840	63 840
Heritage assets	5	1 074 503	1 074 503
		<b>948 349 666</b>	<b>960 752 114</b>
<b>Total Assets</b>		<b>1 319 135 943</b>	<b>1 210 723 507</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	53	3 385 251	-
Payables from exchange transactions	14	1 146 820 536	917 902 896
Consumer deposits	13	1 652 291	1 592 136
Employee benefit obligation	11	1 985 454	2 303 512
Provisions	10	2 376 058	2 895 628
		<b>1 156 219 590</b>	<b>924 694 172</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	53	4 767 853	-
Employee benefit obligation	11	40 603 194	42 837 425
Provisions	10	9 880 221	11 563 795
		<b>55 251 268</b>	<b>54 401 220</b>
<b>Total Liabilities</b>		<b>1 211 470 858</b>	<b>979 095 392</b>
<b>Net Assets</b>		<b>107 665 085</b>	<b>231 628 114</b>
Accumulated surplus		107 665 085	231 628 114
<b>Total Net Assets</b>		<b>107 665 085</b>	<b>231 628 114</b>

\* See Note 38



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	280 225 856	277 469 113
Rental of facilities and equipment	20	2 709 017	2 112 682
Administration and management fees received	21	264 593	420 623
Merchandising and Jobbing	21	972 034	401 586
Fire Services	21	761 455	405 326
Cemetery and Berial	21	317 543	481 260
Town Planning and Servitudes	21	407 444	479 858
Interest Income	22	38 561 966	34 628 501
Actuarial gains	11	11 412 460	2 849 672
<b>Total revenue from exchange transactions</b>		<b>335 632 368</b>	<b>319 248 621</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	15	93 307 061	85 936 200
Property rates - penalties imposed	15	17 377 204	12 250 097
Agency fee debt written off	46	26 162 438	-
<b>Transfer revenue</b>			
Government grants & subsidies	18	184 204 000	142 942 000
Public contributions and donations	17	31 222 835	2 222 174
Fines, Penalties and Forfeits	16	12 123 975	17 139 120
<b>Total revenue from non-exchange transactions</b>		<b>364 397 513</b>	<b>260 489 591</b>
<b>Total revenue</b>		<b>700 029 881</b>	<b>579 738 212</b>
<b>Expenditure</b>			
Employee related costs	24	(176 903 032)	(169 348 260)
Remuneration of councillors	23	(8 521 589)	(8 083 023)
Depreciation and amortisation	26	(57 239 718)	(50 167 489)
Finance costs	27	(94 765 617)	(48 399 925)
Lease rentals on operating lease	31	(2 559 774)	(5 977 924)
Impairment loss	25	(67 997 839)	(109 344 069)
Bulk purchases	28	(167 219 858)	(171 101 301)
Contracted services	30	(90 057 134)	(76 020 725)
Loss on disposal of assets and liabilities		(6 373 677)	(983 151)
Inventory consumed	29	(87 446 207)	(89 934 452)
Operational costs	32	(64 908 420)	(73 108 263)
<b>Total expenditure</b>		<b>(823 992 865)</b>	<b>(802 468 583)</b>
<b>Deficit for the year</b>		<b>(123 962 984)</b>	<b>(222 730 371)</b>

\* See Note 38

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## Victor Khanye Local Municipality

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	452 756 513	452 756 513
Adjustments		
Prior year adjustments 38	1 601 972	1 601 972
<b>Balance at 01 July 2021 as restated*</b>	<b>454 358 485</b>	<b>454 358 485</b>
Changes in net assets		
Deficit for the year	(222 730 371)	(222 730 371)
Total changes	(222 730 371)	(222 730 371)
<b>Restated* Balance at 01 July 2022</b>	<b>231 628 115</b>	<b>231 628 115</b>
Changes in net assets		
Deficit for the year	(123 962 984)	(123 962 984)
Total changes	(123 962 984)	(123 962 984)
<b>Balance at 30 June 2023</b>	<b>107 665 131</b>	<b>107 665 131</b>
Note(s)		

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\* See Note 38

**Victor Khanye Local Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Cash Flow Statement**

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service charges		136 029 364	230 894 778
Grants		184 204 000	132 031 743
Rates and fines		93 381 880	80 039 512
Interest income		38 561 966	402 128
Other receipts		5 432 086	2 188 653
Penalties imposed		17 377 204	10 335 077
		<b>474 986 545</b>	<b>455 891 891</b>
<b>Payments</b>			
Compensation of employees and councillors,		(182 024 904)	(170 131 463)
Suppliers, service providers and others		(158 789 698)	(197 934 934)
Finance costs		(87 868 628)	(48 399 925)
		<b>(428 683 228)</b>	<b>(416 466 322)</b>
<b>Net cash flows from operating activities</b>	<b>33</b>	<b>46 303 271</b>	<b>39 425 569</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(53 408 235)	(26 538 108)
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		-	(714 459)
Finance lease payments		8 153 104	-
<b>Net cash flows from financing activities</b>		<b>8 153 104</b>	<b>(714 459)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 048 140</b>	<b>12 173 002</b>
Cash and cash equivalents at the beginning of the year		5 605 153	3 767 229
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>6 653 293</b>	<b>15 940 231</b>

The accounting policies on pages 14 to 38 and the notes on pages 39 to 89 form an integral part of the annual financial statements.

\* See Note 38





# Victor Khanye Local Municipality

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	Note
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Figures in Rand

### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

Service charges	384 039 000	30 245 000	414 284 000	259 305 845	(154 978 155)	Note 41
Rental of facilities and equipment	2 094 000	309 000	2 403 000	2 709 017	306 017	Note 41
Administration and management fees received	-	-	-	264 593	264 593	
Merchandising, Jobbing and contracts	-	-	-	972 034	972 034	
Fire services	-	-	-	761 455	761 455	
Cemetery and Burial	-	-	-	317 543	317 543	
Town planning and Servitude	-	-	-	407 444	407 444	
Interest received - investment	46 344 000	10 000 000	56 344 000	38 561 966	(17 782 034)	Note 41
<b>Total revenue from exchange transactions</b>	<b>432 477 000</b>	<b>40 554 000</b>	<b>473 031 000</b>	<b>303 299 897</b>	<b>(169 731 103)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	81 288 000	32 000 000	113 288 000	92 661 621	(20 626 379)	Note 41
Property rates - penalties imposed	-	-	-	17 377 204	17 377 204	
Licences and Permits (Non-exchange)	1 900 000	500 000	2 400 000	26 162 438	23 762 438	Note 41

##### Transfer revenue

Government grants & subsidies: Operational	132 151 000	(923 000)	131 228 000	184 204 000	52 976 000	Note 41
Public contributions and donations	-	-	-	31 222 835	31 222 835	Note 41
Fines, Penalties and Forfeits	-	-	-	12 123 975	12 123 975	Note 41
Other revenue	55 421 000	433 000	55 854 000	-	(55 854 000)	Note 41

<b>Total revenue from non-exchange transactions</b>	<b>270 760 000</b>	<b>32 010 000</b>	<b>302 770 000</b>	<b>363 752 073</b>	<b>60 982 073</b>	
<b>Total revenue</b>	<b>703 237 000</b>	<b>72 564 000</b>	<b>775 801 000</b>	<b>667 051 970</b>	<b>(108 749 030)</b>	

#### Expenditure

Personnel	(151 320 000)	(10 341 000)	(161 661 000)	(176 903 032)	(15 242 032)	Note 41
Remuneration of councillors	(9 000 000)	-	(9 000 000)	(8 521 589)	478 411	
Depreciation and amortisation	(51 938 000)	(20 000 000)	(71 938 000)	(57 963 714)	13 974 286	Note 41
Finance costs	(39 498 000)	6 146 000	(33 352 000)	(94 765 617)	(61 413 617)	Note 41
Lease rentals on operating lease	-	-	-	(2 559 774)	(2 559 774)	Note 41
Debt Impairment	(133 690 000)	30 119 000	(103 571 000)	(67 714 819)	35 856 181	Note 41
Bulk purchases	(163 717 000)	(20 761 000)	(184 478 000)	(167 219 858)	17 258 142	Note 41
Contracted Services	(80 026 000)	(9 476 000)	(89 502 000)	(90 057 134)	(555 134)	Note 41
Transfers and Subsidies	(7 336 000)	-	(7 336 000)	-	7 336 000	
Sale of goods/Inventory	(80 000 000)	(29 974 000)	(109 974 000)	(87 446 207)	22 527 793	Note 41
General Expenses	(21 970 000)	(17 747 000)	(39 717 000)	(64 908 420)	(25 191 420)	Note 41
<b>Total expenditure</b>	<b>(738 495 000)</b>	<b>(72 034 000)</b>	<b>(810 529 000)</b>	<b>(818 060 164)</b>	<b>(7 531 164)</b>	

## Victor Khanye Local Municipality

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	Note
Figures in Rand						
<b>Operating deficit</b>	<b>(35 258 000)</b>	<b>530 000</b>	<b>(34 728 000)</b>	<b>(151 008 194)</b>	<b>(116 280 194)</b>	
Loss on disposal of assets and liabilities	-	-	-	(6 164 402)	(6 164 402)	
Actuarial gains/losses	-	-	-	11 412 460	11 412 460	
	-	-	-	5 248 058	5 248 058	
<b>Deficit before taxation</b>	<b>(35 258 000)</b>	<b>530 000</b>	<b>(34 728 000)</b>	<b>(145 760 136)</b>	<b>(111 032 136)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(35 258 000)</b>	<b>530 000</b>	<b>(34 728 000)</b>	<b>(145 760 136)</b>	<b>(111 032 136)</b>	
<b>Reconciliation</b>						

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# Victor Khanye Local Municipality

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	Note
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	28 267 291	(21 174 471)	7 092 820	2 121 315	(4 971 505)	
Receivables from exchange transactions	98 138 278	69 586 416	167 724 694	167 106 039	(618 655)	
Receivables from non-exchange transactions	30 587 680	(42 871 442)	(12 283 762)	76 057 105	88 340 867	
VAT receivable	-	-	-	172 869 597	172 869 597	
Cash and cash equivalents	62 451 760	(12 524 446)	49 927 314	6 653 290	(43 274 024)	
	<b>219 445 009</b>	<b>(6 983 943)</b>	<b>212 461 066</b>	<b>424 807 346</b>	<b>212 346 280</b>	
<b>Non-Current Assets</b>						
Investment property	69 599 733	-	69 599 733	83 957 528	14 357 795	
Property, plant and equipment	902 344 297	(8 890 993)	893 453 304	873 357 173	(20 096 131)	
Intangible assets	1 981 000	-	1 981 000	63 840	(1 917 160)	
Heritage assets	1 075 000	-	1 075 000	1 074 503	(497)	
	<b>975 000 030</b>	<b>(8 890 993)</b>	<b>966 109 037</b>	<b>958 453 044</b>	<b>(7 655 993)</b>	
<b>Total Assets</b>	<b>1 194 445 039</b>	<b>(15 874 936)</b>	<b>1 178 570 103</b>	<b>1 383 260 390</b>	<b>204 690 287</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	3 385 251	3 385 251	
Payables from exchange transactions	(7 507 115)	(22 327 114)	(29 834 229)	1 146 820 536	1 176 654 765	
Taxes and transfers payable (non-exchange)	922 959	922 959	1 845 918	-	(1 845 918)	
VAT payable	-	-	-	75 586 476	75 586 476	
Consumer deposits	1 781 202	-	1 781 202	1 652 291	(128 911)	
Employee benefit obligation	-	-	-	1 985 454	1 985 454	
Provisions	11 546 202	-	11 546 202	2 376 058	(9 170 144)	
	<b>6 743 248</b>	<b>(21 404 155)</b>	<b>(14 660 907)</b>	<b>1 231 806 066</b>	<b>1 246 466 973</b>	
<b>Non-Current Liabilities</b>						
Other financial liabilities	7 527 976	-	7 527 976	-	(7 527 976)	
Finance lease obligation	-	-	-	4 767 853	4 767 853	
Employee benefit obligation	-	-	-	40 603 194	40 603 194	
Provisions	673 000 000	-	673 000 000	9 880 221	(663 119 779)	
	<b>680 527 976</b>	<b>-</b>	<b>680 527 976</b>	<b>55 251 268</b>	<b>(625 276 708)</b>	
<b>Total Liabilities</b>	<b>687 271 224</b>	<b>(21 404 155)</b>	<b>665 867 069</b>	<b>1 287 057 334</b>	<b>621 190 265</b>	
<b>Net Assets</b>	<b>507 173 815</b>	<b>5 529 219</b>	<b>512 703 034</b>	<b>96 203 056</b>	<b>(416 499 978)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	507 173 815	5 529 219	512 703 034	96 203 056	(416 499 978)	



## Victor Khanye Local Municipality

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	Note
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Figures in Rand

#### Cash Flow Statement

##### Cash flows from operating activities

##### Receipts

Taxation	68 260 000	-	68 260 000	80 039 512	11 779 512	
Sale of goods and services	321 730 000	(85 834 000)	235 896 000	230 894 778	(5 001 222)	
Grants	41 885 000	-	41 885 000	2 188 653	(39 696 347)	
Interest income	-	-	-	402 128	402 128	
Transfers and subsidies - Operational	116 808 000	-	116 808 000	116 808 000	-	
Transfers and subsidies - Capital	29 818 000	-	29 818 000	26 134 000	(3 684 000)	
	<b>578 501 000</b>	<b>(85 834 000)</b>	<b>492 667 000</b>	<b>456 467 071</b>	<b>(36 199 929)</b>	

##### Payments

Employee costs	(440 660 000)	-	(440 660 000)	(368 066 398)	72 593 602	
Transfers and subsidies	7 000 000	-	7 000 000	-	(7 000 000)	
	<b>(433 660 000)</b>	<b>-</b>	<b>(433 660 000)</b>	<b>(368 066 398)</b>	<b>65 593 602</b>	

<b>Net cash flows from operating activities</b>	<b>144 841 000</b>	<b>(85 834 000)</b>	<b>59 007 000</b>	<b>88 400 673</b>	<b>29 393 673</b>	
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##### Cash flows from investing activities

Purchase of property, plant and equipment	(36 879 000)	-	(36 879 000)	(26 538 108)	10 340 892	
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##### Cash flows from financing activities

Repayment of other financial liabilities	-	-	-	(714 459)	(714 459)	
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Net increase/(decrease) in cash and cash equivalents	107 962 000	(85 834 000)	22 128 000	61 148 106	39 020 106	
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<b>Cash and cash equivalents at the end of the year</b>	<b>107 962 000</b>	<b>(85 834 000)</b>	<b>22 128 000</b>	<b>61 148 106</b>	<b>39 020 106</b>	
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The accounting policies on pages 14 to 38 and the notes on pages 39 to 89 form an integral part of the annual financial statements.

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# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

Figures in Rand

Note(s) 2023 2022

### 1. Significant accounting policies

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

#### 1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

#### 1.2 Presentation currency

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

#### 1.3 Going concern assumption

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

#### 1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 1.5 Comparative figures and Budget Information

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

#### 1.6 Significant judgements and sources of estimation uncertainty

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

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

#### 1.7 Prior period errors

The municipality corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.8 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

#### 1.9 Inventories

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

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

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

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

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

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

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

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

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

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

#### 1.10 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.

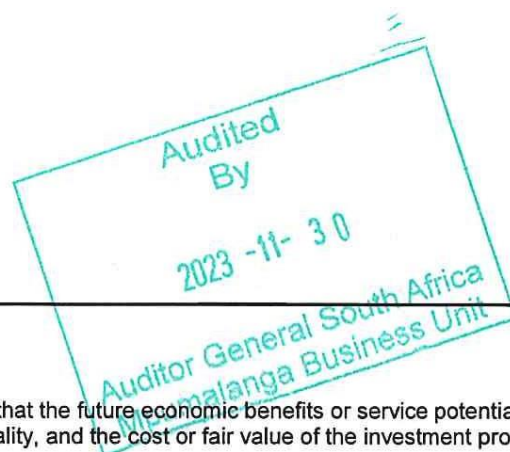




## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.10 Investment property (continued)

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.

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

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

The nature OR type of properties classified as held for strategic purposes are as follows:

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

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

#### 1.11 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Land is not depreciated
Buildings	Straight-line	50 years
Plant and machinery	Straight-line	5 years
Furniture and fixtures	Straight-line	7 years
Motor vehicles	Straight-line	5 to 10 years
Office equipment	Straight-line	3 to 5 years
IT equipment	Straight-line	5 to 60 years
Computer software	Straight-line	2 to 50 years
Landfill site	Straight-line	33 years
Electrical Infrastructure	Straight-line	5 to 60 years
Roads and stormwater infrastructure	Straight-line	2 to 50 years
Sanitation infrastructure	Straight-line	5 to 100 years
Water infrastructure	Straight-line	5 to 100 years
Emergency equipment	Straight-line	2 to 20 years

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

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

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

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

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

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



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



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

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

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

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

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

#### 1.12 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.12 Intangible assets (continued)

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

#### 1.13 Heritage assets

Assets are resources controlled by an 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 an 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.

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

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 an 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.

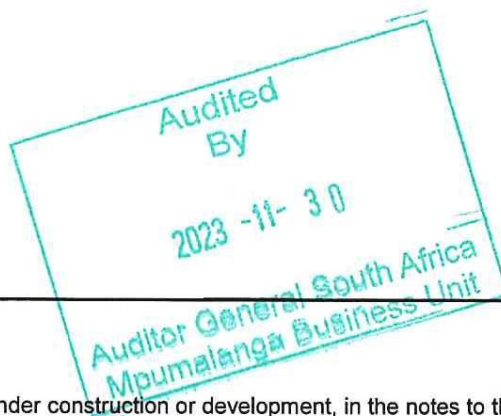
The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.13 Heritage assets (continued)

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

#### 1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

#### 1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.15 Impairment of non-cash-generating assets (continued)

- the number of production or similar units expected to be obtained from the asset by the municipality.

#### 1.16 Financial instruments

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

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

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

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

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

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

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

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

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

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

A financial asset is:

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

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

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

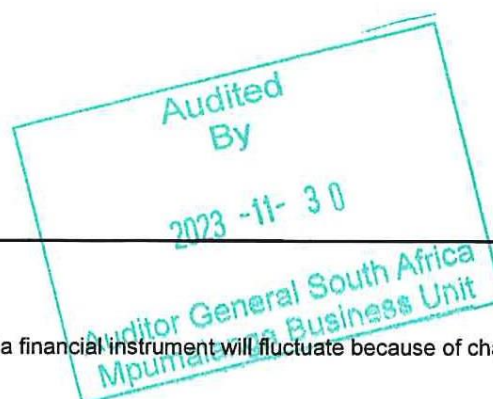
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies



### 1.16 Financial instruments (continued)

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 unithised 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.

### 1.17 Statutory receivables

#### Identification

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

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.17 Statutory receivables (continued)

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

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

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

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

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### 1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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.



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

### 1.18 Provisions and contingencies (continued)

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.

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.

### 1.19 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.19 Employee benefits (continued)

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

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

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

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

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

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

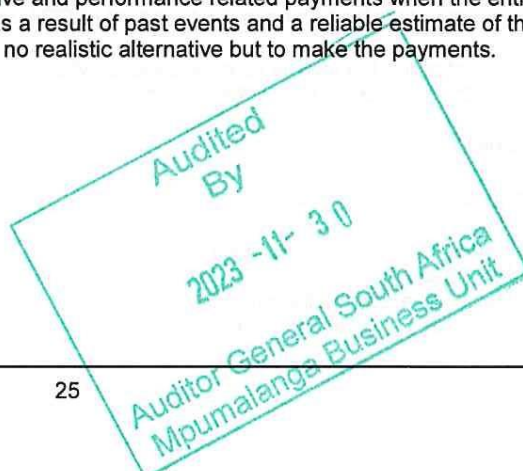
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.19 Employee benefits (continued)

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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

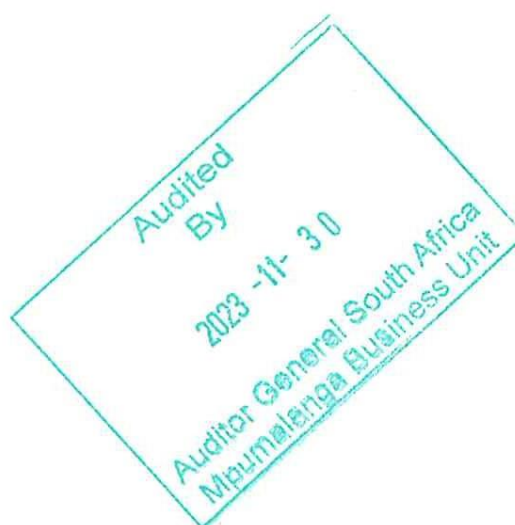
#### Post-employment benefits: Defined contribution plans

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

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

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

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

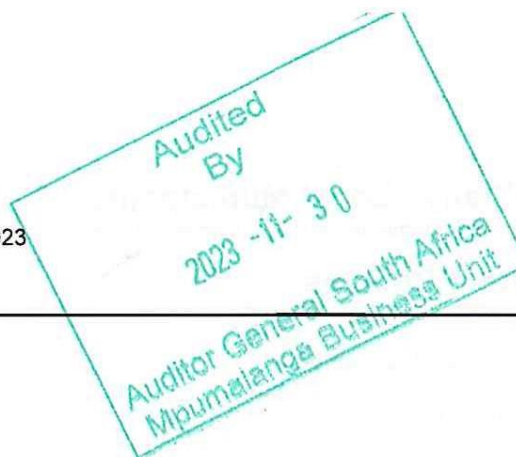




## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.19 Employee benefits (continued)

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

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

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

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

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

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

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

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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### 1.19 Employee benefits (continued)

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

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

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

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

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

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

Audited  
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2023 -11- 30  
Auditor General South Africa  
Mpumalanga Business Unit

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.19 Employee benefits (continued)

##### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

##### Termination benefits

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

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

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

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

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

#### 1.20 Leases

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

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

##### Finance leases - lessor

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

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

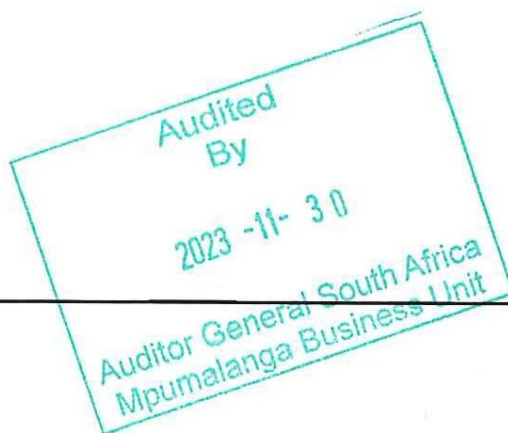


## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.20 Leases (continued)

##### Finance leases - lessee

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

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

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

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

#### 1.21 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.



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies



#### 1.21 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 revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

##### Interest, royalties and dividends

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

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

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

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

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

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

#### 1.22 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.

# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

#### Recognition

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

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

#### Measurement

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

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.



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Taxes

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

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

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

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

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

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

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

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

Taxation revenue are not grossed up for the amount of tax expenditures.

##### Transfers

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.

##### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

##### Gifts and donations, including goods in-kind

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



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

##### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

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

#### 1.23 Tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

#### 1.24 Irregular expenditure

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

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

#### 1.25 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

#### 1.26 Fruitless and wasteful expenditure

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

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).

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.27 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

#### 1.28 Segment information

A segment is an activity of an entity:

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

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

#### Measurement

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

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

#### 1.29 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).





## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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

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

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

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

##### Binding arrangement

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

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

##### 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.

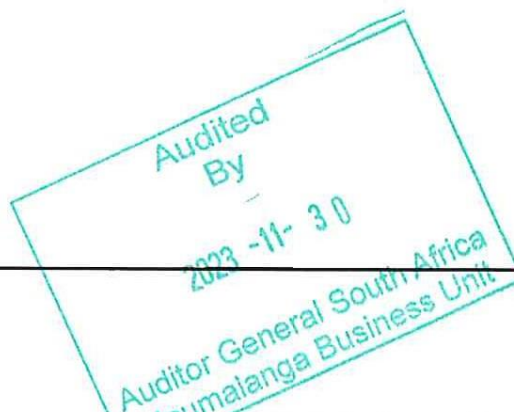
#### 1.30 Materiality

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

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

#### 1.31 Borrowing costs

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





## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.31 Borrowing costs (continued)

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

#### 1.32 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 a cash basis and presented by economic 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.

#### 1.33 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

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

#### 1.34 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).



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.34 Events after reporting date (continued)

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.



**Victor Khanye Local Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand

	2023	2022
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**2. Investment property**

	2023		2022	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Investment property	130 531 953	(46 574 425)	83 957 528	130 531 953
				Accumulated depreciation and accumulated impairment
				(44 628 022)
				85 903 931

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## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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#### 2. Investment property (continued)

##### Reconciliation of investment property - 2023

	Opening balance	Impairments	Depreciation	Total
Investment property	85 903 931	-	(1 945 181)	83 958 749

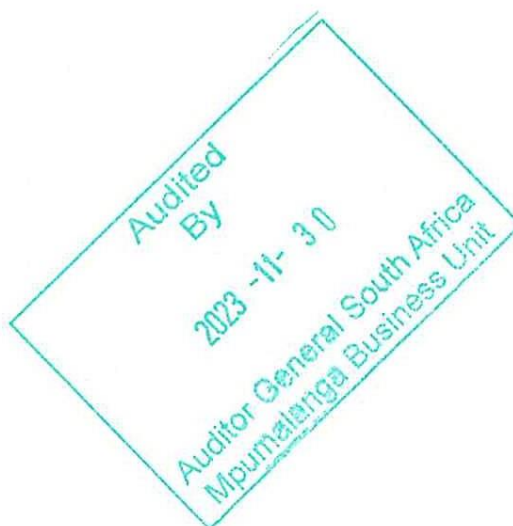
##### Reconciliation of investment property - 2022

	Opening balance	Impairments	Depreciation	Total
Investment property	88 089 567	(708 327)	(1 477 309)	85 903 931

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.

There are no restrictions on the title and nor the disposal of the investment properties.

There are no investment properties pledged as securities for liabilities.



# Victor Khanye Local Municipality

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 impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	162 341 597	-	162 341 597	162 341 597	-	162 341 597
Plant and machinery	1 805 482	(156 131)	1 798 759	1 451 017	(88 308)	1 412 279
Furniture and fixtures	2 127 729	(114 326)	2 101 477	2 611 577	(248 995)	2 391 411
Motor vehicles	15 704 830	(2 363 754)	13 774 053	16 980 534	(1 733 967)	15 091 835
IT equipment	1 489 843	(354 955)	1 454 922	2 108 010	(762 406)	1 520 624
Infrastructure	1 196 591 691	(559 843 649)	644 183 580	1 198 989 814	(545 838 567)	659 565 217
Community	114 534 468	(58 815 103)	37 154 115	98 820 703	(51 099 204)	30 839 584
Fire equipment	1 587 803	(1 178 352)	444 073	1 601 303	(1 088 190)	547 293
<b>Total</b>	<b>1 496 183 443</b>	<b>(622 826 270)</b>	<b>863 252 574</b>	<b>1 484 904 555</b>	<b>(600 859 637)</b>	<b>873 709 840</b>

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# Victor Khanye Local Municipality

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	Depreciation	Impairment loss	Total
Land	162 341 597	-	-	-	-	162 341 597
Plant and machinery	1 412 279	867 238	(70 445)	(370 088)	(40 225)	1 798 759
Furniture and fixtures	2 391 411	118 768	(46 430)	(331 704)	(30 568)	2 101 477
Motor vehicles	15 091 835	1 315 651	(542 072)	(2 086 176)	(5 186)	13 774 053
IT equipment	1 520 624	638 622	(79 661)	(567 869)	(56 795)	1 454 922
Infrastructure	659 565 217	37 009 877	(4 774 705)	(47 255 627)	(361 182)	644 183 580
Community	30 839 584	18 195 035	(859 195)	(4 581 022)	(6 440 287)	37 154 115
Fire equipment	547 293	-	(1 169)	(102 051)	-	444 073
	<b>873 709 840</b>	<b>58 145 191</b>	<b>(6 373 677)</b>	<b>(55 294 537)</b>	<b>(6 934 243)</b>	<b>863 252 574</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	162 341 597	-	-	-	-	162 341 597
Plant and machinery	1 307 293	731 863	(149 792)	(451 897)	(25 188)	1 412 279
Furniture and fixtures	1 144 940	1 687 248	(18 877)	(390 707)	(31 193)	2 391 411
Motor vehicles	19 172 109	-	(673 861)	(3 405 020)	(1 393)	15 091 835
IT equipment	1 526 355	707 958	(13 417)	(684 679)	(15 593)	1 520 624
Infrastructure	684 110 941	24 433 658	(1 068 617)	(40 006 442)	(7 904 323)	659 565 217
Community	34 769 027	165 000	-	(3 683 610)	(410 833)	30 839 584
Fire equipment	617 652	-	(1 114)	(67 827)	(1 418)	547 293
	<b>904 372 262</b>	<b>27 725 727</b>	<b>(1 925 678)</b>	<b>(48 690 182)</b>	<b>(8 389 941)</b>	<b>873 709 840</b>

#### Assets subject to finance lease (Net carrying amount)

Infrastructure	6 446 232
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**Victor Khanye Local Municipality**  
Annual Financial Statements for the year ended 30 June 2023  
**Notes to the Annual Financial Statements**

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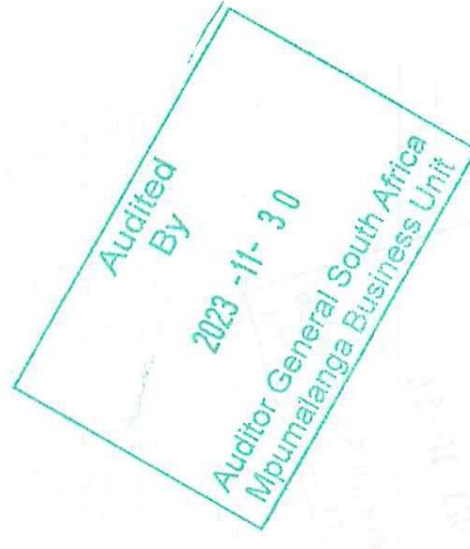
**3. Property, plant and equipment (continued)**

**Reconciliation of Work-in-Progress 2023**

	Included within Infrastructure	Included within Community	Total
Opening balance	19 143 163	19 025 960	38 169 123
Additions/capital expenditure	10 513 328	33 663 116	44 176 444
Transferred to completed items	(21 181 063)	(18 195 035)	(39 376 098)
	<b>8 475 428</b>	<b>34 494 041</b>	<b>42 969 469</b>

**Reconciliation of Work-in-Progress 2022**

	Included within Infrastructure	Included within Community	Total
Opening balance	15 562 913	16 336 533	31 899 446
Additions/capital expenditure	20 203 179	2 689 427	22 892 606
Transferred to completed items	(16 622 929)	-	(16 622 929)
	<b>19 143 163</b>	<b>19 025 960</b>	<b>38 169 123</b>



**Victor Khanye Local Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

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- 3. Property, plant and equipment (continued)**  
**Maintenance of property, plant and equipment**  
**Maintenance of property, plant and equipment by condition - 2023**

	Preventative Maintenance Total	Emergency	Corrective Maintenance Total	Total
Buildings	-	5 557 718	5 557 718	5 557 718
Plant and machinery	-	6 467 749	6 467 749	6 467 749
Infrastructure	-	17 327 977	17 327 977	17 327 977
	-	<b>29 353 444</b>	<b>29 353 444</b>	<b>29 353 444</b>

- Maintenance of property, plant and equipment by condition - 2022**

	Preventative Maintenance Total	Emergency	Corrective Maintenance Total	Total
Buildings	-	137 250	137 250	137 250
Plant and machinery	-	7 867 726	7 867 726	7 867 726
Infrastructure	-	12 564 395	12 564 395	12 564 395
	-	<b>20 569 371</b>	<b>20 569 371</b>	<b>20 569 371</b>

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.  
There are no project which have been completely halted or stopped  
There are no restriction to any of the municipality's property plant and equipment

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	63 840	-	63 840	63 840	-	63 840

#### Reconciliation of intangible assets - 2023

	Opening balance	Total
Computer software, other	63 840	63 840

#### Reconciliation of intangible assets - 2022

	Opening balance	Total
Computer software, other	63 840	63 840

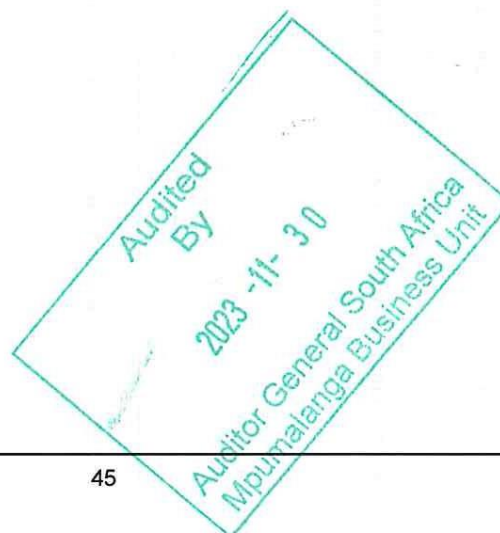
#### Other information

Assessment of indefinite useful life

63 841

63 841

The Municipality's Intangible Assets relate to four computer software systems, namely, a (i) Metering System, a (ii) Mechacronic electronic lock for pole boxes, an (iii) Asset Management System and a (iv) Geographical Information System (GIS). The Metering system and the Mechacronic electronic lock are no longer in use and the Municipality has fully impaired these assets. The asset management system and the GIS system are still in use. The Municipality has determined that these assets have an indefinite useful life and has therefore not amortised these assets. These assets have been assessed as having an indefinite useful life because there is no foreseeable limit to the economic benefits generated by these intangible assets. These assets were donated by National Treasury to the Municipality in the 2016/2017 financial year. Regular software updates occur to these assets which keep them relevant and in line with current regulations and accounting standards. These software updates ensure that the Municipality has relevant information at all times and there is no estimated nor remaining useful lives for these assets, and as such, management have determined that their useful lives are indefinite.





## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 5. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1 102 112	(27 609)	1 074 503	1 102 112	(27 609)	1 074 503

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Art Collections, antiquities and exhibits	1 074 503	1 074 503

#### Age and/or condition of heritage assets

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.

There are no restrictions on the title and nor the disposal of the heritage assets.

There are no heritage assets pledged as securities for liabilities.

Management has assessed whether there is an indication that the assets are impaired, and found no indication that the asset are impaired at year end.

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# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	4 975	4 975
Bank balances	4 199 988	5 437 933
Short-term deposits	2 448 327	162 245
	<b>6 653 290</b>	<b>5 605 153</b>

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
STD BANK - MAIN ACCOUNT - 420-526-994	2 464 587	4 278 175	620 472	2 464 587	4 278 175	620 472
STD BANK - TRAFFIC FINES - 300-011-512	89 646	28 394	392 872	89 646	28 394	392 872
STD BANK - CURRENT ACCOUNT - 022-927-492	762 086	1 063 553	-	762 086	1 063 553	-
ABSA BANK - SECONDARY ACCOUNT - 850-000-026	883 668	67 811	77 481	883 668	67 811	77 481
STD BANK - CALL DEPOSIT- 028-789-997	2 448 327	162 245	2 671 429	2 448 327	162 245	2 671 429
PETTY CASH	4 975	4 975	-	4 975	4 975	-
<b>Total</b>	<b>6 653 289</b>	<b>5 605 153</b>	<b>3 762 254</b>	<b>6 653 289</b>	<b>5 605 153</b>	<b>3 762 254</b>



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>7. Receivables from exchange transactions</b>		
Consumer debtors - Electricity	19 952 540	15 691 813
Consumer debtors - Water	60 060 068	31 409 173
Consumer debtors - Waste water	17 819 408	3 327 340
Consumer debtors - Refuse	19 533 296	6 988 455
Merchandising Jobbing and Contracts	32 780 120	21 083 110
Property rental debtors	21 325 676	19 249 883
Consumer debtors - Other	14 114 905	4 703 343
	<b>185 586 013</b>	<b>102 453 117</b>

### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R 22 881 379 .

Refer to note 9 for ageing amounts

### Trade and other receivables impaired

As of 30 June 2023, trade and other receivables of R 611 482 799 .

### 8. Receivables from non-exchange transactions

Consumer debtors - Rates	80 149 063	68 082 714
Traffic fines debtors	2 131 476	2 148 713
	<b>82 280 539</b>	<b>70 231 427</b>

### Statutory receivables general information

#### Reconciliation of provision for impairment for statutory receivables

#### Receivables from non-exchange transactions past due but not impaired

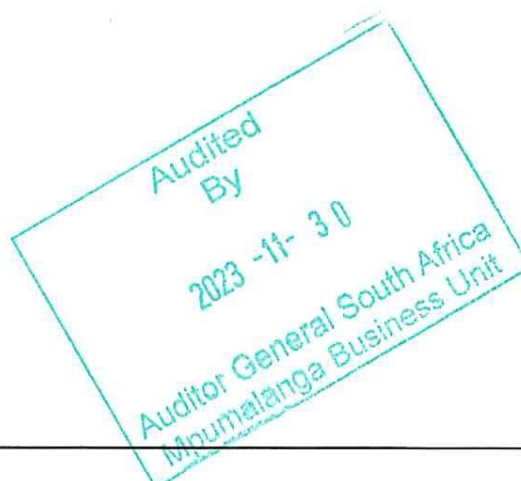
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R 57 743 796

Refer to note 9 ageing amounts

#### Receivables from non-exchange transactions impaired

As of 30 June 2023, other receivables from non-exchange transactions of R 165 800 127

Refer to note 9 for ageing amount.





# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
<b>9. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	191 753 089	175 160 972
Consumer debtors - Electricity	35 840 091	31 209 125
Consumer debtors - Water	252 769 444	256 915 237
Consumer debtors - Waste water	24 416 671	25 161 264
Consumer debtors - Refuse	26 998 864	23 702 554
Merchandising, Jobbing and Contracts	163 969 501	176 593 185
Property rental debtors	172 734 546	149 790 283
Other debtors	14 114 906	4 703 343
Traffic fines debtors	50 104 388	39 686 295
	<b>932 701 500</b>	<b>882 922 258</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(117 827 460)	(107 078 258)
Consumer debtors - Electricity	(16 105 656)	(15 517 312)
Consumer debtors - Water	(233 316 160)	(225 506 064)
Consumer debtors - Waste water	(22 144 340)	(21 833 924)
Consumer debtors - Sewerage	87 744 814	-
Consumer debtors - Refuse	(18 580 550)	(16 714 099)
Merchandising, Jobbing and Contracts	(148 842 670)	(155 510 075)
Property rental debtors	(172 493 422)	(130 540 400)
Traffic fines debtors	(47 972 912)	(37 537 582)
	<b>(689 538 356)</b>	<b>(710 237 714)</b>
<b>Net balance</b>		
Consumer debtors - Rates	73 925 629	68 082 714
Consumer debtors - Electricity	19 734 435	15 691 813
Consumer debtors - Water	19 453 284	31 409 173
Consumer debtors - Waste water	2 272 331	3 327 340
Bad bad w/o	87 744 814	-
Consumer debtors - Refuse	8 418 314	6 988 455
Merchandising, Jobbing and Contracts	15 126 831	21 083 110
Property rental debtors	241 124	19 249 883
Consumer debtors - Other 3	14 114 906	4 703 343
Traffic fines debtors	2 131 476	2 148 713
	<b>243 163 144</b>	<b>172 684 544</b>
<b>Rates</b>		
Current (0 -30 days)	8 544 048	8 476 244
31 - 60 days	5 464 162	1 574 535
61 - 90 days	4 305 099	3 242 946
> 365 days	179 017 818	161 867 247
Less: Provision for impairment	(123 405 498)	(107 078 258)
	<b>73 925 629</b>	<b>68 082 714</b>
<b>Electricity</b>		
Current (0 -30 days)	15 487 761	13 545 063
31 - 60 days	2 320 358	1 749 282
61 - 90 days	1 203 049	340 191
> 365 days	17 047 028	15 574 589
Less: Provision for impairment	(16 323 761)	(15 517 312)
	<b>19 734 435</b>	<b>15 691 813</b>
<b>Water</b>		

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
<b>9. Consumer debtors disclosure (continued)</b>		
Current (0 -30 days)	7 296 460	5 761 309
31 - 60 days	3 773 326	3 447 609
61 - 90 days	3 488 630	3 470 216
> 365 days	278 817 812	244 236 103
Less: Provision for impairment	(273 922 944)	(225 506 064)
	<b>19 453 284</b>	<b>31 409 173</b>
<b>Waste water</b>		
Current (0 -30 days)	1 125 707	1 092 214
31 - 60 days	602 491	660 678
61 - 90 days	512 130	499 389
> 365 days	23 531 264	22 943 202
Less: Provision for impairment	(23 499 261)	(21 868 143)
	<b>2 272 331</b>	<b>3 327 340</b>
<b>Bad bad w/o</b>		
Current	87 744 814	-
<b>Refuse</b>		
Current (0 -30 days)	1 123 175	1 053 368
31 - 60 days	622 313	557 375
61 - 90 days	557 481	500 525
> 365 days	25 945 021	21 591 286
Less: Provision for impairment	(19 829 676)	(16 714 099)
	<b>8 418 314</b>	<b>6 988 455</b>
<b>Merchandising Jobbing and Contracts</b>		
Current (0 -30 days)	767 228	740 623
31 - 60 days	770 036	735 169
61 - 90 days	773 464	739 945
> 365 days	179 312 062	174 337 449
Less: Provision for impairment	(166 495 959)	(155 470 076)
	<b>15 126 831</b>	<b>21 083 110</b>
<b>Property rental debtors</b>		
Current (0 -30 days)	5 707 015	5 279 669
31 - 60 days	5 410 939	4 949 108
61 - 90 days	5 406 355	4 903 394
> 365 days	177 294 789	134 623 875
Less: Provision for impairment	(193 577 974)	(130 506 163)
	<b>241 124</b>	<b>19 249 883</b>
<b>Other debtors</b>		
Current (0 -30 days)	14 114 906	4 703 343
<b>Traffic fines</b>		
Current (0 -30 days)	2 131 476	2 148 713
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(672 700 132)	(531 510 423)
Contributions to allowance	(144 354 939)	(48 257 446)
Debt impairment written off against allowance	87 744 814	(92 932 263)
	<b>(729 310 257)</b>	<b>(672 700 132)</b>

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 10. Provisions

##### Reconciliation of provisions - 2023

	Opening Balance	Additions	Reversed during the year	Interest cost	Total
Environmental rehabilitation	13 000 332	-	(3 129 682)	1 436 538	11 307 188
Legal proceedings	1 459 091	500 000	(1 010 000)	-	949 091
	<b>14 459 423</b>	<b>500 000</b>	<b>(4 139 682)</b>	<b>1 436 538</b>	<b>12 256 279</b>

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# Victor Khanye Local Municipality

## Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Provisions (continued)

##### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Interest cost	Total
Environmental rehabilitation	11 546 202	-	-	-	435 351	1 018 779	13 000 332
Legal proceedings	1 839 091	120 000	(194 598)	(305 402)	-	-	1 459 091
	<b>13 385 293</b>	<b>120 000</b>	<b>(194 598)</b>	<b>(305 402)</b>	<b>435 351</b>	<b>1 018 779</b>	<b>14 459 423</b>
Non-current liabilities	9 880 221		11 563 795				
Current liabilities	2 376 058		2 895 628				
	<b>12 256 279</b>		<b>14 459 423</b>				

##### Environmental rehabilitation provision

The landfill site to be rehabilitated is the Delmas disposal site. This site has an operational permit (permit number B33/2/220/9/P218) issued on 8 February 1996 in terms of Section 20 of the Environment Conservation Act, 1989.

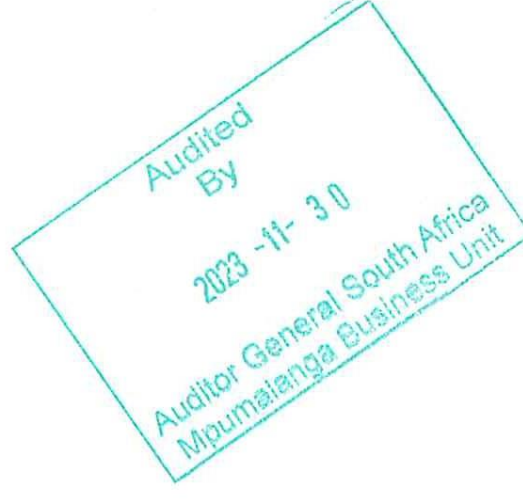
The most recent engineer valuation of the estimated costs of rehabilitation and closure of the site was carried out on 30 June 2023 by One Pangea, the specialist consulting engineers.

The provision is calculated as the net present value of future cash flows based on the expected remaining useful life of the landfill site and the size of the remaining available air space volume as at 30 June 2023. The remaining useful life of the landfill site is estimated at 21 years, and the current remaining available air space volume is 159,589 m3.

The key financial assumptions used for the purposes of the rehabilitation provision were as follows:

Discount Rate	12.62%	11.05%
Consumer price inflation	7.39%	7.23%
Net discount rate	4.87%	3.56%

##### Legal proceedings provisions



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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### 10. Provisions (continued)

The provision for legal fees relates to estimates for all legal and advice costs for matters which have been finalised, however, have not yet been billed by the attorneys. These costs are expected to be invoiced and paid within the next financial period.

### 11. Employee benefit obligations

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

#### Carrying value

Post- Retirement Medical Obligation	(35 160 333)	(36 911 813)
Long Service Awards	(7 428 315)	(8 229 124)
	<b>(42 588 648)</b>	<b>(45 140 937)</b>
Non-current liabilities	(40 603 194)	(42 837 425)
Current liabilities	(1 985 454)	(2 303 512)
	<b>(42 588 648)</b>	<b>(45 140 937)</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- (i) Bonitas
- (ii) Keyhealth
- (iii) LA Health
- (iv) Samwumed
- (v) Hosmed

The Current-service Cost for the year ended 30 June 2023 is estimated to be R2 638 910, whereas the cost for the ensuing year is estimated to be R 2 289 735.

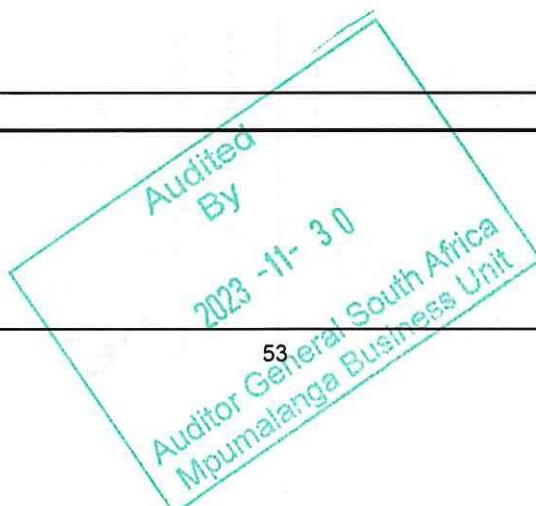
### Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by ONE PANGAEA, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

Opening balance	45 140 937	40 690 790
Current service cost	3 399 717	2 957 903
Interest cost	5 460 454	4 341 916
Actuarial gains	(11 412 461)	(2 849 672)
	<b>42 588 647</b>	<b>45 140 937</b>



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>11. Employee benefit obligations (continued)</b>		
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	3 399 717	2 957 903
Interest cost	5 460 454	4 341 916
Actuarial (gains) losses	(11 412 461)	(2 849 672)
	<b>(2 552 290)</b>	<b>4 450 147</b>

### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(11 412 461)	(2 849 672)
---------------------------------------	--------------	-------------

### Key assumptions used

Assumptions used at the reporting date:

Discount rates	14,09 %	12,80 %
Expected consumer price inflation based on duration of liability	8,07 %	7,81 %
Health Care Cost Inflation Rate	9,57 %	9,31 %
Net Effective Discount Rate	4,13 %	3,19 %

### Other assumptions

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

Amounts for the current and previous four years are as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	35 160 333	36 911 813	3 846 384	24 864 391	27 476 277
Experience adjustments on plan liabilities	(1 751 480)	4 063 429	7 983 993	2 611 886	(19 969 000)

### 12. Inventories

Consumable stores	915 638	768 588
Water for distribution	139 777	147 049
Stores, materials and fuels	1 065 900	1 799 818
	<b>2 121 315</b>	<b>2 715 455</b>

### Water for distribution

System input volume	139 777	91 150
Authorised consumption	-	55 899
<b>Closing balance</b>	<b>139 777</b>	<b>147 049</b>

During the current financial year, the Municipality suffered diesel theft.

### 13. Consumer deposits

Electricity	655 871	660 205
Water	996 420	931 931
	<b>1 652 291</b>	<b>1 592 136</b>



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 14. Payables from exchange transactions

Trade payables	1 103 540 855	851 373 347
Advance payment	10 762 664	9 233 091
Retentions	9 793 455	7 432 503
Accrued leave pay	12 525 859	13 045 901
Unallocated deposits	916 414	1 424 183
Bonus accrual	3 177 718	2 971 740
Agency fees payables	-	26 162 438
Payroll third parties unpaid	6 103 571	6 259 693
	<b>1 146 820 536</b>	<b>917 902 896</b>

#### 15. Property rates

##### Rates received

Property rates	93 307 016	85 936 200
	93 307 016	85 936 200
Property rates - penalties imposed	17 377 204	12 250 097
	<b>110 684 220</b>	<b>98 186 297</b>

##### Valuations

Residential	2 072 839 949	1 855 169 681
Commercial	1 397 498 960	1 211 648 350
State	77 236 990	123 194 880
Municipal	16 355 940	33 579 380
Small holdings and farms	4 950 494 044	5 325 529 540
Property rates	562 951 460	482 356 600
	<b>9 077 377 343</b>	<b>9 031 478 431</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

#### 16. Fines, Penalties and Forfeits

Law Enforcement Fines	12 117 075	17 122 100
Disconnection Fees Penalties	6 900	17 020
	<b>12 123 975</b>	<b>17 139 120</b>

#### 17. Public contributions and donations

Donation received	31 222 835	2 222 174
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Nkangala District Municipality donated capital assets for waste water treatment works and electrical substation works. Department of culture, sport and recreation donated desktop computer in support of libraries.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
<b>18. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	127 094 000	111 897 000
Financial Management Grant(FMG)	1 850 000	1 720 000
Expanded public works programme(EPWP)	2 284 000	3 191 000
	<b>131 228 000</b>	<b>116 808 000</b>
<b>Capital grants</b>		
Water service infrastructure grant(WSIG)	20 000 000	-
Intergrated national electrification grant( INEP)	5 000 000	-
Municipal infrastructure grant(MIG)	27 976 000	26 134 000
	<b>52 976 000</b>	<b>26 134 000</b>
	<b>184 204 000</b>	<b>142 942 000</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	57 110 000	31 045 000
Unconditional grants received	127 094 000	111 897 000
	<b>184 204 000</b>	<b>142 942 000</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

#### Finance management grant

Current-year receipts	1 850 000	1 720 000
Conditions met - transferred to revenue	(1 850 000)	(1 720 000)
	-	-

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. All conditions of the grant were met.

#### Disaster management grant (Covid-19)

Balance unspent at beginning of year	-	10 910 257
Repaid to National Treasury	-	(10 910 257)
	-	-

This grant is to assist Municipalities in responding to the COVID-19 pandemic in the 2020/21 municipal financial year. This grant assists municipalities to provide additional access to basic services for vulnerable communities during the lockdown and to sanitize public facilities.

#### EPWP grant

Current-year receipts	2 284 000	3 191 000
Conditions met - transferred to revenue	(2 284 000)	(3 191 000)
	-	-

The grant is used for extended public works programmes. All conditions of the grant were met.

#### Municipal infrastructure grant

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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#### 18. Government grants & subsidies (continued)

Current-year receipts	27 976 000	26 134 000
Conditions met - transferred to revenue	(27 976 000)	(26 134 000)

- -

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of households. All conditions of the grant were met.

#### Integrated national electrification grant(INEP)

Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(5 000 000)	-

- -

This grant is used for the electrification of households. All conditions of the grant were met.

#### Water Services Infrastructure Grant

Current-year receipts	20 000 000	-
Conditions met - transferred to revenue	(20 000 000)	-

- -

The Water Services Infrastructure Grant supports water service authorities in developing interim and intermediate water supply to reduce water and sanitation backlogs. All conditions of the grant were met





## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
<b>19. Service charges</b>		
Sale of electricity - Conventional electricity	126 296 347	123 567 018
Sale of electricity - Prepaid electricity	29 285 540	37 492 728
Sale of conventional water and meter reading fees	48 061 262	46 589 113
Waste management (Refuse)	20 525 367	10 437 962
Waste water management (Sewerage and sanitation charges)	22 353 619	11 670 677
Sale of prepaid water	818 988	1 145 074
Flat rate charges	32 884 733	46 566 541
	<b>280 225 856</b>	<b>277 469 113</b>

### 20. Rental of facilities and equipment

#### Facilities and equipment

Rental of facilities	2 709 017	2 112 682
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Included in the above rentals are rental of property and community assets

### 21. Other revenue

Administration handling fees received	264 593	420 623
Merchandising Jobbing and Contracts	972 034	401 586
Fire services	761 455	405 326
Cemetery and burial	317 543	481 260
Town planning and servitudes	407 444	479 858
	<b>2 723 069</b>	<b>2 188 653</b>

### 22. Interest income

#### Interest revenue

Bank	762 810	402 128
Interest charged on trade and other receivables	37 799 156	34 226 373
	<b>38 561 966</b>	<b>34 628 501</b>

### 23. Remuneration of councillors

Mayor	948 522	881 656
Speaker	765 907	700 994
Chief whip	715 534	665 629
Other councillors	6 091 626	5 834 744
	<b>8 521 589</b>	<b>8 083 023</b>

#### 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.

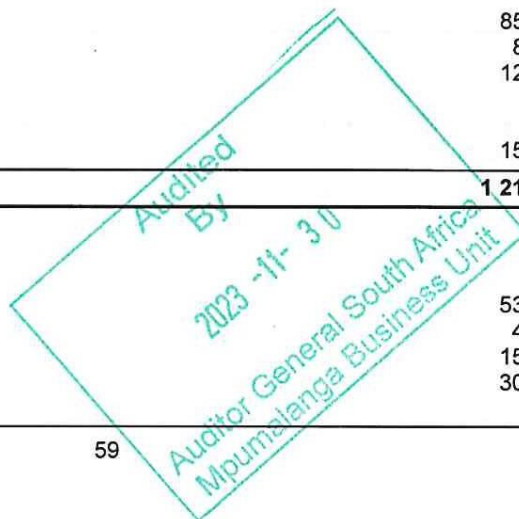
Refer to note 51 for detailed councillors remuneration.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>24. Employee related costs</b>		
Basic	105 835 262	104 976 996
Bonus	7 009 940	6 769 847
Medical aid - company contributions	8 964 765	8 645 536
UIF	891 950	847 527
Standby allowance	5 884 707	5 312 478
(Decrease)/Increase in leave accrual	(520 042)	(295 504)
(Decrease)/Increase in Bonus Accrual	205 978	(116 033)
Post retirement benefit: Medical: current service cost	2 638 910	2 206 593
Travel, motor vehicle allowances	7 076 107	6 677 563
Overtime payments	9 188 585	9 142 131
Housing benefits and allowances	984 452	953 141
Leave pay	1 429 054	2 266 114
Danger allowances	1 075 100	1 898 041
Post retirement benefits: Long service awards: current service cost	760 807	751 310
Bargaining council	49 053	47 555
Cellular and telephone allowance	45 200	33 200
Pension contributions	19 456 535	19 231 766
	<b>170 976 363</b>	<b>169 348 261</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	1 063 341	635 517
Car Allowance	102 000	99 713
Contributions to UIF, Medical and Pension Funds	129 534	117 087
Bargaining Council	130	124
Acting Allowance	-	377 909
	<b>1 295 005</b>	<b>1 230 350</b>
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	589 357	925 924
Car Allowance	180 000	102 000
Acting allowance	10 656	4 270
Contributions to UIF, Medical and Pension Funds	114 143	79 694
Bargaining Council	130	93
Leave sold	-	220 482
Housing Allowance	120 000	-
	<b>1 014 286</b>	<b>1 332 462</b>
<b>Director: Technical Services</b>		
Annual Remuneration	851 616	781 731
Bonus	88 497	85 186
Travel allowance	120 000	120 000
Bargaining council	130	124
Acting allowance	1 099	4 626
Contribution to UIF, Medical and Pension funds	157 156	149 662
	<b>1 218 498</b>	<b>1 141 329</b>
<b>Director: Corporate Services</b>		
Annual Remuneration	539 995	506 292
Bonus	49 119	41 589
Travel allowance	152 263	130 163
Acting allowance	305 017	252 275



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>24. Employee related costs (continued)</b>		
Housing subsidy	12 141	11 574
Bargaining council	130	124
Contributions to UIF, Medical and Pension funds	191 808	187 692
Leave sold	41 881	-
	<b>1 292 354</b>	<b>1 129 709</b>

Mr A Moshaba is acting Director Corporate Services from 01 July 2022 to 30 June 2023

### Director: Community Services

Annual Remuneration	540 447	941 344
Travel allowance	180 000	232 490
Housing subsidy	120 000	23 146
Bonus	73 161	75 183
Acting allowance	-	210 448
Bargaining council	130	247
Contribution to UIF, Medical and Pension funds	113 528	280 958
Leave sold	79 260	-
	<b>1 106 526</b>	<b>1 763 819</b>

### 25. Impairment

Debt impairment: contribution to debt impairment provision	61 063 596	99 850 603
Impairment loss on Property, Plant and Equipment	6 934 243	9 493 466
	<b>67 997 839</b>	<b>109 344 069</b>

### 26. Depreciation and amortisation

Property, plant and equipment	55 293 926	48 690 182
Investment property	1 945 792	1 477 307
	<b>57 239 718</b>	<b>50 167 489</b>

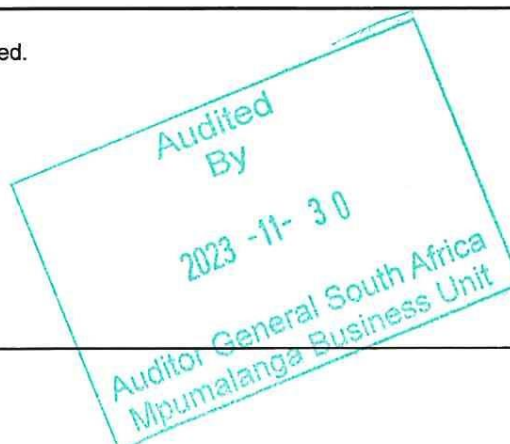
### 27. Finance costs

Non-current interest: current cost	6 896 991	5 378 810
Trade and other payables	87 868 626	43 021 115
	<b>94 765 617</b>	<b>48 399 925</b>

### 28. Bulk purchases

Electricity - Eskom	167 219 858	171 101 301
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Water bulk purchases have been reclassified to inventory consumed.





## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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#### 28. Bulk purchases (continued)

##### Electricity losses

Units purchased	104 487 340	123 457 673
Units sold	(70 750 579)	(70 750 579)
<b>Total loss</b>	<b>33 736 761</b>	<b>52 707 094</b>

Comprising of:		
Technical losses	33 736 761	52 707 094
Non-technical losses	-	-
<b>Total</b>	<b>33 736 761</b>	<b>52 707 094</b>

The electricity losses can be classified into technical losses and non-technical losses. Technical losses relate to energy that is lost in the transportation of the electricity from point of supply to point of distribution through evaporation. Non-technical losses are attributable mainly to theft, bypass of meters, illegal recalibration of meters, damaged meters, transformers etc.

Electricity losses	32 %	43 %
Non-technical losses	- %	- %
<b>Total</b>	<b>32 %</b>	<b>43 %</b>

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# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Inventory consumed</b>		
<b>Inventory consumed</b>		
Consumables	17 524 451	9 148 923
Materials and supplies	244 697	7 263 374
Water Consumed	22 420 068	22 424 704
Water losses	47 256 991	51 097 451
	<b>87 446 207</b>	<b>89 934 452</b>

### Reconciliation of water consumed

#### Water consumed

	<b>22 420 069</b>	<b>22 424 704</b>
Water purchased for the year	69 677 060	73 522 155
Water losses for the year - presented under income statement	(47 256 991)	(51 097 451)

#### Water Losses

#### The water losses can be categorised as follows

	<b>47 256 991</b>	<b>51 097 251</b>
Physical losses	31 204 202	32 072 651
Apparent losses	16 052 789	19 024 600

The water losses report was compiled by Tlou Consulting, specialist engineers. Water losses is calculated as the difference between water units purchased and water units sold, multiplied by the cost of the water as received from Rand Water. The specialist Engineers then categorised the losses between Physical Losses and Apparent losses.

#### Water Losses %

#### The water losses can be categorised as follows

Physical losses	23	25
Apparent losses	45	45
	<b>68</b>	<b>70</b>

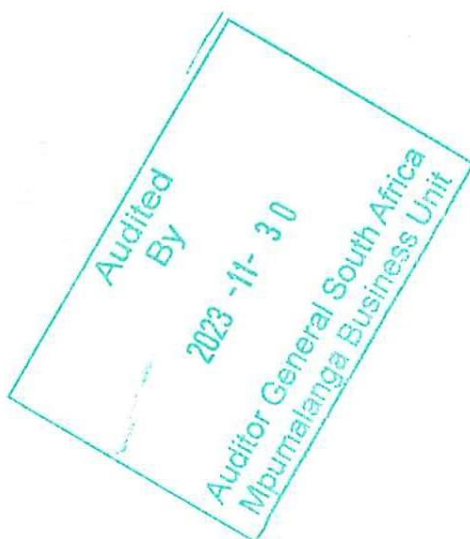
### 30. Contracted services

#### Outsourced Services

Burial Services	135 988	28 000
Business and Advisory	5 293 178	3 738 583
Catering Services	518 650	455 608
Meter Management	581 256	2 057 998
Professional Staff	6 061 062	2 930 588
Security Services	10 838 682	15 660 727
Sewerage Services	1 330 795	1 481 659

#### Consultants and Professional Services

Business and Advisory	6 689 665	6 846 358
Laboratory Services	1 259 409	352 954
Legal Cost	5 392 678	9 451 880



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>30. Contracted services (continued)</b>		
<b>Contractors</b>		
Employee Wellness	86 229	100 835
Maintenance of Buildings and Facilities	1 515 977	5 557 718
Maintenance of Equipment	6 919 856	6 467 749
Maintenance of Unspecified Assets	42 048 456	16 687 688
Management of Informal Settlements	521 125	616 000
Pest Control and Fumigation	120 850	-
Tracing Agents and Debt Collectors	743 278	3 586 380
	<b>90 057 134</b>	<b>76 020 725</b>
<b>31. Lease rentals on operating lease</b>		
<b>Equipment</b>		
Contractual amounts	2 559 774	5 977 924
<b>32. Operational costs</b>		
Advertising Publicity and Marketing	419 653	679 425
Auditors remuneration	9 829 671	6 614 183
Bank charges	645 044	648 733
Commission paid	18 672 460	34 821 858
Hire	5 315 735	2 609 276
Insurance	3 078 657	3 263 304
IT expenses	6 772 027	6 931 860
SDL	3 054 022	3 037 629
Printing and stationery	576 199	254 712
Protective clothing	1 640 888	1 006 626
Subscriptions and membership fees	2 205 644	3 696 023
Telephone and fax	4 490 949	4 289 157
Travel - local	2 064 671	1 380 621
Title deed search fees	49 529	54 026
Municipal services	3 250 738	2 439 985
Other expenses	2 842 533	1 380 845
	<b>64 908 420</b>	<b>73 108 263</b>

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## Victor Khanye Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>33. Cash generated from operations</b>		
Deficit	(145 760 136)	(212 395 293)
<b>Adjustments for:</b>		
Depreciation and amortisation	57 963 714	37 769 787
Loss on sale of assets and liabilities	6 164 402	-
Loss from disposal of asset	-	2 650 136
Employee related costs: current service cost	3 399 717	-
Finance costs: actuarial valuations	5 460 454	-
Finance costs: rehabilitation provision	1 436 537	-
Interest income	-	18 115
Impairment loss	-	7 786 190
Debt impairment	61 063 595	112 584 210
Impairment on PPE	6 651 223	-
Interest on rehabilitation provision	-	1 018 779
Employee benefit obligation	-	4 450 147
Actuarial gains	(11 412 460)	-
Contracted services: donations received & legal provision	22 846 198	-
Agency fee debt written off	(26 162 438)	-
Public contributions and donations	(31 222 835)	(2 222 174)
<b>Changes in working capital:</b>		
Inventories	594 140	(945 208)
Receivables from exchange transactions	(120 138 479)	(47 528 053)
Other receivables from non-exchange transactions	(11 403 716)	(39 174 982)
Statutory receivables	-	(935 902)
Payables from exchange transactions	255 080 081	216 179 673
VAT	(28 316 881)	(29 020 420)
Unspent conditional grants and receipts	-	(10 910 253)
Consumer deposits	60 155	100 817
	<b>46 303 271</b>	<b>39 425 569</b>

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## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

2023 2022

#### 34. Commitments

##### Authorised capital expenditure

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

- Property, plant and equipment

29 379 710 9 892 934

##### Total capital commitments

Already contracted for but not provided for

29 379 710 9 892 934

##### Authorised operational expenditure

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

- Operational Commitment

50 671 663 30 537 335

##### Not yet contracted for and authorised by accounting officer

- The Municipality has certain month to month commitments with no termination date. Management has estimated that these will be in use for next 12 months. The committed amount disclosed estimates the 12 month expenditure.

56 881 992 3 004 898

##### Total operational commitments

Already contracted for but not provided for

50 671 663 30 537 335

Not yet contracted for and authorised by accounting officer

56 881 992 3 004 898

107 553 655 33 542 233

##### Total commitments

##### Total commitments

Authorised capital expenditure

29 379 710 9 892 934

Authorised operational expenditure

107 553 655 33 542 233

136 933 365 43 435 167

##### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year

4 140 000 302 898

- in second to fifth year inclusive

5 175 000 -

9 315 000 302 898

No contingent rent is payable.

##### Rental expenses relating to operating leases

Minimum lease payments

8 970 000 5 977 927

##### Restrictions imposed:

The Municipality may not sub-lease any of the lease arrangements entered into

Existence and terms of renewal or purchase options

The Municipality is entitled to renew the lease arrangements on terms and conditions agreed to with the supplier.

Escalation clauses:

The lease arrangements may have escalations clauses ranging between 0% and 10% per annum.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>35. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	103 509 072	60 487 957
Add: Fruitless and wasteful expenditure identified - current	87 055 074	43 021 115
Less: Amount written off - current	(60 487 957)	-
<b>Closing balance</b>	<b>130 076 189</b>	<b>103 509 072</b>
<b>Fruitless and wasteful expenditure breakdown</b>		
Eskom interest charges	54 615 528	25 053 644
Rand water interest charges	30 039 038	16 909 771
SARS interest and penalties	1 969 598	946 932
Other suppliers interest charges	430 911	110 768
	<b>87 055 075</b>	<b>43 021 115</b>
<b>36. Irregular expenditure</b>		
Opening balance as previously reported	383 778 612	261 821 921
Add: Irregular expenditure - current	92 323 980	95 695 802
Add: Irregular expenditure - prior period	-	26 260 889
Less: Amount written off - current	(261 821 921)	-
<b>Closing balance</b>	<b>214 280 671</b>	<b>383 778 612</b>

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# **Victor Khanye Local Municipality** Annual Financial Statements for the year ended 30 June 2023 **Notes to the Annual Financial Statements**

Figures in Rand

## **36. Irregular expenditure (continued)**

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

	Disciplinary steps taken/criminal proceedings	
Bids which are long term in nature, but advertised for less than 30 days	14 128 316	31 387 931
Bid committee incorrectly constituted	60 316	214 021
Contract expired	1 732 544	2 259 840
Deviation not compliant with Reg 36	3 970 456	36 635 267
Paragraph 22(1)(a) and (b)(1) of the municipal SCM Regulation.	1 355 886	25 198 744
Prior	71 076 462	-
	<b>92 323 980</b>	<b>95 695 803</b>

## **37. Unauthorised expenditure**

Opening balance as previously reported	228 364 925	189 799 029
Add: Unauthorised expenditure - current	10 841 069	38 565 896
Less: Amount authorised - current	(189 799 029)	-
<b>Closing balance</b>	<b>49 406 965</b>	<b>228 364 925</b>

## **Analysed as follows: non-cash**

Depreciation and amortisation	-	18 985 400
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## **Analysed as follows: cash**

Operational expenditure	10 841 069	19 580 495
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## **38. Prior-year adjustments**

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

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# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand 2023 2022

### 38. Prior-year adjustments (continued)

#### Statement of financial position

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transaction		91 012 456	11 440 659	102 453 115
Receivables from non- exchange transaction		67 446 219	2 785 208	70 231 427
Vat receivable		70 458 499	1 492 259	71 950 758
Investment property		65 238 275	(981 331)	64 256 944
Property plant and equipment		904 571 229	(9 214 402)	895 356 827
Accumulated surplus		452 756 513	1 601 972	454 358 485
		<b>1 651 483 191</b>	<b>7 124 365</b>	<b>1 658 607 556</b>

#### Statement of financial performance

	Note	As previously reported	Correction of error	Re-classification	Restated
Debt impairment		112 584 210	(12 733 607)	-	99 850 603
Property rates - penalties imposed		-	-	12 250 097	12 250 097
Interest income from exchange		46 878 597	-	(12 250 097)	34 628 500
Other Operational Revenue		2 188 653	-	(2 188 653)	-
Administration and Management Fees Received		-	-	419 015	419 015
Clearance Certificates		-	-	1 608	1 608
Merchandising and Jobbing		-	-	401 586	401 586
Fire Services		-	-	405 326	405 326
Cemetery and Berial		-	-	481 260	481 260
Town Planning and Servitudes		-	-	479 858	479 858
Loss on disposal of assets and liabilities		2 650 136	(1 666 985)	-	983 151
Depreciation and amortisation		37 769 787	12 397 702	-	50 167 489
Impairment loss		7 786 190	1 707 276	-	9 493 466
Contracted services	30	76 661 013	(640 287)	-	76 020 726
<b>Surplus for the year</b>		<b>286 518 586</b>	<b>(935 901)</b>	<b>-</b>	<b>285 582 685</b>

#### Errors

Audited By  
 2023-11-30  
 Auditor General South Africa  
 Mpumalanga Business Unit

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 38. Prior-year adjustments (continued)

##### Errors

###### Provision for doubtful debt

The municipality previously calculated the provision for doubtful debts at 100% of debtors outstanding for more than 30 days. The Municipality has now recalculated the provision using a payment ratio against debt older than 90 days to be more in line with industry norm. This recalculation has resulted in the below restatement

###### Investment property

The investment property balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

###### Property plant and equipment

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

###### Accumulated surplus

As a result of the adjustments to fixed assets, balances pre 2021 had an impact on the accumulated surplus

###### Loss on disposal of assets and liabilities

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and this had an impact on disposal balance

###### Depreciation and amortisation

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

###### Impairment loss

The property plant and equipment balance was restated to remove assets that do not belong to the municipality and subsequent impact on depreciation and impairment

###### Contracted services

Municipality identified assets not previously capitalised but expensed

##### Irregular expenditure

Opening balance	357 517 722	-
Adjustments made	26 260 889	-
<b>Restated opening balance</b>	<b>383 778 611</b>	<b>-</b>

##### Restatements - Deviations

Total restatement for deviations	19 033 831	-
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##### Restatements - Local Content

Total restatement for Local Content	7 227 057	-
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##### Unauthorised expenditure

Opening balance	-	51 924 079
Adjustments made	-	(13 358 183)
<b>Restated opening balance</b>	<b>-</b>	<b>38 565 896</b>

In the prior year there was an audit adjustment to expenditure, which was not filtered through to unauthorised expenditure.



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 38. Prior-year adjustments (continued)

#### Commitments

The Municipality restated the Capital and Operational commitments due to inaccuracies in the commitment register. The capital commitments were restated (decreased) by R11.9m, operational commitments decreased by R4m and month to month commitments increased by R3m.

#### Property rates - penalties imposed

Reclassification	12 250 096	-
Reclassification of interest income from revenue from exchange transactions to revenue from non exchange revenue for interest on Non exchange debtors		

#### Interest income from exchange

Reclassification	(12 250 096)	-
Reclassification of interest income from revenue from exchange transactions to revenue from non exchange revenue for interest on Non exchange debtors		

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

#### Contributions to organised local government

Opening balance	2 144 606	2 144 606
Current year subscription / fee	1 713 821	1 987 257
Amount paid - current year	(1 590 000)	(2 144 606)
	<b>2 268 427</b>	<b>1 987 257</b>

#### Audit fees

Opening balance	2 313 000	1 555 554
Current year subscription / fee	10 068 184	7 180 773
Amount paid - current year	(8 631 991)	(6 423 327)
	<b>3 749 193</b>	<b>2 313 000</b>

External audit fees AGSA

#### PAYE and UIF

Opening balance	1 861 348	1 897 710
Current year subscription / fee	25 619 765	24 914 600
Amount paid - current year	(25 295 581)	(24 950 962)
	<b>2 185 532</b>	<b>1 861 348</b>

The amount represent PAYE, SDL and UIF

# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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<b>39. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>Pension and Medical Aid Deductions</b>		
Opening balance	4 398 345	2 114 676
Current year subscription / fee	50 168 449	44 642 577
Amount paid - current year	(52 834 286)	(43 228 278)
	<b>1 732 508</b>	<b>3 528 975</b>

The amount represent pension and medical aid contributions deducted from employees

### 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 R	Outstanding more than 90 days R	Total R
Masilela EM(C)	4 355	153 618	157 973
Masilela & Mosae EM & MM	1 795	15 666	17 461
Smith A	2 522	14 194	16 716
Smith A	2 045	10 823	12 868
	<b>10 717</b>	<b>194 301</b>	<b>205 018</b>

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Skosana SM	547	13 180	13 727
Ndlovu JZ	956	22 464	23 420
Masilela EM(C)	4 082	166 472	170 554
Masilela & Mosae EM & MM	1 713	20 568	22 281
Malomane TG	1 742	51	1 793
Malomane TG	269	-	269
	<b>9 309</b>	<b>222 735</b>	<b>232 044</b>

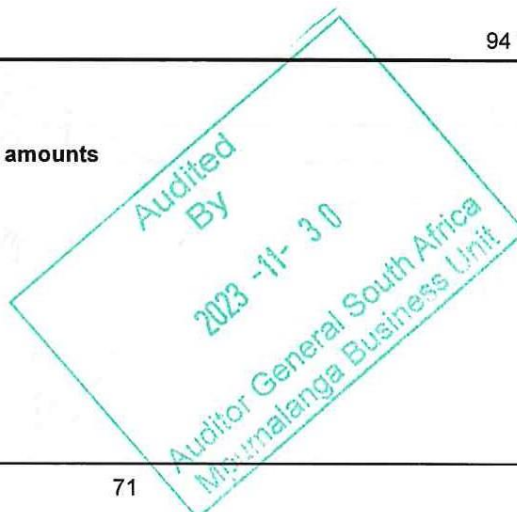
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

### 40. VAT receivable

VAT	94 145 120	68 966 240
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### 41. Budget differences

Material differences between budget and actual amounts



## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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#### 41. Budget differences (continued)

Explanation on material differences between the final budget and actual for the year ended 30 June 2023

##### Property rates

Property rates have not met the budgeted figure due to unexpected changes in the supplementary valuation roll which occurs throughout the year.

##### Service charges

The service charges not meeting the budgeted figures is mainly as a result of larger than expected distribution losses incurred throughout the year. The Municipality is closely monitoring the impact thereof.

##### Fines Penalties and Forfeits

Revenue from traffic fines has exceeded budgeted figures as the gross revenue from traffic fines is conservatively not being budgeted for due to the low yield in cash collections.

##### Public contributions and donations

Donation from Nkangala district is not budgeted for.

##### Other revenue

The Municipality did not budget for the debt written off received from the Department of R26m during the financial year.

##### Impairment losses

The Municipality had a bad debt written off during the year which reduced the impact on the provision.

##### Depreciation and amortisation

Depreciation did not meet budgeted number as many assets were correctly disposed of in the current year.

##### Finance charges

Due to financial constraints the municipality is unable to pay creditors.

##### Inventory consumed

Municipality was faced with theft of fuel and was conservative in purchase of fuel.

##### Other expenditure

The large amount of water losses were not budgeted for by the Municipality, resulting in budgeted numbers not being met.

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## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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#### 42. Related parties

##### Remuneration of management

##### Management class: Councillors

##### 2023

	Basic salary	Other short-term employee benefits	Other benefits received	Total
<b>Name</b>				
Councillors	4 799 954	2 086 846	1 634 789	8 521 589

##### 2022

	Basic salary	Other short-term employee benefits	Other benefits received	Total
<b>Name</b>				
Councillors	4 799 954	2 086 846	1 196 223	8 083 023

Refer to note 51 "Remuneration of councillors"

##### Additional information



**Victor Khanye Local Municipality**  
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**42. Related parties (continued)**

**Management class: Executive management**

**2023**

Name	Basic Salary	Bonus	Travel allowance	Bargaining council	Acting allowance	Contribution to UIF, Medical and Pension Funds	Leave sold	Housing allowance and contributions	Total
TM Mashabela	1 063 341	-	102 000	130	-	129 535	-	-	1 295 006
TP Mahlangu	589 357	-	180 000	130	10 656	114 144	-	120 000	1 014 287
TD Gogwane	851 616	88 497	120 000	130	1 099	157 156	-	-	1 218 498
A Moshaba	539 995	49 119	152 262	130	305 017	191 808	41 881	12 141	1 292 353
B Mokoena	540 446	73 161	180 000	130	-	113 528	79 260	120 000	1 106 525
	<b>3 584 755</b>	<b>210 777</b>	<b>734 262</b>	<b>650</b>	<b>316 772</b>	<b>706 171</b>	<b>121 141</b>	<b>252 141</b>	<b>5 926 669</b>

**2022**

Name	Basic salary	Bonus	Travel allowance	Bargaining council	Acting allowance	Contributions to UIF, Medical and Pension Funds	Leave sold	Housing subsidy	Total
TM Mashabela	635 517	-	99 713	124	377 909	117 087	-	-	1 230 350
TP Mahlangu	925 924	-	102 000	93	4 270	79 694	220 482	-	1 332 463
TD Gogwane	781 731	85 185	120 000	124	4 626	149 662	-	-	1 141 328
A Moshaba	506 292	41 589	130 163	124	252 275	187 692	-	11 574	1 129 709
B Mokoena	941 344	75 183	232 490	247	210 448	280 958	-	23 148	1 763 818
	<b>3 750 808</b>	<b>201 957</b>	<b>684 366</b>	<b>712</b>	<b>849 528</b>	<b>815 093</b>	<b>220 482</b>	<b>34 722</b>	<b>6 597 668</b>

\*Refer to note 23 "Employee related costs"

# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 43. Financial instruments disclosure

#### Categories of financial instruments

#### 2023

##### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	176 110 976	176 110 976
Cash and cash equivalents	6 653 290	-	6 653 290
	<b>6 653 290</b>	<b>176 110 976</b>	<b>182 764 266</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 146 820 537	1 146 820 537
Consumer deposits	1 652 291	1 652 291
	<b>1 148 472 828</b>	<b>1 148 472 828</b>

#### 2022

##### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	102 453 117	102 453 117
Cash and cash equivalents	5 605 153	-	5 605 153
	<b>5 605 153</b>	<b>102 453 117</b>	<b>108 058 270</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	917 902 894	917 902 894
Consumer deposits	1 592 136	1 592 136
	<b>919 495 030</b>	<b>919 495 030</b>

### 44. Risk management

#### Financial risk management

Due to the nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by many entities. The Municipality's Finance department monitors and manages the financial risks relating to the operations of the Municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk. The Municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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Mpumalanga Business Unit



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 44. Risk management (continued)

#### 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
Trade and other payables	1 146 820 537	-	-	-
Consumer Deposits	1 652 291	-	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	917 902 894	-	-	-
Consumer Deposits	1 592 136	-	-	-

#### Measurement and management of liquidity risk

Liquidity risk indicates the Municipality's ability to pay its current debts. The risk is that the Municipality will not have sufficient cash to meet its financial commitments in a timely manner. The majority of the gross exposure resides in the Municipality's Trade payables. Within the trade payables balance, approximately 95% relates to amounts owing for bulk purchases made by the Municipality. The Municipality measures liquidity risk by assessing the net exposure to the risk and calculating the applicable ratio's. The Municipality manages liquidity risk by prioritising certain payments according to the available cash flow. The Municipality further has debt collectors who are attempting to reduce the debtors book and generate cash flow for the Municipality in order for it to reduce the exposure to this risk.

#### Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the municipality.

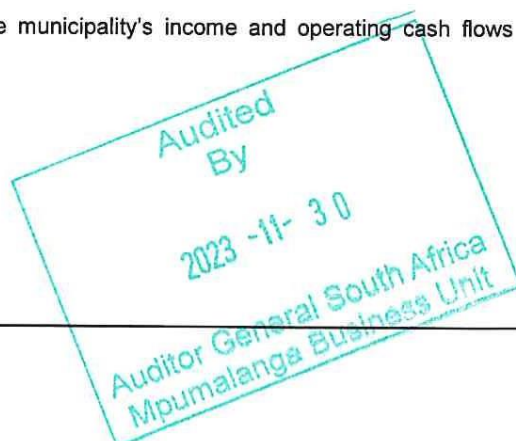
Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Call Deposits	2 448 327	162 245
Current Accounts	4 199 988	5 437 933
Trade and other receivables	257 746 120	158 458 676

#### 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.



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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### 45. Going concern

Management considered the following matters relating to going concern:

(i) During May 2023 the council adopted the 2023/2024 Budget. This three year Medium Term Revenue and Expenditure Framework ( MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash backed over the three year period.

(ii) The municipality's Budget is subject to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by council

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management process is complemented by monthly reporting, highlighting the actual cash position, including the associated risk and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in on going inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratio's, such as liquidity, cost coverage, debtors collection rates and creditors payment terms are closely monitored and the necessary corrective actions instituted (such as payment arrangements etc.)

Taking the aforementioned into account, management has prepared the annual financial statements on the Going Concern Basis.

### 46. Events after the reporting date

On 20 July 2023, the Department of Community safety, security and liason wrote off the balance that was payable by the Municipality of R 26 162 437.96. This is an adjusting event and the Municipality has adjusted the amounts recognised in its financial statements to reflect this adjusting event which occurred after the reporting date.



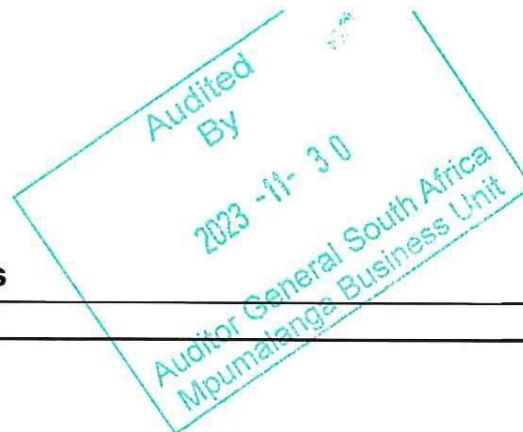


## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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#### 47. Contingent assets and liabilities

The matter disclosed below are possible litigation to be charged against/ for the municipality which are not yet been finalised

##### Contingent liabilities

L Pretorius & 13 others v. VKLM	4 300 000	4 300 000
The applicants have instituted a civil claim against the municipality for damages arising out of an outbreak of typhoid, the matter is at trial stage. There has not been movement on this case since it was instituted.		
Telkom SOC v. VKLM	60 000	60 000
Civil claim for damages arising from the damage of a telephone line. The matter has been settled in favour of council		
Trio Supplies v. VKLM	7 000 000	7 000 000
The claim was lodged by the supplier claiming that goods were delivered to the Municipality, however, no payment was received.		
Spank and Sons v. VKLM	692 544	692 544
Civil claim for work performed but not paid. The applicant is seeking compensation for services rendered, however the Municipality's case is based on the fact that there was no contract for such works.		
RF Du Toit v. VKLM	5 000 000	5 000 000
The applicant was previously appointed by the Municipality as the Manager of Corporate Services. When his fixed term contract came to an in 2017, he indicated that he should be appointed on a permanent contract. He took the matter to the CCMA where the tribunal ruled in his favour. The municipality has filed opposing papers. The parties are awaiting a court date with the Labour Court		
Villa Del Country Estate v. VKLM	-	14 500 000
The claimant is suing the Municipality for damages of breach of contract in the amount of R14,000,000 (fourteen million Rand). The potential attorney fees are currently R500,000 however, may be more than estimated.		
Francis Hendrik Minnaar v. VKLM	33 295	33 295
Claimant is suing the Municipality for an amount of R18,295.28 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.		
Barend Rademeyer v. VKLM	32 178	32 178
Claimant is suing the Municipality for an amount of R17,177.55 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.		
Marthinus Greyling v. VKLM	28 421	28 421
Claimant is suing the Municipality for an amount of R13,420.68 for damages suffered. He claims that he hit potholes and his tyres burst on a road that was not appropriately maintained by the Municipality.		
Astirshell No 14 CC v. VKLM	1 000 000	1 000 000
Property value claim against the Municipality. The applicant is claiming the Municipality is overvaluing their property.		
McCain Foods South Africa (Pty) Ltd	2 500 000	2 500 000
This is a judicial review application brought primarily against Eskom but the Municipality is also an interested party as the decision has an impact on the implementation of the decision taken by ESKOM. The matter is pending in the Pretoria High Court		
Astral Operations Limited v. VKLM	1 000 000	1 000 000
This is a review application against ESKOMS decision to interrupt the bulk electricity supply. The matter is pending in the Pretoria High Court		
Ruvick Energy v. VKLM	2 500 000	2 000 000
The applicant took the Municipality to the High Court challenging its premature termination of a debt collection and prepaid vending contract. The termination came as a result of the failure by Ruvick to pay the VKLM its outstanding dues		



## Victor Khanye Local Municipality

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#### 47. Contingent assets and liabilities (continued)

P Nkomane & 38 Others vs VKLM

The 39 Traffic Learners took the municipality to the SALGBC for unfair labour practice after they demanded to be appointed on permanent basis. There are no financial implications in this matter apart from the fact that the respondent may have to increase the future salary costs if this matter is not successfully defended Eskom vs VKLM

1	-
600 000	500 000

The applicant took the respondent to court over outstanding short payments in the amount of R526,928,300.25. The debt has already been acknowledged by the Municipality. The contingent portion relates to the estimated legal fees.

Jurnic Properties & July Motors cc vs VKLM

900 000	1 500 000
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The applicant brought a high court review application in the land use change rights. Estimated financial implications of R 900,000.

Inzalo Utility

1 500 000	1 500 000
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The service provided has laid a claim against the Municipality. The matter is still pending as the litigation is still at an early stage. No estimate has been given as the matter is still in its early stages.

David Themba v The Minister of Police and Victor Khanye Local Municipality

2 400 000	-
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The matter commenced in 2023, the plaintiff is suing the Municipality for the supposed assault he experienced during the 2020 lockdown, at his home by the Municipal traffic officers. The Municipality is cited as the employer of the traffic officers in Delmas, for wrongful and unlawful acts or omissions.

Baratang Elinor Mashabela v Victor Khanye Local Municipality

169 133	-
---------	---

The matter began in 2023, it is as a result of a motor collision that ensued in 2022. A Municipal vehicle and a taxi belonging to the plaintiff got involved in a motor vehicle collision.

BCHC Resdev vs Victor Khanye Local Municipality

400 000	-
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The matter started in 2020 whereby the municipality cutoff the supply of electricity, which it has formally supplied to Eagle Heights.

Maria Khoza v Victor Khanye Local Municipality

473 000	-
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The matter began in 2023, a Tenant of Eagle Heights instituted an urgent application for the Municipality to reconnect them to water and electricity.

Ramathe MJ Inc v Victor Khanye Local Municipality

68 117	-
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The matter began in 2023; the plaintiff is suing the Municipality for R68 117.17, which is a balance of unpaid statement of account for professional services rendered.

Meadow Feeds v Vuyisile Mahlangu & 10 Others (Victor Khanye Local Municipality, the Municipal Manager and the Executive Mayor are the Ninth, Tenth, and Eleventh respondents respectively).

30 000	-
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The matter commenced in 2023, Meadow Feeds sought an interdict against the respondents restraining the first to fifth respondents from conducting unlawful criminal activities in and around the applicant's premises, in the form of protests and blockades inter alia.

Sakhile Ezweni Group Pty Ltd v Victor Khanye Local Municipality

100 000	-
---------	---

The matter began in October 2022 our Attorney received a letter of demand from Turner Attorneys to constitute Notice in terms of section 3 and 4 of the Institution of Legal Proceedings against certain State Organs of State Act, No. 40. They drafted a letter on the 15th of October 2022 and responded to Turner Attorneys that should they continue and refer the dispute to the Arbitration the Municipality will oppose the Arbitration.

Mwalase Commercials transport v Victor Khanye Municipality

10 746 717	-
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The matter began in 2023 Mwalase Commercials Transport is suing VKLM for R9,746,717 over a lease agreement entered over a vehicle testing station

Rand Water v VKLM

1	-
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The applicant took the respondent to court over outstanding short payments in the amount of R191,621,715.57

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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#### 47. Contingent assets and liabilities (continued)

Sekgone Khaya Robert v VKLM

Mr Segone launched an application to interdict the African Voice Progressive Party (AVPP) from implementing a decision to terminate his membership from the political party. The matter was dismissed for lack of urgency. We have been advised by the Attorneys of the Applicant that they have received instruction to approach the Court on a normal basis.

Auditor-General of South Africa v Victor Khanye municipality

The matter commenced in 2022. The Auditor General took the municipality to court due nonpayment and sort a default judgement court.

Eksteen Oostenwald vs Victor Khanye LM.

The applicant/plaintiff is claiming the municipality for post-retirement medical costs, the municipality did not pay the medical cost quantum which was above the conditions of employment.

Standard Bank of South Africa vs Riata logistics cc & Others

Standard Bank is liquidating the Riata logistics cc and the municipality is owed rates & taxes hence the claim.

SAMWU obo C Monama & 13 Others vs Victor Khanye LM

The matter was filed with the Labour Court and the parties are awaiting a date. The municipality is seeking relief based on the fact the SALGBC is leading a process of parity as far as post remuneration is concerned. The applicants want to be moved to higher task grade and the grading process led by the SALGBC and includes SAMWU, SALGA and IMATU has not been concluded.

Sunset Point Properties (Pty) Ltd

This is a default judgement obtained against the municipality for the balance of the purchase price of a property brought by the municipality. A payment plan arrangement has been entered into and is monitored until the final payment is made to ensure settlement of the matter.

Heading

43 383 408 41 646 439

#### Contingent assets

##### Nkangala District Municipality

Upgrading 200KVA to 315KVA Transformers	2 751 134	82 758
Boreholes and Water Treatment Sunda and Eloff	725 000	-
Botleng Ext 3 Outfall Sewer Pipeline	656 618	656 618
Construction of Roads Victor khanye ph 2	10 608 603	725 232
Refurbishment & Upgrading Delmas WWTW	94 146 726	35 372 988
	<b>108 888 081</b>	<b>36 837 596</b>

The above contingent assets from Nkangala District Municipality relate to work in progress project which are not yet complete at the year end and have been not handed over by the District

#### Other contingent assets

VKLM v. SAMWU Members	1 058 580	8 177 232
The municipality is seeking relief based on the fact that the SALGBC is leading a process of parity as far as post remuneration is concerned. The applicants want to be moved to a higher task grade and the grading process led by the SALGBC and which includes SAMWU, SALGA and IMATU has not been concluded. The Municipality has applied against the enforcement of the award. The matter number: MDP 081086 is filed with the labour court.	200 000	200 000
VKLM v. the Department of Health	-	7 518 652
The Municipality is seeking payment for unpaid invoices for services for three clinics to the value of R7,508,113.17		



## Victor Khanye Local Municipality

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#### 47. Contingent assets and liabilities (continued)

VKLM v. Public Protector's Report

458 580 458 580

The Municipality is reviewing the Public Protector's Report 113 of 2019/2020, which mandated remedial action in respect of the alleged appointment for the position of Assistant Manager: Youth Development, and his subsequent transfer into the position of Assistant Manager: Local Economic Development.

NL Mthembu (VKLM) vs Mrs Manyike

400 000 -

**Municipality has applied for an eviction and has attended round table with the defendant. The Municipality stands a good chance of succeeding in this application as well as a costs order of R400,000.**

#### 48. Accounting by principals and agents

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





# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

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

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

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).

The Municipality (the Principal) has a principal-agent relationship with a service provider (Ruvick Energy (Pty) Ltd) which directs the service provider (Agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. These transactions relate to the selling of prepaid electricity to the Municipality's consumers.

#### Description of the arrangement and transactions undertaken

The Municipality has a principal-agent arrangement with a service provider (Ruvick Energy (Pty) Ltd) which directs the service provider, through a binding agreement, to sell prepaid electricity to the Municipality's customers and collect all cash and funds relating to the sale of the prepaid electricity in a separate bank account and remit all funds due to the Municipality after deduction of any application costs and fees.

#### Significant judgements applied in making the principal-agent assessment

Under this arrangement, the Municipality is the principal and the service provider is the agent. No significant judgements were applied in making this assessment.

#### Significant terms, conditions and changes of the arrangement during the reporting period

The arrangement stipulates that the agent will sell and collect prepaid electricity revenue on behalf of the Municipality. All funds will be remitted to the Municipality after the agent has claimed their commission fee. There were no changes to this arrangement during the reporting period. Reference is made to Note 49 in these annual financial statements where the agent has taken the Municipality to court.

#### Purpose of the principal-agent relationship and significant risks and benefits associated with the relationship

The purpose of the arrangement is to seamlessly sell and collect all funds due to the Municipality for the sale of electricity. This can be established through the sale of prepaid electricity as the customer must buy electricity before they receive electricity. The agent then ensures that all prepaid electricity sold to customers is collected and paid over to the Municipality.

#### Significant risks

The agent may collect all the funds and not pay them over to the Municipality even though required to do so.

#### Risk mitigating strategies

The Municipality has access to the bank account used by the agent.

#### Significant benefits

The Municipality can reliably sell prepaid electricity without incurring the costs of establishing a system to be able to sell and collect prepaid electricity.

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

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

##### Entity as principal

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 29 285 540 (2022: R 37 492 728).

##### Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

##### Reconciliation of the carrying amount of receivables

##### Assets

Cash at Bank (Escrow account)	2 379 358	1 161 260
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##### Revenue

Prepaid electricity	29 285 540	37 492 728
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##### Expenditure

Commission Fee	18 672 460	34 821 858
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##### Department of Safety and Security

The agreement between VKLM and Department of Safety and Security for Vehicle Licencing is no longer applicable and ceased 4 years ago. The only balance remaining between the parties, is a payable to the department which was written off during the current year.

##### Entity is a principal (Ruvick) and Agent ( Department)



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

### 49. Segment information

#### General information

##### Identification of segments

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.

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The four key business units comprise of:

- (i) Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- (ii) Economic and environmental services which includes planning and development, road transport and environmental protection services;
- (iii) Trading services which includes energy sources, water management, waste water management and waste management services;
- (iv) Municipal governance and administration which includes executive and council and finance and administration services.

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

No segments have been aggregated.

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.





# **Victor Khanye Local Municipality** Annual Financial Statements for the year ended 30 June 2023 **Notes to the Annual Financial Statements**

Figures in Rand

## **49. Segment information (continued)**

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

**2023**

<b>Revenue</b>	<b>Community and public safety</b>	<b>Economic and environmental services</b>	<b>Trading Services</b>	<b>Municipal governance &amp; administration</b>	<b>Total</b>
Revenue from non-exchange transactions	-	12 117 075	-	136 208 163	148 325 238
Revenue from exchange transactions	3 733 357	-	195 596 381	128 063 466	327 393 204
Contribution recognised - donated assets	-	-	-	31 222 835	31 222 835
Transfers and subsidies - capital	-	-	-	184 204 000	184 204 000
<b>Total segment revenue</b>	<b>3 733 357</b>	<b>12 117 075</b>	<b>195 596 381</b>	<b>479 698 464</b>	<b>691 145 277</b>
<b>Entity's revenue</b>					<b>691 145 277</b>
<b>Expenditure</b>					
Employee related costs	25 076 536	31 010 215	61 816 536	58 999 745	176 903 032
Remuneration of councillors	-	-	-	8 521 589	8 521 589
Interest, Dividends and Rent on Land	-	-	-	94 765 616	94 765 616
Depreciation & impairment	5 201 116	30 690 893	20 409 752	937 957	57 239 718
Bulk purchases	-	-	167 219 859	-	167 219 859
Contacted services	11 589 078	4 899 945	42 199 550	31 368 562	90 057 135
Inventory consumed	1 469 420	701 178	40 742 031	(2 723 413)	40 189 216
Operational lease	-	-	-	2 559 773	2 559 773
Operational cost	688 852	369 549	24 484 476	39 365 543	64 908 420
Impairment Loss	-	-	-	65 375 041	65 375 041
Water losses	-	-	47 256 991	-	47 256 991
Disposal of Fixed and Intangible Assets	-	-	-	6 373 678	6 373 678
<b>Total segment expenditure</b>	<b>44 025 002</b>	<b>67 671 780</b>	<b>404 129 195</b>	<b>305 544 091</b>	<b>821 370 068</b>
<b>Total segmental surplus/(deficit)</b>	<b>(40 291 645)</b>	<b>(55 554 705)</b>	<b>(208 532 814)</b>	<b>174 154 373</b>	<b>(130 224 791)</b>

**Victor Khanye Local Municipality**  
Annual Financial Statements for the year ended 30 June 2023

**Notes to the Annual Financial Statements**

Figures in Rand

**49. Segment information (continued)**

**Assets**

Total assets as per Statement of financial position

103 506 430	480 823 847	1 278 216 675	(549 672 769)	1 312 874 183
<b>Total assets as per Statement of financial Position</b>				<b>1 312 874 183</b>

**Liabilities**

Total liability as per Statement of financial position

452 224	2 583 256	(900 233 330)	(314 273 008)	(1 211 470 858)
<b>Total liabilities as per Statement of financial Position</b>				<b>(1 211 470 858)</b>

**2022**

**Revenue**

Revenue from non-exchange transactions  
Revenue from exchange transactions  
Investment revenue  
Contribution recognised - donated assets  
Transfers and subsidies - capital

Community and public safety	Economics and environment services	Trading services	Municipal governance & administration	Total
-	18 842 100	76 036 470	125 004 751	219 883 321
(2 959 041)	-	229 797 724	49 013 684	275 852 367
-	-	1 749 742	48 628 339	50 378 081
-	-	2 222 174	-	2 222 174
-	-	26 134 000	-	26 134 000
<b>Total segment revenue</b>				<b>574 469 943</b>
<b>Entity's revenue</b>				<b>574 469 943</b>

## Annual Financial Statements for the year ended 30 June 2023

### Figures in Rand

## Fees

9 829 671 6 614 183



# Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand

2023

2022

### 51. Councillors Remuneration

#### Executive

#### 2023

	Basic Salaries	Other benefits*	In-Kind Benefits	Total
KV Buda (Executive Mayor)	518 878	219 244	210 400	948 522
HM Ngoma (Speaker)	445 330	175 431	145 146	765 907
NS Ngcobo (Chief Whip/Ward 6)	438 193	174 708	102 633	715 534
TG Malomane (MMC PITS/ Cllr ward 3)	463 731	174 708	79 287	717 726
ME Masilela (MMC Finance/ Cllr ward 9)	466 796	174 708	79 287	720 791
BD Yeko (MMC Social/ Cllr ward 2)	431 771	174 708	114 312	720 791
BLO Mbalati (Cllr ward 1)	244 129	114 382	46 619	405 130
ES Lebatse (Cllr ward 4)	42 043	24 510	9 028	75 581
DJ Bath (Cllr ward 8)	194 900	114 382	97 478	406 760
JZ Ndlovu (Cllr ward 7)	244 773	114 382	46 619	405 774
M Rautenbach (PR Cllr (DA))	245 248	114 382	46 619	406 249
SM Skosana (PR Cllr (DA))	189 596	98 203	36 547	324 346
NE Mohoadibe (PR Cllr (EFF))	246 425	114 382	46 619	407 426
P Senekal (PR Cllr (VF PLUS))	189 596	98 203	36 547	324 346
MM Sepenyane (PR Cllr (AVPP))	189 596	98 203	36 547	324 346
ST Segone (PR Cllr (AVPP))	74 744	32 681	12 037	119 462
A Smith (PR Cllr (AVPP))	74 744	32 681	12 037	119 462
SG Mkhawane (PR Cllr (AVPP))	90 215	57 352	54 758	202 325
RK Segone (PR Cllr (AVPP))	80 065	57 352	69 019	206 436
M Mofomme (Cllr ward 4)	123 898	57 252	23 526	204 676
	<b>4 994 671</b>	<b>2 221 854</b>	<b>1 305 065</b>	<b>8 521 590</b>

#### 2022

	Basic salaries	Other benefits*	In-kind benefits	Total
KV Buda (Executive Mayor)	502 253	199 628	179 775	881 656
HM Ngoma (Speaker)	411 608	164 953	124 433	700 994
NS Ngcobo (Chief Whip/Ward 6)	271 871	101 752	61 991	435 614
SS SH Mahlangu	146 527	58 144	25 344	230 015
TG Malomane (MMC PITS/ Cllr ward 3)	368 337	140 326	65 530	574 193
ME Masilela (MMC Finance/ Cllr ward 9)	435 551	159 896	79 495	674 942
BD Yeko (MMC Social/ Cllr ward 2)	419 723	159 896	95 324	674 943
BLO Mbalati (Cllr ward 1)	149 615	67 504	29 703	246 822
M Mofomme (Cllr ward 4)	150 927	66 191	29 703	246 821
DJ Bath (Cllr ward 8)	179 700	99 516	80 160	359 376
JZ Ndlovu (Cllr ward 7)	169 353	67 504	31 437	268 294
M Rautenbach (PR Cllr (DA))	207 180	98 204	39 157	344 541
SM Skosana (PR Cllr (DA))	121 490	58 318	24 107	203 915
NE Mohoadibe (PR Cllr (EFF))	237 712	104 765	44 319	386 796
P Senekal (PR Cllr (VF PLUS))	121 490	58 318	24 107	203 915
MM Sepenyane (PR Cllr (AVPP))	121 490	58 318	24 107	203 915
RK Segone (PR Cllr (AVPP))	149 320	94 359	49 102	292 781
SG Mkhawane (PR Cllr (AVPP))	141 785	74 981	93 414	310 180
EM Sekhukhuni	78 150	38 574	14 616	131 340
SS Thumbathi	60 896	33 325	11 389	105 610
JD Makobolo	60 896	33 325	11 389	105 610
LK Semake	78 150	38 574	14 616	131 340
MM Thombeni	78 150	38 574	14 616	131 340
LS Nyathi	78 150	38 574	14 616	131 340
PS Mofokeng	59 633	33 327	13 771	106 731
	<b>4 799 957</b>	<b>2 086 846</b>	<b>1 196 221</b>	<b>8 083 024</b>

Audited By  
2023-11-30  
Auditor General South Africa  
Mpumalanga Business Unit

## Victor Khanye Local Municipality

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

#### 52. New standards and interpretations

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

#### 53. Finance lease obligation

##### Minimum lease payments due

- within one year	4 140 000	-
- in second to fifth year inclusive	5 520 000	-

	9 660 000	-
less: future finance charges	(1 506 896)	-

<b>Present value of minimum lease payments</b>	<b>8 153 104</b>	<b>-</b>
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##### Present value of minimum lease payments due

- within one year	3 418 397	-
- in second to fifth year inclusive	4 734 705	-

	<b>8 153 102</b>	<b>-</b>
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Non-current liabilities	4 767 853	-
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Current liabilities	3 385 251	-
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	<b>8 153 104</b>	<b>-</b>
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The Municipality leases chemical toilets vehicle these are classified as finance leases.

The lease term of these assets is three years.

The Municipality has used the borrowing rate of prime to amortise these finance leases

The carrying values of the leased assets are included under property plant and equipment.

No contingent rents have been expensed during the period.

The leasing arrangement has terms of renewal or purchase options and escalation clauses.

There are restrictions imposed by lease arrangement (may not be sublet).

