LEPHALALE LOCAL MUNICIPALITY ANNUAL REPORT 2024/ 2025

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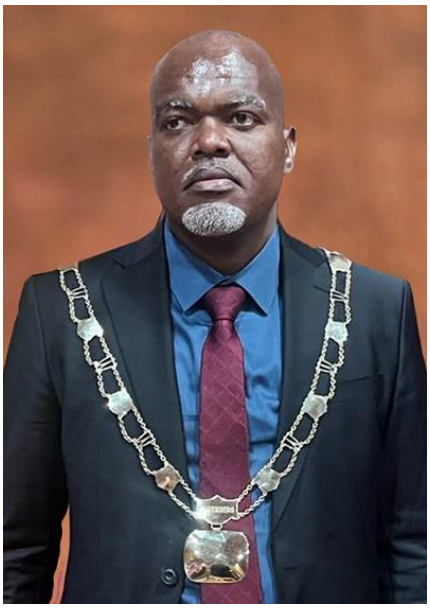
ACCRONYMS

ACRONYM / ABBREVIATION	MEANING
AFS	Annual Financial Statements
AG	Auditor General
AVG	Average
BAC	Bid Adjudication Committee
BSC	Bid Specification Committee
BTO	Budget and Treasury Office
CDW	Community Development Workers
CoGHSTA	Department of Cooperative Governance, Human Settlements and Traditional Affairs
CSS	Corporate Support Services Department
Dec	December
DP	Development Planning Department
DWS	Department of Water and Sanitation
EAP	Employee Assistance Programme
EM	Executive Manager
EPWP	Expanded Public Works Programme
HR	Human Resources
i.t. o	In Terms Of
IDP	Integrated Development Plan
ID	Infrastructure Department
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LDF	Local Development Forum
LLF	Local Labour Forum
LLM	Lephalale Local Municipality
LUMS	Land Use Management System
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MWIG	Municipal Water Infrastructure Grant
N/A	Not applicable
PMU	Project Management Unit
POE	Portfolio of Evidence
Rep	Representative
R-value	Rand value
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
Sept	September
SLA	Service Level Agreement
SS	Social Services Department
SIP 01	Strategic

ACRONYM / ABBREVIATION	MEANING
UOM	Unit of Measure, for example: # is number of, % is percentage
WSA	Water Services Authority
VIP	Ventilated Improved Pit Latrine
YTD	Year to Date
SPLUMA	Spatial Planning and Land Use Management Act

CHAPTER 1 - MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



Lephalale Local Municipality holds a vital position within South Africa's development framework, standing as a dynamic hub of economic growth and community development. Our municipality continues to embody both the opportunities and challenges faced by local governments striving to deliver quality services amid evolving social and environmental landscapes.
Situated in the heart of the Waterberg coalfield, home to nearly half of the nation's remaining coal reserves, Lephalale Local Municipality plays a critical role in South Africa's energy sector. At the same time, we recognize the importance of embracing economic diversification, investing in sectors such as agriculture, manufacturing, and eco-tourism to build a resilient and sustainable local economy that benefits all our residents.

This year, we have prioritized improving water infrastructure to ensure safe, reliable supply. In ongoing efforts to enhance water quality and supply efficiency, the municipality has commenced replacing aging asbestos pipes with durable UPVC alternatives. While this essential project has caused temporary supply interruptions, its completion will vastly improve water reliability for our communities. We are also actively engaging partners like Exxaro and Eskom to address water challenges in Marapong Township, ensuring equitable service delivery across all areas, with recent advancements like the Motlhasedi Village water project handover enhancing access in rural communities.

In addition to water infrastructure, the municipality is actively upgrading and constructing several access roads across villages and Marapong Township to improve connectivity and support local development. Notably, the upgrading of Ben Matsoma Street in Marapong Township from gravel to paved road has been successfully completed, enhancing transport efficiency and safety. Similarly, the construction of an access road in Sefitlhogo Village has been finalized. Several other road projects remain underway, reflecting our ongoing commitment to improving infrastructure that directly benefits communities.

Our annual report acknowledges the complex challenges we confront, including asset theft and vandalism, rapid population growth, illegal land invasions, and climate-induced water scarcity. These factors place pressure on municipal resources and infrastructure, demanding innovative, adaptive governance rooted in sustainability, inclusivity, transparency, and accountability.

Despite these hurdles, Lephalale Local Municipality is proud to have achieved an unqualified audit opinion for the sixth consecutive year, an important testament to our firm commitment to sound financial management and governance. This accomplishment underscores the dedication of our staff and council to stewardship that benefits current and future generations.

This annual report provides feedback in terms of our actual performance against the milestones and targets as set for the period under review, being the 2024/ 25 budget year.

The current national government measures itself against the following priority areas in terms of the National Development Plan:

- Transition to a low carbon economy.
- An inclusive and integrated rural economy
- Reversing the spatial effects of apartheid
- Improving the quality of education, training, and innovation
- Quality health care for all
- Social protection
- Building safer communities
- Reforming the public services
- Fighting corruption
- Transforming society and uniting the country

As a Municipality, we acknowledge the National priorities and as far as it applies to the mandate of the Municipality, our priorities are aligned thereto.
The following tabular matrix plots how the strategic objectives of the municipality align to the different objectives Sand priorities developed from various spheres of government:
Alignment of Lephalale Local Municipality Strategic Objectives to National and Provincial development plans.

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME 9 OUTPUTS	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
Improving infrastructure	6 An efficient, competitive, and responsive economic infrastructure network	Improved access to Basic Services	Public infrastructure investment programme Water Resource Development and Demand Management	Provide quality and well-maintained infrastructural services in all municipal areas	Satisfied community members
An economy that will create more jobs	4 Decent employments through inclusive economic growth	Implement the Community work programme and Co-operatives supported Deepen democracy through a refined ward committee model	Regional economic development and integration programme Enterprise development (SMMEs and cooperatives development)	Create a conducive environment for businesses to invest and prosper	Sustainable economy
An inclusive and integrated rural economy	7 Vibrant, equitable and sustainable rural communities with food security for all		Agriculture and rural development Industrial development programme		
Reversing the spatial effect of apartheid	8 Sustainable human settlements and improved quality of household life	Actions supportive of the Human Settlement outcomes		Rational planning to bridge first and second economies and provide adequate land for development	Sustainable development
Transition to a low-carbon economy	10 Environment assets and natural		Environmental and natural resources development programme	Protect the environment and improve	Safe, healthy, and clean-living conditions

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME 9 OUTPUTS	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
	resources that are well protected and continually enhanced		Green economy and creation of green jobs	community well-being	
Quality health care for all	2 A long and healthy life for all South Africans		Health care development programme		
Social protection	11 Create a better South Africa and contribute to a better and safer Africa and World		Safety and security	Capacitate disadvantaged groups	Quality life for disadvantaged groups
Transforming society and uniting the country					
Building safer communities	3 All people in South Africa feel and are safe				
Improving quality of education, training, and innovation	1 Improved quality of basic education		Education and skills development programme		
Fighting corruption		Implement a differentiated approach to municipal financing, planning and support	Corporate Governance	Enhance revenue and financial management	Financial Viability and Prosperous institution
	9 - A responsive, accountable, effective, and efficient local government system	Single Window of co-ordination	Corporate Governance	Responsible, accountable, effective, and efficient corporate governance	Public confidence
Reforming the public service	12 - An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance, and professionalism	Best Governance ethos
	5- Skilled and capable workforce to support an inclusive growth path	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance, and professionalism	Best Governance ethos

NDP - National Development Plan Focus Areas.

Job creation

The National Development Plan contains strategic objectives for tackling the poroblems of poverty, inequality and unemployment. It is a road map to a South Africa where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality health care, recreation and clean environment. The achievement of these goals has proven to be difficult in the recent past, due to the global economic recession. The crisis in the Eurozone affects our economy as the Eurozone is our major trading partner, accounting for around 21 per cent of our exports.

The National Development Plan proposes to create 11 million jobs by 2030 through

- Realising an environment for sustainable employment and inclusive economic growth
- Promoting employment in labour-absorbing industries
- Raising exports and competiveness
- Strengthening government's capacity to give leadership to economic development
- Mobilising all sectors of society around national vision

Improving Infrastructure

Investment spending in South Africa fell from an average of almost 30 percent of gross domestic product (GDP) in the early 1980s to about 16 percent by the early 2000s. Public sector investment in economic infrastructure crowds in private investment. Private investment is a function of current and projected growth and profitability. Importantly, it is also a function of mutual trust and confidence in economic policies. In recent years, the public sector has favoured consumption over investment.
The government's 2011 Medium Term Budget Policy Statement acknowledges this and announces a shift in the consumption of expenditure towards investment, which is necessary.

Corrective measures for Basic Service Delivery

The Municipality has embarked on a program to purchase yellow plants to improve basic service delivery in Villages. The Disaster Grant released as a result of flooding was also used to upgrade access roads in rural villages and Marapong Township.

The Municipality has a funded budget for Basic Service Delivery projects for 2024/ 25 FY, and 79% capital budget has been spent to improve service delivery.

Transition to a low-carbon economy

South Africa needs to move away from the unsustainable use of natural resources. As water becomes scarcer, and global policy aims to price in the cost of carbon emissions, the country needs a coherent plan to use water more sustainably and to emit less carbon.

Similar approaches apply to protecting the oceans, soil, and wildlife, which are used unsustainably to the detriment of the country's future. All these needs to be done in a way that increases the ability to employ more labour productively.
Changes to energy generation, water conservation and the uses of both are likely to be challenging and potentially disruptive for society. Managing this transition in a way that reduces costs, especially for the poor will require competent institutions, innovative economic instruments, clear and consistent policies, and an educated and understanding electorate. An inclusive and integrated rural economy.

By 2030, South Africa's rural communities should have greater opportunities to participate fully in the economic, social, and political life of the country. These opportunities will need to be underpinned by good quality education, healthcare, transport and other basic services, successful land reform, job creation and rising agricultural production will all contribute to the development of an inclusive rural economy. The economic and social legacy of colonialism and apartheid mean South Africa's rural areas are characterized by unusually high levels of poverty and joblessness, with extremely limited employment in agriculture.

Reversing the spatial effects of apartheid

Apartheid left a terrible special legacy. Housing policies since the dawn of democracy in 1994, in some instances, have reinforced the spatial divide by placing low-income housing on the periphery of cities, far from economic activity. Reversing the country's spatial inheritance, even with sound and sensible policies, is likely to take decades. Settlement patterns should meet the needs and preferences of citizens, considering broader social, environmental and economic interests. Travel distances need to be shorter.

Improving the quality of education, training and innovation

The quality of education for most black leaners remains poor. Poor-quality education not only denies many learners' accesses to employment, but it also affects the earnings potential and career mobility of those who do get jobs and reduces the dynamism of South African businesses.

Quality health care for all

Long-term health outcomes are shaped by factors largely outside the health system: lifestyle, nutrition, education, diet, sexual behaviour, exercise, road accidents and the level of violence. Good health is essential for a productive and fulfilling life. The Diagnostic Report demonstrates the starkly interrelated challenges posed by crumbling health system and a rising disease burden. The public health system must be fixed. While greater use of private care, paid for either by users or health insurance, is part of the solution, it is no substitute for improvement of the public health system. Given the systemic weaknesses in that system today, a root-and- branch effort to improve the quality of care is needed, especially at primary level.

Social protection

Effective social protection and welfare services are an integral part of our programme for inclusive economic growth and central to the elimination of poverty and reduction of inequality. Social protection plays several roles in a society. Firstly, it sets a floor through which, social solidarity, we deem that no person should live below. At present given, South Africa's extremes of unemployment and working poverty, many people regularly experience hunger and find it difficult to meet the basic needs of their families.

Progressively and through multiple avenues, we seek a society where everyone is lifted above this floor. Secondly, it plays an important role in helping households and families manage life's risks. It also helps ease labour market transitions, thereby contributing towards a more flexible labour market and economic dynamism.

Building safer communities

When people feel unsafe it makes it hader for them to develop their capabilities, persue their personal goals and to take part in social and economic activity. To achieve the goals set out in this plan, South Africans need to feel safe everywhere and have confidence in the criminal justice system to protect them and to act speedily and effectively when required to do so.
By 2030, people living in South Africa should feel safe and have no fear of crime. Women, children and all vunerable groups should feel protected. They should have confidence in the criminal justice system to effectively apprehend and prosecute criminals who violate invidual and community safety.

Reforming the Public Service

In many countries plans fail because they are not implemented or because implementation is uneven. There needs to be a uniformity of effort and competence across the entire public service. There is a real risk that South Africa's national plan could fail because the state is incapable of implementation.

There must be a mechanism to remedy the uneven and often poor performance of the public service. A capable state does not materialise by decree, nor can it be legislated or created from conference resolutions.
It must be painstakingly built, brick by brick, institution by institution and sustained and rejuvenated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules.

Fighting Corruption

High corruption levels frustrate society's ability to operate fairly and efficiently and the state's ability to deliver on its mandate. In Transparency international's global corruption survey, South Africa has fallen from 38th place in 2001 to 54th place in 2010, out of 178 countries. Corruption often involves both public and private sector participants. In addition to political will, the fight agianst corruption has to be fought on three fronts: deterrence, prevention and education. Deterrence helps people understand that they are likely to get caught and punished. Prevention is about systems (information, audit and so on) that make it hard to engage in corrupt acts.

National Government Outcomes - MTDP Chapter (14 Outcomes)
Outcome 1 – Education
Outcome two. - Health
Outcome 3 - Safety
Outcome 4 - Economy
Outcome 5 – Skills
Outcome 6 - Infrastructure
Outcome 7 - Rural Development
Outcome 8 - Human Settlement
Outcome 9 - Local Government
Outcome 10 - Environment
Outcome 11 - International
Outcome 12 - Public Service
Outcome 13 - Social Cohesion
Outcome 14 - Nation Building

Back to Basics

Co-operative Governance and Traditional Affairs Minister Pravin Gordhan are relying on the government's new "back to basics" strategy to turn around at least two thirds of the country's municipalities over the next two years.
The new plan is expected to focus municipalities on getting insignificant things right such as fixing streetlights, leaking taps, and collecting refuse. It is an attempt at breathing new life into municipalities after the failure of "operation clean audit", introduced in 2009.

What Makes Good Municipality?
- Political stability, functional structures, healthy admin interface
- Responsive to service needs, infrastructure is well maintained.
- Institutional continuity, clear policy, and delegation frameworks
- High collection rate, 10% on maintenance, CAPEX spent, clean audits.
- Community satisfaction, regular engagements, and feedback

What Makes a Municipality 'At Risk'?
- Signs of political instability, excessive interference in admin or SCM
- Slow responses to service failures, escalating utility losses or theft.
- Some critical positions were not filled; some managers were not qualified.
- Low collection rates, CAPEX not spent, declining audit opinions.
- Growing community protests, lack of feedback mechanisms

What Makes a Dysfunctional Municipality?
- High degree of instability, fraud & corruption, committees do not meet.
- Collapse in service delivery, outages, asset theft, poor maintenance.
- Incompetent managers, many vacancies, no delegations
- Chronic underspending, high debtors, no accountability, disclaimers
- Community dissatisfaction, high number of community protests

A Programme for change - A Differentiated Approach
- Put people and their concerns first.
- Build and maintain sound institutional and administrative capabilities.
- Create conditions for decent living by consistently delivering municipal services.
- The essence of our 'back to basics' approach:
- Be well-governed and demonstrate good governance and administration.
- Ensure sound monetary management and accounting.

Managing Performance

Institutionalize a performance management system to effect the changes that we require in the system.

Building Blocks of Back-To-Basics approach Good Governance

- The holding of Council meetings as legislated.
- The functionality of oversight structures, s79 committees, Audit Committees, and District IGR Forums
- Whether or not there has been progress following interventions over the last 3 – 5 years.
- Assess the existence and efficiency of Anti-Corruption measures.
- The extent to which there is compliance with legislation and the enforcement of by laws.
- The rate of service delivery protests and approaches to address them.

Building blocks of Back-to-Basics approach Public Participation

- Assessing the existence of the required number of functional Ward committees.
- The number of effective public participation programmes conducted by the council.
- The regularity of community satisfaction surveys conducted.

Building blocks of Back-to-Basics approach Financial Management

- The number of disclaimers in the last three to five years.
- Whether the budgets are realistic, and cash backed.
- The percentage revenue collected.
- The extent to which debt is serviced.
- The efficiency and functionality of supply chain management.

Building Blocks of Back-To-Basics Approach Infrastructure Services

- We expect municipalities to perform the following basic activities, and the performance indicators will measure the ability of our municipalities to do the following:
- Develop fundable consolidated infrastructure plans.
- Ensure Infrastructure maintenance and repairs to reduce losses with respect to: Water and sanitation, Human Settlements, Electricity, Waste Management, Roads, Stormwater and Public Transportation.
- Ensure the provision of Free Basic Services and the maintenance of Indigent register.

Building Blocks of Back-To-Basics Approach Institutional Capacity

- Ensuring that the top six post (Municipal Manager, Finance, Infrastructure Services, Corporate Services, Community Development and Development Planning) vacancies are filled by competent and qualified people.
- That the municipal organograms are realistic, underpinned by a service delivery model and affordable.
- That there are implementable human resources development and management programmes; and
- There are sustained platforms to engage organized labour to minimize disputes and disruptions.
- Importance of establishing resilient systems(billing)

Provincial Government Programmes of Enforcement and Support: Basic Services: Creating Decent Living Conditions

- Provinces establish or strengthen Rapid Response Team capabilities to address challenges.
- Monitor implementation plans of municipalities.

Good Governance

- Provinces to intensify monitoring and support of Council meetings.
- MEC to act in terms of the Code of Conduct for Councilors

Public Participation (Putting Peoples First)

- Assist municipalities in developing community engagement plans targeting hotspots and potential hotspots areas.
- Provincial Sector Department to increase their visibility and support to Thusong Centres.

Sound Financial Management

- National and Provincial CoGHSTA and Provincial Treasuries will assess and address the capacity deficiencies of Municipalities to develop and implement Audit and Post Audit Action plans.
- National and Provincial CoGHSTA and Provincial Treasuries will assess the credit control and debt collection policies, including the elimination of theft of services, and by-laws for adequacy, and support the implementation thereof.

Building Capable Institutions and Administrations

- Monitor and support the filling of vacancies with competent personnel.
- In collaboration with SALGA, they monitor the functionality of local labor forums.
- National and Provincial governments support municipalities to develop appropriate organograms.
- Develop and implement appropriate capacity building interventions to develop appropriate organograms.
- Develop guidelines on shared services and intermunicipal collaboration.

B2B Pillars	What is to be assessed / Performance Indicator
Putting People first	Level of engagement with communities The existence of the required number of functional Ward committees. The number of effective public participation programmes conducted by Councils. The regularity of community satisfaction surveys conducted. The rate of service delivery protests and approaches to address them. The existence, and level of functionality, of a complaints management system Level of Implementation of Batho Pele Service Standards Framework for Local Government
Delivering basic Services	Access to services and quality of services with respect to: Water and sanitation. Human Settlements. Electricity. Waste Management. Roads. Public Transportation. Provision of Free Basic Services and the maintenance of Indigent register. Water quality Water and electricity losses, sewerage spillages and electricity cut offs. Theft of infrastructure assets The presence of fundable consolidated infrastructure plans. Spending on capital budgets Service delivery value-chain
Good governance	The holding of Council meetings as legislated. Conduct and discipline among councilors. The functionality of oversight structures, s79 Committees, Audit Committees, and District IGR Forums, MPACs Whether or not there has been progress following interventions over the last 3 – 5 years. The existence and efficiency of anti-Corruption measures, including action taken against fraud, corruption, maladministration, and failure to fulfil statutory obligations. The extent to which there is compliance with legislation and the enforcement of by laws. Political stability, in-fighting, and factionalism Nature of political-administrative interface
Sound Financial Management	Submission of Annual Financial Statements The number of disclaimers in the last five years and the nature and trends of audit opinions. Whether the budgets are realistic and based on cash available. Percentage of the budget spent on personnel. The percentage revenue collected. The extent to which debt is serviced. The efficiency and functionality of supply chain management and political interference with supply chain management processes
Building Capacity	Vacancy rate. Realistic and affordable municipal organograms, underpinned by a service delivery model. Competence and qualifications in top management posts (Municipal Manager, Finance, Infrastructure Corporate Services, Community development, and Development Planning). Politicization of labour force, platforms to engage organized labour to minimize disputes and disruptions. Resilience of key municipal systems such as billing. Levels of experience and institutional memory.

Service Delivery Progress

Service delivery remains central to our mission. Recent data shows approximately 89.6% of households with access to water and 93% with electricity for lighting, reflecting steady improvements despite backlogs in informal and rural areas. Acceptable refuse removal reaches 62.4% of households, supported by initiatives like Roll-on Roll-off services in villages, while sanitation access stands at around 45.4% with ongoing efforts to expand improved facilities.

Community Engagement Efforts

Public participation drives our approach through forums like the inaugural Lephalale Local Municipality Stakeholder Engagement Forum, mayoral imbizo, IDP/ PMS Budget roadshows and ward committee consultations, ensuring resident inputs shapes service priorities per the Municipal Systems Act. These platforms address community needs, from backlog eradication to inclusive planning.

Economic Empowerment Programs

The municipality partners with provincial entities on the Economic Empowerment Outreach Programs, connecting township and rural businesses to funding, skills training, market access, and compliance support. Key collaborators include the Department of Small Business Development (DSBD), which leads national efforts to promote entrepreneurship and small enterprise growth through policy, funding, and capacity-building initiatives; the Small Enterprise Development Agency (SEDA), a government agency providing non-financial support such as business advisory services, training, and incubation to emerging entrepreneurs; and Broad-Based Black Economic Empowerment (BBBEE), a government policy framework aimed at advancing economic transformation by increasing black South African participation in ownership, management, and skills development across the economy. This fosters inclusive growth, regulatory adherence, and empowerment opportunities, uplifting local entrepreneurs amid Lephalale's economic expansion.

Looking ahead, Lephalale's anticipated population growth, potentially increasing up to fivefold by 2030, drives us to proactively plan and invest for sustainable urban development. The Central Business District Development Plan revitalizes urban spaces while improving quality of life in Lephalale and Marapong through community-aligned strategies.

Our governance remains community-centred, emphasizing participation, empowerment, and environmental care. We reaffirm commitment to integrity, accountability, and economic upliftment for all residents.

Together, through resilience and collaboration, Lephalale Local Municipality will continue advancing economic vitality, environmental sustainability, and social wellbeing for our entire community.

Conclusion

In presenting this Annual Report, we seek to illuminate the path forward—one characterized by intellectual rigor, strategic vision, and an unwavering commitment to the public good. Lephalale's story is one of transformation and promise, and through collective effort, it will continue to be a municipality of significance for generations to come.

Signed by:

Cllr R.A MOKGETLE

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Section 152 (1) of the Constitution sets out the objectives of Local Government as follows:

(a) To provide democratic and accountable local government for local communities.
(b) To ensure the provision of services to communities in a sustainable manner.
(c) To promote social and economic development.
(d) To promote a safe and healthy environment; and
(e) To encourage the involvement of communities and community organizations in the matters of local government.

Section 152 (2) states that a municipality must strive, within its financial and administrative capacity, to achieve the objectives set out in subsection (1).

Section 153 of the Constitution sets out the Developmental duties of municipalities as follows:

A Municipality – must:

(a) Structure and manage its administrative 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, and
(b) Participate in national and provincial development programs.

The constitution requires us to prioritize the delivery of basic services. It is widely accepted that basic needs and basic services refer to the same set of functions/services being water, electricity, sanitation and refuse removal.

Our municipality is one of the fastest economically growing Municipality in the country, if not in the continent. The economic boom brought some challenges to us. Administratively, we oiled our service delivery machinery to meet both the infrastructure and human resources challenges. The report will outline projects undertaken to meet water, sanitation, and other infrastructure challenges. There has been better strides and successes achieved in the delivery of electricity and refuse removal.

This report will reflect our actual performance, identifying our key successes and some of the challenges faced during the 2024-25 budget year in terms of the strategic (SDBIP and IDP) performance.

The five-year long-term plan is contained in the Integrated Development Plan (IDP) which is the Master Plan for service delivery within local government sphere. From the IDP we derive the Service Delivery and Budget Implementation Plan (SDBIP) and similarly the Performance Plans for Management are derived from the SDBIP. These strategic documents are fully aligned. The annual report looks back at the SDBIP and IDP for a period of one year and the outcomes help with the Annual Planning and results in the review of the five-year Master Plan (IDP).

This annual report provides feedback in terms of our actual performance against the milestones and targets as set for the period under review, being the 2024/ 25 budget year.

The current national government measures itself against the following priority areas in terms of the National Development Plan:

- Transition to a low carbon economy.
- An inclusive and integrated rural economy
- Reversing the spatial effects of apartheid
- Improving the quality of education, training, and innovation
- Quality health care for all
- Social protection
- Building safer communities
- Reforming the public services
- Fighting corruption
- Transforming society and uniting the country

As a Municipality, we acknowledge the National priorities and as far as it applies to the mandate of the Municipality, our priorities are aligned thereto.

Performance Management Framework

During the Financial Year 2024/ 25 standard operating procedures, and management resolutions as well as recommendations by the Audit Committee were applied. Performance Management Policy Framework was adopted by Council to regulate Municipal employee performance aimed to achieve the outcomes and strategies on table above.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Background

Lephalale Local Municipality is authorized to exercise and perform the following powers and functions as set out in schedule 4, part A and B of the Constitution of the Republic of South Africa, act 108 of 1996:

Assessment of powers and functions

Service	Authority for the service		Description of function performed by Municipality
	Local Municipality	District Municipality	
Air pollution	Yes		Air pollution control by monitoring the institutions that are more likely to pollute the air
Building regulation	Yes		Enforcing the national building regulations
Bulk supply of electricity	Yes		Supply maintains all electricity functions
Fire fighting		Yes	Provide firefighting services
Local tourism & LED	Yes		Provide LED and Tourism enhancement support
Municipal planning	Yes		Forward planning; Land use control; Policy development; GIS
Municipal health services		Yes	Provision of municipal health services through inspections, investigations, and control
Municipal public transport	Yes		Ensure that accessible, safe, adequate, and affordable public transport is provided
Municipal roads and storm water	Yes		Provision, upgrading and maintenance of roads and storm water systems
Trading regulation	Yes		By-law and regulation enforcement
Bulk supply of water	Yes		Provision of potable water
Sanitation	Yes		Provision of hygienic sanitation systems
Billboards & the display	Yes		Regulation, control and display of advertisement and billboards
Cemetery, funeral parlours & crematoria	Yes		Provision of graves to the community for internment of deceased
Street cleansing	Yes		Sweeping streets, picking litter, and emptying of street bins
Noise pollution	Yes		Control of noise pollution
Control of public nuisance	Yes		Control of public nuisance and inspection thereof issuing of notices
Control of undertakings that sell liquor to the public		Yes	Regulated by liquor Act – custodian SAPS and liquor board
Street trading	Yes		By-law and regulation enforcement
Licensing & undertakings to sell food to the public	Yes		Quality control, Safety, and hygiene regulation

Service	Authority for the service		Description of function performed by Municipality
	Local Municipality	District Municipality	
Refuse removal, refuse dump & solid waste disposal	Yes		Waste collection; waste transport and Landfill management
Public places	Yes		Maintaining and provision of sports facilities
Traffic and parking	Yes		Enforcement of Road Traffic Act
Occupational health & safety	No		Competency of the Department of labour
Municipal parks & recreation	Yes		Establishment and maintenance of parks
Additional Functions Performed			
Housing	No	No	Department of Cooperative Governance, Housing and Traditional Affairs as per agreement with the Municipality
Library, Arts & Culture	No	No	Department of Sports, Arts and Culture with the Municipality as per agreement
Registering Authority	No	No	Department of Transport with the Municipality as per agreement

This section describes the geographical area within which Lephalale Local Municipality is located within Waterberg District and Limpopo Province at large. In addition, this section provides information on demographic profile and the status of service delivery covering the following key performance areas: Spatial Development, Environmental issues, Infrastructure investment (service delivery) Local Economic Development, Financial Management, Institutional Management and Public Participation.

Statistics and Demographic Summary

This section describes the geographical area within which Lephalale Local Municipality is located within Waterberg District and Limpopo Province at large. In addition, this section provides information on demographic profile and the status of service delivery covering the following key performance areas: Spatial development, Environmental issues, Infrastructure investment (service delivery) Local Economic Development, Financial Management, Institutional Management and Public Participation.

The Municipality is in the Northwestern part of Waterberg District of Limpopo Province of the Republic of South Africa. It borders with four Local Municipalities (Blouberg, Modimolle-Mookgophong, Mogalakwena and Thabazimbi). Its North-Western border is also part of the International Border between South Africa and Botswana. The Lephalale Local Municipality is the biggest Municipality in the Limpopo Province (covering 14 000km²). The town of Lephalale is located a mere 280 km from Tshwane and a recognized gateway to Botswana and other Southern African Countries. The town Lephalale (Ellisras/Onverwacht/Marapong) is located approximately 40 km from the border of Botswana.

It is situated between 23˚30' and 24˚00' south latitude 27˚30' and 28˚00' east longitude. Lephalale Local Municipal area's contribution of mining to GDP is significant at 59.21%. Electricity contributes 11.33% to the GDP and its contribution to the Waterberg electricity sector is at 69.65%. Other sectors that have a significant contribution to the Waterberg GDP per sector include agriculture, mining, and manufacturing. Agriculture (38.85%) is the sector that employs the largest part of the workforce and is followed by community services (15.71%). Nestled at the spur of the Waterberg Mountains, Lephalale is a place of peace and breath-taking beauty. Discover why Lephalale is called "the heartland of the Waterberg bushveld." As part of the Waterberg biosphere, Lephalale area is richly blessed with pristine natural beauty and an abundance of fauna and flora.

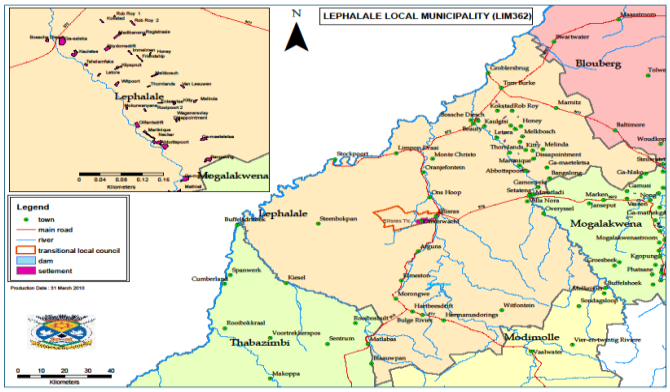
Lephalale offers an infinite variety of scenic contrasts and encompass the unique Waterberg wilderness with its extraordinary beauty which boasts superb vistas, mountain gorges, clear streams and rolling hills. Rich in geological sites and rock art is a strong drawcard for the region, suggesting its links to many previous generations. Hence, the importance of tourism industry to the economy of the area is likely to continue to grow into the future.

This is likely to be related to the hunting and ecotourism industries but could also be linked to any expansion of the industrial operations and the related business tourism. Agriculture especially red meat is one the potential economic activity which is likely

to grow in the municipal area. Lephalale Local Municipality has been blessed with natural resources that give it a competitive and comparative advantage in Mining, Energy, Tourism and Agriculture. Both social infrastructure and economic infrastructure indicators show that much must still be done to improve the quality of life of the people of Lephalale.

Lephalale Local Municipality is at the centre of the mining and energy activities in the Limpopo Province. The expansion of mining and power supply industries in Lephalale Local Municipality is seen by Government as a priority to facilitate and allow economic growth of the Region and the Province as a whole. The expansion of the mining and energy sectors in Lephalale resulted in increased growth in the Municipality in various sectors, with several supporting industries and services that are required in the area.

Figure 1, Lephalale Local Municipality: geographic location.



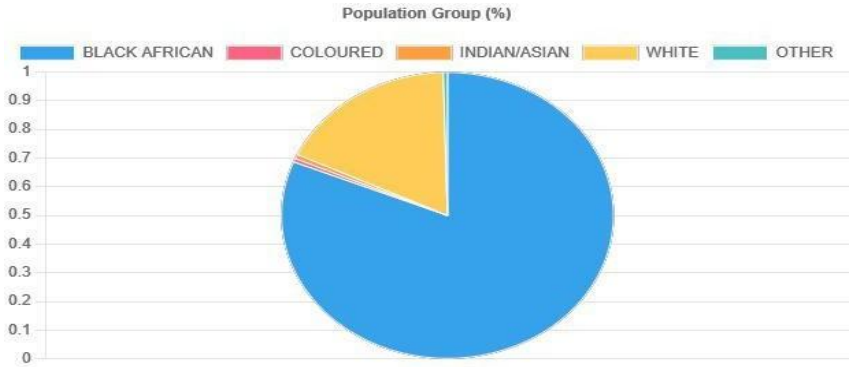
Demographics

The increase of mining, industry, and business in Lephalale has resulted in a rapid increase in population figures. This coupled with the municipal services requirements of the business sector impacts on the integrity of the Municipal infrastructure, and the institutional ability of LLM to support and sustain the existing and future growth. LLM recognised that the increased growth has put pressure on the bulk and reticulation. infrastructure within its jurisdiction, and that the Municipal infrastructure requires significant upgrading and expansion to support public and private sector development of the area. Specific critical services that were identified by the LLM are water, electricity, roads, storm water drainage, sewerage reticulation and sewerage treatment.

The Municipality henceforth appointed the PSP to develop an infrastructure investment master plan (IIMP). It is further recognised by LLM that limited sector master planning exist to assist the LLM with the planning to meet the future demands. LLM have passed a resolution to solicit the support of the Limpopo Provincial Government to procure and fund the implementation of various studies, contracts, and financial agreements to support the establishment of sustainable bulk and link infrastructure throughout the Municipal area. This Lephalale Integrated Infrastructure Masterplan (LIIMP) is part of the objectives of the province to embark on an integrated project preparation process to identify holistic, sustainable, feasible integrated infrastructure and “soft” projects that will ensure that the needs of the LLM are catered for in the short, medium, and long term.

The census 2022 results projected a decrease of 15 000 people as compared against community survey of 2016. The female population has also increased and now higher than the males during 2016 community survey.
The decrease in population may be linked to the scaling down of the Medupi project. Almost 58.4% of the population is economically active in terms of age. The youth represent 40.7% of the population.

Figure 2



Population group

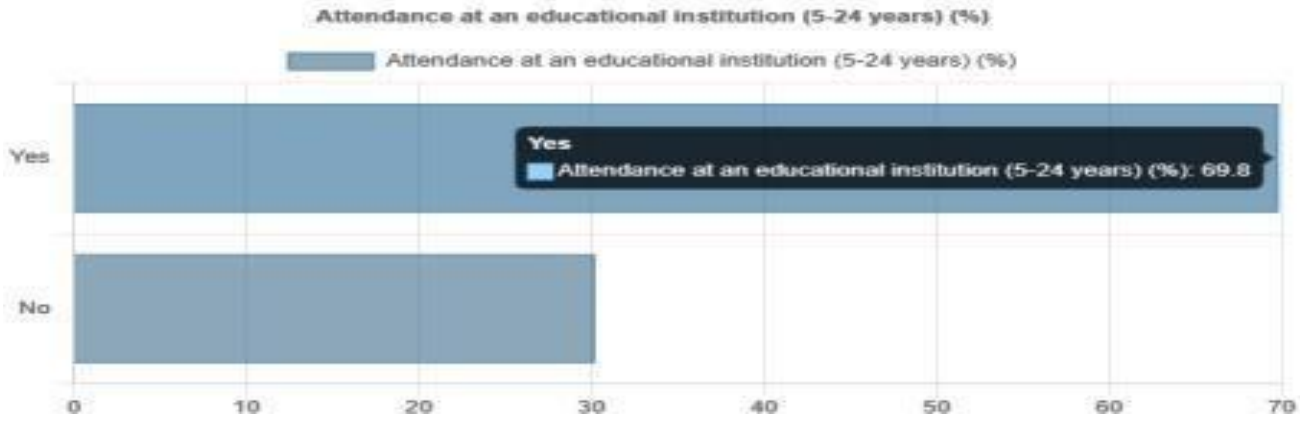
NAME	FREQUENCY	%
BLACK AFRICAN	105 576	81,2%
COLOURED	469	0,4%
INDIAN/ASIAN	644	0,5%
WHITE	22 896	17,6%
OTHER	496	0,4%

Sex and Age Distribution

NAME	MALE	MALE (%)	FEMALE	FEMALE (%)
85+	135	0,1%	445	0,4%
80-84	209	0,2%	403	0,3%
75-79	305	0,2%	586	0,5%
70-74	679	0,5%	805	0,6%
65-69	1 056	0,8%	1 451	1,2%
60-64	1 671	1,3%	1 704	1,4%
55-59	2 016	1,6%	2 414	1,9%
50-54	2 302	1,8%	2 376	1,9%
45-49	2 919	2,3%	2 793	2,2%
40-44	4 014	3,2%	3 550	2,8%
35-39	5 785	4,6%	5 022	4,0%
30-34	6 768	5,4%	6 169	4,9%

25-29	6 616	5,3%	6 440	5,1%
20-24	5 590	4,5%	5 616	4,5%
15-19	4 731	3,8%	4 601	3,7%
10-14	5 262	4,2%	5 284	4,2%
5-9	5 626	4,5%	5 737	4,6%

Education Profile



Attendance at an Educational Institution (5-24years) (%)

NAME	FREQUENCY	%
Yes	30 813	76,2%
No	9 630	23,8%

1.3. AUDITOR GENERAL REPORT

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the Municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

For the financial year (2023/24) and (2024/ 2025) Lephalale Local Municipality received unqualified opinion.

1.4. SERVICE DELIVERY OVERVIEW

The Municipality provided communities with potable water and sanitation. The water and sanitation systems are operated and maintained according to the blue and green drop requirements. The Municipality is committed to achieve blue and green drop status in future.

The Municipality provides waste management services that include waste collection, maintenance of parks and cemeteries, street cleaning, clearing of illegal dumping, health care risk waste management. Regular solid waste collection service is provided to business, institutions and households within the jurisdiction of the Municipality. Waste collection from residential premises is carried out on weekly basis. The growing Municipal population is exacerbating the demand on resources and services and increasing the generation of waste to meet many of these demands.

Average electrical loses experienced on our municipal electrical network is within the required range of electrical loss and is at 11%.

Challenges

- Huge backlog on gravel roads.
- Ageing assets/infrastructure, for water reticulation and sanitation
- Vandalism and theft – Municipal Assets
- Illegal connections for services water and electricity.
- Project completion is not on schedule.
- Revenue collection is low than standard.
- Huge backlog on fixing of potholes.
- Inadequate and inconsistent water supply.
- High level of informal settlements mushrooming rapidly which add to the already housing.
- High water losses in the institution.

The Overall SDBIP achievement is 109 indicators achieved target as predetermined, 22 indicators exceeded target, and 67 indicators had a below average performance, the total performance is 2,7 which is a fair Performance for the institution.

The institution is experiencing challenges on timeous implementation of capital projects, and it is slightly behind schedule on project implementation.

Institutional Performance (Table 1)

Overall SDBIP	**Total Number of KPIs and Capital Projects**	**Total cancelled indicators due budget constraints**	**Annual Performance Report 2024/ 2025**				
			Target Achieved	**Target Not Achieved**	**Target Overachieved**	**N/A**	**%**
SDBIP Departments (Votes)							
Office of the Municipal Manager	25 Indicators/ projects	01	14	06	02	02	73%
Strategic Services	31 Indicators	0	22	07	01	01	77%
Corporate and Support Services	29 Indicators	0	17	08	04	0	72%
Development Planning	27 Indicators	0	9	13	04	01	50%
Budget and Treasury	26 Indicators	0	17	04	05	0	85%
Social Services	27 Indicators	01	14	06	05	01	76%
Infrastructure Services	44 Indicators	03	16	23	01	01	43%
Total Indicators	**209**	**05**	**109**	**67**	**22**	**06**	**66%**

2024/ 2025 FY (Table 2)

Overall SDBIP	**Number of KPIs and Capital Projects**	**2024/ 2025 Annual Performance Report**				**Adjusted indicators**	**Percentage Performance**
		Target Overachieved	**Target Achieved**	**Target not achieved**	**N/A**	**Cancelled Projects**	**Total %**
Total Indicators	**209**	**22**	**109**	**67**	**06**	**5**	**66%**

2023/ 2024 FY (Table 3)

Overall SDBIP	Number of KPIs and Capital Projects	2023-24 Annual Performance Report				Adjusted Indicator	Percentage Performance
		Target Overachieved	Target Achieved	Target Not Achieved	N/A	Cancelled indicators	Total %
Total Indicators	210	26	123	47	14	14	76%

Institutional performance of the Municipality and Summary of indicator performance briefly in the Annual Performance Report 2023-24 for comparison with the 2024-25 Annual Performance Report scores, this tabulated score depicts a 10% decline in overall performance as compared to the previous year's performance.

1.5. FINANCIAL HEALTH OVERVIEW

Going concern Assessment of Lephalale Local Municipality as of 30 June 2025

The Municipality is a going concern mainly because it is a state entity set up by the constitution of the Republic of South Africa to provide basic service to the community and is also funded by the state for that purpose. Failure to provide services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently comply with constitution. There is no indication of a possibility of default by the government in paying grants under the Act. This is also corroborated by experience where National Treasury has met its obligation every year and has therefore created a constructive obligation.

The council of the municipality has adopted a 5-year IDP plan in the 2025/26 financial year which shows the intention of the Council to continue with operations beyond the next financial period. Furthermore, the Council approved a funded budget in the 2025/26 financial year which is aligned with the IDP and budget related policies in accordance with the Municipal Finance Management Act of, 2003.This suggest that funds will be available to finance future operations and invalidates the necessity to liquidate or cease trading.

Attention however is drawn to the fact that the Municipality had a historical debt of R141 000 000 since 2022/23 financial year from the Department of Water Services which had a significant impact on the liquidity ratios of the Municipality in the previous year: The Municipality managed to secure a 5 year settlement agreement with the Department of Water Services for which interest of R27 000 000 will be frozen for the duration of the agreement and written off on condition that the Municipality does not default on the payments. The Municipality is confident that it will be able to service the debt as it intends to fund the minimum payments per the agreement with Equitable Share funds from the state. The municipality has since adhered to the debt arrangement, and the outstanding balance amount of R 63 824 221 was outstanding as at 30 June 2025.

The liquidity ratios for 2024/25 financial year are as follows:

- Current ratio = 1.68
- Gearing ratio = 0.25

The current ratio is within the acceptable norm 1.91:1 which suggests that the Municipality will not have challenges in paying its current or short-term obligations if they fall due at any specific point.

The following measures were put in place to improve liquidity Ratios:

- Consumers were connected to pre-paid electricity to improve debt collection
- Municipality intensifies cost containment
- Municipality intensifies on revenue enhancement
- Tabulated Revenue collection for 2024- 25 is stipulated below:

JULY 2024 - JUNE 2025 REVENUE CALCULATIONS			
Revenue collection percentage			

JULY 2024 - JUNE 2025 REVENUE CALCULATIONS			
Revenue collection percentage			
	Total revenue billed		**576 495 728,09**
		July	44 982 119,65
		August	49 013 377,26
		September	47 276 957,79
		October	50 194 427,29
		November	34 887 849,68
		December	47 646 852,87
		January	51 614 886,70
		February	50 689 467,55
		March	50 539 486,41
		April	48 587 586,62
		May	50 561 957,10
		June	50 500 759,17
	Total revenue collected		**504 535 105,60**
		July	59 978 652,20
		August	28 841 965,08
		September	34 263 603,94
		October	44 606 878,20
		November	38 574 747,28
		December	32 948 207,31
		January	42 067 554,72
		February	38 749 328,75
		March	43 856 348,16
		April	38 505 109,19
		May	41 370 163,43
		June	60 772 547,34
	Percentage		(504 535 105.60 / 576 495 728.09) x 100
			88%

The Municipality also has a strong long term liquidity position with a gearing ratio of 25% which represents low risk in terms of meeting its long-term obligations. The Municipality also has a net asset value of R**1,499,197,095.00** as of 30 June 2025 which means that the Municipality's total assets exceed its total liabilities by R**1,499,197,095.00**

In assessing the going concern assumption, Management also conducted cash flow focus for at least 12 months in accordance with GRAP 1 and concluded that the cash position of the Municipality will remain positive throughout the period of focus.

The following assumptions were made in determining future cash flows for 2025-26:

- The Municipality will not default on the settlement agreement secured from The Department of Water Services.
- The government will not default in paying grants under DORA.
- Municipality expect to collect 85% of its revenue billed on service charges for 25/ 26 FY.

Descrtiptions R thousand	2025- 26 Projections
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts	
Property rates	96,082
Service charges	401,896
Other revenue	220,458
Transfers and Subsidies - Operational	260,209
Transfers and Subsidies - Capital	113,238
Interest	7,592
Payments	
Suppliers and employees	(901,380)
Interest	(21,552)
Transfers and Subsidies	(137)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**176,405**
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments	
Capital assets	(157,914)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(157,914)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Payments	
Repayment of borrowing	(33,047)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(33,047)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(14,556)**
Cash/cash equivalents at the year begin:	**91,274**
Cash/cash equivalents at the year end:	**76,718**

Debtors

The Municipality has debt book of R 274 388 308 which includes property rate, electricity, water, sanitation, and refuse removal debtors and has already commenced with the implementation on the revenue enhancement strategies to recover these outstanding debts. Management has also procured an indigent Management system to assist in identifying those debts that are not recoverable and thus qualify for write-off. The amount of R14 962 178 was written of in June 2025.

Creditors

The Municipality has a creditor's book of Revenue is monitoring payment to creditors to be within 30 days as legislated. There is a manual invoice tracker being implemented to adhere to 30 days payment. This is also done to prevent any fruitless and wasteful expenditure caused by potential interest charges for late payments.

The Municipality also has commitments and accruals that affects the next financial year budget but also backed by cash and cash equivalents.

Capital and operating expenditure

The Municipality is upgrading its infrastructure through new projects funded by grants. Also, a portion of operating expenditure is allocated for repairs and maintenance. Insurance is also taken on infrastructure assets to ensure that any form of repairs caused by damages is attended to.

Under-spending of conditional grants

The Municipality intents to improve the spending of conditional grants through forward planning and development of realistic procurement plan to ensure that procurement processes are concluded within a reasonable time. Municipality has applied for rollover of funds to continue with the project as planned. There is an unspent conditional grant of R18 309 954.00 in the financial year 2024/25. Management has applied for roll over and confidently believe that the rollover will be approved.

Distribution losses

The Municipality has reported significant losses in the prior and current year. A long-term plan of reducing water losses by implementing projects of replacing asbestos pipes with PVC pipes is currently underway. Electricity losses are also reduced by implementation of prepaid electricity metering.

Conclusion

Financial

There are no substantial operating risks or operating factors that are significantly causing serious deterioration of value of assets that generate cash inflows.

Operating

As of 30 June 2025, only four out of seven positions of Executive Management are currently vacant, and Municipality has shown the intention to fill this Position. The recruitment process for MM, CFO and Director Social Services was on progress.

The council has annually reviewed and approved its IDP which indicates that the Municipal plans to continue Its operations for a period of five years.

There are no Labour difficulties, nor threats of any labour protest.

1.6. ORGANISATIONAL DEVELOPMENT OVERVIEW

In the light of the actual and potential development challenges the Municipality reviews its organizational structure in order that the structure should reflect how the municipality has organized its resources and competencies for the purpose of delivering on core responsibilities. The political structure consists of Council and the Executive Committee. The administration consists of the office of the Municipal Manager and six Departments: Corporate Service, Budget & Treasury Office, Development Planning, Infrastructure Services, Social Services and Strategic Support Services,

Current institutional capacity constraints within Lephalale Local Municipality will impede the achievement of development targets for the Limpopo Coal and Petrochemical cluster. The most critical constraints in the context of the cluster are in planning and technical services.

The turnover rate is 4.5 % from an organizational structure of 530; the total number of filled posts was 423 which include interns. 97;7% of the total budget was spent on work skills development. All HR policies were reviewed and updated for council to adopt in the financial year.

The Lephalale Local Municipality has not conducted the Annual Individual Performance Evaluations for the financial years of 2024/25:

Out of 530 positions, 07 are vacant & 423 are filled.

1.7. STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAME
1	Council adopts Oversight report	March
2	Oversight report is made public	
3	Oversight report is submitted to relevant provincial Council s	
4	Annual Performance Evaluation	April
5	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input.	April/ May
6	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- August
8	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
9	Finalise the 4th quarter Report for previous financial year	
10	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
11	Municipal Manager tables the unaudited Annual Performance Report	
12	Municipality submits draft Annual Performance Report including consolidated annual financial statements and performance report to Auditor General.	
13	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
14	Auditor General audits Annual Performance Report including consolidated Annual Financial Statements and Performance data.	September - October
15	Municipalities receive and start to address the Auditor General's comments	November
17	Audited Annual Report is made public, and representation is invited	
18	Oversight Committee assesses Annual Report	
19	Municipal entities submit draft annual reports to MM	December
20	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	
21	Municipal entities submit draft annual reports to MM	
22	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report Mayor tables the unaudited Annual Report	January

COMMENT ON THE ANNUAL REPORT PROCESS

The Annual Report of a Municipality must be tabled in the Municipal Council on or before 31 January each year (MFMA section 127). To enhance oversight functions of the Council, this must be interpreted as an outer deadline; hence the Municipality must submit the Annual Report. The entire process is concluded in the first or second week of December for all Municipalities, the same year in which the financial year ends and not a year later, as is currently the case. It is expected that effective management of performance will also result from this change.

RISK MANAGEMENT

Municipality Finance Management Act, SECTION 62(1) (c) (i) states that the Accounting Officer must ensure that department has and maintains effective, efficient, and transparent systems of financial and risk management and internal control and that risk assessments are conducted regularly to identify emerging risks of the institution.

The Municipality has established the Risk Management Committee as per the King IV Report on corporate governance and the Public Sector Risk Management framework to adequately review, assess and monitor the effectiveness of controls managing the risks involved in both strategic and operational directions.

The following are the top identified 5 risks for Lephalale Local Municipality. The table below illustrates the top 5 risks, the root causes, and mitigating factors.

The table below illustrates the top 5 risks, the root causes, and mitigating factors.

Risk No	Risks/Threat	Cause	Current control	Mitigation measure/ Action Plans
SR01	Financial Unsustainability	1.Decline in revenue streams 2. Loadshedding. 3. High unemployment rate 4. Adverse economic conditions. 5. Lack enforcement of debt and credit control	1.Full implementation of credit control and debt collection Policies. 2. A debt collector has been appointed to assist with collection of long outstanding debtors. 3. Frequent awareness campaigns on payments of Municipal rates and services. 4. Revenue enhancement strategy Committee formed to explore and improve revenue sources. 5. Full implementation of cash and investment monitoring policy. 6.. Monthly cut of accounts in arrears and entering to payment arrangement with customers with pending accounts.	1. Monitor the performance of the debt collector for accounts over 90 days through monthly meetings, Monthly review of cash book and taking corrective actions 2.Offer incentives to customers coming for debt arrangements with accounts over 12 months (Interest relief) 3. monitoring of the project implementation and procurement plan to avert return of funds to NT (interest on investment). 4. Bring on board DBSA to assist with revenue enhancement 5. Switch consumers from post-paid to prepaid. 6. Develop business case for water smart metering.
SR02	Inadequate road infrastructure network	1. Road congestion 2. Lack of forward planning 3. Aging infrastructure. 4. Lack of implementation of maintenance plan.	1.Storm water by-law 2. 2.Intergrated Infrastructure master plan. 3. Maintenance plan for repair of potholes and storm water system.	1.Resealing of roads in town; Marapong and Onverwacht. 2.Develop technical report for Marapong storm water. 3.Engagement with various stakeholders. 4.Monitoring and the maintenance of roads.
SR03	Insufficient provision of sanitation services.	1.Current Sewer system capacity is not sufficient to accommodate the current population. 2.Aging infrastructure (Sewer AC Pipes).	1. Refurbishment and upgrading of sewerage network re-engineering. 2. Approved sanitation technical report 3. Water supply and sanitation services by-law. 4. Integrated Master Plan. 5. Usage of honey sucker to address sewer spillages	1.Refurbishment of the WWTW. 2. Replace old AC pipes and install new sewer line from PS25 to Zongesien 3. Develop technical report for the provision VIPs to rural areas. 4. Continue with the operation and maintenance of sewer network
SR04	Inadequate internal electrical infrastructure network.	1.Overloading of the internal overhead lines. 2.Illegal connections. 3.Cable Theft and vandalism. 4. Inability to detect high voltage fault currents.	1.Monitoring, maintenance and upgrading of electrical network. 2.Replace copper cables with aluminium cables in rural areas 3. Integrated Infrastructure Master plan 4. Cable detector in place	1.Conduct technical assessment. 2.Replacement of copper cables with aluminium cables in the rural areas. 3.Trainning on cable fault detector 4. Closing of the ring circuit 5. Implement the maintenance plan. 6 Replacement of the switch gear
SR05	Insufficient provision of water	1.Illegal water connections 2.Ageing Infrastructure 3.Climate change	1.Disconnection of illegal water connections 2.Replacement of AC to UPVC	1.Enforcement of water By-Laws (Secure by in from stakeholders) 2. Continue with

Risk No	Risks/Threat	Cause	Current control	Mitigation measure/ Action Plans
		4. Theft and vandalism of municipal infrastructure. 5.Loadshedding	water pipes 3.WC/WDM programme 4. Replaced copper taps with plastic taps. 5.Supply water with water tankers to areas vulnerable to drying of boreholes.	designs and construction to replace AC pipes 3. Construction of bulk pipeline from Zeeland Water Treatment Works to Marapong. 4. Conduct technical assessment

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1. POLITICAL GOVERNANCE

The Constitution S151 (3) states that the Council of a municipality has the right to govern on its own initiative, the local government affairs of its community subject to national and provincial legislation.

The Municipality complies with the Municipal Structures Act, in terms of category B. The municipality has established its Executive Committee chaired by the mayor, section 79 and 80 committees to ensure effective execution of its functions. The municipal Council has political clusters with chairpersons. The head of administration is the Municipal Manager as an Accounting Officer.

MFMA S52 (a) states: The Mayor must provide general political guidance over the fiscal and financial affairs of the Municipality.

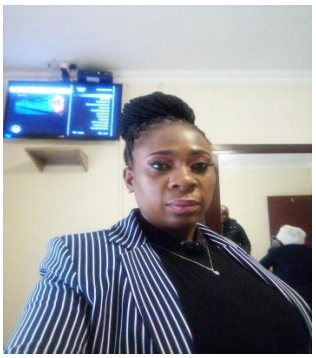
The EXCO is established to assist Mayor with his/her functions. Each member of the EXCO is also a chairperson of a cluster committee. The following are the different clusters: Governance, Administration and BTO, Development Planning, and Infrastructure services and Social Services

Four Portfolio committees have been established, based on the existing clusters, Governance, Administration and BTO, Development Planning services, and Infrastructure services, Social Services all this committees are functional and considered reports before council.
This process intensities the diligence on matters relating to governance and administration where critical analysis of reports is done.

A committee on Geographical names change, Radical Socio and Economic Transformation and the Ethics Committee for Council were established and functional in the financial year under review.

Figure 4: Political Structure

<table>
<tr><td colspan="2">
MAYOR,
R.A MOKGETLE

 
SPEAKER
G. G Marakalala</td></tr>
<tr><td></td><td>Executive Committee:

Cllr. RA Mokgetle (Mayor), Chairperson, EXCO

Cllr. Cllr M. L. Shongwe (Portfolio: Social Services)
Cllr. Cllr S. Nieuwoudt (Portfolio: Governance, Administration and BTO)
Cllr. R.M Modiba (Portfolio: Municipal Infrastructure Services)
Cllr. M. M Semenya (Portfolio: Planning and Development)</td></tr>
</table>

Councillors

The total number of Councillors is 29, half of whom are ward Councillors and the others are party proportional representatives. See **Appendix A** with the list of Councillors. The speaker Ms GG Marakalala is the chairperson of Council. Elections were held on the 27th of November 2021 and the constitution of council changed to a 29-seat council and a new political party in the form of Lephalale residence Party, independent candidates and return of freedom front pl us joined ANC, Economic Freedom Fighters (EFF), DA formed part of the new council, the allocation of seats per political party were 19 for ANC, 3 for EFF, 3 for the DA, 1 seat for Freedom front Plus , 1 seat for Lephalale Residence party, 1 independent candidate won ward 8 elections and he is the ward councillor and 1 for ATM.

Political Decision- Making

Council is scheduled to meet at least four times per year, and it is the highest decision-making body in terms of governance in the municipal area. In this financial year 10 Council meetings were held of which 4 were ordinary and 6 were special Council meetings. The executive committee meets on monthly basis and its delegates' part of its authority to certain committees and to the Accounting Officer.

The Council has established section 79 and 80 committees, for the effective and efficient functioning of the Council.
A functional Mayoral Planning Committee was established by the Council, four executive clusters were established namely, Budget and Economic Development, Governance and Administration; Economic and Development Planning; Municipal Infrastructure Services and Social Services.

Lephalale Local Municipality has established municipal oversight committees such the Municipal Public Accounts committee (MPAC), Audit and Performance Committee, and the Executive Committee (EXCO), this committees are fully functional and meet as scheduled or on ad-hoc basis. Reports from this committees are processed to council for considerations and implementation by the administration.

2.2. ADMINISTRATIVE GOVERNANCE

TIERS	FUNCTION
TIER 1	
MUNICIPAL MANAGER (Ms M. Mmope) (Ms F.P. Nogilana-Raphela) Acting	Strategic Support Liaise and advice Political Structures, Internal Audit, risk management and manage Administration.
TIER 2	
EXECUTIVE MANAGER STRATEGIC SERVICES (Ms M.M Kgwantha)	Overall management of offices for Mayor, Speaker, and Chief whip, Responsible for correspondences from these offices. Deals with Public participation, intergovernmental co-operative governance, IDP, Communication and Performance Management
CHIEF FINANCIAL OFFICER (Ms Lesego Matlwa)	Budget compilation and control, Debtor management (Credit Control, Debt collection), Accounting Services (Cash flow management, Cost, etc.), Treasury management (Loans, Investments), Inventory (Procurement & Provisioning).
ACTING EXECUTIVE MANAGER: SOCIAL SERVICES Ms (B.J. Ndoweni)	Recreational facilities; Solid Waste Management; Environmental Management; Library, Arts and Culture; Safety and Security; Fire and Rescue Services; Disaster Management; Traffic Control; Licensing Authority.
EXECUTIVE MANAGER: CORPORATE SUPPORT SERVICES (Ms FP Nogilana- Raphela) (Mr. T.A. Seboya) Acting	Administrative Support; Legal and Secretariat; Human Resources and ICT.
EXECUTIVE MANAGER: INFRASTRUCTURE SERVICES (Mr. A Shiko)	Water services; Electrical services; Sanitation services; Public Works; Roads and Storm water; Municipal Workshop and Project Management Unit.
EXECUTIVE MANAGER DEVELOPMENT PLANNING SERVICES (Vacant)	LED, Spatial and Land Use Management; Human Settlements Tourism, Marketing and International Relations and Building Control.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

Introduction to Co-operative governance and intergovernmental relations

Lephalale Local Municipality participates in the following forums for intergovernmental relations, the Premier/ Mayor's forum, and the Municipal Manager's forum. The IDP and PMS Units are participating in the Provincial forum and District municipality's forum; these forums include sector departments operating at the grass roots and at community level.

National Intergovernmental Structures

Besides Provincial forums attended by both officials and politicians, there are formal intergovernmental structures dealing directly with the National Government. Interaction between National Government and Municipality is done through the Provincial forums. These are: The Provincial IDP forum, Premier's Lekgotla, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department.

Provincial Intergovernmental Structure

The Provincial IDP forum, Premier's Lekgotla, Premier's Monitoring and Evaluation forum and the Monitoring and Evaluation Forum by CoGHSTA Department. The department assisted the municipality with the implementation of the PMS at municipal level and the establishment of credible IDP and SDBIP. The department further established municipal manager`s forum and cascaded to district level.

Provincial Treasury established a forum for Chief Financial Officers (CFO's Forum) where budgeting and financial reporting is streamlined hence developments such as MSCOA for the future.
The Internal Auditor and Risk Officers' forum are also platforms where spheres of government interact to improve and align services.

District Intergovernmental Structures

The Waterberg District Municipality co-ordinates service delivery in local municipalities the similar forums attended at provincial level are hosted at district level. Lephalale Local Municipality is benefitting from attending the District Monitoring and Evaluation forum. The mayor's forum and the Municipal Managers forum are also beneficial in terms of planning and execution of the functions of the municipality.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The MSA S17 (2) requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management, and development.

The municipality has established the Municipal Public Accounts Committee (MPAC), and this committee meets regularly to scrutinize reports and make recommendations to Council. The Committee reviews the annual report, AG action plan; oversee the implementation of the projects and matters referred by Council.

2.4. PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Lephalale Local Municipality has an internal newsletter which is published from the Office of the Municipal Manager. In the 2024/ 25 financial year the Communication strategy was adopted by Council. The Office of the Mayor through the communications and public participation units outlined how communication and dissemination of government information is to be accomplished.

Apart from the formal administrative meetings like the IDP/PMS forums, the mayor, and Councillors engagements on community outreach programs, like Imbizo and commemoration of significant dates on the calendar.

The table below shows the list of the public participation engagements/ special programs awareness campaigns throughout the 2024/ 25 financial year.

Public Meetings/ Special programs awareness campaigns

Special programs awareness campaign	
Nature and purpose of meeting	**Date of events**
Older Persons Forum	29 May 2025
Thabo Mbeki library	10 May 2025
Lephalale Local Municipality (Lapa)	08 May 2025
Senoela (Sports Ground)	13 March 2025
Moses Monanyane Stadium	15 & 16 February 2025
Witpoort/ Ellis Hospital	01 January 2025
Witpoort/ Ellis Hospital	18 December 2024
Civic Centre	11 December 2024
Civic Centre Lapa	03 December 2024
Shongoane 3 Stadium	17 August 2024
Lephalale Council Chamber	13 August 2024
Ga-Seleka	26 July 2024

From the entire public participation engagement held, the municipality was able to identify and prioritize the projects to address the identified community needs which led to the development of key performance strategies and objectives with targets. This was also done through the IDP/Budget, PMS forums and road shows.

Ward Committees

Ward committees are community coordinating structures and are assisting the ward Councillors in their functions in their respective wards. Ward committees are the key structures to community participation and representation. These are legislatively chaired by the ward Councillors and serves as the link between Councillors and Community.

Fifteen Ward committees functional in the 2024/ 25 FY at the beginning of the 5-year political circle of Council and for previous financial year 15 Ward committees are established, functional and reported accordingly.

2.5. IDP PARTICIPATION AND ALIGNMENT

The Lephalale Local Municipality process plan is seen as a document that describes how the institution will develop and implement the integrated development plan through budget in its area of jurisdiction. Therefore, it will have meaningful bearing on the current IDP document once completed and/ or most importantly, it may lead to the process of the development of a new and all-inclusive integrated development planning methodology to plan and actualize future development in Lephalale through our budgetary allocations. The process plan is thus like business plan and deals with the allocation of Municipality capacity and resources in support of and serve as a guideline in terms of which council will conduct its mandate through integrated development planning.

IDP/Budget process plan for financial 2024-25, year review.

TIME SCHEDULE OF EVENTS FOR THE APPROVAL OF THE 2024/25 IDP, BUDGET AND PMS					
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
Preparation phase	Develop draft 2024/25 IDP, Budget and PMS process plan	Strategic Support Services	Approved IDP, Budget and PMS process plan.	MSA NO. 32 of 2000 (s27,28,29 and 41) MFMA NO, 56 of 2003(s21)	27- 29 July 2023
	Alignment with WDM framework for IDP	Waterberg District Municipality		MSA NO. 32 of 2000 (s27) MFMA NO. 56 of 2003 (s21)	25-26 July 2023
	First IDP Steering Committee Meeting	Strategic Support Services		MSA NO. 32 of 2000 (s17 & 28)	04-Aug-23
	Advertise draft IDP, Budget & PMS process plan for public comments	Strategic Support Service		MSA NO. 32 of 2000 (s28)	02-13 Aug 2023
	First IDP Rep Forum Meeting	Strategic Support Services		MSA NO. 32 of 2000 (s16,17and 18) MFMA NO, 56 of 2003(s21)	11-Aug-23
	Analysis of the IDP 2024/25 by Provincial sector department, WDM, OTP & All the locals in Waterberg	CoGHSTA, OTP and WDM		MFMA NO, 56 of 2003(s21) MSA NO. 32 of 2000 (s29)	16 – 17 Augst 2023
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Assessment of the previous financial IDP2023/24	CoGHSTA, District Municipalities and Local	Presentation by sector department on the current situation and service delivery backlogs	MSA NO. 32 of 2000 (s32)	23 -25 August 2023
	Table draft IDP 2024/25 IDP, Budget and PMS process plan to council	Mayor and Municipal Manager	MEC's assessment report on the previous IDP	MSA NO. 32 of 2000 (s28)	29-Aug-23
Analysis phase	Provincial District engagement session	CoGHSTA, OTP and WDM	Assessment of existing level of development. Priority issues/problems.	MFMA NO, 56 of 2003(s21) MSA NO. 32 of 2000 (s29)	18 -19 Sept 2023
Analysis phase	Public engagement/Community based planning session	Strategic Support Services	Understanding of courses of priority issues/problems.	MSA NO. 32 of 2000	01-30 Sept 2023

TIME SCHEDULE OF EVENTS FOR THE APPROVAL OF THE 2024/25 IDP, BUDGET AND PMS					
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
			Information on available resources.	(s16 & 17)	
	2nd IDP Steering committee meeting.	Municipal Manager		MSA NO. 32 of 2000	19 0ct 2023
			Presentation of 1st quarter report both budget and PMS including IDP	(s17 & 28)	
	2nd IDP Rep Forum	Strategic Support Services		MSA NO. 32 of 2000	16-Nov-23
				(s16,17and 28) MFMA NO, 56 of 2003(s21)	
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Strategic planning session (technical Steering committee)	Strategic Support Services		MSA NO. 32 of 2000 (s26)	14- 15 Nov 2023
	Provincial District engagement session	CoGHSTA, OTP and WDM		MFMA NO, 56 of 2003(s21)	21 - 22Nov 2023
				MSA NO. 32 of 2000 (s29)	
	Consolidation and alignment with national, provincial and district strategies	Strategic Support Services		MSA NO. 32 of 2000 (s26)	4 – 8 Dec 2023
Project phase	Project identification	Strategic Support Services	Tentative financial framework for projects.	N/A	3-29 Jan 2024
			Identification of projects.		
Project phase	Project identification	Strategic Support Services	Project's output,	N/A	3-26 Jan 2024
			targets, and location		
	Task team consultation	Strategic Support Services	Project related activities and time schedule.	N/A	3 -26 Jan 2024
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Report on the mid-term performance of the SDBIP	Office of the MM	Cost and budget estimates.	MFMA NO, 56 of 2003(s72)	24-Jan-24
			Performance indicators.		
	Table draft annual report to council	Office of the MM		MFMA NO, 56 of 2003(s127)	23 -26 Jan 2024

TIME SCHEDULE OF EVENTS FOR THE APPROVAL OF THE 2024/25 IDP, BUDGET AND PMS					
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Strategic planning session	Office of the MM		MSA NO. 32 of 2000 (s26)	12 - 15 Feb 2024
	Mid-year performance	Office of MM		MFM NO 56 (s72)	26 -28 Jan 2024
	Publicize annual report for public comments	Office of the MM		MFMA NO, 56 of 2003(s127)	21 Feb - 05 Mar 2024
	Provincial District engagement session	CoGHSTA, OTP and WDM		MFMA NO, 56 of 2003(s21) MSA NO. 32 of 2000 (s29)	16-Feb-24
	Mid-year Budget & Performance assessment	Office of MM	Information on available resources.	MBRR Sect 12 of MFMA	Jan -March 2024
	IDP Steering committee	Municipal Manager		MSA NO. 32 of 2000 (s17 & 28)	11-Mar-24
	Presentation of draft IDP and projects	District Rep forum		MSA NO. 32 (sec 28)	15-Mar-24
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Third IDP Rep Forum	Mayor & Municipal Manager		MSA NO. 32 of 2000 (s 16, 17 & 28) MFMA NO, 56 of 2003(s21)	19-Mar-24
	Budget steering committee for draft 2024/25 Budget	BTO		MFMA NO, 56 of 2003(s53)	13-Mar-24
	Table draft IDP, Budget & SDBIP 2024/25 to council	Mayor		MSA NO. 32 of 2000 (s30) MBRR Sect 12 MFMA Circular no 98	28-Mar-24
Project phase	Approval of Oversight Report	Municipal Manager		MFMA NO, 56 of 2003(s127)	21-29 March 2024
Integration phase	Advertise draft 2024/25 IDP & Budget for public comments	Strategic Support Services	Five-year financial plan. Five-year capital investment plan. Institutional plan.	MSA NO. 32 of 2000 (s25)	3-22 Apr 2024
	Final alignment with WDM, Provincial and National programmes	Strategic Support Services	Reference to sector plans. Integrated sector plans.	MSA NO. 32 of 2000 (s21) MFMA NO, 56 of 2003(s29)	7-15 Mar 2024
	IDP & Budget Road shows 2024/25	Mayor and Steering committee		MSA NO. 32 of 2000	1-29 Apr 2024

TIME SCHEDULE OF EVENTS FOR THE APPROVAL OF THE 2024/25 IDP, BUDGET AND PMS					
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
				(s16 & 17)	
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Community consultation forums on proposed 2024/25 tariffs, indigent credit, credit control and free basic services	BTO		MFMA NO, 56 of 2003(s21, s23 & 24)	04 -29 April 2024
	District IDP, SDBIP and Budget assessment	Strategic Support Services			19-23 Apr 2024
	Screening, alignment, and consolidation of inputs from communities	Strategic Support Services		MFMA NO, 56 of 2003(s23)	3-29Apr – 2024
	Fourth IDP steering committee	Strategic Support Services		MFMA NO, 56 of 2003(s23)	15-May-24
Approval phase	Consolidation and alignment	Strategic Support Services		N/A	1 – 15 May 2024
	Fourth IDP Rep forum	Mayor & Municipal Manager		MSA NO. 32 of 2000 (s 16, 17 & 28) MFMA NO, 56 of 2003(s21)	16-May-24
	Budget Benchmark assessment	Office of MM		MBRR Sect 12 of MFMA	April -May 2024
IDP Phase	**Deliverables**	**Coordinating/Responsible Department**	**Output**	**Legislative Requirement**	**Time Frame**
	Budget steering committee for final 2024/25 budget	BTO		MFMA NO, 56 of 2003(s53)	15-16 May 2024
	Table the 2024/25 IDP & Budget to council	Mayor & Municipal Manager		MSA NO. 32 of 2000 (s 30)	28-May-24
Approval phase	Submission of approved IDP, Budget & SDBIP to CoGHSTA and Provincial Treasury	Municipal Manager		MSA NO. 32 of 2000 (s 32) MBRR Sect 12 of MFMA Circular no 98	4- 7 Jun 2024
	Publish approved 2024/25 IDP & Budget	Strategic Support Services		MSA NO. 32 of 2000 (s 25)	3-15 Jun 2024
	Approval of SDBIP	Municipal Manager		MSA NO. 32 of 2000 (s 38)	4-6 Jun 2024

The IDP document for the 2024/25FY, is aligned to strategic objectives towards the vision of Lephalale Local Municipality. The SDBIP is derived from the IDP and all the Performance plans for Sec 57 contracts with Key Performance Indicators.

The final IDP 2024/ 25 and the budget was approved by Council on the 23rd of May 2024.

IDP Participation

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

2.6. RISK MANAGEMENT

RISK MANAGEMENT

Municipality Finance Management Act, SECTION 62(1) (c) (i) states that the Accounting Officer must ensure that department has and maintains effective, efficient, and transparent systems of financial and risk management and internal control and that risk assessments are conducted regularly to identify emerging risks of the institution.

The Municipality has established the Risk Management Committee as per the King IV Report on corporate governance and the Public Sector Risk Management framework to adequately review, assess and monitor the effectiveness of controls managing the risks involved in both strategic and operational directions.

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Risk No	Risks/Threat	Cause	Current control	Mitigation measure/ Action Plans
			and investment monitoring policy. 6.. Monthly cut of accounts in arrears and entering to payment arrangement with customers with pending accounts.	4. Bring on board DBSA to assist with revenue enhancement 5. Switch consumers from post-paid to prepaid. 6. Develop business case for water smart metering.
SR02	Inadequate road infrastructure network	1. Road congestion 2. Lack of forward planning 3. Aging infrastructure. 4. Lack of implementation of maintenance plan.	1.Storm water by-law 2. 2.Intergrated Infrastructure master plan. 3. Maintenance plan for repair of potholes and storm water system.	1.Resealing of roads in town; Marapong and Onverwacht. 2.Develop technical report for Marapong storm water. 3.Engagement with various stakeholders. 4.Monitoring and the maintenance of roads.
SR03	Insufficient provision of sanitation services.	1.Current Sewer system capacity is not sufficient to accommodate the current population. 2.Aging infrastructure (Sewer AC Pipes).	1. Refurbishment and upgrading of sewerage network re-engineering. 2. Approved sanitation technical report 3. Water supply and sanitation services by-law. 4. Integrated Master Plan. 5. Usage of honey sucker to address sewer spillages	1.Refurbishment of the WWTW. 2. Replace old AC pipes and install new sewer line from PS25 to Zongesien 3. Develop technical report for the provision VIPs to rural areas. 4. Continue with the operation and maintenance of sewer network
SR04	Inadequate internal electrical infrastructure network.	1.Overloading of the internal overhead lines. 2.Illegal connections. 3.Cable Theft and vandalism. 4. Inability to detect high voltage fault currents.	1.Monitoring, maintenance and upgrading of electrical network. 2.Replace copper cables with aluminium cables in rural areas 3. Integrated Infrastructure Master plan 4. Cable detector in place	1.Conduct technical assessment. 2.Replacement of copper cables with aluminium cables in the rural areas. 3.Trainning on cable fault detector 4. Closing of the ring circuit 5. Implement the maintenance plan. 6 Replacement of the switch gear
SR05	Insufficient provision of water	1.Illegal water connections 2.Ageing Infrastructure 3.Climate change 4. Theft and vandalism of municipal infrastructure. 5.Loadshedding	1.Disconnection of illegal water connections 2.Replacement of AC to UPVC water pipes 3.WC/WDM programme 4. Replaced copper taps with plastic taps. 5.Supply water with water tankers to areas vulnerable to drying of boreholes.	1.Enforcement of water By-Laws (Secure by in from stakeholders) 2. Continue with designs and construction to replace AC pipes 3. Construction of bulk pipeline from Zeeland Water Treatment Works to Marapong. 4. Conduct technical assessment

Risk Analysis as per risk status categories for 2024-25 FY/ as of June 25

	Quarter 4				Quarter 3
Risk Register	**Total Number of Action plans addressed YTD**	**Total Number of Action plans not addressed YTD**	**Total Number of Action plans YTD**	**Percentage of Mitigation measures addressed YTD**	**Percentage of Mitigation measures addressed**

Strategic	33	13	46	72%	72%
Operational	68	11	79	78%	78%
Projects	7	7	14	50%	50%
ICT	11	0	11	100%	100%
Fraud	20	1	21	95%	85%
Total	**139**	**32**	**171**	**81%**	**74%**

Progress on the Risk Management Plan implementation

The Risk Management Committee (RMC) received the Progress on the Risk Management Plan.

Resolution of the Quarter Four Risk Management Committee

All Risk Management Policies, Charter and Plans were adopted with the following recommendations:

RMC Meeting held on the 22 July 2024			
No:	**Resolution**	**Progress (Status)**	**Colours**
1	Management to address the remaining risk before end of the next financial year	**Not Addressed**	

RECOMMENDATIONS

Departments to incorporate risk management into their daily activities and on periodical basis management meetings be held by each directorate to discuss their specific risks with the help of the Risk Management Department.

2.7. ANTI-CORRUPTION AND FRAUD

The Local Municipality has adopted the Fraud Prevention Plan and the Fraud Prevention Policy as the strategies to prevent fraud and corruption.

The Fraud/corruption risk areas include:

- Fraud And Anti-Corruption Strategy
- Procurement, including urgent/emergency matters, sole suppliers and
- Vetting of suppliers and other trading partners.
- Travel claims.
- Conflicts of interest and private work declarations.
- Compliance to delegations of authority.
- Payroll; and
- Revenue collection –both from individuals and businesses

The Municipality has implemented the following controls measures to prevent fraud and corruption:

- Anti-corruption hotline
- Fraud awareness and campaigns
- Financial policies and procedures.
- Human Resources policies and procedures.
- Segregation of duties.
- Code of Conduct for Municipal Officials and Councillors
- Physical and Information Security; and
- Exclusion of Councillors from the procurement processes.

The Municipality has also implemented controls to detect fraud and corruption:

- Periodic Internal Audit reviews.
- Annual External Audit reviews; and
- Regular management reviews.

All employees and other stakeholders are expected to comply with the applicable policies and procedures. A fundamental risk in this area is the lack of knowledge, awareness, effective communication, and training relating to Fraud, Theft and Corruption. The Municipality has several systems, policies and procedures designed to ensure compliance with specific laws and regulations and basic internal control.

Notes: See Chapter 4 of these report details of Disciplinary Action taken on cases of financial mismanagement.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

The Bid Specification, Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. It takes an average of 53 days to make adjudication on a tender from a date of closing. Quarterly reports on the tenders are submitted to Council.

2.9. BY-LAWS

COMMENT ON BY-LAWS PERFORMANCE OVERALL

MSA S11 (3) (m) provides municipal Council with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.
The table below outlines the by-laws processed during the financial year, no new by laws were processed in the 2023-24 financial years.

2.10. WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipal website	**<Yes / No>**	**Publishing Date**
Current annual and adjustments budgets and all budget-related policies	Yes	31/01/2025 30/06/2024
All current budget-related policies	Yes	31/05/ 2024 18/06/2024
The annual report (2023-24) published/to be published	*Yes*	*31/03/ 2025*
The annual report (2022-23) published/to be published	Yes	31/03/ 2024
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/24) and resulting scorecards	Yes	28 /07/2024
All service delivery agreements (2024)	Yes	26/06/2024
All long-term contracts (2024)	Yes	16/01/2024
All supply chain management contracts above a prescribed value (give value) for 2024/25	Yes	22/11/2024
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 2024	Yes	22/03/2025
Contracts agreed in 2023/24 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes	01/7/2024

Public-private partnership agreements referred to in section 120 made in 2024/25	Yes	01/7/2025
Two quarterly reports tabled in the Council in terms of section 52 (d) during 2025 (Mid- Year2024-25 and APR 2025)	Yes	03/4/2025

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS

The table above depicts the dates and the types of municipal documents posted on the website for the public to view. The Lephalale Local Municipality has established a web site. The website is maintained by SITA.

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Customer satisfaction survey was not conducted for the financial 2024/ 25 due to lack of capacity and budget; there were sporadic incidences of service delivery protests from communities in rural villages. The Municipality has Customer Care Complaints system that is functional and all the complaints are addressed.

There were engagements between WDM, Stats SA and Lephalale Local Municipality for assistance on the customer satisfaction survey by the district and provincial government.

CHAPTER 3- SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

COMPONENT A: BASIC SERVICES

The Municipality provided communities with potable water and sanitation. The water and sanitation systems are operated and maintained according to the blue and green drop requirements. The Municipality is committed to achieve blue and green drop status in future.

The Municipality provides waste management services that include waste collection, maintenance of parks and cemeteries, street cleaning, clearing of illegal dumping, health care risk waste management. Regular solid waste collection service is provided to business, institutions and households within the jurisdiction of the Municipality. Waste collection from residential premises is carried out on weekly basis. The growing Municipal population is exacerbating the demand on resources and services and increasing the generation of waste to meet many of these demands.

Average electrical loses experienced on our municipal electrical network is within the required range of electrical loss and is at 11%.

CHALLENGES

- Huge backlog on gravel roads.
- Ageing assets/infrastructure, for water reticulation and sanitation
- Vandalism and theft – Municipal Assets
- Illegal connections for services water and electricity.
- Project completion is not on schedule.
- Revenue collection is low than standard.
- Huge backlog on fixing of potholes.
- Inadequate and inconsistent water supply.
- High level of informal settlements mushrooming rapidly which add to the already housing.
- High water losses in the institution.

3.1. WATER PROVISION

Lephalale Local Municipality as Water Service Authority has a duty to all customers and potential customers within its area of jurisdiction to progressively ensure efficient, affordable, economic, and sustainable access to water in terms of section 11 [Water Services Act 108 of 1997]. The Municipality has a duty to provide water to a population estimated at 140 240 living within urban, peri-urban, and rural areas of jurisdiction.

The Lephalale Local Municipality is designated as Water Service Authority and Water Service Provider. All the water for the urban area of the Lephalale Local Municipality originates from Mokolo Dam. Grootegeluk Coal Mine originally built the main supply lines, pump station, balancing dam and water purification works in the urban area. The supply, as well as maintenance of the dam (as agent of DWS) is still done by Grootegeluk coal mine. In the case of Marapong township, which is situated near the mine/power station, purified water to the Municipality is supplied by Matimba Power Station. Even though the municipality has benefited to date from the investments made by Exxaro and Matimba in the past there is a concern that as water service authority, and considering long term development implications, the Municipality should have ownership of infrastructure required to provide water and sanitation services to Marapong area.

The Department of Water and Sanitation (DWS) appointed consultants to investigate alternative solutions for provision of water to the Lephalale node area 1 because of the development potential of the Municipality.
Based on water infrastructure, the current water availability and water use allows only limited spare yield existing for future allocations for the anticipated surge in economic development in the area. DWS commissioned the Mokolo- Crocodile (West) Water Augmentation project (MCWAP) to analyse the options for transferring water from the Crocodile River (West) with the intention to implement the project in two phases.

Augmentation of the supply from Mokolo Dam, and transfer of water from the Crocodile River (West) to the Lephalale area. The Department of Water and Sanitation (DWS) has allocated 2.1 billion for the past financial year to phase in the project on a three-year basis. It is imperative to note that the outcome of the MCWAP Phase 2 project need to be implemented to address expected water shortages before any development in node area 1 will be viable, as currently the area does not have sufficient water resources to sustain any new development. Furthermore, the municipality will need to obtain an appropriate license to abstract water from MCWAP scheme to provide water to node area 1.

Bulk Water Infrastructure

Water is pumped from the Mokolo dam to the Wolvefontein storage dam, from where it gravitates down to Zeeland water purification plant and the purification plant at Matimba power station. Bulk raw water gravitates down to the Grootegeluk mine and Eskom's Matimba power station.

Lephalale and Onverwacht are supplied with water that gets purified at the Zeeland Water Treatment Works (owned and operated by Exxaro resources). The sewage gets treated at Paarl Wastewater Treatment Works. Currently, the Matimba Power Station at 7.1 million m³/a, Grootegeluk Mine at 10.1 million m³/a, (Lephalale Local Municipality at 5.0 million m³/a of the Exxaro/Matimba allocation) and the Irrigation Sector at 10.4 million m³/a account for the 27.6 million m³/a of water allocated from the Mokolo Dam. Based on the estimated current water use, the catchment yield versus demand is in balance; however, this makes no allowance for the Ecological Reserve. Future expansions for power generation as well as the coal requirement for such development require additional volume of water which cannot be supplied from the resources within the Mokolo Water Management Area.

Water Infrastructure.

Asset Type	Unit Measured	Quantity	Remarks
Boreholes	Number	138	
Reticulation Pipelines	Length(m)	424,973	286,311m of uPVC pipes and 136,702m of AC pipes 1,960m of HDPE pipes
Bulk pipelines	Length(m)	34,693	28,593m of uPVC pipes and 6,046m of AC pipes
Reservoirs	Number	121	
Water Treatment works	Number	2	Witpoort and Maletswai
Pump Stations	Number	38	

Source: Lephalale Local Municipality

Current and envisaged water and sanitation infrastructure plan in the urban nodal area because of anticipated economic development.

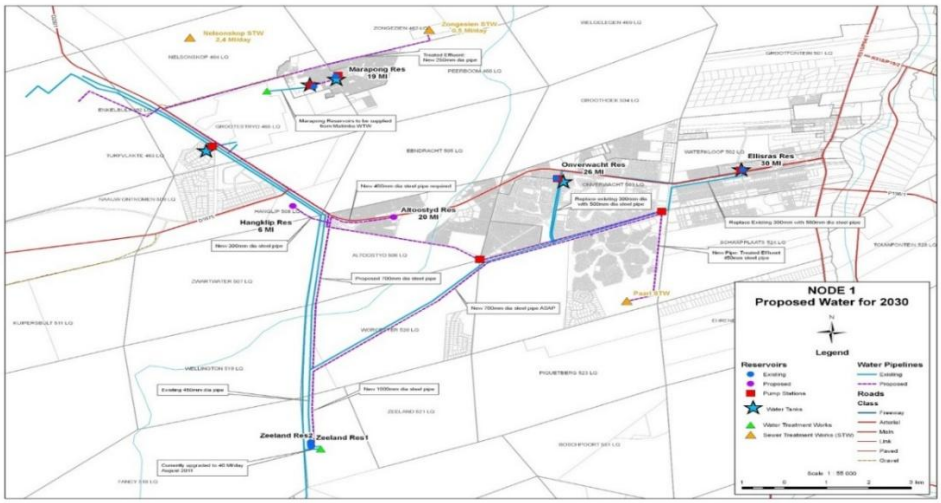
Potential Bulk water supply abstracted from boreholes for scheme areas.
Water Infrastructure.

Scheme Number	Supply Area	Potential Supply
NW 100	Mokuruanyane RWS	1.950Ml/day
NW 114	Witpoort RWS	0.930Ml/day
NW 115	Ga-Seleka WS	0.820Ml/day
NW 116	Ga-Shongoane WS	0.300Ml/day
Total		**4.00Ml/day**

Bulk water infrastructure linked to Mokolo dam as ground source.

Bulk water infrastructure services within the municipal urban node

Water infrastructure in the urban area.



Source: Municipal scoping report

Current and envisaged water and sanitation infrastructure plan in the urban nodal area because of anticipated economic development.

Potential Bulk water supply abstracted from boreholes for scheme areas.

Scheme Number	Supply Area	Potential Supply
NW 100	Mokuruanyane RWS	1.950Ml/day
NW 114	Witpoort RWS	0.930Ml/day
NW 115	Ga-Seleka WS	0.820Ml/day
NW 116	Ga-Shongoane WS	0.300Ml/day
Total		4.00Ml/day

The rural area is currently divided into four different water services schemes.
The potential bulk water supply, according to DWS, abstracted from boreholes in the Lephalale rural area for the four water schemes is as indicated above.

Water availability in Rural Areas

The rural areas all obtain their water from groundwater sources (about 85% from boreholes and 15% from well field type boreholes in the riverbed alluvium). The four water sub schemes serve approximately 38 villages through a network of approximately 138 boreholes, which are all owned and operated by the Municipality. The water is pumped to storage reservoirs and then distributed to the consumers. Chlorine dosing tanks were installed in the storage reservoir, but the Municipality is having trouble in maintaining the dosing equipment due to budgetary constraints and not enough resources.

The ground water from the boreholes is generally low due to poor yields and unacceptable water quality (class 3 or 4); however, this does not necessarily pose a health risk to communities. Water from the well field type boreholes has however higher yields and acceptable quality. The surety of the current water supply from boreholes is not known. It is also not known what the actual volume of water is provided to the community. The Municipality has commissioned a study on water volumes provided to rural villages.

Based on an RDP level of service for the existing community, an allocated water uses of an average of 9kl/month per household in the rural areas and 36kl/month per household for Thabo-Mbeki & Thabo-Mbeki Ext 1 is proposed, the total theoretical current water demand calculated for development focus area 2 amounts to 5,992kl/d and 1,692kl/d for Thabo-Mbeki and Thabo-Mbeki Ext 1, all inclusive of a water loss of 15%.

The Municipality conducted feasibility studies and compiled technical reports for water provision in the two rural water schemes in the 2025/26 financial year namely, Ga-Seleka and Shongoane Regional Water Schemes. The technical reports have been submitted to DWS for approval of funding to commence implementation of the programmes effective from 2026/27 financial year and beyond

According to the water service development plan "starter requirements" approximately 22.6% of the rural population has access to water that must be carried/carted 0-200m, while 20.5% of the population has access to water that is 200-500m away from the point of use. This implies that 35.6% of the rural population does not have water that falls within RDP standard of maximum cartage distance of 200m from point of use (i.e., resident/house).

In Lephalale, one-third of households do not have access to water in the dwelling or yard but must make use of community standpipes. In Marapong this figure is somewhat lower (20% of households make use of community standpipes) more than half of the households have access to water inside their dwelling. In ward 3 and town Lephalale, approximately 75% of households have access to water inside their dwelling, while 20% have a tap in the yard. The remainder makes use of community standpipes.

Household by level of access to water

Piped water inside dwelling	Piped water inside yard	Piped water on community stand	Borehole in the yard	Rainwater tank in yard	Neighbour's tap	Public/Communal tap	Watercarrier /Tanker	Borehole outside yard	Flowing water / stream /river
18390	3868	770	1801	15	672	10229	4185	546	2075

Employee Statistics For Water Services

Employees: Water Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	3	3	3	0	0%
4 - 6	8	10	10	0	0%
7 - 9	1	1	1	0	0%
10 - 12	10	9	7	2	22%
13 - 14	17	22	15	7	15%
Total	**39**	**45**	**36**	**9**	**20%**

Financial Performance Water Services

Financial Performance 2024/ 25: Water Services R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 93 834 000	R 71 769 989	R 69 769 989	R 64 146 562	R 5 623 427
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R20 694 461	R 24 962 960	R 19 352 960	R 24 666 069	R 296 890
Repairs and Maintenance	R 2 233 612	R 5,165,977.00	R 5,165,977.00	R 4,287,855.87	R 878,121.13
Other	R53 590 933	R 39,566,813.00	R 39,566,813.00	R 28 953 924	R 10 612 899
Total Operational Expenditure	R76 519 006	R 69 695 750	R 44 732 790	R 57 907 848	R 13 175 058
Net Operational (Service) Expenditure	R17 314 994	R 2 074 239	R 25 037 199	R 6 238 714	R18 798 485

3.2. WASTE WATER (SANITATION) PROVISION

Sanitation is about dignity. The availability of sanitation facilities does not only improve the dignity of people but also promotes their health. Areas without proper sanitation systems give rise to water borne diseases like cholera, diarrhoea, typhoid etc.
It is therefore important that as a Municipality, priority should be given to this service, particularly considering the backlog (rural sanitation) and the national target.

The land on which Lephalale town situated is relatively flat. Sewers are installed at slopes exceeding the slope of the natural ground level and over relatively short distances, become so deep that it must be pumped. Presently there are 38 pump stations in Onverwacht and Town. All land around the developed areas is privately owned. The township layouts will be prepared by or on behalf of the landowners and the design of sewerage infrastructure will be carried out by their consultants. The requirements regarding the placement and sizing of pump stations will be the product of the planning and design work undertaken by these

developers. For these reasons it is believed that each developer should be responsible for the installation of any sewage pump station(s) and pump line(s) that he may require.

Where feasible, when developments take place at the same time in the same area, these developers should be encouraged, if practical to construct infrastructure that they share. Sewage discharged from Onverwacht/Ellisras area is treated at the Paarl sewage treatment works. The treatment works has been expanded to treat 7.25ML sewage per day and presently has spare capacity of 3ML.

Sewage from Marapong is discharged to an oxidation pond system with a reported capacity of 300kl/day. Theoretically the volume of sewage discharged to this treatment works exceeds its capacity and immediate upgrading of this treatment works is also required. The municipality is currently busy with the upgrading to a 1.5 ML/day for a conventional wastewater treatment plant. A capacity of 4.5ML will be required by 2026. An oxidation pond will no longer suffice. Resgen and its BEE partners, through its operating company Ledjadja coal (PTY) LTD which is currently developing Boikarabelo mine about 60km west of Lephalale town has offered the Municipality a phase-in expansion of the oxidation pond to a 16ML/d wastewater treatment plant for Marapong area on a 30 year; built, maintain and transfer contract. An agreement has been reached, and a consulting engineering firm was appointed to do feasibility study.

Sanitation Infrastructure in municipal area.

Number of treatments works	Capacity for treatment works	Capacity currently utilized	Length of bulk sewer pipelines	Number of pump stations	Length of reticulation pipelines
3	10,73m/l	6,73m/l	105km	38	66,4km

Current Status of Sanitation in Rural Areas

Sanitation in the rural areas consists of informal pit latrine structures or Ventilated Improved Pit Latrine. It is estimated that 5% of the households have no sanitation service. There is no waterborne sanitation in the rural area. The sanitation level of service varies from no service to basic level of service.

The technical assessment and feasibility study has been completed in the 2025/26 financial year for provision of ventilated improved pit latrines (VIP) and eradication of sanitation backlog in the Lephalale various rural villages. The technical report has been submitted to the department of water and sanitation for approval of funding to commence with the implementation of the proposed projects effective from 2026/27 financial year.

Approximately 15381 households will require an improved sanitation system. The sanitation in Thabo-Mbeki and Thabo-Mbeki Ext 1 is mostly septic tanks with French drains. The Central Business District has access to full waterborne sanitation system that drains into oxidation ponds which has currently reached maximum capacity.

The Thabo Mbeki sewer project Phase 1&2 is nearing completion and anticipated to be completed in the Fourth Quarter of the 2025/26 financial year. This will ensure that all households in Thabo Mbeki Township have access to waterborne sewerage system comprising of Network, Pumpstations and Maturation Ponds system.

Sanitation resources in Rural Areas

As indicated in the section covering the water infrastructure, the area does not have sufficient water resources to accommodate a waterborne sanitation system for the entire nodal area 2. The pit latrines and VIPs in the rural area will need to be replaced with a more appropriate environmentally acceptable sanitation system once a more detailed study on what the most suitable technical solution for the existing ground conditions has been completed.

Based on RDP level of service for the existing community, an allocated sanitation demand of an average 30kl/month per household for Thabo-Mbeki and Thabo-Mbeki Ext 1 is used. The total theoretical current wastewater treatment capacity requirement calculated for population concentration point amounts to 1,424kl/d inclusive of a factor of 15% for infiltration. The estimated capacity of the oxidation ponds is 297kl/d. The oxidation ponds have therefore insufficient capacity to receive all the wastewater from Thabo-Mbeki town. It is estimated that the capacity requirements will increase to 1,715kl/d by 2030 thus an additional 287kl/d.

The development nodal area 2 is a relatively large area characterized by mostly informal settlements with a current population estimated at 76 300 people. Approximately 50.4% of the households are below the basic RDP level of service. The scenario is premised on the provision of more appropriate sanitation system in the rural areas and full level service to residential areas of Thabo-Mbeki and Thabo-Mbeki Ext 1 and the business area in Thabo-Mbeki.

Age, condition and remaining useful life of Sanitation Assets in the Municipality

Most of the waterborne sanitation infrastructure in the Municipality is over 20 years old (94%).
Approximately 15% of the sanitation network has been identified as being in a poor to very poor condition. These assets will have experienced significant deterioration and may be experiencing impairment in functionality and will require renewal or upgrading.

Household access to sanitation

Flush toilet connected to public sewer system	Flush toilet connected to a septic tank or conservancy tank	Chemical toilet	Pit latrine toilet with ventilation pipe	Pit latrine/toilet without ventilation pipe	Ecological toilet (e.g., urine diversion; enviroloo; etc)	Bucket toilet	Bucket toilet (emptied by household	Other	None
18536	859	952	8326	10054	99	-	74	520	3582

Water Service Authority: Lephalale Local Municipality.

Assessment Areas	Paarl	Witpoort	Zongesien
Technology	NI	NI	NI
Design Capacity (Ml/d)	4	0.37	0.5
Operational % i.t.o. Design Capacity	NI	NI	NI
xxv) Microbiological Compliance	NI	NI	NI
xxvi) Chemical Compliance	NI	NI	NI
xxvii) Physical Compliance	NI	NI	NI
Annual Average Effluent Quality Compliance	**NI**	**NI**	**NI**
Wastewater Risk Rating (%CRR/CRRmax)	**88.2% (↓)**	**82.4% (↑)**	**76.5% (↓)**
Highest Risk Area	No monitoring	No monitoring, technical skill	No monitoring
Risk Abatement Process	Draft W_2RAP	Draft W_2RAP	Draft W_2RAP
Capital & Refurbishment expenditure in 2023-2024.	NI	NI	NI
Description of Projects' Expenditure	NI	NI	NI
Wastewater Risk Abatement planning	CRR-based W_2RAP is in place, although its potential is limited by the lack of information pertaining to the plant		
Additional Notes	Green Drop Improvement Plan (GDIP) in place – well compiled to present practical tasks, responsible persons, and timeframes with intention to improve the Green Drop score for the future as it low the financial year		

Source: DWA

Employees: Sanitation Services

Employees: Sanitation Services					
Job Level	2023/ 24	2024/25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 – 3	2	2	2	0	0%
4 – 6	7	9	7	2	22%
7 – 9	5	6	4	2	33%
10 – 12	0	0	0	0	0%
13 – 14	20	26	21	5	19%
Total	**34**	**43**	**36**	**9**	**21%**

Financial Performance sanitation

Financial Performance 2024/ 25: Sanitation R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 43 827 892	R 61 654 844	R 61 654 844	R 43 827 892	R 17 826 952
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 14 672 473	R 15 453 735	R 16 453 735	R 14 672 473	R 1 781 262
Repairs and Maintenance	R 907 458	R 6 138 255	R 6 138 255	R 907 458	R 5 230 797
Other	R 1 778 490	R 7 703 150	R 7 703 150	R 1 778 490	R 5 924 660
Total Operational Expenditure	R 17 358 421	R 29 295 140	R 30 295 140	R 17 358 421	R 12 936 719
Net Operational (Service) Expenditure	R 26 469 471	R 32 359 704	R 31 359 704	R 26 469 471	R 4 890 233

3.3. ELECTRICITY

Lephalale Local Municipality is an electricity provider and has an electrical reticulation network supplying electricity to Onverwacht and the eastern region of Lephalale. The Lephalale electricity network is supplied from Eskom at 11kV via the Lephalale Main Substation next to the Onverwacht area. The Eskom supply is generated at Matimba Power Station and fed via the Matimba Substation at 132kV. The Matimba Substation feeds the Eskom Waterberg Substation (Lephalale) where it is stepped down from 132kV to 33kV. Waterberg Substation has two 20 MVA 132kV/33kV transformers. From Waterberg Substation the power is fed via two Wolf conductor lines (approximately 8km each) to the main substation, at Lephalale. The substation has both an Eskom section with three 33kV/11kV 10MVA transformers and a 5 MVA substation from where the primary feeders are fed into the Lephalale network. The long-awaited allocation of 120 MVA to make a firm supply has been received from Eskom.

Due to the current maximum demand and load growth in the town and surrounding areas, the distribution network has been upgraded to allow for expansion. The load growth from 2008 to date is about 200%.
For the area surrounding Lephalale town for which Eskom holds the supply license the load growth could be as high as 20 MVA per year for the next few years at current demand. In line with the expected load growth different scenarios have been put in place to upgrade the network. The rural villages, farm areas and Marapong are Eskom distribution area. The Villa Nora and Tomburke substations have been upgraded to 60MVA capacity for the rural network.

Network Overview

Economic activities and background.

The current economic activities are dominated by the general growth pattern in South Africa, the new power stations, coal supply, SIP 1 projects and Sasol. This has resulted in an influx of new business and residential customers. Major new developments to

the extent of 120MVA into the future have been negotiated with Eskom. These developments will surround Lephalale town and some fall within the Eskom supply area.

It will be possible for Lephalale to apply to the NER to take over the supply licence from Eskom for the surrounding areas. Whether these developments will be included within the Lephalale electrical supply network or not, the Lephalale electricity supply and network have been extended to accommodate current growth. The current network configuration as is will be able to accommodate growth to 120MVA if the Eskom supply network is strengthened. It must also be mentioned that whether the electrical distribution is within the Lephalale or Eskom distribution areas, the other services e.g., roads, storm water, sanitation and streetlights is part of the services rendered by Lephalale Local Municipality.

Household access to electricity

In-house conventional meter	In-house prepaid meter	Connected to another which household pays for	Connected to other source which household is not paying for	Generator		Solar home system	Battery	Other	No access to electricity
18 536	16 798	393	1 174	199		22	-	1 855	4 418

Free basic services

NUMBER OF HOUSEHOLDS PROVIDED WITH FREE BASIC SERVICES					
Water	Sewerage and Sanitation	Electricity	Refuse Removal	Total households	Total H/H served as %
14 102	660	3 429	14 102	43 002	12.5%

Employee Electricity Services

Employees: Electricity Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 – 3	1	3	3	0	0%
4 – 6	10	13	10	3	24%
7 – 9	3	3	3	0	0%
10 – 12	1	8	7	1	13%
13 – 14	18	12	11	1	8%
Total	**33**	**38**	**34**	**4**	**10%**

Financial Performance Electricity

Financial Performance 2024/ 25: Sanitation R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 43 827 892	R 61 654 844	R 61 654 844	R 43 827 892	R 17 826 952
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 14 672 473	R 15 453 735	R 16 453 735	R 14 672 473	R 1 781 262
Repairs and Maintenance	R 907 458	R 6 138 255	R 6 138 255	R 907 458	R 5 230 797
Other	R 1 778 490	R 7 703 150	R 7 703 150	R 1 778 490	R 5 924 660
Total Operational Expenditure	R 17 358 421	R 29 295 140	R 30 295 140	R 17 358 421	R 12 936 719
Net Operational (Service) Expenditure	R 26 469 471	R 32 359 704	R 31 359 704	R 26 469 471	R 4 890 233

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

Over 97% of the population of Lephalale has access to electricity at any given time; The Municipality directly is responsible for distribution at the urban area and townships, whereas the rural villages and the farming community get distribution from ESKOM.

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

Waste Management Division has a total of 13 x street cleaners, 20 x refuse removers,10 x truck operators, 2 x landfill spotters, 2 x Landfill operators,1 x Waste Management Officer, 2 x Supervisors,1 x Environmental Officer,2 x Waste Coordinators and 1 x Manager. Lephalale Local Municipality collects general non-hazardous waste in line with the national norms and standards for refuse removal. The municipality provides daily refuse removal in both commercial and industrial areas due to the organic nature of waste generated in the mentioned areas. Weekly refuse removal services are provided in the residential areas including informal settlements and villages.

The collected waste is consigned to the registered waste disposal facility in Onverwacht for final disposal. The municipality is operating one registered landfill site (Groothoek Landfill site). The division has a total of 09 compactor trucks,2 x four tons trucks,2 x Roll-on Roll-off trucks,3 x Skip loader trucks and 2 x LDVs for refuse removal. To ensure compliance to minimum requirements for waste disposal, the following equipment and machineries are utilized 1 x TLB, 1 x bulldozer, 1 x front-end loaders,1 x Landfill Compactor,1 x Excavator and 2 x tipper trucks. Labour intensive method of litter picking is currently implemented in all villages through EPWP.67 x EPWP Participants are recruited and selected to remove waste, clean streets, and clear illegal dumping sites in all villages. All formalized townships have access to weekly refuse removal services.

Formal refuse removal services are provided to 33 villages whereby roll-on roll-off bins are utilised from strategic positions along the selected villages, the division is implementing waste recycling and minimization strategy by establishing community waste recovery projects, source separation of recyclables, waste avoidance programs such as sustainable packaging, design for environment, consumer-based waste reduction program and designing out construction and demolition waste program as a way of avoiding and reducing generation of waste. The division is currently implementing sector-based waste recycling programs for the residential, commercial, and industrial areas through the redesigning and reformulation of waste management system.

A total of 22 community-based waste recycling programs is established as a way of meeting the targets of the National Waste management strategy. Exxaro appointed engineers to undertake studies and designs required prior to the establishment of the Material Recovery Facility. The tender for establishment of the Material Recovery Facility is advertised, and the contractor will be appointed to construct Material Recovery Facility in the landfill site. There is a great reliance on private companies and community-based waste recovery cooperatives for recovery of the recyclables. The waste processing and converting companies such as Nampak, Consol, and M pact, Transpaco, Collect-a-can and Consol have contracted various waste brokers for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper, and glass. There are informal waste pickers in the landfill site recovering recyclables for further processing.

The municipality signed Memorandum of Understanding with PETCO and National Cleaner Production Centre to advance recycling and upcycling of waste. Memorandum of Understanding will also be signed between the municipality and ERA Waste PRO, Fibre PRO and POLYCO.
Various waste education and awareness programs are currently implemented throughout the municipality for attitude change and adoption of pro-environmental behaviour. Different approaches are used to create awareness on waste management, and the approaches are aligned to the behaviour change theories such as the social cognitive theory,

Theory of Planned Behaviour, Ecological theory, and the health believe model. Both cooperatives and threatening messages are used to increase severity and susceptibility for behaviour reinforcement and maintenance. The awareness campaigns on waste management are specifically focussing on promoting reduction, reuse, and recycling of waste. Norm salience and priming in waste management is taking the direction of recycling of general waste.

The division has a serious challenge of littering and illegal dumping of waste in Marapong, villages and informal settlements. The available resources are also not adequate to deal with population growth. The available street cleaners are not enough to deal with the generated street litter. There are no waste drop-off facilities for temporary storage of green and general waste, and as well as promoting reverse logistics in sustainable consumption and production. There are no waste disposal or storage facilities in the rural areas, and as well as inadequate waste storage receptacles in both rural and urban areas.

We are also having a challenge of collecting solid waste in heavy industries and hazardous waste due to lack of resources. This has a negative impact on revenue generation. The municipality has a challenge of providing refuse removal service to the rural community. The challenges range from unavailability of land to inadequate funds to provide the services. Indiscriminate dumping

of garden waste in areas such as Marapong and Onverwacht is still a challenge, in that garden waste drop-off facilities are needed.

Employees: Solid Waste Management Services

Employees: Solid Waste Management Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	1	2	2	0	0%
4 - 6	3	3	3	0	0%
7 - 9	3	3	3	0	0%
10 - 12	12	12	11	1	8%
13 - 14	34	36	34	2	5%
Total	53	56	53	3	5%

The Municipality has the approved and endorsed integrated Waste Management Plan as required by NEMA: Waste Act and determined by its powers and function. The Municipality is allocated the function of solid waste management. The function involves determination of waste disposal strategy, regulation, establishment, operation and control of waste disposal sites or facilities, refuse removal, waste minimization through recycling, re-use and waste education and awareness. In implementing its function, the Municipality has a role to ensure that waste management systems are in place, and the systems should be in line with the hierarchy of waste management according to the national waste management strategy. The implementation of the function is dependent on the function that is allocated to the Municipality i.e., refuse removal. Currently most of the waste is collected from household followed by commercial industries.

Refuse Removal

The Municipality has no drop-off, garden sites, transfer station, material recovery facilities and buy-back centres for recycling. The Municipality is relying on private companies and community programmes for recovery of the recyclables. The companies such as Nampak, Ardagh Glass, Mondi, Transpaco, and Collect-a-can have contracted a service provider for the recovery of K4 box, cans, plastic bottles, clear and mixed plastics, white paper, and glass bottles. There are also informal recyclers in the landfill, collecting K4 box, plastics, papers, and steel. The municipality has a challenge of providing refuse removal service to the rural community. Refuse removal of general waste is initiated by the municipality has a municipality in 33 x villages. The serious challenge of illegal dumping of garden waste in areas such as Marapong and Onverwacht, in that garden sites are needed in the mentioned areas.

Waste Transport and Transfer

The Municipality has 3 x 12 cubic meter, 6 x 20.6 or HC250 compactor trucks,3 x Skip loader truck,2 x Roll-on Roll-off trucks and 2 x 4- ton trucks for refuse removal and street cleaning, servicing seven collection routes on Monday and Tuesday and eight collection routes on Wednesday, Thursday, and Friday in the urban area. The Municipality has no transfer station and Roll-on-Roll-off system is used for temporary storage of waste in areas that are situated at 30 to 35 kilometres from the landfill site. Skip bins are being placed at specific central collection point and collected on a weekly basis. The Municipality is establishing 2 x waste transfer stations in the villages.

Waste Storage

The Municipality has in-adequate refuse receptacles for refuse storage. The municipality is using 1, 75 and 6 cubic meter skip bins for waste storage. In the central business district about seven to ten shops are sharing one or two 1, 75 or 6 cubic meter bins and the capacity is not enough. There are in-adequate refuse receptacles on the streets of Lephalale town.

Waste Education

The Municipality has a formal waste education programme called waste wise- education competition and school recycling competition. The Municipality in collaboration with Earth life Africa initiated environmental clubs in both rural and urban areas that are educating the community about good waste management practices in line with the National Waste Management Strategy, Municipal Waste Management by-law, NEMA: Waste Act and other waste legislations. The municipality is also supporting the provincial sustainability school's competition that is implemented by Lapalala Nature Reserve.

Waste Disposal

The Municipality has one permitted waste disposal facility. The life expectancy of the landfill is 35 years without waste minimization programmes but with such programmes the life expectancy can go as far as more than 60 years. Limpopo Department of Economic Development Environment and Tourism (LEDET) appointed a service provider to assist with licensing of landfill site. The municipality has no garden sites for temporary storage of garden waste, material recovery facility such as convenient transfer station for recycling and composting. Exxaro appointed Impact Catalyst to undertake feasibility studies for beneficiation and monetization of waste through Material Recovery Facility and Buy-back centre. Exxaro appointed a service provider for the designs of Material Recovery Facility.

Waste Information

The Municipality has a data base of waste management companies operating within its area of jurisdiction and statistics for the recovered waste for recycling and disposed waste.

Household access to refuse removal

Removed by local authority/ private company /community members once a week	Removed by local authority /private company/ community members less often than a week	Communal refuse dump	Communal container/ central collection point	Own refuse dump	Dump or leave rubbish anywhere (no rubbish disposal)	Other	Total H/H
38 779	349	1575	7135	9 806	4335	1023	43 002

Only 90% of the households in Lephalale Local Municipality have access to acceptable refuse removal service level. The Municipality is still faced with the challenge of illegal dumping of waste in Marapong more especially next to illegal settlement areas and parts of Onverwacht as well rural areas.

Generally, waste collected is domestic especially Marapong, Onverwacht or household mostly in urban areas and Town. The provision of the service in rural areas is limited to 33 villages. Communities depend mainly on backyard dumping sites.

Employees: Waste Management Services

Employees: Solid Waste Management Services (Land fill)					
Job Level	2023/24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
1 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	2	2	2	0	0%
Total	5	5	5	0	0%

Employees: Solid Waste Management Services (land fill)

Employees: Waste Management Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	1	2	2	0	0%
4 - 6	3	3	3	0	0%
7 - 9	3	3	3	0	0%
10 - 12	12	12	11	1	8%
13 - 14	34	36	34	2	5%
Total	53	**56**	**53**	**3**	**5%**

3.5. HOUSING

The provision of socio- economic perspective of the local Municipality as whole, as well as the three-priority nodal area is essential to attain sustainable human settlement initiative. The elements of demography, economic production, employment, and economic development potential is of cardinal importance and as such need to be dealt with properly.

Most houses in the municipal area are good quality brick structures. They are uniformly distributed across municipal settlement areas. One should have expected more traditional dwellings but are only a few of them in the settlements. There is no specific pattern regarding backyard dwelling detectable. These apply to both urban core and the rural outlying areas. Land tenure and ownership is currently very difficult to assess.

In rural areas the land is tribal, and household have free ownership. This is because land ownership in tribal areas is a sensitive issue and very complicated. However, a significant number of households in rural areas own the houses they live in. Rented housing occurs only in Onverwacht, Marapong and Lephalale town. Hostel accommodation type exists for Exxaro and contractors for Medupi project.

The Municipality needs to provide a spatial perspective that deal with the actual land use development trends and tendencies within the three focus areas as reflected on the projected focus area map page 49 to inform the development of planning scenarios and provision of bulk infrastructure. There are informal settlements in Steenbokpan, Marapong and Ellisras town, in town there two informal settlements, namely Mmamojela park on the R510 road and Mahlakung on Eskom close to hospital and cemetery these settlements pose spatial developmental challenges and pose as tread to planning for a city.

Employees: Housing Services

Job Level	2023/ 24	2024/25			
	Employee No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1– 3	0	1	1	0	0%
4 – 6	3	3	3	0	0%
7 – 9	2	2	2	0	0%
10 – 12	0	0	0	0	0%
13 – 14		-			0%
Total	**5**	**6**	**6**	**0**	**0%**

Lephalale Development Nodes

The Lephalale proclaimed township area which includes Onverwacht and Ellisras town has 4831 erven covering an area of 9761540 m² that is fully serviced. Marapong has 2147 fully serviced erven including Extension 1 to 4 residential areas which covers 165638 m². Only 3, 8% of the total land proclaimed has not been developed. The township extension has increased from 49 to 103 with the number of erven increasing from 6978 to 19591, this represents an increase of 12613 erven on a land scale of 1858 hectares.

Most of these township extensions have services been installed and or are waiting for bulk infrastructure availability to proceed with top-up structural building. 37.5% have already been proclaimed and 61.0% have been approved. 62.5% require municipal services. A total of 28935 residential units for Marapong, Onverwacht and Ellisras town has been approved and proclaimed. The area covered by this development is 15936338m².

The estimated residential units can accommodate potential population of 38815. Looking at the projected population growth, these figures present an oversupply of units in Lephalale, especially on the upper market housing segment. There is an element of lower supply of housing units on rental and low-income level. The estate agents have confirmed that the existing available residential erven far exceeds current demand. Exxaro is in a process to establish approximately 3000 residential erven. Eskom is having a two-fold approach which includes the purchase of erven from private sector and establishment of housing for Marapong Extension 5 on their own land which is still in a process. The Provincial Government has allocated 1.2 billion on a three-year basis for the establishment of 5000 erven in Altoostyd farm.

The project will result in the provision of housing for middle income and other designated groups within the spatial development area 1 which forms natural extension of the existing development. The scattered nature of the township development area has prompted the municipality to follow an infill approach for integrated human settlement.

Total Housing backlog.

Rural Units	Project Linked	BNG/IRPD	Individual	Social	Backyard rental	Informal Settlements	RU	GAP	Total
3452	-	8369	-	936	2098	8 631	24	1584	24 008

Types of dwellings

YEAR	2001	2011	2016
House on separate stand	14459	22816	28647
Traditional dwelling	2296	408	422
Flat in block of flats	203	849	1309
Town/cluster/semi-detached house	126	271	428
House/flat/room in back yard	510	340	558
Informal dwelling/shack in back yard	893	2098	3032
Informal dwelling/ shack elsewhere	1428	2456	6768
Room/ flat let on shared property	275	321	408
Caravan/ tent	87	74	64
None/homeless	4	-	-
Other	24	246	418
Total no of dwelling	**20305**	**29879**	**42054**

Source: Statssa

Residential erven.

Zoning	Ellisras/Onverwacht		Marapong		Lephalale town	Total
Proclaimed &approved	Erven	Area(m²)	Erven	Area(m²)	Erven	Area(m²)
Residential 1	14560	11510394	3984	1282002	18549	12792396
Residential 2	169	1244143	6	15410	175	1259553
Residential 3	82	1259510	0	0	82	1259510
Residential 4	24	392599	2	155032	26	547631
Eskom Ext 71	142	77248	-	-	142	77248
Total	**14977**	**14483894**	**3997**	**1452444**	**18974**	**15936338**

Source: Lephalale Local Municipality

Land approved and proclaimed for residential units.

Residential Units	Lephalale	Marapong	Total
Residential Units Proclaimed	8490	2275	10765
Residential Units Approved	15805	2365	18170
Residential Units Submitted	700	-	700
Residential Units Planned to Submit	74	-	74
Total	25069	4640	29709

Source: Lephalale Local Municipality

Development outside the Urban Core Area

Based on the situational analysis done, development outside the urban core is approached on a minimum intervention basis. Given the low growth potential and general activities in rural areas, the main approach is to sustain current levels of development and to meet general health and welfare requirements as contained in various policies and strategies of government. The approach to allocated land for preferred uses is to strengthen the uses that will maximize the potential of the area.

The distribution density of households is usually a good indication of development activities and more importantly development potential. In developing an SDF, one would use this as an indication of where to direct development and establish pressure points in development.

The only real limiting factor is proclaimed nature reserves that are protected and governed under Protected Areas Act. The general implication is that none of these areas are for any exclusive use, but that council will give preference and support the preferred uses in an area.

Some settlements are located within the 1: 100-year flood line and will be subject to flooding and the most affected will be Thabo Mbeki including the hospital and school and some households along the river at Ga-Seleka. There are 38 scattered rural settlements which are situated on traditional land with an average population of 1600 people. Other villages also affected to a lesser degree are Ditloung, Martinique, Mokuruanyane, Ga-Monyeki and Setateng.

During the floods in 2008 water reached the 1:100-year flood line level and 300 houses were destroyed in Thabo Mbeki Ext. The hospital was evacuated. District road D3110 is the only paved main route which traverses through the villages from R572 at Ga-seleka to R518 at Shongoane village. The provision of infrastructure services is hampered by the sparsely scattered settlements. The Municipality is currently providing basic level of service to the communities. The total average basic service backlog is about 18%.

The current Hospital is servicing a population of 66 300. Three clinics which are operating on a 24-hour service are in the three population concentration points of Ga-seleka, Mokuruanyane and Setateng villages. There are 75 schools which cater for primary and secondary school learners.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has updated their Indigent Register at the end of the financial year under review. All of registered indigents received free basic water and electricity during the year under review.

The primary intention of the policy is to ensure that no one is completely denied access to basic services for reasons of inability to pay for such a service. Underlying this policy is the recognition that the supply of 'basic' services assists in alleviating poverty and improves level of the communities within the area. Free basic services will be implemented progressively in accordance with the ability of council to render any of the specific services in various areas within its jurisdiction, in accordance with the levels of services which are appropriate and affordable.

Section 74.2(c) of Municipal Systems Act, 32 of 2000 states that poor households must have access to at least basic services through:

- Tariffs that cover only operating and maintenance costs.
- Special tariffs or lifeline tariffs for low levels of use or consumption of services or for basic levels of services; and
- Any other direct or indirect method of subsidization of tariffs for poor household.

Section 97 (c) of the Municipal Systems Act, 2000 states that a Municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The Municipality adopted its indigent policy in 2024, and it is reviewed as and when it is necessary for council to do so.

Households provided with free basic services.

NUMBER OF HOUSEHOLDS PROVIDED WITH FREE BASIC SERVICES.					
Water	**Sewerage& Sanitation**	**Electricity**	**Refuse removal**	**Total households served**	**Total households served as %**
2 758	2 758	2 758	2 758	2 758	4,8%

COMPONENT B: ROAD TRANSPORT

3.7. ROADS

The roads in Lephalale are adequately connected to National, Provincial and District roads. The issue being experienced in terms of the roads in the municipal area is two-fold in nature. The first are the primary roads and related issues. These include the poor state of the roads due to limited maintenance of the roads. The poor state of these primary routes is having a detrimental effect on the distribution of goods, services, and people in and through the Municipality. Possible causes of this are lack of funds, human resources, equipment, and capacity to maintain the existing infrastructure. The second element of this issue is the poor state of the internal circulation routes in the area (especially in the rural area).

The causes of the poor state of these roads can be attributed to lack of appropriate road maintenance policies and funds, the category/type of the roads i.e., gravel roads carrying high volumes of traffic. The R33 road serve as a link between Lephalale and Modimolle Municipality more especially for the delivery of machinery and equipment for construction of Medupi power station, expansion of Grootegeluk coal mine and future developments. This road needs special attention from Department of Roads and Transport and Road Agency Limpopo (RAL). Between Vaalwater and Lephalale the road gradient is too steep for abnormal heavy-duty loads, therefore R510 and R517 are recommended for heavy goods vehicles (freight).

The southern by-pass provincial road P198-1 linking R510 to Medupi has been identified as one of the main critical roads. The Lephalale Local Municipality will be responsible for bulk road infrastructure and individual developers of townships will have to provide all internal roads. There is concern on the rapidly degrading of many roads due to the increasing economic activities.

Of the total length of municipal roads, some are paved, and these are mainly in Marapong, Onverwacht and Ellisras, respectively. The unpaved roads vary from dirt tracks to graded gravel surfaces which are mainly located in the rural areas of the Municipality. The current policy for improving municipal roads, as stated in the IDP is to ultimately pave all municipal roads. Given limited resources and finances, interim 3-to-5-year programmes are prepared and updated annually to maintain existing assets to address serious problems, to improve access roads between villages and the higher order roads in conjunction with programmes of WDM, DOR&T, RAL and SANRAL. In the medium term, improved access to Lephalale will become a top priority, in terms of road, rail and air.

It is unlikely that the coal and petrochemical cluster will reach its full potential without the upgrading of the R33 which needs rehabilitation from Vaalwater to Lephalale, the construction of a southern bypass from the R33 to the coal mine and power stations and the upgrading of the road in a westerly direction from Lephalale town to Steenbokpan and beyond to the Botswana border.

Functional road Hierarchy

Road classification refers to the process where different types of roads are classified in a framework and placed in relation to each other. A functional road classification refers to the process of classifying roads according to the characteristics of traffic service and function that they are intended to provide. The local municipality could have the following benefits from a functionally classified road network:

- A suitable balance between mobility roads and activity/ access streets, it is possible to provide a high level of connectivity, while maintaining a high level of road safety and accessibility.
- Orderly grouping of roads in a framework around which national, provincial, and local government can plan and implement various construction maintenance and environmental schemes and projects.
- A sound basis for traffic management, transport, and land use management planning.
- Assistance to consider the effect of local government decisions on surrounding areas and streets.
- Helps clarify policies concerning roads within a local government district and precinct.
- Ensures the necessary facilities for commercial vehicles to traverse the area and allows for orderly planning of heavy goods vehicle (freight) routes.
- Assist planners in the zoning of land for various uses and the restriction of activities which are compatible with mobility (traffic flow) or accessibility functions designated routes.

Road network at regional level

The road network is the principal means of travel in Lephalale and the greater Waterberg district Municipality. On a district scale, several provincial roads provide inter-provincial and inter-municipal connectivity for the wider district, they also serve as linkage roads that provide local connectivity and form key components of the supply chain of the local economy. Intensive road network and infrastructure planning did not precede, nor has it kept pace with the significant industrial and population growth within the municipal area. To date few of the unchecked development effects visible in road transport include:

- Increased traffic through Lephalale without extended road infrastructure
- Significantly high freight truck traffic,
- High levels of road congestion during peak traffic periods.

The description of this road is summarized below, and it is important to note that this is a regional classification of the main roads and some of these road classifications will change where the roads run through an urban area such as small towns and villages along the route.

Roads and storm water status quo.

Municipality	Total road network length	Road kilometres tarred	Road infrastructure backlog
Lephalale Local Municipality	1 054. 84km	233. 02km	821. 82km

Provincial and District Roads classification.

Roads	Description	Functional Road Hierarchy Classification
N11	From Ladysmith (Kwa Zulu Natal) via Middleburg in Mpumalanga linking N1 at Mokopane via Lephalale to Botswana Groblersbrug Border.	R1
P19/2 (R518)	East-West corridor, from Lebowakgomo, in the South-East link, linking with N1 in Mokopane and ending at Lephalale CBD.	R2
R510	North-South corridor stretching from N4 highway in Rustenburg, via Thabazimbi and the Lephalale CBD to the Botswana Stockpoort Border.	R2
P198/1 (R33)	North-South corridor passing via N1, linking Vaalwater to Lephalale CBD	R2
R516	East-West from Bela-Bela connecting N1 and R33 traffic to R511 and R510	R2
R517	East- West from Vaalwater provides a link between R33 towards R510	R2
R572	From R510 via North-East to Seleka/ Tomburke to Musina through All days, it provides the link between N11 to R33	R2
D1675	West from Lephalale town provides a link from R33 to Steenbokpan	R3
D175	North-West it extends from the R572 to provide a link to Buffels-Drift.	R3
D3110	Serves as a district collector and links the R518 and R572	R3

In general, the lower order roads in Lephalale are unpaved and would mostly be classified as R4 and the remaining local access roads as R5. The Lephalale town development nodal area 1 consists mainly of the CBD and residential areas in the direct vicinity. This is the most densely populated area in Lephalale and therefore the road planning and functional classification should be done in a more detailed level.

Employees: Road Services and Storm Water

Employees: Road Services and Storm Water					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	3	3	3	0	0%
4 - 6	2	3	2	1	33%
7 - 9	3	3	2	1	33%
10 - 12	7	10	8	2	10%
13 - 14	19	26	25	1	4%
Total	**34**	**45**	**40**	**5**	**11%**

Financial Performance Public Works

Financial Performance 2024/ 25: Public Works R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget

Total Operational Revenue (excluding tariffs)	R 504 054	R 671 891	R 671 893	R 504 054	R167 839
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 10 773 401	R 12 250 898	R 12 370 898	R 10 773 401	R 1 597 497
Repairs and Maintenance	R 1 612 380	R 4 977 106	R 9 267 106	R 1 612 380	R 7 654 726
Other	R 20 286 975	R 37 609 993	R 38 609 993	R 20 286 975	R 18 323 018
Total Operational Expenditure	R 32 672 756	R 54 837 997	R 60 247 997	R 32 672 756	R 27 575 241
Net Operational (Service) Expenditure	R-32 168 702	R-54 166 106	R-59 576 104	R-32 168 702	R-27 407 402

3.8. TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

The Municipality has a constitutional obligation to ensure that accessible, safe, efficient, adequate and affordable public transport is provided to the community. In rendering this function, the Municipality is guided by the prescripts of the Integrated Transport Plan (ITP). The current ITP was developed in Feb 2020 and expired in Feb 2025.

The geographical location of the villages and work opportunities in Lephalale is one of the determining factors in understanding transport demand problems. There are 39 rural villages in Lephalale, many of them located 40 km or more from the CBD of Lephalale. The CBD and town are located close to the coal mines and power stations, whereas the villages developed historically along the Phalala River. Approximately 65% or more of the Lephalale population live on farms or rural villages. This results in low residential densities, which makes the cost of effective transport provision high.

If the planned and envisaged additional power stations and potential coal mining materializes, it will be a large stimulus for development in the area. Depending on what developments materialize in the area, between 16 000 and 37 000 additional housing units will be required for the next 20 years or so. In the development of future coal mines and power stations, care should be taken that residential settlements are located as close as possible to these work opportunities, to reduce travel time and the cost of transport.

Licensing

The municipality performs licensing function on agency basis for the Department of Transport. A total amount of R33 812 423-35 was collected during 2024-25 financial year by our Registering Authority and was shared among different entities as follows:

Collections from Licensing

ENTITY	AMOUNT
Department of transport	R23 174 582-06
Municipality	R8 732 296-29
Road traffic Management corporation	R1 365 264-00
Prodiba	R540 281-00
TOTAL	**R33 812 423-35**

The Department of Transport has established their own Registering Authority parallel to the one of the Municipality. This has resulted in the Municipality collect less revenue than it was envisaged.

The municipality has got one Grade A Driving Licenses Testing Centre, one Vehicle Testing Station and a satellite office at Mokuruanyane Thusong Centre that caters for registration and licensing of motor vehicles.

Integrated Transport Planning

In Lephalale, although most people rely on walking, quite a significant percentage of people make use of public transport to access different destination such as work, school, and health services, social and recreational facilities at different times.

The following table shows a breakdown of different modes of transport utilized by people in Lephalale.

Transport Modes

MODE	NO. OF PEOPLE	PERCENTAGE
Foot/bicycle	51084	45%
Private vehicle	12525	11%
Bus	7800	7%
Taxis	10380	10%
Others	30806	27%

Public Transport State

Public transport in Lephalale comprises mainly privately owned and operated taxis and buses. There is only one subsidized bus company which transport commuters to different destinations within Lephalale on daily basis. Other private operators are contracted to big companies such as Exxaro and Eskom for transportation of their workers. There are four taxi associations with a fleet of more than four hundred taxis mostly with a carrying capacity of 16 passengers operating on different routes in Lephalale.

Taxi Transport Status quo

TAXI ASSOCIATION	FLEET	SERVICE
Kudu Taxi Association	70	Local, Long & cross- border
Ellisras Local Taxi Association	150	Local
Steiloop Taxi Association	76	Local
Lephalale Taxi Association	140	Long distance & cross-border

Currently there is no metered taxis transport service available in Lephalale.
The use of animals drawn vehicles and air-transport constitutes a less significant percentage.

Public Transport Facilities

There are four formal, and three informal taxi ranks in Lephalale, two bus terminals and several lay byes built along D3110 road. One landing strip is available for chartered light passenger planes.

Cost of Public Transport

The Government's goal is that no commuter should spend more than 10% of his/her disposable income on transport.
The cost of public transport in some cases amount to 40% of the commuter's disposable income.

Challenges

- Poor road surface and infrastructure.
- Inadequate facilities such as taxi ranks, bus terminals, laybys etc. Our facilities are also not user-friendly to people with disability.
- Disintegrated and unscheduled public transport system impact negatively on the kind of services offered.
- Too many pick-up points along the route increase the travel time.
- Limited subsidy from Government result in people having to spend a significant percentage of their income on transport. The situation is further compounded by the fact that public transport is in the hands of private owners and that makes it difficult to regulate, especially when it comes to tariffs charge.

Freight/Cargo Transportation

Rail Transport

The existing rail lines is an important "branch line" but with a mainline standard. It serves the coal, iron ore and chrome mines in the Northwest and Limpopo Province. Beginning at Pretoria North, the line was extended 112km to Lephalale to exploit coal resources in 1980. On average three trains operate daily in Lephalale. These are long air-braked trains, usually 80 wagons in length utilized mainly by Exxaro and Eskom for transportation of freight.

In Lephalale movement of freight or cargo is on land and mainly through major routes i.e., R33 and N11. This is due to the basic ability of the road transport industry to move a variety of cargoes quickly, efficiently, and economically. This arrangement has got an adverse and damaging effect on our road surface and infrastructure and must be discouraged in favour of rail transportation.

Law-enforcement on freight transport

Many heavy vehicles are potentially overloaded and not roadworthy. Law-enforcement is lacking in this regard. There is one boarder post to Botswana to combat overloading by heavy vehicles. The municipality also has got a small weighbridge which is currently dysfunctional. Upgrading the municipal weighbridge and conducting overload programs will assist in enhancing the lifespan of the municipality's road infrastructure.

Transportation of abnormal loads and hazardous materials

The current economic development in Lephalale places an increase responsibility on the municipality in as far as regulation of transportation of abnormal loads and hazardous materials are concerned. There is no specific abnormal load route plan available for the municipality. Equally there are no by-laws that regulate movement of dangerous or hazardous materials.

Consultation with relevant stakeholders

No formal consultation takes place between the municipality and stakeholders in the road freight industry. Establishment of a freight transport consultative body (FTCB) is necessary to promote more efficient and cost-effective freight transport in Lephalale. The Municipality is in the process of developing a By-law on Public Transport and freight Transportation.

3.9. WASTE WATER (STORMWATER DRAINAGE)

Just as the municipal road network is mainly rural in character, so are the related storm water drainage facilities. Except for most of the paved residential streets in Onverwacht and Ellisras which have kerbs, side channels, inlets and sub-surface drainpipe or open collector channels network. Most municipal roads in and between the rural villages carry storm water drainage at surface level in open lateral channels, in and across the roadways and occasionally in culverts under the road. The residential streets in Marapong and Thabo-Mbeki & Thabo-Mbeki Ext 1 do not have storm water drainage infrastructure system.

Urban development in a catchment changes the runoff characteristics therein, increasing the impervious areas and resulting in an increased quantity of storm water runoff as well as more rapid and frequent concentration thereof. The developer of a township is required to accept the potential storm water flow from the area of catchment upstream of the township and to manage this as well as the runoff generated within the development, through a well-planned and designed drainage system. Conventional drainage system should cater for frequent or minor storms. The guidelines for human settlement and design recommend the following design frequencies for minor system.

Flood Design Frequency.

Land use	Design flood recurrence interval
Residential	1-5 years
Institutional (e.g., school)	2-5 years
General commercial and industrial	5 years
High value central business district	5-10 years

In many instances in Lephalale minor storm drainage systems will serve more than one land use, and it is proposed that the Municipality should generally require that these systems be designed to accommodate the five-year recurrence interval storm. A watershed is located along the western boundary of the development area of Onverwacht. Sections of the major storm infrastructure have been installed where it traverses the existing Ellisras extensions near Mokolo river. This is necessitated by existing developments and restricted space.

Two rivers drain Lephalale Local Municipality, the Mokolo River which parallels on the east side of the R510 through Ellisras town and the Palala River which parallels on the west side of the D3110. Both rivers drain northwards to the Limpopo River. Storm water is the most source of damage to roads. The damage can extend from destruction of a bridge or culvert crossing to damage shoulders, road edges and destabilization of sub-grade and base course layers. Where roads are unpaved washing away of the wearing course results in rapid road degeneration and use of the road by motorized transport rapidly becomes impossible. Uncontrolled storm water and free drainage systems are therefore to be avoided. Lephalale Local Municipality has road graders and related equipment for road maintenance. The Limpopo DOR&T also has a maintenance depot in Lephalale town from which maintenance of Provincial, District and some Municipal roads is conducted.

Budget is continuously provided, where possible for development of a road maintenance programme for Municipal Roads that are unpaved. Due attention needs to be given in this programme to the related storm water drainage facilities to maintain the accessibility not only of vehicular travel but also of non-motorized travel. There is storm water channel backlog of 15518m in

length and a bottom width of between 0,9m and 1,6m specifically around Onverwacht and Ellisras. Storm water backlog in the rural area is unknown but the area on the Southern part of Thabo Mbeki and Seleka Wyk 2 (Mmatshwana) is frequently flooded during heavy rainy seasons by Palala river when it overflows. Storm water backlog in Marapong is still under investigation. The appointed service provider estimates the costs to be around R2.6 billion.

COMPONENT C: PLANNING AND DEVELOPMENT

This section provides information on demographic profile and the status of service delivery covering the following areas: spatial development, environmental issues, infrastructure development, local economic development, financial management, institutional management, and public participation.
Promotion of Local Economic Development is a constitutional mandate which reads as follows: “A Municipality must structure and manage its administration, and budgeting and planning process to give priority to the basic needs of the community and to promote the social and economic development of the community”.

LED is a participatory process which requires inputs from various stakeholders. LED encourages the private, public, and civil society sectors to work together to create an enabling environment for economic development. As the elected entity, the municipality has the role to facilitate the economic growth and development within its boundaries and therefore acts as a driver for Local Economic Development.

3.10. PLANNING.

All human activities have a spatial dimension. Human action impact on space and space helps to shape and direct human action. This dynamic relationship is addressed in a spatial development framework. It is critical that the SDF recognize both the integrated and dynamic nature of development. The need to integrate spatial planning and delivery with other core activities in the Municipality is critical in implementing a sustainable spatial development framework.

The focus area includes among others a dual approach on the total area and emphasis is on determining and assessing Municipal wide trends and tendencies with the aim of:

I. Improved spatial functionality across the whole municipal area.
II. Integration with the district and provincial SDFs.
III. Identifying and developing a settlement typology for more detailed spatial planning.

The second focus area is more detailed and localized planning of the agreed settlement typology. This might imply a broad distinction between spatial frameworks for urban and rural components of the Municipality, but the focus remains integration and improved functionality in the local and broader spatial development system.
Spatial Planning refers to planning that considers the location and connection of people and interventions in space. Spatial planning stimulates a more rational organization and use of urban space and is important in promoting sustainable development and improving the quality of life. It enables the community to benefit from development, by guiding investments and encouraging prudent use of land and natural resources for development. Effective spatial planning results in:

- stable and predictable conditions for investment that is sequenced for optimal impact.
- clarity for each government sphere and sector of the investment requirements to maximize the opportunities for transforming people’s lives for the better.
- efficient development approval process to facilitate economic development and spatial transformation to reverse undesirable settlement patterns emanating from past practices.

Employees Planning Services

Employees: Planning Services					
Job Level	**2023/ 24**	**2024/ 25**			
	Employees No.	**Posts No.**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) %**
0 - 3	5	4	4	0	0%
4 - 6	6	3	2	1	33%
7 - 9	0	1	0	1	100%
10 - 12	0	0	0	0	0%
13 - 14	0	0	0	0	0%
Total	**11**	**8**	**6**	**2**	**25%**

Financial Performance: Planning Services

Financial Performance 2024-25: Planning Services R'000					
Details	**2023/24**	**2024/25**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue (excluding tariffs)	R 353 847	R 3 688 972	R 3 688 972	R 1 494 227	R 2 194 744
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 14 291 214	R 20 495 856	R 20 495 856	R 16 845 357	R 3 650 500
Repairs and Maintenance	R 14 583	R 72 821	R 72 821	R 12 986	R 45 376
Other	R 2 407 910	R 3 749 259	R 2 174 651	R 955 359	R 1 219 091
Total Operational Expenditure	R 16 641 707	R 24 317 936	R 22 743 328	R 17 813 702	R 4 914967
Net Operational (Service) Expenditure	R-16 287 860	R-20 628 964	R-19 054 356	R-16 319 475	R-2 720 223

3.11. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

Lephalale is defined by Limpopo Growth and Development Strategy as a coal mining and petrochemical cluster. The area is currently experiencing growth driven by mining expansion and construction of Medupi power station. Medupi project has already started demobilising staff on completed projects. The coal to liquid project that was investigated by Sasol and currently placed on hold could broaden the opportunities for cluster formation. The local economy is dominated by the coal mine and the power station. Three clusters that are most relevant to Lephalale are firstly Coal & Petrochemical, secondly red meat and thirdly Tourism. Lephalale is currently in the final stage of considerable public sector investment, estimated at R140 billion over six years, for the construction of Medupi power station. One of government's key priorities is to increase economic growth and to promote social inclusion.

The National Development Plan (NDP) is a plan to unite South Africans, unleash the energies of its citizens, grow inclusive economy, build capabilities, and enhance capacity of the state and leaders working together to solve complex problems. Given government's objectives of growing the economy, creating jobs, addressing poverty, and promoting social cohesion, the NDP assists government in confronting three fundamental planning questions: -

- Where should government direct its investment and development initiatives to ensure sustainable and maximum impact.
- What kind of spatial forms and arrangements are most conducive to the achievements of the objectives of democratic nation-building and social and economic inclusion?
- How can government capitalize on complementarities and facilitate consistent decision making and move beyond focusing on integration and coordination procedures to establishing processes and mechanism that will bring about strategic coordination, interaction, and alignment?

Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, among which poverty alleviation is key. Beyond the constitutional obligation identified above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential to gear up private sector investment, to stimulate sustainable economic activities and to create long-term employment opportunities.

To overcome the spatial distortion of the past, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or that link the main growth centre.
Unemployment in Lephalale at 22.9% is below the provincial average, due to all the local developments relating to the new Eskom (Medupi) power station and the expansion of coal production from the mine. The labour force participation rate in Lephalale is above the provincial average, which indicates the high incidence of workers who originates from other places.

EPWP Implementation Programme, CWP, Etc.

Over the years Lephalale Local Municipality has been implementing projects through labour intensive programme aligned to the Extended Public Works Programme (EPWP). The EPWP involves creating temporary work opportunities for the unemployed, using public sector expenditure. It builds on existing best-practice government infrastructure and social programmes either by deepening their labour absorption or extending them. The EPWP is a programme that cuts across all departments and spheres of government. Under EPWP, all government bodies and parastatals are required to make systematic effort to target the unskilled unemployed.

Lephalale Economic Aspects

Mining

The region sits on rich coal deposits, phosphate, Gas that is fuelling its primary economic activities.

Energy Production

Home to large power plants, especially Medupi, creating jobs, and Infrastructure, but also impacting the community.

Agriculture

Fertile land supports a strong agricultural sector, though often overshadowed by mining's scale.

Tourism

Natural assets like Marakele national Park, and D'Nyala Nature Reserve offer tourism potential.

Cross Boarder Economy

Involves the movement of goods, services, capital and labour between countries, encompassing formal trade.

Job opportunities created

- 132 Jobs created through municipal projects

Employees: Local Economic Development

Employees: Local Economic Development Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
1 - 3	2	2	2	0	0%
4 - 6	1	1	0	0	100%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 14	0	0	0	0	0%
Total	**3**	**3**	**2**	**1**	**33%**

Financial Performance: Local Economic Development Services

Financial Performance 2024/ 25: LED R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 1 714 910	R 1 489 607	R 1 492 068	R 1 714 910	R-222 842
Repairs and Maintenance	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Other	R 147 578	R 1 113 651	R 1 113 651	R 147 578	R 966 073
Total Operational Expenditure	R 1 862 488	R 2 603 258	R 2 605 719	R 1 862 488	R 743 231
Net Operational (Service) Expenditure	R-1 862 488	R-2 603 258	R-2 605 719	R-1 862 488	R-743 231

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

Libraries

Libraries play a central role in the social, educational, cultural and economic life of communities.

Libraries as access points for knowledge and information

- Support lifelong learning, knowledge access and community development.
- Provide free and equal access to books, digital resources and information such as research journals, academic papers, and reference materials
- Bridge the digital divide by offering internet access, computers and ICT tools.
- Support informed decision-making by giving the community reliable information.

Libraries as educational partners

- Support formal education through reference materials, study spaces and research support.
- Promote literacy: reading programmes, book clubs and early childhood development initiatives.
- Enabling lifelong learning for adults through workshops, digital literacy and skill-building programmes.
- Offer educational toys to the children to entertain and support education, recreation, and social connection.

Libraries as cultural and heritage custodians

- Preserve local history, oral traditions, community archives and heritage collections.
- Provide space for cultural events, storytelling, exhibitions and indigenous language preservation.

Libraries as community and social hubs

- Serve as safe, inclusive public spaces for all age groups.
- Support community engagements such as meetings, workshops and outreach programmes.
- Provide services to vulnerable groups: the elderly, unemployed youth and persons with disabilities.

Libraries as drivers of digital transformation

- Digital literacy and ICT training.
- Online job searching and CV creation.
- Access e-journals, e-periodicals and e-newspapers.
- Digital resources, including online databases.
- Offer computers, printers, scanners and Internet, digital devices such as tablets.

Libraries as economic empowerment

- Support job seekers with resources.
- Offer local entrepreneurs' information, business research and small business support.

Libraries as a public institution

- Serve the public without discrimination.
- Offer free information and knowledge, not as commodities.

Key components of Library and Information Services

Information organisation: Cataloguing, classification and indexing to make easy access to library materials

Informational retrieval: Physical and digital resources are provided for users to find the information they need.

Reference services: Locating information and answering specific questions: "Reference queries".

User education and information literacy: teach users to effectively locate information sources and assess the quality, value, and relevance of information.

Collection development: Selecting and acquiring new materials based on the information needs of the community.

Information technology: Integrating technology in library services using library systems, digital catalogues and data management tools.

Preservation and archiving: Involve protecting materials from deterioration, while archiving historical and valuable documents.

Summary

Library Division- offers access to reading, listening, viewing, study facilities and information services to the community to promote a culture of reading and lifelong learning.

- The division comprises four fully functional libraries, of which the fourth belongs to the Department of Sport, Arts and Culture and one under construction. These libraries acquire, develop, and preserve collections and published records, and select variety of information materials according to the community's information needs.
- Library patrons/users are allowed to borrow library materials (fiction and non-fiction) for a certain period.
- The users have access to study facilities, reference sources, internet services, photocopies, fax and printing.
- Library Division offer information organisation, information retrieval, reference services, user education, information literacy, collection development, information technology and preservation and archiving.

Thusong Centres

Thusong centre is a one-stop service centre providing information and services to communities through a development communication approach in an integrated manner. This program is initiated by the Government in 1999 and is coordinated by the Office of the Premier in collaboration with Government Communication and Information Systems (GCIS).

The objective of this programme is to empower communities by providing relevant information and services applicable to their needs.

This process also allows two-way interactions between the government and the people through events like Imbizos to address historical socio-economic challenges.
The aim is to empower the poor and the disadvantaged communities by providing access to government information and services as well as resources from NGOs.

Key components of Thusong Centres

Government Services:
Provide access to essential government services such as application for ID’s, birth certificates, social grants, and driver's licences.
Services from departments like Home Affairs, Social Development and Labour are commonly available

Information and Communication Services:
Offer information about government programs, employment opportunities, health services and education resources

Social Development Programs:
Provide support for vulnerable groups, including children, women and the elderly.
Includes counselling, social workers, as well as food security and nutrition programs.

Economic Development Support:
Help local communities build small businesses, agricultural programs and foster entrepreneurship

Community Engagement and Outreach
Serve as community hubs for public meetings, awareness campaigns and social events.

Health Services
Basic health services, including health screenings, immunisation and public health.

Police Services
Provide a sub-station for the community to report and control crime, certify copies and help community policy forums.

Summary

Thusong Centre empowers communities by improving access to essential services and fostering social and economic development in the following:

- Government services
- Information and Communication Services
- Social Development Programs
- Economic Development Support
- Community Engagement and Outreach
- Health Services
- Police Services.

LIBRARIES		
DETAILS	**2023/2024**	**2024/2025**
	TOTAL NUMBER	**TOTAL NUMBER**
Circulation /borrowing of library materials by users	6453	6992
Photocopies made by users: Library materials and private documents	4135	3832
Users can send and receive faxes	Library users rely on e-mails	Library users rely on e-mails
Users rely on the Internet for information, jobs, tertiary and bursary applications, research, and school projects	1120	2003
Registered library users are borrowing library materials	New members: 152	200
	Renewal: 126	150
	Withdrawals: 181	160
	Current: 1282	1340
Library collection acquired	New books purchased: None (No budget allocation)	New books purchased: None (No budget allocation)
	New periodical purchased: None (No budget allocation)	New periodical purchased: None (No budget allocation)
	Materials and donations from the community: 167	154
Users have free access to books, magazines, film video and DVD, musical CD, reference materials, studying and reading as well as general enquiries	Enquiries: 2005	631
	Book renewal: 766	852
Pre-schools, primary and high school visits to the library on appointment	Pre-school visits: 3	6
School library visits on Library orientations and programmes	4	12
Students and learners visit the library for study and research purposes	491	1911
Library patrons are reminded about the borrowed books to be returned and about the payments of lost, damaged, and late materials	Reminders sent:1621	1722
	Returned:4955	5032
NATURE & EXTENT OF FACILITIES PROVIDED	**FACILITIES**	**USERS**
Number of libraries	Three (3) Municipal Libraries: (Lephalale, Marapong and Thabo Mbeki) and one (2) Departmental library which belongs to the DSAC in Shongoane, as well as Botshabelo currently under construction.	Communities, Schools, pre-schools Private sectors and NGO's
Number of employees cost to employer of all personnel in the library division	Thirteen (12) Municipal employees	1x Div. Manager 3 x Librarians 2 x Assistant Librarians 3 x Library Assistants

		2 x Library helpers 1 x Library Cleaner
DSAC Library in Shongoane	2 x employees appointed by DSAC in Shongoane Library	1 X librarian 1 x Library Assistant
THUSONG CENTRES (TSC)		
DETAILS	**2024/2025**	
	SERVICES RENDERED	**SERVICES RENDERED**
Department of Health	Chronic illness, Vitals, Minor ailments & Family planning	1440
Community Workers Programmes (CWP)	Cleaning of the Yard and in-house	64
Water & Sanitation	Sewerage Drilling	60
Lephalale Local Municipality	Community meetings	28
Visitors to the TSC	500	228
NATURE & EXTENT OF FACILITIES PROVIDED	**FACILITIES**	**USERS**
Number of TSC	Two (2) Thusong Centres (Mokuruanyane and Lesedi Tshukudu TSC)	Communities, Government Departments and NGO's
Number of employees costs to employer of all personnel in the TSC	Four (4) Municipal employees	1x TSC Supervisor 1x Admin Clerk 2x Cleaners

Financial Performance: Library

Financial Performance 2024/ 25: Library					**R'000**
Details	**2023/ 24**	**2024/ 25**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance to Budget**
Total operational Revenue (excluding tariffs)	R 27 557	R 41 738	R 41 738	R 14 800	R 26 938
Expenditure:	-	-	-	-	-
Employees	R 7 485 611	R 10 012 924	R 10 012 924	R 9 446 512	R 566 412
Materials and supplies	R 6 969	R 26 801	R 26 801	R 15 088	R 11 713
Other	R 66 195	R 33 212	R 33 212	R 2 983	R 30 229
Total operational Expenditure	R -7 531 218	R 10 072 937	R 10 072 937	R 9 464 583	R 608 354

3.13. CEMETORIES AND CREMATORIUMS

There are only five zones of public burial sites in the whole Municipal area. The Municipality provides services at Onverwacht, Rupert, Marapong, Steenbokpan and Thabo-Mbeki.

The demarcated burial site in Marapong has reached its capacity and it is currently closed. The municipality has established new cemetery at Nelsons Kop farm; the project was completed in the budget year 2021-22. The municipality is planning to conduct feasibility study for the whole Lephalale Local Municipality with the intension to establish regional cemeteries, for the rural villages. The municipality does not provide any burial service in the rural villages, and the area is controlled by traditional authorities.

All cemeteries are being maintained on quarterly basis and as and when required.

3.14. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The department of social and security service is responsible for childcare and old age social grants provision.

Social and Security Services – Childcare and old age social grants

ECD's Identified	Unregistered	Unqualified	Registered	Funded	Not funded	Basic service availability
89	9	31	76	43	42	Water, toilets & electricity available. Most structures do not meet EHP criteria while others are conditional in the sense that they must improve to comply
Drop-in Centre			8	5	3	Shared services with service center for the Aged
Home Community Based Care			1	1	0	Shared services
Victim Empowerment Programme			4	4	0	Shared services with SAPS
Service Centre for Elderly People			4	4	0	Basic services
Child and family			1	1	0	Basic service

COMPONENT E: ENVIRONMENTAL PROTECTION

3.15. POLLUTION CONTROL

Lephalale Local Municipality has an environmental function to execute and ensure that the fundamental environmental rights of the community as enshrined in the constitution are realized. The fundamental rights as stated in the constitution are: -

- To prevent pollution and ecological degradation.
- To promote conservation.
- To secure ecologically sustainable development and use of the natural resources while promoting justifiable economic and social development.

The Municipality has sensitive and conservation worthy areas within its jurisdiction, such as the wetlands, river systems, cultural sites, rare and endangered species, and part of the Waterberg biosphere. There are also many areas that require remedial attention. i.e., the eradication of alien vegetation, soil erosion control and aspects that require special management, such as pollution control and land use management. The Municipality has the capacity to perform duties that enhance sound environmental management practices which include EIA related issues.

Air Quality

Air quality legislation comprises primary standards which protect human health and secondary standards which protect property, vegetation, climate, and aesthetic values.
Particulate and gaseous emissions from industrial operations, domestic fuel burning, and vehicle tailpipe emissions were quantified for this assessment, due to the availability of data for these sources. Power generation was identified to be the main contributing source to emissions (99%) in the Local Municipality. With the quantification of all mines in the district, mining sources are likely to be the main contributor to PM10 emissions in the district. Power generation is the main contributing source to SO2 and NO2 emissions in the Lephalale LM, contributing to 99%.

The environmental features that are found in the municipal area are affected by natural environmental challenges inter alia, ozone depletion, global warming, solid and hazardous wastes, the endangerment of biological diversity and land degradation. Environmental degradation in the form of soil erosion, overgrazing, deforestation, over exploitation and habitat destruction should be prevented to effect economic development negatively. Air quality management by-laws should be developed for non-

compliance to the air quality standards. There should be capacity in terms of human resources for the execution of related duties.

The table below denotes the air quality analysis within the Waterberg District Municipality:

Air Quality analysis within the Waterberg District Municipality.

Municipality	Industrial emission	Domestic fuel	Vehicle emissions	PM10	SO2	NO2
Lephalale	95.9%	19.1%	24.1%	86.2%	95.4%	94.3%
Bela-Bela	0.0%	4.8%	17.0%	0.4%	0.02%	1.0%
Mookgopong	0.0%	3.5%	6.1%	0.2%	0.01%	0.3%
Thabazimbi	3.6%	10.9%	28.1%	0.8%	4.5%	1.6%
Mogalakwena	0.4%	52.0%	13.2%	11.7%	0.05%	2.2%
Modimolle	0.0%	9.6%	11.4%	0.6%	1.8%	0.6%

Source: WDM Air Quality Management Plan

Water Quality

Water is a scarce resource in Lephalale Local Municipality. Water quality legislation seeks to achieve water quality consistent with protection of aquatic life, wildlife and safe conditions for human recreation and consumption. It therefore aims to eliminate discharges of pollutants into navigable waters which include rivers and streams. The water resources are exposed to excessive contamination of rivers/streams. One of the main contributors to water pollution is the discharge of industrial wastes into the rivers and streams and cholera outbreaks.

To curb the challenge business can improve water quality by regulating their non-point source water pollution- a situation where runoff from streets, construction sites, farmlands and animal feedlots which cause significant nutrient and toxic substances that build up in the bodies water receiving the pollutants thereby damaging the usability of the resources for plants, animals, and humans alike. There is a need for ad-hoc water sampling of water sources. The Municipality should respond to the challenges in one way or another by doing cost benefit analysis, risk management or strategic environmental management.

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

D'nyala Nature reserve.

The roughly 8 281 ha Reserve is in the northern Waterberg range nearby the town of Lephalale. Government acquired the Reserve in 1986 to allow for the construction of the Vaalwater Lephalale road (R33). Lephalale is the last end route to Botswana from South Africa along the (shorter) alternative route leading to four border control posts. The R33 provincial road Vaalwater and Lephalale traverses the reserve, dividing it into a western and eastern portion. The reserve's bushveld plains and broad floodplain areas afford excellent game viewing opportunities, and large specimens of trees including massive baobabs and nyalas add to the scenic value and recreation/tourism resource. Apart from various management tracks, a 37km gravelled game drive route has been developed on the eastern portion of the reserve (east of R33 provincial road), along with two game viewing hides on the floodplain.

Mokolo Nature Reserve.

The Mokolo Dam situated 50km from Lephalale on the Thabazimbi road (R510) offers excellent boating and fishing opportunities, but visitors are warned that hippos and crocodiles occur in the dam. The Mokolo Dam lies in a picturesque setting within the Provincial Mokolo Dam Nature Reserve and is a popular recreational resort for anglers and the boating fraternity. The Dam has a full supply capacity of 145.4 million cubic metres and currently provides the only formal water storage facility in the Mokolo Catchment. The Dam is characterised by dense wooded mountains and surrounding cliffs. The mountains comprise sandstone. The reserve covers an area of 4 600 hectares which includes the dam surface area of 914 hectares and plays an important role in providing outdoor or recreation, including both land and water orientated activities. The dam supplies water to the town of Lephalale, Matimba power station, Exxaro Colliery, and downstream irrigation farmers.

Parks Division

Lephalale Local Municipality has a holding nursery where we keep the plants. There are also other local nurseries in the Lephalale area where trees can be purchased. Lephalale Local Municipality has thirteen (13) natural parks and two (2) green parks.

Biodiversity

A safe, healthy, and sustainably managed environmental and natural resource base provides critical eco-system services that are a foundation for economic and social development.
Our rich species, ecosystems and natural heritage which form the very foundation of our economy and society, providing eco-system services such as food security, clean and secure water provision, flood attenuation, biomass energy and building material. A well as a resource base for the sustainable development and growth of the tourism, agriculture, forestry, of the economy are threatened by growing human population and their increasing demands on the environment, climate change and invasive alien species.

The focus of the biodiversity and conservation programme is on the planting of indigenous tree species, protection of listed tree species and eradication of alien invasive species project.

Eradication of alien invasive species

The Parks division is actively managing alien invasive plant species and annual weeds as they appear within municipal properties. Specifically, at the Paarl Wastewater Treatment Plant, alien invasive plants are managed and eradicated guided by the Alien Invasive Plant Species Control Plan. This plan aims to address the threats these invasive species pose to indigenous plants and grasses, helping to preserve the local ecosystem and maintain ecological balance.

Tree planting project

Projects implemented in this focus area aim at promoting the transition to sustainable and integrated management of land resources. The deliverables in this category include:

- Greening by tree planting
- Education and awareness

The Department social services have a parks division which deals with landscaping; however, this is an added function on the normal parks work and a new development in terms of the functions of the division. Statically most the empty land space is privately owned and cannot be dealt with without the concerned of the owner.

Financial Performance Parks

Financial Performance 2024-25: Parks			R000		
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 87 337	R 97 552	R 97 552	R 97 552	R 0 00
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 11 832 286	R 13 900 703	R 13 900 703	R 13 431 775	R 468 928
Repairs and Maintenance	R 243 822	R 884 327	R 884 327	R 250 208	R 634 119
Other	R 277 000	R 887 972	R 887 972	R 887 972	R 0
Total Operational Expenditure	R 12 353 108	R 15 673 002	R 15 673 002	R 14 569 955	R 532 347
Net Operational (Service) Expenditure	R -12 265 770	R -15 575 450	R -15 575 450	R -14 472 403	R 532 347

COMPONENT F: HEALTH

This is a function rendered to municipality by the district and the Provincial department and as result much cannot be said around health from the municipal side.
Clinics in Lephalale offer the Primary health care. There are five main clinics, equipped with mobile unit for the scattered villages and farms. Services rendered by this clinic include distribution of medicine for chronic diseases, pre-natal care for pregnant woman, and testing for chronic diseases. Primary Health is not a function of Lephalale Local Municipality.
There are two hospitals within the boundaries of Lephalale local municipality.

Long-term health outcomes are shaped by factors largely outside the health system: lifestyle, nutrition, education, diet, sexual behaviour, exercise, road accidents and the level of voilence. Good health is essential for a productive and fulfilling life. The Diagnostic Report demonstrates the starkly interrelated challenges posed by crumbling health system and a rising disease burden. The public health system must be fixed. While greater use of private care, paid for either by users or health insurance, is part of the solution, it is no substitute for improvement of the public health system. Given the systemic weaknesses in that system today, a root-and- branch effort to improve the quality of care is needed, especially at primary level.

Effective social protection and welfare services are an intergral part of our programme for inclusive economic growth and central to the elimination of poverty and reduction of inequality. Social protection plays several roles in a society. Firstly, it sets a floor through which, social solidarity, we deem that no person should live below. At present given, South Africa's extremes of unemployment and working poverty, many people regularly experience hunger and find it difficult to meet the basic needs of their families. Progressively and through multiple avenues, we seek a society where every one is lifted above this floor. Secondly, it plays an important role in helping households and families

manage life's risks. It also helps ease labour market transitions, thereby contributing towards a more flexible labour market and economic dynamism.

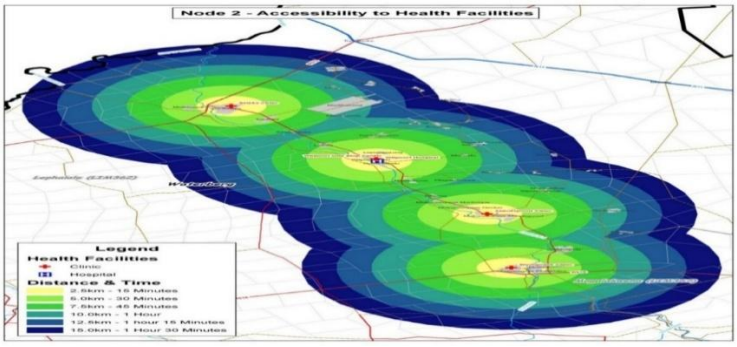
When people feel unsafe it makes it hader for them to develop their capabilities, persue their personal goals and to take part in social and economic activity. To achieve the goals set out in this plan, South Africans need to feel safe everywhere and have confidence in the criminal justice system to protect them and to act speedily and effectively when required to do so. By 2030, people living in South Africa should feel safe and have no fear of crime. Women, children and all vunerable groups should feel protected. They should have confidence in the criminal justice system to effectively apprehend and prosecute criminals who violate invidual and community safety.

In many countries plans fail because they are not implemented or because implementation is uneven. There needs to be a uniformity of effort and competence across the entire public service. There is a real risk that South Africa's national plan could fail because the state is incapable of implementation.
There must be a mechanism to remedy the uneven and often poor performance of the public service. A capable state does not materialise by decree, nor can it be legislated or created from conference resolutions. It has to be painstakingly built, brick by brick, institution by institution and sustained and rejuvinated over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules.

3.17. CLINICS

Clinics in Lephalale offer the Primary health care. There are five main clinics, equipped with mobile unit for the scattered villages and farms. Services rendered by this clinic include distribution of medicine for chronic diseases, pre-natal care for pregnant woman, and testing for chronic diseases.

Locality of Health Facilities in Rural Areas and distances of accessibility to health facilities.



3.18. AMBULANCE SERVICES

The ambulance service within the municipality is rendered by the Provincial Department of Health and Social Development and it is co-coordinated at the district. There are two Ambulance centres in the municipality, located and based at the two hospitals within the municipal boundaries. The service centres are in Onverwacht at the Lephalale hospital and satellite service centre at Witpoort Hospital.

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

This is function performed by the district municipality, however the deployed members to municipalities. In Lephalale Local Municipality there four members from the district deployed to service the local municipality with monitoring of water quality, food control, waste management, health surveillance of premises, chemical safety, disposal of the deceased and environmental pollution.

COMPONENT G: SECURITY AND SAFETY

3.20. POLICE

The vision of the South African Police Service is to “create a safe and secure environment for all people in South Africa” In doing so the SAPS will endeavour to prevent anything that may threaten the safety or security of any community, investigate any crimes that threatens the safety or security of any community, ensure criminals are brought to justice, and participate in efforts to address the causes of crime.

There are six police stations around Lephalale Local Municipality, a mobile station in Marapong and two border policing points at Stockpoort and Groblersbrug. Crime in general is showing trends of increment; this is because of more people flocking to Lephalale to look for economic opportunities. In our view this has potential to lead into more serious and or organized crime. The South African Police Service (SAPS), with the input of various stakeholders, are working hard to combat crime in and around to make Lephalale a safe place for the community. Some of the joint efforts relate to the combined operations that the police, private security and traffic departments often conduct to combat crime and to maximize the outputs and outcomes of the available scarce resources. Community policing and crime prevention human resource is equivalent to 1:350 per officer, which depicts a well spread ratio across the Municipal area. The sparsely located settlements create a major challenge for resources to be deployed evenly to cover all areas of the municipality during specific times.

Traffic division’s core business is to ensure safer road environment, free flow of traffic, accident-free road environment and promote self-compliance. The division is comprised of 11 Traffic Officers, two Assistant Superintendent, one Superintendent, one traffic administrator and the Manager. The division also has four road markers whose responsibility is to do road marking of Municipal Road network. There is one protection officer who provides oversight on security management and one crime risk officer whose responsibility is security analysis.

There has been alarming number of fatal and serious road accidents within the Lephalale Local Municipality which amongst others were triggered by lack of traffic policing due to insufficient Traffic personnel. Nonetheless Municipal Traffic Police and Provincial Traffic Police continuously conduct joint operations with a view of mitigating the causal factors of fatal road accidents.

3.21. FIRE

Over the past 15 years Lephalale Local Municipality experienced a serious heavy rain and Disaster which resulted to floods. This was followed by drought which has negative impact to the Local Community.
This has inflicted a heavy cost on human, materials, physical resources, and degradation to environment. It had also a negative physical impact (which includes causalities and property damage) and social impacts (which includes socio-economic.

Although we have a Local Disaster Management centre, that is funded by District and managed by Local Municipality, we believe with the current resources we will not be able to manage all challenges that will be come as results of industrialization and natural disasters.
We believe more resources should be directed to Municipality to assist in upgrading the Local Disaster Management centre. Municipality need more development strategies an effective communication system. We need fully equipped management centre.

Rather than taking any possible disaster into consideration, one must focus on risks which are very likely, and which justify the efforts of preparedness. Lephalale Local Municipality is prone to disasters that emanate from veldt and informal settlements fires, floods, drought epidemics and crime.
Hereunder is the risk profile of the municipality: -

Risk profile

Hazards	Low risk (LR)	Medium risk (MR)	High risk (HR)	Priority
Fires Veldt Informal settlement			√	1
Floods 2.1 Flash Floods 2.2 Dam/River Floods		√		5
Epidemics		√		2
Draughts			√	3
Crime/Lawlessness		√		4

Fire services.

Number of Fire stations	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
Number of Vehicles	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
3	11	125km

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

The local authority does not have the resource capacity to act as sole responsible agent for the implementation of the different disaster management strategies, and it is therefore crucial that the district and provincial authorities be involved during the planning of the strategies. This will ensure that the role and responsibilities of the different spheres of government and local role-players are adequately delineated and clear. This will ensure a smooth implementation of the disaster management strategy when the time requires it.

Disaster management is a cross-sectorial task which relates to a wide range of sectors and aspects such as avoiding settlements or investment in high-risk locations, construction technologies, water management, health services etc. It is therefore not an issue that can be dealt with by a special project, but it requires compliance of any development's measures with basic principles of disaster prevention and mitigation. Rather than taking any possible disaster into consideration, one must focus on risks which are very likely, and which justify the efforts of preparedness. Lephalale Local Municipality is prone to disasters that emanate from veldt and informal settlements fires, floods, drought epidemics and crime.

The following are regarded as Disaster Management challenges:

- Potential risk of some households in rural villages which are in the flood line area.
- State of readiness by the Municipal disaster Centre in case of any large-scale disaster occurrence.
- Level of training for the current personnel to deal with disaster occurrence of high magnitude.
- Lack of machinery and equipment to deal with disaster incidents up to an acceptable standard.

District Disaster Management Services.

Number of Vehicles	Number of permanent staff in disaster management unit	Kilometres to the farthest location that is serviced
18	51	255km

Financial Performance: Capital Projects – Disaster Management Services

Disaster type	Project Name	Budget (expenditure)
Floods and Road damages	Design and construction (Regravelling) of Roads within Lephalale (Marapong	R7600 000 (R 1 789 543)

COMPONENT H: SPORT AND RECREATION

3.23. SPORT AND RECREATION

Purpose

The development of strategies and programme by the municipality to ensure optimum utilization of sport and recreation facilities.

- Adequate resources allocation and maintenance plans.
- Contribution to a range of municipal objectives which include improved health, community development, and crime prevention outcomes.

Facility Development and Maintenance

This component deals with the provision and building of new facilities and the proper maintenance of our facilities to expand their lifespans.

Sports Development

The municipality seeks to undertake activities to strengthen club structures and to improve the technical abilities of players in different sporting codes. As our role in sport is a facilitative one, the municipality provides formal sport participation opportunities to enlarge the pool of talent identification amongst our youth from various sporting codes.

Some of the key objectives will be:

- To promote the level of participation in sport and recreation, e.g., Mayoral tournament
- To promote leadership, sport management, and life skills.
- To promote the culture of healthy lifestyles and good social behavior.
- To promote more inclusive sport and recreation activities in our communities.
- The municipality must seek all means to promote both active and passive recreation.

Sports & Recreational facilities

The Municipality is paying an annual grant to Mogol club as a contribution towards recreational facilities in the urban area. Mogol sport center and Marapong stadium are the two facilities which are available to the community in the urban area.

Municipal Stadiums

- Captain Thulare Stadium
- Thabo Mbeki stadium
- Shongoane stadium

Exxaro stadiums

- Mogol multi-purpose sport Centre
- Marapong stadium

Municipal Community Hall

- Thabo Mbeki hall

Municipal Gym

- Thabo Mbeki

Tribal Community halls

- Seleka community hall
- Shongoane community hall
- Martinique community hall
- Motlhasedi community hall

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24. EXECUTIVE AND COUNCIL

This component includes Executive Office (Mayor; Councillors; and Municipal Manager).

The **Office of the Municipal Manager** is responsible for ensuring the smooth running of the municipality. It provides guidance and advice on compliance with certain Legislative Acts that govern the Municipality to the political structures, political office-bearers, and officials. The Office of the Municipal Manager consists of the following administrative units, namely Internal Audit and Risk Management.

The key functions of the Office of the Municipal Manager are:

- The formation and development of an economical, effective, efficient, and accountable administration that is equipped to conduct the task of implementing the municipality Integrated Development Plan (IDP) and responsible to the needs of the local community.
- As Accounting Officer, the cost-effective management of the municipality's budget and the timely implementation of resolutions
- The implementation of the municipality's IDP and monitoring the progress with the implementation of the plan
- The management and monitoring of Municipal services provided to local community in a sustainable and equitable manner.
- The administration and implementation of the Municipality's by-laws and other legislation, including the implementation of National and Provincial directives, policies, and legislation.
- Exercising powers delegated to the Municipal Manager by the Municipal Council and other authorities of the Municipality.
- Rendering administrative and strategic support to the mayor and other political structures in Council

The mayor must provide general political guidance over the fiscal and financial affairs of the Municipality.

The EXCO is established to assist Mayor with his/her functions. Each member of the EXCO is also a chairperson of a cluster committee. The following are the different clusters: Finance and Economic Development, Administration and Governance, Municipal Services and Community Development.

The Oversight committee and the Audit and Performance Committee have also been established. This committee is highly functional and held (6) six meetings (1) one project visits were done in the 2024/ 25 FY, the details of the functions are outlined in the report of Audit Committee chairperson which is **appendix G** of this report.

EXCO and Council meetings

Dates for 2024-25 Financial Year	Ordinary EXCO	Ordinary Council Meeting	Special EXCO	Special Council
30 July 2024	1	1	0	0
08 August 2024			1	1
16 and 29 October 2024	1	1	1	1
29 January 2025	1	1	0	0
25 and 28 February 2025	0	0	2	2
27 March 2025			1	1
09 and 30 May 2025	1	1	1	1
Total	4	4	6	6

3.25. FINANCIAL SERVICES

The Municipality currently has limited financial resource capacity. The sources of income vary from the income generated through the sale of municipal services i.e., water, electricity, sewerage, refuse removal, bulk contribution, vehicle licenses and tax levies, through to intergovernmental grants (IGG) and external loans. The narrow tax base of the Municipality is a constraint on municipal income.

There is however a need to develop a revenue generation strategy and to focus more on the viability part of this KPA as engendered in the national key performance indicators. Currently 46% of the total budget is made up of government grants. The major contributing factor to lack of revenue is that only ±20% of the total household is paying for rates and services. This seriously hampers our service delivery effort as we have the capacity but no funds to implement. The broad financial challenges are sources of revenue and effective implementation of IDP and SDBIP.

There is uncertainty about some of the major projects which were announced by other investors in 2006; however, the Municipality has drawn a financial model based on anticipated development scenario until 2030. It is speculated that by then Lephalale will be the second biggest town in Limpopo and ultimately attain the status of a city ten years later.

Employees: Financial Services

Employees: Financial Services					
Job Level	2023/ 24	2024/ 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	7	7	3	4	13%
4 - 6	11	15	14	1	27%
7 - 9	20	21	16	5	5%
10 - 12	2	0	0	0	60%
13 - 14	1	1	1	0	0%
Total	**41**	**44**	**34**	**10**	**16%**

Financial performance for financial services

Financial Performance 2024/ 25: BTO ///R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue (excluding tariffs)	R 15 586 822	R 178 834 792	R 178 834 792	R 135 068 515	R 43 766 277
Expenditure:	R 0 00	R 0 00	R 0 00	R 0 00	R 0 00
Employees	R 19 607 620	R 33 255 051	R 33 255 051	R 28 477 765	R 4 777 286
Repairs and Maintenance	R 418 889	R 741 571	R 741 571	R 315 290	R 426 281
Other	R 8 909 402	R 1 655 822	R 2 341 692	R 1 564 465	R 777 227
Total Operational Expenditure	R 28 935 911	R 35 652 444	R 35 652 444	R 30 357 520	R 5 980 794
Net Operational (Service) Expenditure	R 13 349 089	R 143 182 348	R143 182 348	R 104 710 995	R 37 785 483

3.26. HUMAN RESOURCE SERVICES

The Municipality has employment equity plan which was adopted by council. The employment equity plan intends to achieve equity in the workplace, to make the Municipal workforce more representative and ensuring fair and equitable employment practices for employees. It further intends to create an organisational culture that is non-discriminatory, values diversity and legitimizes the input of employees. The objective of the policy is to address under-representation of designated groups in all occupational categories and levels in the workforce. It has not been easy to implement the employment equity plan for Lephalale Local Municipality. The institutional plan is reflected in the table below.

Institutional profile.

Occupational level	Male		Female		Disabled	
	Black	White	Black	White	Male	Female
Senior Management	1		5		0	0
Professionally qualified & experienced specialists and mid-management (divisional head)	14	1	6	1	0	0
Skilled technical and academically qualified, junior management, supervisors, foremen and superintendent	64	4	27	3	0	0
Semi-skilled and discretionary decision making	50	1	49	6	0	0
Unskilled and defined decision making	177	1	65	0	0	0
Total Permanent	308	7	149	10	0	0
Temporary Employees					0	0
Grand total	308	7	149	10	0	0

Source: Lephalale Local Municipality

Institutional Study Conducted.

In pursuing and operationalizing the Lephalale institutional plan, in consultation with relevant stakeholders within the Municipality Aurecon assisted the Municipality with the aim to identify an approach that best enables the institution to attract and retain people who have or may attain, the required competency/skills level and standards. An institutional status quo report was compiled during August 2010 in which a desktop study was done of the institutional arrangement within the Municipality.

Various previous studies were considered during this exercise, and an assessment was made on the current capacity of the Municipality to deal with its service delivery mandate. The purpose of this plan is to determine how best the municipality must execute its powers and functions aligned to the IDP with the resources which are at its disposal. The skills development plan has been approved and is reviewed annually.

The projected staffing figures for the Infrastructure Department are contained in the table below.

Current and projected future staffing requirement within infrastructure department

Infrastructure Services	SQ	2010	2015	2020	2025	2030
Water and Sanitation	98	122	189	280	360	395
Solid Waste	46	57	61	73	73	73
Public Works	56	72	74	108	136	144
Electricity (N1 and N3)	69	81	104	60	119	125
Projects Division	3	9	17	17	17	17
Infrastructure Head	1	1	1	1	1	1
Total	**273**	**342**	**446**	**539**	**706**	**755**

Source: Lephalale Local Municipality

Staffing projections were developed, based on scientific norms for the number of engineers required for a municipality. The increase in the number of households between 2010 and 2030 was utilized as a basis for projecting the increase in infrastructure capacity required by Lephalale Local Municipality. Subsequently a supporting structure was developed to provide the necessary support in terms of financial, human resources, administrative, planning, and social development.

Career Planning Succession and Retention Policy.

The municipality has a career planning succession and retention policy which was adopted by council in 2010. The objective of the policy is to ensure a conducive and harmonious working environment for employees throughout the municipality and retain key staff members whose services are regarded as mission “critical”; and identify individual employees with potential for assuming a higher degree of responsibility and ensure career development of staff for skills base for succession planning. Projected staffing figures for support departments are contained.

Current and future support staff requirement within the municipality

	SQ	2010	2015	2020	2025	2030
Municipal Manager Office	16	16	26	28	29	31
Corporate Services	32	32	50	53	56	59
Planning & Development	11	11	18	19	20	21
Budget & Treasury	30	30	49	52	55	58
Social Development Services	84	84	140	149	156	165
Total	**173**	**173**	**283**	**301**	**316**	**334**

Source: Lephalale Local Municipality

Institutional practices within Lephalale Local Municipality must undergo significant alteration if the Municipality is to keep up with the projected increase in service delivery demand. The projected increase in staffing level suggests that the Municipality will require large-scale institutional interventions to ensure that it has the correct staff with sufficient capacity when needed. The complexity of the institutional capacitation model and the current staffing shortages within the Municipality does pose a concern regarding capacity to implement the institutional capacitation model. It is against this background that the Municipality appointed service provider to conduct institutional study considering the Aurecon study to assist Municipality with the institutional arrangement to respond to the future challenges on the Municipal capacity to provide basic services.

3.27. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT is an integral part of enterprise governance and consists of the leadership and organisational structures and processes that ensure that the organisation's ICT [the infrastructure as well as the capabilities and organisation that is established to support ICT] sustain and extends the organisation's strategies and objectives.

ICT is there to make sure that organizations achieve sustainable success using their ICT and pro-actively recognises potential efficiencies and guides municipalities in timeous adoption of appropriate technology and ensuring that optimum Municipal value is realised from ICT-related investment, services, and assets.

The introduction of the Municipal Standard Charter of Accounts to as requirements for municipal transactions prompted the municipality to increase the ICT capacity.

3.28. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Property & Legal services

The municipality has a resolute Legal Services unit under Corporate Support Services, and the team is responsible for property management and procurement. It also deals with litigations for and against the municipality. The Municipality experienced a lot of litigations on capital project contracts for waste management.

Risk Management

The risk unit and the risk committee were established, and risks assessments conducted whereby the risk committee is chaired by external independent person. The Municipality has conducted the Risk Assessment and compiled a Risk Register with mitigation factors and time frames. The risk Register is updated quarterly by the Risk Management Office. The Risk top five risk for the institution and the risk progress reports are on chapter 2 of this report as well as on the executive summary.

Procurement Services

The Municipality has supply chain committees which are responsible for the implementation of good business practice transaction in dealing with sourcing of goods and services from the service providers. The Bid Specification, Bid Evaluation and Bid Adjudication Committees have been established. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts, and Forestry as municipal enterprises.
The municipality does not have any abattoirs under its property management; however, the private business does not own abattoirs within the municipal borders. There is not a distinctive airport available in the municipality, however the airfield belonging to SANDF is used by the local community. There are two magistrates' courts within the boundaries of the municipality, the Phalala District Magistrates' Court and Lephalale Regional Magistrates'' court.

Lephalale airfield is an uncertified and unmanned aerodrome posing high risk to passengers and aircraft currently utilizing the aerodrome. The reality is that the situation is paramount to an accident or major disaster waiting to happen if no immediate intervention is found.

The airfield is currently processing more than 5 scheduled flights per day and up to 20 movements a day making it busier than Polokwane International Airport on aircraft and helicopter movements. Some of the problems identified include unmonitored and uncontrolled non-aviation use of the landing strip by the public and unregulated use of the airport. Subsequently initiation of a detailed thorough long term road transport needs analysis and airport plan will be outlined through the provincial sponsored Integrated Transport Plan and Lephalale Airport feasibility study.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORE CARD

There are 209 indicators in the adjusted 2024-25 higher level SDBIP, the following listed 6 indicators (from this total are not applicable for the 2024/ 25 APR as a result they will not be considered for measurement.

Directorate	ID Amount	ID #	Indicator name
Office of the Municipal Manager	2	M_24	Percentage of Fraud and Corruption cases Reported and referred for investigation.
		M_23	Percentage of complaints received on the electronic system by customer care and successfully attended to by department per quarter YTD
Strategic Support services	1	M_23	Percentage of complaints received on the electronic system by customer care and successfully attended to by department per quarter YTD
Development Planning	1	M_23	Percentage of complaints received on the electronic system by customer care and successfully attended to by department per quarter YTD
Social Services	1	M_26	Percentage of AG queries resolved Per Quarter YTD
Infrastructure Services	1	M_400A	Percentage of households connected with access to sanitation in urban area (Marapong, Onverwacht and Town) from 1 July 2024 to 30 June 2025

During adjustments of the budget, 5 indicators which mainly included projects affected by changes in budget amount were totally cancelled, and their implementation ceased. The total number of measurable indicators is 198.

The Overall SDBIP achievement is 109 indicators achieved target as predetermined, 22 indicators exceeded target, and 67 indicators had a below average performance, the total performance is 2,7 which is a fair Performance for the institution.

The institution is experiencing challenges on timeous implementation of capital projects, and it is slightly behind schedule on project implementation.

Institutional Performance (Table 1)

Overall SDBIP	Total Number of KPIs and Capital Projects	Total cancelled indicators due budget constraints	Annual Performance Report 2024/ 2025				
			Target Achieved	Target Not Achieved	Target Overachieved	N/A	%
SDBIP Departments (Votes)							
Office of the Municipal Manager	25 Indicators/ projects	01	14	06	02	02	73%
Strategic Services	31 Indicators	0	22	07	01	01	77%
Corporate and Support Services	29 Indicators	0	17	08	04	0	72%
Development Planning	27 Indicators	0	9	13	04	01	50%
Budget and Treasury	26 Indicators	0	17	04	05	0	85%
Social Services	27 Indicators	01	14	06	05	01	76%
Infrastructure Services	44 Indicators	03	16	23	01	01	43%
Total Indicators	**209**	**05**	**109**	**67**	**22**	**06**	**66%**

2024/ 2025 FY (Table 2)

Overall SDBIP	Number of KPIs and Capital Projects	2024/ 2025 Annual Performance Report				Adjusted indicators	Percentage Performance
		Target Overachieved	Target Achieved	Target not achieved	N/A	Cancelled Projects	Total %
Total Indicators	209	22	109	67	06	5	66%

2023/ 2024 FY (Table 3)

Overall SDBIP	Number of KPIs and Capital Projects	2023-24 Annual Performance Report				Adjusted Indicator	Percentage Performance
		Target Overachieved	Target Achieved	Target Not Achieved	N/A	Cancelled indicators	Total %
Total Indicators	210	26	123	47	14	14	76%

Institutional performance of the Municipality and Summary of indicator performance briefly in the Annual Performance Report 2023-24 for comparison with the 2024-25 Annual Performance Report scores, this tabulated score depicts a 10% decline in overall performance as compared to the previous year's performance.

1. Detailed Performance Per Department/ KPA.

Office of the Municipal Manager

The Office of the Municipal Manager comprises of the following Divisions:

- Internal Auditing
- Risk Management
- Safety & Security
- All the six Directorates

Achievements

- Audit Committee established and functional.
- 31 out of 33 audits were executed in the financial year.
- The Municipality has maintained the unqualified Audit opinion for the fifth year in a row.
- Ten (10) Audit Committee meetings were held in the financial year, and reports were sent to council.
- Risk committee is established and functional where 5 Risk registers are developed for mitigation of all risks.
- No fraud and corruption cases reported in this financial year.
- Fraud and corruption awareness conducted in the financial year, (17 June 2025)
- All Risk Management Committee meetings were held as planned in the financial year.
- All 40 Audit performance committee resolutions are implemented for 2024/ 25 FY.
- 6 Policies/strategies approved by Council, namely: Risk Management Policy, Risk Management Strategy, Fraud Management Policy, Fraud Management Plan, Business Continuity Policy, Whistle Blowing Policy in 2024/ 25 FY.

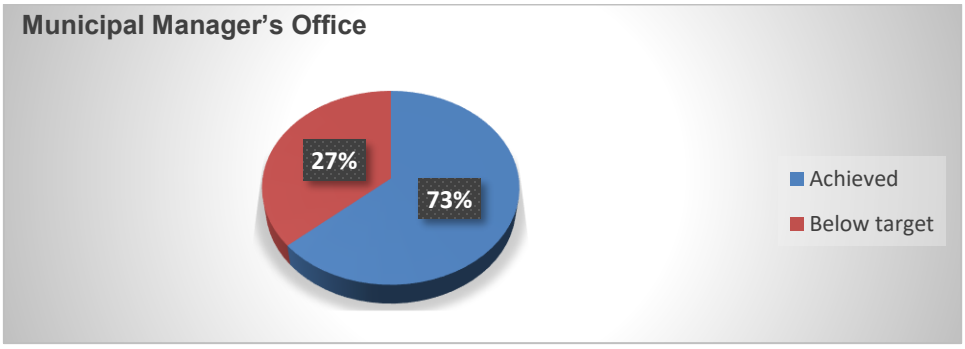
Challenges

- Performance information has received a qualified audit opinion in the AG management report.
- 2 out of 3 AGSA findings resolved in 2024/ 25 FY.
- 3 out of 4 Internal Audit findings are not addressed.

Municipal Manager's Office: out of the Twenty-five (25) indicators, two (2) are not applicable, one (1) capital Project is cancelled, fourteen (14) achieved, two (2) over-achieved, and six (6) performed below target. A score of 73% for the department is achieved and 1 project still in progress.

Indicators	Total number 25
Achieved Target	14
Exceeded	02
Over exceeded	0
Below Target	06
Unsatisfactory	0
Not Applicable	02
Cancelled target	01

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Anti-corruption	N/A	M_24	Percentage of Fraud and Corruption cases Reported and referred for investigation. Non-cumulative	Fraud and corruption reported and investigated	The Investigation of any reported/ identified fraud or corruption case in the Municipality	#	Lep_MRisk	0	100%	N/A	No fraud cases were reported and referred for investigation in 2024/ 25 FY	N/A	N/A	OPEX	OPEX	100% Fraud and Corruption cases Reported and referred for investigation by 30th June 2026	Investigation Report, register for reported cases.
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_EXP1	Percentage Budget Spent on Capital Projects identified for financial year i.t.o. IDP. YTD	Capital budget Expenditure Progress in the institution	Monitor the rate of Total capital budget expenditure on a regular base	%	Lep-CFO	64%	80%	82%	82% Capital budget Expenditure for the institution is R 189 870 333.83 against the budget of R 231 862 200. (Target over-achieved)	Management overachieved on this project due to forward planning on implementation of Capital projects	None	R 189 870 333.83	R 231 862 200	The target applicable on Budget & Treasury Office	Capital Budget Expenditure report
YeKPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Anti-corruption	N/A	M-0024	Number of Risk Management Policies and Strategies Reviewed and sent to council for adoption non-cumulative	Compliance to risk legislation	Reviewing of policies and strategies attached risk management and approval by council	#	Lep_MRisk	3	6 Policies/strategies	6 Policies/strategies adopted/ approved	6 Policies/strategies approved by Council, namely: Risk Management Policy, Risk Management Strategy, Fraud Management Policy, Fraud Management Plan, Business Continuity Policy, Whistle Blowing Policy in 2024/ 25 FY (Target achieved)	None	None	OPEX	OPEX	6 Risk Management Policies reviewed and approved by Council by 30th June 2026	Council Resolution and Approved copy of policy/strategy
KPA6: Good Governance and Public Participation\	N/A	M_0	Number of fraud and corruption awareness	Fraud and corruption	Conduct fraud awareness on	#	Lep	1	2	1	1 Workshop on Fraud and Corruption	Awareness not conducted in the 3rd quarter due	The misalignment was	OPEX	OPEX	2 fraud and corruption awareness	Posters/Notices and Social Media

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
Responsible, accountable, effective, and efficient corporate governance\ Risk Management		001	conducted per quarter. YTD	Awareness campaigns	municipal staff and the public		_MRisk				was conducted in 2024/ 25 FY. (Target not achieved)	to misalignment between PMS and Risk Management Plan.	corrected during the 2025/ 2026 financial year.			conducted per quarter by 30th June 2026	pages Staff emails
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_00002	Number of Risk registers developed, monitored and emerging Risks identification. Non-cumulative	Risk Management	Development of all risk registers and quarterly monitoring of risk mitigations	#	Lep_MRisk	6	5 Risk registers	5 Risk registers	5 Risk Registers are monitored on a Quarterly basis in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	5 Risk registers by 30th June 2026	Risk registers. (Strategic, Operational, Fraud, Project, ICT)
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_00003	Number of Risk Committee Meeting conducted per quarter. YTD	Risk Management in Compliance with Legislation	Convening of Risk management committee meetings and discussing progress on risk mitigations	#	Lep_MRisk	6	5 Meetings	5 Meetings	5 Risk Management Meetings conducted in 2024/ 25 FY. (Target achieved)	None	None	R 60 640.00	R 250 000	5 Risk Committee Meetings conducted by 30th June 2026	Invitation, Minutes& attendance register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_648	Number of Audit Committee meetings held Annually. YTD	Operation clean Audit and Compliance	Convening of Audit committee meetings and discussing progress on implementation of Audit action plans and other governance matters	#	Lep_MIA	12	10 Meetings	10 Meetings	10 Audit Committee meetings conducted in 2024/ 25 FY. (Target achieved)	None	None	R 376 133.82	R 387 107	4 Audit Committee meetings held Annually by 30th June 2026	Invitation, Minutes, and attendance register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_00004	Number of Audit Committee reports submitted to Council Annually YTD	Reporting to Council	Reports sent to council by Audit Committee chairperson	#	Lep_MIA	6	4 Audit Committee reports	4 Audit Committee reports	4 Audit Committee Reports served to Council in 2024/ 25 FY. (Target Achieved)	None	None	OPEX	OPEX	4 Audit Committee reports submitted to Council Annually by 30th June 2026	Audit Committee Report submitted to Council and Council resolution
KPA6: Good Governance and Public Participation\	N/A	M_0	Number of Audit Action Plan developed	Operation clean Audit	Development of Audit Action plan	#	Le	1	1 Audit Action Plan	1 Audit Action Plan	1 AG action plan developed and	None	None	OPEX	OPEX	1 Audit Action Plan developed	AG Action Plan

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Responsible, accountable, effective, and efficient corporate governance\ Audit Committee		005	Annually Non-cumulative				p_MIA				is monitored. (Target Achieved)					Annually by 31st January 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_652	Implementation Audit reviews as per Audit plan in a quarter Non-cumulative	Compliance with legislation and Governance processes	Implementation Audit reviews as per Audit plan in a quarter	%	Lep_MIA	100%	80% of reviews conducted	94% of reviews conducted	31 out of 33 audits were completed in 2024/ 25 FY. (Target over-achieved)	Audit Projects for the Q1, Q2 and Q3 were successfully conducted due to coordinated efforts from the internal audit staff and the municipal staff and this led to an overachievement of the target.	None	OPEX	OPEX	90% Audit reviews conducted per quarter by 30th June 2026	Audit Plan Internal Audit Reports
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Internal Audit	N/A	M_0006	Number of times internal audit Query Register updated and monitored per quarter. YTD	Compliance with legislation and Governance processes	Development of internal Audit Query register by internal audit unit and quarterly monitoring of progress on implementation of recommendations	#	Lep_MIA	4	4 times that action plan is updated	4 times that action plan is updated	Internal Audit Query registers updated 4 times a year in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Internal Audit Query Registers updated and monitored by 30th June 2026	Query Register served at Audit Committee during the quarter
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_068	Number of Internal Audit Quarterly Reports submitted by Audit committee per quarter YTD	Audit Committee Oversight on Internal Audit Processes	Submission of reports to the Audit Committee on Implementation of audit plan to the Audit Committee by CAE	#	Lep_MIA	4	4 Internal Audit Reports	4 Internal Audit Reports	4 Internal Audit Quarterly Reports submitted to the Audit committee in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Internal Audit reports on the implementation of Internal Audit Plan submitted to AC by 30th June 2026	Internal Audit quarterly Report
KPA6: Good Governance and Public Participation\ Responsible,	N/A	M_6	Number of Unqualified Audit Opinion received from	Operation Clean Audit	Attain Unqualified Audit Opinion	#	Lep-	1 unqualified audit opinion	1 Audit unqualified opinion	1 Audit unqualified opinion	The municipality obtained Unqualified	None	None	OPEX	OPEX	1 Unqualified Audit Opinion	Audit report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
accountable, effective, and efficient corporate governance\ Auditor General		50	AG per annum non-cumulative				CFO				audit opinion for 2023/ 24 FY. (Target achieved)					without material findings Attained and Maintained by 31st December 2025	
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Safety and Security	N/A	M_706	Number of safety and security meetings held per quarter. YTD	Functional Safety and Security in the municipal spaces	Convening of quarterly safety and security meetings by security personnel	#	Lep-MMsec	4	4 Safety and security meetings	4 Safety and security meetings	4 Safety and Security meetings held in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Safety and Security meetings conducted by 30th June 2026	Invitations, agenda, attendance register, minutes
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Safety and Security	N/A	M_067	Number of safety and security audits conducted per quarter. YTD	Functional Safety and Security in the municipal spaces and assets	Conducts the audit on the municipal security systems and tools regularly on all municipal properties /assets	#	Lep-MMsec	4	4 safety and security audits	4 safety and security audits	4 Safety and Security Audits conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Safety and Security surveys conducted by 30th June 2026	Security Survey sheets Security Report
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	0%	100%	67%	2 out of 3 AG queries resolved in 2024/ 25 FY. (Target not achieved)	The finding on the IA Unit external assessment could not be addressed in the 2024/25 financial year due to inadequate budget and changes in the Internal Audit Standards.	Budget will be allocated in the 2026/ 27 Financial year to carry out the external assessment.	OPEX	OPEX	100% AG queries resolved by the Office of the MM by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and	N/A	M_27	Percentage of Internal audit findings resolved. YTD	Operation compliance with regulations and governance processes	Implementation of recommendations by the Internal Audit to	%	Lep_M	48%	100% Internal audit findings	25% Internal audit findings	1 out of 4 Internal audit findings resolved in 2024/ 25 FY.	**RISK MANAGEMENT** The finding could not be addressed due to insufficient	**RISK MANAGEMENT** To request the additional	OPEX	OPEX	100% Internal audit findings resolved by the Office of	Summary of IA queries resolved signed by CAE and EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
efficient corporate governance\ Auditor General					resolve all the findings		IA				(Target not achieved)	funds to conduct BCM testing and Training. **SECURITY MANAGEMENT UNIT:** 1 The finding could not be resolved due to the delays in the review of Security policy. 2 The finding could not be resolved due to the list of Laptops owners that contained errors as a result the laptop permits could not be issued.	budget during the 2025/ 26 Budget Adjustment to cater for BCM Testing and training. **SECURITY MANAGEMENT UNIT:** 1. The Draft Security policy will be submitted to Management for inputs before the end of 1st quarter of 2025/ 26 FY. 2. Issuing of the permits by the end of the August 2025.			the MM by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. non-cumulative	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	81%	100% Audit Committee resolution	100% Audit Committee resolution	All 40 Audit performance committee resolutions are implemented for 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by the Office of the MM by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register YTD (cumulative)	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	90%	100% risks resolved	83% risks resolved	5 out of 6 Risks resolved in 2024/ 25 FY. (Target not achieved)	The installation of CCTV cameras in the remaining Municipal sites could not be installed due to Insufficient budget that was	Budget for installation of CCTV cameras at Municipal sites could not be allocated in the 2025/ 26	OPEX	OPEX	100% Risk mitigations implemented by the Office of the MM by 30th June 2026	Summary of Risks resolved signed by CRO and EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
												allocated in the 2024/ 25 FY.	FY, however we will request the budget in the 2026/ 27 FY to mitigate the risk.				
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_691	Percentage of Implementation of council resolutions per quarter	Implementation of Council resolutions	Carrying out and completion of council instruction within a specific quarter	%	Lep_MAdmin	100%	100% Council resolutions	100% Council resolutions	All 22 Council Resolutions implemented in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	100% Council resolutions implemented by the Office of the MM by 30th June 2026	Council Resolution Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system by customer care and successfully attended to by department per quarter YTD	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints by department concerned	%	Lep-Madmin	90%	100% complaints	N/A	No complaints for MM's office were received on the electronic system in 2024/ 25 FY.	N/A	N/A	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by the Office of the MM by 30th June 2026	System generated quarterly Report signed off by EM
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	97%	100% creditors paid	98% creditors paid	58 out of 59 payments of creditors paid within the specific timeframe and 1 payment paid late. (Target not achieved)	One (1) invoice had errors and was referred to the supplier for corrections and that led to the late payment of the invoice in question.	Invoices with disputes will be treated with priority and will continuously be followed up with the Service Provider and ensure that they are paid within 30 days.	OPEX	OPEX	100% Creditors paid within 30 days by Office of the MM by 30th June 2026	Payment Report signed by Manager Expenditure

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Communication	N/A	M_654	Percentage of required Legislated Publications published on Municipal website from each directorate per quarter as per sec 75 of MFMA	Updating of the website with required documents	Update the website in accordance with sec 75 of MFMA with relevant document as a when required	%	Lep_Mcom	100%	100% publications	100% ppublications	100% Legislated Publications published on Municipal website from each directorate per quarter as per sec 75 of MFMA. (Target achieved)	None	None	OPEX	OPEX	100% Updating of Municipal Website as per Sec 75 of the MFMA by the Office of the MM by 30th June 2026	Calendar of Legislated Publications, Screenshots of Reports Published.
PROJECTS UNDER THE OFFICE OF THE MUNICIPAL MANAGER																	
Responsible, Accountable, Effective and Efficient Corporate Governance	MM1	AO-1	Number of development Agency established under Lephalale Local Municipality	Create conducive environment for business to invest and prosper	Development of Lephalale Economic growth strategy for vision 2050 – Lephalale development agency	#	LM-LED	Concept document for strategies available	1 Agency under Lephalale Local Municipality Established	1 Agency under Lephalale Local Municipality not Established	The Development Agency has not yet been established due to legislative consultations that are is still outstanding (Target not achieved)	The process of the feasibility study is at a legislatively imposed consultative stage with sector department., this has resulted in delays in commencing and concluding the Agency establishment process.	Engaged Treasury about the consultation process, where it was confirmed that the recommendations from the service provider are required to give directions on modalities of agency establishment. Which may eliminate the physical consultation by sharing the draft report for comments	R 2 782 080	R3 000 000	N/A	Adverts, appointment letter, payment vouchers, progress report
Improve functionality, performance, professionalism	MM/S	AO-2	~~Number of Mobile walk-through metal detector~~	~~Protection and safeguarding of municipal assets~~	~~Mobile walk-through metal detector~~	#	~~LM-se~~	~~Outdated and non-functional walk-~~	~~1 Mobile walk-through metal~~	-	-	-	-	-	~~R200 000~~	N/A	~~adverts or Request for quotations, Appointment letter or~~

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
	S4		~~installed at Lephalale~~				~~cu~~	~~through detector~~	~~detector installed~~								~~issued order, Delivery Note or payment voucher.~~

2. Strategic Support Services

The Department comprises of the following Divisions:

- Integrated Development Planning
- Performance Management System
- Public Participation
- Communication Services

Achievements

- 12 Special programs awareness campaigns/meetings held in 2024/ 25 FY.
- Local Newspaper, What's App and Face book are utilised as media platforms to keep the stake holder and community abreast with matters of civil interest, 25 media releases were issued in the FY.
- 273 notices issued and published through social media in 2024/ 25 FY.
- The quarterly performance assessments were conducted between Acting Municipal Manager and Directors for all 4 quarters in the financial year, and Annual Performance Evaluations for 2023-24 FY were conducted.
- 4 HIV/Aids campaigns/ meetings held in 2024/ 25 FY.
- The Oversight on Annual Report, Performance Agreements, Draft IDP, final IDP, and Adjusted SDBIP have been published on the Website.
- IDP 2025-26 compiled and adopted by council by end of May 2025, IDP Representatives forums and Road shows were successfully conducted.
- All Audit committee resolutions are resolved or implemented in the financial year.
- Draft Annual Report tabled to Council by 31st of January in 2024/ 25 FY and oversight report on 2023-24 annual report was approved by council by end of March 2025.
- No service complains have been reported in 2024/ 25 FY.

Challenges

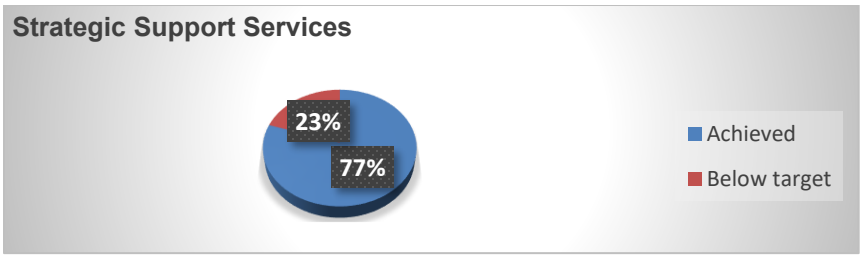
- Not all the Internal Audit findings are addressed.
- Not all Risks are addressed.
- Not all AG findings were resolved.
- Municipal Imbizo for the last quarter was not conducted.

Strategic Support Services: out of the Thirty-one (31) indicators, one (1) is not applicable, twenty-two (22) achieved, one (1) overachieved, and seven (7) performed below target. A score of 77% for the department is achieved. 1 project has been completed and 1 project still in progress.

Indicators	Total number 31
Achieved Target	22
Exceeded	01
Over Exceeded	0
Below Target	07
Unsatisfactory	0
Not Applicable	01

92

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Capacitate disadvantaged groups\ Special Projects	N/A	M_322	Number of HIV/Aids campaigns/meetings held per quarterly YTD	HIV/ Aids Campaigns	Convening of HIV/Aids campaigns/meetings on a quarterly basis by Municipality	#	Lep_MPP	2	4 HIV/Aids campaigns /mee tings	4 HIV/Aids campaigns /mee tings	4 HIV/Aids campaigns/ meetings held. In 2024/ 25 FY (Target achieved)	None	None	OPEX	OPEX	4 HIV/Aids campaigns/ meetings held by 30th June 2026	Invitations, Agenda and Attendance registers
KPA6: Good Governance and Public Participation\ Capacitate disadvantaged groups\ Special Projects	N/A	M_641	Number of special programs awareness campaigns/meetings held) per quarterly, YTD	Community Special Programs	Convening of at least 3 special programs awareness campaigns/meetings on quarterly basis	#	Lep_MPP	9	12 special programs awareness campaigns /mee tings	12 special programs awareness campaigns /mee tings	12 Special programs awareness campaigns/meetings held in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	12 special programs awareness campaigns/ meetings held by 30th June 2026	Invitations, Agenda, and attendance registers
KPA6: Good Governance and Public Participation\ Capacitate disadvantaged groups\ Special Projects	N/A	M-C11	Number of public participation/feedback meetings held per quarterly. YTD	Public Participation Meetings held (one per quarter)	Delivery of feedback to communities by Council	#	Lep_MPP	New indicator no baseline	4 meetings	4 meetings	4 Public participation/feedback meetings held in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Public participation / feedback community meetings held by 30th June 2026	Invitations, Agenda, and attendance registers
KPA6: Good Governance and Public Participation\ Capacitate disadvantaged groups\ Special Projects	N/A	M-C12	Number of Municipal Imbizos held per quarterly. YTD	Number of Imbizos held per annum	Participation of communities in governance issues	#	Lep_MPP	New indicator no baseline	4 Imbizos	2 Imbizos	2 Municipal Imbizos held in 2024/ 25 FY. (Target not achieved)	The fourth imbizo was rescheduled due to logistical challenges. Unfortunately, the schedule did not permit for rescheduling within the FY under review.	The Mayoral Imbizo will be held quarterly, in 2025-26 FY, according to the approved schedule of Imbizo's.	OPEX	OPEX	4 Municipal Imbizos held by 30th June 2026	Attendance registers, Notice and Agenda
KPA6: Good Governance and Public Participation\ Responsible, accountable,	N/A	M_335	Number of media releases published per quarterly. YTD	Communications to stakeholders and media	Issuing of media press statements to media houses on a quarterly basis	#	Lep_C	19	20 media press statements	25 media press statements	25 media releases submitted. (Target over-achieved)	There were high number of municipal activities that required	None	OPEX	OPEX	20 media statements issued by 30th June 2026	Facebook Screenshots or newspaper articles.

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
effective, and efficient corporate governance\ Communication							om					publication in the media.					
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Communication	N/A	M_335B	Number of Communication strategy reviewed per annum	Communication strategy reviewed and implementation	Review of Communication strategy	#	Lep_Com	1	1 communication strategy	1 communication strategy	1 Communication strategy reviewed (Target achieved)	None	None	OPEX	OPEX	1 communication strategy developed and approved by 30th June 2026	Communication Strategy and Council resolution
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Communication	N/A	M_335C	Percentage of Notices from Internal departments published per quarter	Communication	Issuing of public notices by communication unit on quarterly basis	#	Lep_Com	100%	100% Notices	100% Notices	273 notices issued and published through social media in 2024/ 25 FY (Target achieved)	None	None	OPEX	OPEX	100% Internal Notices from departments publicised by 30th June 2026	Facebook Screenshots or copy of notices issued.
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Communication	N/A	M_654	Percentage of required Legislated Publications published on Municipal website from each directorate per quarter as per sec 75 of MFMA	Updating of the website with required documents	Update the website in accordance with sec 75 of MFMA with relevant document as a when required	%	Lep_PMS/IDP	100% Publications	100% Publications	100%	All required documents (The Oversight on Annual Report, Performance Agreements, Draft IDP, final IDP, and Adjusted SDBIP were published on the Website for Strategic Support Services.	None	None	OPEX	OPEX	100% Updating of Municipal Website as per Sec 75 of the MFMA by Strategic Support Services by 30th June 2026	Calendar of Legislated Publications, Screenshots of Reports Published.

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
											(Target achieved)						
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Integrated Development Planning	N/A	M_262	Number of IDP Rep forums meetings successfully held per quarter. Non-cumulative	Public Participation	Convening of at least 1 IDP Rep forum meeting per quarter by the Municipality	#	Lep_MIDP	4	4 IDP Rep forums	4 IDP Rep forums	4 IDP Rep forums meetings successfully held in 2024/ 25 FY. (Target achieved)	None	None	R 928 550	R 928 094	4 IDP Rep forums meetings held by 30th June 2026	Invitations, Agenda and Attendance Registers
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Integrated Development Planning	N/A	M_325	Number of IDP road shows successfully held by end of May	Public Participation	Convening of 3 IDP road shows in the fourth quarter by the Municipality	#	Lep_MIDP	3	3 IDP road shows	3 IDP road shows	3 IDP road shows successfully held on the 15th Aril, 22nd April 2025, and 13th May 2025 in 2024/ 25 FY. (Target achieved)	None	None			3 IDP Road-shows held by 30th June 2026	Invitations, Attendance Register Register of community needs and Agenda
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Integrated Development Planning	N/A	M_657	Percentage of IDP credibility rating by MEC in Financial Year	IDP Rating by MEC from Coghsta	Submission of IDP document to Provincial MEC for assessment and rating	%	Lep_MIDP	100%	100%	100%	IDP document for 2024/ 2025 FY was assessed by the MEC and was found to be satisfactory which is equivalent to 100% credible in 2024/ 25 FY (Target achieved)	None	None	OPEX	OPEX	100% IDP Rating by MEC from COGHSTA by 30th June 2026	MECs credibility report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Integrated Development Planning	N/A	M_658	Number of IDP approved by Council by end May	Timeous IDP Approval	Submission of IDP document to council for Approval as legislated	#	Lep_MIDP	1	1 IDP document approved	1 IDP document approved	1 IDP approved by Council (Item A54/2025 [5]) (Target achieved)	None	None	OPEX	OPEX	1 IDP's reviewed and approved by 30th June 2026	Council resolution
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_06	Number of Final Annual Report approved by Council by end of March *	Timeous approval Annual Report	Submission of oversight on Annual Report to council for approval	#	Lep_PMS	1	1 Oversight Report approved by Council	1 Oversight Report approved by Council	1 Final Annual Report approved by Council in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	1 Oversight Report approved by Council by 30th June 2026	Council resolution
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_09	Number of Draft Annual Reports tabled to Council by 31st of January *	Tabling of Annual Report to Council	Submission of a Draft Annual Report to council for noting	#	Lep_PMS	1	1 Annual Report tabled to Council	1 Annual Report tabled to Council	1 Draft Annual Report tabled to Council by 31st of January in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	1 Annual Report tabled to Council by 31st January 2026	Council resolution
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and	N/A	M_43	Number of SDBIP signed by the mayor within 28 days after the approval of	Approval of SDBIP by the Mayor	Submission of a SDBIP to the Mayor for Approval within the prescribed time frame	#	Lep_PMS	1	1 Approved SDBIP	1 Approved SDBIP	1 SDBIP signed by the mayor within 28 days after the approval of budget in 2024/ 25 FY.	None	None	OPEX	OPEX	1 2026/ 2027 SDBIP's approved by the Executive Mayor within	Signed and dated SDBIP

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
efficient corporate governance\ Performance Management			budget and the IDP								(Target achieved)					28 days after the approval of the budget by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_48	Number of Annual Performance Report submitted to auditor general by August 30th August 2024	Submission of Annual Performance Report to Auditor general	Compile an Annual Performance Report and submit to Auditor General within the prescribed time	#	Lep_PMS	1	1 Annual Performance Report	1 Annual Performance Report	1 Annual Performance Report submitted to auditor general by 30th August 2024 (Target achieved)	None	None	OPEX	OPEX	1 Annual Report compiled and submitted to the office of the Auditor General by 31st August 2025	Signed APR and Acknowledgement of receipt by AG
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_315	Percentage of performance assessments performed for all EMs per quarter	Quarterly Employee Performance assessment/ appraisal by employer.	Conducting the Employee Performance assessment/ appraisal by employer in a quarter	#	Lep_PMS	New indicator no baseline	100% Employee Performance assessment/ appraisal completed	50% Employee Performance assessment/ appraisal completed	2 out of 4 performance assessments for Directors and AMM performed for 2024-25(performance assessment for Mid -year and the third quarter 2024-25 are done) (Target not achieved)	Outstanding Assessments were not conducted due capacity in the PMS unit at the time,	PMS officer was appointed, and capacity is now enhanced, and all quarterly assessment will be conducted for 2025-26 FY, in line with PMS process plan.	OPEX	OPEX	100% performance assessments conducted for EM's including Municipal Manager by 30th June 2026	Copies of dated and signed Assessment Plans
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\	N/A	M_315E	Number of Annual Performance Evaluation done for Municipal manager and Executive Managers per annum YTD	Annual Performance Evaluation for Executive Managers and Municipal manager	Conduction of annual performance evaluations for executive managers by a panel as legislated 9 months after the end of	#	Lep_PMS	New indicator no baseline	1	1	1 Annual Performance Evaluation conducted for Municipal manager and directors on the 5th of June 2025	None	None	OPEX	OPEX	1 Annual Performance Evaluation for Municipal Manager and Executive Managers conducted	Evaluations report.

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Performance Management					financial year under review.						(Target Achieved)					by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_40	Number of\ Quarterly Performance Reports submitted to Audit Committee per quarter	Audit Committee Oversight on Performance Management	Submission of quarterly Performance reports to Audit Committee for Oversight in a quarter	#	Lep_PMS	4	4 Quarterly Performance Reports	4 Quarterly Performance Reports	4 Quarterly Performance Report submitted to Audit Committee (Target achieved)	None	None	OPEX	OPEX	4 Quarterly Performance Reports submitted to Audit Committee by 30th June 2026	Signed quarterly reports submitted to Audit Committee
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Performance Management	N/A	M_44	Number of Section 72 (mid-year performance reports) submitted to MM by 25th of January and to council by 31st January	Submission of Mid-Performance Report to council	Submission of Mid-Performance Report to council in compliance with section 72 of MFMA	#	Lep_PMS	1	1 Mid - Year Performance Report	1 Mid - Year Performance Report	1 Section 72 (Mid-year performance report) submitted to MM by the 18th of January and to council by 31st January (Target achieved)	None	None	OPEX	OPEX	1 Mid-year budget and performance assessments tabled before Council by 31st of January 2026	Council resolution, Mid-Year Report.
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_651	Number of Unqualified Performance Opinion per annum	Operation Clean Audit	Attain a fair presentation Annual Performance Report without material misstatements to the Auditor General	#	Lep_MIA	0	1 Audit Opinion	0 Audit Opinion	AOPO audit received qualified on KPA 2 and Unqualified on KPA: 4 (Target not achieved)	The AOPA was qualified due to misstatements that were contained in the 2023/ 24 Annual Performance Report.	The Management was able to correct the findings except the one for LED, where the Municipality could not obtain POE's for jobs created from Strategic Partners due to POPIA Act. The Municipality	OPEX	OPEX	N/A	AG Audit Report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
													has since decided to report only on information that the municipality has control on.				
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Ward Committees	N/A	M_208	Number of ward committees that are functional in a Municipality	Public Participation	Convening of meetings by ward committee chairpersons and submission of reports from such meetings	#	Lep_MPP	0	15 ward committees	15 ward committees	15 Ward committees are functional in a Municipality (Target achieved)	None	None	OPEX	OPEX	15 Functional Ward committees by 30th June 2026	Minutes of the meetings held; attendance register schedule of meetings
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD cumulative	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	50%	100% queries	71% queries	Total number of 7 AG Audit findings, 5 resolved and 2 not resolved, first finding relates to MIG expenditure reporting variances and POE for Measures taken to improve Performance was not provided. (Target not achieved)	The underlying root causes for the two findings namely 1 The finding on MIG expenditure could not be resolved due to lack of monthly reconciliations between the Grant report and Grant register. 2.The POE for measures taken to improve performance, is still a challenge because it depends on the nature of POEs required for measures taken	The underlying corrective measures are as follows. 1 Going forward the monthly reconciliations will be done between the MIG report and grant register. 2 An internal PMS Training was conducted to train employees on measures taken to improve performance and other PMS related Issues.	OPEX	OPEX	100% AG queries resolved by Strategic Support Services by 30th June 2026	Summary of AG queries resolved signed by CAE and EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
												to improve performance.					
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_27	Percentage of Internal audit findings resolved. YTD Cumulative	Operation compliance to regulations and governance processes	Implementation of recommendations by the Internal Audit to resolve all the findings	%	Lep_MIA	59%	100% Internal audit findings	63% Internal audit findings	18 Total number of IA findings, 1 is not yet due, and 8 were resolved. 9 queries are outstanding. The 9 findings that are not resolved are mainly on the Annual Report 2023/24, findings communications finding and AOPO (Target not achieved)	Annual Report findings could not be resolved due workload for one official and inadequate ward reports. Challenges on AOPO are due errors during planning. Communications findings are not implemented due to damaged vehicle required for travelling to satellite offices and information omitted during the first review of the communication strategy.	AR findings will be addressed during compilation of AR for 2024/25 in December 2025 and AOPO findings are currently being addressed on an-going basis. Communications finding will be addressed during the month of July 2025. The review of the strategy and visiting of satellite offices by August 2025.	OPEX	OPEX	100% Internal audit findings resolved by Strategic Support Services by 30th June 2026	Summary of IA queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. non-cumulative	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	50%	100% audit committee resolutions	100% audit committee resolutions	Out of 31 number of Audit performance Committees resolutions, 26 implemented, 2 on-going, and 3 not yet due. (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Strategic Support Services by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers
KPA6: Good Governance and Public Participation\	N/A	M_6	Percentage of risks resolved within timeframe as	Risk Mitigation	Activities and actions taken minimize or remove risks	%	Lep_	69%	100% risks resolved	86% risks resolved	Out of 14 risk mitigations 12 are implemented	The procurement of an automated PMS system	The District Municipality postponed the procurement	OPEX	OPEX	100% Risk mitigations implemented by	Summary of Risks resolved signed by

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
Responsible, accountable, effective, and efficient corporate governance\ Risk Management		67	specified in the risk register YTD cumulative		attached to objectives of the institution		Risk				2 risk mitigation not yet implemented. (Target not achieved)	through the district municipality could not be realized due to inadequate budget from Waterberg district. Secondly there are delays with the submission of the website information by the user department to communication manager to upload on the website.	process to the second quarter of the next financial year; (October 2025) For Website information, continuous reminders are sent to user department by communications unit for submission on time.			Strategic Support Services by 30th June 2026	CRO and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_691	Percentage of Implementation of council resolutions per quarter	Implementation of Council resolutions	Carrying out and completion of council instruction within a specific quarter	%	Lep_MAdmin	100%	100% council resolutions	100% council resolutions	All 62 Council resolutions implemented, (Target achieved)	None	None	OPEX	OPEX	100% Council resolutions implemented by Strategic Support Services by 30th June 2026	Council Resolution Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by customer care per quarter	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints	%	Lep-Madmin	90%	100% complaints	N/A	No complains have been reported in 2024/ 25 FY	N/A	N/A	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by Strategic Support Services by	System generated quarterly Report signed off by EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
																30th June 2026	
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	90%	100% creditors paid	100% creditors paid	All 356 creditors' invoices paid within 30 days in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	100% Creditors paid within 30 days by Strategic Support Services by 30th June 2026	Payment Report signed by Manager Expenditure
PROJECTS FOR STRATEGIC SUPPORT SERVICES																	
Responsible, Accountable, Effective and Efficient Corporate Governance	SSS/PP1	SSS-1	Number Mayoral Vehicle procured	Healthy and safe working environment	Mayoral vehicle	#	LM-P	New Project	1 Mayoral Vehicle delivered and registered	1 Mayoral Vehicle delivered and registered	The Mayoral Vehicle was procured and registered in 2024/ 2025 FY. (Target achieved)	None	None	R 686 270	R 700 000	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.
Responsible, Accountable, Effective and Efficient Corporate Governance	MM1	AO-1	Number of development Agency established under Lephalale Local Municipality	Create conducive environment for business to invest and prosper	Development of Lephalale Economic growth strategy for vision 2050 – Lephalale development agency	#	LM-LED	Concept document for strategies available	1 Agency under Lephalale Local Municipality established	1 Agency under Lephalale Local Municipality not Established	The Development Agency has not yet been established due to legislative consultations that are is still outstanding. (Target not achieved)	The process of the feasibility study is at a legislatively imposed consultative stage with sector department., this has resulted in delays in commencing and concluding the establishment process.	Engaged Treasury about the consultation process, where it was confirmed that the recommendations from the service provider are required in order direction modalities of agency establishment.	R 2 782 080	R 3 000 000	N/A	Adverts, appointment letter, payment vouchers, progress report

3. Corporate Support Services

The department comprises the following Divisions:

- Administration and Secretariat
- Information and Communications Technology (ICT)
- Human Resources Management
- Legal Services

Achievements

- Employment Equity regulations are implemented as expected,
- Out of 493 budgeted positions, 420 are filled and 73 are vacant.
- 1% total municipality's budget spent on implementing its workplace skills plan, Out of R1 576 711.81 budget, R1 578 210 Spent.
- Four (4) ICT steering Committee meetings were held.
- The implementation of staff regulations is ongoing in the institution.
- 12 Council meetings conducted in 2024/ 25 FY.
- All AG findings are resolved.
- 6 LLF sessions were coordinated, and out of 28Resolutions, 25 were implemented and 3 are outstanding.

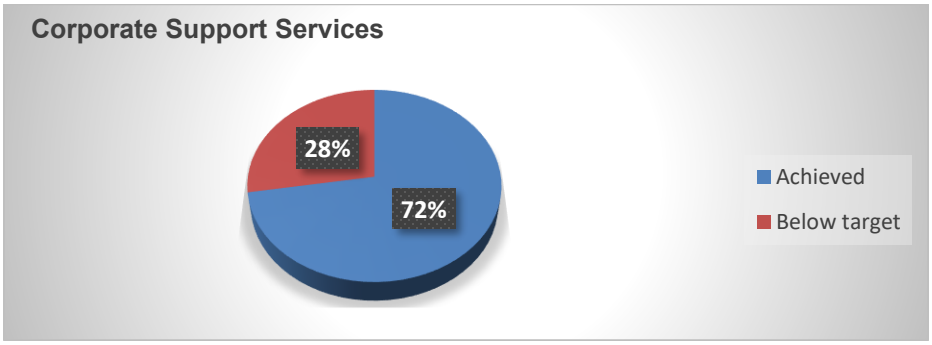
Challenges

- High vacancies at Directors management positions.
- Not all Internal Audit findings are resolved.
- Not all Risks mitigations are addressed.

The Corporate Support Services: out of the Twenty-nine (29) indicators, seventeen (17) achieved, four (4) over-achieved and eight (8) performed below target. A score of 72% for the department is achieved. 2 projects have been completed and 2 projects still in progress.

Indicators	Total number 29
Achieve Target	17
Exceeded	04
Over exceeded	0
Below Target	08
Unsatisfactory	0
Not applicable	0

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Human Resource Management	N/A	M_404	Number of people from employment equity groups employed in the three highest levels of management YTD cumulative	people from employment equity groups employed n managerial	Appointment of people from employment equity groups employed in the three highest levels of management	#	Lep_MHR	26	28	28	Out of 36 positions, 28 are filled and 8 are vacant. (Target achieved)	None	None	OPEX	OPEX	29 people from employment equity groups employed in the three highest levels of management in terms of Employment Equity Act by 30th June 2026	Updated organizational structure and / appointment letters for the quarter
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Labour Relations and EAP	N/A	M_672	Number of EAP workshops/ programs conducted per quarter, YTD cumulative	Municipal Employee wellness	Convening of Employee wellness programs or workshops	#	Lep_MHR	9	8 programs/work shops	10 programs/work shops	10 EAP workshops/ programs conducted in 2024/ 25 FY. (Target over-achieved)	An overachieved was due to additional services that were provided by external stakeholders like Old Mutual.	None	OPEX	OPEX,	8 EAP programs/ workshops conducted by 30th June 2026	Invitation, attendance register.
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Labour Relations and EAP	N/A	M_678	Number of LLF meetings coordinated by corporates Services per quarter. YTD cumulative	Labour consultation	Convening of LLF meetings by coordinating department	#	Lep_MHR	13	6 LLF Meetings	6 LLF Meetings	6 LLF meetings coordinated by corporates Services in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	6 LLF meetings conducted by CSS by 30th June 2026	Invite, Attendance Register,
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Labour Relations and EAP	N/A	M-678A	Percentage of LLF resolutions implemented by corporates Services per quarter. YTD cumulative	Labour consultation	Implementation of LLF resolutions by the coordinating department	%	Lep_MHR	89%	80% Resolutions implemented	89% Resolutions implemented	Out of the 28 Resolutions, 25 were implemented and 3 are outstanding (Target over-achieved)	Most of Resolutions taken included the Municipal Policies which were approved by Council.	None	OPEX	OPEX	80% Resolutions implemented by 30th June 2026	Resolution register

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Occupational health and Safety.	N/A	M_680	Number of OHS audits conducted by June 2025	Municipal Occupational health safety	Conducting an Occupational health safety audit in the municipal space	#	Lep_MHR	1	1 Occupational health safety conducted	1 Occupational health safety conducted	1 OHS Audit was conducted on 25th June 2025. (Target achieved)	None	None	OPEX	OPEX	1 OHS audit in the Municipal Space conducted by 30th June 2026	Quarterly audit reports signed off by EMCSS,
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Training and Development	N/A	M_212	Number of Workplace Skills Plan and Annual Training Report Submitted LGSETA	Municipal Work Skills Development	Compilation of training report and the work skills development plan for Lephalale Local Municipality	%	Lep_MHR	1	1 Workplace Skills Plan	1 Workplace Skills Plan	1 WSP submitted on the 30th of April 2025. (Target achieved)	None	None	OPEX	OPEX	1 Workplace Skills Plan and Annual Training Report Submitted LGSETA by 30th June 2026	Submitted WSP and Annual training Report, Acknowledgement of receipt from LGSTA
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Training and Development	N/A	M_212B	Percentage of total municipality's budget spent on implementing its workplace skills plan YTD cumulative	Percentage of total municipality's budget spent on implementing its workplace skills plan YTD* (cumulative)	Percentage of R-value municipality's (salary bill) budget spent YTD on implementing its workplace skills plan / R-value municipality's (salary bill) budget spent YTD as %	%	Lep_MHR	88%	1% municipality 's personnel budget spent.	1% municipality 's personnel budget spent.	1% total municipality's budget spent on implementing its workplace skills plan (R 1576711.81 of R 1578210) (Target achieved)	None	None	OPEX	OPEX	100% of Municipal budget spent on implementing workplace skills plan by 30th June 2026	BTO Expenditure Report on municipal budget spent.
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\	N/A	M_18	Percentage of municipal new personnel appointed and enrolled to meet the financial minimum competency	Financial minimum competency requirements for relevant staff	Enrolling of newly Appointed relevant staff for a financial minimum competency requirement,	#	Lep_MHR	100%	100%	100%	2 new employees appointed in 2024/ 25 FY and already had a minimum competency requirement	None	None	OPEX	OPEX	100% Municipal new personnel appointed and enrolled to meet the Minimum Competency Requirements	MFMP proof of enrolment

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
Training and Development.			requirements per quarter								(Target achieved)					by 30th June 2026	
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Training and Development.	N/A	M-0032	Percentage of vacancy rate YTD cumulative	Appointment Staff members	Maintenance of numbers of actively appointed staff members against those leaves employment at required rate	%	Lep-MHR	15%	14%	15%	Out of 493 budgeted positions,420 were filled and 73 are vacant. The municipality appointed 28 employees. 17 employees exited the municipality as follows: 7 resigned, 8 retired, 1 contract ended and 1 is deceased. (Target not achieved)	Positions could not be filled timeously due to high volume of applications received for advertised positions which prolonged the turnaround time for processing of the applications and filling of positions.	From the 1st of July 2025 Human resource has commenced with implementation of the approved recruitment schedule which is now monitored by management using the new E-recruitment system which will reduce the prolonged turnaround time on filling of position.	OPEX	OPEX	14%	Appointment letters and / updated organisational structure. Summary report of the vacancy Rate percentage
KPA5: Transformation and Organisational Development\ Improve functionality, performance, and professionalism\ Labour Relations and EAP	N/A	M_672	Percentage of Employee Disclosures of business interest rating YTD	Disclosure of business interest by employees	Percentage of overall employee disclosure of business interest rating obtained from all completed employee business interest disclosure surveys received from employees.	%	Lep_MHR	N/A	100%	100%	All municipal employees have signed the Disclosure of Business Interest Forms. (Target achieved)	None	None	OPEX	OPEX	100% Employee Disclosures on business interest by 30th June 2026	Questionnaire, calculated scores, participation list, rating report
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and	N/A	M_136	Percentage of Service Level Agreements (SLAs) drafted/or reviewed within 7	Drafting of service level agreements	Drafting and completion Service level agreements between Municipality	%	Lep-MLe	100%	100%	100%	All 73 SLAs received were reviewed within 7 days of receipt. (Target achieved)	None	None	OPEX	OPEX	100% Service Level Agreements (SLAs) drafted/or reviewed within 7 working days	Register indicating the date of request of drafting/review of SLA to date of SLA

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
efficient corporate governance\ Legal Services			working days of receipt of notice of appointment from Municipal Manager per quarter		and service providers		gal									of receipt of notice of appointment from Municipal Manager by 30th June 2026	completion. Copies of drafted/reviewed SLAs
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Legal Services	N/A	M_653A	Number of By-laws Gazette by end of Financial Year. Per annum	Compilation of By-laws	Engagement Processes of consultation on drafting by-laws going through public participation and gazetting of by-laws	#	Lep-MLegal	0	1 By -Law	0 By -Law	No By-Law gazetted in the 2024/ 25 FY, however there are 2 by-laws (Transport & Nuisance) awaiting Council Approval. (Target not achieved)	There were delays in conducting of Public Participation sessions which led to late compilation of By-law processes since they need public comments before submission to Council sitting for approval.	The 2 By-laws were submitted to the portfolio committee for the purposes of noting and consideration on the 21st of July 2025, however they were referred due to incorporation of fines. The By-laws will be submitted to the next council before the end of the 1st quarter 2025/ 26 FY.	OPEX	OPEX	1 By-laws Gazette by 30th June 2026	Copy of a gazetted by-law
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Governance and Administration	N/A	M_655	Number of Council meetings held per quarter. YTD cumulative	Good Governance	Sitting of Council meetings	#	Lep-Madmin	20	8 Council meetings	12 Council meetings	12 Council meetings conducted in 2024/ 25 FY. (Target over-achieved)	An overachievement is due to the of Special Council meetings arranged for special items	None	OPEX	OPEX	6 Council meetings conducted by 30th June 2026	Invitations. Attendance register, Meeting Schedule/Calendar
KPA6: Good Governance and Public Participation\ Responsible,	N/A	M_135	Number of ICT Disaster Recovery site tested per annum.	Disaster Recovery	Periodic testing of the ICT disaster recovery site	#	Lep-M	1	2 Disaster Recovery site tested	2 Disaster Recovery site tested	2 ICT Disaster recovery sites tested in 2024/ 25 FY.	None	None	OPEX	OPEX	2 Disaster Recovery site tests conducted by 30th June 2026	Attendance Register, Disaster Recovery

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
accountable, effective, and efficient corporate governance\ IT and Support			YTD cumulative		for nonstop functionality		IT				(Target achieved)						site test Report,
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M-0034	Number of ICT Steering committee coordinated and held by corporate services department, YTD cumulative	ICT Governance meetings	Convening ICT Steering committee meetings by corporate support department	#	Lep-MIT	4	4 ICT Steering committee	4 ICT Steering committee	4 ICT Steering Committee meetings coordinated in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 ICT Steering committee coordinated and held by corporate services department by 30th June 2026	Invitations, Agenda attendance Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M0034A	Percentage of ICT Steering Committee resolutions related to ICT implemented per quarter for meetings held	Implementation of ICT Steering Committee resolutions	Implementation of ICT Steering Committee resolutions	%	M-ICT	88%	80% Resolutions	100% Resolutions	All 21 ICT Steering Committee Resolutions were implemented. (Target over-achieved)	The resolutions taken were all compliance related and had to be implemented on time, and these led to the overachievement.	None	OPEX	OPEX	80% ICT Steering Committee resolutions relating to ICT implemented by 30th June 2026	ICT Steering committee resolution register
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Occupational health and Safety	LPHR-02	LHR-02	Percentage of Performance agreements signed in departments per annum	Implementation of staff regulations	Signing of Performance Agreements by all staff members as regulated	%	LEP-MHR	100%	100% Performance Agreements	75% Performance Agreements	Out of 415 employees as of 1 July 2024, 310 have signed performance agreements and 105 have not signed. (Target not Achieved)	Employees are refusing to sign Performance Agreements due to some concerns about Performance Agreements.	Consultative engagements were held with employees who were refusing to sign the PAs. A communique was issued to All directors and managers for the signing of 2025/ 26 PAs.	OPEX	OPEX	100% employees with signed performance agreements by 30th June 2026	Copies of signed agreements

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Occupational health and Safety	LPHR-03	LHR-03	Percentage of Performance Assessments done for Staff lower than section 56	Staff Performance assessment	Reviewing of Performance Progress by staff lower than section 56	#	LEP-MHR	New indicator no baseline	100% Performance Assessment	0% Performance Assessment	The Midyear Assessments for Staff lower than Section 56 were not conducted. (Target not achieved)	There are no Performance Management and Development System Officer dealing with performance assessments for staff lower than Section 56.	The position of Performance Management and Development System officer is currently unfunded; however, management is planning to start the implementation of Divisional managers assessments by the directors on 2025/ 26 FY	OPEX	OPEX	100% Divisional Managers with signed Performance Assessments by 30th June 2026	Assessment reports
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	66%	100% queries	100% queries	1 out of 1 AG Audit finding was resolved. (Target achieved)	None	None	OPEX	OPEX	100% AG queries resolved by Corporate Support Services by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_27	Percentage of Internal audit findings resolved. YTD (Cumulative)	Operation compliance to regulations and governance processes	Implementation of recommendations by the Internal Audit to resolve all the findings	%	Lep_MIA	74%	100% Internal audit findings	63% Internal audit findings	Total number of 8 Internal Audit Findings, 5 resolved and 3 not resolved (Target not achieved)	1. OHS improvement plan drafted & developed, However the approval was granted towards the end of the FY, Managers & Directors were to be trained on the OHS Plan. 2.	1. Directors & Managers to be trained on the OHS Plan in the 1st quarter of 2025/ 26 FY. 2. Draft Risk assessments is developed and will be shared with Managers & Supervisors	OPEX	OPEX	100% Internal audit findings resolved by Corporate Support Services by 30th June 2026	Summary of IA queries resolved signed by CAE and EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
												Lack of proper template for the daily risk assessment. 3. ICT did not have enough computers to allocate them to other Municipal satellite offices for the electronic leave application and approval.	and implementation will be monitored by the safety Officer in the 1st quarter of 2025/ 26 FY. 3. Allocations of Computers for satellite offices will be prioritised in 2025/ 26 FY.				
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. non-cumulative	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	54%	100% audit committee resolutions	100% audit committee resolutions	All 16 Audit Committee resolutions for the financial year were Implemented, (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Corporate Support Services by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register. YTD cumulative	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	84%	100% risks resolved	88% risks resolved	Total number of 51 Risks on the Risk mitigations, 45 addressed and 6 not addressed. (Target not achieved)	1.Budget constraints on Training of Councillors for POPIA & HR Strategy. 2. Still waiting State Security outcomes on vetting of staff.	1. Engage Salga or sector Department to conduct POPIA training to our Councillors., 2. Follow up with the state Security on the Progress of the Vetting outcomes on a monthly basis.	OPEX	OPEX	100% Risk mitigations implemented by Corporate Support Services by 30th June 2026	Summary of Risks resolved signed by CRO and EM
KPA6: Good Governance and Public	N/A	M_6	Percentage of Implementation of council	Implementation of Council resolutions	Carrying out and completion of	%	Lep	100%	100% council resolutions	100% council resolutions	All 107 Resolutions taken by	None	None	OPEX	OPEX	100% Council resolutions implemented by	Council Resolution Register

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee		91	resolutions per quarter		council instruction within a specific quarter		_MAdmin				Council were implemented. (Target achieved)					Corporate Support Services by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by customer care per quarter	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints	%	Lep-Madmin	90%	100% complaints	100% complaints	All 48 Complaints received on the electronic system attended to (Target achieved)	None	None	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by Corporate Support Services by 30th June 2026	System generated quarterly Report signed off by EM
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	97%	100% creditors paid	100% creditors paid	All 304 Payments to Creditors were paid within 30 days by the Department this Quarter. (Target achieved)	None	None	OPEX	OPEX	100% Creditors paid within 30 days by Corporate Support Services by 30th June 2026	Payment Report signed by Manager Expenditure
PROJECTS FOR CORPORTE SUPPORT SERVICES																	
Responsible, Accountable, Effective and Efficient Corporate Governance	CSS-1	CSS5	Number of business intelligence procured	Business intelligence	Installation and upgrade of recording system in the council chamber	#	LM-ICT	New Project	1 recording system in the council chamber procured	1 recording system in the council chamber procured	The Recording System has been fully installed and is functional. (Target achieved)	None	None	R 394 350	R 400 000	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.
Responsible, Accountable, Effective and	CS	CS	Percentage of Equipment, Computers	Business intelligence	Installation and upgrade of computers	%	LM-	New Project	100% of the upgraded	100% of the upgraded	100% of the IT upgraded system and	None	None	R 1,290,887.80	R 1 300 000	100% IT equipment's procured by	Adverts or Request for quotations,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Efficient Corporate Governance	S3	S2	and IT System upgraded		and IT systems		ICT		IT systems and computer procured	IT systems and computer procured	computer procured (Target achieved)					31st of September 2025	Appointment letter or issued order, Delivery Note or payment voucher.
Responsible, Accountable, Effective and Efficient Corporate Governance /Friendly and conducive working environment	CSS-2	CSS6	Percentage of Furniture and office equipment procured	Office equipment and furniture	Office equipment and furniture acquisition	%	LM-adm	New Project	100% Office equipment and furniture procured	50% Office equipment and furniture procured	The service providers currently busy with procurement of the correct items as per specification and shall deliver. (Target not achieved)	Some of the Items delivered by the Service Provider were not according to the Specification and were subsequently returned.	The Service Provider is currently busy with procurement of correct items as per specification and shall be delivered in the 1st quarter 2025/ 26	R 16 242	R 350 000	100% Office equipment and furniture procured by 31st December 2025	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.
Responsible, Accountable, Effective and Efficient Corporate Governance/ Friendly and conducive working environment	CSS-4	CSS4	Percentage of safe room Furniture procured	Safe room furniture	Safe room furniture acquisition	%	LM-adm	New Project	100% Office equipment and furniture procured	0% Office equipment and furniture procured	Office furniture for safe room could not be procured. (Target not achieved)	The Safe Room project is still under-construction, and furniture could not be procured prior the completion of the project.	To procure the furniture once the safe room is completed.	R 0	R 150 000	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.

4. Development Planning

The department comprises the following Divisions:

- Building Control
- Land Use Management
- Human Settlements
- Local Economic Development

Achievements

- The housing beneficiary list was updated, 1318 housing beneficiaries identified and captured in the National Housing Need Register (NHNR) in 2024/ 25 FY.
- All 327 Housing enquiries attended to within 15 days of receipt in 2024/ 25 FY.
- 6 Housing Consumer Education Programmes conducted in the 2024/ 25 FY.
- 50 Building plans were received and assessed within 22.8 working days.
- 68 Applications assessed and finalised with an average turnaround time of 9.4 weeks.
- Detection of building control contraventions and enforcing of building control regulation by the municipality is implemented.
- 24 Contravention notices were attended to within an average turnaround time of 1.15 working days.
- 621 Jobs created in the 2024/ 25 FY.

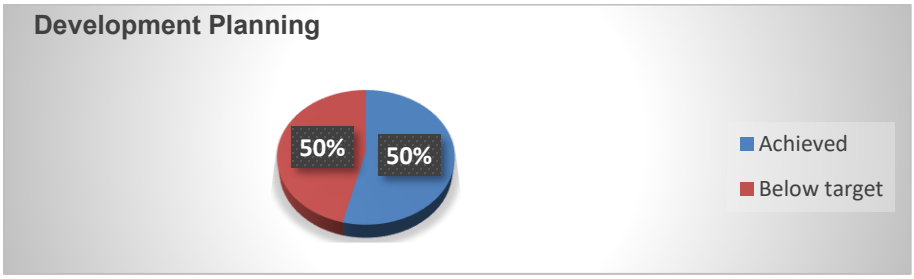
Challenges

- Urban sprawl and informal settlements, Mmamojela park along R510, Mahlakung on Chris Hani Avenue encroachment to the District Hospital
- Non -compliance with building control regulations at Marapong township and Onverwacht by residents
- Extension at Rural villages not adhering to the local SDF.
- The Process of re-establishment of the Municipal Planning Tribunal for Municipal readiness experiences delays
- The review of the Lephalale Municipal SDF is in progress (Milestones attached to Phase 1 to Phase 4 presented to IGR PSC) - 3 phases remaining.
- Review is progressing in accordance with the Project Work Plan (divided into 6 phases). Phase 1 complete, Phase 2 and 3 in progress. Phase 4,5 and 6 not yet started.

Development Planning: out of the Twenty-seven (27) indicators, one (1) not applicable, nine (9) achieved, four (4) over-achieved and thirteen (13) performed below target. A score of 50% for the department is achieved and 2 projects are still in progress.

Table 5 Indicators	Total number 27
Achieved Target	9
Exceeded	04
Over exceeded Target	0
Below Target	13
Unsatisfactory	0
Not Applicable	1

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Socio Economic Surveys	N/A	M_186	Percentage of Housing enquiries attended to within 15 days of receipt queries quarterly	Housing needs query management	Attend to quarterly queries on housing needs from consumers and keep records	%	MHS	75%	100% of queries attended.	100% of queries attended.	All 327 Housing enquiries attended to within 15 days of receipt in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	100% Housing enquiries attended within 15 days of receipt by 30th June 2026	Query register
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Socio Economic Surveys	N/A	LM_HS1	percentage of housing beneficiaries identified and captured in the National Housing Need Register (NHNR).	Update the National Housing Need Register (NHNR).	Capturing of beneficiaries in the National Housing Need Register (NHNR).	%	MHS	75%	100% beneficiaries identified.	100% beneficiaries identified.	1 318 housing beneficiaries identified and captured in the National Housing Need Register (NHNR) in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	100% Housing beneficiaries identified and captured in the National Housing Need Register (NHNR) by 30th June 2026	Beneficiary List
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Socio Economic Surveys	N/A	LM_HS2	Number of consumer Education conducted per quarter YTD (Cumulative)	Housing Consumer education	Conduct a formal consumer education about housing needs and access	#	MHS	4	4 consumer Education	6 consumer Education	6 Housing Consumer Educations conducted in 2024/ 25 FY. (Target over-achieved)	More HCE Programmes were due to the available resources that are not available, e.g. (vehicles, time, and stuff), therefore more priority went towards Consumer Education.	None	OPEX	OPEX	4 Housing Consumer Education conducted by 30th June 2026	Attendance register, invitations, agenda

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Socio Economic Surveys	N/A	LM_HS3	Number of Socio-Economic Survey conducted per quarter (non-cumulative)	Socio-Economic Survey	Conduct a Socio-Economic Survey in our informal settlements in a quarter	#	MHS	4	4 socio economic surveys	2 socio economic surveys	2 socio Economic Survey conducted for 2024/ 25 FY. (Target not achieved)	Lack of support on logistic coordination by Ward Committees where the Surveys are required.	Continuous deliberations with respective ward committees attached to informal settlements. Socio - economic survey will continue in the next financial year.	OPEX	OPEX	4 Socio-Economic Surveys conducted by 30th June 2026	Socio Economic Survey Report, Completed signed forms
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Building Plans Administration and Inspectorate	N/A	M_114	Average turnaround time of building contraventions detected and attended to, within 2 working days. (Non-cumulative)	Compliance with building control regulations	Detection of building control contraventions and enforcing of building control regulation by the municipality	#	MBC	2 working days	2 working days	1.15 working days	24 Contravention notices were attended to within an average turnaround time of 1.15 working days (Target over-achieved)	The availability of staff within the Department enhances the efficiency for both Land-Use and Building Control	None	OPEX	OPEX	2 working days average turn-around time of building contraventions detected and attended too by 30th June 2026	Copies of notices issued
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Building Plans Administration and Inspectorate	N/A	M_759	Average turnaround time for assessment of building plans. (Non-cumulative)	Compliance with building control regulations	Assessment and approval of building plans in line with building control regulations	#	MBC	26,9 working days	30 working days	22.8 working days	50 Building plans were received and assessed within 22.8 working days (Target over-achieved)	Swift assessments on Building Plans by the department and monitoring by Directors shortens the turnaround time.	None	OPEX	OPEX	30 working days average turn-around time for assessment of building plans by 30th June 2026	A register indicating the date in which Building plans were received to assessment conclusion

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Land use	N/A	M_760	Average turnaround time (weeks) for assessment and finalization of land use and development applications from the date of receipt as delegated to the Executive Manager per quarter. (Non-cumulative)	Implementation of the municipal Land use scheme	Receipt of land use application and assessment to completion thereof by delegated authority in the Municipality within the specified time frame	#weeks	MLU	0 weeks	16 weeks	9.4 weeks	68 applications assessed and finalised with an average turnaround time of 9.4 weeks (Target over-achieved)	The availability of staff within the Department enhances the efficiency for both Land-Use and Building Control	None	OPEX	OPEX	16 weeks average turn-around time for assessment, finalization of land use and development applications from the date of receipt as delegated to the Executive Manager by 30th June 2026	Assessment Register
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Land use	N/A	M_755	Average turnaround time (weeks) for assessment and finalization of land use and development applications from date of receipt as delegated to the Municipal Planning Tribunal. (Non-cumulative)	Implementation of the municipal Land use scheme	Receipt of land use application and assessment to completion thereof by delegated authority in the Municipality within the specified time frame	#weeks	MLU	0 weeks	16 weeks	N/A	No applications received qualified to be delegated to the Municipal Planning Tribunal during 2024/ 25 FY.	N/A	N/A	OPEX	OPEX	16 weeks Average turn-around time for assessment, finalization of land use and development applications from date of receipt as delegated to the Municipal Planning Tribunal by 30th June 2026	Tribunal Resolution letter/s
KPA1: Spatial Rationale\ Rational	N/A	M_7	Average turnaround time of land use	Compliance with Municipal	Detection of Municipal land use	#we	MLU	1,95 working days,	2 working days	2.3 days	26 notices issued within the average of	The under achievement was because of	To make provision for officials to	OPEX	OPEX	2 working days average	Copies of Notices issued.

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
planning to bridge first and second economies and provide adequate land for development\ Land use		61	contraventions detected and attended to within 2 working days. (Non-cumulative)	Land use Scheme	scheme contraventions and enforcing of Municipal land use scheme by the municipality	eks					2.3 workings days. (Target not achieved)	unavailability of the property owners to receive contraventions notices issued to them.	issue notices after working hours in the 2025/ 26 FY, to target availability of property owners after working hours.			turn-around time of land use contraventions detected and attended to within 5 working days by 30th June 2026	
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Land use	N/A	GG-001	Number of properties identified and verified in line with Land use activities per quarter. (Non-cumulative)	Implementation of Municipal Geographic Information System	Identify and verify land use rights for a group of properties per quarter	#	GIS/LUS	120	120 properties identified	120 properties identified	120 properties identified. (Target Achieved)	None	None	OPEX	OPEX	120 properties identified and verified in line with Land use activities per quarter by 30th June 2026	Property Register
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Land use	N/A	GG-002	Number of the Municipal Spatial Development Framework compiled and approved by Council	Compiling Municipal Spatial Development Framework	Compiling Municipal Spatial Development Framework	%	MLU	1	1 Municipal Spatial Development Framework	0 Municipal Spatial Development Framework complied and approved by Council	The Municipal Spatial Development Framework is not yet complied and approved by Council. (Target not achieved)	The under achievement was as result of incorrect planning as it was not supposed to be in the 2024/ 25 SDBIP	A proper plan to review the SDF will be developed and implemented in the 2025/ 26 FY.	OPEX	OPEX	N/A	SDF Document Council Resolution
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land	DP15	Dpp1	Number of Spatial Development Framework reviewed	Revision of Spatial Development Framework	Reviewing of the Municipal Spatial Development Framework	#	MLU	1	1 Spatial Development Framework	0 Municipal Spatial Development Framework	The draft Municipal Spatial Development Framework is due for 60-day public participation period - arrangements	Delayed project meetings	Extension granted for the project duration to be completed in the 3rd quarter of 2025/ 26 FY.	OPEX	OPEX	1 Spatial Development Framework reviewed and approved by Council by 30th June 2026	Revised SDF document

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
for development\ Land use											are progressing for its publication (Target not achieved)						
KPA1: Spatial Rationale\ Rational planning to bridge first and second economies and provide adequate land for development\ Land use	DP19	Dpp2	Number of Municipal Land use Scheme reviewed	Revision of Land use Scheme	Reviewing of the Municipal Land use Scheme	#	MLU	1	1 Municipal Land use Scheme	0 Municipal Land use Scheme	The review of the Municipal Land Use Scheme is yet to undergo its public participation process following the conclusion of its draft documents (Target not achieved)	Delayed project meetings	Extension granted for the project duration to be completed in the 3rd quarter of 2025/ 26 FY.	OPEX	OPEX	1 Municipal Land Use Scheme reviewed and approved by Council by 30th June 2026	Revised land -use scheme document
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Job Creation	N/A	M_688	Number of jobs created through municipal LED initiatives and capital projects per quarter (from municipal budget)	Job Creation through municipal projects	Creation of new additional jobs through municipal projects	#	Lep-MLED	494	440 Jobs created	132 Jobs created	132 Jobs created in the 2024/ 25 FY. (Target not achieved)	The variance of 308 Jobs was because of the Municipal projects that could not be implemented due to non-responsive from bidders as there were projects that went to re-advert 2-3 times during 2024/ 25 FY, namely, Rooigoud Solar Project, Marapong Shopping Complex, R510 and R33 Circle Branding	Municipality is implementing procurement plan on forward planning mode and readvertisements are done quicker for nonresponsive bids in the first quarter of 2025/ 2026 FY.	OPEX	OPEX	440 jobs created through municipal LED initiatives and capital projects per quarter (from municipal budget) by 30th June 2026	List of beneficiaries as per POPIA.

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Job Creation		M_688A	Number of jobs created through strategic partners in the Municipal boundaries per quarter YTD	Job Creation through strategic partners	Creation of new additional jobs strategic partners in the		Lep-MLED	New indicator no baseline	1000	03	03 Jobs created. (Target not achieved)	The variance of 997 Jobs through strategic partners was as a result that the municipality and its stakeholders face significant challenges in creating sufficient minimum jobs due to less economic activities.	Through Municipal Manager Stakeholder meeting is arranged to implement resolutions of Lephalale investment summit to enhance job creation and increase economic activities	OPEX	OPEX	1000 jobs created through strategic partners in the Municipal boundaries by 30th June 2026	List of beneficiaries as per POPIA
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Job Creation	N/A	M_51	Number of workshops on training of SMMEs conducted by 30 June 2025	Training of SMMEs	Conducting of workshops on SMMEs for empowerment	#	MLED	1	2 workshops	2 workshops	2 workshops on SMMEs for empowerment conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	2 SMME's workshops conducted by 30th June 2026	Invitations, Attendance register and Agenda
KPA4: Local Economic Development\ Create a conducive environment for businesses to invest and prosper\ Marketing and Branding	N/A	M_695	Number of workshops/trainings conducted for street traders by 30 June 2025	Training of street Traders	Conducting of a business training session on street traders	#	Lep-MLED	1	1 training session	1 training session conducted	1 business training session on street traders conducted on the 13th of June 2025. (Target achieved)	None	None	OPEX	OPEX	1 Street Traders training conducted by 30th June 2026	Invitations, Agenda, and attendance register
KPA4: Local Economic Development\ Create a conducive environment for	N/A	M_696	Number of meetings held with strategic partners on SLP/ CSI per quarter YTD	Meeting with Strategic partners for	Convening of strategic business partners meetings and discussion of	#	Lep-ML	8	8 meetings	8 meetings held	8 Strategic business partners meetings and discussion of CSI /SLP	None	None	OPEX	OPEX	8 meetings with strategic partners on SLP/ CSI conducted	Invitations Minutes Agenda & Attendance registers

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Update r	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
businesses to invest and prosper\ Marketing and Branding					CSI /SLP Projects by the Municipality		ED				Projects by the Municipality in 2024/ 25 FY. (Target achieved)					by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	100%	100% queries	80% queries	Total number of 5 AG Audit findings, 4 resolved, and 1 not resolved (Target not achieved)	The municipality does not have control over the submissions of documents that are to be submitted by external stakeholders, e.g. (Eskom and Exxaro)	1. The municipality to report with the information that is within the Municipal Jurisdiction. 2.Engage AGSA about accepting a confirmation letter from strategic partners as appropriate POE. For the next financial year. 3.If a negative response is received the indicator will be adjusted in the SDBIP 2025-26	OPEX	OPEX	100% AG queries resolved by Development Planning by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable,	N/A	M_27	Percentage of Internal audit findings resolved. YTD (Cumulative)	Operation compliance to regulations and governance processes	Implementation of recommendations by the Internal Audit	%	Lep_M	71%	100% Internal audit findings	21% Internal audit findings	Total number of 30 Internal Audit findings, 6 resolved, and 23 not resolved	Insufficient budget for implementation of some IA findings and other requires	Budget has been made available, to address findings that require	OPEX	OPEX	100% Internal audit findings resolved by Developme	Summary of IA queries resolved signed by CAE and EM

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
effective, and efficient corporate governance\ Auditor General					to resolve all the findings		IA				(Target not achieved)	additional logistical arrangements like public participation. And non-responsive bidders.	budget by the 30th of December 2025 and The Department has also recorded steps to address all the outstanding findings by December 2025.			nt Planning by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. (non-cumulative)	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	100%	100% audit committee resolutions	100% audit committee resolutions	All 3 Audit committee resolution are implemented for 2024-25(Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Development Planning by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register YTD (cumulative)	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	57%	100% risks resolved	58% risks resolved	Total number of 31 Risks mitigations, 18 addressed, and 13 not addressed (Target not achieved)	1. The challenges includes non adhering to street traders' by-laws, Lack of Municipal land for development and a GIS which not linked the municipal financial system.	1. The institution will allocate the new area to be used by street traders by 31st December 2025 and enforce the street trading by-laws on a daily basis.	OPEX	OPEX	100% risks findings resolved by Development Planning by 30th June 2026	Summary of Risks resolved signed by CRO and EM

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_691	Percentage of Implementation of council resolutions per quarter	Implementation of Council resolutions	Carrying out and completion of council instruction within a specific quarter	%	Lep_MAdmin	100%	100% council resolutions	69% council resolutions	27 out of 39 council resolutions were implemented, and 12 resolutions are outstanding (Target not achieved)	The Community Residential Unit (CRU) is still under construction in Marapong and still yet to be completed by COGSTA for the resolutions to be implemented where the property management services provider must be appointed by the municipality.	LLM management has commenced with process of procurement for the Property management services in 2025/26 FY	OPEX	OPEX	100% Council resolutions implemented by Development Planning by 30th June 2026	Council Resolution Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by customer care per quarter	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints	%	Lep-Madmin	0%	100% complaints	100% complaints	1 out of 1 complaint attended to. (Target achieved)	None	None	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by Development Planning by 30th June 2026	System generated quarterly Report signed off by EM
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	100%	100% creditors paid	100% creditors paid	All 26 Payments to creditors were processed within 30 days by the Department. (Target achieved)	None	None	OPEX	OPEX	100% Creditors paid within 30 days by Development Planning by 30th June 2026	Payment Report signed by Manager Expenditure

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
Expenditure Management																	
PROJECT FOR DEVELOPMENT PLANNING DEPARTMENT																	
Rational planning to bridge first and second economies and provide adequate land for development	DP29	DP-1	Number hectares of Private Land acquired by municipality for development and human settlement	Sustainable and integrated human settlements	Land Acquisition, 5.28Ha, private land ONVERWACHT – Node 1	#	LM-Land	New Project	5.28 Ha procured for Lephalale Local Municipality	3,1 326 Ha procured for Lephalale Local Municipality.	The 3.1326 Ha was paid for and awaiting transfers by Attorneys (Target not achieved)	The delay was caused by vetting process of the transferring attorney prior transferring of funds from the municipal account to the attorney transferring accounts. The process to procure 5.28 Ha land portion were not successful and the Municipality opted for a smaller portion of 3.1326 Ha, and an agreement was reached.	The transfer of the property to the municipality is at advanced stage and expected to be concluded in the 1st quarter of 2025/ 2026 FY.	R 4 566 537	R 5 425 000	N/A	Proof purchase, /invoice
Create conducive environment for business to invest and prosper	SSS/LED11	LED-1	Number Branded entrance into Lephalale Town	Local Economic Development	Branding of Municipal entrance	#	LM-LED	New Project	1 Entrance into Lephalale Town branded	0 Entrance into Lephalale Town branded	Construction of the Branded Entrance is not yet commenced however, advertisement done, and Evaluations completed (Target not achieved)	Non-responsive of bidders for the project.	SCM to re-advertise the project before August 2025.	R 0	R 1 000 000	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports,

5. Budget and Treasury Office

The Department comprises of the following Divisions:

- Budget and Reporting
- Expenditure Management
- Revenue Management
- Supply Chain Management
- Asset Management

Achievement

- Liquidity Ration is higher than required by legislation at 204% in the 2024/ 25 financial year.
- Percentage debt coverage was 1 281% by end the financial year.
- Debt coverage higher than expected due to low borrowings Debt Coverage = Revenue Received R 575 300 732/ Borrowings R 44 921 985.
- Quarterly Financial Report were prepared and submitted to Council on time.
- Turnaround times for procurement are improving; tenders are processed within 53 days on average.
- All Council resolutions on financial management are implemented.
- The SMSs were sent to the customers to settle their accounts.
- The Collection rate shows an improvement of 12% from previous year. The impact of switching clients to prepaid is starting to show improvements.

Challenges

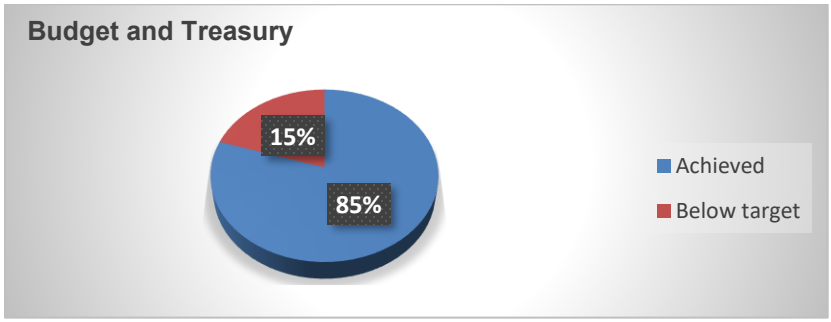
- Revenue collection rate is lower at 88% than the prescribed norm of 95%.
- The general poor economic conditions make it difficult for consumers to make full payments on their accounts hence under collection by 7% compared to National Treasury requirement of 95%.
- Cost coverage is 181% by end of the year.
- Capital budget Expenditure for the institution is 82% which translates from R 189 870 333.83 against the budget of R 231 862 200.00

Budget and Treasury Department: out of the Twenty-six (26) indicators, seventeen (17) achieved, five (5) overachieved and four (4) performed below target. A score of 85% for the department is achieved on indicators.

Table 6

Indicators	Total number 26
Achieved Target	17
Exceeded Target	05
Over exceeded Target	0
Below Target	04
Unsatisfactory	0
Not applicable	0

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA3: Financial Viability and Financial Management\ Enhance revenue andA4:U6 financial management\ Asset Management	N/A	M_17	Number of Asset Verification conducted per annum, by end of August 2024	Asset Verification by end of August 2024	Conducting an Asset Verification by the municipality in financial year	#	Lep-MB&R	1	1 updated Asset register	1 updated Asset register	1 Asset register updated. (Target achieved)	None	None	R 3 128 045.79	R 3 500 000	2 asset verifications conducted by 30th June 2026	SLA of Appointed Service Provider, Updated Asset Registers
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Asset Management	N/A	M_630	Percentage Liquidity ratio (R-value current assets / R-value current liabilities as percentage) per annum, YTD	Liquidity Ratio	For a liability worth R1 the municipality must have at least R2 in the bank,	%	Lep-MB&R	198%	200%	204%	204% Current Asset R478 908 000/Current Liability 234 534 000. (Target over-achieved)	The over-achievement is due to the increase in the current assets of the municipality	None	OPEX	OPEX	200% Liquidity ratio (R-value current assets / R-value current liabilities as percentage by 30th June 2026	Financial report
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Budget and Reporting	N/A	M_25	Number of quarterly financial reports submitted to Council per quarter, YTD (cumulative)	Section 71 Reporting	Submission of quarterly financial reports to council as required	#	Lep-MB&R	4 Section 71 reports submitted to council	4 quarterly financial reports	4 quarterly financial reports	4 quarterly financial reports submitted to council in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 quarterly financial reports submitted to Council by 30th June 2026	Financial Quarterly reports to Council, Council resolution
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Budget and Reporting	N/A	M_281	Number of Annual Financial Statements submitted to the Auditor General on time (by end August) per annum	Good Financial management	Submission of financial statement to Auditor General within prescribed time frames	#	Lep-GRAP	1 AFS	1 AFS	1 AFS	1 AFS submitted to AG on the 30th of August 2024 (Target Achieved)	None	None	OPEX	OPEX	1 AFS compiled and submitted to the Auditor General by 31st August 2025	Set of Financial Statements (AFS)', Acknowledgement of receipt from AG
KPA3: Financial Viability and Financial	N/A	M_3	Percentage Cost coverage (R-value all	Cost - Coverage	Calculate the (R-value all cash at a	%	Lep	209%	200%	181%	Total Cash R74 776 922 / Total Fixed	Excessive spending and payments to	Monitoring of procurement plan on an	OPEX	OPEX	200% Cost coverage (R-value all	Financial Report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDPID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
Management\ Enhance revenue and financial management\ Budget and Reporting		97	cash at a particular time plus R-value investments, divided by R-value monthly fixed operating expenditure) per quarter		particular time plus R-value investments, divided by R-value monthly fixed operating expenditure)		-MB&R				Expenses R41 386 000. (Target not achieved)	creditors at year end led to the under achievement on the target	on-going basis to ensure consistent spending on fixed monthly expenditure and avoid excessive payment of creditors at year end for the 2025-26 financial year			cash at a particular time plus R-value investments, divided by R-value monthly fixed operating expenditure by 30th June 2026	
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_11	Percentage of municipal Financial Management Grant spent YTD* (cumulative)	Provision of internship programs and maintenance of ICT equipment	Municipality to pay for software licenses and fund the internship programs	%	Lep-MB&R	100%	100%	100%	5 interns were appointed, and they all attended the required trainings including MFMP (Target achieved)	None	None	R 1 800 000	R1 800 000	100% Municipal Financial Management Grant spent by 30th June 2026	Financial Report
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_250	Percentage Debt coverage (total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments (i.e., interest + redemption) due within financial year) per annum	Debt - Coverage, Servicing of Municipal debts	Calculate the total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments (i.e. interest + redemption) due within financial	%	Lep-MExp	2177%	200%	1281%	1281% Debt coverage higher than expected due to low borrowings Debt Coverage = Revenue Received R 575 300 732/Borrowings R 44 921 985 (Target over-achieved)	Debt coverage higher than expected due to low borrowing. The municipality is not highly indebted	None	OPEX	OPEX	200% Debt coverage (total R-value operating revenue received minus R-value Operating grants, divided by R-value debt service payments (i.e., interest + redemption) due within financial	Financial Report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
																year) by 30th June 2026	
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_EXP1	Number of payroll Payments processed by 25th of every month per quarter, YTD (cumulative)	Salary Payments on time in the Institution	Capturing and processing of payroll by the 25th of each month	#	Lep-MExp	12	12 Payments	12 Payments	12 payroll Payments processed by 25th of every month (Target achieved)	None	None	OPEX	OPEX	12 payroll reports on payments processed by 25th of every month by 30th June 2026	Pay roll summary. Bank statements
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_EXP1	Percentage Capital budget spent on capital projects identified for financial year i.t.o. IDP per quarter YTD	Capital budget Expenditure Progress in the institution	Monitor the rate of Total capital budget expenditure on a quarterly regular base	%	Lep-MB&R	64%	80%	82%	82% Capital budget Expenditure for the institution is R 189 870 333.83 against the budget of R 231 862 200. (Target over-achieved)	Management overachieved on this project due to forward planning on implementation of Capital projects	None	R 189 870 333.83	R 231 862 200	80% Capital budget spent on capital projects identified for financial year by 30th June 2026	Capital Budget Expenditure report
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\Supply Chain management.	N/A	M_285	Average number of days between closing of tender and adjudication per quarter YTD	Implementation of Procurement plan	Submission adjudication reports within 90dys of closing of a tender to accounting officer for appointment	#	Lep-SCM	18 days	90 days	53 Days	53 Average number of days between closing of tender and adjudication. (Target over-achieved)	Bid Committees are sitting on weekly basis to consider, evaluate, and adjudicate tenders.	None	OPEX	OPEX	90 days average number of days between closing of tender and adjudication by 30th June 2026	Tender Report
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\Supply Chain management	N/A	M_scm1	Number of tender reports submitted to council per quarter YTD (cumulative	Good Governance	Submission of quarterly tender reports to council for consideration	#	Lep-MSCM	4 tender reports submitted	4 Tender reports submitted	4 Tender reports submitted	4 Tender reports submitted to council in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 tender reports submitted to Council by 30th June 2026	Tender Reports, Council resolution

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\Supply Chain management.	N/A	M_scm2	Number of Deviation reports submitted to council per quarter) YTD (cumulative	Good Governance	Submission of quarterly deviation reports for consideration	#	Lep-MSCM	4 deviation reports	4 Deviation Reports	4 Deviation Reports	4 Deviation reports submitted to council in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Deviation Reports submitted to Council by 30th June 2026	Deviation Report Council Resolution
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\Supply Chain management.	N/A	M_scm3	Number of stock count done per annum, by end of June 2025	Asset Management	Counting of stock and assets belonging to the municipality in financial year	#	Lep-MSCM	1	1	1	1 Stock count was done on 30 June 2025. (Target achieved)	None	None	OPEX	OPEX	2 Stock takings and reconciliation counted by 30th June 2026	Stock taking report signed by SCM Manager
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	N/A	M_33	Percentage debt collected per Quarter, YTD	Revenue Collection	Calculation of revenue (R-value total outstanding service debtors divided by R-value annual revenue received for services)	%	Lep-MRev	76%	95%	88%	The Municipality scored below target on revenue collection in 2024/ 25 FY. (Target not achieved)	Some of the customers are indigents and cannot afford to pay. The general dire economic conditions make it difficult for consumers to make full payments on their accounts, hence under collection by 7% compared to NT requirement of 95%. The municipality is having challenges in collecting the debts from	The municipality is switching clients to prepaid and it is starting to show improvements. A debt collector has been appointed to assist the municipality on debt collection; Item for Indigent register was presented to the Council to approve the register and to write off the outstanding	OPEX	OPEX	95% calculation of revenue (R-value total outstanding service debtors divided by R-value annual revenue received for services) by 30th June 2026	Revenue collection report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
												other government departments.	balances that was owed by the Indigents in the Council meeting for October 2024. As of 30 June 2025 - there are 5 685 customers on prepaid electricity with R 110 555 363.60 prepaid sales for 2024/ 2025.The municipality has implemented % blocking effective from April 2025. CoGHSTA is assisting with the collection of Government debts.				
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Revenue Management	N/A	M_636	Number of Notices on payment of services awareness issued to customers by end June 2025	Awareness on payment of services on time and regularly by consumers	Issuing of notices/reminder messages about payment of services by consumers	#	Lep-MRev	1	2	3	3 Awarenesses on payment of services on time and regularly by consumers issued in 2024/ 25 FY. (Target over-achieved)	The over achievement was due to the payment of services awareness campaigns by Municipality to strengthen Revenue collection.	None	OPEX	OPEX	4 notices/ reminders on awareness to customers for payments of services issued by 30th June 2026	Newspaper Advert or Public Notice
KPA3: Financial Viability and Financial	N/A	M_6	Number of updated and credible	Offering of Free Basic	Process of updating an indigent	#	Lep	0	1 indigent register	1 indigent register	The new indigent register	None	None	OPEX	OPEX	1 Indigent register updated by	Indigent register

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Management\ Enhance revenue and financial management\ Free Basic Services		38	indigents register in place per annum YTD	Services to indigents.	register with credible indigents families and submit to council for approval		-MRev				consisting of 2 063 beneficiaries was approved by Council on 29 October 2024. (Target achieved)					30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_650	Number of Unqualified Audit Opinion received from AG per annum	Operation Clean Audit	Attain a fair presentation financial statement without material mis statements to the Auditor General	#	Lep-CFO	1	1 Unqualified Audit Opinion	1 Unqualified Audit Opinion	The Municipality received Unqualified Audit Opinion for 2023/2024. (Target achieved)	None	None	OPEX	OPEX	1 Unqualified Audit Opinion without material findings Attained and Maintained by 31st December 2025	Audit report
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_740	Number of material audit findings against the municipality regarding financial statements per annum	Operation Clean Audit	Make a fair presentation financial statement without material mis statements to the Auditor General	#	Lep-CFO	0	0 material findings on AFS	0 material findings on AFS	0 material findings on AFS against the municipality (Target achieved)	None	None	OPEX	OPEX	0 material findings on AFS by 31st December 2025	Audit report
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	93%	100% queries	100% queries	All 63 AG queries resolved. (Target achieved)	None	None	OPEX	OPEX	100% AG queries resolved by Budget and Treasury Office by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\	N/A	M_27	Percentage of Internal audit findings	Operation compliance to regulations	Implementation of recommendations by the	%	Lep_	77%	100% Internal audit findings	58% Internal audit findings	Total number of 13 Internal Audit findings, 7	The Asset Management Policy was reviewed;	The correct version Asset Management Policy will be	OPEX	OPEX	100% Internal audit findings resolved by	Summary of IA queries resolved

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Responsible, accountable, effective, and efficient corporate governance\ Auditor General			resolved. YTD (Cumulative)	and governance processes	Internal Audit to resolve all the findings		MIA				resolved, 5 not resolved, and 1 not yet due, 6 of 13 findings not resolved: 2 X for assets – Policy updates and Inventory sheet 4 X Interim AFS (9 months). (Target not achieved)	however, the old version was submitted to Council erroneously. The Interim AFS for 9 months were prepared, however not audited by IA to confirm if the findings were addressed.	submitted to Council by end of Q1 2025/2026 The annual financial statements will be fully audited in August 2025 Findings will be closed in the 1st Quarter of 2025/2026			Budget and Treasury Office by 30th June 2026	signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. (non-cumulative)	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	100%	100% audit committee resolutions	100% audit committee resolutions	Out of 97 Audit and performance resolutions, 95 Implemented, 1 not yet due, and 1 is on-going. (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Budget and Treasury Office by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register YTD (cumulative)	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	100%	100% risks resolved	90% risks resolved	Total number of 39 Risks mitigations, 35 mitigations addressed, and 4 not addressed (Target not achieved)	4 of the 39 not addressed due to slow implementation of investment summit packages	Implement the investment summit packages by preparation of Bid spec and advertising in the 2025/ 26 FY	OPEX	OPEX	100% Risk mitigations implemented by Budget and Treasury Office by 30th June 2026	Summary of Risks resolved signed by CRO and EM
KPA6: Good Governance and Public Participation\	N/A	M_6	Percentage of Implementation of council	Implementation of Council resolutions	Carrying out and completion of council	%	Lep_	100%	100% council resolutions	100% council resolutions	All 184 Council resolutions implemented	None	None	OPEX	OPEX	100% Council resolutions implemented	Council Resolution Register

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
Responsible, accountable, effective, and efficient corporate governance\ Audit Committee		91	resolutions per quarter YTD		instruction within a specific quarter		MAdmin				(Target achieved)					by Budget and Treasury Office by 30th June 2026	
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by customer care per quarter YTD	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints	%	Lep-Madmin	0%	100% complaints	100% complaints	All 191 complaints were attended to. (Target achieved)	None	None	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by Treasury Office by 30th June 2026	System generated quarterly Report signed off by EM
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	LepMExp	100%	100% creditors paid	100% creditors paid	All 912 Payment to creditors were paid within 30 days of receiving the invoice. (Target achieved)	None	None	OPEX	OPEX	100% Creditors paid within 30 days by Budget and Treasury Office by 30th June 2026	Payment Report signed by Manager Expenditure
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Communication	N/A	M_654	Percentage of required Legislated Publications published on Municipal website from each directorate per quarter as per sec 75 of MFMA	Updating of the website with required documents	Update the website in accordance with sec 75 of MFMA with relevant document as a when required	%	Lep_Mcom	100%	100%	100%	All Legislative documents have been posted on the website. (Target achieved)	None	None	OPEX	OPEX	100% Updating of Municipal Website as per Sec 75 of the MFMA by Budget and Treasury Office by 30th June 2026	Calendar of Legislated Publications, Screenshots of Reports Published.

6. Social Services

The department comprises the following Divisions:

- Traffic
- Registration
- Waste Management
- Parks
- Libraries

Achievements

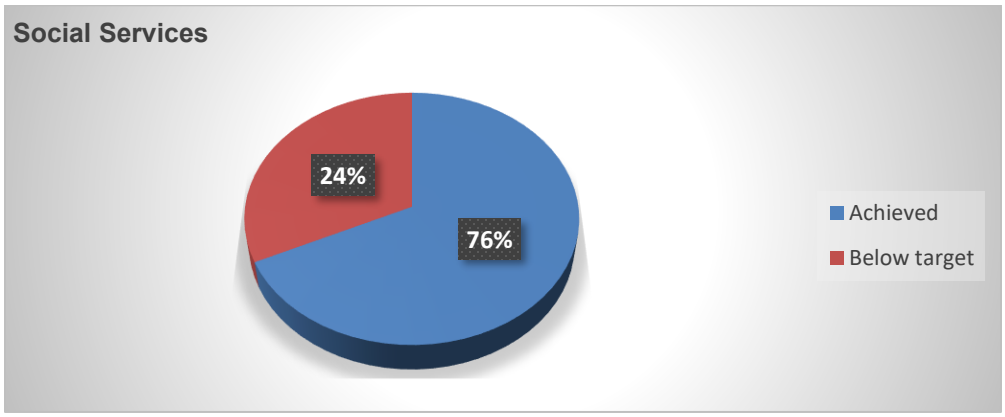
- All 15 parks were maintained in the 2024/ 25 financial year.
- 6.22 hectares of invasive plant species removed YTD.
- 48 waste management education and awareness campaigns conducted for this financial year.
- 218 speed checks were conducted on municipal roads by municipal traffic officers.
- 25 law enforcement joint operations held in 2024/25 FY. With Sector Department, SAPS, and Provincial Traffic Department.
- 51 Traffic stop and check conducted in 2024/ 25 FY.
- The municipality has the approved integrated waste management plan that was endorsed by the MEC of Limpopo Department of Economic Development, Environment and Tourism in November 2024.In implementing the integrated waste management plan 48 waste education and awareness campaigns were conducted,23 villages are provided with Roll-on Roll-off bins for collection of waste, and 11 451 urban households have access to refuse removal.

Social Services department: Out of the Twenty-seven (27) indicators, one (1) not applicable, one (1) cancelled, fourteen (14) achieved, five (5) over-achieved and six (6) performed below target. A score of 76% for the department is achieved. 1 project has been completed and 3 projects still in progress.

Table 7

Indicators	Total number 27
Achieved Target	14
Exceeded Target	05
Over Exceeded Target	0
Below Target	06
Unsatisfactory	0
Not applicable	01
Cancelled target	01

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	N/A	M_170	Number of hectares where invasive tree species are removed in the Municipal area per quarter, YTD	Removal of Invasive tree species	Implementation conservation Act and removal of unwanted tree species	#	Lep-MParks	IPS plan	5 hectares of invasive plant species removed	6,22 hectares of invasive plant species removed	6,22 hectares invasive removed in 2024/ 25 FY. (Target over-achieved)	Additional resources to remove the invasive trees were sourced from waste divisions and infrastructure directorates	None	OPEX	OPEX	10 hectares of invasive plant species removed by 30th June 2026	Implementation plan. Pictures of before and after
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	N/A	M-171	Number of parks maintained per quarter, YTD (non-cumulative)	Maintenance Of Parks	Cleaning and cutting of weeds in our municipal parks	#	Lep-MParks	15 parks	15 Parks maintained	15 parks maintained .	15 Parks maintained as per activity schedule. (Target achieved)	None	None	OPEX	OPEX	15 parks maintenance by 30th June 2026	Activity schedule reflecting the dates/ Attendance Register, Log sheet
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	N/A	M_370	Number of cemeteries maintained per quarter, YTD (non-cumulative)	Maintenance of Cemeteries	Maintenance of cemetery fencing, cleaning of cemetery	#	Lep-MParks	5	6	6	6 cemeteries maintained as per activity schedule. (Target achieved)	None	None	OPEX	OPEX	6 Cemeteries maintained by 30th June 2026	Activity schedule reflecting the dates/days for maintenance activity, Attendance Register, Log sheet
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Environmental Management	N/A	M_702	Number of waste education and awareness campaigns conducted per quarter	Waste education awareness campaigns conducted	Convening of at least 12 Waste education awareness campaigns by waste management unit quarterly	#	Lep-MWaste	48 awareness campaigns	48 awareness campaigns	48 awareness campaigns	48 awareness campaigns conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	48 Waste Education awareness campaigns conducted by 30th June 2026	Attendance registers, Notice, or Invitation

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Library Services	N/A	M_172	Number of library campaigns held per quarter, YTD	Library campaigns conducted	Convening of at least 1 library campaign per quarter	#	Lep-MLib	4 campaigns	4 Library Campaigns	4 Library Campaigns	4 library campaigns conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Library campaigns conducted by 30th June 2026	Attendance registers, Notice, or Invitation
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Library Services	N/A	M_LIB1	Number of Thusong Centre services campaigns held per quarter) YTD	Thusong Centre services for communities	Convening of at least 1 Thusong Centre services campaign per quarter	#	Lep-MLib	4 campaigns	4 Thusong Centre services campaigns	4 Thusong Centre services campaigns	4 Thusong Centre services campaigns conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Thusong Centre services campaigns for communities by 30th June 2026	Attendance registers, Notice, or Invitation
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Library Services	N/A	M-LIB2	Number of community library program held per quarter, YTD	Community library awareness programs	Convening of at least 1 community library awareness program in a quarter	#	Lep-MLib	4 library awareness	4 Community library awareness programs	4 Community library awareness programs	4 Community library awareness programs conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Community Library awareness campaigns conducted by 30th June 2026	Invitations, agenda, attendance register,
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Registry.	N/A	M_395	Average turnaround time between application and testing of applicants for leaner's license per quarter	Testing for leaner's license	Calculation of time taken between application for a leaner's license and the completion thereof	#weeks	Lep-MReg	1 week	1 week	1 Week	3. 05 Average number of days turnaround time between application for learner's license and testing of applicants (Target achieved)	None	None	OPEX	OPEX	2 Weeks average turn-around time between application and testing of applicants for leaner's license by 30th June 2026	Summary of Learners license registers reflecting date of application, date of test and calculation of turnaround time (sampling)

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Registry.	N/A	M_RG1	Average turnaround time between application for driver's license and actual testing per quarter	Testing for driver's license	Calculation of time taken between application for a driver's license and the completion thereof	# weeks	Lep-MReg	1 week	1 week	1 Week	4.3 Average number of days turnaround between application for driver's license and testing of applicants. (Target Achieved)	None	None	OPEX	OPEX	2 Weeks' average turn-around time between application for driver's license and actual testing by 30th June 2026	Summary of Driver's license register reflecting date of application, date of test and calculation of turnaround time. (sampling)
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Registry.	N/A	M_RG2	Number of transport forum meetings held per quarter, YTD	Municipal Transport improvements	Convening of transport forum meetings by the social services department.	#	Lep-MReg	3	4 transport forum meetings	4 transport forum meetings	4 Transport Forum meetings conducted in 2024/ 25 FY. (Target achieved)	None	None	OPEX	OPEX	4 Transport Forum meetings conducted by 30th June 2026	Invitations, agenda, attendance register, minutes
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Road Safety / Law Enforcement	N/A	M_703	Number of speed check operations held per quarter, YTD	Road safety	Conducting of speed checks by municipal traffic officers at least 30 times in a quarter and aggregated yearly	#	Lep-MTraf	163	120 speed check operations	218 speed check operations	218 Speed checks conducted in 2024/ 25 FY. (Target over-achieved)	All speed measuring machines were calibrated and are all functional.	None	OPEX	OPEX	160 Speed-checks operations conducted by 30th June 2026	Speed checks register.
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Road Safety / Law Enforcement	N/A	M_704	Number of law enforcement joint operations held per quarter, YTD	Law Enforcement on roads	Conducting of joint law enforcement by municipality and other law enforcement agencies	#	Lep-MTraf	8	12 Joint Law Enforcement operations	25 Joint Law Enforcement operations	25 Joint law enforcement joint operations held in 2024/ 25 FY. (Target over-achieved)	Intensification of joint operations.	None	OPEX	OPEX	12 Law Enforcement operations conducted by 30th June 2026	Invitations, Stop & check register, attendance register

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Road Safety / Law Enforcement	N/A	M_777	Number of Traffic stop, and check conducted per quarter, YTD	Law Enforcement on roads	Conducting of law enforcement by municipality on the municipal roads	#	Lep-MTraf	New indicator no baseline	48 Stop Checks	51 Stop Checks	51 Traffic stop and check conducted in 2024/ 25 FY. (Target over-achieved)	Intensification of stop and check activities.	None	OPEX	OPEX	48 Traffic Stops and checks conducted by 30th June 2026	Weekly Reports
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	N/A	M_250	Number of urban households provided with weekly refuse removal.	Collection of solid waste from house holds	Weekly / daily collection of solid waste from households and business in our urban areas	#	Lep-MWaste	10 602	8 602	11 451	11 451 urban households provided with weekly refuse removal. (Target over-achieved)	Sectional schemes are included in the amended billing list for the 2024-25 FY which was not the case in previous years	The sectional schemes will be included in billing target for future planning.	OPEX	OPEX	11 450 urban households with access to weekly refuse removal by 30th June 2026	Billing list Log sheet
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	N/A	M_708	Number of rural villages with access to weekly refuse removal services through roll-on, roll-off system in the 2024/25 FY	Collection of solid waste from rural villages	Weekly collection of solid waste from the rural villages through roll on- roll off skip bins	#	Lep-MWaste	17 villages	23 villages	23 villages	23 rural villages have access to weekly refuse removal. (Target achieved)	None	None	OPEX	OPEX	33 rural villages with access to weekly refuse removal services through roll-on, roll-off system by 30th June 2026	Weekly Plan, List of Villages, Log sheet
~~KPA5: Transformation and Organisational Development\ Improve functionality, performance and professionalism\ Occupational health and Safety~~	~~LPSR100~~	~~SR100~~	~~Number of Performance agreements signed in departments per annum, by end of July 2024~~	~~Implementation of staff regulations~~	~~Signing of Performance Agreements by all staff members as regulated~~	#	~~LEP_HR~~	~~1~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~OPEX~~	~~OPEX~~	~~N/A~~	~~Copies of singed agreements~~

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID	ID #	Key Performance Indicator	Project name	Project Description	UOM	Updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	100%	100% queries	N/A	No AG queries in Social Services department for 2024/ 25 FY.	N/A	N/A	OPEX	OPEX	100% AG queries resolved by Social Services by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_27	Percentage of Internal audit findings resolved. YTD (Cumulative)	Operation compliance to regulations and governance processes	Implementation of recommendations by the Internal Audit to resolve all the findings	%	Lep_MIA	63%	100% Internal audit findings	64% Internal audit findings	Out of the 12 findings, 7 are resolved, 4 not resolved and 1 not yet due. (Target not achieved)	Challenges include lack of queue management system in the directorate, and the municipality does not have an environmental officer as required. Unavailability of examiners as incumbents are on suspension	Queue management system is on procurement to be finalized by 30 August 2025. Recruitment of the environmental officer is on progress. The testing ground will start operating once the case for examiners is completed.	OPEX	OPEX	100% Internal audit findings resolved by Social Services by 30th June 2026	Summary of IA queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarter. (non-cumulative)	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee instruction within a specific quarter	%	Lep_MIA	100%	100% audit committee resolutions	100% audit committee resolutions	All 13 Audit and performance Committee's resolutions for financial are implemented, (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Social Services by 30th June 2026	Summary of AC Resolutions Implemented, Singed by CAE and Executive Managers

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register YTD (cumulative)	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	80%	100% risks resolved	80% risks resolved	24 out of 30 risks on the risk register resolved. (Target not achieved)	6 Risks not addressed due insufficient budget for the procurement of the Queue Management System, delay in the filling of the supervisor position by HR division and the testing ground is not operational now due to the suspended examiners.	Supply and installation of queue management system and training for cashiers will be finalized in the first quarter of 2025/2026. follow up with HR for the appointment of supervisor at satellite offices in the 1st Quarter of 2025/ 26 FY., The testing ground will start operating once the case for examiners is completed.	OPEX	OPEX	100% Risk mitigations implemented by Social Services by 30th June 2026	Summary of Risks resolved signed by CRO and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_691	Percentage of Implementation of council resolutions per quarter, YTD	Implementation of Council resolutions	Carrying out and completion of council instruction within a specific quarter	%	Lep_MAdmin	100%	100% council resolutions	100% council resolutions	All 51 council resolutions implemented (Target achieved)	None	None	OPEX	OPEX	100% Council resolutions implemented by Social Services by 30th June 2026	Council Resolution Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by	Service Complaints Management by departments	Recording and following up of customer service complaints to	%	Lep-Mad	27%	100% complaints	100% complaints	All 6 complaints received were addressed. (Target achieved)	None	None	OPEX	OPEX	100% complaints received on the electronic system by customer care and	System generated quarterly Report signed off by EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
efficient corporate governance\ IT and Support			customer care per quarter, YTD		resolve such complaints		min									successfully attended to by Social Services by 30th June 2026	
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	100%	100% creditors paid	98% creditors paid	59 out of 60 Payment to creditors were paid on time. (Target not achieved)	Supply chain submitted Invoice to Infrastructure Directorate instead of Social Services. Received in SS while long- overdue	The process to receive and handle invoices has been revised to avert repetition of this error	OPEX	OPEX	100% Creditors paid within 30 days Social Services by 30th June 2026	Payment Report signed by Manager Expenditure
PROJECTS FOR SOCIAL SERVICES																	
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	SS-1	SS70	Number of stadiums refurbished	Provision of sport and recreational facilities	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium)	#	LM-PP	1 dilapidated stadium	1 Thabo Mbeki Stadium (Rueben Mogashoa stadium) refurbished	1 refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium) not done	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium) project is still on-going and is at 86% (Target not achieved)	Delays by manufacturer for delivery of materials, like the required artificial turf for the completion of the football field.	Installation of artificial turf has commenced, and Progress is monitored by the Project steering committee with completion target date of 31st Sept 2025	R 8 298 644	R 10 000 000 MIG	100% Construction of Refurbishment of Reuben Mogashoa Stadium by 30th September 2025	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Responsible, Accountable, Effective and Efficient Corporate Governance	SS-2	SS76	Number of Queue management system procured, and training conducted on staff for the use of the system	Good customer service	Queue management system	#	LM-	New project	1 Queue management system procured, and staff trained on its use.	0 Queue management system procured, and staff not trained on its use	The service provider was appointed on the 26th of May 2025. (Target not achieved)	The delay for appointment of the service provider was due to insufficient budget.	The Budget was adjusted, and the service provider was subsequently appointed in May, and the Project is planned to be Completed	R 0	R 500 000 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order Delivery Note or payment voucher.

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**Update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
													on the 30th of August 2025				
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	SS-3	SS82	Number of 30 cubic meter Skip bins procured	Procurement of 30 cubic meter skip bins	10 x 30 Cubic meter Skip Bins	#		22 skip bins	10 x 30 cubic meter Skip bins procured	10 x 30 cubic meter Skip bins procured	10x 30 Cubic meter Skip bins procured and delivered. (Target achieved)	None	None	R 1 500 000	R 1 500 000	10 x 30 cubic meter Skip bins procured by 31st March 2026	Adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.
KPA2: Service Delivery and Infrastructure Development\ Protect the environment and improve community well-being\ Waste Management	SS_4	SS74	Number of walks behind lawn mower machines procured	Purchasing of 6 walks behind lawn mowers	Procurement of 6 walk behind Lawn mowers	#	LM-park	New	6 x Walk behind Lawn mowers procured	4 x Walk behind Lawn mowers procured	4x walk behind lawn mowers procured and delivered. (Target not achieved)	The institution had planned for 6 x Walk behind Lawn mowers; however, the allocated budget was only sufficient for procurement of 4 Walk behind Lawn mowers	To request budget in the 2026/ 2027 financial year for outstanding 2x lawn mowers	R 196 200.00	R 200 000	N/A	Adverts or Request for quotations, Appointment letter or issued order, Delivery Note or payment voucher.

7. Infrastructure Services

The department comprises the following Divisions:

- Water Division
- Sanitation Division
- Project Management Unit
- Electrical Division
- Roads and Storm water Division.
- Fleet Management Unit

Achievement

- Electrical losses are at 11% average for the financial year.
- 174 electrical connections and energising in the financial year 2024-25.
- 88% of the potholes were repaired around Marapong, Town and Onverwacht in the financial year.
- 11 wastewater quality monitoring report conducted by Municipality YTD and sent to DWS in 2024/ 25 financial year.
- 12 water quality (blue drop) reports completed by the municipality and submitted to DWS in 2024/ 25 FY.
- 99% of the MIG budget is spent.
- Capital budget expenditure is 82% as a total for the financial year.
- Marapong storage facility, the project is at 64% construction.
- 27 High Mast Lights installed in various villages but not yet energized.
- Construction of a 3.8 km asphalt Road at Sefitlhogo is at 70% progress.

Challenges

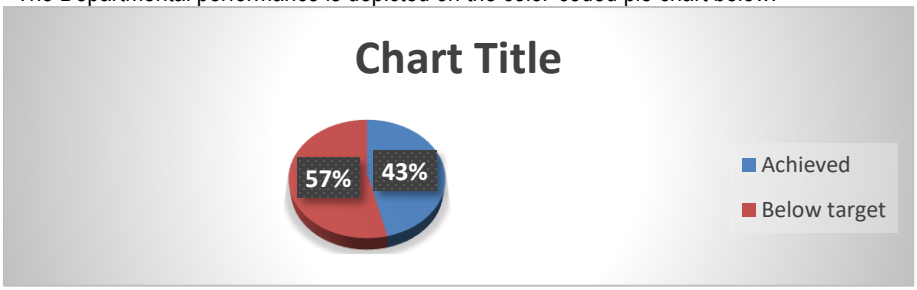
- Slow progress on implementation of internal audit findings and risk mitigations.
- 13 projects are not completed for 2024/ 25 FY.
- Water loss is at 41% average in the financial year 2024-25.
- 28 villages access roads were bladed in 2024/ 25 FY, against the target of 39 villages.

The Infrastructure Services: out of the forty-four (44) indicators, one (1) not applicable, three (3) capital Project cancelled, sixteen (16) achieved, one (1) over-achieved and twenty-three (23) performed below target. A score of 43% for the department is achieved. 10 projects have been completed and 13 projects still in progress.

Table 8

Indicators	Total number 44
Achieved Target	16
Exceeded Target	01
Over Exceeded Target	0
Below Target	23
Unsatisfactory	0
Not Applicable	01
Cancelled target	03

The Departmental performance is depicted on the color-coded pie chart below:



The detailed performance for the department follows:

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Electrical Network (Electricity – Maintenance and Upgrading)	N/A	M_340	Percentage of Electrical losses YTD*	Upgraded electrical Network and correct metering	Calculating and Accounting about the electrical loses experienced on our municipal electrical network to within the required range of electrical loss.	%	Lep-MElec	8,60%	14%	11%	11% Average electrical losses in 2024/ 25 FY. (Target over-achieved)	Implementation of Automated Metering System and Advanced Metering Infrastructure assisted with the decrease in electrical losses.	None	OPEX	OPEX	14% Electrical losses within the Municipal license area by 30th June 2026	Electrical loss report
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Electrical Network (Electricity – Maintenance and Upgrading)	N/A	M_401A	Number households connected with basic level of electricity by Municipality on Eskom licensed area from 1 July 2024 to 30 June 2025	Upgraded electrical Network in rural villages and farms	Connection of newly approved households to the electrical network by the state through ESKOM	#	Lep-MElec	1897	800	174	174 Households connected with basic level of electricity by Municipality on Eskom licensed area in 2nd Quarter. (Target not achieved)	Insufficient budget to connect 800 households as the budget was reduced from the Grant (INEP); hence the institution connected 174 households.	The remaining household's connections will be included in the future projects, subject to availability of budget	OPEX	OPEX	N/A	Project progress Report and completion certificate, Customer data captured onto PCS files
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Electrical Network (New Infrastructure)	N/A	M_401B	Percentage of households connected with basic level of electricity by Municipality on Municipal licensed area from 1 July 2024 to 30 June 2025	Installation of new electrical meters	Connection of newly approved households to the electrical network by the municipality after application are done	%	Lep-MElec	100%	100%	100%	1 out 1 application received and connected with basic level of electricity on Municipal licensed area for the year. (Target achieved)	None	None	OPEX	OPEX	100% households connected with basic level of electricity by Municipality on Municipal licensed area by 30th June 2026	Works orders, Register for Applications

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**update r**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Roads and Storm water – Maintenance and Upgrading	N/A	M_218	Number of villages in which access roads are bladed Per quarter	Maintenance of access roads in rural village	Blading of access road and streets	#	Lep-MPW	39 villages	39 Villages bladed.	28 Villages bladed.	28 villages bladed in 2024/ 25 FY. (Target not achieved)	There was grader breakdowns experienced which led to non-blading of 39 villages.	One new grader to be purchased in the 2025/ 2026 financial year to replace the Broken one.	OPEX	OPEX	39 rural villages in which access roads are maintained and bladed by 30th June 2026	Grader Logbook List of villages graded photographs
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Roads and Storm water – Maintenance and Upgrading	N/A	M_21888	Percentage of Potholes in the municipal roads fixed per Quarter, YTD	Maintenance of access roads	Fixing of potholes on municipal roads	%	Lep-MPW	NEW	100% Potholes fixed	88% Potholes fixed	88% Potholes in the municipal roads fixed (Target not achieved)	Roads in Onverwacht, Marapong and Town have reached their Lifespan and deteriorating at a fast rate.	Procurement of a Jet Patcher through RT Contract in December of 2025 FY and resealing of roads in Onverwacht, Marapong and Town	OPEX	OPEX	N/A (Removed from the 2025/ 26 SDBIP)	Photographs, Calculation summary
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\	N/A	M_21	Percentage Budget spent on MIG Projects by the Municipality for 2024/25 FY per Quarter YTD	Percentage of MIG expenditure	Percentage of MIG spent from the annual allocation per quarter	%	LEP-EMIS	85%	100% MIG expenditure	99% MIG expenditure	99% MIG expenditure. (Target not achieved)	Invoices from Eskom for electrification/ energising of High mast lights not yet received for payment, and secondly the unit could not spend on personnel for a period of 5 months due vacancies within PMU.	Follow up with Eskom for payment of outstanding invoices on an-going basis, and all vacancies within PMU were filled. (Data Capturer appointed in September 2024, PMU	R 35 418 379.01	R 35 947 000	R 49 937 700 MIG	MIG expenditure Report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
													Manager appointed in December 2024, and Technician appointed in March 2025.				
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Sanitation - New Infrastructure	N/A	M_400A	Percentage of households connected with access to sanitation in urban area (Marapong, Onverwacht and Town) from 1 July 2024 to 30 June 2025	Connection of new households to a sanitation network in urban areas	Connection of newly approved households to a sanitation network by the municipality after application are done	#	Lep-MSanit	100%	100% of households	N/A	No new applications were received during the 2024/ 25 FY, therefore no new household's connections for Sanitation were done in this financial year.	N/A	N/A	OPEX	OPEX	100% New households connected to a sanitation network in urban areas (Marapong, Onverwacht and Town) by 30th June 2026	List of households issued with occupation certificates/ Works Order, register for Applications
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Wastewater Quality (Green Drop)	N/A	M_758	Number of monthly wastewater quality monitoring report conducted by Municipality Per quarter YTD (cumulative)	Sanitation Green drop monthly reporting	Monthly reporting about the quality of our municipal wastewater to the relevant authority	#	Lep-MSanit	10	12 wastewater quality reports	11 Wastewater Quality Reports	11 Wastewater Quality Reports in 2024/ 25 FY. (Target not achieved)	Delays in the appointment of the Service provider	The Service provider was subsequently appointed on the fourth of June 2025	OPEX	OPEX	12 monthly wastewater quality monitoring reports Green Drop System by 30th June 2026	Monthly Wastewater analysis report
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural	N/A	M_399A	Percentage of households connected with access to water in urban area (Marapong, Onverwacht	Connection of new households to a water network in urban areas	Connection of newly approved households to a water network by the municipality after application are done	%	Lep-MWat	100%	100%	71%	10 out of 14 new household connections have completed in the in the 2024-25 FY	The outstanding 4 new household's connections were not connected to a water network in Urban Areas due to incompleteness of	The remaining 4 new household's connections to a water network in Urban Areas will be	OPEX	OPEX	100% New households connected to a Water network in urban areas (Marapong,	List of households issued with occupation certificates/ Works Order,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
services in all municipal areas\ Water – Supply			and Town) from 1 July 2024 to 30 June 2025				er					the House Infrastructures.	connected once the House Infrastructures are completed.			Onverwacht and Town) by 30th June 2026	Register for applications
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Water loss (unaccounted water)	N/A	M_81	Percentage of water losses per quarter, YTD	Upgraded water Network and correct metering	Calculating and Accounting about the water Network and loses experienced on our municipal water network to within the required range of water loss.	%	Lep-MWater	41,50%	14%	41 %	41% Average water losses in 2024/ 25 FY. (Target not achieved)	Water losses were due to pipe bursts on old AC pipes, and due to replacements of the AC pipes projects. Malfunctioning or standing water meters.	The replacement of pipes was done to mitigate the water losses. The maintenance team is replacing malfunctioning or standing water meters on an-going basis, and furthermore, maintenance team is repairing burst pipe within 24 hours mostly on the old AC pipes.	OPEX	OPEX	14% water losses within the Municipal area by 30th June 2026	Water Loss Report
KPA2: Service Delivery and Infrastructure Development\ Provide quality and well-maintained infrastructural services in all municipal areas\ Water Quality (Blue Drop)	N/A	M_728	Number of monthly water quality monitoring report conducted by Municipality per quarter, YTD	Water Blue drop monthly reporting	Monthly reporting about the quality of our municipal water to the relevant authority	#	Lep-MWater	10	12 water quality reports	12 water quality reports	12 water quality reports completed and submitted to the municipality and DWS in 2024/ 25 FY. (Target Achieved)	None	None	OPEX	OPEX	12 monthly water quality monitoring reports on Blue Drop System by 30th June 2026	Water analysis Report

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_26	Percentage of AG queries resolved Per Quarter YTD	Operation Clean Audit	Implementation of recommendations by the Auditor General to resolve all the findings	%	Lep_MIA	100%	100% queries	100% queries	Total number of 8 AGSA findings are resolved for the department. (Target achieved)	None	None	OPEX	OPEX	100% AG queries resolved by Infrastructure Services by 30th June 2026	Summary of AG queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_27	Percentage of Internal audit findings resolved. YTD (Cumulative)	Operation compliance to regulations and governance processes	Implementation of recommendations by the Internal Audit to resolve all the findings	%	Lep_MIA	45%	100% Internal audit findings	23% Internal audit findings	Total number of 54 Internal Audit findings, 10 resolved, 30 not resolved, and 14 not yet due (Target not achieved)	The water and sewer projects are still in progress. The electrical switches and Cables were procured but used for repairs at Shongoane Stadium due to vandalism. Drivers not completing logbooks and trip authorisation forms. Lack of budget to procure fire extinguishers, spare wheels.	Completion of water and sewer projects in line with project plans Procure new electrical materials for switches by end of first quarter 2025-26. All drivers were instructed to complete the logbooks and trip Authorisation forms before trips in the new financial year.	OPEX	OPEX	100% Internal audit findings resolved by Infrastructure Services by 30th June 2026	Summary of IA queries resolved signed by CAE and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Auditor General	N/A	M_28	Percentage of Audit and performance Committee's resolutions implemented per quarterly YTD (non-cumulative)	Implementation of Audit committee resolutions	Carrying out and completion of Audit committee	%	Lep_MIA	100%	100% audit committee resolutions	100% audit committee resolutions	All the15 APC resolutions were implemented for 2024-25 FY (Target achieved)	None	None	OPEX	OPEX	100% AC's resolutions implemented by Infrastructure Services by 30th June 2026	Summary of AC Resolutions Implemented, Signed by CAE and Executive Managers

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Risk Management	N/A	M_667	Percentage of risks resolved within timeframe as specified in the risk register YTD (cumulative)	Risk Mitigation	Activities and actions taken minimize or remove risks attached to objectives of the institution	%	Lep_Risk	44%	100% risks resolved	57% risks resolved	Total number of 74 Risk mitigations, 42 addressed, 32 not addressed, (Target not achieved)	32 of the risks could not be addressed since they are project related, and the projects are not fully implemented to address the risks.	Management will ensure that all projects are completed by implementing the Project's works plan according to the set targets and planned due dates. A project steering committee is established to monitor progress Monthly	OPEX	OPEX	100% Risk mitigations implemented by Infrastructure Services by 30th June 2026	Summary of Risks resolved signed by CRO and EM
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ Audit Committee	N/A	M_691	Percentage of Implementation of council resolutions per quarter YTD	Implementation of Council resolutions	Carrying out and completion of council instruction within a specific quarter	%	Lep_MAdmin	100%	100% council resolutions	100% council resolutions	All 43 Council resolutions Implemented (Target achieved)	None	None	OPEX	OPEX	100% Council resolutions implemented by Infrastructure Services by 30th June 2026	Council Resolution Register
KPA6: Good Governance and Public Participation\ Responsible, accountable, effective, and efficient corporate governance\ IT and Support	N/A	M_23	Percentage of complaints received on the electronic system and successfully attended to by customer care per quarter YTD	Service Complaints Management by departments	Recording and following up of customer service complaints to resolve such complaints	%	Lep-Madmin	44%	100% complaints	100% complaints	All 182 complaints completed (Target achieved)	None	None	OPEX	OPEX	100% complaints received on the electronic system by customer care and successfully attended to by Infrastructure Services	System generated quarterly Report signed off by EM

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
																by 30th June 2026	
KPA3: Financial Viability and Financial Management\ Enhance revenue and financial management\ Expenditure Management	N/A	M_348	Percentage on Payment of creditors within 30 days by the Department per quarter YTD	Payment of creditors on time	Compliance with section 65 of MFMA	%	Lep-MExp	94%	100% creditors paid	96% creditors paid	Out of 888 Payments, 864 paid within 30 days, and 24 not paid within 30 days (Target not achieved)	The funds were transferred late to the Municipality by the DWS, and misplacement of invoices for Voltex and Bell.	Engaged DWS to transfer funds on time, and to ensure that invoices are monitored as per referrals.	OPEX	OPEX	100% Creditors paid within 30 days by Infrastructure Services by 30th June 2026	Payment Report signed by Manager Expenditure
PROJECTS INDICATORS FOR INFRASTRUCTURE SERVICES																	
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-012	ISW6	Percentage of Marapong Storage facility constructed	Marapong Storage facility constructed- 2x 3MLsteel Reservoirs	Construction of steel tanks water storage reservoirs at Marapong	%	Lep-MWater	1 steel reservoir	100% Marapong Storage Facility constructed and installed	64% Marapong Storage Facility constructed and installed	1 steel tank water storage material delivered, and the service provider is busy with Installations. (Target not achieved)	Delays in manufacturing Steel tanks	Engaged the service, provide to speed up the process and ensure that the project is completed by 31st December 2025.	R 2 807 962	18 745 218	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-1	ISW10	Percentage of construction on replacement of asbestos pipes by HDPE/Upvc pipes in Onverwacht (section B) per quarter YTD	New infrastructure - water	Replacement of asbestos cement pipe (AC) to HDPE/Upvc water pipes in Onverwacht (section B)	%	Lep-MWater	50% of asbestos pipes replaced	100% replacement on asbestos pipes by HDPE/Upvc pipes in Onverwacht constructed	100% replacement on asbestos pipes by HDPE/Upvc pipes in Onverwacht constructed	The project was completed on the 27th of February 2025 (Target achieved)	None	None	R 21,698,393.81	R23 588 505 WSIG	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
																	Progress reports, completion certificates.
Provide quality and well-maintained infrastructural services in all municipal areas	INFR_011	ISW11	Percentage of Marapong Bulk Water Supply Pipeline constructed	Marapong Bulk water Supply Pipeline	Construction of a new bulk water supply pipeline to Marapong	%	Lep-MWater	55% of the Bulk Pipeline is constructed	100% Marapong Bulk Water Supply Pipeline constructed	0% Marapong Bulk Water Supply Pipeline constructed in the 2024/25 FY	Physical progress is still at 0% from the previous contractor progress (Target not achieved)	Delays in approving the Technical Report by DWS	We have engaged DWS for approval of Technical Report for implementation of the project on the 2025/ 2026 FY	R 3 011 696	R 13 069 152	100% Construction of Marapong Bulk Water Supply Pipeline by 30th June 2026	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates.
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-2	ISW20	~~Percentage of construction on replacement of asbestos pipes by HDPE/Upvc pipes in Marapong per quarter YTD~~	~~Maintenance and Upgrading - Water~~	~~Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Marapong (zone 1)~~	%	Lep-MWater	~~50% of asbestos pipes replaced~~	~~100% complete on construction~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~R6 947 437 WSIG~~	100% Construction on Replacement of Asbestos Cement Pipe (AC) In Marapong (Zone 1) by 30th June 2026	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural	INFR	ISW	Percentage of construction on replacement of	Maintenance and upgrade of services	Replacement of asbestos cement pipe (AC) to	%	Lep-	49 % of Asbestos cement	100% replacement of asbestos	100% replacement of asbestos	The project was completed on the 20th of	None	None	R 29 211 393	R 24 263 796 WSIG	100% Construction on Replaceme	Tender adverts/ adverts or Request

TOP Layer SDBIP Indicators																		
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
services in all municipal areas	-3	26	asbestos pipes by HDPE/Upvc pipes in Lephalale town (Residential) per quarter YTD		HDPE/uPVC water pipes in Lephalale town (residential)		MWater	pipes are replaced	pipes by HDPE/Upvc pipes in Lephalale town (Residential) constructed	pipes by HDPE/Upvc pipes in Lephalale town (Residential) constructed	March 2025 (Target achieved)					nt of Asbestos Cement Pipe (AC) In Onverwacht (Section A) by 30th June 2026	for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
~~Provide quality and well-maintained infrastructural services in all municipal areas~~	~~INFR-4~~	~~ISW27~~	~~Percentage of construction on replacement of asbestos pipes by HDPE/Upvc pipes in Onverwacht (section A) per quarter YTD~~	~~Maintenance and upgrade of services~~	~~Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Onverwacht (section A)~~	~~%~~	~~Lep-MWater~~	~~49 % of Asbestos cement pipes are replaced~~	~~Construction 100% completed~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~R32 199 563 WSIG~~	100% Construction on Replacement of Asbestos Cement Pipe (AC) In Onverwacht (Section C) by 30th June 2026	~~Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates~~
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-5	ISW28	Number of water scheme assessment technical report compiled for Ga Seleka water scheme	Maintenance and upgrade of services	Conduct an assessment and compile technical report for Ga- Seleka water scheme	#	Lep-MWater	New Project	1 Final Technical Report for Seleka Water Scheme compiled	1 Final Technical Report for Seleka Water Scheme compiled	1 Final Technical Report for Seleka Water Scheme compiled. (Target achieved)	None	None	R 1 094 850	R 1 500 000 WSIG	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
																	invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-6	ISW32	Number of boreholes equipped and energized at Madibaneng Village	New infrastructure - water	Equipping and electrification of borehole at Madibaneng village	#	Lep-MWater	New Project	1 Bore hole Equipped and energized for Madibaneng	0 Bore hole Equipped and energized for Madibaneng	Equipping and energizing of 1 Bore hole not done, however Eskom has been paid for Energisation (Target not achieved)	Delays in energisation by Eskom	Engaged Eskom for the energising and equipping of Borehole by 31st September 2025	R 398 877	R 650 000 WSIG	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-7	ISW37	Percentage of construction on replacement of asbestos pipes by HDPE/Upvc pipes in Lephalale town (CBD)per quarter YTD	Maintain and upgrade water infrastructure	Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Lephalale town (CBD)	%	Lep-MWater	New Project	100% replacement of asbestos pipes by HDPE/Upvc pipes in Lephalale town (CBD) constructed	100% replacement of asbestos pipes by HDPE/Upvc pipes in Lephalale town (CBD) constructed	The project was completed on the 27th of February 2025 (Target achieved)	None	None	R 19,951,332.96	R 28 770 549 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained	INF	ISW	Number of water scheme	Maintain and upgrade water infrastructure	Conduct assessment and compile	#	Lep	New Project	1 Final Technical Report for	1 Final Technical Report for	1 Final Technical Report for	None	None	R 1 169 229	R1 500 000 LLM	N/A	Tender adverts/ adverts or

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
infrastructural services in all municipal areas	R-8	42	assessment technical report compiled for Shongoane water scheme		technical report for Shongoane water scheme		-MWater		Shongoane Water Scheme	Shongoane Water Scheme	Shongoane Water Scheme compiled (Target achieved)						Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-9	ISW43	Number of JOJO tanks installed in various villages in Lephalale Local Municipality	Maintain and upgrade water infrastructure	Supply, delivery, offloading and installation of JoJo tanks in various villages	#	Lep-MWater	New Project	12 Jojo tanks installed at various villages in Lephalale Local Municipality	11 Jojo tanks installed at various villages in Lephalale Local Municipality	11 JoJo Tanks installed (Target not Achieved)	Prices for tanks increased as result the number to be procured was reduced from 12 to 11	Procurement of the remaining tank will be included in the future projects. When the funds are available	R 228 800	R 300 000 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-22	ISW44	Zeeland Water Treatment Works- Appointment of Transactional Advisor	Upgrade & maintenance of infrastructure	Completion of Transactional advisor report for acquisition of Zeeland water treatment works	#	Lep-MWater	New project	1 Transactional advisor report for Zeeland Water Treatment Works completed	0 Transactional advisor report for Zeeland Water Treatment Works completed	The Transactional Advisor is not yet appointed to produce the report for the municipality. (Target not achieved)	There were delays encountered in appointing the suitable bidder	To appoint from the Panel of consultants in the 1st quarter of 2025/ 26 FY.	R 0	R 1 300 00	N/A	Adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
																	Progress reports, Final Report
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-10	ISR/P19	~~Number of road kilometres to be resealed~~	~~Maintenance and Upgrading - roads and storm water~~	~~Road resealing (Still to confirm budget)~~	#	Lep-MPW	New Project	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	~~N/A~~	R 5 000 000 LLM	100% Construction Roads in Town, Onverwacht and Marapong sealed by 30th June 2026	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-11	ISR/P47	Number of kilometres of Access Road upgraded from gravel to asphalt paved road at Sefitlhogo village YTD	Maintenance and Upgrading of Roads	Upgrading of Sefitlhogo access road	#	Lep-MPW	New Project	3.8 km Access Road upgraded from gravel to asphalt paved road at Sefitlhogo village constructed	0 km Access Road upgraded from gravel to asphalt paved road at Sefitlhogo village constructed	The road is still under construction, and it is at 70% progress. (Target not Achieved)	There were delays with the delivery of asphalts.	The Contractor started the surfacing of the road and will complete the project by 30th September 2025	R 15 515 690	R 19 431 849 LLM/PPP	Construction 100% Upgrading of Sefitlhogo village Access Road by 30th September 2025	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural	INFR	ISS4	Percentage of Sewer Pump stations upgraded, and	Maintenance & upgrading	Refurbishment and upgrading of Sewer Pump stations,	%	Lep-	45% of Sewer Pump stations	100% Sewer Pump stations	85% Sewer Pump stations	The project is still in the construction phase, and it	There were delays in completing the project due to additional scope on	Management established the Project steering	R 14 993 179	R 31 490 682 WSIG	100% Construction Refurbishm	Tender adverts/ adverts or Request

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
services in all municipal areas	-12		network pipes replaced with AC pipes per quarter YTD		network pipes, and replacement of AC pipes.		MSanit	upgraded, and network pipes replaced with AC pipes	upgraded, and network pipes replaced with AC pipes constructed	upgraded, and network pipes replaced with AC pipes constructed	is at 85% progress. (Target not achieved)	the project, which prolonged the process to upgrade sewer networks pipes	committee for monitoring project progress which is to be completed by 30th September 2025.			ent and upgrading of Sewer Pump Stations, Wastewater Treatment Works, network pipes, and replacement of AC pipes by 30th September 2025	for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-13	ISS22	Number of sewer pipeline inspection camera procured, and number of trainings done on employees for use of the camera YTD	Monitoring Maintenance & Upgrade	Sewer pipeline inspection camera	#	Lep-MSanit	New project	1 Inspection Camera delivered and Training of Employees on the use of Camera provided	1 Inspection Camera delivered and Training of Employees on the use of Camera provided	1 Inspection camera delivered on 10 December 2024. (Target Achieved)	None	None	R 191 900	R 200 000 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-20	ISS23	Number of Technical reports for VIP toilets compiled	Upgrade & maintenance of infrastructure	Compilation of 1 Technical Report for VIP toilets	#	Lep-MSan	New project	1 Technical Report for VIP toilets compiled	1 Technical Report for VIP toilets compiled.	1 Technical report for VIP toilets submitted to the Municipality (Target achieved)	None	None	R 422 000	R 600 000	100% Construction of Ventilated Improved Pit Latrine (VIP) in the rural node.	adverts or Request for quotations, Appointment letter or issued order,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
																+ Leseding cemetery by 30th June 2026	Delivery Note or invoices, Progress reports, Final Report
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-21	ISS24	Grey Water from Paarl Wastewater Treatment works- Appointment of Transactional Advisor	Upgrade & maintenance of infrastructure	Completion of Transactional advisor report for grey water usage	#	Lep-MSan	New project	1 Transactional advisor report for Grey Water from Paarl Wastewater Water Treatment Works completed	0 Transactional advisor report for Grey Water from Paarl Wastewater Water Treatment Works completed	The Transactional Advisor is not yet appointed to produce the report for the municipality. (Target not achieved)	There were delays encountered in appointing the suitable bidder due to non-responsive bids.	To appoint from the Panel of consultants in the 1st quarter of 2025/ 26 FY.	R 0	R 1 300 000	N/A	Adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, Final Report
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-14	ISS26	Number of LDV procured for sanitation division YTD	Responsible, accountable, effective, and efficient cooperative governance	Purchase of 1 x LDV Vehicle (Sanitation)	#	Lep-MSanit	New project	1 Vehicle procured and registered for Sanitation Division	1 Vehicle procured and registered for Sanitation Division	1 Vehicle procured and registered for Sanitation Division (Target achieved)	None	None	R 327 919	R 350 000 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained	INF	IS	Percentage of high Energy consuming	Energy efficiency and	Energy efficiency and demand side	%	Lep	New project	100% Energy consumin	100% Energy consumin	(504), 384 streetlights, 120 High	None	None	R 3 438 609	R 4 000 000 INEP	410 Street lights (320) and high	Tender adverts/ adverts or

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	**IDP ID #**	**ID #**	**Key Performance Indicator**	**Project name**	**Project Description**	**UOM**	**updater**	**Baseline**	**Annual Target 2024/ 25**	**Annual Actual**	**Annual Actual Notes**	**Challenges/ Reasons for Under or Overachievement**	**Corrective Measures for Unachieved targets**	**Expenditure**	**Annual Budget**	**Annual Target 2025/ 26**	**Portfolio of evidence**
infrastructural services in all municipal areas	R-15	E4	bulbs and electric consumables replaced by Energy efficient bulbs and consumables YTD	demand side management	management 5A		-MElec		g bulbs and electric consumables replaced by Energy efficient bulbs and consumables constructed	g bulbs and electric consumables replaced by Energy efficient bulbs and consumables constructed	mast lights were retrofitted with LED lights; the project is 100%. (Target achieved)					mast lights (90) retrofitted with energy efficiency LED lights by 30th June 2026	Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-16	ISE9	Number of new households electrified in villages around Lephalale	Upgrading of infrastructure-electricity	Electrification of households in various villages	#	Lep-MElec	New project	800 of new households electrified in villages around Lephalale	174 of new households electrified in villages around Lephalale	174 Households connected with basic level of electricity by Municipality on Eskom licensed area in 2nd Quarter. (Target not achieved)	Insufficient budget to connect 800 households as the budget was reduced from the Grant (INEP); hence the institution connected 174 households.	The remaining household's connections will be included in the future projects, subject to availability of budget	R 1 715 536	R 3 256 200 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-17	ISE12	Number of High mast light installed in various villages YTD	Upgrade & maintenance of infrastructure	High Mast Lights Installation in Various Villages	#	Lep-MElec	New project	27 High Mast Lights installed and energized in various villages	27 High Mast Lights installed in various villages but not yet energized	Installation Physical Progress is 95%, (awaiting energizing by Eskom) (Target not achieved)	Delayed Energization of the High Mast lights by Eskom	Engage with Eskom to finalise approval of electrical design to Energise the 27 High mast Lights by 31st December 2025	R 6 475 046	R 8 933 524 MIG	8 High mast light at various villages installed and energized by 30th June 2026	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
																	Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-19	ISE_15	Number of Solar Technical Report compiled.	Upgrade & maintenance of infrastructure	Compilation of 1 Solar Technical Report for LLM	#	Lep-MElec	New project	1 Solar Technical Report compiled	0 Solar Technical Report compiled.	1 draft Solar Technical Report compiled. (Target not achieved)	Late appointment of the service provider had a major impact in the conclusion of the technical report	The service provider was appointed on the 17th of January 2025 hence we have a draft technical report. The final technical report will be finalised by 31st of September 2025	R 0	R 400 000	N/A	adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, Final Report
Provide quality and well-maintained infrastructural services in all municipal areas	INFR-18	ISE17	Number of LDV procured for Mechanical department, YTD	Responsible, accountable, and efficient corporate governance	Purchase of 1 x LDV for mechanical department	#	Lep-MElec	New project	1 Vehicle procured and registered for Mechanical unit	1 Vehicle procured and registered for Mechanical unit	1 Vehicle procured and registered for Mechanical unit. Target achieved)	None	None	R 327 919	R 350 000 LLM/PPP	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Provide quality and well-maintained infrastructural	INFR	ISE	Number of Switch Gears replaced on the Substation	Upgrade & maintenance of infrastructure	Replacement of switch gears on the electrical substation	#	Lep-	New project	2 x Switch Gears replaced	0 x Switch Gears replaced	2 x Switch Gears not replaced on substation	The tender was advertised twice and could not	To roll over the Project to 2026/ 2027 as there was no	R 0	R 1 400 000	N/A	Adverts or Request for quotations,

TOP Layer SDBIP Indicators																	
Hierarchy (KPA\ STRATEGIC OBJECTIVE \ Programme)	IDP ID #	ID #	Key Performance Indicator	Project name	Project Description	UOM	updater	Baseline	Annual Target 2024/ 25	Annual Actual	Annual Actual Notes	Challenges/ Reasons for Under or Overachievement	Corrective Measures for Unachieved targets	Expenditure	Annual Budget	Annual Target 2025/ 26	Portfolio of evidence
services in all municipal areas	-23	18					MElec		on substation	on substation	due to re-advertisements. (Target not achieved)	attract suitable bidders	budget allocation in 2025/ 26 FY and ensure that the advert is advertised in multiple platforms to attract suitable bidders				Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates
Protect the environment and improve community well-being.	SOC-1	SS61	Percentage Resealing of testing ground	Social Services-improve community wellbeing	Resealing of testing ground	%	Lep-MPW	New project	100% Resealing of testing ground constructed	73% Resealing of testing ground constructed	The Construction is in progress, and it is at 73%. (Target not achieved)	There were delays in completing the project due to re-advert that was done as the Municipality could not find the suitable bidders	The municipality has since appointed the Contractor and has commenced with the construction works and the project will be completed by 31st August 2025	R 491 885	R 5 000 000 LLM	N/A	Tender adverts/ adverts or Request for quotations, Appointment letter or issued order, Delivery Note or invoices, Progress reports, completion certificates

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

COMPONENT A

INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

EMPLOYEES					
Description	**2023/ 24**	**2024/ 25**			
	Approved Posts No.	**Approved Posts No.**	**Employees No.**	**Variance No.**	**Variance %**
Water	43	47	36	11	20%
Wastewater (Sanitation)	36	43	33	10	23%
Electricity	42	38	32	6	16%
Fleet & Mechanical Workshop	8	12	9	3	25%
Waste Management	48	78	52	26	33%
Housing	6	6	6	0	0%
Wastewater (Storm water Drainage)	48	47	38	9	19%
PMU	3	3	3	0	0%
Transport	0	0	0	0	0
Planning	12	14	11	3	21%
Local Economic Development	3	4	3	1	25%
Community & Social Services (not including Waste and sports and Recreation Division)	56	60	54	6	10%
Environmental Protection	0	1	0	1	0%
Infrastructure Services	3	3	2	1	33%
Sport and Recreation	40	49	43	6	12%
Corporate Policy Offices and Other		125	101	24	19%
Totals	**503**	**530**	**423**	**107**	**16%**
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as of 30 June 2025.					

Employee Totals, Turnover and Vacancies

A new organizational structure with 530 (Number of funded/ unfunded positions) was approved in May 2024 to be in line with new developmental demands with municipal area. Critical positions were filled except for the position of Director: Development Planning, Director Infrastructure Services and Municipal Manager.

Number of positions per department in 2024/ 25 financial year

Department	**Number of Positions 2024/ 25**							
	Management	**Technical**	**Labour**	**Support**	**Unfunded**	**Total**	**Vacant**	**%Vacant**
Infrastructure Services	8	51	120	8	7	194	31	16%
Social Services	6	8	103	48	22	187	16	8.5%
Corporate Support Services	5	2	14	19	4	44	7	16%
Strategic Support Service	6	0	0	17	0	23	6	26%
Office of Municipal Manager	3	0	0	9	0	12	1	8%
Budget and Treasury	5	0	1	39	2	47	7	15%
Planning and Development	5	10	0	8	0	23	3	13%
Total Positions	**38**	**71**	**238**	**148**	**35**	**530**	**107**	**16%**

Vacancy Rate per level of employment in 2024/ 25 financial year

Vacancy Rate 2024/ 25			
Designations	**Total Approved Posts No.**	***Variances (Total time that vacancies exist using fulltime equivalents) No.**	***Variances (as a proportion of total posts in each category) %**
Municipal Manager	1	2 months	N/A
CFO	1	0	N/A
Other S57 Managers (excluding Finance Posts)	1	40 months	N/A
Other S57 Managers (Finance posts)	0	0	N/A
Municipal Police	N/A	N/A	N/A
Fire fighters	N/A	N/A	N/A
Senior management: Levels 13-15 (1-2) (excluding Finance Posts)	25	39 months	N/A
Senior management: Levels 13-15 (1-2) (Finance posts)	5	0	N/A
Highly skilled supervision: levels 9-12 (3-5) (excluding Finance posts)	73	160 months	N/A
Highly skilled supervision: levels 9-12 (3-5) (Finance posts)	13	0	N/A
Total	113	241 Months	N/A
Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g., 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.			

Turnover Rate

Turn-over Rate				
Details		Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Nature of Termination		422	19	6%
Death	2			
Resignation	5			
End of contract	1			
Dismissal	1			
Pension	4			
Promotion	6			
*** Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year**				

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2. POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
1	Bereavement	100 %	100 %	31 July 2023
2	Cell phone Allowance	100 %	100 %	31 July 2023
3	EAP	100 %	100 %	31 July 2023
4	Employment Equity Plan	100 %	100 %	31 July 2023
5	Incapacity due to ill health	100 %	100 %	31 July 2023
6	Internal Bursary	100 %	100 %	31 July 2023
7	Intoxication Substance Abuse	100 %	100 %	31 July 2023
8	Job Evaluation	100 %	100 %	31 July 2023
9	Mayoral Bursary	100 %	100 %	31 July 2023
10	OHS	100 %	100 %	31 July 2023
11	Overtime	100 %	100 %	31 July 2023
12	PMDS	100 %	100 %	31 July 2023
13	Promotion, Transfer and acting	100 %	100 %	31 July 2023
14	Skills Development	100 %	100 %	31 July 2023
15	Staff Establishment	100 %	100 %	31 July 2023
16	Termination	100 %	100 %	31 July 2023
17	Time & Attendance	100 %	100 %	31 July 2023
18	Workplace HIV	100 %	100 %	31 July 2023
19	Workplace Sports	100 %	100 %	31 July 2023
20	Leave	100 %	100 %	31 July 2023
21	Personal Protective Equipment Policy	100 %	100 %	August 2015

COMMENTS ON POLICIES

During the 2023/24 budget year, all Human Resources policies were reviewed. However, no policy reviews were undertaken in the 2024/25 budget year due to the expiration of the SAMWU shop stewards' term of office. In accordance with policy review procedures, proposed policies must first be presented to the Local Labour Forum (LLF) for input before submission to Council for approval. The election of new SAMWU shop stewards took longer than anticipated, which delayed the review process.

4.3. INJURIES, SICKNESS AND SUSPENSIONS

Injuries

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only		11	69 %	20.5	R 109 210.88
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	41	11	69%	20.5	R 109 210.88

Sick leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band/ level	Total sick leave Days	Proportion of sick leave days without medical certification	Employees using sick leave. No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
All employees	3483	162	222	422	1568 days	R 4 870 338.85
* - Number of employees in post at the beginning of the year						

Disciplinary Action – Misconduct, General

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised	Date Finalised
1. Assistant Superintendent Traffic	Gross dereliction of duty & Gross dishonesty	03 April 2023	The employee was dismissed	31 July 2025
2. Mr TJ Monyeki	Gross dereliction of duty & Gross dishonesty	03 April 2023	The matter was concluded through settlement agreement, and the employee will forfeit his three months' salary and was given a written warning.	24 November 2024
3. Mr A Matlou	Dereliction of Duty & Bringing the Municipality into disrepute	11 April 2023	The matter was concluded through settlement agreement, and the employee will forfeit his bonus which he was supposed to get February 2026 and was given a final written warning.	27 November 2024

4.4. PERFORMANCE REWARDS

Regulation 805, section 32 states the following in this regard:

(1) The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

(2) A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and
(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

(3) In the case of unacceptable performance, the employer shall –

(a) provide systematic remedial or developmental support to assist the employee to improve his or her performance; and

(b) After appropriate performance counselling and having provided the necessary guidance and/or support and reasonable time for improvement in performance, and performance does not improve, the employer may consider steps to terminate the contract of employment of the employee on grounds of unfitness or incapacity to perform his or her duties.

To narrow the gap of 5% to 9% and of 10% to 14% bonuses, the following sliding scale are applied in terms of the rating scales set out in the Performance Agreements:

% Rating Over Performance	% Bonus
130 - 133.8	5%
133.9 – 137.6	6%
137.7 – 141.4	7%
141.5 - 145.2	8%
145.3 – 149	9%
150 – 153.4	10%
153.5 – 156.8	11%
156.9 – 160.2	12%
160.2 – 163.6	13%
163.7 – 167	14%

Therefore, bonuses can only come into consideration once an employee achieves an overall score of at least 130%, any overall performance scores below that will not be in line for any bonuses.

In terms of the Municipal Systems Act, 32 of 2000, section 57 (4B) Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council concerned.

The results of the evaluations as calculated are as follows:

NAME	POSITION	OVERALL SCORE	APPLICABLE % BONUS
Mrs. Feziwe Nogilana Raphela	Director Corporate Services	107%	0%
Mr. Mabale BC	Director Development Planning Services	80%	0%
Ms. Lesego Matlwa	Chief Financial Officer	102%	0%
Ms. Maggy Kgwantha	Director Strategic Services	98%	0%
Mrs. Ndoweni B J	Director Social Services	100%	0%
Mr. Shiko MA	Director Infrastructure services	100%	0%
M Mmope	Municipal Manager	100%	0%

CONCLUSION

The Lephalale Local Municipality has successfully conducted the Annual Individual Performance Evaluations for the financial year of 2024/ 25, and the result of the process shows that none of the Directors qualifies for a performance bonus. The results will be tabled to council as matter of compliance. However, it is the discretion of council to reward the employees, if it deems fit to do so under the circumstances.

COMPONENT C: CAPACITATING THEMUNICIPAL WORKFORCE

4.5. SKILLS DEVELOPMENT AND TRAINING

Skills Development Matrix

Skills Matrix														
Management Level	**Gender**	**Employees in post as of 30 June 2024**	**Number of skilled employees required and actual as of 30 June 2025**											
			Learner ships			**Skills programmes & other short courses**			**Other forms of training**			**Total**		
		No.	**30 June 2024**	**Actual 30 June 2025**	**Target**	**Actual 30 June 2023**	**Actual 30 June 2024**	**Target**	**Actual 30 June 2023**	**Actual 30 June 2024**	**Target**	**Actual 30 June 2024**	**Actual 30 June 2024**	**Target**
04 01	04	04	01	01	01	05	01	01	00	00	00	05	02	02
	01	01	00	00	00	01	00	00	00	00	00	01	00	00
09 18	09	09	03	03	04	09	04	02	04	02	02	09	04	04
	18	18	03	03	05	18	07	03	04	03	03	18	02	02
04 13	04	04	01	01	04	04	01	02	04	10	10	04	02	02
	13	13	02	02	10	13	06	04	04	04	04	13	03	03
24 33	24	24	02	02	12	24	10	03	03	06	03	24	10	10
	33	33	01	01	19	33	16	09	02	03	01	33	08	08
112 200	114	114	05	05	23	114	35	14	05	13	00	114	03	03
	200	200	09	09	33	200	46	22	02	06	01	200	02	02
417	417	417	24	24	111	417	127	60	27	34	76	417	36	36

Financial Competencies

Financial Competency Development: Progress Report*						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c)**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)**	**Consolidated: Total of A and B**	**Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d)**	**Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f)**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e)**
Financial Officials						
Accounting officer	1	1	1	1	1	1
Chief financial officer	1	1	1	1	1	1
Senior managers	3	3	3	3	3	3
Any other financial officials	3	3	3	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units		0		0	0	0
Supply chain management senior managers	1	1	1	0	0	0
TOTAL	**09**	**09**	**09**	**05**	**05**	**05**
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6. EMPLOYEE EXPENDITURE

Skills Development Expenditure

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the budget year No.	Original Budget and Actual Expenditure on skills development 2024/ 25							
			Learner ships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual - R-value
MM and S57	Female	04	00	00	04	04	02	02		
	Male	01	00	00	01	00	00	00		
Legislators, senior officials, and managers	Female	05	01	01	00	00	04	02		
	Male	20	06	00	02	02	04	02		
Professionals	Female	06	00	00	02	02	01	01		
	Male	16	00	00	01	01	02	02		
Technicians and associate professionals	Female	22	00	02	07	07	03	03		
	Male	32	01	01	15	15	05	05		
Clerks	Female	45	02	00	04	04	06	06		
	Male	81	00	00	06	06	04	04		
Service and sales workers	Female	06	00	00	05	05	02	02		
	Male	08	00	00	06	06	04	04		
Plant and machine operators and assemblers	Female	07	00	00	00	00	01	01		
	Male	15	00	00	00	00	02	02		
Elementary occupations	Female	59	05	05	03	03	00	00		
	Male	90	08	09	02	02	00	00		
Sub total	Female	161	06	06	30	30	19	17		
	Male	278	15	09	33	32	23	19		
Total	R 1 576711.81	439	21	15	63	62	42	36		R 1 388 401.31
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									1%*	***R 1 578210**
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan. R 1 578210.00										**0.999%***

Upgrading of positions

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	00
	Male	00
Skilled (Levels 3-5)	Female	00
	Male	00
Highly skilled production (Levels 6-8)	Female	00
	Male	00
Highly skilled supervision (Levels9-12)	Female	00
	Male	00
Senior management (Levels13-16)	Female	00
	Male	00
MM and S 57	Female	00
	Male	00
Total		00
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).		

CHAPTER 5: FINANCIAL PERFORMANCE

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

COMPONENT A

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

Operational Revenue

LIM362 Lephalale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2023/24	Budget Year 2024/25							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		193,634	265,322	235,322	12,222	222,191	235,322	(13,131)	-6%	235,322
Service charges - Water		64,881	71,770	69,770	4,623	63,168	69,770	(6,602)	-9%	69,770
Service charges - Waste Water Management		25,108	29,031	30,164	2,558	29,897	30,164	(267)	-1%	30,164
Service charges - Waste management		20,741	23,256	25,000	2,112	25,072	25,000	71	0%	25,000
Sale of Goods and Rendering of Services		781	1,806	1,806	582	5,920	1,806	4,113	228%	1,806
Agency services		7,644	9,623	12,160	(1,631)	6,930	12,160	(5,230)	-43%	12,160
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		51,680	37,193	51,158	5,451	57,945	51,158	6,788	13%	51,158
Interest from Current and Non Current Assets		8,680	7,162	7,162	925	7,605	7,162	443	6%	7,162
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		233	791	791	(365)	312	791	(480)	-61%	791
Licence and permits		1,411	0	–	–	–	–	–		–
Operational Revenue		1,031	2,619	2,619			2,619	(2,619)	-100%	2,619
Non-Exchange Revenue								–		
Property rates		114,404	126,113	126,113	10,133	119,797	126,113	(6,316)	-5%	126,113
Surcharges and Taxes		4,751	0	–	–	–	–	–		–
Fines, penalties and forfeits		1,615	1,013	5,809	154	4,018	5,809	(1,791)	-31%	5,809
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		230,565	247,286	247,286	26,544	245,341	247,286	(1,946)	-1%	247,286
Interest		21,881	15,462	19,692	1,856	25,891	19,692	6,199	31%	19,692
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	16,744	–	16,744	#DIV/0!	–
Gains on disposal of Assets		–	–	–	85	–	–	–		–
Other Gains		–	–	–	–	1,270	–	1,270	#DIV/0!	–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**749,040**	**838,447**	**834,853**	**65,250**	**832,101**	**834,853**	**(2,753)**	**0%**	**834,853**
Expenditure By Type										
Employee related costs		233,561	265,298	255,043	22,508	253,785	255,043	(1,259)	0%	255,443
Remuneration of councillors		14,066	15,401	15,401	1,183	14,369	15,401	(1,032)	-7%	15,401
Bulk purchases - electricity		161,358	193,204	184,166	15,707	183,445	184,166	(721)	0%	184,166
Inventory consumed		48,507	53,431	55,466	9,527	56,088	55,466	622	1%	58,596
Debt impairment		95,128	33,726	38,726	21,569	96,616	38,726	57,891	149%	38,726
Depreciation and amortisation		94,712	94,726	91,726	9,496	97,518	91,726	5,792	6%	91,726
Interest		19,717	19,601	20,604	14,256	18,580	20,604	(2,023)	-10%	20,604
Contracted services		52,865	76,103	78,082	13,851	71,459	78,082	(6,623)	-8%	78,082
Transfers and subsidies		(1,659)	1,054	2,054	(2,502)	558	2,054	(1,496)	-73%	2,054
Irrecoverable debts written off		6,870	6,000	16,584	(549)	17,118	16,584	534	3%	16,584
Operational costs		71,018	77,092	74,214	8,440	81,727	74,214	7,513	10%	74,344
Losses on Disposal of Assets		–	–	–	35,282	18	–	18	#DIV/0!	–
Other Losses		–	–	–	–		–	–		–
Total Expenditure		**796,142**	**835,635**	**832,067**	**148,768**	**891,282**	**832,067**	**59,215**	**7%**	**835,727**
Surplus/(Deficit)		**(47,102)**	**2,812**	**2,787**	**(83,519)**	**(59,181)**	**2,787**	**(61,968)**	**(0)**	**(873)**
Transfers and subsidies - capital (monetary allocations)		119,891	194,005	197,605	44,339	155,414	197,605	(42,190)	**(0)**	197,605
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	(104,158)	(0)	**196,732**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**

References

1. Material variances to be explained on Table SC1

Total Revenue (excluding capital transfers and contributions) including ca	**868,931**	**1,032,452**	**1,032,458**	**109,589**	**987,515**	**1,032,458**			**1,032,458**

Operational Expenditure

Expenditure By Type										
Employee related costs		233,561	265,298	255,043	22,508	245,653	255,043	(9,390)	-4%	255,443
Remuneration of councillors		14,066	15,401	15,401	1,183	14,369	15,401	(1,032)	-7%	15,401
Bulk purchases - electricity		161,358	193,204	184,166	15,707	183,445	184,166	(721)	0%	184,166
Inventory consumed		48,507	53,431	55,466	9,527	56,088	55,466	622	1%	58,596
Debt impairment		95,128	33,726	38,726	21,569	89,766	38,726	51,040	132%	38,726
Depreciation and amortisation		94,712	94,726	91,726	9,496	100,392	91,726	8,665	9%	91,726
Interest		19,717	19,601	20,604	14,256	18,580	20,604	(2,023)	-10%	20,604
Contracted services		52,865	76,103	78,082	13,851	71,459	78,082	(6,623)	-8%	78,082
Transfers and subsidies		(1,659)	1,054	2,054	(2,502)	558	2,054	(1,496)	-73%	2,054
Irrecoverable debts written off		6,870	6,000	16,584	(549)	17,118	16,584	534	3%	16,584
Operational costs		71,018	77,092	74,214	8,440	79,419	74,214	5,206	7%	74,344
Losses on Disposal of Assets		–	–	–	35,282	18	–	18	#DIV/0!	–
Other Losses		–	–	–	–	(612)	–	(612)	#DIV/0!	–
Total Expenditure		**796,142**	**835,635**	**832,067**	**148,768**	**876,253**	**832,067**	**44,187**	**5%**	**835,727**

5.2. GRANTS

Supporting Table SC7 Monthly Budget Statement - transfers and grant receipts - M12 June

LIM362 Lephalale - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		**219,411**	**230,721**	**227,426**	**26,352**	**245,341**	**227,638**	**17,702**	**7.8%**	**227,426**
Equitable Share		213,696	224,937	221,627	25,927	241,809	221,866	19,943	9.0%	221,627
Expanded Public Works Programme Integrated Grant		123	1,311	1,311	–	1,311	1,311	–		1,311
Local Government Financial Management Grant		4,063	1,737	1,737	94	1,800	1,737	63	3.6%	1,737
Municipal Infrastructure Grant		1,530	2,736	2,751	331	–	2,724	(2,724)	-100.0%	2,751
0								–		
0								–		
Other transfers and grants [insert description]						421		421	#DIV/0!	
Provincial Government:		–	–	–	–	–	–	–		–
0								–		
0								–		
0								–		
0								–		
Other transfers and grants [insert description]								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
[insert description]								–		
Total operating expenditure of Transfers and Grants:		**219,411**	**230,721**	**227,426**	**26,352**	**245,341**	**227,638**	**17,702**	**7.8%**	**227,426**
Capital expenditure of Transfers and Grants										
National Government:		96,389	194,005	194,005	10,829	155,414	194,005	(38,590)	**-19.9%**	194,005
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	31	3,954	4,000	(46)	-1.1%	4,000
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		49,000	47,904	47,904	8,195	35,418	47,904	(12,485)	-26.1%	47,904
Water Services Infrastructure Grant		47,388	142,101	142,101	2,603	107,231	142,101	(34,870)	-24.5%	142,101
0								–		
Other capital transfers [insert description]						8,811		8,811	#DIV/0!	
Provincial Government:		–	–	–	–	–	–	–		–
								–		
0								–		
District Municipality:		–	–	–	–	–	–	–		–
								–		
0								–		
Other grant providers:		–	–	–	–	–	–	–		–
								–		
0								–		
Total capital expenditure of Transfers and Grants		**96,389**	**194,005**	**194,005**	**10,829**	**155,414**	**194,005**	**(38,590)**	**-19.9%**	**194,005**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**315,800**	**424,726**	**421,430**	**37,182**	**400,755**	**421,643**	**(20,888)**	**-5.0%**	**421,430**
References										

5.3. ASSET MANAGEMENT

Lephalale Local Municipality has an audited asset register for the financial 2024/25 FY. The asset register is compiled in terms of GRAP 17. The asset management unit is reviewing and updating the register on annual basis to ensure all assets are safeguarded and accounted for.

Assets acquired in 2024/ 25 FY

ASSETS ACQUIRED 2024/ 25 YEAR END	
Asset 1	
Name	Mayoral vehicle
Description	Purchase of a Mayoral vehicle
Asset type	Immovable
Expenditure 2024/ 25	R 686 270
Key staff involved	Strategic Support Services
Asset 2	
Name	Recording system
Description	Installation and upgrade of recording system in the council chamber
Asset type	Immovable
Expenditure 2024/ 25	R 394 350
Key staff involved	Corporate division
Asset 3	
Name	Land Acquisition
Description	Land Acquisition, 5.28Ha, private land ONVERWACHT – Node 1
Asset type	Immovable
Expenditure 2024/ 25	R 4 566 537
Key staff involved	Development Planning
Asset 4	
Name	Meter Skip Bins
Description	10 x 30 Cubic meter Skip Bins
Asset type	Movable
Expenditure 2024/ 25	R 1 500 000
Key staff involved	Social Services
Asset 5	
Name	2 LDV's procured for mechanical and Sanitation division
Description	Procurement of 2 LDV's for mechanical and Sanitation division
Asset type	Immovable
Expenditure 2024/ 25	R 655 838
Key staff involved	Infrastructure Services

Repairs and maintenance on Asset Management

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		12,009	13,807	18,873	2,783	12,873	18,885	6,011	31.8%	18,873
Roads Infrastructure		1,690	1,409	3,909	256	1,813	3,909	2,096	53.6%	3,909
Roads		1,136	1,180	3,680	256	1,606	3,680	2,074	56.4%	3,680

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Road Structures		56	103	103	–	91	103	12	**12.0%**	103
Road Furniture		498	126	126	–	116	126	9	**7.5%**	126
Capital Spares		–	–	–	–	–	–	–		–
Storm water Infrastructure		166	333	333	18	245	333	89	**26.6%**	333
Drainage Collection		166	333	333	18	245	333	89	**26.6%**	333
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		1,605	2,078	2,078	46	1,784	2,078	295	**14.2%**	2,078
Power Plants		–	70	70	–	28	70	41	**59.4%**	70
HV Substations		–	–	–	–	–	–	–		–
HV Switching Station		–	–	–	–	–	–	–		–
HV Transmission Conductors		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
MV Switching Stations		–	–	–	–	–	–	–		–
MV Networks		–	–	–	–	–	–	–		–
LV Networks		1,605	2,009	2,009	46	1,756	2,009	253	**12.6%**	2,009
Capital Spares		–	–	–	–	–	–	–		–
Water Supply Infrastructure		2,874	3,481	7,081	1,964	4,727	7,093	2,366	**33.4%**	7,081
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		2,874	3,481	7,081	1,964	4,727	7,093	2,366	**33.4%**	7,081
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sanitation Infrastructure		5,674	6,506	5,471	499	4,305	5,471	1,166	**21.3%**	5,471
Pump Station		–	–	–	–	–	–	–		–
Reticulation		4,422	4,441	5,471	499	4,305	5,471	1,166	**21.3%**	5,471
Waste Water Treatment Works		1,252	2,065	0	–	–	0	0	**100.0%**	0
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Waste Processing Facilities		–	–	–	–	–	–	–		–
Waste Drop-off Points		–	–	–	–	–	–	–		–
Waste Separation Facilities		–	–	–	–	–	–	–		–
Electricity Generation Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Rail Structures		–	–	–	–	–	–	–		–
Rail Furniture		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm Water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Coastal Infrastructure		–	–	–	–	–	–	–		–
Sand Pumps		–	–	–	–	–	–	–		–
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Information and Communication Infrastructure		–	–	–	–	–	–	–		–
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Community Assets		**39**	**293**	**293**	**973**	**–**	**293**	**293**	**100.0%**	**293**
Community Facilities		39	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Centres		–	–	–	–	–	–	–		–
Crèches		–	–	–	–	–	–	–		–
Clinics/Care Centres		–	–	–	–	–	–	–		–
Fire/Ambulance Stations		–	–	–	–	–	–	–		–
Testing Stations		–	–	–	–	–	–	–		–
Museums		–	–	–	–	–	–	–		–
Galleries		–	–	–	–	–	–	–		–
Theatres		–	–	–	–	–	–	–		–
Libraries		–	–	–	–	–	–	–		–
Cemeteries/Crematoria		–	–	–	–	–	–	–		–
Police		–	–	–	–	–	–	–		–
Purls		39	–	–	–	–	–	–		–
Public Open Space		–	–	–	–	–	–	–		–
Nature Reserves		–	–	–	–	–	–	–		–
Public Ablution Facilities		–	–	–	–	–	–	–		–
Markets		–	–	–	–	–	–	–		–
Stalls		–	–	–	–	–	–	–		–
Abattoirs		–	–	–	–	–	–	–		–
Airports		–	–	–	–	–	–	–		–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sports and Recreation Facilities		–	293	293	973	–	293	293	**100.0%**	293
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		–	293	293	973	–	293	293	100.0%	293
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Historic Buildings		–	–	–	–	–	–	–		–
Works of Art		–	–	–	–	–	–	–		–
Conservation Areas		–	–	–	–	–	–	–		–
Other Heritage		–	–	–	–	–	–	–		–
								–		
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Other assets		**535**	**883**	**883**	**(179)**	**561**	**883**	**322**	**36.5%**	**883**
Operational Buildings		535	883	883	(179)	561	883	322	**36.5%**	883
Municipal Offices		–	–	–	–	–	–	–		–
Pay/Enquiry Points		–	–	–	–	–	–	–		–
Building Plan Offices		–	–	–	–	–	–	–		–
Workshops		–	–	–	–	–	–	–		–
Yards		–	–	–	–	–	–	–		–
Stores		–	–	–	–	–	–	–		–
Laboratories		–	–	–	–	–	–	–		–
Training Centres		–	–	–	–	–	–	–		–
Manufacturing Plant		–	–	–	–	–	–	–		–
Depots		535	883	883	(179)	561	883	322	36.5%	883
Capital Spares		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Staff Housing		–	–	–	–	–	–	–		–
Social Housing		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		–	–	–	–	–	–	–		–
Servitudes		–	–	–	–	–	–	–		–
Licences and Rights		–	–	–	–	–	–	–		–
Water Rights		–	–	–	–	–	–	–		–
Effluent Licenses		–	–	–	–	–	–	–		–
Solid Waste Licenses		–	–	–	–	–	–	–		–
Computer Software and Applications		–	–	–	–	–	–	–		–
Load Settlement Software Applications		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	210	210	–	9	210	201	95.6%	210
Furniture and Office Equipment		–	210	210	–	9	210	201	95.6%	210
Machinery and Equipment		132	738	988	398	15	988	973	98.5%	988
Machinery and Equipment		132	738	988	398	15	988	973	98.5%	988
Transport Assets		5,804	26	26	–	2,286	26	(2,260)	- 8616.2%	26
Transport Assets		5,804	26	26	–	2,286	26	(2,260)	- 8616.2%	26
Land		–	–	–	–	–	–	–		–
Land								–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Immature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Total Repairs and Maintenance Expenditure	1	18,519	15,958	21,273	3,975	15,745	21,285	5,540	26.0%	21,273

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE

The municipal infrastructure asset has reached the useful lives, which requires replacement and high maintenance. The infrastructure master plan master plan has been developed to address the same.

5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

THE LIQUIDITY RATIOS FOR 2024/25 FINANCIAL YEAR ARE AS FOLLOWS:

- Current ratio = 1.68
- Gearing ratio = 0.25

The current ratio is within the acceptable norm 1.68 which suggests that the Municipality will not have challenges in paying its current or short-term obligations if they fall due at any specific point.

The following measures were put in place to improve liquidity Ratios:

- Consumers were connected to pre-paid electricity to improve debt collection
- Municipality intensifies cost containment
- Municipality intensifies on revenue enhancement

The Municipality also has a strong long term liquidity position with a gearing ratio of 25% which represents low risk in terms of meeting its long-term obligations. The Municipality also has a net asset value of R**1,499,197,095.00** as of 30 June 2025 which means that the Municipality's total assets exceed its total liabilities by R**1,499,197,095.00**

COMMENT ON FINANCIAL RATIOS

Management is confident that the municipality will continue to operate as a going concern. The municipality has neither the intention to cease operations nor are their conditions that point to any necessity for a liquidation or cessation of the trading. Accordingly, asset and liabilities of Lephalale Local Municipality are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of the business.
Overall, the liquidity ratio is within the acceptable norm. This is an indication that municipality will be able to pay its creditors /Liabilities when they become due.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5. CAPITAL EXPENDITURE

LIM362 Lephalale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Multi-Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		–	700	700	–	686	700	(14)	-2%	700
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–		–
Vote 3 - Corporate Services		558	–	–	–	–	–	–		–
Vote 4 - Social Service		30,085	–	–	–	–	–	–		–
Vote 5 - Technical and Engineering Services		62,725	129,731	128,343	(1,349)	79,829	128,343	(48,514)	-38%	128,343
Vote 6 - Property, Planning & Development		–	–	–	–	–	–	–		–
Vote 7 - Office of the Mayor/Strategic Office		–	–	–	–	–	–	–		–
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**93,368**	**130,431**	**129,043**	**(1,349)**	**80,516**	**129,043**	**(48,527)**	**-38%**	**129,043**
Single Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		–	200	459	–	–	459	(459)	-100%	459
Vote 2 - Budget and Treasury		715	–	–	–	–	–	–		–
Vote 3 - Corporate Services		1,088	2,100	3,233	908	2,609	3,233	(624)	-19%	3,233
Vote 4 - Social Service		6,540	1,908	2,058	(679)	1,055	2,058	(1,003)	-49%	2,058
Vote 5 - Technical and Engineering Services		11,166	83,030	122,624	36,803	84,749	122,624	(37,875)	-31%	122,624
Vote 6 - Property, Planning & Development		1,685	6,425	8,225	(5,683)	3,482	8,225	(8,675)	-105%	8,225
Vote 7 - Office of the Mayor/Strategic Office		362	–	–	–	–	–	–		–
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	21,557	93,663	136,599	31,349	91,894	136,599	**(48,636)**	**-36%**	136,599
Total Capital Expenditure		**114,925**	**224,094**	**265,642**	**30,001**	**172,410**	**265,642**	**(97,163)**	**-37%**	**265,642**
Capital Expenditure - Functional Classification										
Governance and administration		**2,361**	**3,000**	**4,392**	**908**	**3,295**	**4,392**	(1,097)	-25%	**4,392**
Executive and council		1,646	1,250	1,250	–	1,081	1,250	(169)	-14%	1,250
Finance and administration		715	1,750	3,142	908	2,215	3,142	(927)	-30%	3,142
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**802**	**10,408**	**10,558**	**2,144**	**11,785**	**10,558**	1,227	12%	**10,558**
Community and social services		295	–	–	–	–	–	–		–
Sport and recreation		–	10,378	10,528	2,823	8,511	10,528	(2,017)	-19%	10,528
Public safety		507	30	30	(679)	3,274	30	3,244	10814%	30
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**10,904**	**29,129**	**63,084**	**19,932**	**43,816**	**63,084**	(19,269)	-31%	**63,084**
Planning and development		2,048	6,425	8,225	(5,683)	(450)	8,225	(8,675)	-105%	8,225
Road transport		8,713	22,704	54,859	25,614	44,266	54,859	(10,594)	-19%	54,859
Environmental protection		143	–	–	–	–	–	–		–
Trading services		**100,858**	**181,557**	**187,607**	**7,017**	**113,514**	**187,607**	(74,093)	-39%	**187,607**
Energy sources		10,773	26,206	20,307	14	10,553	20,307	(9,754)	-48%	20,307
Water management		58,386	137,340	126,172	6,079	84,688	126,172	(41,484)	-33%	126,172
Waste water management		1,064	16,511	39,628	924	16,773	39,628	(22,855)	-58%	39,628
Waste management		30,635	1,500	1,500	–	1,500	1,500	–		1,500
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**114,925**	**224,094**	**265,642**	**30,001**	**172,410**	**265,642**	**(93,232)**	**-35%**	**265,642**
Funded by:										
National Government		96,389	194,005	221,080	11,882	132,661	221,080	(88,419)	-40%	221,080
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**96,389**	**194,005**	**221,080**	**11,882**	**132,661**	**221,080**	**(88,419)**	**-40%**	**221,080**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		18,536	30,089	44,562	18,118	39,749	44,562	(4,813)	-11%	44,562
Total Capital Funding		**114,925**	**224,094**	**265,642**	**30,001**	**172,410**	**265,642**	**(93,232)**	**-35%**	**265,642**

COMMENT ON SOURCES OF FUNDING AND CAPITAL EXPENDITURE:

The spending on capital projects for 2024-25 Financial year has significantly improved to 79% from 77 % in 2023-24.

5.6. SOURCES OF FINANCE

Financial Performance

LIM362 Lephalale - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June										
Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Year TD actual	Year TD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Multi-Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		–	700	700	–	686	700	(14)	-2%	700
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–		–
Vote 3 - Corporate Services		558	–	–	–	–	–	–		–
Vote 4 - Social Service		30,085	–	–	–	–	–	–		–
Vote 5 - Technical and Engineering Services		62,725	129,731	128,343	(1,349)	79,829	128,343	(48,514)	-38%	128,343
Vote 6 - Property, Planning & Development		–	–	–	–	–	–	–		–
Vote 7 - Office of the Mayor/Strategic Office		–	–	–	–	–	–	–		–
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**93,368**	**130,431**	**129,043**	**(1,349)**	**80,516**	**129,043**	**(48,527)**	**-38%**	**129,043**
Single Year expenditure appropriation	2									
Vote 1 - Office of Municipal Manager		–	200	459	–	–	459	(459)	-100%	459
Vote 2 - Budget and Treasury		715	–	–	–	–	–	–		–
Vote 3 - Corporate Services		1,088	2,100	3,233	908	2,609	3,233	(624)	-19%	3,233
Vote 4 - Social Service		6,540	1,908	2,058	(679)	1,055	2,058	(1,003)	-49%	2,058
Vote 5 - Technical and Engineering Services		11,166	83,030	122,624	36,803	84,749	122,624	(37,875)	-31%	122,624
Vote 6 - Property, Planning & Development		1,685	6,425	8,225	(5,683)	(450)	8,225	(8,675)	-105%	8,225
Vote 7 - Office of the Mayor/Strategic Office		362	–	–	–	–	–	–		–
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	21,557	93,663	136,599	31,349	87,963	136,599	**(48,636)**	**-36%**	136,599
Total Capital Expenditure		**114,925**	**224,094**	**265,642**	**30,001**	**168,478**	**265,642**	**(97,163)**	**-37%**	**265,642**
Capital Expenditure - Functional Classification										
Governance and administration		**2,361**	**3,000**	**4,392**	**908**	**3,295**	**4,392**	(1,097)	-25%	**4,392**
Executive and council		1,646	1,250	1,250	–	1,081	1,250	(169)	-14%	1,250
Finance and administration		715	1,750	3,142	908	2,215	3,142	(927)	-30%	3,142
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**802**	**10,408**	**10,558**	**2,144**	**7,853**	**10,558**	(2,705)	-26%	**10,558**
Community and social services		295	–	–	–	–	–	–		–
Sport and recreation		–	10,378	10,528	2,823	8,511	10,528	(2,017)	-19%	10,528
Public safety		507	30	30	(679)	(658)	30	(688)	-2292%	30
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**10,904**	**29,129**	**63,084**	**19,932**	**43,816**	**63,084**	(19,269)	-31%	**63,084**
Planning and development		2,048	6,425	8,225	(5,683)	(450)	8,225	(8,675)	-105%	8,225
Road transport		8,713	22,704	54,859	25,614	44,266	54,859	(10,594)	-19%	54,859
Environmental protection		143	–	–	–	–	–	–		–
Trading services		**100,858**	**181,557**	**187,607**	**7,017**	**113,514**	**187,607**	(74,093)	-39%	**187,607**
Energy sources		10,773	26,206	20,307	14	10,553	20,307	(9,754)	-48%	20,307
Water management		58,386	137,340	126,172	6,079	84,688	126,172	(41,484)	-33%	126,172
Waste water management		1,064	16,511	39,628	924	16,773	39,628	(22,855)	-58%	39,628
Waste management		30,635	1,500	1,500	–	1,500	1,500	–		1,500
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**114,925**	**224,094**	**265,642**	**30,001**	**168,478**	**265,642**	**(97,163)**	**-37%**	**265,642**
Funded by:										
National Government		96,389	194,005	221,080	11,882	128,729	221,080	(92,351)	-42%	221,080
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov depart Agencies, Households, Non-profit Institutions, Private Enterprises, Public corporations, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**96,389**	**194,005**	**221,080**	**11,882**	**128,729**	**221,080**	**(92,351)**	**-42%**	**221,080**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		18,536	30,089	44,562	18,118	39,749	44,562	(4,813)	-11%	44,562
Total Capital Funding		**114,925**	**224,094**	**265,642**	**30,001**	**168,478**	**265,642**	**(97,163)**	**-37%**	**265,642**

5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure – 5 largest projects

Capital Expenditure of 5 largest projects*R' 000			
Name of Project	**Current Year**		
	Original Budget	**Adjustment Budget**	**Actual Expenditure**
Replacement of asbestos cement pipe (ac) to HDPE/UPVC water pipes in Lephalale town (residential)	R 24 784 906	R 24 263 796	R 29 211 393
Replacement of asbestos cement pipe (AC) to HDPE/Upvc water pipes in Onverwacht (section B)	R 23 588,505	-	R 21 698 393.81
Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Lephalale town (CBD)	R 20 660 28	R 28 770 549	R 19 951 332.96
Upgrading of Sefitlhogo access road	R 20 353 750	R 19 431 849	R 15 515 690
Refurbishment and upgrading of Sewer Pump stations, network pipes, and replacement of AC pipes.	R 15 960 560	R 31 490 682	R 14 993 179
* Projects with the highest capital expenditure in 2024/ 25			

COMMENT ON CAPITAL PROJECTS:

The total percentage of MIG funding expenditure is at 99%

5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

COMMENT ON BACKLOGS:

The backlogs on the basic services are based on the RDP level of standard and the expression of percentage is based on the household number of 47 671 within Lephalale local municipality including farms and rural homes.
Municipality is comprised of 39 scattered rural settlements, 3 informal settlements and farms. Provision of basic infrastructure services remains a challenge. The growth of informal settlements has introduced additional challenges for the Municipality.
Provision of basic services at farms is the discretion of the owner. There is no strategy in place yet to guide the municipality regarding the provision of services to farm dwellers and farming community in general.
Provision of basic services within the formalized town is on target.
Sanitation backlog of 54%
Water backlog of 34%
Electricity backlog of 4,2%
Refuse Removal 50%

SERVICE DELIVERY STATUS QUO			
	Total HH	**Access**	**Backlog**
Electricity	47 671	7 281 – Urban 38 140 – Eskom	2 250
		45 417	
Water	47 671	31 401	16 270
Sanitation	47 671	22 389	25 282
Refuse removal	47 671	10652 - urban 6750 – rural 8 865 informal settlements	21 514
		26 157	

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9. CASH FLOW

LIM362 Lephalale - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	101,129	86,735	340	91,346	86,735	4,612	5%	86,735
Service charges		–	353,601	363,087	14,809	232,429	363,087	(130,658)	-36%	363,087
Other revenue		1,526,934	78,449	120,939	134,718	93,459	120,939	(27,481)	-23%	120,939
Transfers and Subsidies - Operational		–	247,286	247,286	4,359	239,725	247,286	(7,562)	-3%	247,286
Transfers and Subsidies - Capital		–	190,005	190,005	3,933	155,414	190,005	(34,590)	-18%	190,005
Interest		–	45,462	18,669	49	7,605	18,669	(11,063)	-59%	18,669
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(743,503)	(662,608)	(785,682)	(73,033)	(629,991)	(785,682)	(155,691)	20%	(785,682)
Interest		–	(18,685)	(20,604)	–	(4,535)	(20,604)	(16,069)	78%	(20,604)
Transfers and Subsidies		–	(1,078)	(126)	–	(558)	(126)	432	-344%	(126)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**783,431**	**333,559**	**220,309**	**85,174**	**184,894**	**220,309**	**35,415**	**16%**	**220,309**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	1,526	–	1,526	#DIV/0!	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		–	(224,094)	(305,488)	–	(150,166)	(305,488)	(155,322)	51%	(305,488)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**(224,094)**	**(305,488)**	**–**	**(148,640)**	**(305,488)**	**(156,848)**	**51%**	**(305,488)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	(9,422)	–	–	(30,619)	–	30,619	#DIV/0!	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**(9,422)**	**–**	**–**	**(30,619)**	**–**	**30,619**	**#DIV/0!**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**783,431**	**100,043**	**(85,179)**	**85,174**	**5,635**	**(85,179)**			**(85,179)**
Cash/cash equivalents at beginning:		91,260	91,267	91,267	–	60,653	91,267			60,653
Cash/cash equivalents at month/year end:		874,691	191,310	6,088	85,174	66,287	6,088			(24,526)

COMMENT ON CASH FLOW OUTCOMES:

The municipality ended the 2024/ 25 financial year with a bank balance of R 17 253 486 and cash and cash equivalents amounting to R 66 287 418.

5.10. BORROWING AND INVESTMENTS

	2020/ 21	**2022/ 23**	**2023/ 24**	**2024/ 25**
Long-term loans	R 69 760162	R 72 064 556	R 118 358 028.00	R 87 240 866.00
Investments	R 0	R 0	R 0	R 0

COMMENT ON BORROWING AND INVESTMENTS

The long-term loans which the municipality has are from Development Bank of South Africa (DBSA), and EXXARO.

5.11. PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Strategic economic partnerships has been established, with EXXARO mine.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. SUPPLY CHAIN MANAGEMENT

Overview of Supply Chain Management

The Bid Specification Committee, Bid Evaluation and Bid Adjudication Committees have been established, these committees were all functional in the financial year 2024/25. A procurement was approved by council and implemented throughout the financial year. Advertised tenders are being evaluated, adjudicated and appointments are made for tenders in terms of the Supply Chain Management Policy. Quarterly reports on the tenders are submitted to Council.

5.13. GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice, and it provides the rules by which municipalities are required to prepare their financial statements. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications. Sect 8 & 19 of MFMA require National Treasury & provincial treasuries to and to prepare consolidated financial statements in accordance with GRAP for each year.
Submit those financial statements to the AG for audit within 3 months after year end. The AG must audit the AFS and submit a report to the relevant Treasury within 3 months of receipts of the statements.

The accounting policies are attached with the audited financial statements as Volume II of this document.

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A AUDITOR-GENERAL OPINION 2023/ 2024 FY

6.1. AUDITOR-GENERAL REPORT 2023/ 2024

Report of the auditor-general to the Limpopo Provincial Legislature and the council on Lephalale Local Municipality

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Lephalale Local Municipality set out on pages 252 to 353, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lephalale Local Municipality as of 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practices (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis of opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Material uncertainty relating to the future outcome of exceptional litigation

7. As disclosed in note 53 to the financial statements, the municipality is a defendant in multiple lawsuits. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material losses

8. As disclosed in note 68 to the financial statements, material water losses of R12 511 298 (2023: R14 947 367) was incurred, which represents 36% (2023: 45%) of total water purchased. The water losses were due to leakages and service connections.

9. As disclosed in note 68 to the financial statements, material electricity losses of R14 177 103 (2023: R13 847 809) was incurred, which represents 9% (2023: 10%) of total electricity purchased. The electricity losses were due to illegal connections and aging infrastructure.

Material Impairment of Trade Receivables

10. As disclosed in note 43 to the financial statements, material impairment of R91 348 679 (2023: R67 648 327) were provided for as a result of irrecoverable debtors.

Material underspending of conditional grants

11. As disclosed in note 20 to the financial statements, the municipality materially underspent conditional grants by R12 907 488 (2023: R21 245 590).

Other matters

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

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the Municipal Finance Management Act 56 of 2003 (MFMA) the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

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

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

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

16. 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.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 09 forms part of our auditor's report.

COMPONENT B AUDITOR-GENERAL OPINION 2024/ 2025 FY

6.2. AUDITOR-GENERAL REPORT 2024/ 2025

Report of the auditor-general to the Limpopo Provincial Legislature and the council on Lephalale Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Lephalale Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lephalale Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practices (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (DoRA).

Context for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

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

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

7. As disclosed in note 48 to the financial statements, the municipality is a defendant in multiple lawsuits. The ultimate outcome of these matters cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

8. As disclosed in note 61 to the financial statements, material water losses of R15 845 542 (2024: R12 511 298) were incurred, which represents 42.3% (2024: 36,5%) of total water purchased. The water losses were due to leakages and the ageing infrastructure.

9. As disclosed in note 61 to the financial statements, material electricity losses of R19 963 700 (2024: R14 177 103) were incurred, which represents 10.9% (2024 9%) of total electricity purchased. The electricity

losses were due to illegal connections and aging infrastructure.

10. As disclosed in note 38 to the financial statements, material impairment of R96 616 439 (2024: R93 401 794) was provided for as a result of irrecoverable debtors.

11. As disclosed in note 18 to the financial statements, the municipality materially underspent conditional grants by R18 838 575 (2024: R12 907 488).

Other matters

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

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

Responsibilities of the accounting officer for the financial statements

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

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

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

16. 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.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 10 forms part of my auditor's report.

Report on the audit of the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance areas presented in the annual performance report. The Accounting Officer is responsible for the preparation of the annual performance report.

19. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance areas	Page numbers	Purpose
KPA 2: Basic service delivery and infrastructure and development	142-159	To provide for basic service delivery and sustainable infrastructure development
KPA 4: Local Economic development	113-123	Create a conducive environment for businesses to invest and prosper\ Marketing and Branding

20. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

21. performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, 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 and is comparable and understandable.
- there is adequate supporting evidence for the measures taken to improve performance

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

23. The material findings on the reported performance information for the selected programmes are as follows:

Kpa 2: Basic service delivery and infrastructure and development

M2188 - Percentage of Potholes in the municipal roads fixed per quarter, YTD (year to date)

24. Adequate processes had not been established to consistently measure and reliably report on the achievement

of this indicator and its target of 100% for the potholes fixed in the municipal roads per quarter, YTD. There is insufficient evidence to support the calculations underlying the reported achievements. Consequently, the municipality would have found it difficult to determine the correct achievement to be reported against the planned target.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

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

27. The tables that follow provide information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Service delivery and infrastructure development

Targets achieved: 50% *Budget spent 94,70%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Number of stadiums refurbished	1	0
M401 A - Number households connected with basic level of electricity by municipality on Eskom licensed area from 1 July 2024 to 30 June 2025	800	174
M218 - Number of villages in which access roads are bladed per quarter	39	28
M2188 - Percentage of potholes in the municipal roads fixed per quarter, YTD	100%	88%
M21- Percentage budget spent on MIG projects by the municipality for 2024/25 FY per Quarter YTD	100%	99%
M400 A - Percentage of households connected with access to sanitation in urban areas (Marapong, Onverwacht and Town) from 1 July 2024 to 30 June 2025	100%	0%
M758 - Number of monthly wastewater quality monitoring reports conducted by municipality per quarter YTD (cumulative)	12	11
M399 A- Percentage of households connected with access to water in urban areas (Marapong, Onverwacht and Town) from 1 July 2024 to 30 June 2025	100%	0%
M81 - Percentage of water losses per quarter, YTD	14%	41%
ISW 6 - Percentage of Marapong bulk water supply storage completed	100%	64%
ISW11 - Percentage of Marapong bulk water supply pipeline completed	100%	62%
ISW 32 - Number of boreholes equipped and energized at Madibeng village	1	0

ISW 43 -Number of JOJO tanks installed in various villages in Lephalale Local Municipality	12	11
ISW 44 -Zeeland Water Treatment Works- appointment of transactional advisor	1	0
ISR/P47 - Number of kilometers of access road upgraded from gravel to asphalt-paved road at Sefitlhogo village YTD	3,8	0
ISS4 - Percentage of sewer pump stations upgraded, and network pipes replaced with AC pipes per quarter YTD	100%	85%
ISS24 - Grey water from Paarl wastewater treatment works- appointment of transactional advisor	1	0
ISE9 - Number of new households electrified in villages around Lephalale	800	174
ISE12 - Number of high mast light installed and energize in various villages YTD	27	0
ISE15 - Number of solar technical report compiled	1	0
ISE18 - Number of switch gears replaced on the substation	2	0
SS61 - Percentage resealing of testing ground	100%	73%

Local economic development

Targets achieved: 60%
Budget spent 80,39%

Key indicators not achieved	Planned target	Reported achievement
Number of jobs created through municipal LED initiatives and capital projects per quarter (from municipal budget)	440	132
Number of jobs created through strategic partners in the municipal boundaries per quarter YTD	1 000	621

Material misstatements

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for service delivery, infrastructure development and Local economic development key performance areas. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

29. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

30. 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.

31. 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.

32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and performance report

33. 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, liabilities, disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

34. The performance management system and related controls were not maintained or were inadequate as it did not describe how the performance monitoring and review processes should be managed where new indicators are introduced as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

35. Sufficient appropriate audit evidence could not be obtained that the performance of some contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.

Consequence management

36. 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)(b) of the MFMA.

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

Expenditure management

38. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R49 398 000, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by debt impairment, bad debts, depreciation, impairment, and amortisation, which are non-cash items.

Other information in the annual report

39. 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.

40. 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.

41. 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.

42. I did not receive the other information prior to this 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 the auditor's report and re-issue an amended report as appropriate. However, if the other information is corrected this will not be necessary.

Internal control deficiencies

43. 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.

44. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion and, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

45. The accounting officer did not adequately review the financial statements and performance information before submitting them for audit, as a result material misstatements were identified.

46. Management did not prepare regular, accurate and complete financial statements and performance reports that supported and evidenced by reliable information.

47. Non-compliance with legislation could have been prevented if compliance was reviewed correctly and monitored by the municipality.

48. The action plan developed by the municipality to address internal and external audit findings for performance information and compliance with laws and regulations was not effective. The action plan did not ensure that root causes that resulted in material findings are adequately addressed.

Auditor General

Polokwane
30 November 2025

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation

#	Selected legislation and regulations	Consolidated firm level requirements
1	Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)
10	Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) **Parent municipality with ME:** Sections: 93B(a), 93B(b) **Parent municipality with shared control of ME:** Section: 93C(a)(iv), 93C(a)(v)
#	**Selected legislation and regulations**	**Consolidated firm level requirements**
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

#	Selected legislation and regulations	Consolidated firm level requirements
12	MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 8(3), 26(5), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: forty-three
17	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
18	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
19	Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),11(1), 11(2)
20	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

APPENDIX A – COUNCILLORS; AND COUNCIL ATTENDANCE

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
Executive Leadership					
Cllr. RA Mokgetle	FULL TIME	Mayor: Chairperson EXCO	ANC PR	100%	0%
Cllr. GG Marakalala	FULL TIME	Speaker, Public Participation	ANC PR	100%	0%
Executive Committee Members				100%	0%
RA Mokgetle	FULL TIME	Chairperson EXCO	ANC PR	100%	0%
Cllr. M.M. Semenya	PART TIME	Head of Cluster: Planning and Development	EFF PR	95%	5%
Cllr. SM Nieuwoudt	FULL TIME	Head of Cluster: Governance, Administration, Budget, and Financial Management.	DA WARD4	95%	5%
Cllr. RM Modiba	FULL TIME	Head of Cluster: Municipal Infrastructure Services	ANC PR	100%	0%
Cllr M L Shongwe	FULL TIME	Head of cluster: Social Services	ANC WARD5	100%	0%
Portfolio Council Chairpersons					
Cllr. F Monare	PART TIME	Chair of Chairs	ANC WARD2	92%	8%
Cllr. MJ Madibana	PART TIME	Water, Sanitation & Electricity	ANC WARD13	92%	8%
Cllr. LK Moshupye	PART TIME	Public Transport, EPWP and Public Works & Arts and Culture	ANC WARD7	92%	8%
Cllr. H W Venter	PART TIME	Environment and Agriculture	FF plus PR	100%	0
Cllr W M Motlokwa	PART TIME	Radical Economic Transformation Chairperson	ANC WARD 14	100%	0
Cllr. B Kgageng- Moloantoa	PART TIME	Women in Caucus Chairperson	ANC WARD1	100%	0
Cllr. E L Setho	PART TIME	Human Settlement	DA PR	92%	8%
Cllr. D A Mongalo	PART TIME	Parks, Waste and Cemeteries	EFF	100%	0%
Cllr PK J Selolo	PART TIME	Labour and Employment	ANC WARD11	100%	0%
Cllr SJ Moselane	PART TIME	Traditional and Home affairs	ATM PR	100%	0%
Cllr. J D Nel	PART TIME	Income and Expenditure. Finance	DA WARD3	95%	5%

Council Members	Full/Part Time (FT/PT)	Committees Allocated	*Ward and/or Party represented	% Council meetings attendance	% Apologies for non-attendance
Cllr K C Bopape	PART TIME	Education, Early Child Development	ANC WARD 10	80%	10%
Cllr S J Machaba	PART TIME	Communication	ANC PR	95%	5%
Cllr M R Mjakula	PART TIME	Finance	LRP	100%	0%
Cllr S Mpedi	PART TIME	Geographical name Change Committee Chairperson	ANC PR	85%	15%
Cllr T A Thulare	Part time	Special Projects	ANC WARD 9	70%	30%
Cllr. MM Makgae	PART TIME	MPAC Chairperson	ANC WARD 6	92%	8%
Cllr DA Mothoni	PART TIME	MPAC	ANC WARD12	92%	8%
Cllr. I Magoai	PART TIME	MPAC	ANC WARD15	92%	8%
Cllr. R T Modise	PART TIME	Tourism, LED, Mining, and Industry	ANC PR	85%	15%
Cllr. E Seepe	PART TIME	MPAC	ANC PR	92%	8%
Cllr J D Nel	PART TIME	MPAC	DA WARD 3	100%	0%
Cllr MJ Sebetha	PART TIME	MPAC	EFF PR	100%	0%
Traditional Leaders					
Kgoshigadi Laka Rep	PART TIME	Mokuruanyane, Langa, Traditional Authority		09	4
Kgoshi Seleka Rep	PART TIME	Ga–Seleka Traditional Authority		08	5
Kgoshi Shongoane Rep	PART TIME	Ga-Shongoane Traditional Authority		09	4
Note: * Councilors appointed on a proportional basis do not have wards allocated to them					

APPENDIX B COUNCIL DATES AND COMMITTEES ALLOCATION

SECTION 80 PORTFOLIO COMMITTEES	COUNCILLORS	CONTACT NO
MAYOR	Cllr R A Mokgetle	082 760 6991 073 661 6962
SPEAKER	Cllr G.G. Marakalala	071 548 6274
CHAIRPERSON OF CHAIRPERSONS	Cllr L Monare	072 615 5018
CLUSTER CHAIRPERSON: GOVERNANCE, ADMINSTRATION, BUDGET AND TREASURY	Cllr S M Nieuwoudt	082 686 3799
Portfolio: Communication	Cllr S J Machaba	079 957 2472
Portfolio: Labour and Employment	Cllr PKJ Selolo	063 279 6440
Portfolio: Finance	Cllr MR Mjakula	083 978 8273
Portfolio: Tourism, Sports and Culture	Cllr L K Mosupye	076 702 6120
Portfolio: Special Project	Cllr A Thulare	071 823 4044
CLUSTER CHAIRPERSON: ECONOMIC AND DEVELOPMENT PLANNING	Cllr M M Semenya	071 821 6458
Portfolio: Human Settlement	Cllr E Seepe	073 657 3545
Portfolio: tourism, LED, Mining, and Industry	Cllr L Modise	066 280 9973
Portfolio: Environmental and Agriculture	Cllr H W Venter	072 604 1638
Portfolio: Land	Cllr LE Setho	073 645 3551
CLUSTER CHAIRPERSON: INFRASTRACTURE SERVICES	Cllr M R Modiba	073 658 5017
Portfolio: EPWP and Public Works & Public Transport	Cllr L Mosupye	076 702 6120
Portfolio: Water, Sanitation and Electricity	Cllr M J Madibana	076 643 5139
CLUSTER CHAIRPERSON: SOCIAL SERVICES	Cllr M L Shongwe	072 111 4033
Portfolio: Health	Cllr M W Langa	073 645 3551
Portfolio: Education & Early Childhood Development	Cllr KC Bopape	071 523 0477
Portfolio: Parks, Waste & Cemeteries	Cllr D A Mongalo	081 887 6333
Portfolio: Transport Security and Liaison	Cllr R T Modise	072 782 6044
Portfolio: Land and Environment	Cllr Selolo	063 279 6440
Portfolio: Traditional and Home Affairs	**Cllr S J Moselane**	**067 326 4127**
Portfolio: Social Development	**Cllr E Setho**	**060 701 2252**

LEPHALALE LOCAL MUNICIPALITY
Develop, Sustain, Prosper
ITEM A194/2021[12]

SECTION 79 COMMITTEES	COUNCILLOR	CONTACT NO.
MPAC		
provides financial oversight by reviewing annual reports and audit findings, monitoring the implementation of AG and Audit Committee recommendations, promoting good governance, investigating financial irregularities like fruitless expenditure, and facilitating public engagement on financial matters, all to ensure accountability and transparency to the council.		
Members		
Cllr M.M. Makgae	Chairperson	072 615 5018
Cllr D A Mothoni	Member	083 230 7194
Cllr I Magoai	Member	072 491 7260
Cllr J D Nel	Member	079 298 1301
Cllr M J Sebetha	Member	071 186 2969
ETHICS COMMITTEE		

Policy Development and Oversight: Developing, recommending, and overseeing the implementation of comprehensive ethics management strategies, policies, and codes of conduct for both councillors and municipal employees. **Financial Disclosure Management:** Managing the system for the declaration of financial interests and conflicts of interest for officials, maintaining a register of these interests, and potentially conducting lifestyle reviews to ensure transparency.		
Members		
Cllr PKJ Selolo	Chairperson	063 279 6440
Cllr E L Setho	Member	073 645 3551
Cllr S J Machaba	Member	079 957 2472
Cllr M R Mjakula	Member	083 978 8273
RADICAL ECONOMIC TRANSFORMATION COMMITEE		
Promoting local economic development (LED) initiatives: This involves stimulating economic activity and job creation within the municipality's jurisdiction, with a focus on sustainable and inclusive growth that benefits the local population.		
Members		
Cllr W M Motlokwa	Chairperson	076 914 0521 076 998 9508
Cllr R T Modise	Member	072 782 6044
Cllr S J Machaba	Member	076 643 5139
Cllr E L Setho	Member	073 645 3551
Cllr D A Mongalo	Member	081 887 6333
GEOGRAPHICAL NAME CHANGE COMMITTEE		
Ensuring that Municipal Streets and monuments are re-named, given names to redress the imbalances of the past.		
Members		
Cllr S Mpedi	Chairperson	071 523 0477
Cllr H W Venter	Member	072 604 1638
Cllr KC Bopape	Member	073 667 9613
Cllr J Moselane	Member	067 326 4127
WOMEN IN CAUCUS (GENDER)		
Representing Women's Interests: The caucus acts as an advisory and consultative body to ensure the specific interests and concerns of women, particularly at the grassroots level, are heard and addressed in municipal decisions, policies, and service delivery.		
Members		
Cllr B Kgageng-Moloantoa	Chairperson	083 331 1427
	All Women Cllr	

THE LEPHALALE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2018-2026

1. The MPAC shall be composed of - Councillors appointed by Council, Municipal Manager, Manager Internal Audit, MPAC Officer and any other Official so nominated by MPAC, on a permanent basis or for a specific matter.

2. The Chairperson shall convene meetings in accordance with the dates on a program prepared annually according to the guidelines set by CoGHSTA.

3. The meetings shall be held in accordance with the approved Annual Work Plan and visit Projects.

4. The Chairperson of the MPAC shall preside all meetings.

5. The Chairperson of the MPAC shall nominate an Acting Chairperson amongst the Councillors in the Committee and by failing to nominate an Acting Chairperson; Councillors will elect an Acting Chairperson amongst themselves in the absence of the Chairperson.

6. The MPAC members shall participate fully on best practices to the benefit of the Municipality.

7. The MPAC shall report back to the Council on the functionality, developments, and progress within the Committee.

8. The MPAC will ensure that they are capacitated and skilled to discharge their functions.

9. The MPAC shall perform any other functions assigned to it through a resolution of the Council.

10. The MPAC shall refer matters or advice to Council for resolutions and advice on issues of good Governance, Accountability, Oversight and Transparency.

11. The MPAC shall be in Office for a period corresponding with the term of Council.

12. The MPAC shall track the implementation of the past recommendations or resolutions.

13. The MPAC shall ensure to promote good Governance, Transparency and Accountability on the use of Municipal resources.

14. The MPAC shall recommend or undertake investigations in its area of responsibility.

15. The MPAC shall invite other Municipal Oversight bodies to share information on how to function better and improve on the Municipal performance.

16. The MPAC shall ensure good practice on the road towards Operation Clean Audit.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2021-2026 Members and THE ETHICS OF LEPHALALE 2021-2026

LEPHALALE LOCAL MUNICIPALITY
Develop, Sustain, Prosper
ITEM A152/2024[10]

SECTION 79 COMMITTEES	COUNCILLOR	CONTACT NO.
MPAC		
Cllr M.M. Makgae	Chairperson	072 615 5018
Cllr D A Mothoni	Member	083 230 7194
Cllr I Magoai	Member	072 491 7260
Cllr J D Nel	Member	079 298 1301
Cllr M J Sebetha	Member	071 186 2969
ETHICS COMMITTEE		
Cllr PKJ Selolo	Chairperson	063 279 6440
Cllr E L Setho	Member	073 645 3551
Cllr S J Machaba	Member	079 957 2472
Cllr M R Mjakula	Member	083 978 8273
Cllr M M Makgae	Chairperson	072 615 5018
Cllr D A Mothoni	Member	083 230 7194
Cllr I Magoai	Member	072 491 7260

17. The Committee shall be composed of - Councillors appointed by Council, Executive Manager: Strategic Support Services and/or Manager: Legal Services and any other Official so nominated by Ethics Committee, on a permanent basis or for a specific matter.

18. The Chairperson shall convene meetings in accordance with the dates on a program prepared annually according to the guidelines set by CoGHSTA.
The meetings shall be held in accordance with the approved Annual Work Plan and visit Projects.

19. The Chairperson of the Ethics Committee shall preside all meetings.

20. The Chairperson of the Ethics Committee shall nominate an Acting Chairperson amongst the Councillors in the Committee and by failing to nominate an Acting Chairperson; Councillors will elect an Acting Chairperson amongst themselves in the absence of the Chairperson.

21. The Ethics Committee members shall participate fully on best practices to the benefit of the Municipality.

22. The Ethics Committee shall report back to the Council on the functionality, developments, and progress within the Committee.

23. The Ethics Committee will ensure that they are capacitated and skilled to discharge their functions.

24. The Ethics Committee shall perform any other functions assigned to it through a resolution of the Council.

25. The Ethics Committee shall refer matters or advice to Council for resolutions and advice on issues of good Governance, Accountability, Oversight and Transparency.

26. The Ethics Committee shall be in Office for a period corresponding with the term of Council.

27. The Ethics Committee shall track the implementation of the past recommendations or resolutions.

28. The Ethics Committee shall ensure to promote good Governance, Transparency and Accountability on the use of Municipal resources.

29. The Ethics Committee shall recommend or undertake investigations in its area of responsibility.

30. The Ethics Committee shall invite other Municipal Oversight bodies to share information on how to function better and improve on the Municipal performance.

31. The Ethics Committee shall ensure good practice on the road towards Operation Clean Audit.

SECTION 80 PORTFOLIO COMMITTEES	COUNCILLORS	CONTACT NO	% COMMITTEE MEMBER ATTENADANCE MEETINGS	% APOLOGIES FOR NON ATTENDACE
MAYOR	Cllr R A Mokgetle	082 760 6991 073 661 6962	100%	0%
SPEAKER	Cllr G.G. Marakalala	071 548 6274	100%	0%
CHAIRPERSON OF CHAIRPERSONS	Cllr L Monare	072 615 5018	100%	0%
Political and management team to manage the municipality				
CLUSTER CHAIRPERSON: GOVERNANCE, ADMINSTRATION, BUDGET AND TREASURY	Cllr S M Nieuwoudt	082 686 3799	100%	0%
Portfolio: Communication	Cllr S J Machaba	079 957 2472	100%	0%
Portfolio: Labour and Employment	Cllr PKJ Selolo	063 279 6440	100%	0%
Portfolio: Finance	Cllr MR Mjakula	083 978 8273	100%	0%
Portfolio: Tourism, Sports and Culture	Cllr L K Mosupye	076 702 6120	100%	0%
Portfolio: Special Project	Cllr A Thulare	071 823 4044	100%	0%
Oversee the functions of the Corporate, Budget & Treasury Office and Strategic matters such as communications, PMS and IDP.				
CLUSTER CHAIRPERSON: ECONOMIC AND DEVELOPMENT PLANNING	Cllr M M Semenya	071 821 6458	100%	0%
Portfolio: Human Settlement	Cllr E Seepe	073 657 3545	100%	0%
Portfolio: tourism, LED, Mining, and Industry	Cllr L Modise	066 280 9973	100%	0%
Portfolio: Environmental and Agriculture	Cllr H W Venter	072 604 1638	100%	0%
Portfolio: Land	Cllr LE Setho	073 645 3551	100%	0%

Oversee Developmental matters such as Human settlement, Economic development such as land acquisitions, Minning establishment and environment and Agriculture matters				
CLUSTER CHAIRPERSON: INFRASTRACTURE SERVICES	Cllr M R Modiba	073 658 5017	100%	0%
Portfolio: EPWP and Public Works & Public Transport	Cllr L Mosupye	076 702 6120	100%	0%
Portfolio: Water, Sanitation and Electricity	Cllr M J Madibana	076 643 5139	100%	0%
Oversee the matters relating to infrastructure within municipality that is buildings, sanitations electricity, water and Moving assets				
CLUSTER CHAIRPERSON: SOCIAL SERVICES	Cllr M L Shongwe	072 111 4033	100%	0%
Portfolio: Health	Cllr M W Langa	073 645 3551	100%	0%
Portfolio: Education & Early Childhood Development	Cllr KC Bopape	071 523 0477	100%	0%
Portfolio: Parks, Waste & Cemeteries	Cllr D A Mongalo	081 887 6333	100%	0%
Portfolio: Transport Security and Liaison	Cllr R T Modise	072 782 6044	100%	0%
Portfolio: Land and Environment	Cllr Selolo	063 279 6440	100%	0%
Portfolio: Traditional and Home Affairs	**Cllr S J Moselane**	**067 326 4127**	100%	0%
Portfolio: Social Development	**Cllr E Setho**	**060 701 2252**	100%	0%
Oversee Community related matters such as health, education, and other related social matters				

APPENDIX C – THIRD TIER ADMINISTRATION

OFFICE OF THE MUNICIPAL MANAGER				
		Manager: Internal Auditor/ CAE	Mathebula	GE
		Chief Risk Officer	Malahlela	J
SECTION: STRATEGIC SERVICES				
		Manager: Communication	Chiloane	SC
		Manager: Public Participation	Motebele	KS
		Manager: PMS	Matsoma	D.E
		Manager: IDP	Mawela	M
		Manager: IDP (Resigned)	Mabotja	M.F
SECTION: BUDGET AND TREASURY SERVICES				
		Manager: Income	Marope	A E
		Manager: Reporting	Ntwampe	S.M
		Manager: SCM	Mokobane	O
		Manager: Expenditure	Jooste	C.J
SECTION: CORPORATE SERVICES				
		Manager: Admin and Secretarial (Acting)	Seodisa	M.T
		Manager: Legal	Moaloshi	P. J
		Manager: HR	Makholwa	K A
		Manager IT	Seboya	T. A
SECTION: DEVELOPMENT PLANNING				
		Manager: Human Settlements	Radipabe	O
		Manager: Town Planning	Mutshavi	H.C
		Manager: Building Control	Mabale	T.O. B
		Manager LED (moved to Development)	Seanego	M. C
SECTION: SOCIAL SERVICES				
		Manager: Library	Ndoweni	B. J
		Manager: Parks	Keefelakae	S
		Manager: Waste Management	Hlapa	P. J
		Manager: Licensing	Tefo	J. R
		Manager: Traffic	Maloba	P
SECTION: INFRASTRUCTURE SERVICES				
		Manager: Water	Shiko	M.A
		Manager: Sanitation	Masenya	O G
		Manager: Public Works	Ngobeli	R. J
		Manager: Electricity	Booysen	C
		PMU Manager	Lekalakala	P

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Function	Authority	Capacity	Personnel	Department	Budget	Comments
Air pollution	No	Limited	0	Social services	No	District function.
Building regulation	Yes	Yes	5	Development Planning	Yes	Municipality has capacity and budget, function performed by building control & LED
Bulk supply of electricity	Yes	Yes	37	Infrastructure services	Yes	Municipality provides electricity in urban areas and the eastern part of Lephalale town
Fire fighting	No	No	0	Social services	No	District function performed by the municipality as agent of WDM.
Local tourism & LED	Yes	Yes	2	Strategic Services	Yes	Perform function in collaboration with local tourism association
Municipal planning	Yes	Yes	6	Development planning	Yes	With spatial development and land use and building control
Municipal health services	No	No	N/A	Department of Health & social development	N/A	District function.
Municipal public transport	Yes	Limited	1	Social services	No	Municipality is currently responsible for coordination of transport-related activities.
Municipal roads and storm water	Yes	Yes	42	Infrastructure services	Yes	Municipality only responsible for access roads and still waiting for road classification
Trading regulation	Yes	No	No	Function not performed	No	No service level agreement (not clear who is responsible to perform function)
Bulk supply of water	Yes	Yes	44	Infrastructure services	Yes	Municipality only provides water for residential areas and small, medium business
Sanitation	Yes	Yes	36	Infrastructure services	Yes	Function performed through infrastructure services
Billboards & the display	Yes	Yes	12	Development planning	Yes	No service level agreement in place
Cemetery, funeral parlors & crematoria	Yes	Yes	9	Social services	Yes	Rendered through social services in urban areas and Steenbokpan
Street cleansing	Yes	Yes	18	Social services	Yes	Rendered through social services
Control of public nuisance	Yes	Yes	11	Social services	Yes	Function performed in collaboration with SAPS
Control of undertakings that sell liquor to the public	Yes	No	N/A	Liquor board (social services)	No	Social service has authority but no budget and service level agreement. SAPS are currently responsible for law enforcement.
Licensing & undertakings to sell food to the public	Yes	No	N/A	WDM function	No	No service level agreement and district not performing the function
Local sport facilities	Yes	Limited	No	Social services	Yes	Municipality paying grant to implementing agents around urban areas and ad hoc staff at rural areas.
Municipal parks & recreation	Yes	Yes	40	Social services	Yes	Function performed through social services
Noise pollution	Yes	No	0	Social services	No	No service level agreement in place
Refuse removal, refuse dump &	Yes	Yes	35	Social service	Yes	Service available in urban areas only. In rural areas only cleaning

Function	Authority	Capacity	Personnel	Department	Budget	Comments
solid waste disposal						campaigns embarked upon one interval.
Street trading	Yes	Yes	11	Social services	Yes	No service level agreement in place, Development planning should also play a role
Traffic and parking	Yes	Yes	11	Social services	Yes	Performed by social services
Occupational health & safety	Yes	Yes	1	Social services	Yes	Performed by social services
Additional Functions Performed						
Housing	No	Yes	6	Social services& DPLG&H	Yes	Department of local government & housing as per agreement with the municipality
Library, Arts & Culture	No	Yes	13	Social services & DSAC	Yes	Department of sport, arts & culture with the municipality as per agreement.
Registering Authority	No	Yes	11	Department of Transport & Social service	Yes	Department of Transport with the municipality as per agreement.

APPENDIX E – WARD REPORTING

Ward Committees for this 5th council were completed as of June 2025, and the administration have 15 functional wards committees which reported accordingly as of the end of the financial year.

INFORMATION OF WARD REPORTING				
Ward Number	**Name of ward Councillor and elected ward committee member**	**Number of monthly reports Submitted per Ward Committee Member in 2024/2025 FY**	**Ward Challenges experienced**	**Brief Feedback on Reports and Measures taken to address the challenges**
1	BETTY KGAGE-MOLOANTOA	08	Non-functional streets Lights. Damaged roads (potholes) Low water pressure and Poor water accessibility at Extensions.	Municipality Repaired Potholes in Marapong, The Relebogile street has been resealed. Alfred Nzo and Phuthaditshaba streets paved. Ben Matsoma road Under construction
2	LESIBANA MONARE	07	Water accessibility at Paprika informal settlements Waste collection (Skip Bins required)	The electrical stand by generator has been installed at Pumpstations to resolve the disruption of water supply and improve water pressure in the reticulation system. Water trucks are dispatched daily to deliver water at Paprika informal settlement.
3	JOHANNES NEL	09	Primary and Clinic required. Lack of Ward Profile	CDWs assisting with profiling of wards
4	SYBIL NIEUWOUDT	08	Non-functional Streets lights. Potholes/damaged roads.	Potholes repairs are ongoing in town and always above 80% is repaired per quarter
5	LOUISA SHONGWE	08	RDP Houses are needed. Mobile library required. Water accessibility and extensions. Speed humps requested	Seleka Witpoort water augmentation project on practical completion for accessibility to water Speed humps are installed at Mmaletswai villages and other villages
6	MARCUS MAKGAE	06	RDP required. Access to water. Roads and Storm water	Water tanks provided at Phahladira and Setateng Boreholes at Melvel have been equipped. The roads and Storm water channels are unblocked

INFORMATION OF WARD REPORTING				
Ward Number	**Name of ward Councillor and elected ward committee member**	**Number of monthly reports Submitted per Ward Committee Member in 2024/2025 FY**	**Ward Challenges experienced**	**Brief Feedback on Reports and Measures taken to address the challenges**
7	LINDA MOSUPYE	10	RDP Houses required. Fixing of High Mast Lights Re-gravelling of the roads. Access road to the Cemetery.	Bangalong High Mast is repaired. High mast light awaits energising. Grading and Regravelling of roads were done at Bangalong and Maeteletja
8	WILLIAM LANGA	09	RDP Houses needed. Access to water supply at Extensions. High Mast lights.	Water tanks are supplied at Ditaung, Tshetlhong villages. High mast lights for remaining sixteen villages completed and awaits energising only
9	ALPHEUS THULARE	10	Unemployment. Substance abuse by Youth. Electricity, Housing and Access to water.	Lephalale held an investment summit, where private companies pledged to invest and initiate businesses. The agricultural Witpoort augmentation is at Practical completion, for community benefits. High mast lights for remaining sixteen villages completed and awaits energising only
10	KHOMOTSO BOPAPE	10	Crime and Gender Based Violence (GBV). Land for Agriculture RDP Houses for other Villages.	The Police stations within the jurisdiction of Lephalale Local Municipality, have Family Children Sexual Offences units with dedicated officers for domestic violence and Gender Based violence
11	JAN SELOLO	10	- Non-functionality of water pump. - Unfinished RDP Houses	The water booster pumpstations at moon and Morwe villages are repaired and reconnection of old reservoir completed. Follow ups
12	ABEL MOTHONI	10	Water accessibility and Extensions of Water at new stands. RDP Houses required. Access roads need attention and re-gravelling and upgrading roads needs speed-humps	Updated water technical reports are compiled and business plans for water extensions in various villages are available for implementation. All access roads are bladed in wards, including ward twelve.
13	JOEL MADIBANA	10	Land for relocation of Mmamojela Informal Settlement. Access to water and Mmamojela Park. Access of roads at Steve Biko. Elevated level/rate of unemployment	Municipality delivers water, on daily basis to Mmamojela park. Process of purchasing land is ongoing and may be concluded by second quarter of next budget year. Housing Project by Coghsta at Altoostyd is on construction progress
14	WILLIAM MOTLOKWA	09	Non-functional streets Lights. Waste collection at Ditheku Primary School. Damaged roads (potholes) Low water pressure and water accessibility at Extensions.	Streetlights in Marapong Ext 4 are fixed. The electrical generator has been installed to resolve the disruption of water supply and improve water pressure in the reticulation system
15	IMMANUEL MAGOAI	10	Upgrading of the main road. Lack of electricity. No clinic, and Primary healthcare	There is partial electrification at Steenbokpan, and High mast lights available. Households will be connected in the 2026-27 budget year.

APPENDIX F – WARD INFORMATION

Functionality of ward committees					
Name of ward (number)	**Name of ward Councillor and elected ward committee member**	**Ward committee established (Yes/No)**	**Number of monthly committee meetings held during the year**	**Number of monthly reports submitted to Speaker's office on time**	**Number of quarterly public ward meetings held during the year**
1	BETTY KGAGE-MOLOANTOA	Yes/ disputed	12	12	4
2	LESIBANA MONARE	Yes/ disputed	12	12	4
3	JOHANNES NEL	Yes	12	12	4
4	SYBIL NIEUWOUDT	Yes	11	12	4
5	LOUISA SHONGWE	Yes/ disputed	12	12	4
6	MARCUS MAKGAE	Yes/ disputed	12	12	4
7	LINDA MOSUPYE	Yes	12	12	4
8	WILLIAM LANGA	Yes	12	12	4
9	ALPHEUS THULARE	Yes	12	12	3
10	KHOMOTSO BOPAPE	Yes	12	12	3
11	JAN SELOLO	Yes	12	12	4
12	ABEL MOTHONI	Yes	12	12	4
13	JOEL MADIBANA	Yes	11	10	4
14	WILLIAM MOTLOKWA	Yes/ disputed	10	10	3
15	IMMANUEL MAGOAI	Yes	10	10	3
Ward committee members submit monthly ward operational reports to the speaker's office where feedback meetings are recorded and discussed. Progress performance onward functionality is reported, where functional improvement is required, these reports assist the council and management with corrective measures to be taken for improvement.					

SEVEN LARGEST PROJECTS FOR 2024/ 25

SEVEN LARGEST PROJECTS FOR 2024/ 25									
No	**Service provider**	**Project Description of deliverables**	**Contract commencement date**	**Revised completion date**	**Progress**	**Expenditure**	**Budget**	**Funder**	**Ward**
1.	Bothlabatsasi	Replacement of asbestos cement pipe (ac) to HDPE/UPVC water pipes in Lephalale town (residential)	17-Oct-2023	31-Oct-2024	The project completed on the 20th of March 2025	R 29 211 393	R 24 263 796	WSIG	1, 2 and 14
2.	New Genesis	Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Lephalale town (CBD)	17-Oct-2023	31-Oct-2024	The project completed on the 27th of February 2025	R 19 951 332.96	R 28 770 549	LLM	8
3.	Tshashu Consulting / Dikgale and Sebego Energies	Upgrading of Sefitlhogo access road	17-Jun-2024 / 28-Nov-24	31-Aug-2025 / 31-Aug-2025	Works in progress completion date 31 August 2025	R 19 431 849	R 15 515 690	LLM/ PPP	11
4.	MONT Consulting Engineers	Refurbishment and upgrading of Sewer Pump stations, network pipes, and replacement of AC pipes.	11-Sep-2023	30-Aug-2025	85% Sewer Pump stations upgraded, and network pipes replaced with AC pipes constructed	R 31 490 682	R 14 993 179	WSIG	6,8, 12 ,11

SEVEN LARGEST PROJECTS FOR 2024/ 25									
No	**Service provider**	**Project Description of deliverables**	**Contract commence ment date**	**Revised completion date**	**Progress**	**Expenditure**	**Budget**	**Funder**	**Ward**
5.	NSK Electrical (Main Contr)	High Mast Lights Installation in Various Villages	1-Jul-2024	31-Mar-2025	All 27 high mast installed, awaiting Eskom to energise. The Municipality is having regular meetings with ESKOM to Fasttrack the process.	6 475 046	8 933 524	MIG	6
6.	On Spot Investments	Construction of steel tanks water storage reservoirs at Marapong	5-Dec-2024	31-Jul-2025	64% Marapong Storage Facility constructed and installed	R 2 807 962	18 745 218	WSIG	Ext 1 & 2
7.	Blanko investment	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium)	16-Jan-25	30-Aug-25	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium) project is still on-going and is at 86%	R 8 298 644	R 10 000 000	MIG	5

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/ 2025

REPORT OF THE AUDIT AND PERFOMANCE COMMITTEE TO THE COUNCIL OF LEPHALALE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025

1. INTRODUCTION

The purpose of this report is to provide an overview of the activities and key governance contributions of the Audit and Performance Committee in Lephalale Local Municipality during the 2025 financial period.
Lephalale Local Municipality established an Audit and Performance Committee as required by section 166 of the Municipal Finance Management Act, 2003. The Committee operates as an independent advisory oversight structure, mandated to provide guidance and recommendations to the Municipal Council, the Accounting Officer, and management on key governance and performance areas, including the effectiveness of internal controls, internal audit functionality, risk management, financial and performance reporting, and performance management against predetermined objectives.

In fulfilling its responsibilities, the Committee reviews and evaluates quarterly reports, Annual Financial Statements, and the Annual Performance Report, with a focus on compliance, credibility, reliability, and alignment to the Municipality's strategic performance targets. While the Committee makes recommendations to the Accounting Officer, accountability for the implementation of these recommendations remains the responsibility of management, under the leadership of the Accounting Officer.

The Committee submits this Annual Report for the financial year ended 30 June 2025 in accordance with sections 166(2) and 166(3) of the Municipal Finance Management Act, 2003, read together with MFMA Circular 65, relevant Council resolutions, and applicable oversight prescripts.

2. AUDIT AND PERFORMANCE COMMITTEE MEMBERSHIP AND ATTENDANCE OF MEETINGS

The Committee is a statutory oversight structure established by Council within the Lephalale Local Municipality in compliance with the Municipal Finance Management Act, 2003 and functions as an independent advisory body. In carrying out its mandate, the Committee aligns its governance practices with the principles and recommended practices of the King IV Report on Corporate Governance for South Africa.

The Committee convened at least once per quarter during the financial year under review, in accordance with its Council-approved Terms of Reference. The qualifications of Committee members and their meeting attendance records for the reporting period are set out below.

MEMBERS DETAILS	QUALIFICATIONS	NUMBER OF MEETINGS ATTENDED	APPOINTMENT/RESIGNATION DATE
Ms. T Motsweni, CA(SA), Cert Dir Audit Committee Chairperson	B Com Accounting Science, BCom (Hons) Accounting Science, CTA, CA(SA), Certified Director (IODSA) Certificate: Advanced Diploma in Taxation	10	Appointed on 01 January 2024
Mr. D Bosch	B Compt	10	Appointed on 01 July 2023. Resigned on 31 October 2025
Mr. M Sebeelo	Certificate: Advanced Project Management Programme National diploma in Internal auditing Bachelor of Technology in internal Auditing	10	Appointed on 01 July 2023

3. AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES

The Committee carries out the responsibilities assigned to it in terms of section 166 of the Municipal Finance Management Act, 2003 and regulation 14(2)(a) of the Municipal Planning and Performance Management Regulations, 2001. To reinforce effective oversight and ethical leadership, the Committee further applies the governance principles and recommended practices of the King IV Report on Corporate Governance for South Africa. During the financial year under review, the Committee undertook a comprehensive review of its Charter to ensure its continued relevance, legislative alignment, and responsiveness to the evolving governance needs of the Lephalale Local Municipality, thereby enabling the Committee to objectively and effectively discharge its advisory mandate.

The functions of the Committee are conducted in accordance with the approved Charter, which defines its authority, scope, and responsibilities. The functions of the Committee are executed in line with the prescripts of the Committee's Charter, as set out in the section that follows:

3.1. EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONEMENT

The Committee assessed the effectiveness of the Municipality's internal control environment, as mandated by section 166(2)(a) of the Municipal Finance Management Act, 2003. The review focused on the design, implementation, and operational efficiency of key financial, operational, and compliance controls. Sustained leadership commitment to fostering a strong control culture is essential for achieving a mature governance environment within the Municipality. The Committee therefore reiterates the urgent need to strengthen the following internal controls, previously raised in 2024/2025 financial year:

3.1.1. REVIEW AND QUALITY OF ANNUAL FINANCIAL STATEMENTS

In fulfilling its mandate under section 166(2)(d) and section 166(3) of the Municipal Finance Management Act, 2003, the Committee reviewed the Municipality's Annual Financial Statements (AFS) preparation process, focusing on compliance with the GRAP standards, accuracy, completeness, and the overall credibility of financial disclosures.

Engagements with Management included assessments of audit readiness, methodology refinements, asset verification and management, alignment to applicable GRAP standards, and the nature and impact of audit adjustment.

The Committee noted that the AFS preparation process requires consistent improvement to ensure credible and well-supported financial reporting. The Committee encourages management to continue with quarterly and mid-term financial statement readiness plan, strengthening asset verification and reconciliations, enforcing working-paper quality and evidence sign-off, conducting pre-submission AFS reviews to minimise repeat misstatements and audit adjustments, and submitting key assurance reports timeously to enable informed oversight before report finalisation.

3.1.2. REVENUE, BILLING AND DEBT COLLECTION

The Municipality achieved a collection rate below the 95% national target, reflecting a need to strengthen billing completeness and debt recovery controls. While prepaid electricity collection shows improvement, unbilled refuse services in informal and rural areas, untraceable debt older than 3 years, and unpaid government and village accounts continue to

expand the debtor's book. Management must prioritise meter replacement, prepaid water metering, billing reconciliations, percentage blocking, and finalise Memorandum of Understanding with key stakeholders to strengthen debt enforcement and improve payment behaviour.

3.1.3. CAPITAL PROJECT IMPLEMENTATION

Capital expenditure remains below expected performance which continue to delay infrastructure delivery and impact service outcomes for Lephalale. Management must implement tighter monthly Capex tracking and enforce accountability for milestones and under-spending. The Committee recommends embedding quarterly pre-audit assurance reviews, aligning procurement plans to IDP priorities, and applying consequence management for repeated delays to improve delivery readiness ahead of submissions to the Auditor General of South Africa.

3.1.4. MATERIAL LOSSES

The Committee is aware of the continued increase in water and electricity losses within the Municipality. Significant water losses were incurred, equating to 42.3% (2024: 36.5%) of total water purchased, mainly due to leakages and ageing water infrastructure. Electricity distribution losses reached 10.9% (2024: 9%) of total electricity purchased, largely driven by illegal connections and ageing network assets.
The Committee notes that the Municipality is implementing infrastructure renewal initiatives, including the replacement of ageing asbestos cement pipes through the Upgrading of the Water Network, as guided by the Water Services Infrastructure Grant, which is expected to reduce leakage-related water losses.

To strengthen electrical loss mitigation, the Committee encourages sustained collaboration with other stakeholders to support illegal connection prevention, improved metering controls, and community awareness.

The Committee will continue to monitor progress on pipe replacement, network upgrades, and electricity loss reduction interventions to ensure tangible improvement in infrastructure performance and service sustainability.

3.1.5. HUMAN RESOURCE MATTERS

The Committee notes a sustained rise in overtime expenditure. Management must enforce strict pre-approval requirements and improve departmental scheduling. The Committee recommends monthly overtime trend reporting, strengthened monitoring, and collaboration with the Human Resources to sustainably contain this cost.

Management must ensure that the finance Structure is fit for purpose, adequately capacitated, and aligned to support the financial reporting process. Structural and capacity gaps undermine timely preparation, review, and submission of credible AFS and performance reports. Strengthening the finance operating model, roles, and resourcing is essential to enable consistent compliance and improved reporting readiness.

3.2. PERFORMANCE OF INTERNAL AUDIT AND IMPLEMENTATION OF THE INTERNAL AUDIT PLAN

The Committee evaluated Internal Audit's performance, focusing on audit coverage, reporting quality, risk alignment, and timely execution of the approved Internal Audit Plan. The Committee is satisfied that Internal Audit operated independently and delivered relevant assurance throughout the year.

The Committee has reviewed the internal audit function, including the annual and three-year rolling plans, budget amendments, and adherence to the internal audit charter and methodology, which reflect legislative requirements and best practices. Internal auditors have met professional requirements and received training on the new Global Internal Audit Standards, which became effective in January 2025, ensuring the audit methodology is fully aligned with these standards.

An External Quality Assessment has not been conducted on the Internal Audit function in the past five (5) years, resulting in a material compliance gap against auditing standards. The Committee remains aware of this challenge and continues to monitor progress to ensure alignment with required audit quality-assurance practices.

In accordance with section 166(2)(a) of the MFMA, The Committee has duly advised the Council on all matters relating to performance management, including the performance of officials and the integrity of performance reporting.

3.3. RISK MANAGEMENT AND EFFECTIVENESS OF RISK MITIGATION STRATEGIES

The Committee reviewed the Municipality's risk management arrangements, including the identification of strategic and operational risks, controls in place, and the effectiveness of mitigation strategies, as required by section 166(2)(c). The Committee confirmed that risk registers were reviewed and reported quarterly, reflecting enhanced risk articulation and mitigation planning.

The Committee noted that while the overall risk management framework remains functional, accelerating the embedding of risk ownership across all business units continues to be a priority. The Committee is satisfied that key risk mitigation strategies were implemented with measurable impact and recommends continued strengthening of risk monitoring and reporting to ensure proactive governance over emerging and residual risks.

The committee has further recommended that Municipality should develop Key Risk Indicators (KRIs) to enable proactive monitoring and management of risks.

3.4. ANNUAL PERFORMANCE REPORT

The Committee fulfilled its responsibilities in terms of section 166(2)(e) and regulation 14(2)(a) by reviewing the Annual Performance Report (APR). The Committee confirmed that quarterly performance reports were submitted to the Committee and adequately measured performance against the Municipality's approved Service Delivery and Budget Implementation Plan (SDBIP). There is still a need to strengthen the internal controls designed to ensure the adequacy, accuracy, completeness, and validity of supporting documentation of reported performance results were not effectively implemented. The Committee further recommends strengthening consequence management and monitoring of underperforming indicators to ensure strategic targets are achieved and that performance outcomes meaningfully support the Municipality's developmental mandate.

3.5. IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORTS

The Committee, based on its quarterly review of in-year monitoring systems and reports, is satisfied with the content, quality, and accuracy of the reports and monthly submissions to the Limpopo Provincial Treasury, which were issued in compliance with section 77, 62(1) (c) and 165 of the MFMA.

3.6. COMPLIANCE WITH APPLICABLE LEGISLATION

As required by section 166(2)(f), the Committee reviewed the Municipality's compliance with key legislation, regulations, circulars, and applicable oversight prescripts. The Committee monitored compliance trends, audit outcomes, procurement controls, financial delegations, and reporting obligations throughout the year.

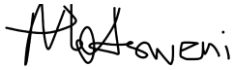
Although the municipality currently does not have a compliance officer, the Committee is satisfied that systems are in place to monitor compliance and that management has demonstrated increased responsiveness to compliance findings.

4. APPRECIATION

The Committee extends its appreciation to the Municipal Council of the Lephalale Local Municipality for the trust placed in it to serve as an independent oversight and advisory structure. Gratitude is also conveyed to the Accounting Officer, Management, and officials for their cooperation, transparency, and continued commitment to strengthening controls, including their efforts in maintaining an unqualified audit opinion.

The Committee further thanks the Auditor-General of South Africa for providing external assurance and reinforcing sound financial governance. Appreciation is also expressed to the Risk Governance Committee and the Internal Audit Unit for their professionalism, independence, and delivery of risk-based assurance, as well as to the Financial Misconduct Committee for supporting accountability processes.

The Committee remains committed to strengthening governance, improving service delivery, and supporting the communities of Lephalale.



Chairperson of the Audit and Performance Committee
T Motsweni CA(SA), Cert Dir

Date: November 2025

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long term contracts (20 Largest Contracts Entered into 2024/ 25					
Name of Service provider (Entity or Municipal Department)	**The service provider**	**Start date of contract**	**Expiry date of contract**	**Project Manager**	**Contract value**
ESKOM (Supply of Water to Marapong township)	**ESKOM**	**01 July 2014**	**YTD**	**MUNICIPAL MANAGER**	**R 10 000 000**
EXXARO (Supply of water to Onverwacht)	**EXXARO**	**01 July 2014**	**YTD**	**MUNICIPAL MANAGER**	**R 25 000 000**

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

No Services were outsourced to Entities or Agencies. Lephalale is water services authority, and it supplies electricity to its residence however Eskom is licensed to connect Marapong township and the rural villages.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS 2024/ 25

Total Number	Number of employees disclosed	Number of councilors disclosed	Percentage
433 employees	433		100 %
Twenty-nine councilors	29	29	100 %
Total 462			
Total disclosed	462	29	100 %

Total: 462

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

LIM362 Lephalale - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2023/24	Budget Year 2024/25							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		193,634	265,322	235,322	12,222	222,191	235,322	(13,131)	-6%	235,322
Service charges - Water		64,881	71,770	69,770	4,623	63,168	69,770	(6,602)	-9%	69,770
Service charges - Waste Water Management		25,108	29,031	30,164	2,558	29,897	30,164	(267)	-1%	30,164
Service charges - Waste management		20,741	23,256	25,000	2,112	25,072	25,000	71	0%	25,000
Sale of Goods and Rendering of Services		781	1,806	1,806	582	5,920	1,806	4,113	228%	1,806
Agency services		7,644	9,623	12,160	(1,631)	6,930	12,160	(5,230)	-43%	12,160
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		51,680	37,193	51,158	5,451	57,945	51,158	6,788	13%	51,158
Interest from Current and Non Current Assets		8,680	7,162	7,162	925	7,605	7,162	443	6%	7,162
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		233	791	791	(365)	312	791	(480)	-61%	791
Licence and permits		1,411	0	–	–	–	–	–		–
Operational Revenue		1,031	2,619	2,619			2,619	(2,619)	-100%	2,619
Non-Exchange Revenue								–		
Property rates		114,404	126,113	126,113	10,133	119,797	126,113	(6,316)	-5%	126,113
Surcharges and Taxes		4,751	0	–	–	–	–	–		–
Fines, penalties and forfeits		1,615	1,013	5,809	154	4,018	5,809	(1,791)	-31%	5,809
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		230,565	247,286	247,286	26,544	245,341	247,286	(1,946)	-1%	247,286
Interest		21,881	15,462	19,692	1,856	25,891	19,692	6,199	31%	19,692
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	16,744	–	16,744	#DIV/0!	–
Gains on disposal of Assets		–	–	–	85	–	–	–		–
Other Gains		–	–	–	–	1,270	–	1,270	#DIV/0!	–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**749,040**	**838,447**	**834,853**	**65,250**	**832,101**	**834,853**	**(2,753)**	**0%**	**834,853**
Expenditure By Type										
Employee related costs		233,561	265,298	255,043	22,508	253,785	255,043	(1,259)	0%	255,443
Remuneration of councillors		14,066	15,401	15,401	1,183	14,369	15,401	(1,032)	-7%	15,401
Bulk purchases - electricity		161,358	193,204	184,166	15,707	183,445	184,166	(721)	0%	184,166
Inventory consumed		48,507	53,431	55,466	9,527	56,088	55,466	622	1%	58,596
Debt impairment		95,128	33,726	38,726	21,569	96,616	38,726	57,891	149%	38,726
Depreciation and amortisation		94,712	94,726	91,726	9,496	97,518	91,726	5,792	6%	91,726
Interest		19,717	19,601	20,604	14,256	18,580	20,604	(2,023)	-10%	20,604
Contracted services		52,865	76,103	78,082	13,851	71,459	78,082	(6,623)	-8%	78,082
Transfers and subsidies		(1,659)	1,054	2,054	(2,502)	558	2,054	(1,496)	-73%	2,054
Irrecoverable debts written off		6,870	6,000	16,584	(549)	17,118	16,584	534	3%	16,584
Operational costs		71,018	77,092	74,214	8,440	81,727	74,214	7,513	10%	74,344
Losses on Disposal of Assets		–	–	–	35,282	18	–	18	#DIV/0!	–
Other Losses		–	–	–	–		–	–		–
Total Expenditure		**796,142**	**835,635**	**832,067**	**148,768**	**891,282**	**832,067**	**59,215**	**7%**	**835,727**
Surplus/(Deficit)		**(47,102)**	**2,812**	**2,787**	**(83,519)**	**(59,181)**	**2,787**	**(61,968)**	**(0)**	**(873)**
Transfers and subsidies - capital (monetary allocations)		119,891	194,005	197,605	44,339	155,414	197,605	(42,190)	(0)	197,605
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	(104,158)	(0)	**196,732**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**72,789**	**196,817**	**200,392**	**(39,179)**	**96,233**	**200,392**	**(104,158)**	**(0)**	**196,732**

References

1. Material variances to be explained on Table SC1

Total Revenue (excluding capital transfers and contributions) including ca	**868,931**	**1,032,452**	**1,032,458**	**109,589**	**987,515**	**1,032,458**		**1,032,458**

APPENDIX K(I) – REVENUE COLLECTION PERFORMANCE BY VOTE

LIM362 Lephalale - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue by Vote	1									
Vote 1 - Office of Municipal Manager		414	708	708	350	884	708	175	24.8%	708
Vote 2 - Budget and Treasury		379,167	405,650	409,881	36,717	418,313	409,881	8,433	2.1%	409,881
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Social Service		42,868	39,033	45,713	2,140	46,582	45,713	869	1.9%	45,713
Vote 5 - Technical and Engineering Services		445,565	585,867	585,867	87,300	516,416	572,565	(56,149)	-9.8%	572,565
Vote 6 - Property, Planning & Development		918	1,291	3,689	225	4,050	3,689	361	9.8%	3,689
Vote 7 - Office of the Mayor/Strategic Office		–	–	–	–	–	–	–		–
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	(98)	(98)	–	–	(98)	98	-100.0%	(98)
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**868,931**	**1,032,452**	**1,045,760**	**126,733**	**986,245**	**1,032,458**	**(46,213)**	**-4.5%**	**1,032,458**
Expenditure by Vote	1									
Vote 1 - Office of Municipal Manager		37,726	55,062	65,525	9,985	64,423	65,681	(1,259)	-1.9%	65,681
Vote 2 - Budget and Treasury		100,922	79,416	113,600	88,405	162,998	113,600	49,398	43.5%	122,244
Vote 3 - Corporate Services		57,343	64,472	64,585	6,006	63,336	64,585	(1,249)	-1.9%	64,378
Vote 4 - Social Service		96,468	99,525	95,841	9,208	95,611	95,841	(229)	-0.2%	95,841
Vote 5 - Technical and Engineering Services		474,240	492,641	449,025	32,301	446,231	449,025	(2,795)	-0.6%	444,111
Vote 6 - Property, Planning & Development		13,743	20,000	18,426	1,409	18,294	18,421	(127)	-0.7%	18,421
Vote 7 - Office of the Mayor/Strategic Office		15,700	25,066	25,066	1,456	39,120	25,066	14,054	56.1%	25,051
Vote 8 - COMMUNITY & SOCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**796,142**	**836,183**	**832,067**	**148,768**	**890,012**	**832,219**	**57,794**	**6.9%**	**835,727**
Surplus/ (Deficit) for the year	2	**72,789**	**196,269**	**213,693**	**(22,036)**	**96,233**	**200,240**	**(104,007)**	**-51.9%**	**196,732**

APPENDIX K(II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

LIM362 Lephalale - Table C1 Monthly Budget Statement Summary - M12 June

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	114,404	126,113	126,113	10,133	119,797	126,113	(6,316)	-5%	126,113
Service charges	304,364	389,379	360,256	21,515	340,328	360,256	(19,928)	-6%	360,256
Investment revenue	8,680	7,162	7,162	925	7,605	7,162	443	6%	7,162
Transfers and subsidies - Operational	230,565	247,286	247,286	26,544	245,341	247,286	(1,946)	(0)	247,286
Other own revenue	91,027	68,506	94,035	23,275	122,856	94,035	28,821	31%	–
Total Revenue (excluding capital transfers and contributions)	**749,040**	**838,447**	**834,853**	**82,393**	**832,101**	**834,853**	**(2,753)**	**-0%**	**834,853**
Employee costs	233,561	265,298	255,043	22,508	253,785	255,043	(1,259)	-0%	255,443
Remuneration of Councillors	14,066	15,401	15,401	1,183	14,369	15,401	(1,032)	-7%	15,401
Depreciation and amortisation	94,712	94,726	91,726	9,496	97,518	91,726	5,792	6%	91,726
Interest	19,717	19,601	20,604	14,256	18,580	20,604	(2,023)	-10%	20,604
Inventory consumed and bulk purchases	209,865	246,634	239,632	25,234	56,088	239,632	(183,544)	-77%	242,762
Transfers and subsidies	(1,659)	1,054	2,054	(2,502)	558	2,054	(1,496)	-73%	2,054
Other expenditure	225,881	192,921	207,606	78,593	450,384	207,606	242,778	117%	207,736
Total Expenditure	**796,142**	**835,635**	**832,067**	**148,768**	**891,282**	**832,067**	**59,215**	**7%**	**835,727**
Surplus/(Deficit)	**(47,102)**	**2,812**	**2,787**	**(66,375)**	**(59,181)**	**2,787**	**(61,968)**	**-2224%**	**(873)**
Transfers and subsidies - capital (monetary	119,891	194,005	197,605	44,339	155,414	197,605	(42,190)	-21%	197,605
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**72,789**	**196,817**	**200,392**	**(22,036)**	**96,233**	**200,392**	**(104,158)**	**-52%**	**196,732**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**72,789**	**196,817**	**200,392**	**(22,036)**	**96,233**	**200,392**	**(104,158)**	**-52%**	**196,732**
Capital expenditure & funds sources									
Capital expenditure	**114,925**	**224,094**	**265,642**	**30,001**	**172,410**	**265,642**	**(93,232)**	**-35%**	**265,642**
Capital transfers recognised	96,389	194,005	221,080	11,882	132,661	221,080	(88,419)	-40%	221,080
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**18,536**	**30,089**	**44,562**	**18,118**	**39,749**	**44,562**	**(4,813)**	**-11%**	**44,562**
Total sources of capital funds	**114,925**	**224,094**	**265,642**	**30,001**	**172,410**	**265,642**	**(93,232)**	**-35%**	**265,642**
Financial position									
Total current assets	360,371	643,743	370,447		360,744				337,459
Total non current assets	1,457,583	1,670,677	1,820,951		1,536,029				1,729,224
Total current liabilities	213,525	300,930	191,055		215,166				136,333
Total non current liabilities	191,637	223,514	223,514		182,410				223,514
Community wealth/Equity	**1,412,793**	**1,790,606**	**1,317,295**		**1,524,552**				**1,317,295**
Cash flows									
Net cash from (used) operating	783,431	333,559	220,309	85,174	184,894	220,309	35,415	16%	220,309
Net cash from (used) investing	–	(224,094)	(305,488)	–	(148,640)	(305,488)	(156,848)	51%	(305,488)
Net cash from (used) financing	–	(9,422)	–	–	(30,619)	–	30,619	#DIV/0!	–
Cash/cash equivalents at the month/year end	**874,691**	**191,310**	**6,088**	**85,174**	**66,288**	**6,088**	**(60,200)**	**-989%**	**(24,526)**
Debtors & creditors analysis	**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**
Debtors Age Analysis									
Total By Income Source	58,851	20,014	17,907	16,909	17,717	16,128	16,396	684,288	848,209
Creditors Age Analysis									
Total Creditors	8,548	14	12	–	–	–	–	–	8,574

APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

LIM362 Lephalale - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M12 June

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		**217,882**	**227,985**	**224,675**	**26,022**	**221,860**	**224,914**	**(3,054)**	**-109.6%**	**224,675**
Expanded Public Works Programme Integrated Grant		123	1,311	1,311	–	24	1,311	(1,287)	-98.1%	1,311
Local Government Financial Management Grant		4,063	1,737	1,737	94	1,550	1,737	(187)	-10.8%	1,737
Total operating expenditure of Transfers and Grants:		**217,882**	**227,985**	**224,675**	**26,022**	**221,860**	**224,914**	**(3,054)**	**(0)**	**224,675**
Capital expenditure of Transfers and Grants										
National Government:		**47,388**	**146,101**	**146,101**	**2,635**	**92,694**	**146,101**	**(53,407)**	**#DIV/0!**	**146,101**
Energy Efficiency and Demand Side Management Grant		–	4,000	4,000	31	3,439	4,000	(561)	-14.0%	4,000
Integrated National Electrification Programme Grant		–	–	–	–	639	–	639	#DIV/0!	–
Water Services Infrastructure Grant		47,388	142,101	142,101	2,603	88,616	142,101	(53,485)	-37.6%	142,101
Total capital expenditure of Transfers and Grants		**47,388**	**146,101**	**146,101**	**2,634**	**92,694**	**146,101**	**(53,407)**	**#DIV/0!**	**146,101**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**265,270**	**374,086**	**370,776**	**28,656**	**314,554**	**371,015**	**(56,461)**	**#DIV/0!**	**370,776**

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

Refer to audited schedule from AFS on volume II.

APPENDIX M(I) – CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

LIM362 Lephalale - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		**49,479**	**147,116**	**178,889**	**31,262**	**159,363**	**178,889**	19,525	**10.9%**	**178,889**
Roads Infrastructure		3,365	22,354	54,374	25,287	43,938	54,374	10,436	**19.2%**	54,374
Roads		3,365	22,354	54,160	24,028	42,467	54,160	11,693	**21.6%**	54,160
Road Structures		–	–	213	–	211	213	2	**0.9%**	213
Road Furniture		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	1,259	1,259	–	(1,259)	**#DIV/0!**	–
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		10,779	24,806	18,907	14	10,553	18,907	8,354	**44.2%**	18,907
Power Plants		–	–	–	–	–	–	–		–
HV Substations		–	–	–	–	–	–	–		–
HV Switching Station		–	–	–	–	–	–	–		–
HV Transmission Conductors		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
MV Switching Stations		–	–	–	–	–	–	–		–
MV Networks		–	–	0	–	–	0	0	**100.0%**	0
LV Networks		7,249	24,806	18,254	14	10,553	18,254	7,701	**42.2%**	18,254
Capital Spares		3,530	–	653	–	–	653	653	**100.0%**	653
Water Supply Infrastructure		34,206	83,995	65,238	5,365	88,620	65,238	(23,382)	**-35.8%**	65,238
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		3,578	3,973	18,745	3,804	60,602	18,745	(41,857)	**-223.3%**	18,745
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	13,987	13,069	–	3,012	13,069	10,057	**77.0%**	13,069
Distribution		30,556	66,035	31,092	1,561	25,006	31,092	6,086	**19.6%**	31,092
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		72	–	2,331	–	–	2,331	2,331	**100.0%**	2,331
Sanitation Infrastructure		–	15,961	39,078	596	16,253	39,078	22,825	**58.4%**	39,078
Pump Station		–	15,961	31,491	1,064	15,098	31,491	16,393	**52.1%**	31,491
Reticulation		–	–	300	211	364	300	(64)	**-21.4%**	300
Waste Water Treatment Works		–	–	5,307	–	–	5,307	5,307	**100.0%**	5,307
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	1,980	(679)	791	1,980	1,189	**60.0%**	1,980
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Waste Processing Facilities		–	–	–	–	–	–	–		–
Waste Drop-off Points		–	–	–	–	–	–	–		–
Waste Separation Facilities		–	–	–	–	–	–	–		–
Electricity Generation Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Rail Structures		–	–	–	–	–	–	–		–
Rail Furniture		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Coastal Infrastructure		–	–	–	–	–	–	–		–
Sand Pumps		–	–	–	–	–	–	–		–
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital Spares		–	–	–	–	–	–	–		–
Information and Communication Infrastructure		1,130	–	1,292	–	–	1,292	1,292	**100.0%**	1,292
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		260	–	–	–	–	–	–		–
Capital Spares		870	–	1,292	–	–	1,292	1,292	**100.0%**	1,292
Community Assets		**295**	**10,000**	**10,000**	**2,823**	**8,299**	**10,000**	**1,701**	**17.0%**	**10,000**
Community Facilities		295	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Centres		–	–	–	–	–	–	–		–
Crèches		–	–	–	–	–	–	–		–
Clinics/Care Centres		–	–	–	–	–	–	–		–
Fire/Ambulance Stations		–	–	–	–	–	–	–		–
Testing Stations		–	–	–	–	–	–	–		–
Museums		–	–	–	–	–	–	–		–
Galleries		–	–	–	–	–	–	–		–
Theatres		–	–	–	–	–	–	–		–
Libraries		–	–	–	–	–	–	–		–
Cemeteries/Crematoria		295	–	–	–	–	–	–		–
Police		–	–	–	–	–	–	–		–
Purls		–	–	–	–	–	–	–		–
Public Open Space		–	–	–	–	–	–	–		–
Nature Reserves		–	–	–	–	–	–	–		–
Public Ablution Facilities		–	–	–	–	–	–	–		–
Markets		–	–	–	–	–	–	–		–
Stalls		–	–	–	–	–	–	–		–
Abattoirs		–	–	–	–	–	–	–		–
Airports		–	–	–	–	–	–	–		–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sport and Recreation Facilities		–	10,000	10,000	2,823	8,299	10,000	1,701	**17.0%**	10,000
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		–	10,000	10,000	2,823	8,299	10,000	1,701	17.0%	10,000
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Historic Buildings		–	–	–	–	–	–	–		–
Works of Art		–	–	–	–	–	–	–		–
Conservation Areas		–	–	–	–	–	–	–		–
Other Heritage		–	–	–	–	–	–	–		–
								–		
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Other assets		**559**	**1,000**	**2,200**	**–**	**588**	**2,200**	**1,612**	**73.3%**	**2,200**
Operational Buildings		559	1,000	2,200	–	588	2,200	1,612	**73.3%**	2,200
Municipal Offices		455	–	–	–	–	–	–		–
Pay/Enquiry Points		–	–	–	–	–	–	–		–
Building Plan Offices		–	–	–	–	–	–	–		–
Workshops		–	–	–	–	–	–	–		–
Yards		–	–	–	–	–	–	–		–
Stores		104	–	–	–	–	–	–		–
Laboratories		–	–	–	–	–	–	–		–
Training Centres		–	–	–	–	–	–	–		–
Manufacturing Plant		–	–	–	–	–	–	–		–
Depots		–	–	–	–	–	–	–		–
Capital Spares		–	1,000	2,200	–	588	2,200	1,612	73.3%	2,200
Housing		–	–	–	–	–	–	–		–
Staff Housing		–	–	–	–	–	–	–		–
Social Housing		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		**1,685**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Servitudes		–	–	–	–	–	–	–		–
Licences and Rights		1,685	–	–	–	–	–	–		–
Water Rights		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Effluent Licenses		–	–	–	–	–	–	–		–
Solid Waste Licenses		–	–	–	–	–	–	–		–
Computer Software and Applications		–	–	–	–	–	–	–		–
Load Settlement Software Applications		–	–	–	–	–	–	–		–
Unspecified		1,685	–	–	–	–	–	–		–
Computer Equipment		**472**	**1,000**	**1,300**	**–**	**1,291**	**1,300**	**9**	0.7%	**1,300**
Computer Equipment		472	1,000	1,300	–	1,291	1,300	9	0.7%	1,300
Furniture and Office Equipment		**1,174**	**1,100**	**1,100**	**908**	**1,318**	**1,100**	**(218)**	-19.8%	**1,100**
Furniture and Office Equipment		1,174	1,100	1,100	908	1,318	1,100	(218)	-19.8%	1,100
Machinery and Equipment		**2,066**	**3,708**	**3,658**	**(679)**	**1,247**	**3,658**	**2,411**	65.9%	**3,658**
Machinery and Equipment		2,066	3,708	3,658	(679)	1,247	3,658	2,411	65.9%	3,658
Transport Assets		**35,273**	**1,400**	**1,400**	**656**	**1,342**	**1,400**	**58**	4.1%	**1,400**
Transport Assets		35,273	1,400	1,400	656	1,342	1,400	58	4.1%	1,400
Land		**–**	**5,425**	**6,025**	**(5,683)**	**(1,038)**	**6,025**	**7,063**	117.2%	**6,025**
Land		–	5,425	6,025	(5,683)	(1,038)	6,025	7,063	117.2%	6,025
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Living resources		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Mature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Immature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Total Capital Expenditure on new assets	1	**91,004**	**170,749**	**204,572**	**29,287**	**172,410**	**204,572**	**32,162**	**15.7%**	**204,572**

APPENDIX M(II) – CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		**12,009**	**13,807**	**18,873**	**2,783**	**12,873**	**18,885**	6,011	**31.8%**	**18,873**
Roads Infrastructure		1,690	1,409	3,909	256	1,813	3,909	2,096	**53.6%**	3,909
Roads		1,136	1,180	3,680	256	1,606	3,680	2,074	**56.4%**	3,680
Road Structures		56	103	103	–	91	103	12	**12.0%**	103
Road Furniture		498	126	126	–	116	126	9	**7.5%**	126
Capital Spares		–	–	–	–	–	–	–		–
Storm water Infrastructure		166	333	333	18	245	333	89	**26.6%**	333
Drainage Collection		166	333	333	18	245	333	89	**26.6%**	333
Storm Water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		1,605	2,078	2,078	46	1,784	2,078	295	**14.2%**	2,078
Power Plants		–	70	70	–	28	70	41	**59.4%**	70
HV Substations		–	–	–	–	–	–	–		–
HV Switching Station		–	–	–	–	–	–	–		–
HV Transmission Conductors		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
MV Switching Stations		–	–	–	–	–	–	–		–
MV Networks		–	–	–	–	–	–	–		–
LV Networks		1,605	2,009	2,009	46	1,756	2,009	253	**12.6%**	2,009
Capital Spares		–	–	–	–	–	–	–		–
Water Supply Infrastructure		2,874	3,481	7,081	1,964	4,727	7,093	2,366	**33.4%**	7,081
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		2,874	3,481	7,081	1,964	4,727	7,093	2,366	**33.4%**	7,081
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sanitation Infrastructure		5,674	6,506	5,471	499	4,305	5,471	1,166	**21.3%**	5,471
Pump Station		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Reticulation		4,422	4,441	5,471	499	4,305	5,471	1,166	**21.3%**	5,471
Waste Water Treatment Works		1,252	2,065	0	–	–	0	0	**100.0%**	0
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Waste Processing Facilities		–	–	–	–	–	–	–		–
Waste Drop-off Points		–	–	–	–	–	–	–		–
Waste Separation Facilities		–	–	–	–	–	–	–		–
Electricity Generation Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Rail Structures		–	–	–	–	–	–	–		–
Rail Furniture		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm Water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Coastal Infrastructure		–	–	–	–	–	–	–		–
Sand Pumps		–	–	–	–	–	–	–		–
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Information and Communication Infrastructure		–	–	–	–	–	–	–		–
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Community Assets		**39**	**293**	**293**	**973**	**–**	**293**	**293**	**100.0%**	**293**
Community Facilities		39	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Centres		–	–	–	–	–	–	–		–
Crèches		–	–	–	–	–	–	–		–
Clinics/Care Centres		–	–	–	–	–	–	–		–
Fire/Ambulance Stations		–	–	–	–	–	–	–		–
Testing Stations		–	–	–	–	–	–	–		–
Museums		–	–	–	–	–	–	–		–
Galleries		–	–	–	–	–	–	–		–
Theatres		–	–	–	–	–	–	–		–
Libraries		–	–	–	–	–	–	–		–
Cemeteries/Crematoria		–	–	–	–	–	–	–		–
Police		–	–	–	–	–	–	–		–
Purls		39	–	–	–	–	–	–		–
Public Open Space		–	–	–	–	–	–	–		–
Nature Reserves		–	–	–	–	–	–	–		–
Public Ablution Facilities		–	–	–	–	–	–	–		–
Markets		–	–	–	–	–	–	–		–
Stalls		–	–	–	–	–	–	–		–
Abattoirs		–	–	–	–	–	–	–		–
Airports		–	–	–	–	–	–	–		–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sports and Recreation Facilities		–	293	293	973	–	293	293	**100.0%**	293
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		–	293	293	973	–	293	293	100.0%	293
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Historic Buildings		–	–	–	–	–	–	–		–
Works of Art		–	–	–	–	–	–	–		–
Conservation Areas		–	–	–	–	–	–	–		–
Other Heritage		–	–	–	–	–	–	–		–
								–		
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–

LIM362 Lephalale - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M12 June										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Other assets		**535**	**883**	**883**	**(179)**	**561**	**883**	**322**	**36.5%**	**883**
Operational Buildings		535	883	883	(179)	561	883	322	**36.5%**	883
Municipal Offices		–	–	–	–	–	–	–		–
Pay/Enquiry Points		–	–	–	–	–	–	–		–
Building Plan Offices		–	–	–	–	–	–	–		–
Workshops		–	–	–	–	–	–	–		–
Yards		–	–	–	–	–	–	–		–
Stores		–	–	–	–	–	–	–		–
Laboratories		–	–	–	–	–	–	–		–
Training Centres		–	–	–	–	–	–	–		–
Manufacturing Plant		–	–	–	–	–	–	–		–
Depots		535	883	883	(179)	561	883	322	36.5%	883
Capital Spares		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Staff Housing		–	–	–	–	–	–	–		–
Social Housing		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Servitudes		–	–	–	–	–	–	–		–
Licences and Rights		–	–	–	–	–	–	–		–
Water Rights		–	–	–	–	–	–	–		–
Effluent Licenses		–	–	–	–	–	–	–		–
Solid Waste Licenses		–	–	–	–	–	–	–		–
Computer Software and Applications		–	–	–	–	–	–	–		–
Load Settlement Software Applications		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Computer Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		**–**	**210**	**210**	**–**	**9**	**210**	**201**	95.6%	**210**
Furniture and Office Equipment		–	210	210	–	9	210	201	95.6%	210
Machinery and Equipment		**132**	**738**	**988**	**398**	**15**	**988**	**973**	98.5%	**988**
Machinery and Equipment		132	738	988	398	15	988	973	98.5%	988
Transport Assets		**5,804**	**26**	**26**	**–**	**2,286**	**26**	**(2,260)**	- 8616.2%	**26**
Transport Assets		5,804	26	26	–	2,286	26	(2,260)	- 8616.2%	26
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Land								–		
Zoos, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Zoos, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Living resources		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Mature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Immature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Total Repairs and Maintenance Expenditure	1	**18,519**	**15,958**	**21,273**	**3,975**	**15,745**	**21,285**	**5,540**	**26.0%**	**21,273**

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2024/ 25

Refer to audited schedule from AFS on volume II.

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/ 25

No	Service provider	Project Description of deliverables	Contract commencement date	Revised completion date	Progress	Expenditure	Budget	Funder	Ward
1.	Bothlabatsasi	Replacement of asbestos cement pipe (ac) to HDPE/UPVC water pipes in Lephalale town (residential)	17-Oct-2023	31-Oct-2024	The project completed on the 20th of March 2025	R 29 211 393	R 24 263 796	WSIG	1, 2 and 14
2.	New Genesis	Replacement of asbestos cement pipe (AC) to HDPE/uPVC water pipes in Lephalale town (CBD)	17-Oct-2023	31-Oct-2024	The project completed on the 27th of February 2025	R 19 951 332.96	R 28 770 549	LLM	8
3.	Tshashu Consulting Dikgale and Sebego Energies	Upgrading of Sefitlhogo access road	17-Jun-2024 28-Nov-24	31-Aug-2025 31-Aug-2025	Works in progress completion date 31 August 2025	R 19 431 849	R 15 515 690	LLM/ PPP	11
4.	MONT Consulting Engineers	Refurbishment and upgrading of Sewer Pump stations, network pipes, and replacement of AC pipes.	11-Sep-2023	30-Aug-2025	85% Sewer Pump stations upgraded, and network pipes replaced with AC pipes constructed	R 31 490 682	R 14 993 179	WSIG	6,8, 12 ,11
5.	NSK Electrical (Main Contr)	High Mast Lights Installation in Various Villages	1-Jul-2024	31-Mar-2025	All 27 high mast installed, awaiting Eskom to energise. The Municipality is having regular meetings with ESKOM to Fasttrack the process.	R 6 475 046	R 8 933 524	MIG	6
6.	On Spot Investments	Construction of steel tanks water storage reservoirs at Marapong	5-Dec-2024	31-Jul-2025	64% Marapong Storage Facility constructed and installed	R 2 807 962	R 18 745 218	WSIG	Ext 1 & 2
7.	Blanko investment	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium)	16-Jan-25	30-Aug-25	Refurbishment of Thabo Mbeki Stadium (Rueben Mogashoa stadium) project is still on-going and is at 86%	R 8 298 644	R 10 000 000	MIG	5
8.	C2D ENGINEERING (APPOINTED BY EXXARO)	Construction of a new bulk water supply pipeline to Marapong	N/A	N/A	The project has stalled due to the termination of a contract between Municipality and the contractor. The project is included in the implementation plan for 2024/25 FY. The new contractor has been appointed in January 2025 but not yet on site due to awaiting of CPA approval by DWS.	R 3 011 696	R 13 069 152	MIG	Ext 1 & 2

No	Service provider	Project Description of deliverables	Contract commencement date	Revised completion date	Progress	Expenditure	Budget	Funder	Ward
9.	Rock of Africa	Energy efficiency and demand side management 5A	20-Dec-2024	N/A	Installation of Street Lights	R 3 438 609	R 4 000 000	INEP	Ward 5 - 12
10.	NSK	Electrification of households in various villages	20-Nov-2023	30-Jun-2025	16 High mast lights installed. Awaiting ESKOM to energize. The Municipality is having regular meetings with ESKOM to Fasttrack the process.	R 1 715 536	R 3 256 200	LLM	Ward 5 - 12
11.	Maletebogo-Voxilux JV	Resealing of testing ground	30-May-2025	N/A	Resurfacing at the testing station	R 491 885	R 5 000 000 LLM	LLM	13 TPA

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

No Service connection backlogs on schools and clinics in Lephalale Local Municipality, all schools, clinics hospitals government departments are connected to basic services, water, electricity.

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

1. Upgrading of Infrastructure of schools is the responsibility of the department of Education
2. Access of Primary health care services by farming community is a huge challenge.
3. Construction of Library and Information centres to enable farming community to access services
4. Construction of a new driver's licence testing station at Mokuruanyane is supposed to be constructed by the Provincial Department of Transport.
5. Maintenance of Road Infrastructure belonging to the District Municipality and the Provincial Department of Transport.
6. Upgrade of the sanitation facilities at Thabo Mbeki Town and Onverwacht/Marapong by the Department of CoGHSTA
7. Electrification of schools at the Rural Villages.
8. Telecommunications and Postal services at rural parts of Lephalale by South African Post and Telecommunications services remains a huge challenge.
9. Formalization of villages by the department of CoGHSTA to extend provision of services to the rural villages.
10. Construction of RDP houses to address housing backlogs by the department of CoGHSTA.

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

Declaration of Loans and Grants made by the municipality 2024-25				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	**Nature of project**	**Conditions attached to funding**	**Value 2024-25 R' 000**	**Total Amount committed over previous and future years.**
_SMME	Support small Business	Incubation of business	125,689.00	125,689.00
_DONATIONS ORGANISATIONS	Donations to Needy Organisations	Taking care of the vulnerable	125,689.00	125,689.00
_AGRI CONTRIBUTION	Agriculture	Food Production	125,689.00	125,689.00
_Community Safety Forum	Community Safety	Community involvement in their safety	125,689.00	125,689.00
_MOGOL CLUB	Maintenance of Sports and Recreational facilities at Onverwacht	Maintenance of facilities	125,689.00	125,689.00
SPCA	Prevention of cruelty to animals, Money used to care for abandoned and abused animals	Caring of animals	125,689.00	125,689.00

Declaration of Loans and Grants made by the municipality 2024-25				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	**Nature of project**	**Conditions attached to funding**	**Value 2024-25 R' 000**	**Total Amount committed over previous and future years.**
SPORT CLUB MARAPONG	Maintenance of sports and Recreational facilities at Marapong	Maintenance of facilities	125,689.00	125,689.00
Enterprise Development	Establishment of Cooperatives	Establishment of cooperatives	300 000.00	300 000.00

APPENDIX S – DECLARARTION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

All Section 71 financial report returns for 2024/ 25 FY were submitted to Provincial and National treasury offices from Lephalale local Municipality in accordance with Municipal Standard Charter of accounts on the Municipal Financial System – inzalo.

APPENDIX T – NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME 9 OUTPUTS	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
Improving infrastructure	6 An efficient, competitive, and responsive economic infrastructure network	Improved access to Basic Services	Public infrastructure investment programme Water Resource Development and Demand Management	Provide quality and well-maintained infrastructural services in all municipal areas	Satisfied community members
An economy that will create more jobs	4 Decent employments through inclusive economic growth	Implement the Community work programme and Co-operatives supported	Regional economic development and integration programme	Create a conducive environment for businesses to invest and prosper	Sustainable economy
		Deepen democracy through a refined ward committee model	Enterprise development (SMMEs and cooperatives development)		
An inclusive and integrated rural economy	7 Vibrant, equitable and sustainable rural communities with food security for all		Agriculture and rural development Industrial development programme		
Reversing the spatial effect of apartheid	8 Sustainable human settlements and improved quality of household life	Actions supportive of the Human Settlement outcomes		Rational planning to bridge first and second economies and provide adequate land for development	Sustainable development
Transition to a low-carbon economy	10 Environment assets and natural resources that are well protected and continually enhanced		Environmental and natural resources development programme Green economy and creation of green jobs	Protect the environment and improve community well-being	Safe, healthy, and clean-living conditions

NATIONAL DEVELOPMENT PLAN	NATIONAL OUTCOMES	OUTCOME 9 OUTPUTS	LIMPOPO ECONOMIC GROWTH AND DEVELOPMENT PLAN	LEPHALALE STRATEGIC OBJECTIVES	LEPHALALE DESIRED IMPACTS
Quality health care for all	2 A long and healthy life for all South Africans		Health care development programme		
Social protection	11 Create a better South Africa and contribute to a better and safer Africa and World		Safety and security	Capacitate disadvantaged groups	Quality life for disadvantaged groups
Transforming society and uniting the country					
Building safer communities	3 All people in South Africa feel and are safe				
Improving quality of education, training, and innovation	1 Improved quality of basic education		Education and skills development programme		
Fighting corruption		Implement a differentiated approach to municipal financing, planning and support	Corporate Governance	Enhance revenue and financial management	Financial Viability and Prosperous institution
	9 - A responsive, accountable, effective, and efficient local government system	Single Window of co-ordination	Corporate Governance	Responsible, accountable, effective, and efficient corporate governance	Public confidence
Reforming the public service	12 - An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance, and professionalism	Best Governance ethos
	5- Skilled and capable workforce to support an inclusive growth path	Improved municipal financial and administrative capacity	Corporate Governance	Improve functionality, performance, and professionalism	Best Governance ethos

VOLUME II - ANNUAL FINANCIAL STATEMENT

VOLUME II

Lephalale Local Municipality
Annual Financial Statements
for the year ended June 30, 2025

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

General Information and Abbrevations

Legal form of entity	Municipality (MSA)
Nature of business and principal activities	Local Municipality
The following is included in the scope of operation	The provision of electricity, water, sanitation and refuse (waste removal services) to communities in a sustainable manner to promote social economic development, safe and healthy environment, encourage the involvement of communities and community organizations in matters of local government.
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1996) Municipal Finance Management Act (Act 56 of 2003) Municipal Structures Act (Act 117 of 1998) Municipal Systems Act (Act 32 of 2000) Municipal Property Rates Act (Act 6 of 2004) Division of Revenue Act (Act 1 of 2007) Inter governmental Relations Framework Act

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

General Information and Abbrevations

Executive mayor and chairperson of mayoral committees

Portfolio	Councilors
Mayor	Clr RA Mokgetle
Speaker	Clr GG Marakalala
Chief Whip	Clr SJ Machaba
Chairperson of Governance and BTO	Clr SM Nieuwoudt
Chairperson of Developmental Planning	Clr MM Semenya
Chairperson of Infrastructure	Clr MR Modiba
Chairperson of Social Services	Clr ML Shongwe
Council Members	Clr M Mjakula(Effective 10/09/2024)
	Clr E Setho
	Clr RT Modise
	Clr SJ Moselane
	Clr KC Bopape
	Clr HW Venter
	Clr A Tiulare
	Clr DA Mongalo
	Clr MJ Sebetha
	Clr I Magoai
	Clr DA Mothoni
	Clr L Monare
	Clr MW Langa
	Clr MJ Madibana
	Clr E Seepe
	Clr JD Nel(Effective 10/09/2024)
	Clr KL Mosupye
Section 79 Committee	
Chairperson of MPAC	Clr MM Makgae
Chairperson of Radical Economic Transformation	Clr WM Motlokwa
Chairperson of Geographic Name Change	Clr S Mpedi
Chairperson of Ethics Committee	Clr PKJ Selolo
Chairperson of Women in Caucus	Clr B Kgageng-Moloantoa

Executive Management

Position	Name
Acting Municipal Manager	PF Nogilana-Raphela (Effective 01/03/2025)
Acting Chief Financial Officer	AE Marope
Director Infrastructure Services	MA Shiko
Acting Director Corporate Services	TA Seboya
Acting Director Social Services	BJ Ndoweni
Director Strategic Service	MM Kgwantha
Acting Director Planning and Development	TBO Mabale

Members of the Audit Committee

Chairperson	T Mtshweni
Members	D Bosch
	M Sebeelo
Traditional Councils	Kgosi Langa
	Kgosi Seleka
	Kgosi Shongoane
Grading of local authority	Grade 4 Local Municipality

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

General Information and Abbrevations

Registered office	Corner Joe Slovo and Dou Water Avenue Onverwacht Lephalale 0557
Business address	Corner Joe Slovo and Dou Water Avenue Onverwacht Lephalale 0557
Postal address	Private Bag X136 Onverwacht Lephalale 0557
Bankers	ABSA Bank Limited Standard Bank Limited
Auditors	Auditor General of South Africa
Demarcation Code	Lim362
Preparer	BTO Management (internally)
Email	munic@lephalale.gov.za www.lephalale.gov.za

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Index

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SARS	South African Revenue Services
CPI	Consumer Price Index
WSIG	Water Services Infrastructure Grants
MIG	Municipal Infrastructure Grant (Previously CMIP)
ABSA	Amalgamated Bank of Southern Africa
VAT	Value Added Tax
NGO	Non-Governmental Organisation
SETA	Sector Education and Training Authority

Lephalale Local Municipality
(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

BBBE	Broad - Based Black Empowerment
UIF	Unemployment Insurance Fund
SCM	Supply Chain Management
FMG	Financial Management Grant
DoRA	Division of Revenue Act
FY	Financial Year
MSA	Municipal System Act
MSA	Municipal Structure Act
DWS	Department of Water and Sanitation
CPA	Cost Price Adjustment
MISA	Municipal Infrastructure Support Agency
SDL	Skills Development Levy
PAYE	Pay As You Earn
SALGA	South African Local Government Association
AFS	Annual Financial Statement
ASB	Accounting Standards Board

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 June 30 2026, and in the light of this review and the current financial position, she is satisfied that the municipality has access to adequate resources to continue its operational existence for the foreseeable future.

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

I certify that the salaries, allowances and benefits of councilors as disclosed in Note 55 to these annual financial statements are within the upper limits of 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 municipality is not wholly dependent on the municipality for continued funding of operations, the municipality also depend on grants from National government. 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

The annual financial statements set out on page 8 to 1059 795, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2025 .

PF Nogilana-Raphela
Accounting Officer

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Accounting Officer's Report

1. Review of activities

Proportion of income and loss attributable to various classes of business:

The Municipality is engaged in local government activities, which includes planning and promotion of integrated development plan and supplying of the services to the community which are water, sanitation, fire and environmental health services.

Net surplus of the municipality was (2025: R96 233 076) (2024: R58 340 531)

2. Going concern

Net surplus of the Municipality was (2025: R96 233 076) (2024: R58 340 531)

We draw attention to the fact that at June 30, 2025, the municipality had an accumulated surplus of R 1,499,197,115 and that the municipality's total assets exceed its liabilities by R 1,499,197,115.

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

The municipality is a going concern because of the following :
It is an organ of state which is governed by the Constitution of Republic of South Africa to provide basic services to the community and is also funded by the State for that purpose. Failure to provide services will prompt national government intervention to ensure it stays functional and able to deliver basic services and consequently comply with the constitution.

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligation every year and has therefore a constructive obligation. The council has also adopted integrated development plan which is a five - year plan. Municipality has tabled a funded budget for the financial year 2025/26. This is an indication for the Municipality's intention to operate beyond the next 12 months period. The gearing ratios are above the norm as per National Treasury MFMA Circular 71.

The municipality has approved credit control and debt collection policy, the purpose of the policy is to ensure timely collection of outstanding debts, improve on organisational cash flow, and maitain the financial sustainabilty of basic service provision to community. Municipality also has an indigent policy to subsidies those who cannot afford to pay for basic services.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to source funding for the ongoing operations for the municipality.

3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of financial year that may need to be adjusted for or disclosed in the financial statement.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognized Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Bankers

Municipality has its primary bank account with ABSA Bank Limited

6. Auditors

Auditor General of South Africa

PF Nogilana-Raphela
Accounting Officer

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Financial Position as at June 30, 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	16	66,287,418	60,652,863
Receivables from non-exchange transactions	15	96,502,541	105,693,090
Trade and other receivables from exchange transactions	14	169,250,054	187,821,450
Other receivables from non-exchange transactions	12	19,988,045	8,356,057
Sundry receivables	7	922,901	2,034,626
Inventories	11	7,793,125	5,482,420
		360,744,084	**370,040,506**
Non-Current Assets			
Investment property	3	23,499,537	17,870,867
Property, Plant and Equipment	4	1,512,296,864	1,434,144,913
Heritage asset	6	77,000	77,000
Intangible Assets	5	155,489	423,082
		1,536,028,890	**1,452,515,862**
Total Assets		**1,896,772,974**	**1,822,556,368**
Liabilities			
Current Liabilities			
Long term trade payables from exchange transactions	19	20,524,373	20,524,373
Finance lease obligations	17	12,523,371	10,862,792
Payables from exchange transactions	8	144,207,971	152,455,037
Consumer deposits	9	13,243,578	12,011,891
Defined benefits Obligations	10	5,828,000	4,497,000
Trade and other payables from non-exchange transaction	18	18,838,575	12,907,488
		215,165,868	**213,258,581**
Non-Current Liabilities			
Long term trade payables from exchange transactions	19	41,038,448	61,562,821
Finance lease obligations	17	13,154,674	25,678,042
Defined benefits Obligation	10	89,944,000	82,552,000
Provisions for landfill	20	38,272,889	31,266,168
		182,410,011	**201,059,031**
Total Liabilities		**397,575,879**	**414,317,612**
Net Assets		**1,499,197,095**	**1,408,238,756**
Accumulated surplus		1,499,197,115	1,408,238,756
Total Net Assets		**1,499,197,115**	**1,408,238,756**

* See Note

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Exchange Revenue			
Service Charges- Electricity	23	222,191,326	184,679,515
Service charges- Water	23	63,168,314	63,931,347
Service Charges- Waste Water Management	23	29,897,100	24,165,901
Service Charges-Waste Management	23	25,071,520	20,740,701
Rental of facilities and equipment	24	311,519	233,380
Interest earned from receivables	60	57,945,400	51,341,751
Agency fees	26	6,930,334	9,054,387
Operational revenue	27	5,919,548	2,582,423
Interest earned on current and non current assets	28	7,605,244	8,679,930
Total revenue from exchange transactions		**419,040,305**	**365,409,335**
Non-Exchange Revenue			
Taxation revenue			
Property rates- by usage	29	119,797,311	114,403,879
Interest earned from receivables	29	25,890,975	22,219,493
Transfer revenue			
Transfers and subsidies	31	400,754,916	349,602,225
Public contributions and donations	32	16,744,000	4,750,809
Fines, Penalties and Forfeits	25	4,017,954	643,675
Total revenue from non-exchange transactions		**567,205,156**	**491,620,081**
Total revenue	21	**986,245,461**	**857,029,416**
Expenditure			
Employee related costs	33	(253,784,546)	(233,561,216)
Remuneration of councillors	34	(14,368,915)	(14,066,021)
Depreciation, impairment and amortisation	35	(97,518,467)	(94,678,401)
Interest	36	(18,580,442)	(19,716,635)
Irrecoverable debts written off	38	(17,118,080)	(6,870,117)
Debt impairment	38	(96,616,439)	(93,401,794)
Bulk purchases	40	(183,444,942)	(161,357,687)
Contracted services	41	(71,458,876)	(54,777,856)
Transfers and Subsidies	30	(558,009)	(608,172)
Inventory Consumed	22	(56,087,899)	(50,478,964)
Operational costs	39	(81,727,063)	(72,642,167)
Total expenditure		**(891,263,678)**	**(802,159,030)**
Operating surplus	44	**94,981,783**	**54,870,386**
Loss on disposal of assets and liabilities	4	(18,374)	-
Fair value adjustments	45	612,133	1,203,000
Actuarial gains/(losses)	10	657,534	2,267,145
		1,251,293	**3,470,145**
Surplus for the year		**96,233,076**	**58,340,531**

* See Note

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,354,277,011	1,354,277,011
Adjustments		
Correction of errors	(4,378,786)	(4,378,786)
Balance at July 1, 2023 as restated*	**1,349,898,225**	**1,349,898,225**
Changes in net assets		
Surplus for the year	58,340,531	58,340,531
Total changes	58,340,531	58,340,531
Restated* Balance at July 1, 2024	**1,406,824,736**	**1,406,824,736**
Changes in net assets		
Surplus for the year	92,372,379	92,372,379
Total changes	92,372,379	92,372,379
Balance at June 30, 2025	**1,499,197,115**	**1,499,197,115**

Note(s)

* See Note

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates- by usage		91,346,424	109,243,543
Service charges		232,428,896	310,820,220
Transfers and Subsidies – Capital		395,138,995	343,623,667
Interest		7,605,244	8,679,930
Other receipts		93,458,560	12,513,883
		819,978,119	784,881,243
Payments			
Employee costs		(258,355,717)	(247,627,237)
Suppliers		(371,635,640)	(393,064,453)
Interest		(4,535,205)	(6,525,813)
Other payments		(558,009)	(666,777)
		(635,084,571)	(647,884,280)
Net cash flows from operating activities	42	**184,893,548**	**136,996,963**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(145,590,076)	(137,637,502)
Proceeds from sale of property,plant and equipment	4	1,526,423	-
Purchase of investment property	3	(4,576,128)	-
Net cash flows from investing activities		**(148,639,781)**	**(137,637,502)**
Cash flows from financing activities			
Repayment of DWS liability		(19,756,423)	(20,524,373)
Repayment of finance lease		(10,862,789)	(9,442,397)
Net cash flows from financing activities		**(30,619,212)**	**(29,966,770)**
Net increase/(decrease) in cash and cash equivalents		**5,634,555**	**(30,607,309)**
Cash and cash equivalents at the beginning of the year		60,652,863	91,260,172
Cash and cash equivalents at the end of the year	16	**66,287,418**	**60,652,863**

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges-Electricity	265,322,000	(30,000,000)	**235,322,000**	222,191,326	**(13,130,674)**	A1
Service charges- Water	71,770,000	(2,000,000)	**69,770,000**	63,168,314	**(6,601,686)**	A2
Service charges- Waste water management	29,031,000	1,133,000	**30,164,000**	29,897,100	**(266,900)**	A3
Service charges- Waste management	23,256,000	1,744,000	**25,000,000**	25,071,520	**71,520**	A4
Rental of facilities and equipment	791,056	-	**791,056**	311,519	**(479,537)**	A5
Interest earned from receivables -Service charges	37,192,812	13,964,797	**51,157,609**	57,945,400	**6,787,791**	A6
Agency fees	9,622,787	2,537,255	**12,160,042**	6,930,334	**(5,229,708)**	A7
Operational Revenue	4,425,236	-	**4,425,236**	5,919,548	**1,494,312**	A8
Interest earned on current and non-current assets	7,162,122	-	**7,162,122**	7,605,244	**443,122**	A9
Total revenue from exchange transactions	**448,573,013**	**(12,620,948)**	**435,952,065**	**419,040,305**	**(16,911,760)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates-by usage	126,113,000	-	**126,113,000**	119,797,311	**(6,315,689)**	A10
Interest earned from receivables - Property rates	15,461,521	4,230,547	**19,692,068**	25,890,975	**6,198,907**	A11
Transfer revenue						
Transfers and subsidies	441,291,000	12,597,000	**453,888,000**	400,754,916	**(53,133,084)**	A12
Public contributions and donations	-	-	-	16,744,000	**16,744,000**	
Fines, Penalties and Forfeits	1,013,035	4,796,149	**5,809,184**	4,017,954	**(1,791,230)**	A13
Total revenue from non-exchange transactions	**583,878,556**	**21,623,696**	**605,502,252**	**567,205,156**	**(38,297,096)**	
Total revenue	**1,032,451,569**	**9,002,748**	**1,041,454,317**	**986,245,461**	**(55,208,856)**	
Expenditure						
Employee related cost	(265,298,000)	10,255,000	**(255,043,000)**	(253,784,546)	**1,258,454**	A14
Remuneration of councillors	(15,400,984)	-	**(15,400,984)**	(14,368,915)	**1,032,069**	A15
Depreciation, impairment and amortisation	(94,726,000)	3,000,000	**(91,726,000)**	(97,518,467)	**(5,792,467)**	A16
Finance costs	(19,601,000)	(1,003,325)	**(20,604,325)**	(18,580,442)	**2,023,883**	A17
Irrecoverable debts written off	(6,000,000)	(10,584,482)	**(16,584,482)**	(17,118,080)	**(533,598)**	A18
Debt impairment	(33,725,773)	(5,000,000)	**(38,725,773)**	(96,616,439)	**(57,890,666)**	A19
Bulk purchases	(193,204,000)	9,037,000	**(184,167,000)**	(183,444,942)	**722,058**	A20
Contracted Services	(76,353,000)	(1,729,000)	**(78,082,000)**	(71,458,876)	**6,623,124**	A21
Transfers and Subsidies	(1,351,261)	(702,876)	**(2,054,137)**	(558,009)	**1,496,128**	A22
Inventory Consumed	(53,431,000)	(2,035,000)	**(55,466,000)**	(56,087,899)	**(621,899)**	A23
Operational costs	(77,092,000)	2,878,188	**(74,213,812)**	(81,727,063)	**(7,513,251)**	A24

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Total expenditure	**(836,183,018)**	**4,115,505**	**(832,067,513)**	**(891,263,678)**	**(59,196,165)**	
Operating surplus	**196,268,551**	**13,118,253**	**209,386,804**	**94,981,783**	**(114,405,021)**	
Loss on disposal of assets and liabilities	-	-	-	(18,374)	**(18,374)**	
Fair value adjustments	-	-	-	612,133	**612,133**	
Actuarial gains/losses	-	-	-	657,534	**657,534**	
	-	-	-	**1,251,293**	**1,251,293**	
Surplus	**196,268,551**	**13,118,253**	**209,386,804**	**96,233,076**	**(113,153,728)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**196,268,551**	**13,118,253**	**209,386,804**	**96,233,076**	**(113,153,728)**	

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	15,004,000	(7,758,000)	**7,246,000**	7,793,125	**547,125**	
Sundry Receivables	-	-	-	922,901	**922,901**	
Accrual Input VAT	30,940,470	-	**30,940,470**	-	**(30,940,470)**	
Receivables from non-exchange transactions	22,099,000	75,758,000	**97,857,000**	96,502,541	**(1,354,459)**	
Other receivables from non exchange transactions	1,476,000	(1,472,786)	**3,214**	19,988,045	**19,984,831**	
Statutory VAT Receivable	3,880,054	-	**3,880,054**	-	**(3,880,054)**	
Receivable from exchange transactions	518,518,000	(379,264,000)	**139,254,000**	169,250,054	**29,996,054**	
Cash and cash equivalents	57,830,000	33,437,000	**91,267,000**	66,287,418	**(24,979,582)**	
	649,747,524	**(279,299,786)**	**370,447,738**	**360,744,084**	**(9,703,654)**	
Non-Current Assets						
Investment property	17,631,000	-	**17,631,000**	23,499,537	**5,868,537**	
Property, Plant and Equipment	1,674,052,000	105,871,000	**1,779,923,000**	1,512,296,864	**(267,626,136)**	
Intangible Assets	2,000,000	1,844,336	**3,844,336**	155,489	**(3,688,847)**	
Heritage asset	77,000	-	**77,000**	77,000	-	
	1,693,760,000	**107,715,336**	**1,801,475,336**	**1,536,028,890**	**(265,446,446)**	
Total Assets	**2,343,507,524**	**(171,584,450)**	**2,171,923,074**	**1,896,772,974**	**(275,150,100)**	
Liabilities						
Current Liabilities						
Long term trade payables from exchange transactions	20,524,373	-	**20,524,373**	20,524,373	-	
Finance lease obligations	9,442,398	-	**9,442,398**	12,523,371	**3,080,973**	
Payables from exchange transactions	198,735,000	(78,629,000)	**120,106,000**	144,207,971	**24,101,971**	
Accrued Output VAT	4,533,179	-	**4,533,179**	-	**(4,533,179)**	
Consumer deposits	10,949,000	-	**10,949,000**	13,243,578	**2,294,578**	
Provision Employee benefit obligation	4,249,000	-	**4,249,000**	5,828,000	**1,579,000**	
Trade and other payables from non-exchange transaction	11,770,000	9,481,000	**21,251,000**	18,838,575	**(2,412,425)**	
	260,202,950	**(69,148,000)**	**191,054,950**	**215,165,868**	**24,110,918**	
Non-Current Liabilities						
Long term trade payables from exchange transactions	82,097,494	-	**82,097,494**	41,038,448	**(41,059,046)**	
Finance lease obligations	36,520,834	-	**36,520,834**	13,154,674	**(23,366,160)**	
Defined benefits Obligation	76,713,000	(1,020,000)	**75,693,000**	89,944,000	**14,251,000**	
Provisions for landfill	28,183,000	1,020,000	**29,203,000**	38,272,889	**9,069,889**	
	223,514,328	-	**223,514,328**	**182,410,011**	**(41,104,317)**	
Total Liabilities	**483,717,278**	**(69,148,000)**	**414,569,278**	**397,575,879**	**(16,993,399)**	

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets	**1,859,790,246**	**(102,436,450)**	**1,757,353,796**	**1,499,197,095**	**(258,156,701)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,818,659,000	(497,704,000)	**1,320,955,000**	1,499,197,115	**178,242,115**	

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	101,129,000	(14,394,000)	**86,735,000**	91,346,424	**4,611,424**	
Sale of goods and services	353,601,000	9,486,000	**363,087,000**	232,428,896	**(130,658,104)**	
Grants	437,291,000	(7,600,000)	**429,691,000**	395,138,995	**(34,552,005)**	
Interest income	45,462,000	(26,793,000)	**18,669,000**	7,605,244	**(11,063,756)**	
Other receipts	78,449,000	42,491,000	**120,940,000**	93,458,560	**(27,481,440)**	
	1,015,932,000	**3,190,000**	**1,019,122,000**	**819,978,119**	**(199,143,881)**	
Payments						
Employee costs	(265,298,000)	(13,480,000)	**(278,778,000)**	(258,355,717)	**20,422,283**	
Suppliers	(402,282,000)	(78,102,000)	**(480,384,000)**	(371,635,640)	**108,748,360**	
Interest	(18,685,000)	(1,919,000)	**(20,604,000)**	(4,535,205)	**16,068,795**	
Other payments	-	953,000	**953,000**	(558,009)	**(1,511,009)**	
	(686,265,000)	**(92,548,000)**	**(778,813,000)**	**(635,084,571)**	**143,728,429**	
Net cash flows from operating activities	**329,667,000**	**(89,358,000)**	**240,309,000**	**184,893,548**	**(55,415,452)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(224,094,000)	(81,394,000)	**(305,488,000)**	(145,590,076)	**159,897,924**	
Proceeds from sale of property, plant and equipment	-	-	-	1,526,423	**1,526,423**	
Purchase of investment property	-	-	-	(4,576,128)	**(4,576,128)**	
Net cash flows from investing activities	**(224,094,000)**	**(81,394,000)**	**(305,488,000)**	**(148,639,781)**	**156,848,219**	
Cash flows from financing activities						
Movement in other liability 1	(20,524,373)	20,524,373	-	(19,756,423)	**(19,756,423)**	
Finance lease payments	9,422,000	(9,422,000)	-	(10,862,789)	**(10,862,789)**	
Net cash flows from financing activities	**(11,102,373)**	**11,102,373**	-	**(30,619,212)**	**(30,619,212)**	
Net increase/(decrease) in cash and cash equivalents	94,470,627	(159,649,627)	**(65,179,000)**	5,634,555	**70,813,555**	
Cash and cash equivalents at the beginning of the year	91,267,000	-	**91,267,000**	60,652,863	**(30,614,137)**	
Cash and cash equivalents at the end of the year	**185,737,627**	**(159,649,627)**	**26,088,000**	**66,287,418**	**40,199,418**	
Reconciliation						

Refer to note 64 for Budget comparison narrations.

Lephalale Local Municipality

(Registration number LIM362)
Annual Financial Statements for the year ended June 30, 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Significant accounting polices

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

1.1 Basis of preparation

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.

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

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

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 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.

1.5 Significant judgements and estimates

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

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

Significant Accounting Policies

1.5 Significant judgements and estimates (continued)

Trade receivables

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

The calculation of impairment of receivables is based on debtors over 90 days. If individual debtors have a debt outstanding for over 90 days, the debtor is considered to be impaired and the impairment is determined according to Credit Control and Debt Collection Policy of the council.

Fair value estimation

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

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

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

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact on our estimations and may then require a material adjustment to the carrying value of assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as exchange rates and inflation interest together with entity specific factors such as production and the demand for certain services.
The recoverable amounts of individual assets have been determined on the higher of value in use calculation and fair values less cost to sell

Provisions

Provisions were raised and management determined an estimate based on the information available.

Useful lives of infrastructure assets and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the infrastructure and other assets. This estimate is based on industry norms. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Significant Accounting Policies

1.5 Significant judgements and estimates (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

Effective interest rate

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

Allowance for doubtful debts

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

Recognition and Derecognition of Land

In some instances, the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land are included in the note to the financial statement

In some instances, the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land are included in the note to financial statement

Additional information is disclosed in Note 4.

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are disclosed in the note to the financial statement

Additional information is disclosed in Note 59.

Impairment of statutory receivables

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

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

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

Significant Accounting Policies

1.5 Significant judgements and estimates (continued)

Accounting for adjustments to revenue

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

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

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

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
    - Developing accounting policies
    - Deciding what information to disclose
    - Deciding how to present information
    - Assessing omissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

Change in accounting estimates

Changes in estimates are prospectively accounted for, and disclosure note is made in the annual financial statement.

Offsetting

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

Trade payables from exchange transactions

Significant Accounting Policies

1.5 Significant judgements and estimates (continued)

Trade and other payables
Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Payments received in advance
Payments received in advance are recorded as a current liability in the Statement of Financial Position until the revenue recognition criteria are met. The liability is initially measured at the fair value of the consideration received.

Retention
When the employer withholds retention money from a payment to the contractor, they recognize this amount as a Retainage Payable (a liability) on their statement of financial position. This represents the obligation to pay the contractor at a later date, once the contract terms (like rectifying defects) are met.

Accrued leave Pay
The leave pay provision is based on actual days accrued at the rate of remuneration at the reporting date. Changes in the rate of remuneration are determined annually and are effective from the first day of the financial year.

Uknown Deposits
The amount is initially treated as a liability because the entity has a present obligation to either return the money or apply it against a future obligation of the depositor. Only when it becomes highly probable that the money will not be claimed can it be recognized as revenue.

VAT Payable
Accrual basis: VAT is recognized as a liability on the transaction date, regardless of payment status.
Payments basis: VAT is recognized as a liability when payment is made or received

1.6 Investment property

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

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

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

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

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

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

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

Significant Accounting Policies

1.6 Investment property (continued)

Subsequent measurement -fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determined but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable, or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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

Derecognition of investment property

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

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

1.7 Property, Plant and Equipment

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

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

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

Initial Measurement

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.

Significant Accounting Policies

1.7 Property, Plant and Equipment (continued)

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

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

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

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

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

Subsequent Measurement

Property, Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses except for Land which is carried at cost and is not depreciated as it is deemed to have indefinite useful life.

Property, Plant and Equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	25-30
Mobile Home	Straight-line	5-10
Caravans	Straight-line	5-10
Residence	Straight-line	25-30
Smart Meter	Straight-line	20-25
Specialised Plant and Equipment	Straight-line	10-15
Furniture and Fixtures	Straight-line	5-10
Motor Vehicles	Straight-line	5-8
Office Equipments	Straight-line	3-5
Other Property Plant and Equipment	Straight-line	10-15
Park facilities	Straight-line	25-30
Specialised Vehicles	Straight-line	10-15
Kerb and Channel	Straight-line	40-50
Municipal roads and Asphalt	Straight-line	10-20
Gravel Surface	Straight-line	3-10
Library Books	Straight-line	5-15
Bins and containers	Straight-line	5-8
Landfill site Building	Straight-line	30-50
Weighbridge	Straight-line	15-40
Site -Landfill site	Straight-line	10-25
Waste Water Pump Station	Straight-line	30-55
Water Pump Station	Straight-line	30-50
Water Reservoirs	Straight-line	30-50
Water Supply/Reticulation	Straight-line	20-50
Electricity Lines-Underground	Straight-line	25-45
Electricity Lines-Overheads	Straight-line	20-30

Significant Accounting Policies

1.7 Property, Plant and Equipment (continued)

Electrical Substation-Switchgear	Straight-line	20-30
Footpaths	Straight-line	15-30
Street-light	Straight-line	25-30
Traffic-light	Straight-line	14-20
Work in Progress	N/A	N/A

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.

Derecognition

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

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

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

Work in Progress

Work in progress refers to all property plant and equipment that are still under construction and are not in a position to be used by management in the process of rendering services.

Subsequent measurement

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use. Work in progress that are taking significant period to be completed and halted projects are assessed for impairment annually and carried at cost less impairment losses.

Transfer out of work in progress and derecognition

Completed projects are transferred from work in progress into property plant and equipment. Projects that are constructed on behalf of third parties are expensed in the statement of financial performance as transfer of infrastructure assets.

Significant Accounting Policies

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.9 Intangible Assets

An asset is identifiable if it either:

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

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

Initial recognition and Measurement

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.

Significant Accounting Policies

1.9 Intangible Assets (continued)

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

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

Subsequent Measurement

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer Software and Other	Straight-line	5-8

The municipality discloses relevant information relating to computer software, in the notes to the financial statements (see note 5).

Intangible Assets are derecognised:

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

1.10 Heritage assets

Assets are resources controlled by the 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 the 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.

Significant Accounting Policies

1.10 Heritage assets (continued)

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

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

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

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

An inalienable item is an asset that the 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 discloses relevant information relating to heritage assets, in the notes to the financial statements (see note 6).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Impairment

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

Significant Accounting Policies

1.10 Heritage assets (continued)

Transfers

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

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

Derecognition

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

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

1.11 Financial instruments

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

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

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

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

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

- 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 favorable 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 unfavorable to the entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- combined instruments that are designated at fair value;

Significant Accounting Policies

1.11 Financial instruments (continued)

- 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.

Significant Accounting Policies

1.11 Financial instruments (continued)

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Sundry receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Long term trade and other payables fromexchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Trade payables	Financial liability measured at amortised cost
Retention	Financial liability measured at amortised cost
Accrual Output VAT	Financial liability measured at amortised cost

Significant Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

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

The entity measures a financial asset and financial liability initially at its fair value (If subsequently measured at fair value).

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

The fair value of financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Gains and losses

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

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

Impairment and uncollectible of financial assets

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

Financial assets measured at amortised cost:

Significant Accounting Policies

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

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition financial assets
The entity derecognises financial assets using trade date accounting.

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

-derecognise the asset; and
-recognise separately any rights and obligations created or retained in the transfer

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

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

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

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

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

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any

Significant Accounting Policies

1.11 Financial instruments (continued)
expense incurred on the financial liability. Neither the asset, and the associated liability, nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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

Presentation

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

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

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

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

1.12 Statutory receivables

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Derecognition

Significant Accounting Policies

1.12 Statutory receivables (continued)

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

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

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

1.13 Indirect taxes

Accrual input VAT

Accrual input VAT for current and prior periods is, to the extent not claimed from SARS, recognised as an assets .Once the payment is made the amount will be transferred to statutory VAT receivable and claim input VAT from SARS.

Accrual output VAT
Accrual output VAT for current and prior periods is, to the extent payment was not received from clients, recognised as a liability .Once the payment is received the amount will be transferred to statutory VAT payables and declared to SARS.

Statutory VAT receivables

- The Municipality is registered under category C of VAT and therefore processes VAT returns on Monthly basis. The returns are processed on cash basis in terms of section 15 of the VAT act (Act 89 of 1991).The amount due from SARS on cash basis is accounted as statutory receivables and it is not offset against accrual input VAT or accrual output VAT.

1.14 Leases

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

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

Finance leases - lessee

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

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

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

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

Significant Accounting Policies

1.14 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.15 Inventories

Inventory consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for items which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow-moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventory arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

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

Water Inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Estimates of system input were considered and implemented in accounting for water inventory from boreholes as it was impractical in the year under review because water meters were installed late inot the financial year.

Initial Measurement
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.

Significant Accounting Policies

1.15 Inventories (continued)

Subsequent Measurement

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

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

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

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

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

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

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

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

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.

1.16 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.

Subsequent Measurement

Cash and cash equivalent are carried at amortised cost.

1.17 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).

Significant Accounting Policies

1.17 Accrual Input VAT (continued)

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

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

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

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

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

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

Useful life is either:

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

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

Designation

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

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

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

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

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

Identification

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

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

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

Significant Accounting Policies

1.17 Accrual Input VAT (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.18 Employee benefits

Short- term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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 absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Significant Accounting Policies

1.18 Employee benefits (continued)

Other post-retirement obligations

The entity provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The entity also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.19 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 .

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

A constructive obligation to restructure arises only when an entity:

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

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

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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 as it is not probable that there will be an outflow of future economic benefits. Contingencies are disclosed in note 48.

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, an municipality recognises the obligation at the higher of:

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity will consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.17.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

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

1.20 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.

Significant Accounting Policies

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.

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

These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariffs to occupied properties. The tariffs are determined per category of property and levied on fixed basis per month.

The service charges for sewerage are billed monthly based on the type of property category and the number of sewer connections on the developed properties using the approved tariffs.

In circumstances where services cannot readily be measured and quantified, a flat-rate service charge is levied monthly on such properties.

Pre-paid Electricity – exchange revenue

Revenue from the sale of prepaid electricity is recognised at the point of sale. The revenue from the sale of prepaid electricity is recognised on the prepaid electricity consumed as at the reporting date.

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.

Interest

Revenue arising from the use by others of entity assets yielding interest 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.

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

Agency Fee
When the outcome of a transaction involving the rendering of services on behalf of the principal 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.

Only consideration due to the agent is recognised and revenue from agency fee and the amount collected on behalf of the principal is recognised as a liability

Income from agency services is recognised on a monthly basis when income collected on behalf of the principal has been quantified in terms of the agency agreement.

Significant Accounting Policies

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.

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.

Significant Accounting Policies

1.22 Revenue from Non-Exchange Transactions (continued)

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A compromise rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Transfers - Conditional and Unconditional Grants

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.

Conditional grants

Conditional grants are recognised as revenue to the extent that the Municipality has complied with any of the criteria or obligations embodied and agreement.

Unconditional grants

Unconditional grant are recognised in revenue on quarterly basis.

Debt forgiveness and assumption of liabilities

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Significant Accounting Policies

1.22 Revenue from Non-Exchange Transactions (continued)

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

Subsequent Measurement

The municipality assess the collectability of revenue and recognize separate impairment loss when appropriate.

Gifts and donations, including goods in-kind

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

Services in-kind

Except for financial guaranteed 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 Investment income

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

1.24 Borrowing costs

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

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

1.25 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Significant Accounting Policies

1.25 Accounting by principals and agents (continued)

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 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.

1.26 Comparative Figures

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

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

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

Significant Accounting Policies

1.27 Expenditure

1.27.1 Expenditure- Interest cost

Interest costs are recognized as an expense in the period in which they are incurred.

1.27.2 Expenditure – Operation Cost

An operating expense is a day-to-day expense such as sales and administration, or research & development, accounting expenses, license fees, advertising, office expenses, utilities, such as telephone, insurance, property management, travel and vehicle expenses.

1.27.3 Expenditure – Contracted Services

This expenditure type distinguishes between Outsourced services, Contractors and Professional and Special Services.

1.27.4 Expenditure – Inventory Consumed

The amount of inventories recognized as an expense during the period. GRAP 12.45(d). The amount of inventories recognized as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. (Grap 12.47).

1.28 Unauthorised Expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

All expenditure relating to unauthorised expenditure is recognised as an expenditure in the statement of financial performance in the year that the expenditure is incurred, and when it is recovered it is accounted for as revenue in the statement of financial performance.

1.29 Fruitless and wasteful expenditure

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

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expenditure in the statement of financial performance in the year that the expenditure is incurred, and when it is recovered it is accounted for as revenue in the statement of financial performance.

1.30 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 as applicable.

All expenditure relating to irregular expenditure is recognised as an expenditure in the statement of financial performance in the year that the expenditure is incurred, and when it is recovered it is accounted for as revenue in the statement of financial performance.

Significant Accounting Policies

1.31 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.

1.32 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development 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.

1.33 Budget information

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorizing legislation, appropriation or similar.

Financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 7/1/2024 to 6/30/2025.

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. All Variances of above 10% between the budged and the actual figures are explained in the financial statement as they are considered to be significant

Significant Accounting Policies

1.34 Related parties and related parties transactions

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises of Councillors, Mayor, Mayoral Executive Committee members, Municipal Manager, Directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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.
Only transactions that are not at arm's length or in the ordinary course of business of the municipality are disclosed.

1.35 Events after reporting date

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

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

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

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

1.36 Collateral held

Collateral held includes financial assets, non-financial assets and other forms of collateral such as guarantees or encumbrances over assets.

The entity recognises assets relating to collateral held if it meets the recognition criteria in other accounting policies.

The entity discloses the nature and amounts of collateral recognised or held, in the notes of the financial statements.

1.37 Non-living resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

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

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 development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRA.

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.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Significant Accounting Policies

1.37 Non-living resources (continued)

The residual value of an asset is the estimated amount that the municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by the municipality, or the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition

Non-living resources, other than land, are not recognised as assets. Required information are disclosed in the notes to the annual financial statements.

Derecognition

The carrying amount of a living resource is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.38 Consumer deposits

Initial Measurement and Recognition

The deposit is recognised when the consumer account is opened and payment is made to the Municipality as a deposit in terms of the approved tariffs of the council. Builders deposit is recognised on receipt of money from owners of the properties (ERFs) for construction or development .Deposits are recognised as liability in the financial statements

Subsequent Measurement

The deposits can be increased on the account when the consumer applies for an additional service, and the amount will be recognised as liability. The deposit received is recorded in the account for consumer deposits and it is kept at the original amount received

Derecognition Criteria

The deposits get appropriated to the consumer account when the service account is finally terminated. The builders deposit is refundable when the construction is completed without contravention of any relevant legislation.

Notes to the Annual Financial Statements

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

2.2 Standards and Interpretations early adopted

The municipality did not choose to early adopt any standards and interpretations.

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2025 or later periods:

Standards adopted :	Effective date:	Expected impact
1.Amendment to GRAP 01	to be determined by minister of finance	The impact not material
2 Amendment to GRAP 103	to be determined by minister of finance	The impact not material
3. Amendment to GRAP 104	1 April 2025	The impact not material
4.Amendment to IGRAP 22	to be determined by minister of finance	The impact not material
5.Guideline-Materiality	Not authoritative	The impact not material

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2025, or later periods but are not relevant to its operations:

Standards adopted :	Effective date:	Expected impact
1. Amendment to GRAP 105	to be determined by minister of finance	No impact
2. Amendment to GRAP 106	to be determined by minister of finance	No impact
3. Amendment to GRAP 107	to be determined by minister of finance	No impact

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3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Fair value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Fair value
Investment property	23,499,537	-	23,499,537	17,870,867	-	17,870,867

Reconciliation of investment property - 2025

	Opening balance	Additions	Transfers received	Fair value adjustments	Total
Investment property	17,870,867	4,566,537	450,000	612,133	23,499,537

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	16,720,000	1,150,867	17,870,867

Pledged as security

Assets under investment property were not pledged as security.

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

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3. Investment property (continued)

Manna Holdings (PTY) Ltd conducted the valuation of the land as at 30 june 2025. They were appointed as independent egistered professional valuers. The work was performed by Mr. C. Rangata, who is registered with the South African Council Valuers Profession: registration number : 8318

The Municipality does not incur any operating expenditure (including repairs and maintenance) on investment property.

There are no contractual commitments to purchase, construct or develop investment property.

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4. Property, Plant and Equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	59,777,751	-	59,777,751	60,227,751	-	60,227,751
Buildings	27,479,043	(18,910,345)	8,568,698	27,479,042	(17,982,121)	9,496,921
Infrastructure	2,141,553,486	(1,123,699,104)	1,017,854,382	2,009,574,473	(1,048,033,851)	961,540,622
Community	109,238,401	(45,796,534)	63,441,867	105,583,755	(41,935,363)	63,648,392
Other property, plant and equipment	149,824,386	(83,670,795)	66,153,591	150,063,455	(78,236,131)	71,827,324
Work in progress	264,817,585	-	264,817,585	233,652,010	-	233,652,010
Smart meters	55,154,625	(23,471,635)	31,682,990	51,928,118	(18,176,225)	33,751,893
Total	**2,807,845,277**	**(1,295,548,413)**	**1,512,296,864**	**2,638,508,604**	**(1,204,363,691)**	**1,434,144,913**

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4. Property, Plant and Equipment (continued)

Reconciliation of Property, Plant and Equipment - 2025

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	60,227,751	-	-	-	(450,000)	-	-	-	59,777,751
Buildings	9,496,921	-	-	-	-	-	(928,223)	-	8,568,698
Infrastructure	961,540,622	17,503,775	-	114,417,992	-	-	(70,020,398)	(5,587,609)	1,017,854,382
Community	63,648,392	-	-	-	-	3,647,484	(3,759,034)	(94,975)	63,441,867
Other property, plant and equipment	71,827,324	7,667,884	(1,526,427)	-	-	-	(11,574,480)	(240,590)	66,153,591
Work in Progress	233,652,010	146,655,423	-	-	(114,417,993)	-	-	(1,071,855)	264,817,585
Smart Meters	33,751,893	582,784	-	-	-	-	(2,452,809)	(199,878)	31,682,990
	1,434,144,913	**172,409,846**	**(1,526,427)**	**114,417,992**	**(114,867,993)**	**3,647,484**	**(88,734,944)**	**(7,194,007)**	**1,512,296,864**

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4. Property, Plant and Equipment (continued)

Reconciliation of Property, Plant and Equipment - 2024

	Opening balance	Additions	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	60,227,751	-	-	-	-	-	-	60,227,751
Buildings	9,438,864	962,300	-	-	-	(904,243)	-	9,496,921
Infrastructure	1,020,026,009	2,229,034	11,112,375	-	-	(68,065,523)	(3,761,273)	961,540,622
Community	67,561,777	-	1,690,824	-	(1,294,385)	(3,902,661)	(407,163)	63,648,392
Other property, plant and equipment	40,009,622	39,564,316	-	-	-	(7,192,482)	(554,132)	71,827,324
Work In Progress	170,321,574	79,231,275	-	(14,180,865)	-	-	(1,719,974)	233,652,010
Smart Meters	29,994,529	10,866,530	-	-	-	(2,406,876)	(4,702,290)	33,751,893
	1,397,580,126	**132,853,455**	**12,803,199**	**(14,180,865)**	**(1,294,385)**	**(82,471,785)**	**(11,144,832)**	**1,434,144,913**

Other Property Plant and Equipment -2024	Opening	Additions	Depreciation	Impairment	Disposal	Closing
Furniture and fittings	829,214	1,137,591	(241,327)	(145)	-	1,725,433
Office equipment	3,329,315	362,244	(1,046,828)	(5,354)	-	2,639,522
Computer equipment	3,692,833	555,231	(554,663)	(29,328)	-	3,664,072
Plant and equipment	2,537,096	600,767	(486,703)	(257)	-	2,650,903
Motor Vehicles	27,288,017	36,731,510	(4,585,099)	(430,192)	-	59,004,236
Library books	82,458	-	(15,764)	-	-	66,694
Bins and Containers	2,292,258	176,873	(383,547)	(37,516)	-	2,048,068
	40,051,191	**39,564,316**	**(7,313,931)**	**(502,792)**	**-**	**71,798,928**

Other Property Plant and Equipment-2025	Opening balance	Additions	Depreciation	Impairment	Disposal	Closing balance
Furniture and Fittings	1,786,836	-	(291,838)	(4,572)	-	1,492,427
Office Equipment	2,638,356	229,153	(1,030,941)	(3,944)	-	1,832,623
Computer Equipment	3,694,560	1,287,888	(646,558)	(14,300)	-	4,321,590
Plant and Equipment	2,668,560	940,218	(576,384)	(99,080)	-	2,931,313
Motor Vehicles	59,004,236	3,710,607	(8,559,883)	(118,794)	(1,526,423)	52,509,892
Library Books	66,694	-	(14,745)	-	-	51,949
Bins and Containers	2,048,068	1,500,000	(454,131)	-	-	3,093,938

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4. Property, Plant and Equipment (continued)

	71,907,310	7,667,866	(11,574,480)	(240,690)	(1,526,423)	66,233,732

Notes to the Annual Financial Statements

Figures in Rand

4. Property, Plant and Equipment (continued)

Assets Not Verified or Accessible

During the asset verification process, certain items of property, plant and equipment with a carrying amount of R2 395 756 (2024: R3 017 326) could not be physically verified. These assets remain recorded in the municipality's asset register and financial records, as management believes the municipality continues to hold rights to these assets.

Management has instituted processes to confirm the existence and location of these assets, including physical follow-ups and reconciliation with departmental usage records.

No impairment has been recognised at year-end, as management is of the view that the municipality will ultimately recover the service potential of these assets. The matter will continue to be monitored and reassessed at subsequent reporting dates in line
with GRAP 21 (Impairment of Non-cash-generating Assets) and GRAP 26 (Impairment of Cash-generating Assets).

Assets Previously Not Verified and Remedial Action

In the prior financial year, certain items of property, plant and equipment with a carrying amount of R3 017 326 were not physically verified during the asset verification process. These assets remained recognised in the asset register and financial statements, as the municipality held evidence of ownership and service potential.

During the current financial year, management undertook remedial actions to address this matter. The actions included: Conducting targeted physical verifications across all departments;

Reconciling departmental usage records and historical registers with the asset register;

Implementing improved asset tracking and tagging procedures; and

As a result of these remedial actions:

Assets with a carrying amount of R2 176 176,17 were successfully located and physically verified during the year;

Assets with a carrying amount of R841 149,80 remain unverified at year-end, and further investigations are ongoing.

The municipality continues to monitor and assess these assets for possible impairment in terms of GRAP 21 and GRAP 26. Management is of the view that adequate measures have been implemented to ensure continuous improvement of asset management controls going forward.

Depreciation on some of these assets was not calculated for the current financial year, due to the timing of their re-identification. The omission will be corrected prospectively in the subsequent financial year, with depreciation calculated from the beginning of the next reporting period in accordance with GRAP 3 (Accounting Policies, Changes in Accounting Estimates and Errors). Estimated omission is R385 458.

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4. Property, Plant and Equipment (continued)

Pledged as security

No property plant and equipment was pledged as a security for loan, and all assets are not restricted for used in the process of rendering services

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	233,840,019	-	233,840,019
Additions/capital expenditure	137,956,712	8,298,644	146,255,356
Impairment	(1,071,855)	-	(1,071,855)
Transferred to completed items	(114,417,994)	-	(114,417,994)
	256,306,882	**8,298,644**	**264,605,526**

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4. Property, Plant and Equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	177,652,835	1,395,930	179,048,765
Additions/capital expenditure	78,936,381	294,894	79,231,275
Impairment	(1,778,579)	-	(1,778,579)
Transferred to completed items	(9,408,630)	(1,690,824)	(11,099,454)
	245,402,007	**-**	**245,402,007**

The following is a list, reasons and carrying values of Projects that took significantly longer than expected. The amount shown below are cost less accumulated impairment.

Construction of strong room	5,916,424	5,537,192
Construction of Thabo Mbeki Sewer Phase 1	37,021,216	37,456,435
Construction of Thabo Mbeki Sewer Phase 2	26,950,228	26,586,160
Construction of 2 Transfer Stations	8,171,137	8,171,137
Mmaletswai Water System Network Refurbishment	4,256,010	10,819,088
Marapong Bulk Water Supply	34,825,617	34,940,617
Mokuruanyane-Shongoane RWS Phase 5	21,043,852	13,181,717
Seleka-Witport RWS Phase 5	8,744,910	8,874,910
16 High mast in various villages	7,326,527	-
Augmentation of water supply phase 6	31,126,256	-
2x3ML Steel Reservoirs in Marapong	9,323,192	3,578,491
27 High mast in various villages	14,606,764	-
Refurbishment of sewer pumps and replacement of sewer pipes	17,415,630	-
	226,727,763	**149,145,747**

Construction of Strongroom
The Project entails the building works for the strongroom. The consulting firm did not have capacity to proceed with the project after the passing of the director. The project has now been resuscitated and construction is on progress. The deposit amount has been paid. The lift has been delivered and waiting to be installed once the electrical cable is installed. The project is expected to be completed by end of September 2025.

Construction of Thabo Mbeki Sewer
The project entails the construction of the main sewer pumpstation , maturation ponds and installation of sewer pipeline .The contractor encountered delays in completing the project due to delay in electrification by Eskom. Contractor (Mabule Rail JV Amawakawaka Project) terminated and a new contractor (Rapidus/ MJ Mthombeni JV) was appointed to complete the outstanding works.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, Plant and Equipment (continued)

Construction of 2 X Transfer Stations
The project has stalled to allow the litigation process between the municipality and the consultant who was supervising the project. The Municipality has since won the case and MISA is currently conducting technical assessment before the Municipality can commence with the project. The Municipality is having regular meetings with the new MISA project manager for updates.

Mmaletswai Water system Network Refurbishment
The water pump station at Seleka 4 has been vandalized and therefore has delayed the completion of the project.

Marapong Bulk Water Supply
The project has stalled due to the termination of a contract between Municipality and the contractor. The project is included in the implementation plan for 2024/25 FY. The new contractor has been appointed in January 2025 but not yet on site due to awaiting of CPA approval by DWS.

Mokuruanyane Shongoane RWS Phase 5
The project has stalled due to the shortfall of funding. The costing was revised from the remaining budget of R 2.3 million to R10.2 million in line with MISA report. The budget of R8 million is allocated in 2024/25 financial year.

Seleka Witpoort RWS Phase 5
MIG funder has requested an updated technical report as the previous one is outdated. The Municipality is currently in the process of terminating the contractor as they requested to be recused from the project. The Municipality will continue with the process of procurement after approval of the technical report.

16 Highmast in various villages
16 High mast lights were installed. Awaiting ESKOM to energize. The Municipality is having regular meetings with ESKOM to fasttrack the process.

Augmentation of water supply phase 6
Awaiting ESKOM to energize the outstanding 4 boreholes and the package plant. The Municipality is having regular meetings with ESKOM to fasttrack the process.

2x3ML Steel Reservoirs in Marapong
The contractor is on site. Material for 1x3ML steel reservoir has been procured and is onsite. The contractor is currently installing the ring beam.

27 High mast in various villages
27 High mast lights were installed. Awaiting ESKOM to energize. The Municipality is having regular meetings with ESKOM to fasttrack the process.

Refurbishment of sewer pumps and replacement of sewer pipes
The contractor is on site. Pipe cracking works are expected to be completed by end of November 2025.

Details of accumulated impairment loss on per stalled projects		
Construction of Thabo Mbeki Sewer Phase 1	435,219	757,900
Construction of 2 Transfer Station	-	106,884
Seleka 4 Water System Network Refurbishment	92,135	633,763
Mokuruanyane-Shongoane RWS Phase 5	-	2,553,948
Seleka Witpoort-RWS Phase 5	130,000	465,692
Construction of Strong Room	299,500	-
Construction of Marapong Bulk Water	115,000	-
	1,071,854	**4,518,187**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Property, Plant and Equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Infrastructure	12,873,385	16,129,715
Vehicles	2,285,820	2,573,042
Buildings	585,320	207,368
	15,744,525	**18,910,125**

Land Recognition and derecognition

In the year under review Municipality did not lose control of land.

The Municipality holds legal title to a parcel of land, registered under title deed number Onverwacht 503 LQ GED7, with a carrying amount of R 1 000 000.00 as at 30 June 2025.

The Municipality does not currently have physical access to the land, as it is occupied by third parties without authorisation. Legal proceedings are ongoing to regain possession of the property. Until the matter is resolved, the Municipality is unable to utilise the land for its intended service delivery purposes.

The land remains recognised in the Statement of Financial Position, in line with the requirements of iGRAP 18 Recognition and Derecognition of Land, as the Municipality retains legal ownership

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5. Intangible Assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	5,659,488	(5,503,999)	155,489	5,659,488	(5,236,406)	423,082

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	423,082	(267,593)	155,489

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	1,816,053	(1,392,971)	423,082

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6. Heritage asset

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	77,000	-	77,000	77,000	-	77,000

Reconciliation of heritage asset 2025

	Opening balance	Total
Mayoral Chain	77,000	77,000

Reconciliation of heritage asset 2024

	Opening balance	Total
Mayoral Chain	77,000	77,000

Age and/or condition of heritage asset

No contractual commitments for acquisition, maintenance and restoration of heritage asset. The heritage asset is still in good condition.

Heritage asset borrowed from other entities

No heritage assets borrowed from other entities.

Restrictions on heritage asset

There are no restrictions on heritage asset owned by Municipality

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Heritage asset (continued)

Pledged as security

No Heritage asset were pledged as security for debt

7. Sundry Receivables

Designated at fair value		
Eskom Deposits	59,740	59,740
Accrued income receivables -Prepaid electricity	431,398	1,296,154
Medical aid Overpayment	431,493	-
Terms and conditions		
Deposit paid to suppliers	-	678,732
	922,631	**2,034,626**

The Municipality made over payment on medical aid contributions for employees by R117 960.

Current assets		
Carrying Value	922,901	2,034,626

8. Payables from exchange transactions

Trade payables	40,938,724	58,045,625
Payments received in advance	28,756,973	29,441,982
Retention	38,252,930	32,297,678
Accrued leave pay	19,033,229	18,209,914
Unknown Deposits	6,575,136	4,460,656
Accrued Bonus	5,232,932	5,030,640
VAT Payable	5,418,047	4,968,542
	144,207,971	**152,455,037**

VAT Payable

	(5,418,047)	**(4,968,542)**
Output VAT Accrual	(45,067,699)	(34,994,023)
Provision for doubtful debts impairment	39,649,652	30,025,481

9. Consumer deposits

Water and Electricity	10,196,763	10,196,763
Other Deposits	3,046,815	1,815,128
	13,243,578	**12,011,891**

Consumer deposit balance at year end was cash backed

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Defined benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Long Service Awards	(17,606,000)	(14,726,000)
Ex-gratia and Post-employment medical aid benefit liability	(78,166,000)	(72,323,000)
	(95,772,000)	**(87,049,000)**
Non-current liabilities	(89,944,000)	(82,552,000)
Current liabilities	(5,828,000)	(4,497,000)
	(95,772,000)	**(87,049,000)**

Changes in the present value of the defined benefit obligation: Long service Award

Opening balance	14,652,736	13,727,000
Current Service cost	(1,191,000)	(1,105,000)
Interest cost	(1,776,000)	(1,781,000)
Benefits paid	3,087,391	2,849,368
Actuarial gain/ (losses)	3,000,391	962,368
	17,773,518	**14,652,736**

Changes in the present value of the defined benefit obligation: Ex-gratia and Post medical aid

Opening balance	72,323,000	66,251,000
Current service cost	3,099,000	3,033,000
interest	8,910,000	8,588,000
Benefits paid	(2,508,075)	(2,319,487)
Actuarial gain/ (losses)	(3,657,925)	(3,229,513)
	78,166,000	**72,323,000**

Calculation of actuarial gains and losses

Actuarial gains /(losses)– Obligation	(2,033,534)	(2,268,145)

Post-employment Medical Aid and Ex-gratia Liabilities
The expected value of each employee and their spouse's future medical aid subsidies and ex-gratia benefits is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid or ex-gratia benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies and ex-gratia benefits remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

Long service awards
Under the plan, a long service award is payable to employees at 5 years of continuous service, thereafter for every 5 year of continuous service from 5 years up to 45 years of service. The calculation is an estimate based on actuarial assumptions and on historical staff turnover. The actuarial valuation was carried out by ZAQ Consultants and Actuaries as at 30 June 2025. The actuary responsible was Julian Werner Van Der Spuy, a fellow of the Actuarial Society of South Africa. The projected unit credit funding method was used to determine the past-service liabilities at valuation date and the projected annual expense in the year following the valuation date. Long service benefits are awarded in the form of a number of leave days, once an employee has completed a certain number of years in service. The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Defined benefit obligations (continued)

Key Assumptions

Assumptions used at the reporting date

Assumptions used at the reporting date: Discount rate used - Yield curve

Net effective discount rate - Yield curve based

CPI - Difference between the nominal and real yield curve

Normal salary increase rate - CPI +1%

Average retirement age - 65

The employees have the option to belong to a Medical Aid. The Municipality has taken a decision to contribute to medical aid of employees after retirement until their death.

Principal actuarial assumptions of valuation model used	2025	2024
Yield Curve Health Care cost inflation rate	CPI + 1	CPI + 1
Discount rate	Yield Curve	Yield Curve

Discount Rate
GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve

In addition to the normal salary inflation rate, the following promotional salary increases were assumed:

Age Band Promotional	Increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

Normal Retirement
The normal retirement age (NRA) for all active employees assumed to be 65

Mortality Rates
Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

Valuation of Assets
As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e., no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Defined benefit obligations (continued)

Sensitivity Analysis

Long Service Awards
The valuation is only an estimate of the cost of providing Long service leave award benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables and the demographic profile of the membership.
In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

-
20% increase/decrease in the assumed level of withdrawal rates;
-
1% increase/decrease in the Normal Salary cost inflation
-
1% increase/decrease in the discount rate
-
1 year decrease in the average retirement age
Withdrawal rate
Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rate of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

Permal and Excratia
The valuation is only an estimate of the cost of providing post-employment medical aid and ex-gratia benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.
In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

-
20% increase/decrease in the assumed level of mortality;
-
1% increase/decrease in the Medical Aid inflation
-
1% increase/decrease in the discount rate.
Mortality rate
Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

11. Inventories

Consumable stores	846,242	713,146
Maintenance materials	6,572,803	4,675,462
Water for distribution	374,080	93,812
	7,793,125	**5,482,420**

Inventory with the cost of R 2.8 million was written down to zero as obsolete due to change in technology. The stock items were acquired in 2021 when the Municipality was still using the old service provider for running of smart metering. The contract with the old service provider ended and the new one was appointed. The new service provider was appointed and has come with the new system.

An assessment of net realisable value was made in the current financial period. Circumstances leading to net realisable value still exist at year end, no reversal is neccesary.

Inventory pledged as security

No Inventory was pledged as security for overdraft facilities or any other loan

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Figures in Rand	2025	2024
12. Other receivables from non-exchange transactions		
Other Receivables from non-exchange transactions		
DWS receivable	17,788,320	6,241,312
Traffic fines- gross	6,447,221	6,536,604
Debt impairment	(4,402,332)	(4,421,858)
	19,833,209	**8,356,058**
Total Other receivables from Non-exchange transactions	19,988,045	8,356,057

- Municipality was funded under schedule 6B of the DoRA. Under this section funds are transfered to Municipality after the conditions of the grant were met. The receivable represent the funds that were not yet received at year end and for which conditions were met. The receivables amount was reclassified into other receivables from non-exchange transactions to avoid offsetting against other unspent conditional grants.

Included in the gross balance of other receivables from non-exchange transactions is an amount of R17 788 320 (2024: R6 241 312) relating to schedule 6B of the DoRA.

The gross amount of traffic fines receivables included in the Other receivables from non-exchange transactions is R6 447 221 (2024: R6 536 604)

13. Statutory receivables

In accordance with the principles of GRAP 108, statutory receivables of the Municipality are classified as follows

Property Rates
Property rates arise from the application of Municipal Property Rates act 6 of 2004 .The transaction amount is based on the market value of the property using approved tariff of the council and any impairment are based on the individual collection ratio. Municipality levies interest on Rates outstanding after the due date for payment at 18% pa

Traffic Fines
Traffic fines arise from the application of administrative adjudication of Road Traffic Offenses Act of 1998.The transaction amount is based on the traffic offence committed and any impairment are based on the collection ratio. No interest is levied on Traffic fines outstanding . Interest is not charged on traffic fines even if the debts are long overdue

VAT Receivable
VAT Receivables represent the refunds claimable from SARS by the Municipality for value added taxes paid or claimed on the services or goods acquired by the municipality. VAT receivable is claimed when input VAT for the period exceed output VAT declared. Impairment is not applicable.

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13. Statutory receivables (continued)

Statutory receivables-Traffic fines

	6,447,221	**6,536,604**
Current (0-30 days)	197,350	230,550
31- 60 days	16,900	39,950
61-90 days	43,025	61,900
91- 120 days	70,025	42,875
121-365 days	106,025	96,375
>365 days	6,013,896	6,064,954

Statutory receivables-Traffic fines

Gross balance	6,447,221	6,536,604
Provision for impairment	(4,402,332)	(4,421,858)
	2,044,889	**2,114,746**

Statutory receivables -Property rates

Statutory receivables -Property rates	258,058,629	230,453,650
Provision for impairment	(159,790,995)	(126,147,737)
	98,267,634	**104,305,913**

14. Trade and other receivables from exchange transactions

Gross balances

Electricity	145,235,817	141,299,922
Water	205,444,983	185,469,809
Waste-water	105,505,890	91,564,772
Refuse	123,959,286	109,882,144
Accrual Input VAT	21,048,282	26,663,588
	601,194,258	**554,880,235**

Less: Allowance for impairment

Electricity	(80,743,278)	(82,949,649)
Water	(164,688,012)	(126,763,607)
Waste water	(75,627,378)	(63,132,441)
Refuse	(110,885,536)	(94,213,088)
	(431,944,204)	**(367,058,785)**

Net balance

Electricity	64,492,539	58,350,273
Water	40,756,971	58,706,202
Waste water	29,878,512	28,432,331
Refuse	13,073,750	15,669,056
Accrual Input VAT	21,048,282	26,663,588
	169,250,054	**187,821,450**

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Figures in Rand	2025	2024
14. Trade and other receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	5,838,013	20,265,447
31 - 60 days	9,021,973	5,927,419
61 - 90 days	3,279,125	4,882,042
91 - 120 days	3,024,756	5,663,702
121 - 150 days	2,803,753	5,780,850
> 150 days	121,268,197	108,908,968
Impairment	(80,743,278)	(82,778,099)
	64,492,539	**68,650,329**
Water		
Current (0 -30 days)	5,245,897	14,811,031
31 - 60 days	1,054,948	6,929,722
61 - 90 days	4,239,544	4,990,375
91 - 120 days	3,915,479	4,127,396
121 - 150 days	4,663,222	4,388,169
> 150 days	186,325,893	150,237,959
Impairment	(164,688,012)	(126,778,450)
	40,756,971	**58,706,202**
Waste-water		
Current (0 -30 days)	3,691,795	8,102,278
31 - 60 days	4,876,413	2,351,172
61 - 90 days	2,175,743	2,243,548
91 - 120 days	2,126,209	2,106,357
121 - 150 days	2,599,819	2,022,425
> 150 days	90,035,911	74,738,992
Impairment	(75,627,378)	(63,132,441)
	29,878,512	**28,432,331**
Refuse		
Current (0 -30 days)	3,015,261	6,355,386
31 - 60 days	4,650,302	2,270,607
61 - 90 days	2,080,077	2,103,784
91 - 120 days	2,040,375	2,029,142
121 - 150 days	2,030,992	1,972,605
> 150 days	110,142,279	95,150,619
Impairment	(110,885,536)	(94,094,176)
	13,073,750	**15,787,967**
Accrual Input VAT		
Current (0 -30 days)	21,048,282	26,663,588

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

14. Trade and other receivables from exchange transactions (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	11,262,581	20,793,017
31 - 60 days	17,379,469	12,951,756
61 - 90 days	7,877,563	12,663,860
91 - 120 days	7,844,663	10,798,457
121 - 150 days	7,905,389	10,884,181
> 150 days	383,628,157	426,536,792
	435,897,822	**494,628,063**
Industrial/ commercial		
Current (0 -30 days)	12,712,389	10,569,506
31 - 60 days	9,624,919	5,676,262
61 - 90 days	3,150,657	3,893,183
91 - 120 days	2,662,703	2,595,491
121 - 150 days	3,595,482	2,720,682
> 150 days	117,646,206	13,277,074
	149,392,356	**38,732,198**
National and provincial government		
Current (0 -30 days)	2,026,986	1,349,967
31 - 60 days	1,799,248	790,885
61 - 90 days	746,270	921,877
91 - 120 days	599,452	825,800
121 - 150 days	596,915	321,733
> 150 days	6,199,623	3,374,814
	11,968,494	**7,585,076**
Total		
Current (0 -30 days)	35,786,765	64,671,906
31 - 60 days	28,803,636	17,478,920
61 - 90 days	11,774,489	14,219,749
91 - 120 days	11,106,819	13,926,596
121 - 150 days	12,097,786	14,164,049
> 150 days	501,624,764	430,419,015
	601,194,259	554,880,235
Less: Allowance for impairment	(431,944,205)	(367,058,785)
	169,250,054	**187,821,450**
Less: Allowance for impairment		
Impairment	(431,944,204)	(367,058,785)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(366,360,006)	(289,910,006)
Contributions to allowance	(65,584,198)	(77,148,779)
	(431,944,204)	**(367,058,785)**

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
15. Receivables from non-exchange transactions		
Gross balances		
Property Rates	258,058,629	230,371,073
Statutory VAT receivable	1,937,030	2,815,423
	259,995,659	**233,186,496**
Less: Allowance for impairment		
Property Rates	(163,289,342)	(127,576,214)
Net balance		
Property Rates	96,706,317	105,610,282
Rates		
Current (0 -30 days)	10,536,548	30,360,465
31 - 60 days	13,269,929	7,511,767
61 - 90 days	6,064,904	6,983,212
91 - 120 days	5,748,319	6,759,483
121 - 150 days	5,570,198	6,086,413
> 150 days	216,958,731	172,907,292
Impairment	(163,379,342)	(127,813,773)
	94,769,287	**102,794,859**
Statutory VAT receivable		
Current (0 -30 days)	1,937,030	2,815,423
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	4,296,481	5,203,516
31 - 60 days	6,134,662	3,956,002
61 - 90 days	2,864,108	3,486,709
91 - 120 days	2,734,790	3,193,669
121 - 150 days	2,617,253	3,122,933
> 150 days	93,905,717	103,562,179
	112,553,011	**122,525,008**
Industrial/ commercial		
Current (0 -30 days)	5,697,775	5,969,152
31 - 60 days	5,730,272	4,909,667
61 - 90 days	2,585,113	3,735,692
91 - 120 days	2,540,910	3,502,066
121 - 150 days	2,495,154	3,351,117
> 150 days	111,329,607	68,327,868
	130,378,831	**89,795,562**
National and provincial government		
Current (0 -30 days)	542,291	449,466
31 - 60 days	1,404,995	338,785
61 - 90 days	615,682	289,366
91 - 120 days	472,619	287,477
121 - 150 days	457,791	285,433
> 150 days	12,346,512	7,186,466
	15,839,890	**8,836,993**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(126,147,737)	(105,321,254)
Contributions to allowance	(33,643,258)	(20,826,483)
	(159,790,995)	**(126,147,737)**

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15,445	15,545
Bank balances	8,748,535	46,514,851
Short-term deposits	57,523,438	14,122,467
	66,287,418	**60,652,863**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2025	June 30, 2024	June 30, 2023
ABSA BANK - Current account - 1470 000 038	17,253,486	33,320,648	60,099,123	8,763,980	33,546,421	59,413,256
ABSA BANK - Call account - 407 289 4439	36,520	20,510,466	25,139,217	36,520	20,690,606	25,546,516
ABSA BANK - Fixed account - 206 915 8294	6,300,400	6,300,400	6,300,400	6,300,400	6,300,400	6,300,400
ABSA BANK - Call account - 4097 484 845	45,206	51,378	123,211	45,206	51,378	-
ABSA BANK - Investment tracker - 9380 435 067	92,165	63,579	-	92,165	63,579	-
STANDARD BANK - Call account - 3600 390 003	25,540,822	-	-	25,540,822	-	-
STANDARD BANK - Fixed deposit - 3600 390 002	25,508,324	-	-	25,508,324	-	-
Total	**74,776,923**	**60,246,471**	**91,661,951**	**66,287,417**	**60,652,384**	**91,260,172**

- Cash and cash equivalents above were not pledged as collateral

Restricted cash balances

There are no restrictions on cash balances.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
17. Finance lease obligations		
Minimum lease payments due		
- within one year	15,397,612	15,397,612
- in second to fifth year inclusive	14,114,478	29,512,090
	29,512,090	44,909,702
less: future finance charges	(3,834,045)	(8,368,871)
Present value of minimum lease payments	**25,678,045**	**36,540,831**
Present value of minimum lease payments due		
- within one year	12,523,371	10,862,709
- in second to fifth year inclusive	13,154,674	25,678,042
	25,678,045	**36,540,751**
Non-current liabilities	13,154,674	25,678,042
Current liabilities	12,523,371	10,862,792
	25,678,045	**36,540,834**

Finance lease payments represent capital redemption payable by the municipality for the Zeeland Water treatment works. Municipality entered into a contract with Exxarro for the purchase of the water treatment plant on a finance lease basis over 15 years . Interest rate charged is based on the lessor's weighted average cost of capital calculated using the audited annual financial statements. In the year under review interest rate remained unchanged at 14.3% . The ownership of the asset will be transferred to the lessee at the end of the lease period.

18. Trade and other payables from non-exchange transaction

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	528,621	5,307,488
Municipal Disaster relief grant	18,264,354	7,600,000
Water Service Infrastructure Grant	-	-
Energy Efficiency	45,600	-
	18,838,575	**12,907,488**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

18. Trade and other payables from non-exchange transaction (continued)

Movement during the year

Balance at the beginning of the year	12,907,488	21,245,590
Additions during the year	394,984,492	343,623,667
Income recognition during the year	(383,746,405)	(346,561,769)
Paid back to National Treasury	(5,307,000)	(5,400,000)
	18,838,575	**12,907,488**

Municipal infrastructure grant is meant for construction and refurbishment of infrastructure. The grant also covers cost for project management, limited to 5% of the total annual allocation.

Municipal Disaster Relief grant is intended to fund repairs to essential basic services infrastructure, provision of temporary infrastructure, humanitarian relief and other immediate essential services following a declared state of disaster.

The Municipality has been allocated an amount of R19 475 000 for the implementation of approved projects funded through the disaster recovery grant during 2024/25 financial year.

Municipality applied for rollover on the unspent amount as the funds were already committed.

The unspent conditional grant for disaster grant are cash backed.

19. Long term trade payables from exchange transactions

At amortised cost		
DWS liability	42,169,148	61,562,821
Non-current liabilities		
DWS liability	41,038,448	61,562,821

Other non-current financial liabilities relate to debt owed to the Department of Water and sanitation for extraction of raw water from Mogol dam. Long term settlement agreement was signed between two parties. The last instalment on this liability will be paid in April 2028, the month after the last trench of the equitable share grant is received in line with the agreement. The interest is frozen on this liability as long as the municipality keeps up with the terms of the signed agreement.

Current liabilities		
DWS Liability	21,655,073	20,524,373

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20. Provisions for landfill

Reconciliation of provisions for landfill - 2025

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	31,266,168	3,647,484	3,359,237	38,272,889

Reconciliation of provisions for landfill - 2024

	Opening Balance	Reduction due to re-measurement or settlement without cost to entity	Change in interest	Total
Environmental rehabilitation	29,203,162	(1,272,462)	3,335,468	31,266,168

Environmental rehabilitation provision

Liabilities are present obligations of an entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits6. The operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof in terms of the National Environmental Management Act, Act 107 of 19987, Government Notice 718 of 3 July 2009, and the landfill permits issued under section 20 of the Environment Conservation Act, Act 73 of 1989, or the waste management licenses issued under section 50 of the National Environmental Management: Waste Act, Act 59 of 2008.

The technical requirements for final decommissioning and rehabilitation of landfills are embodied in the Minimum Requirements for Waste Disposal by Landfill, as amended by more recent regulations.The final decommissioning and rehabilitation of landfills clearly represents a present legal obligation as a result of past events (opening and operation of the landfill) and will certainly result in an outflow of economic resources

The valuation of the provision for landfill site was determined by an independent expert. The valuation was determined as at 30 June 2025.

21. Revenue

Service charges- Electricity	222,191,326	184,679,515
Service charges- Water	63,168,314	63,931,347
Service charges- Waste water management	29,897,100	24,165,901
Service Charges- Waste management	25,071,520	20,740,701
Rental of facilities and equipment	311,519	233,380
Interest earned on outstanding receivables -service charges	57,945,400	51,341,751
Agency fees	6,930,334	9,054,387
Other revenue	5,919,548	2,582,423
Interest received - investment	7,605,244	8,679,930
Property rates	119,797,311	114,403,879
Interest earned - on outstanding receivables-Property rates	25,890,975	22,219,493
Government grants & subsidies	400,754,916	349,602,225
Public contributions and donations	16,744,000	4,750,809
Fines, Penalties and Forfeits	4,017,954	643,675
	986,245,461	**857,029,416**

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21. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges- Electricity	222,191,326	184,679,515
Service charges- Water	63,168,314	63,931,347
Service charges- Waste water management	29,897,100	24,165,901
Service Charges- Waste management	25,071,520	20,740,701
Rental of facilities and equipment	311,519	233,380
Interest earned on outstanding receivables - service charges	57,945,400	51,341,751
Agency fees	6,930,334	9,054,387
Other revenue	5,919,548	2,582,423
Interest received - investment	7,605,244	8,679,930
	419,040,305	**365,409,335**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	119,797,311	114,403,879
Interest earned - on outstanding receivables - Property rates	25,890,975	22,219,493
Transfer revenue		
Government grants & subsidies	400,754,916	349,602,225
Public contributions and donations	16,744,000	4,750,809
Fines, Penalties and Forfeits	4,017,954	643,675
	567,205,156	**491,620,081**
22. Inventory Consumed		
Materials and Consumables	17,955,377	14,072,171
Water purchases	38,132,522	36,406,793
	56,087,899	**50,478,964**
23. Service charges		
Service charges- Electricity	222,191,326	184,679,515
Service charges- Water	63,168,314	63,931,347
Service charges- Waste water management	29,897,100	24,165,901
Service charges- Waste management	25,071,520	20,740,701
	340,328,260	**293,517,464**
24. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	311,519	233,380

Included in the above rentals are operating lease rentals at straight-lined amounts. There are no as contingent rentals included in the above rental amounts. Municipality has five residential properties that are exclusively rented out to directors

25. Fines, Penalties and Forfeits		
Law Enforcement Fines	3,103,347	-
Municipal Traffic Fines	914,607	643,675
	4,017,954	**643,675**

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26. Agency fees		
Road and Transport	6,930,334	9,054,387
27. Operational revenue		
Other revenue	5,919,548	2,582,423
28. Interest earned on current and non - current assets		
Interest revenue		
Interest on short term investments	7,103,832	8,174,562
Interest on primary bank	501,412	505,368
	7,605,244	**8,679,930**
29. Property rates		
Rates received		
Property rates - usage	119,797,311	114,403,879
	119,797,311	114,403,879
Interest earned from receivables	25,890,975	22,219,493
	145,688,286	**136,623,372**
Valuations		
Residential	6,532,636,000	6,246,008,000
Commercial	9,804,981,100	3,434,281,100
State	253,501,600	253,149,600
Municipal	409,210,700	730,103,700
Agricultural	4,356,976,500	10,690,086,500
Sectional Title	1,029,413,000	1,023,778,000
Exempted	467,391,000	502,400,000
	22,854,109,900	**22,879,806,900**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2020.
Supplementary valuations are processed on an annual basis to take into account changes in properties.
The different rates are applied on property rate valuations to determine assessment rates. Rebate of R30 000 is granted to each residential property owners. Rates are levied on an annual basis with the final date of payment being 30 June each financial year. Interest is levied at 18% per annum on overdue account. Property Categories and Valuations for 2023/2024 have been revised after realising that the categories were incorrectly stated.

30. Transfers and subsidies		
Other subsidies		
Transfers paid	558,009	608,172
Beneficiaries paid		
Mogol Club	251,629	239,636
SPCA Lephalale DBV	125,692	119,817
Agri Lephalale	125,688	119,818
Donations to traditional council	55,000	128,900
	558,009	**608,171**

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31. Transfers and subsidies

Operating grants		
Equitable share	241,808,992	226,374,000
Financial Management Grant	1,800,000	1,700,000
Local Government SETA	420,641	348,628
EPWP	1,311,000	982,867
	245,340,633	**229,405,495**
Capital grants		
Municipal Infrastructure Grant	35,418,379	66,799,102
Water Service Infrastructure Grant	107,230,858	53,397,628
Municipal Disaster Relief Grant	8,810,646	-
Energy Efficiency Grant	3,954,400	-
	155,414,283	**120,196,730**
	400,754,916	**349,602,225**

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury

Municipal Infrastructure Grant

Balance unspent at beginning of year	5,307,488	21,245,590
Current-year receipts	35,947,000	56,261,000
Conditions met - transferred to revenue	(35,418,379)	(66,799,102)
Paid back to National Treasury	(5,307,488)	(5,400,000)
	528,621	**5,307,488**

Conditions still to be met - remain liabilities (see note 18).

Municipal infrastructure grant is meant for construction and refurbishment of infrastructure. The grant also covers cost for the project management limited to 5% of the total annual allocation

Water Service Infrastructure Grant

Balance unspent at beginning of year	(6,241,314)	(3,111,382)
Current-year receipts	95,683,850	50,267,695
Conditions met - transferred to revenue	(107,230,856)	(53,397,627)
	(17,788,320)	**(6,241,314)**

Municipality was funded under schedule 6B of the DoRA. Under this section funds are only transfered to municipality after the conditions of the grants were met. The receivable represent the funds that were not yet received at year end and for which conditions were met. The receivables amount was reclassified into other receivables from non-exchange transaction to avoid offsetting against other unspent conditional grants receipts.

Financial Management Grant

Current-year receipts	1,800,000	1,700,000
Conditions met - transferred to revenue	(1,800,000)	(1,700,000)
	-	-

Financial management grant is meant for the support of the financial administration of the municipality such as mSCOA and financial management interns.

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31. Transfers and subsidies (continued)

EPWP Grant

Current-year receipts	1,311,000	1,035,000
Conditions met - transferred to revenue	(1,311,000)	(1,035,000)
	-	-

Municipal Disaster Relief Grant

Balance unspent at beginning of year	7,600,000	-
Current-year receipts	19,475,000	7,600,000
Conditions met - transferred to revenue	(8,810,646)	-
	18,264,354	**7,600,000**

Conditions still to be met - remain liabilities (see note 18.

This grant is intended to fund repairs to essential basic services infrastructure, provision of temporary infrastructure, humanitarian relief and other immediate essential services following a declared state of disaster.

Marapong township and some villages were declared disaster after they were affected by the hailstorm around February 2024 which damaged the roads infrastructure. The scope of work relate to surfacing (paving) of five internal street and installation of concrete channel (line v-drain).

Energy Efficient Grant

Current-year receipts	4,000,000	-
Conditions met - transferred to revenue	(3,954,000)	-
Unspent amount	(46,000)	-
	-	-

Local Government SETA

Current-year receipts	420,641	385,972
Conditions met - transferred to revenue	(420,641)	(385,972)
	-	-

32. Public contributions and donations

Donation Received from EXXARRO Mine	-	4,750,809
Donations received from RAL	16,744,000	-
	16,744,000	**4,750,809**

The donation received from Raod Agency Limpopo (RAL) was for tha refurbishment of OR Tambo road

Notes to the Annual Financial Statements

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33. Employee related costs

Basic	139,854,133	133,387,647
Bonus	11,352,893	10,267,592
Medical aid - company contributions	12,955,029	12,437,935
UIF	944,903	942,480
Leave pay provision charge	11,244,597	11,339,692
Overtime payments	18,377,828	15,890,606
Travel, motor car allowance and other allowances	10,806,982	9,740,814
Housing benefits and allowances	594,505	534,288
Stand by allowances	2,665,933	2,621,683
Phones allowances	1,200,336	1,137,219
Defines contributions plan	29,129,994	27,642,127
	239,127,133	**225,942,083**

Remuneration of Municipal Manager

Annual Remuneration	359,620	816,390
Car Allowance	57,299	113,198
Bonuses	26,758	60,519
Contributions to UIF, Medical and Pension Funds	80,418	144,403
Other	40,765	114,256
Termination Benefits	-	525,307
	564,860	**1,774,073**

Ms. MM Cocquyt was reappointed on a fixed term contract for 5 years starting from January 2023. However, she was placed on a special leave from September 2023 and she resigned on 30 April 2024. Ms MM Cocquyt (former Municipal Manager) backpay of R54 206 was paid. Ms M Mmope was since appointed as Acting Municipal Manager from September 2023, and was later appointed as a Municipal Manager on 1 November 2024. She resigned on 28 February 2025. Ms PF Nogilana-Raphela was appointed Acting Municipal Manager from 1 March 2025 to 31 July 2025.

Remuneration of Chief Finance Officer

Annual Remuneration	833,023	876,699
Car Allowance	134,597	135,179
Bonuses	(8,252)	64,400
Contributions to UIF, Medical and Pension Funds	193,853	220,014
Other	81,783	44,462
	1,235,004	**1,340,754**

Ms. LM Matlwa was appointed as Chief Financial Officer from 1 June 2020 and contract expired 31 May 2025. Mr AE Marope was appointed as Acting Chief Financial Officer from 1 June 2025 to 31 July 2025.

Remuneration of Director Infrastructure Services

Annual Remuneration	500,549	508,824
Car Allowance	96,341	67,315
Bonuses	84,176	(49,054)
Contributions to UIF, Medical and Pension Funds	144,302	86,057
Other	263,064	(86,375)
	1,088,432	**526,767**

Mr MA Shiko was appointed as Director Infrastructure Services from 01 November 2024.

Remuneration of Director Strategic Support Services

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

33. Employee related costs (continued)

Annual Remuneration	842,482	782,539
Car Allowance	121,684	98,250
Bonuses	66,300	56,850
Contributions to UIF, Medical and Pension Funds	136,427	141,755
Other	117,045	34,072
	1,283,938	**1,113,466**

Ms. MM Kgwantha was appointed as the Director Strategic Support Services from 01 December 2022.

Remuneration of Director Social Services

Annual Remuneration	473,414	823,724
Car Allowance	56,953	153,174
Bonuses	(45,298)	132,047
Contributions to UIF, Medical and Pension Funds	72,585	215,523
Other	59,834	67,225
	617,488	**1,391,693**

Ms. M Mmope was appointed as Director Social Services on 01 December 2022 for a fixed term period of 5 years. The position is currently vacant. Ms. BJ Ndoweni was appointed as Acting Director Social Services.

Remuneration of Director Corporate Support Services

Annual Remuneration	840,474	738,557
Car Allowance	132,252	128,648
Bonuses	60,166	53,723
Contributions to UIF, Medical and Pension Funds	192,000	196,666
Other	89,877	76,627
	1,314,769	**1,194,221**

Ms. PF Nogilana-Raphela was appointed as Director Corporate Support Services on 01 January 2023, for a fixed term period of 5 years.

Reconciliation of employee related cost

Staff	239,127,133	225,933,633
Section 54A and Section 56	6,104,519	7,627,583
	245,231,652	**233,561,216**

Remuneration of Director Development Planning

The position of Director Planning and Development has been vacant during the financial year under review.
Ms. OF Radipabe was appointed to act as Director from February 2024 until December 2024. Mr TBO Mabale was appointed to act from January 2025 until February 2025 .

Acting Allowances

	522,314	**576,625**
Ngobeli RJ	8,507	119,833
Mabale TBO	22,275	75,822
Ndoweni BJ	133,218	102,618
Radipabe OF	68,217	48,653
Shiko MA	53,533	24,354
Mmope MM	138,622	205,345
Seboya TA	35,171	-
Nogilana-Raphela PF	56,909	-

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33. Employee related costs (continued)		
Marope AE	5,862	-
34. Remuneration of Councillors		
Councillors	14,368,915	14,066,021
35. Depreciation, Impairment and Amortisation		
Property, Plant and Equipment	97,518,467	94,678,401
36. Interest		
Interest on land fill site provision	3,359,237	3,335,468
Finance leases	4,535,205	6,515,513
Interest on Employee benefits provisions	10,686,000	9,865,654
	18,580,442	**19,716,635**
37. Additional disclosure in terms of Municipal Finance Management Act		
Audit Fee charged	6,266,047	6,298,381
Amount paid	(6,266,047)	(6,298,381)
	-	-
Pension and medical aid		
Current year subscription fees	64,554,492	58,132,372
Amount paid- Current year	(64,554,492)	(58,132,372)
	-	-
PAYE,UIF and SDL		
Current year subscription fees PAYE	41,187,189	37,285,777
Current year subscription fee UIF	1,907,871	1,867,637
Current year subscription fees SDL	2,165,660	2,010,696
Amount paid- current year	(45,260,720)	(41,164,110)
	-	-
Contribution to organised local government (SALGA)		
Current year subscription fees	2,843,624	2,652,873
Amount paid-current year	(2,843,624)	(2,652,873)
	-	-

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38. Irrecoverable debts written off and debt impairment		
Bad debts written off	17,118,080	6,870,117
Debt impairment		
Water	35,284,025	8,462,324
Electricity	(1,444,581)	30,646,009
Property rates	35,803,128	22,254,960
Refuse removal	15,583,807	19,183,245
Waste Water	11,409,588	12,616,444
Traffic fine	(19,528)	238,811
	96,616,439	**93,401,793**
39. Operational costs		
Advertising	1,032,819	740,806
Auditors' remuneration	6,266,047	6,298,381
Bank charges	1,691,629	1,587,111
Insurance	1,819,794	3,349,235
Conferences and seminars	1,654,002	1,798,940
Licenses and Software	9,225,552	15,461,437
Skills development Levies	2,216,013	2,161,290
Fuel and oil	8,847,526	9,120,057
Printing and stationery	1,512,544	2,078,898
Protective clothing	3,669,802	2,552,312
Subscriptions and membership fees	3,259,135	2,869,727
Travel - local	3,546,874	2,436,569
Municipal consumption	21,784,430	8,681,270
Remuneration of ward committee members	1,750,990	1,521,040
Other operating expenditure	12,346,746	11,033,351
EPWP programme	1,103,050	951,743
	81,727,063	**72,642,167**
40. Bulk purchases		
Electricity - Eskom	183,444,942	161,357,687
41. Contracted services		
Outsourced Services		
Debt collection	2,715,774	3,331,484
Security Services	17,061,601	16,338,330
Other contracted services	15,001,337	6,496,953
Consultants and Professional Services		
Business and Advisory	4,746,392	4,073,302
Valuation services	1,259,100	1,275,450
Legal Cost	8,331,509	4,624,790
Contractors		
Maintenance of Assets	6,677,351	7,785,497
Prepaid Electricity and Meter reading	15,665,812	10,852,050
	71,458,876	**54,777,856**

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42. Cash generated from operations

Surplus	92,372,379	58,340,531
Adjustments for:		
Depreciation and amortisation	97,518,467	94,678,401
Gain on sale of assets and liabilities	18,374	-
Fair value adjustments	(612,133)	(1,203,000)
Public contributions and Donation	(16,744,000)	(4,750,809)
Bad debts written off	17,118,080	6,870,117
Debt impairment	96,616,439	93,401,794
Actuarial gain	(657,534)	(2,267,145)
Changes in working capital:		
Inventories	(2,310,705)	3,667,500
Consumer debtors	(59,520,561)	(74,095,761)
Receivables from non-exchange transactions	(27,604,979)	(46,336,711)
Other receivables from non-exchange transactions receivables	(11,631,988)	(3,501,296)
Prepayments	-	(647,947)
Sundry receivable	1,416,001	-
Payables from exchange transactions	(8,247,066)	21,362,144
Trade and other payables from non-exchange transaction	5,931,087	(8,338,102)
Consumer deposits	1,231,687	(182,753)
	184,893,548	**136,996,963**

43. Public Private Partnership

The Lephalale Local Municipality entered into agreement with EXXARO mine whereby EXXARO Upgraded its water purification plant Zeeland, and sells it to the Municipality through a finance lease payable over a period of 15 years. EXXARRO will also operate and maintain the Zeeland Water Treatment Plant over the lease term of 15 years. Municipality is paying monthly fee of R1.2 million for operation and maintenance. These costs are included in the cost of inventory consumed in the statement of financial performance.

The finance lease payments amount to R1.4 million per month.
The finance cost includes the amount of R5.9 million relating to Zeeland -finance lease
The finance lease liability disclosed in the statement of financial position relates to Zeeland.
The finance lease asset was included in Property plant and equipment

Finance lease: Current Portion:	R12 523 371 (2024:R10 862 792)
Finance Lease Non -Current Portion:	R13 154 670 (2024:25 678 042)

44. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Loss on sale of property, plant and equipment	(18,374)	-
Impairment on trade and other receivables	89,747,357	91,348,679
Depreciation on property, plant and equipment	95,031,797	94,678,401

45. Fair value adjustments

Investment property (Fair value model)	612,133	1,203,000

46. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

46. Financial instruments disclosure (continued)

	At amortised cost	Total
Cash and Cash Equivelents	66,287,418	66,287,418
Trade and other receivables from exchange transactions	169,250,054	169,250,054
Sundry receivables	922,901	922,901
	236,460,373	**236,460,373**

Financial liabilities

	At amortised cost	Total
Finance lease obligation	25,678,045	25,678,045
Long term trade and other payables	61,562,821	61,562,821
Payables from exchange transactions	84,609,701	84,609,701
Consumer deposits	13,243,578	13,243,578
	185,094,145	**185,094,145**

2024

Financial assets

	At amortised cost	Total
Cash and Cash equivelents	60,652,863	60,652,863
Trade and other receivables from exchange transactions	187,821,450	187,821,450
Sundry receivables	2,034,626	2,034,626
	250,508,939	**250,508,939**

Financial liabilities

	At amortised cost	Total
Finance lease obligation	36,540,834	36,540,834
Long term trade and other payables from exchange transactions	82,087,194	82,087,194
Payables from exchange transactions	95,311,845	95,311,845
consumer deposits	12,011,891	12,011,891
	225,951,764	**225,951,764**

Liquidity risk

2025

	Within 1 Year	2 to 5 years	Total
Finance lease obligation	12,523,371	13,154,674	25,678,045
Long term trade and othe payables	20,524,373	41,038,448	61,562,821
Consumer deposits	13,243,578	-	13,243,578
Payables from exchange transactions	84,609,701	-	84,609,701
	130,901,023	**54,193,122**	**185,094,145**

2024

	Within 1 year	2 to 5 years	Total
Finance lease obligation	10,862,792	25,678,042	36,540,834

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Figures in Rand		2025	2024
46. Financial instruments disclosure (continued)			
Long term trade and othe payables	20,524,373	61,562,821	82,087,194
Consumer deposits	12,011,891	-	12,011,891
Payables from exchange transactions	95,311,845	-	95,311,845
	138,710,901	**87,240,863**	**225,951,764**

Financial instruments

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances. The municipality manages credit risk in its borrowing and investing activities by only dealing with well established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the municipality's credit control and debt collection policy.

The municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities.. The carrying amount of financial assets recorded in the annual financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

	236,460,373	**250,508,939**
Trade and other receivables from exchange transactions	169,250,054	187,821,450
Sundry receivables	922,901	2,034,626
Cash and cash equivalents	66,287,418	60,652,863

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47. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Infrastructure assets	76,084,574	162,106,605
• Community assets	27,468,872	26,599,307
• Other	-	211,412
	103,553,446	**188,917,324**
Total capital commitments		
Already contracted for but not provided for	103,553,446	188,917,324

Authorised operational expenditure

Total commitments

Total commitments		
Authorised capital expenditure	103,553,446	188,917,324

This committed expenditure relates to capital expenditure and will be financed by existing cash resources, funds internally generated and grants.

Commitments amount above are VAT exclusive. There were no material contracts that were entered into after year end but before approval of the AFS.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1,452,027	1,450,207
- in second to fifth year inclusive	726,013	2,175,311
	2,178,040	**3,625,518**

Operating lease payments represent rentals payable by the municipality for photocopy machines from Edu books shop solution cc. The lease period is for a period of three year ending in December 2026. No contingent rental is payable. There are no escalation clauses relating to rental agreement and there is no renewal option. The lease items may not be sub leased.

Notes to the Annual Financial Statements

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48. Contingencies

The principal amounts of contingent liabilities are shown in the table below. The estimates of outcome and financial effect are determined by the judgement of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date.

Contingent liabilities

Rhine Vhane Construction CC & Johan Ferdinard // Lephalale Local Municipality	3,062,106	2,712,409
Johan Ferdinard // Lephalale Local Municipality	3,885,252	3,441,551
Edward James Daniel De Villers // Lephalale Local Municipality	1,517,251	1,398,200
Edward James Daniel De Villers // Lephalale Local Municipality	3,654,771	3,237,391
Christiaan Louren Erasmus // Lephalale Local Municipality	11,062,734	9,916,333
French Rural Development // Lephalale Local Municipality	7,506,432	6,615,904
Mmalerepo Investment // Lephalale Local Municipality	16,095,542	14,484,432
Ms NM Pudikabekwa //Lephalale Local Municipality	-	361,195
Leopiet Otwekkeling // Lephalale Local Municipality	57,885,496	52,158,408
Global Strake // Lephalale Local Municipality	2,113,785	1,907,428
Mokgotho Building Construction // Lephalale Local Municipality	1,435,032	1,289,447
Bhelela Technology // Lephalale Local Municipality	12,080,538	10,865,684
Sealab // Lephalale Local Municipality	417,029	374,855
	120,715,968	**108,763,237**

1.Rhine Vhane Civil Construction CC and Johan Ferdinard Bernard

The Municipality sold stands in extension 50 for R1.00 per square meter around the year 2005, then council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void, and the land reverted back to council. Rhine Vhane Civil Construction as one of the purchasers which developed in the area are claiming R6 127 518 plus interest as unjust enrichment. The matter is still ongoing. Exchange of pleadings is still underway. The value of improvements effected that the Municipality will benefit from repossessing the land Where there are no improvements on the land and the value of the contingent liability will be estimated at the lower of the value of the land determined within 5 years and summon amount.

The total financial exposure taking time value of money into account is estimated to be R 3 062 106.

Parties have held a pre-trial conference and are awaiting judicial pre-trial date for the matter to be certified trial ready.

2. Johan Ferdinard Barnard

The Municipality sold stands in extention 50 for R1.00 per square meter around the year 2005, then council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void, and the land reverted back to council. Johan Ferdinard Barnard as one of the purchasers which developed in the area are claiming R2 600 000 plus interest as unjust enrichment. The matter is at pleading stage and parties are exchanging pleadings. The value of improvements effected that the Municipality will benefit from repossessing the land Where there are no improvements on the land and the value of the contingent liability will be estimated at the lower of the value of the land determined within 5 years and summon amount.

The total financial exposure taking time value of money into account is estimated to be R 3 885 252.

Parties have held a pre-trial conference and are awaiting judicial pre-trial date for the matter to be certified trial ready.

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48. Contingencies (continued)

3. **Edward James Daniel De Villiers**
The Municipality sold stands in extension 50 for R1.00 per square meter around the year 2005, then council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void, and the land reverted back to council. Edward James Daniel De Villier as one of the purchasers which developed in the area are claiming R2 774 200 as unjust enrichment. The matter is at pleading stage. The value of improvements effected that the Municipality will benefit from repossessing the land Where there are no improvements on the land and the value of the contingent liability will be estimated at the lower of the value of the land determined within 5 years and summon amount.

The total financial exposure taking time value of money into account is estimated to be R 1 517 251.

Parties have held a pre-trial conference and are awaiting judicial pre-trial date for the matter to be certified trial ready.

4. Edward James Daniel De Villiers
The Municipality sold stands in extension 50 for R1.00 per square meter around the year 2005, then council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void, and the land reverted back to council. Edward James Daniel De Villier as one of the purchasers which developed in the area are claiming R19 808 774 as unjust enrichment. The value of improvements effected that the Municipality will benefit from repossessing the land Where there are no improvements on the land and the value of the contingent liability will be estimated at the lower of the value of the land determined within 5 years and summon amount.

The total financial exposure taking time value of money into account is estimated to be R 3 654 771.

Parties have held a pre-trial conference and are awaiting judicial pre-trial date for the matter to be certified trial ready

5. Christian Lourens Erasmus
The Municipality sold stands in extension 50 for R1.00 per square meter around the year 2005, then council realised that there were some procedural flaws when the stands were sold and decided not to proceed with the sale. One of the purchasers Nightfire Investments challenged the council decision and took council to court. The court declared the agreement null and void, and the land reverted back to council. Edward James Daniel De Villier as one of the purchasers which developed in the area are claiming R8 899 716 as unjust enrichment. The matter is at pleading stage. The value of improvements effected that the Municipality will benefit from repossessing the land Where there are no improvements on the land and the value of the contingent liability will be estimated at the lower of the value of the land determined within 5 years and summon amount.

The total financial exposure taking time value of money into account is estimated to be R 11 062 734.

Parties have held a pre-trial conference and are awaiting judicial pre-trial date for the matter to be certified trial ready.

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48. Contingencies (continued)

6. Mmalerepo Investment

Mmalerepo Investment was one of the service providers that were appointed by the Municipality on an as and when required basis for the repairs and maintenance of municipal sewer pumps. They were then never given any order with regard to the appointment. As a result of that they issued summons against the Municipality in the Polokwane High Court for the amount of R8 500 000. The total financial exposure taking time value of money into account is estimated to be R 16 095 542.

The matter is stagnant and awaiting taxation costs in November 2025.

7. Ms NM Pudikabekwa

The Municipality disciplined Ms. NM Pudikabekwa (Former Manager HR) for allegations of misconduct. Ms. Pudikabekwa was then found guilty on all of the charges levelled against her and she was ultimately dismissed on 13th September 2019 as a municipal employee. Ms. Pudikabekwa then appealed the decision of the disciplinary committee on the 25th September 2019.Should Ms. Pudikabekwa win the appeal, the municipality may be ordered to either reinstate her to her position or alternatively reimburse her. Compensations never exceed six months salary, so in this instance the possible financial liability at maximum will be half of employee's annual total cost to the Municipality which is R361 195.

Ms. Pudikabekwa referred the matter for review at the Labour court and the matter was referred back to the Bargaining Council. Bargaining Council confirmed her dismissal as an appropriate Sanction. She has not referred the matter to Labour court again. The matter remains finalised, until such time that the Municipality receives a dispute from her.

8. Leopiet Ontwekkeling

The Municipality received combined summons on 24 November 2020 from Thomas and Swanepoel Incorporated requesting the court for an order of damages in the amount of R174 650 031,00 plus 8.75% interest p.a. According to the particulars of claim, the plaintiff alleges that the Municipality has failed in its legal duty to maintain or upgrade the Paal sewer treatment works and its subject to sewerage disposal network leading to the consequential overflow from the sewerage system of contaminated water, wastage, and affluent material onto the plaintiff's immovable property. Further more, the plaintiff alleges that he has had no option but to sustain, maintain the spillage at his owncosts including mitigating retention dam and all cost associated with the spillage. The Municipality has appointedMmakola Matsimela Attorneys to defend the matter and for such legal process have ensued. The notice of intention to defend has been served and we are now awaiting the response from opposing Attorneys. The most likely amount that may be paid based on the expert assessment is R40 000 000.

The total financial exposure taking time value of money into account is estimated to be R 57 885 496.

The matter is ongoing. The municipality's exception upheld in January 2023 and plaintiff amended claim. Parties exchanging pleadings, matter not yet trial ready.

9. Global Strake Security

Lephalale Municipality appointed Global Strake Security in 2018 for provision of physical security at selected municipal sites. Global Strake Security issued summons for the amount of R1 222 218 against the municipality for damages allegedly suffered through provision of additional security services which the company offered at the mayor's residence. The Municipality did not authorize the services in question to be offered in terms of the contract and therefore appointed attorneys to defend the action. Mmakola Matsimela attorneys were appointed to defend the case.The matter is currently on pleadings stage.The total financial exposure that include both principal amount and interest is estimated at R2 113 785.

10. Mokgotho Building Construction

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Figures in Rand	2025	2024

48. Contingencies (continued)

Mokgotho Building Construction was appointed by the Municipality in 2016 for construction of a strongroom. They allege that during the construction of the project there was additional work that was done which the Municipality declined to pay despite various demands. They are claiming payment of R 1 153 868 for work done. They issued summons against the Municipality in the Polokwane High Court in June 2023 for payment of the amount.The total financial exposure that include both principal amount and interest is estimated at R1 435 032.

The matter is on-going, pleadings are being exchanged and claims under assessment. Hearing set for 22 March 2027.

11. Bhelela Technology

The Municipality advertised a tender for the appointment of a suitable service provider for the installation of prepaid electricity smart meters and appointed Bhelela Technologies in 2021. Due to poor performance the Municipality terminated the contract of Bhelela and readvertised the tender and appointed another service provider. Bhelela issued summons in Polokwane High Court claiming damages from the Municipality in the amount of R8 296 330.The total financial exposure that include both principal amount and interest is estimated at R12 080 538.

The matters are currently on discovery stages.

12. Sea'ab

Saeleb Trading (Pty) Ltd was appointed to render urgent service by fixing a sewage. Their work was not compensated as the appointment process and the verification of the work done was not done according to the approved processes of the municipality. They have issued summons which remained undefended until they made an application for default judgment. The total financial exposure that include both principal amount and interest is estimated at R417 029.

13. French Rural Development

In 2016 French Rural development issued summons in high to compel the Municipality to transfer the stand it is occupying or alternatively pay the damages amounting to R34 729 050.00 The matter is still ongoing and the parties are exchanging pleadings . Management estimated the possible payable amount to be R3 260 000 based on the expert valuation of the improvement and land .The total financial exposure taking into account interest charged is estimated at R7 506 432.

Matter is ongoing. parties are exchanging pleadings.

Contingent Assets		
Lephalale Local Municipality // Blue Horizon	35,405,502	31,757,368
Lephalale Local Municipality // Big Time Strategic Consultants	6,562,371	5,916,448
Insurance claim on vehicle (FKK 385 L)	99,000	-
Insurance claim on Shongoane Stadium & Witpoort Satallite	1,142,187	-
	43,209,060	**37,673,816**

1. Lephalale Municipality // Blue Horizon

Around 2008 the Municipality entered into service agreement with Blue Horizon Investments whereby the Municipality undertook to provide bulk services to extension 97 whereby Blue Horizon was the owner/developer of the said extention. In exchange for the service ,Blue Horizon was to contribute about R9 800 000 towards bulk services , which to date they have failed to pay. Despite demand by the Municipality ,Blue Horizon Investment has failed/refused to pay .The council has appointed an attorney to claim the money on its behalf. Blue horizon is currently undergoing insolvency process. The Municipality has lodged claim of R11 307 114.31. The total claim taking into account the interest is estimated at R 35 405 502. The matter is currently on discovery stage.

2. Big Time Strategic Consultants// Lephalale Municipality

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48. Contingencies (continued)

Lephalale Local Municipality conducted a forensic investigation through PWC, and such forensic report was submitted to the Municipality around March 2016. The report revealed that the Big Time , the Company that was appointed to do IT infrastructure review and readiness for the implementation of mSCOA , was not appointed according to the prescribed method of appointing service providers and further they did not even finish their scope of work accordingly .

The report recommended that legal actions be taken to recover the amount spend on the project as the payments were irregular. Mohale attorneys were then appointed to institute a legal action against the parties responsible for irregular expenditure. Summons were issued in the High Court for the amount owed in terms of the contract and the default judgement in the amount of R2 850 000 was obtained. Big Time Strategic Consultant then filed an appeal. The estimated financial exposure should be R6 562 371 being the estimated legal cost plus the amount claimed in the notice of motion by the applicant.

3. Museneke / Lephalale Local Municipality

The Plaintiff, while driving on road R33, encountered a pothole, lost control of the vehicle and collided with a tree. As a result, the plaintiff sustained serious injuries. He alleges that the Municipality responsible for road maintenance was negligent in failing to repair the potholes, provide a safe road surface, and warn road users of hazardous conditions. The Plaintiff argues that the Municipality's negligence directly led to the accident and resulting damages. The Plaintiff has instituted legal proceedings against the Municipality. The Municipality defended the action asserting that it does not have jurisdiction over the R33 road, as the road falls under the authority of the Roads Agency Limpopo.

The plaintiff withdrew the action that was filed. Instructions were given to the attorneys to tender costs against the plaintiff, and the attorneys are in the process of doing that.

4. Insuranc ₹ claim on vehicle (FKK 385 L)

Municipal official lost control of vehicle (FKK 385 L) when trying to avoid an accident. The vehicle was assesed and subsequently confirmed as a written off. The insurer requested information to process the claim, which was duely submitted by the municipality.Insurance Broker has submitted to the insurer for the review and further advises.The total financial exposure is R99 000.

5. Insurance claim on Shongoane Stadium & Witpoort Satallite

The municipality suffered damages to the roof entrance of Shongoane stadium as well as Witpoort satellite pump station and Standby guard house during storms on 06 December 2024. A discussion with the Loss Adjuster was held and they requested information (Building plans, Quotations, Highlighted asset register) in order to proceed with the matter. The Municipality submitted outstanding information and awaits the Loss Adjuster's report. The total financial exposure is R1 142 187.

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49. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Accounting Officer	Vacant
Chief Financial Officer	Vacant
Director Infrasturcture Services	A Shiko
Director Corporate Services	PF Nogilana-Raphela
Director Strategic Support Services	MM Kgwantha
Director Development Planning	Vacant
Director Social Services	Vacant

The naming of the positions of managers directly accountable to the accounting officer were changed from executive managers to directors.
For the remuneration of the above key management personnel refer to employee related cost note.

Related party transactions

Rentals included in the rental of equipments and facilities		
MM Cocquyt	1,284	43,842
M Masoga	-	29,519
MM Kgwantha	44,883	44,303
MM Mmope	29,566	41,274
PF Nogilana-Raphela	41,232	58,021
MA Shiko	23,569	-

Councillors Remunerations

2023/24	Salary	Cellphone	Travelling	Travelling and subsistance	Total
Clr RA Mokgetle -Mayor	733,902	49,608	244,633	-	1,028,143
Clr GG Marakalala-Speaker	594,379	49,608	198,126	31,339	873,452
Clr SJ Machaba-Chief Whip	310,863	49,608	103,621	10,597	474,689
Clr A Thulare	249,000	49,608	82,999	-	381,607
Clr MR Modiba	557,001	49,608	185,667	37,048	829,324
Clr ML Shongwe	558,408	49,608	186,136	2,289	796,441
Clr MM Semenya	557,001	49,608	185,667	15,213	807,489
Clr L Monare	246,460	49,608	82,153	-	378,221
Clr S Mpedi	246,460	49,608	82,153	3,796	382,017
Clr B Kgageng-Moloantoa	246,460	49,608	82,153	5,911	384,132
Clr WM Motlokwa	246,460	49,608	82,153	7,671	385,892
Clr PKJ Selolo	281,862	49,608	93,954	4,069	429,493
Clr MM Makgae	246,460	49,608	82,153	-	378,221
Clr RM Magoai	281,597	49,608	93,866	14,014	439,085
Clr E Seepe	243,935	49,608	81,312	20,529	395,384
Clr SJ Moselane	235,125	49,608	78,374	15,616	378,723
Clr DA Mothoni	235,125	49,608	78,375	4,789	367,897
Clr SM Nieuwoudt	235,125	49,608	78,375	-	363,108
Clr MW Langa	235,125	49,608	78,375	26,272	389,380
Clr EL Setho	235,125	49,608	78,375	38,041	401,149
Clr KC Bopape	246,195	49,608	82,065	5,800	383,668
Clr MJ Sebetha	235,125	49,608	78,375	2,577	365,685
Clr DA Mongalo	235,125	49,608	78,375	4,503	367,611
Clr TR Modise	392,733	49,608	131,916	37,121	611,378
Clr MJ Madibana	290,408	49,608	96,802	39,198	476,016
Clr KL Mosupye	290,408	49,608	96,802	19,867	456,685
Clr HW Venter	235,125	49,608	78,375	1,726	364,834

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49. Related parties (continued)					
Clr MS Moloantoa	235,125	49,608	78,375	43,813	406,921
Clr N Pienaar	536,433	47,258	177,478	10,544	771,713
	9,472,550	**1,436,282**	**3,157,183**	**402,343**	**14,468,358**

2024/25	Salary	Cellphone	Travelling	Travelling and subsistance	Total
Clr RA Mokgetle -Mayor	759,742	47,004	253,247	-	1,059,993
Clr GG Marakalala-Speaker	607,792	47,004	202,597	32,340	889,733
Clr SJ Machaba-Chief Whip	317,877	47,004	105,959	37,984	508,824
Clr A Thulare	241,262	47,004	80,421	-	368,687
Clr S Mpedi	300,133	47,004	100,044	9,854	457,035
Clr ML Shongwe	570,303	47,004	190,101	-	807,408
Clr MM Semenya	570,303	47,004	190,101	26,509	833,917
Clr L Monare	300,133	47,004	100,044	-	447,181
Clr N Pienaar	17,095	-	5,698	-	22,793
Clr WM Motlokwa	300,133	47,004	100,044	1,646	448,827
Clr MM Makgae	513,477	47,004	171,159	42,448	774,088
Clr MR Modiba	570,303	47,004	190,101	22,899	830,307
Clr CK Bopape	240,700	47,004	80,233	-	367,937
Clr B Kgageng-Moloantoa	300,133	47,004	100,044	1,646	448,827
Clr PKJ Selolo	308,014	47,004	102,673	-	457,691
Clr EL Setho	240,430	47,004	80,144	8,789	376,367
Clr SM Nieuwoudt	467,742	47,004	155,914	-	670,660
Clr DA Mothoni	240,430	47,004	80,144	4,855	372,433
Clr SJ Moselane	240,430	47,004	80,144	-	367,578
Clr MJ Madibana	248,852	47,004	82,950	19,112	397,918
Clr RT Modise	276,865	47,004	92,288	-	416,157
Clr HW Venter	240,430	47,004	80,143	-	367,577
Clr E Seepe	241,262	47,004	80,421	11,369	380,056
Clr RM Magoai	248,587	47,004	82,862	2,570	381,023
Clr MW Langa	240,430	47,004	80,144	2,570	370,148
Clr DA Mongalo	240,430	47,004	80,144	6,244	373,822
Clr MJ Sebetha	240,430	47,004	80,144	7,608	375,186
Clr KL Mosupye	248,852	47,004	82,950	20,562	399,368
Clr LG Moloantoa	51,583	9,009	17,194	6,102	83,888
Clr JD Nel	188,199	37,864	62,733	4,801	293,597
Clr MR Mjakula	188,847	37,995	62,949	4,216	294,007
	9,761,199	**1,353,976**	**3,253,734**	**274,124**	**14,643,033**

50. Change in estimate

Property, Plant and Equipment

The useful life of certain plant items of property plant and equipment were reassessed at the end of 2024/25 financial year.The effect of these changes in estimate resulted in decrease in depreciation in the current year by R R397 238 and increase in the future depreciation by the same amount.This change in estimate was prospectively accounted for.

Details of assessment	Before change in estimate	Effect of change in estimate			After change in estimate
Community assets	2,154	(1,799)	-	-	355
Computer equipments	67	(50)	-	-	17
Furniture and fittings	301	214	-	-	515
Infrastructure	9,645	(7,107)	-	-	2,538
Buildings	28,528	(23,762)	-	-	4,766
	40,695	**(32,504)**	**-**	**-**	**8,191**

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50. Change in estimate (continued)

Non-adjusting events after the reporting date

Nature of event

The Municipality entered into SLA with Zerbacraft for the procurement of Office Furniture & Equipment. the supplier with Order no. ZERB-LEPH01 delivered on 10 June 2025. However, most of the delivered office furniture was not according to specification and as such was returned. Numerous attempts by the municipality were made to ensure goods were delivered but to no avail. .The supplier responded to an e-mail on 29 August 2025 and committed to deliver in two weeks (13 September 2025). LLM Legal department issued an intention to terminate to the supplier, failure to deliver will render the contract terminated and all costs borne by the supplier. The portion of assets delivered have not been brought into use.The risk and rewards have not been transferred to the Municipality at reporting date as per the signed Service Level Agreement.

The financial effect of the subsequent non-adjusting events	472,737	-

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51. Prior Period Error

1. Technical report incorrectly capitalized to WIP
Technical report for construction of Onverwacht road in Lephalale was erronously capitalized in work in Progress in the previous financial period.

2. Principals and agents arrangements
The municipality omitted to disclose in the current year and prior years, arrangement wherein the Municipality acts as a Principal.

3. Completed Project recognized as WIP
The municipality had a project that was certified complete on 07 December 2017 and had it incorrectly recognised in WIP in subsequent financial periods.

4. Revenue from exchange transactions not disclosed in line with the AFS Specimen
The municipality made adjustment on the face of the Statement of Financial Performance in order to comply with National Treasury Specimen AFS in order to ensure consistency and accuracy in financial reporting, and align with GRAP and MSCOA frameworks.

5.Defined Benefit Obligation iincorrectly disclosed as provision- Employee benefit
The municipality made adjustment on the face of the Statement of Financial Position by renaming Provision-Employee Benefits to Defined Benefit Obligation in order to comply with National Treasury Specimen AFS, to ensure consistency and accuracy in financial reporting, and align with GRAP and MSCOA frameworks.

6. **PAYE,UIF and SDL errornously understated in disclosure notes- additional disclosures**
The Municipality errornously did not disclose the amount for UIF and SDL, and also understated in the previous financial period.

7. **Accounting for prior smart meters**
Livewire installed modems and meters in the prior years, however they were not invoiced. The meters were available for use in the prior years and generated revenue. The municipality is accounting for completeness.

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8.**Accounting for VAT**
Acrrual output, input and statutory VAT receivebles was errorneuosly separately disclosed on the face of the statement of financial position instead of following the specimen and SALGA recommendations.

9. **Accounting for VAT on retention**
Municipality errouneuosly accounted for retention exclusive of VAT in the previous financial periods.

10. **Accounting for Intangible assets**
Municipality errouneously recognized and amortized the microsoft license as an intangible asset in the previous financial periods.

11. **Accounting for June consumption of metered Water and Electricity services**
During the audit of 2024/2025, it was discovered that the water and electricity consumption billed in June is actually for the preceding month (May), and as a result the revenue on metered services for the year under review was not correctly accounted for as it includes July billing (M1) which is for the prior year. The revenue for Month1 of the year is reversed and replaced by revenue of the following year to ensure that the revenue is recognised in the correct financial year.

12. **Capitalization of commisioned pump stations**
Municipality errouneosly did not capitalize pump stations that were refurbished and completed to infrastructure assets.

Change In Accounting Policy
13.**Government debts not impaired:**
The debts/accounts belonging to government were not impaired resulting in understatement of debt impairment. The Debt Impairment Methodology had initially excluded government debt from impairment, however Management has subsequently decided to adjust the methodology to start assessing government accounts for impairment at the rate that is uncollected during the year under review.

14.**Contingent Assets & Liabilities**
Amendments were made to the methodology of accounting for Contingent assets & liabilities. This was necitated by factoring the effect of time value of money as per GRAP 19 standards. We have adopted these standards as allowed in terms of the modified retrospective approach, and therefore have restated the comparatives.

15.**Cashflow from financing activities overstated**
Management identified in the current year that the prior year payments for finance were overstated.

The correction of the error(s) results in adjustments as follows:

1. Technical report incorrectly capitalized to WIP

Increase in Contracted Services	-	987,588
Decrease in WIP	-	(987,588)
	-	-

2. Principals and agents arrangement

LiveWire Engineering & Consulting	-	17,105,475
New Intergrated Credit Solutions	-	2,793,481
	-	**19,898,956**

3.Completed Project recognized as WIP

Transfer in Infrastructure: Water	-	6,209,550
Transfer out Work in Progress	-	(6,209,550)
Increase in Depreciation	-	191,148
Decrease in Accumulated Surplus	-	3,004,019
Increase in Accumulated Depreciation. Infrastructure Water	-	(3,195,167)
	-	-

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4. Revenue from exchange transactions not disclosed in line with the AFS Specimen		
	-	**2,024**
Decrease in Service Charges	-	303,276,529
Increase in Service charges- Electricity	-	(193,486,912)
Increase in Service charges- Water	-	(64,880,991)
Increase in Service charges- Waste water management	-	(24,165,901)
Increase in Service charges- Waste management	-	(20,740,701)
5.Defined Benefit Obligation incorrectly disclosed as provision- Employee benefit		
	-	-
Decrease in Provision-Employee benefits- Currrent portion	-	4,497,000
Increase in defined benefits obligations- Current portion	-	(4,497,000)
Defined Benefit Obligation incorrectly disclosed as provision- Employee benefit		
	-	-
Decrease in Provision-Employee benefits- Non Currrent portion	-	75,693,000
Increase in defined benefits obligations- Non Current portion	-	(75,693,000)
6. PAYE,UIF and SDL errornously understated in disclosure notes- additional disclosures		
	-	-
Current year subscription fees PAYE	-	37,285,777
Current year subscription fee UIF	-	1,867,637
Current year subscription fee SDL	-	2,010,696
Amount paid-current year	-	(41,164,110)
7. Accounting for prior smart meters		
Increase in depreciation, impairment and amortization	-	10,285
Increase in Accumulated depreciation, impairment and amortization	-	(1,467,860)
Increase in property plant and eqquipment-Smart meters	-	1,913,877
Increase in trade payables	-	(2,756,788)
Increase in contracted services	-	925,719
Decrease in accumulated surplus	-	1,374,767
	-	-
8.Accounting for VAT		
	-	-
Increase in receivables from non-exchange transactions	-	2,815,423
Increase in trade and other payables from exchange transactions	-	(6,652,205)
Increase in trade and other receivables from exchange transactions	-	26,663,588
Decrease in accrual Input VAT	-	(26,663,588)
Decrease in accrual output VAT	-	6,652,205
Decrease in statutory VAT receivable	-	(2,815,423)
9. Accounting for VAT on retention		
	-	-
Increase in Accrual Input VAT	-	4,212,741
Increase In Retention	-	(4,212,741)
10.Accounting for intangible assets		
	-	-
Decrease in intangible assets- Cost	-	(1,624,064)

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Figures in Rand	2025	2024
Decrease in accumulated amotization	-	266,969
Decrease in amortization	-	(266,969)
Increase in operational costs-software and licenses	-	1,624,064

11. Accounting for June consumption of metered Water and Electricity services

	-	-
Decrease in receivables from exchange transactions-Water	-	(1,092,091)
Decrease in receivables from exchange transactions- Electricity	-	(10,128,506)
Decrease in Service charges- Water	-	949,644
Decrease in Service Charges-Electricity	-	8,807,397
Decrease in Accrual Output VAT	-	1,463,556

12. Government debts not impaired

	-	-
Increase in Provision for doubtful debts-Water	-	(303,907)
Increase in Provision for doubtful debts-Electricity	-	(171,548)
Increase in Provision for doubtful debts-Waste Water Management	-	(104,411)
Increase in Provision for doubtful debts-Water Management	-	(118,911)
Increase in Provision for doubtful debts-Property Rates	-	(1,428,477)
Increase Debt impairment-Water	-	271,256
Increase Debt impairment-Electricity	-	154,655
Increase Debt impairment-Waste Water Management	-	93,331
Increase Debt impairment- Waste Management	-	105,394
Increase Debt impairment- Property rates	-	1,428,477
Decrease in Accrual output vat	-	74,142

13.Contingent Assets & Liabilities

	-	**(60,668,877)**
(Increase)/Decrease in Contingent Liabilities	-	(37,630,455)
(Increase)/Decrease in Contingent Assets	-	(23,038,422)

14.Capitalization of commisioned pump stations

	-	-
Increase in infrastructure	-	3,081,411
Decrease in WIP	-	(3,081,411)
Increase in depreciation	-	32,130
Increase in accumulated depreciation	-	(32,130)

15. Cashflow from financing activities overstated

	-	-
Decrease in Finance lease payments	-	(7,211,035)
Increase in net changes in Cash	-	7,211,035

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 :

Summary	2024 Audited amount	Correction of error	Change in accounting policy	Reclassification	Restated amount
	-	-	-	-	-
Contracted services	52,864,549	1,913,307	-	-	54,777,856
Property Plant and Equipment	1,437,913,780	(3,768,868)	-	-	1,434,144,913
Service charges	(303,274,505)	-	-	303,274,505	-
Service charges- Electricity	-	8,807,397	-	(193,486,912)	(184,679,515)

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Figures in Rand				2025	2024
Service charges- Water	-	949,644	-	(64,880,991)	(63,931,347)
Service charges- Waste water management	-	-	-	(24,165,901)	(24,165,901)
Service charges-Waste management	-	-	-	(20,740,701)	(20,740,701)
Depreciation, impairment and amortization	94,711,818	(33,406)	-	-	94,678,412
payables from exchange transactions	(140,516,976)	(6,969,529)	-	(4,968,542)	(152,455,047)
Provision- Employee benefits	(80,190,000)	-	-	80,190,000	-
Defined benefit obligation	-	-	-	(80,190,000)	(80,190,000)
Decrease in accumulated surplus	(1,427,931,651)	4,378,786	-	-	(1,423,552,865)
Trade and other receivables from exchange transactions	173,077,238	(11,919,375)	-	26,663,588	187,821,450
Receivables from non- exchange transactions	104,306,144	(1,428,477)	-	2,815,423	105,693,090
Accrual Input VAT	22,450,847	4,212,741	-	(26,663,588)	-
Accrual Output VAT	(6,506,240)	1,537,698	-	4,968,542	-
Intangible Assets	1,780,177	(1,357,095)	-	-	423,083
Operational Cost	71,018,103	1,624,064	-	-	72,642,167
Debt impairment	91,348,679	2,053,113	-	-	93,401,794
Statutoty VAT receivable	2,815,423	-	-	(2,815,423)	-

52. Going concern

We draw attention to the fact that at June 30, 2025, the municipality had an accumulated surplus of R 1,499,197,115 and that the municipality's total assets exceed its liabilities by R 1,499,197,115.

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

The municipality is a going concern because of the following :
It is a state entity set up by the constitution of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide services will prompt national government intervention to ensure it stays functional and able to deliver basic services and consequently comply with the constitution.

There is no indication of a possibility of default by the government in paying grants under the act. This is also corruborated by experiece where national treasury has met its obligation every year and has therefore a constructive obligation. The council has also adopted integrated development plan which is a five-year plan. Municipality has tabled a funded budget for the financial year 2025/26. This is an indication for the Municipalitys' intention to operate beyond the next 12 months period. The gearing ratios are above the norms as per national treasury MFMA circular 71.
The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The Municipality has debt book of R 762 140 922.00 which includes property rate, electricity, water, sanitation, and refuse removal debtors and has already commenced with the implementation on the revenue enhancement strategies to recover these outstanding debts. Management has also procured an indigent Management system to assist in identifying those debts that are not recoverable and thus qualify for write-off.

The Municipality intents to improve the spending of conditional grants through forward planning and development of realistic procurement plan to ensure that procurement processes are concluded within a reasonable time. Municipality has applied for rollover of fund to continue with the project as planned. There is an unspent conditional grant of R13 200 000 in the financial year 2023/24. Management has applied for roll over and confidently believe that the rollover will be approved.

There are no substantial operating risks or operating factors that are significantly causing serious deterioration of value of assets that generate cash inflows.

Only 2 out of seven positions of Executive Management is currently vacant and Municipality has shown the intention to fill this Position. The Positions were advertised.

The council has annually reviewed and approved its IDP which indicates that the Municipality plans to continue Its operations.There are no Labour difficulties, nor threats of any labour protest

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Segment reporting

Lephalale Local Municipality is located in waterberg district in Lephalale town.

Lephalale Local Municipality is organised and reports to management on the basis of three major functional areas: Infrastructure services, community and public safety, Governance and administration.The segments were organised around the type of service delivered and the target market

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

This is considered appropriate for external reporting purposes to achieve the objective of GRAP 18.

Aggregated segment
The segment were agregated on the basis of services delivered as management considered that the economic characteristics of a segments were sufficient to warrant aggregation.

Types of goods and services by segment reporting

Community and public services: Primary services of providing community safety crime prevention ,law enforcement ,refuse removal and registry services
Infrastructure developments and basic services: basis service delivery services such as water, electricity, infrastructure developments and sanitation services
Governance and administration:Services in relation to financial management,human resource, information technology, legal financial governance and strategic planning

2025 Segment revenue	Governance and administration	Infrastructure developments and basic services	Community and public safety		Total
Service charges- Electricty	-	222,191,326	-	-	222,191,326
Service charges- Water	-	63,168,314	-	-	63,168,314
Service charges- Waste Water Management	-	29,897,100	-	-	29,897,100
Service charges- Waste Management	-	-	25,071,520	-	25,071,520
Rental of equipment and Facilities	-	-	311,519	-	311,519
Interest earned from receivables	-	45,703,269	12,242,131	-	57,945,400
Agency fees	-	-	6,930,334	-	6,930,334
Operational revenue	5,919,548	-	-	-	5,919,548
Interest earned on current and non-current assets.	7,605,244	-	-	-	7,605,244
Property rates	119,797,311	-	-	-	119,797,311
Interest earned from receivables- property rates	25,890,975	-	-	-	25,890,975
Transfers and subsidies	244,019,632	155,424,284	1,311,000	-	400,754,916
Public contributions and donations	-	16,744,000	-	-	16,744,000
Fines, penalties and forfeits	-	-	4,017,954	-	4,017,954
	403,232,710	**533,128,293**	**49,884,458**	**-**	**986,245,461**

2025 Segment expenditures	Governance and administration	Infrastructure developments and basic services	Community and public safety		Total
Employee costs	(103,548,350)	(83,490,687)	(66,745,509)	-	(253,784,546)
Remuneration of councillors	(14,368,915)	-	-	-	(14,368,915)
Depreciation, impairment and amortisation	(3,589,594)	(90,074,864)	(3,854,009)	-	(97,518,467)
Irrecoverable debts written off	(17,118,081)	-	-	-	(17,118,081)

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Notes to the Annual Financial Statements

Figures in Rand				2025	2024
53. Segment reporting (continued)					
Debt impairment	(35,803,128)	(43,041,189)	(17,772,122)	-	(96,616,439)
Bulk Purchases	-	(183,444,942)	-	-	(183,444,942)
Contracted Services	(40,215,492)	(12,891,979)	(18,351,405)	-	(71,458,876)
Transfers and subsidies paid	(558,009)	-	-	-	(558,009)
Inventory consumed	(758,904)	(53,875,198)	(1,453,797)	-	(56,087,899)
Operating costs	(59,006,134)	(11,758,126)	(10,962,803)	-	(81,727,063)
Loss on sale of Assets	-	(18,374)	-	-	(18,374)
Acturial gains	657,534	-	-	-	657,534
Fair value adjustment	612,133	-	-	-	612,133
Interest costs	(382)	(18,580,060)	-	-	(18,580,442)
	(273,697,322)	**(497,175,419)**	**(119,139,645)**	**-**	**(890,012,386)**
Surplus/(Deficit) For the year	138,299,993	23,539,286	(69,255,187)	-	92,584,092

Current Assets	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Cash and Cash Equivalents	66,287,418	-	-	-	66,287,418
Receivable from non-exchange transactions	96,502,541	-	-	-	96,502,541
Trade and other receivables from exchange transactions	-	156,176,304	13,073,750	-	169,250,054
Other receivables from non exchange transactions	-	17,788,320	2,199,725	-	19,988,045
Sundry receivables	922,901	-	-	-	922,901
Inventories	-	7,793,125	-	-	7,793,125
	163,712,860	**181,757,749**	**15,273,475**	**-**	**360,744,084**

Non Current Assets	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Investment property	23,499,537	-	-	-	23,499,537
Property plant and eqquipment	68,346,449	1,380,508,548	63,441,867	-	1,512,296,864
Heritage asset	77,000	-	-	-	77,000
Intangible assets	155,489	-	-	-	155,489
	92,078,475	**1,380,508,548**	**63,441,867**	**-**	**1,536,028,890**

Current Liabilities	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Long term trade and other payables	-	(20,524,373)	-	-	(20,524,373)
Finance lease obligation	-	(12,523,371)	-	-	(12,523,371)
Payables from exchange transactions	-	(144,207,971)	-	-	(144,207,971)
Consumer deposits	-	(13,243,578)	-	-	(13,243,578)
Defined benefit Obligations	(5,828,000)	-	-	-	(5,828,000)
Trade and other payables from non-exchange transactions	-	(18,838,575)	-	-	(18,838,575)
	(5,828,000)	**(209,337,868)**	**-**	**-**	**(215,165,868)**

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53. Segment reporting (continued)					
Non-Current Liabilities	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Long term trade and other payables	-	(41,038,448)	-	-	(41,038,448)
Finance lease obligations	-	(13,154,674)	-	-	(13,154,674)
Defined benefits Obligation	(89,944,000)	-	-	-	(89,944,000)
Provisions for landfill	-	-	(38,272,889)	-	(38,272,889)
	-	-	-	-	-
Net Assets	160,019,335	1,298,735,307	40,442,453	-	1,499,197,095
2024 Segment Revenue	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Service charges-Electricity	-	184,679,515	-	-	184,679,515
Service charges-Water	-	63,931,347	-	-	63,931,347
Service charges-Waste Water Management	-	24,165,901	-	-	24,165,901
Service charges-Waste Management	-	-	20,740,701	-	20,740,701
Rental of equipment and facilities	233,380	-	-	-	233,380
Interest earned from receivables	-	40,379,225	10,962,555	-	51,341,780
Property rates	114,403,879	-	-	-	114,403,879
Interest earned from receivables-Property rates	22,219,493	-	-	-	22,219,493
Transfers and subsidies	228,407,839	120,159,386	1,035,000	-	349,602,225
Public contributions and donations	4,750,809	-	-	-	4,750,809
Fines, penalties and forfeits	-	-	643,675	-	643,675
Interest earned on current and non-current assets	8,679,930	-	-	-	8,679,930
Agency fees	-	-	9,054,387	-	9,054,387
Operational revenue	2,582,423	-	-	-	2,582,423
Acturial gain	2,267,145	-	-	-	2,267,145
Fair value adjustment	1,203,000	-	-	-	1,203,000
	384,747,898	**433,315,374**	**42,436,318**	-	**860,499,590**
2024 Segment Expenditure	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Employee costs	(92,898,252)	(77,160,552)	(63,502,408)	-	(233,561,212)
Remmuneration of councillors	(14,066,021)	-	-	-	(14,066,021)
Depreciation, impairment and amortisation	(45,556,543)	(40,514,966)	(8,606,892)	-	(94,678,401)
Bad debts written off	-	(6,870,117)	-	-	(6,870,117)
Debt impairment	(20,826,483)	(54,346,917)	(18,228,394)	-	(93,401,794)
Bulk purchases	-	(161,357,687)	-	-	(161,357,687)
Contracted Services	(44,996,634)	(8,951,810)	(829,412)	-	(54,777,856)
Transferes and subsidies paid	(608,172)	-	-	-	(608,172)
Inventory consumed	(712,675)	(47,618,658)	(2,147,632)	-	(50,478,965)
Operating expenditure	(42,341,651)	(28,849,890)	(1,450,626)	-	(72,642,167)
Interest costs	(3,924,980)	(9,774,779)	(6,017,813)	-	(19,717,572)
	-	-	-	-	-
Surplus/(Deficit) for the year	119,356,487	(2,130,002)	(58,346,859)	-	58,879,626

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53. Segment reporting (continued)					
Current Assets	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Cash and cash equivalents	60,652,863	-	-	-	60,652,863
Receivables from non-exchange transactions	105,693,090	-	-	-	105,693,090
Trade and other receivables from exchange transaction	-	172,152,394	15,669,056	-	187,821,450
Other receivables from non-exchange transactions	-	6,241,312	2,114,746	-	8,356,058
Sundry receivables	2,034,626	-	-	-	2,034,626
Inventories	-	5,482,420	-	-	5,482,420
	168,380,579	**183,876,126**	**17,783,802**	**-**	**370,040,507**
Non-Current Assets	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Investment property	17,870,867	-	-	-	17,870,867
Property, plant and equipment	69,724,672	1,300,771,849	63,648,392	-	1,434,144,913
Heritage asset	77,000	-	-	-	77,000
Intangible Assets	423,082	-	-	-	423,082
	88,095,621	**1,300,771,849**	**63,648,392**		**- 1,452,515,862**
Current Liabilities	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Long term trade and other payables	-	(20,524,373)	-	-	(20,524,373)
Finance lease obligation	-	(10,862,792)	-	-	(10,862,792)
Payables from exchange transactions	-	(152,455,037)	-	-	(152,455,037)
consumer deposits	-	(12,011,891)	-	-	(12,011,891)
Defined benefits obligation	(4,497,000)	-	-	-	(4,497,000)
Trade and other payables from non-exchange transaction	-	(12,907,488)	-	-	(12,907,488)
	(4,497,000)	**(208,761,581)**	**-**	**-**	**(213,258,581)**
Non-Current Liabilities	**Governance and administration**	**Infrastructure developments and basic services**	**Community and public safety**		**Total**
Long term trade and other payables	-	(61,562,821)	-	-	(61,562,821)
Finance lease obligation	-	(25,678,042)	-	-	(25,678,042)
Defined benefit obligation	(82,552,000)	-	-	-	(82,552,000)
Provision for landfill site	-	-	(31,266,168)	-	(31,266,168)
	-	-	-	-	-
Net Assets	169,427,200	1,188,645,530	50,166,026	-	1,408,238,756

54. Unauthorised expenditure

Opening balance as previously reported	42,711,226	5,889,901
Add: Unauthorised expenditure - current	49,398,000	42,711,226
Less: Amount authorised - current	(42,711,226)	(5,889,901)
Closing balance	**49,398,000**	**42,711,226**

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54. Unauthorised expenditure (continued)

The amount of R 42 711 226 was approved by council in February 2025.

Additional unauthorised expenditure incurred in the current year was as a result of exceeding the approved budget for total expenditure by R63 360 148 as per budget comparison statement and 49 398 000 as per vote .The biggest contributing factors was debt impairment, bad debts, depreciation, impairment and amortisation which are non-cash items.

55. Fruitless and wasteful expenditure

Opening balance as previously reported	1,492,226	1,462,487
Add: Fruitless and wasteful expenditure identified - current	2,376,727	29,739
Less: Amount recovered - current	(4,117)	-
Closing balance	**3,864,836**	**1,492,226**

Fruitless and wasteful expenditure is presented inclusive of VAT

The additional fruitless and wasteful expenditure was as a result of :

1. Interest incurred on Eskom account. The amount of R 4 117.00 was recovered from responsible officials and the remaining balance wil be recovered in 2025/2026 financial year.

2. Indigent beneficiaries that were ineligible to receive benefits due to them being deceased, having directorship to companies and spouses being employed in the state.The amount is R18 332.

3. Unknown payments of R2 353 895 not reconciled to the cashbook.

56. Irregular expenditure

Opening balance as previously reported	2,468,138	59,215,957
Add: Irregular expenditure - current	272,000	292,523
Less: Amount written off - prior period	-	(57,040,342)
Closing balance	**2,740,138**	**2,468,138**

Amount written off

In 2023/24 financial year,the MPAC through the use of service provider conducted investigations of irregular expenditure and made recommendations to council. The recomendations of MPAC were adopted by the council and irregular expenditure were written off as per the amount shown in the table above.

The investigations revealed that the council did not suffer any losses from the acts of non-compliance that resulted in irregular expenditures written off. Although the council did not suffer material losses the report recommends that actions should be taken against the officials responsible for the breach of MFMA and its related SCM legislations and prescripts.The council has adopted the recommendations of the investigation report and resolve accordingly.

No additional irregular expenditure was incurred in the current year.

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56. Irregular expenditure (continued)

The MPAC through the use of a service provider conducted investigations of irregular expenditure and made recommendations to council. The recomendations of MPAC were adopted by the council.

The investigations revealed that the council did not suffer any losses from the acts of non-compliance that resulted in irregular expenditures written off. Although the council did not suffer material losses, the report recommends that actions should be taken against the officials responsible for the breach of MFMA and its related SCM legislations and prescripts. The council has adopted the recommendations of the investigation report and resolve accordingly

The investigation report was send to financial misconduct board for further processing. The amount of R 2 468 138 is under investigation.

57. Deviation from supply chain management regulations

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

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

During the financial year 2024/25, accounting officer has approved the deviations amounting to R5 147 527 (2023/24: R7 910 618) VAT inclusive. The deviations approved were detailed below

Emergency Section 36(1)(a)(i)	83,264	3,521,271
Sole Supplier Section 36(1)(a)(ii)	1,420,424	752,018
Impractical to follow official procurement process Section 36(1)(a)(iii)	3,643,839	3,637,329
	5,147,527	**7,910,618**

58. Awards made to close family members who are in the service of the state

The following awards were made to close family members whose relatives are in the service of the state .

L L R PROJECTS AND TRADING ENTERPRISE	-	29,000
The director of the company is spouse of Accountant asset management		
EMJ ENGINEERING AND PROJECTS	513,118	398,839
The director of the company is the spouse of Fitter and turner		
FUTURISTIC 1	295,734	-
The director of the company is daughter of horticulturist		

59. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement (s) are as follows:

Lephalale Local Municipality renders registry and license services on behalf of the Limpopo Department of Road and Transport. In terms of the agreement, Municipality is entitled to agency fees from the collected funds. Therefore Lephalale Local Municipality is an agent to the Limpopo Department of Road and Transport (Principal)

Notes to the Annual Financial Statements

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59. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R6,930,289 (2024: R9,054,386).

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Amount of revenue received on behalf of the principal during the reporting period

Total Collections	32,255,102	33,174,267
Amount Due to Municipality	(6,930,289)	(9,054,386)
Amount due to Principal - Limpopo department of transport	(25,324,813)	(24,119,881)
	-	-
Amount payable to principal at year end	2,854,960	1,649,991

The amounts payable above are included in payables from exchange transactions.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Notes to the Annual Financial Statements

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59. Accounting by principals and agents (continued)

The municipality is a party to a principal-agent arrangement with the following organisations, wherein the municipality acts as the principal:

1.Livewire Engineering & Consulting

The arrangement is for the supply, delivery, installation and commissioning maintenance of electricity smart meters and vending of prepaid electricity meters.

Livewire is entitled to rates based% of the service fee.

No resources held at Livewire are owned by the municipality. All resources that are utilised by Livewire in support of the function is owned by Livewire. Consequently, there will be no cost implications in the event of termination of the arrangement.

2.Root X Auctioneers

The municipality is a party to a principal-agent arrangement with Root X, wherein the municipality acts as the principal.

Root X is entitled to 10% of the service fee.

No resources held at Root X are owned by the municipality. All resources that are utilised by Root X in support of the function is owned by Root X. Consequently, there will be no cost implications in the event of termination of the arrangement.

The are no significant risks associated with the arrangement, and the benefits are increase in revenue due to competitive pricing, transparency and access to a broader market.

Fee paid as commission to the agent
There were no auctions held in the prior year, consequently no commission paid.

3.Double M MEDPRAC Solutions

The municipality is a party to a principal-agent arrangement with Double M Medprac Solutions, wherein the municipality acts as the principal.

The arrangement is of provisioning of debt collection services.

No resources are held at Double M are owned by the municipality. All resources that are utilised by Double M in support of the function is owned by Livewire. Consequently, there will be no cost implications in the event of termination of the arrangement

The are no significant risks associated with the arrangement, and the benefits are an increase in revenue due to effective pursuance of debtors.

Double M is entitled to rates based% of the service fee.

Fee paid as commission to the agent

4.New Integrated Credit Solutions

The municipality is a party to a principal-agent arrangement with New Integrated Credit Solutions, wherein the municipality acts as the principal

The arrangement is of provisioning of debt collection services.

No resources held at New Integrated are owned by the municipality. All resources that are utilised by New Integrated Credit Solutions in support of the function is owned by New Integrated Credit Solutions. Consequently, there will be no cost implications in the event of termination of the arrangement

The are no significant risks associated with the arrangement, and the benefits are an increase in revenue due to effective pursuance of debtors.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

59. Accounting by principals and agents (continued)

New Integrated Credit Solutions is entitled to rates based% of the service fee.

Fee paid as commission to the agent.

Fee paid

Fee paid as compensation to the agent		
Livewire Engineering & Consulting	18,030,864	5,438,800
Root X Auctioneers	150,800	-
Double M MEDPRAC Solutions	1,146,059	-
New Integrated Credit Solutions	-	2,793,481
	19,327,723	**8,232,281**

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

60. Interest earned from receivables

Water	20,070,073	16,872,175
Electricity	15,354,294	15,136,369
Waste water	10,207,525	8,375,995
Refuse	12,313,508	10,962,555
	57,945,400	**51,347,094**

61. Distribution losses

Water Losses-The Municipality's water losses are as follows		
Units Purchased (kl)	7 649 419	7 782 321
Units Sold (kl)	4 334 021	4 855 969
Average cost per Unit (Rands)	4.9	4.4
Losses (kl)	3 233 784	2 843 477
Water losses (%)	42.3%	36.5%

Water losses are due to illegal connections and the ageing infrastructure. Municipality is in the process of replacing asbestos pipes and addressing illegal connections

Electrical losses are as follows		
Units Purchased (kwh)	86 002 054	84 237 411
Units Sold (kwh)	76 629 425	76 889 503
Average cost per Unit (Rands)	R2.13	R1.92
Losses (kwh)	9 372 629	7 383 908
Electrical losses (%)	10.9%	9%

Electricity losses are within the norm

62. Non-living resources

Management only identified water resources as non-living resources, and no other natural resources are prevalent within the municipality's jurisdiction. Municipality extracts water from Mogol Dam and boreholes which belongs to the Department of Water and Sanitation. There are no liabilities and or contingent liabilities that arise from non-living resources.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

63. Budget Narrations

Budget differences- only variances above 10% will be explained

A1 Service Charges- Electricity- Decrease due to low consumption as result of consumers switching ot other sources of energy

A5 Rental of facilities and equipments- Decrease due to refurbishment of Witpoort stadium leading to less rental

A6 Interest earned from receivables-Service charges- Increasedue to high debtors book as a result of adverse economic conditions and high rate of unemployment

A7 Agency fees- Decrease due to temporary closure of licensing office

A8 Operating revenue- Due to increase in connection fees.

A11 Interest earned from receivables-Property rates- Increase due to low collection on empty stands

A12 Transfers and subsidies- Increase due to additional funding of disaster grant received

A13 Fines, Penalties and forfeits- Decrease due to enforcement of by-laws

A14 Employee related cost- Decrease due to vacant positions

A16 Depreciation, impairment and amortisan- Increase due to ageing infrastructure

A19 Debt impairment-Increase due to high debtors book

A22 Transfers and subsidies- Decrease due to unclaimed funds from NGOs

Explanations of variances between the original budget and the final budget.

The operating Revenue reduced by R3.5 Million from R838 Million to R834 Million because of the key drivers of adjustment budget are reduction on Electricity Billing ,low collection of Revenue and prioritisation of Service delivery i.e. maintenance of networks and refurbishment of ageing infrastructure and improve the alignment of non-cash items.

The operating expenditure has reduced by R3.5 Million from R835 Million to R832.5Million, due to implementation of Cost containment strategies.

The movement between Operating Revenue and the Operating Expenditure has the same net operating surplus of R2,8 Million.

The capital expenditure has been revised from R247 Million to 246 Million. The movement include the grant approved roll over of R7.6 million and decrease in own funding projects due to delays on the implementation.

AUDIT ACTION PLAN TO ADRESS AG FINDINGS BY THE MUNICIPALITY

The Audit Action plan has been developed based on the matters of emphasis as explained on chapter 6 of this report, which is the Audit report by AGSA. The Audit Action plan to address the audit finding from previous year is implemented on the treasury web-based plan followed up by all the stakeholders involved including the Audit Committee.

Financial Year: 2024/2025

Annexure: Matters Management Audit Report

Audit Action Plan Status: All

Implementation Status: Not Yet Started| In Progress| Completed| Agreed Findings Addressed

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
Matters affecting AR											
AAP89407-2025	Financial instruments accounting policies	Financial and performance management The accounting officer did not adequately review the accounting policy to ensure that the financial instruments policy appropriately covers all line items that has contractual agreements that gives rise to a financial	The accounting officer should not adequately review the accounting policy to ensure that the financial instruments policy appropriately covers all line items that has contractual agreements that gives rise to a financial asset or a financial liability or a residual interest of another entity	Management Comments: Management agrees with the findings and humbly requests an opportunity to amend the Annual Financial Statements by removing the accounting policies that are not applicable and those that do not meet the requirements of GRAP 104. Furthermore, management will also adjust by removing the line items that do not meet the scope or definition of financial instruments as per the finding. Management Action Management also proposes amending the measurement of financial	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Accounting policies on the AFS to be reviewed during the interim 9 months AFS and finalized in the Annual AFS set to be submitted to AGSA.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		asset or a financial liability or a residual interest of another entity		instruments from fair value to amortized cost as follows: 2025 Financial Assets At fair value At Amortised cost Total Cash and Cash Equivalents 66,287,418.00 Trade and other receivables from exchange transactions 157,965,361.00 Sundry receivables 501,655.00 224,754,434.00 Financial Liabilities At fair value At Amortised cost Total Finance lease Obligation							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				25,678,045.00 Long term trade and other payables 62,693,521.00 Payables from exchange transactions 126,803,821.00 Trade and other payables - Consumer deposits 13,243,578.00 - 228,418,965.00 2024 Financial Assets At fair value At Amortised cost Total Cash and Cash Equivalents 60,652,863.00 Trade and other receivables from						

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				exchange transactions 173,077,238.00 Sundry receivables 2,034,626.00 - 235,764,727.00 Financial Liabilities At fair value At Amortised cost Total Finance lease Obligation 36,540,834.00 Long term trade and other payables 82,087,194.00 Payables from exchange transactions 143,273,754.00 Consumer deposits 12,011,891.00 - 273,913,673.00							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				Responsible person Ndlovu Matlhatse Action Date 30 October 2025							
AAP89409-2025	Financial instruments disclosure note 47	Financial and performance managementThe accountingOfficer did not adequately review the financial statements to ensure that allthe necessary disclosures as required by the applicable accounting standardshave been disclosed	It isrecommended that accounting Officer should review the annual financialstatements and ensure that all the necessary disclosures as required byapplicable accounting standards have been disclosed.From the disclosure requirements of GRAP 104, it isnecessary for the accounting officer to identify the contractual arrangementthat gives rise to financial instruments. Once these have been clearlyidentified, the AFS of the Lephalale municipality should disclose the detailsaround their nature and	Line by line consideration/analysis: · Cash and cash equivalents as clearly described in the definition offinancial assets, this constitutes a financial instrument. · Receivables Payables from exchange Receivablesfrom exchange transactions are financial assets in their nature in that theyare derived from a contractual agreement with a debtor which gives theright to the entity to receive a financial asset (usually cash) from thedebtor. Payablesfrom exchange transactions typically meet the definition of financial liabilityin that they arise from a contractual obligation to deliver cash, e.g., Tradepayables. Receivables payables from exchange transactions will typically meet the definition ofa financial asset/liability thus making them a	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Comparative figures and all qualitative disclosures according to GRAP to be disclosed in the interim 9 months AFS and Final Set AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			importance in relation to entity/auditee'soperations. The disclosure shouldfurther cover the type and extent of risks the entity/auditee is exposed tobecause of these financial instruments. The entity should outline in detail howits operations and processes are streamlined to address/manage the resultantrisks.	financial instrument. · Receivables payables from non-exchange Paragraph 1.3 (f) of GRAP 104 states that GRAP 104 is not applicable to: Contractual rights and obligations arising from non-exchange revenue transactions to whichthe Standard of GRAP on Revenue from Non-exchange Transactions (Taxes andTransfers) (GRAP 23) applies. However, receivables and payables recognizedby an entity because of contractual non-exchange revenue transactionsare subject to the subsequent measurement, derecognition, presentation anddisclosure requirements of this Standard. AG2.14non-contractual, non-exchange revenue transactions are initially recognized andmeasured in accordance with GRAP 23. If non-exchange revenue transactions arecontractual and otherwise meet the definition of a financial asset, theprinciples in this Standard are also							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				applied. Where the transaction isstatutory (non-contractual) in nature, an entity applies GRAP 108 rather thanthis Standard. Although the receivables from non-exchange are scoped out from the initial recognitionof the standard, those that arose from contractual non-exchangerevenue transactions (not statutory) are subject to disclosure requirementsof GRAP 104. This means that the receivables and payables will need to bedisclosed. Importantto note, the team needs to assess whether the transactions arose through a contractual agreement to meet the recognition criteria. · Finance lease liability Paragraph1.3 (c)(ii) of GRAP 104 states that GRAP 104 is not applicable to: Rights and obligations under leases to which the Standard of GRAP on Leases applies. However, :(i) finance lease payables recognized by a lesseeare subject to the derecognition, presentation and							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				disclosure provisions ofthis Standard Although the finance leases are initially recognized in line with GRAP 13, thepresentation and disclosure provisions of GRAP 104 are applicable. · Employee benefits: Para1.2(b) employers' rights and obligations under employee benefit plans, to whichthe Standard of GRAP on Employee Benefits applies. This will be applicable to employee benefits plans only. The exclusion doesnot explicitly exclude the employer's rights/obligations relating to otheremployee benefits. E.g., staff debt. Therefore, the definition of financialassets will need to be applied. · Other assets and liabilitiesAG2.9: Assets (such as prepaid expenses/unspentconditional grants) for which the future economic benefit is the receipt ofgoods or services, rather than the right to receive cash or another financialasset, are not financial assets. Similarly, most obligations arising							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				fromnon-exchange revenue transactions with conditions and warranty obligations arenot financial liabilities because the outflow of economic benefits associatedwith them is the delivery of goods and services rather than a contractual obligationto pay cash or another financial asset							
AAP89448-2025	Number of jobs createdthrough strategic partners in the Municipal boundaries per quarter YTD-Reported performance could not be validated.	Management did not validate the reported jobs createdthrough strategic partners before they could report them in the APR. Managementdesigned indicators that rely on third part information with limited to noaccess.	The accounting officer should establish and maintain proper record keeping systems toensure that complete, relevant, and accurate information is accessible andavailable to support financial and performance reporting within agreedtimeframes. Management should implement a document management system for eachdirectorate to ensure that information/documents are filed in an	Managementacknowledges the finding and agrees that the information is not readilyavailable to support the reported achievement on the above indicator. Wefurther acknowledge that the indicator is not under the control of themunicipality hence we are experiencing difficulties in obtaining the supportingevidence on the reported achievement.	Ditlhokwa Matsoma	31/Aug/2026	To remove the indicator during the budget adjustment period.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			easilyretrievable manner and can be submitted for audit without significant delays. · Management should ensure that all key performance indicators are withinthe control of the municipality, and all information is easily accessible.								
AAP89453-2025	Segment Reporting-Differences between thesupporting schedule and note 54.	Implement controls over daily and monthly processing and reconciling oftransactions Management's systems for identifying and accounting for reportable segments are ineffective. Inadequate reviews of the financial statements against the	Management must strengththe current systems in place for the review and approval of the financialstatements. Prior to final sign off, the accounting officer must obtainassurance that the financial reporting framework has been complied with in allmaterial respects.	Management humblyrequests an opportunity to revise the supporting schedule and also note 54 ofthe annual financial statements as per the attached documents.	Seletjie Pataki	31/Aug/2026	To develop a segment report worksheet that enables the municipality to analyze the entity's specific segments and document the supporting calculations for each segment.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		underlying records. Exercise oversight responsibility regarding financialand performance reporting and compliance and related internal controls. Managemen tdid not ensure that the financial statements provided are free from materialmisstatement, develop and monitor the implementation of action plans to address internal controldeficiencies. Management developed action plan and have indicatedthat the audit finding is resolved. we									

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		noted that the segment reporting is oneof financial statements item that are reported on action plan as resolved andtherefore action plan developed by management is not addressing the root causesof the audit findings or action plan is not effective as it is supposed.									
AAP89457-2025	Segment reporting- Differences between the face of annual financial statements and note 54.	Inadequate review and reconciliation of segment information before the finalisation of the AFS. Lack of alignment between the financial reporting	Management must strength the current systems in place for the review and approval of the financial statements. Prior to final sign off, the accounting officer must obtain assurance that the financial	Management Humbly request an opportunity for inclusion of other key financial information on note 54 as per the attached document.	Seletjie Pataki	31/Aug/2026	To develop a segment report worksheet that enables the municipality to analyze the entity's specific segments and document the	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		templates and the segment reporting format. Weak internal controls over the preparation and review of supporting schedules	reporting framework has been complied with in all material respects.				supporting calculations for each segment.				
AAP89458-2025	Segmentreporting-Comparative figures not disclosed	Reliance on outdated templates or prior yearnotes without proper verification of current applicability. Insufficient internal oversight and qualitycontrol over financial statement preparation and approval	Management must strengththe current systems in place for the review and approval of the financialstatements. Prior to final sign off, the accounting officer must obtainassurance that the financial reporting framework has been complied with in allmaterial respects.Management should ensurethat comparative segment figures are disclosed in accordance with GRAP 18and that	Management humbly requests an opportunity to amend the annual financial statements by including theprevious year audited segment reportingcomparative figures on note 54 as per the attached document.	Matlhatse Ndlovu	31/Aug/2026	To incorporate disclosure checklist as part of the AFS working file.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			the incorrect reference to Directive 3 is removed or corrected infuture AFS								
AAP89464-2025	Segment reporting - Differences between auditor's re-calculations and note 54	The schedules used to prepare Note 54 may be inaccurate, incomplete, or outdated, resulting in differences when recalculated by auditors. Errors such as incorrect totals, misclassifications, or rounding differences may have occurred during the preparation of the segment disclosure. Supporting schedules were not properly	Management must conduct regular reconciliations between general ledger accounts, supporting schedules, and segment reporting notes to identify and correct discrepancies early. Management must consider automation or system enhancements: Where feasible, automate extraction and reconciliation of segment reporting data to reduce manual errors and enhance reliability.	Management humbly requests to revise the supporting schedule as per the attached document. The inconsistencies was as a result of grouping of mSCOA item accounts. Management will also develop a Segment reporting policy to enable consistency.	Seletjie Pataki	31/Aug/2026	To develop a segment report worksheet that enables the municipality to analyze the entity's specific segments and document the supporting calculations for each segment.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		reconciled with the amounts disclosed in Note 54 prior to finalisation of the AFS.									
AAP90579-2025	Statement of Comparison of Budget and Actual Amounts - Differences notedbetween schedules and AFS	The Accounting Officer did not exercise oversight responsibility regarding financial reportingand compliance as well as related internal controls. The Accounting Officer did not adequately perform reconciliation between approved budgetschedules and the budget comparison statement.	Itis recommended that Accounting Officer should ensure that the Statement ofComparison of Budget and Actual Amounts is prepared using the final approvedbudget	Management agrees with the finding and humbly requests to adjust the cash flow adjustment column on the statement of budget comparison.	Morami Monyeki	31/Aug/2026	Ensure that the latest updated B-Schedule is used to populate AFS Figures.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started
AAP90580-2025	Comparison of actual amounts presented in	The Accounting Officer did not exercise	It is recommended that Accounting Officer should	Management agrees with the finding and humbly requests to update the C Schedule Document.	Morami Monyeki	31/Aug/2026	Ensure that the latest updated C-Schedule	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	statement of comparison and the budget statement - Differences noted between the schedule and AFS	oversight responsibility regarding financial reporting and compliance as well as related internal controls. The Accounting Officer did not adequately perform reconciliation between budget schedules and the budget statement.	ensure that the Statement of Comparison of Budget and Actual Amounts is prepared using the final budget statement as at year end.	Amounts disclosed on the annual Financial Statements are correct.			figures are used to populate the AFS amounts.				
AAP90583-2025	Accumulated Surplus-Inconsistencies in restatedbalance	The Accounting Officer did not exercise oversightresponsibility regarding financial reporting and compliance as well as relatedinternal controls, The	Managementshould: Conduct a full reconciliation between the Statement of Financial Position, General Ledger, and Statement of Changes in Net Assets to identify and correct the source of the variances. Review and	Management partially agrees with the finding andhumbly request to adjust the statement of changes in Net Assets as per theattached document	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	A working paper to be developed that agrees AFS to the TB and GL per line items for the 9 months interim and Annual AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		differences are as result of incomplete or inaccurate reconciliations performed between the general ledger and financial statement components prior to submission There may be inadequate review and validation controls in place to ensure the accuracy and consistency of financial reporting.	strengthen internal controls over financial statement preparation and review processes.								
AAP90584-2025	Accumulated Surplus - Discrepancy between current year Net asset balance and Accumulated surplus	The Accounting Officer did not exercise oversight responsibility regarding financial reporting and compliance	It is recommended that Accounting Officer should adequately review the annual financial statements and ensure that the financial statements	Management agrees with the finding and humbly request to amend the annual financial statements as per the attached document	Seletjie Pataki	31/Aug/2026	A working paper to be developed that agrees AFS to the TB and GL per line items for the 9 months interim and	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		as well as related internal controls. The Accounting Officer did not adequately perform review of the financial statements to ensure that the financial statements are accurate.	comply with the applicable accounting standards before the annual financial statements are submitted for audit.				Annual AFS.				
AAP90587-2025	Accumulated surplus: Discrepancy Between Auditor's Recalculation and AFS	The Accounting Officer did not exercise oversight responsibility regarding financial reporting and compliance as well as related internal controls. The Accounting Officer did not	It is recommended that Accounting Officer should investigate and correct the discrepancy and ensure that all financial statement components are reviewed and reconciled prior to finalization and submission	Management agrees with the finding and humbly request to adjust the annual financial statements as per the attached document	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	A working paper to be developed that agrees AFS to the TB and GL per line items for the 9 months interim and Annual AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		adequately perform review of the financial statements prior to submission									
AAP90588-2025	Closing balance-Discrepancy between GeneralLedger and Annual financial statements	The Accounting Officer did not exercise oversightresponsibility regarding financial reporting and compliance as well as relatedinternal controls. The differences are as result of incomplete orinaccurate reconciliations performed between the general ledger and financialstatement components prior to submission There may be	Itis recommended that Accounting Officer should perform reconciliation of generalledger and the financial statements prior to submission	Management agrees with the finding and humblyrequest an opportunity to adjust the annual financial statements as per theattached document	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	A working paper to be developed that agrees AFS to the TB and GL per line items for the 9 months interim and Annual AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		inadequate review andvalidation controls in place to ensure the accuracy and consistency offinancial reporting.									
AAP90656-2025	Contingent Liabilities: Narrative description not disclosed	Switching off contingent liability description on the system used to prepare annual financial statements. Implement controls over daily and monthly processing and reconciling of transactions: The system failed to detect that the description of contingent liabilities did	Implement review controls to ensure completeness and accuracy of all financial statement notes before submission for audit.	Management partially agrees with the finding. The disclosure is made under Note 49.3 which was combined and not shown separately. A separate disclosure of the case has been proposed and is attached in the Annexure response	Seletjie Pataki	31/Aug/2026	Completeness and reconciliation of Litigation report together with Labour report as well as quarterly insurance report performed for 9 months interim and final set AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		not include all contingent liabilities									
AAP90736-2025	VAT-Differences noted on note 8 VAT Payable on Annual FinancialStatement.	The Management used accrual output VAT as balancingfigure on VAT reconciliation Management did not calculate output VAT accrual asexplained on circular 38.Develop and monitor the implementation of actionplans to address internal control deficiencies. Management developed action plan and indicated theaction plan is adequate and internal	Management should perform a detailed reconciliationbetween the VAT deemed input schedule, the ageing of receivables, and the GLbalances to ensure accuracy and completeness of VAT adjustment Strengthenreview and approval controls Introduce a formal review process where seniorfinance personnel verify VAT schedules before submission to auditors orinclusion in financial statements. Document the calculation methodology Develop a clear VAT calculation procedure detailinghow deemed input and	Management identifiedthat the misstatement on accrual input vat was a result of two journalserroneously processed under the assumption that VAT was charged on interest onoutstanding receivables. Upon investigation, it was discovered that the systemprocessed VAT correctly and no VAT was charged on interest on outstandingreceivables Management humblyrequest an opportunity to reverse these journals and amend the annual financialstatements as follows:	Seletjie Pataki	30/Jan/2026	To develop and implement Journals standard operating procedures and delegation thresholds.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		auditors indicated that the audit ofInterim Financial Statement, management confirmed that VAT matters are not yetresolved. Therefore, this indicates that the action plan developed bymanagement is not effective and/or addressing the root cause of the auditfinding	output VAT accruals are to be determined, approved, andsupported by evidenceImprove documentation: Maintain detailed schedulesshowing how output VAT was calculated, including supporting invoices and debtorstatus								
AAP90804-2025	Commitments – Accuracyof disclosed commitments	Management failed to implement effective internal controls over the preparation and review of financial statement notes, resulting in	Management should: · Develop and implement a GRAP compliantdisclosure policy and checklist to assess whether contractual arrangementsqualify as commitments. ·	Management agreesto the findings and request for adjustment to remove operational commitmentsfrom the register as they do not constitute commitments requiring disclosureunder GRAP. 2025 2024 Capital Commitment Infrastructure 76,084,574.16	Morami Monyeki	31/Mar/2026	Develop accounting policy for commitments and implement in 9 months interim AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		inaccurate disclosure of commitments. This contravenes GRAP 1 paragraphs 17 and MFMA Section 122(1). There was no functioning control mechanism to validate whether disclosed contracts meet GRAP requirements, reflecting a breakdown in financial control systems required by MFMA Section 62(1)(c)(i). The absence of a GRAP compliant checklist and review process means that	Introduce a formal review andapproval process for all financial statement notes to ensure compliance withGRAP and MFMA. · Strengthen internal controls andassign accountability for classification and review of commitments, in linewith MFMA Section 62. · Review and correct any identifiedmisclassifications before submission of future Annual Financial Statements.	162,106,605.00 Community 27,468,871.70 26,599,307.00 Other - 211,412.00 Total 103,553,445.87 188,917,324.00							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		contractual arrangements were disclosed without proper technical assessment, compromising the integrity of the financial statements and violating GRAP 1 paragraph 18. The accounting officer did not exercise adequate oversight to ensure compliance with disclosure standards, resulting in non-compliance with MFMA Section 62(1)(b).									
AAP90805-2025	AOPO-M688 - Number of jobs createdthrough strategic partners in	The cause of the above is the lack of adequatereview of the annual performance	Management should ensure that all key performance indicators are withinthe control of the	The indicatorwill be removed from the SDBIP during adjustment of the SDBIP, as it depends onthe external factors, or it is not within the control of the municipality andthis	Ditlhokwa Matsoma, Maggy Kgwantha	27/Feb/2026	Indicator to be removed during the adjustment budget period.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	the Municipal boundaries per quarter	report to ensure that corrective measures putin place are relevant. Management designed indicators that rely on third part information withlimited to no access.	municipality, and all information is easily accessible. The accountingofficer should establish and maintain proper record keeping systems toensure that complete, relevant, and accurate information is accessible andavailable to support financial and performance reporting. · Accounting officer shouldexercise oversight responsibility regarding financial and performance reportingand compliance and related internal controls. · The accounting officer must actively overseethe financial reporting process to prevent future discrepancies.	resulted in the municipality notbeing supplied with the appropriate evidence of jobs created by the externalstakeholders.							
AAP90907-2025	Work in progress (PPE)-	Management has continuedto	The Accounting Officer should implement proper	Management has performedverification of the pump stations to	Lesibana Lebogo,	31/Aug/2026	Update Asset Manageme	Actions adequate to	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	Completed pumpstation accounted for WIP	classify the completed pump stations under WIP pending receipt of completionc ertificates, rather than applying the principle of substance over legalform.M anagement did not implement and monitor controlsto ensure that assets are accounted for correctly when they are available foruse.	record keeping, ensuring that relevant and accurate information is accessibleand available to support financial reporting. Accounting officer should: Unbundle the costs related to the completed pump stations from WIP. Transfer these costs to Infrastructure assets under PPE. Commence depreciation on these assets, as they are available for use in substance. Ensure compliance with applicable accounting standards (GRAP 17) regarding recognition and measurement of PPE.	confirm work done. The following pumpstations have been confirmed as operational; Pump station 24, 25, 3 and 31. Thecontractor had appointed an expert to perform the upgrades and refurbishment ofthe pump stations. For work done on pump station 24 and 25, refer to Annexure A. For work done on pumpstation 3 and 31, refer to Annexure B.The dates used forcapitalization and deprecation start dates are the dates as per invoices by theexpert (Annexure A and B). Management has identified the costs spent andidentified all major components to be unbundled as per GRAP 17, refer to Annexure C. Management humbly request adjustment to transfer completed assets from WIP toinfrastructure, recognition of prior year depreciation and recognition ofcurrent year depreciation as per journals in Annexure C	Seletjie Pataki		nt Policy with respect to accounting treatment of completed projects.	address the root cause			
AAP91248-2025	Revenue from exchange transaction	Accounting officer did not adequately	The accountingofficer should establish and maintain	Management agrees withthe finding on differences in electricity; however, disagrees with	Amogelang Marope	31/Aug/2026	Monthly reconciliation and differences	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	– Difference between the general ledger and thebilling report and electricity usage wallet reconciliation	review therevenue from exchange transactions in the financial statement to confirm thatit agrees with the revenue from exchange transaction amount as presented in thebilling report and usage wallet reconciliation schedule. The accounting officer did not adequately reviewthe amount in the general ledger to confirm that the amount agrees with amountsas per the supporting schedules (billing report and	proper record keeping systems toensure that complete, relevant, and accurate information is accessible andavailable to support financial and performance reporting within agreedtimeframes. · The accounting officer must actively overseethe financial reporting process to prevent future discrepancies.	findings on Rental of facilities and operationalrevenue. The recalculations performed by AG did not includesome of the transactions that were posted directly to GL. Operationalrevenue Attached is the GL filethat includes all the transactions amounting to R 6 340 189.02.Amongst other transactions omitted from AG's recalculations could be billingpayments amounting to R 859 571.99 that pertains to payment of operationalrevenue that that was paid via EFT. Management would like to request theopportunity to assist AG to perform recalculations. Rental offacilities Attached is the GL filecontaining the rental of facilities transactions. The journals passed directly toGL were not considered on the AG's recalculations. Attached is the GL file foroperational revenue and rental of facilities			investigated and followed up.				

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		usage wallet reconciliation)									
AAP92703-2025	COMAF 47.8-Consequence management	The Accounting Officer did not review and monitor compliance with applicable laws and regulations to ensure implementation of consequence management processes.	Management should ensure that: The Accounting Officer must ensure that all UIFW expenditure is investigated by the relevant council committee and recovery processes initiated where applicable	Management agrees to the findings and will ensure investigations are done.	Elsie Seema	31/Aug/2026	MPAC to perform an investigation and management to implement recommendations of the report.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started
AAP92756-2025	COMAF 47.11-ContractManagement: No evidence of monthly contract management process	TheAccounting Officer did not ensure that all contracts have a contract managementprocess in place during the period	Management should implement and enforce astructured monthly contract performance monitoring process, ensuring thatevaluations are completed, reviewed, and properly recorded as required by MFMAsection 116(2)(b).	Monthly contract performance monitoring reportsfor all contracts by responsible manager	Oria Mokobane	31/Aug/2026	The Contract Specialists to review performance reports with relevant responsible managers monthly.	Actions adequate to address the root cause	Developed (CFO Approved)	20%	In Progress
AAP92805-2025	COMAF 47.7-Suppliers submitted	Management did not adequately review	Management must update RFQ templates to explicitly require	Declaration forms / MBD4 will be requested to be submitted with the quotation dates.	Oria Mokobane	30/Jun/2026	Request latest MBD4 forms that	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	MBD 4 forms dated before request for quotations	controls during bid evaluation to verify the validity and timing of declaration	suppliers to complete and sign MBD 4 forms on or after the RFQ issue date, implement a control to check the date of MBD 4 forms during bid evaluation and communicate this requirement clearly to suppliers in all future procurement processes.				coincide with quotation dates.				
AAP92824-2025	COMAF 47.1-Non-Compliance with SCM requirements for quotations	The Accounting Officer did not review and monitor compliance with applicable laws and regulations. Management did not comply with SCM regulations and the SCM policy requirements and failed to document	Management must ensure strict adherence to SCM policy by obtaining the required minimum quotations for all applicable procurements, document and approve any deviations in accordance with policy requirements and strengthen internal controls and oversight to prevent recurrence of such non-compliance	All RFQ's / 7 days notices will be noted by the Accounting Officer prior issuing of Purchase order. Reasons for deviation will be furnished in a case of receiving less than three quotations and be approved by the Accounting Officer.	Oria Mokobane	30/Jun/2026	To review and update evaluation report to incorporate a questionnaire that identifies possible deviations.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		and approve reasons for deviation.									
AAP92932-2025	COMAF 47.12-12 Contract Management	The Accounting officer did not adequately evaluate the extension process for the related bid extension	Management should ensure that all contract expansions remain within the thresholds set by SCM Regulation 38. Where the required extension exceeds these limits, the Municipality must initiate a new competitive bidding process. Irregular expenditure should be disclosed accordingly	Agree with the finding Develop a templet for compliance to tender variation to prevent exceeding the limit or threshold as per circular 62 of the MFMA	Oria Mokobane	30/Jun/2026	Request for Variation order form to be developed with questioner and variation percentage to present exceeding section 62 of the MFMA threshold	Actions adequate to address the root cause	Developed (CFO Approved)	50%	In Progress
Other important Matters											
AAP90575-2025	Non-Compliance with SCM Regulation 45	Management incorrectly interpreted the disclosure requirements of SCM Regulation 45 and included siblings under the definition of close family	Management should ensure that disclosures in the AFS comply strictly with SCM Regulation 45 by limiting disclosure to awards made to spouses, children, and parents of persons in the service of the state. Furthermore,	Management agrees with the finding and will ensure that in the future the finding does not occur. Management request to adjust the amount disclosed in note 59 the AFS to comply with SCM regulations 45.	Oria Mokobane	31/Aug/2026	Compliance to SCM Regulation 45 and only disclose family members as defined, mid-year / interim AFS will be disclosed as per SCM	Actions adequate to address the root cause	Developed (CFO Approved)	80%	In Progress

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		members required for disclosure.	management should review internal controls over SCM compliance to ensure accuracy and consistency with the applicable regulations.				regulation 45				
AAP90577-2025	Awards made to close family members- Inaccurate disclosure	The omission appears to have resulted from inadequate review and reconciliation procedures between the SCM payment records and the disclosures in the AFS.	Management should strengthen the review process to ensure all awards to close family members are accurately and completely disclosed in accordance with SCM Regulation 45. A detailed reconciliation between the payment registers and the disclosure notes should be carried out before finalising the AFS to prevent future omissions.	Management agrees with the finding Management request to adjust the amount disclosed in note 59 of the AFS to comply with SCM regulations 45.	Oria Mokobane	31/Aug/2026	System generated payment report per supplier to be downloaded to ensure completeness of transactions for disclosure purposes.	Actions adequate to address the root cause	Developed (CFO Approved)	50%	In Progress
AAP90578-2025	Long term Trade and other payables- Differences between	The accounting officer did not maintain an effective system of	The municipality should adjust the disclosure in Note 20 to reflect the correct current and	Current portion – Management agrees to the finding; the amount should have been disclosed under accrual and not	Matlhatse Ndlovu	31/Aug/2026	To disclose current and non-current portions of liabilities according	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	AFS and auditor's recalculations	controls to ensure the accuracy of amounts in the Annual financial statement	non-current portions of the payable in accordance with the settlement agreement. Additionally, management should implement processes to ensure that future disclosures accurately reflect contractual obligations.	long-term payables. Management kindly requests the opportunity to adjust the financial statements by the overstated amount of R1 130 699. Non-current Portion – Management disagrees with the finding, the amount reported as payments by the auditor's calculation is understated and the statement of account from DWS has been attached below and payment vouchers available for review for all payments not accounted for.			to the settlement agreement.				
AAP90581-2025	Statement of Comparison of Budget and Actual Amounts - Narrative disclosure not complete	The Accounting Officer did not exercise oversight responsibility regarding financial reporting and compliance as well as related internal controls. The	It is recommended that Accounting Officer should ensure that all adjustments to the approved budget are clearly disclosed and explained in the financial statements, in accordance with GRAP 24	Management agrees with the findings and humbly requests to adjust the Financial Statement by adding the additional narrations.	Morami Monyeki	31/Aug/2026	To develop a worksheet that calculates material variances and provides explanations and investigations for material variances above 10%To	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		Accounting Officer did not adequately perform review of the financial statements to ensure that the financial statements are accurate and compliant with the requirements of GRAP and MFMA.					obtain narrative explanation for budget adjustment reasons per line item affected.				
AAP90585-2025	Statement of Changes in Net Assets: Casting error in Accumulated Surplus	The Accounting Officer did not exercise oversight responsibility regarding financial reporting and compliance as well as related internal controls. The Accounting Officer did not	It is recommended that Accounting Officer should adequately review the annual financial statements and ensure that the financial statements comply with the applicable accounting standards before the annual financial statements are submitted for audit	Management agrees with the finding and humbly request an opportunity to amend the annual financial statements as per the attached document	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	To implement Automation of Notes in CaseWare to avoid casting issues.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		adequately perform review of the financial statements to ensure that the financial statements are accurate.									
AAP90652-2025	Contingent liabilities: Inconsistent methodology applied in the valuation of contingent liabilities /xsl:if /tm:group tm:format font-override= true xsl:value-of select= TITLE / /tm:format	The methodology used to assess and recognize contingencies was not consistently applied in line with the accounting framework (e.g., GRAP 19)	The accounting officer did not maintain an effective system of controls to ensure that complete, relevant, and accurate information is readily accessible and available to support financial reporting. Management did not ensure that information was submitted to auditors within the specified timeframes as indicated on the engagement letter The accounting officer did not adequately review contingent assets	The inconsistent statement will be removed from Note 49, furthermore the comments on the AFS Narrations will be replaced by the valuation methodology. Management erroneously used the cpi % the interest cost in the summons to calculate the discounting for time value of money purposes instead of the Lending rate. Management kindly request to adjust the disclosed amounts in order to reflect the correct average interest rate as per auditor's calculations. The disclosure including the narratives will be as follows	Seletjie Pataki	27/Feb/2026	Methodology to be updated with inputs from legal department .	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			and liabilities and financial statements to ensure that contingent assets and liabilities are measured using the measurement methodology.								
AAP90663-2025	Contingent asset: Contingency methodology developed did not take into account the measurement of contingent assets	Methodology developed after year end the accounting officer did not adequately review contingent assets and liabilities and financial statements to ensure that contingent assets and liabilities are measured at the best estimate in accordance with GRAP 19 requirements	The accounting officer should adequately review the financial statements to ensure that contingent assets and liabilities are assessed and measured using the best estimate in accordance with GRAP 19. The accounting officer should develop a methodology to determine and measure the best estimate of contingent assets and liabilities that is in accordance with GRAP 19 requirements.	Management will update the methodology to take into account contingent assets. The Annual Financial Statements process plan will be adhered to in order to allow sufficient time for self-review	Seletjie Pataki	27/Feb/2026	To review and update methodology with Legal department inputs.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
AAP90668-2025	Transfers and subsidies (grants) – Difference between grant receipt amount in the General ledger (GL)/Trial balance (TB) and amount in the Annual Financial Statement (AFS)	Accounting officer did not adequately review the GL/TB to confirm that all grant amounts are included and that it agrees with the grant amount in the AFS. Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. The Accounting officer did not prepare regular, accurate and complete	The accounting officer should establish and maintain proper record keeping systems to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting within agreed timeframes. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.	Management to develop a standard mapping template and Lead sheet that classifies each vote to ensure consistency year-to-year. Management agrees with the findings and requests to adjust the GL/TB. The amount is mapped and presented correctly in the annual financial statements. The misstatement is as a result of the SETA grant being allocated under other revenue on the statement of financial performance. Management requests an opportunity to process the following journal on the GL: Item Code Debit Credit IR002003001000000000000000000000000000 Revenue: Exchange Revenue: Operational Revenue: Administrative Handling Fees 420 641	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Development of a standard mapping template and Lead sheet that classifies each vote to ensure consistency year-to-year.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		GL/TB that are supported and evidenced by reliable information. The accounting officer did not adequately review the GL/TB against supporting evidence to ensure that the grants receipts amount is included and accurate. Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.		IR003005002002001003140000000000000000 Revenue: Non-exchange Revenue: Transfers and Subsidies: Operational: Monetary Allocations: Departmental Agencies and Accounts: National Departmental Agencies: National Skills Fund 420 641							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		Develop and monitor the implementation of action plans to address internal control deficiencies									
AAP90729-2025	Differences on accrual input VAT	Management did not factor in the changes on VAT rates when VAT rates changed Manual compilation of trade payables listings The Accounting officer did not prepare regular, accurate and complete accrual Input VAT listing that is supported and evidenced by reliable information. The	The accounting officer must develop a system that automatically records trade payables and indicates if its inclusive or exclusive of VAT Management must correct adjust the amount on the annual financial statement to ensure that the amount presented agree with the support Use accounting system to keep compile a list of trade payables at year end · Strengthen review controls of accrual input VAT account Perform monthly reconciliations of	Management requests an opportunity to amend the annual financial statements as follows	Maggie Ntwampe	27/Feb/2026	To implement treasury's month end closure checklist: VAT reconciliation.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		accounting officer did not adequately review the listing against supporting evidence to ensure that the accrual input VAT listing amount is accurate.	trade payables account								
AAP90742-2025	VAT-Incorrect billing of VAT	Prepare regular, accurate and complete financial and performance reports that are evidenced by reliable information Management did not apply VAT legislation sections and principles correctly in the billing of the customers.	Review and correct VAT configurations in the billing system: Management should ensure that the VAT setup in the accounting or billing system correctly reflects the applicable VAT rates and categories (e.g., standard-rated, zero-rated, or exempt supplies).Reconcile VAT billed with VAT returns: Perform monthly reconciliations between VAT	Management humbly requests an opportunity to amend the annual financial statements by proposing the following adjusting entries: Debit Credit Revenue: Penalties 218 435,88 Revenue: Fines Law enforcements 432 736,63Revenue: Rental of Halls 54 973,93 Accrual Output VAT 596 198,58	Amogelang Marope	31/Aug/2026	Review revenue transactions in the GL against vatable, exempt, zero rated supplies as per VAT indicator column in the system.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			billed to customers and VAT reported in the VAT201 returns to detect and correct discrepancies promptly. Enhance review and approval controls: Introduce a secondary review process for invoices before issue to ensure VAT is applied correctly in accordance with the VAT Act and SARS guidelines. Correct previously misstated VAT amounts: Identify and adjust any previously incorrect VAT charges in consultation with SARS where necessary, ensuring financial statements and VAT returns are accurate.								

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
AAP90753-2025	Payables from Exchange Transactions: Discrepancy Between General Ledger/Trial Balance and AF	Inadequate review processes by management, which did not detect the errors and misstatements submitted for audit. The Accounting Officer did not exercise oversight responsibility regarding financial reporting and compliance as well as related internal controls. The differences are as a result of incomplete or inaccurate reconciliations performed between the general ledger/trial	The Accounting officer should: Conduct a full reconciliation between the general ledger/trial balance and the AFS to identify and correct the source of the R790 096,49 overstatement. Review and strengthen internal controls over financial statement preparation and review processes to ensure accurate alignment between underlying records and reported balances	Management agrees with the findings and requests an opportunity to amend the annual financial statements to align with the records in the GL/TB.	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Investigation of the difference and subsequent recon to be performed	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		balance and financial statement components prior to submission There may be inadequate review and validation controls in place to ensure the accuracy and consistency of financial reporting									
AAP90760-2025	Environmental Sustainability- Audit Quality Management	Management did not establish a functioning Air quality management section to address air quality matters during the 2024-25 financial period.	To enhance its Air Quality Management function and ensure compliance with applicable environmental legislation, the municipality should: Appoint an Air Quality Officer as required by law, to lead and coordinate local air quality initiatives (Subsequently done in the 25-26 financial	Disagree with the finding. According to chapter 5 of the National Environmental Management: Air Quality Act no 39 of 2004 ''Metropolitan and district municipalities are charged with implementing the atmospheric emission licensing system referred to in section 22,and must for this purpose perform the functions of licensing authority as set out in this Chapter and other provisions of this Act, subject to subsections (2),(3) and (4).Section 22	Joshua Hlapa	31/Aug/2026	Enter into Memorandum of Agreement with Waterberg District Municipality.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			period).Establish a functional Air Quality Unit or designate responsible personnel within the environmental services department to carry out monitoring, planning, and compliance duties. Develop and adopt a standalone Air Quality Management Plan (AQMP), aligned with the National Framework and integrated into the IDP and municipal strategies. Implement formal procedures to monitor AEL compliance, including regular inspections and reporting mechanisms, even where district-level support is	states clearly that ''No person may without a provisional atmospheric emission license conduct an activity:· Listed on the national list anywhere in the Republic Or· Listed on the list applicable in a province anywhere in that province. All listed activities are monitored by the licensing authority for compliance with the Atmospheric Emissions License, the licensing function is with the District and Metropolitan municipalities. Furthermore as per page 54 of the approved Air Quality Provincial Plan, the responsibility between the District Municipality and Local							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			provided. Initiate basic municipal-level AQM activities, such as passive monitoring or community awareness programmes, to build local capacity and data. Include measurable Air Quality indicators in the Annual Performance Plan and Service Delivery and Budget Implementation Plan (SDBIP) to track progress and ensure accountability. By addressing these gaps, the municipality can improve environmental governance, protect public health, and contribute meaningfully to South Africa's broader air quality objectives.	Municipality are outlined. However, only through a Memorandum of Agreement can there be clarity of both mandate and function for Air Quality as there are also costs implications, see attached							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
AAP90767-2025	Define Benefit Obligations- Non-disclosure of required GRAP 25 information	Management did not ensure that all the disclosure requirements per GRAP 25 were included in the notes to the financial statements.	Management should review the disclosure requirements of GRAP 25 and ensure that all required information relating to the defined benefit obligation is included in the notes to the financial statements. This includes detailed risk information, plan assets, asset ceiling effects, reimbursement rights, and sensitivity analyses for key actuarial assumptions	The municipality does not have any plan assets. Therefore, there are no disclosures to be made regarding the plan assets, risks associated with the plan, effect of the asset ceiling or reimbursement rights. Management Kindly requests amendment to disclose these facts as per the actuarial report. Management kindly requests the following disclosure to Sensitivity Analysis to be added to the disclosure as per the attached documents for both LSA PEMAL:	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Make all disclosures according to the actuarial report to comply with GRAP 25.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started
AAP90771-2025	Payables from exchange transactions - Understatement of Retention Due to Exclusion of VAT	Management applied an incorrect basis (VAT-exclusive) in calculating and recording retention liabilities. The review process over supporting	Recalculate all retention balances using the VAT-inclusive gross invoice amount and update the retention schedule accordingly. For the opening balance on the retention schedule/listing,	Management has tested retention transactions against invoices retention registers to the earliest period practicable. Management has identified that the retention amounts were indeed understated with the VAT amounts. Management has recalculated the VAT amounts to the value of R 4 989 512.55 as per the	Maggie Ntwampe	31/Aug/2026	Include VAT column on Retention schedule.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		schedules and the general ledger failed to identify that VAT must be included in the retention computation . The Accounting Officer did not exercise adequate oversight over the preparation and review of supporting schedules for payables. There is a lack of documented procedures and review controls to ensure that retention liabilities are calculated on the correct VAT-inclusive basis before being recorded in	reclassify the prior-year retention amounts from VAT-exclusive to VAT-inclusive by processing a prior-period adjustment. The supporting documentation (original tax invoices from prior periods) must be retrieved and used to compute the VAT portion of the opening retention. Implement a mandatory review step requiring the CFO or delegate to verify that all retention calculations including opening balances and current-year movements include VAT where applicable, supported by the original tax invoices.	attached document Management requests an opportunity to amend the annual financial statements as follows: Debit Credit Accrual Input VAT 4 989 512.55 Retention 4 989 512.55Note 54 Prior period adjustment 2025 2024 Increase in Accrual input VAT 4 212 740.55 Increase in Retention (4 212 740.55)							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		the general ledger and disclosed in the AFS.									
AAP90809-2025	Cash and Cash equivalent: Unidentified ("Unknown") Payments in the Bank Reconciliation	1. The reconciliation is performed monthly but unknown payment are not investigated 2. Failure to investigate and clear irregular reconciling items timeously.	Management should urgently investigate the nature and purpose of all unknown payments identified in the bank reconciliation, obtain and file appropriate supporting documentation, and ensure all items are properly classified and resolved. To prevent recurrence, management should strengthen internal controls over cash management by ensuring that:· Bank reconciliations are independently reviewed, questioned, and approved,· All reconciling items are supported,	Management to develop improved standard operating procedures for matching payments from bank statements to the financial system of the municipality.	Lesego Matlwa, Matlhatse Ndlovu, Seletjie Pataki	30/Jan/2026	Develop standard operating procedure for Bank Reconciliation Implement Treasury's month end closure checklist: Bank Reconciliation	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			legitimate, and cleared promptly,· Supporting documentation exists for every payment processed, and Unusual items are immediately escalated and investigated for possible irregularities or fraud.								
AAP90824-2025	Overstatement of medical aid and cellphone allowance	The policy/contracts not containing the recent updated allowances and management being unable to provide the relevant supporting documentation to the updated amounts.	The municipality should update their policy annually in detail to avoid misinterpretation Adjust the employer contribution from 62% to 60% as stipulated in the contract, unless a formal amendment is agreed upon	Management has a memorandum that is in support of the cellphone allowance that was paid to the employees on the attached spreadsheet on cellphone allowance. Management acknowledge that they will review the policy and include the amounts so as not to rely on the memorandum only. The cellphone policy will be reviewed and updated to specify the applicable allowance amounts for each position. The revised policy will be submitted to the Local Labour Forum (LLF) for input and consultation. Following LLF review, the policy will be presented to Council for approval.	Lesego Matlwa, Elsie Seema, Kedibone Makholwa	31/Aug/2026	Adjust employer/employee contribution to 60/40 principle Review and update Cellphone Policy	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
AAP90826-2025	Overtime hours claimed above the maximum threshold	The Accounting Officer did not monitor compliance with the Basic Conditions of Employment Act regularly. Lack of effective monitoring controls overtime approvals and scheduling. Possible staff shortages or poor workforce planning resulting in excessive reliance on overtime.	Management should ensure compliance with the BCEA by ensuring overtime does not exceed the prescribed limits. Regularly review and approve overtime reports to ensure accuracy and compliance before payment.	Having only one TLB (tractor-loader-backhoe) shared among the Electrical, Sanitation, Public Works, and Water Divisions—has led to operational delays and contributed to the excessive overtime. Additional challenges, such as sewerage spillages, pipe bursts, and cable theft, have further strained resources and highlighted the need for improved controls and workforce planning	Kedibone Makholwa	30/Jan/2026	Adherence to overtime policy. Management will implement threshold effective from January payroll.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started
AAP90828-2025	Other receivables from non-exchange transactions (Note 13) – Difference between narrative	Accounting officer did not adequately review the other receivables from non-exchange transaction	The accounting officer should establish and maintain proper record keeping systems to ensure that complete, relevant, and accurate	Management agrees with the findings and Request to amend note 12 narratives to align with the amounts disclosed on the face of the statement of financial position	Amogelang Marope, Seletjie Pataki	31/Aug/2026	Reconcile figures in narrative descriptions with the related AFS Note.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	description and the amount presented	narrative for gross balance relating to traffic fines in the financial statement to confirm that it agrees with the other receivables from non-exchange transaction amount as presented in the note 13 disclosure for traffic fines – gross	information is accessible and available to support financial and performance reporting within agreed timeframes. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.								
AAP90830-2025	Other receivables from non-exchange transactions Note 13 – No disclosure relating to the age analysis for traffic fines	Accounting officer did not adequately review the other receivables from non-exchange transactions in note 13 in the financial statement so that an age analysis is disclosed for the	The accounting officer should establish review the financial statements to make sure that the requirement of age analysis disclosure in line with GRAP 104 for all the financial assets past due are disclosed. The accounting officer must actively oversee	Management agrees with the finding and requests an opportunity to amend the annual financial statements as follows: AGE ANALYSIS FOR TRAFFIC FINES: 2024/2025 Service Desc Current 30 Days 60 Days	Amogelang Marope	31/Aug/2026	Traffic fine age analysis scheduled to be included in the 6 9-month interim AFS as well as the final set AFS.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		traffic fines The accounting officer did not adequately review the financial statement note 13 to ensure that the disclosure relating to age analysis for past due traffic fines is disclosed	the financial reporting process to prevent future discrepancies.	90 Days 12 Days 150 Days 180 Days TOTAL TRAFFIC FINE AGE ANALYSIS: 2024/2025 197,350 16,900 43,025 70,025 53,025 53,000 6,013,895 6,447,220							
AAP90833-2025	Revenue from exchange (Metered water and electricity) – Difference between actual consumption and billing	Accounting officer did not adequately review the revenue from exchange transactions relating to metered	The accounting officer should establish and maintain proper record keeping systems to ensure that complete, relevant, and accurate information is	Management agrees with the finding, and kindly requests to make adjustments as follows: 2024-2025 Water Dr Metered Water Revenue R 978 248.41Dr VAT Output R 146 737.26 Cr Receivable from exchange R	Amogelang Marope	31/Aug/2026	To ensure revenue recognized meets the cut-off assertion by journalizing movement for water electricity	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	report for revenue inclusion.	electricity and water to ensure that revenue recognized is aligned to consumption for both metered water and electricity and not aligned to billing as the billing takes a month after the consumption of both metered water and electricity. The accounting officer did not adequately review the financial statement against supporting evidence to ensure that revenue from exchange transactions reported	accessible and available to support financial and performance reporting within agreed timeframes. The accounting officer should review to make sure that revenue is recognized at an amount that is in line with consumption. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies	1 124 985.67(Recognition of movement for water usage of June 2025 which was billed in July 2025) Electricity Dr Receivable from exchange R 4 134 592.06 Cr Metered Electricity Revenue R 3 595 297.44 Cr VAT Output R 539 294.62(Recognition of movement for electricity usage of June 2025 that was billed in July 2025) 2023-2024 Water Dr Metered Water Revenue R 949 644.19 Dr VAT Output R 142 446.63 Cr Receivable from exchange R 1 092 090.82(Recognition of movement for water usage of June 2024 which was billed in July 2024) Electricity Dr Metered Electricity Revenue R 8 807 396.87 Dr VAT Output R 1 321 109.53 Cr Receivable from exchange R 10 128 506.40 (Recognition of movement for electricity usage of June 2024 that was billed in July 2024)			usage of June 2026 that will be billed in July 2026.				

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		is accurately recorded in line with consumption .									
AAP90924-2025	AOPO - Indicators	The cause of the above is the lack of adequate review of the annual performance report to ensure that corrective measures put in place are relevant. The Accounting officer did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial and	The accounting officer should establish and maintain proper record keeping systems to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. · Accounting officer should exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.	Management reviewed the measures taken to improve performance in the APR On availability of budget management will implement all the measures planned to improve performance	Ditlhokwa Matsoma	31/Aug/2026	Develop checklist matrix to review the SDBIP indicators and related performance targets in order to ensure Planning is consistent with reporting.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		performance reporting. The accounting officer did not ensure that correct measures put in place are relevant and can address the challenge of underachievement of target.									
AAP90927-2025	Indigents-Fruitless wasteful (Deceased persons, individual with invalid number) /xsl:if /tm:group tm:format font-override= true xsl:value-of select= TITLE / /tm:format	The current indigent register includes members who are deceased, other without valid ID and thus will results in the indigent register being used is outdated, The number of forms received to date is low as	The accounting officer did not effectively review and update the municipal indigent register to ensure that disqualified indigent debtors were removed or excluded from the list	The accounting officer should implement a regular review and update process for the municipal indigent register. This process should include verifying eligibility criteria for all listed individuals, promptly removing disqualified debtors, and documenting the review steps. The register is updated quarterly to grant opportunity to the residents who are still willing to submit their forms for	Lesego Matlwa, Amogelang Marope, Elsie Seema	31/Aug/2026	Review and update Indigent Policy to include Computer assisted techniques for expanding qualified requirements for identification by the service provider. MPAC to investigate the fruitless and wasteful.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		compared to the stats SA information (29 815) and budgeted for the municipality is only 4 703.		consideration as indigents.							
AAP90962-2025	Trade and other receivables from exchange transactions (Note 15) – Inconsistence in the wording and disclosure relating to the outstanding number of days presented for debtors from prior period	Accounting officer did not adequately review the Trade and other receivables from exchange transactions in the financial statement to confirm the consistency in relation to disclosure for debtors in relation to the number of days and that there is consistency wording in relation to refuse The accounting	The accounting officer should review the financial statements to ensure that there is consistency in relation to the wording and correct wording relating to allowance for impairment for refuse The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.	Management agrees with the finding and requests to adjust the AFS as follows: Electricity 2025 2024 Current (0 -30) 11 831 927.00 20 265 447.00 31 - 60 days 9 021 973.00 5 927 419.00 61 - 90 days 3 279 125.00 4 882 042.00 91 - 120 days	Amogelang Marope	31/Aug/2026	Corrected during adjustment, Interim Final Financial Statement to be reviewed for consistency.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		officer did not adequately review the financial statement to confirm that the disclosed under Trade and other receivables from exchange transactions relating to number of debtors outstanding is consistent with the prior year.		3 024 756.00 5 663 702.00 121 - 150 days 2 803 753.00 5 780 850.00 151 days 121 268 197.00 108 908 968.00 Impairment - 80 373 510.00 - 82 778 099.00 70 856 221.00 68 650 329.00 Water 2025 2024 Current (0 -30) 7 462 974.00 15 903 122.00 31 - 60 days							

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				1 054 948.00 6 929 722.00 61 - 90 days 4 239 544.00 4 990 375.00 91 - 120 days 3 915 479.00 4 127 396.00 121 – 150 days 4 663 222.00 4 388 169.00 151 days 186 325 893.00 150 237 959.00 Impairment - 163 975 258.00 - 126 474 543.00 43 686 802.00						

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				60 102 200.00 Waste Water 2025 2024 Current (0 - 30) 3 691 795.00 8 102 278.00 31 - 60 days 4 876 413.00 2 351 172.00 61 - 90 days 2 175 743.00 2 243 548.00 91 - 120 days 2 126 209.00 2 106 357.00 121 – 150 days 2 599 819.00 2 022 425.00 151 days						

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				90 035 911.00 74 738 992.00 Impairment - 75 375 316.00 - 63 028 030.00 30 130 574.00 28 536 742.00 Refuse 2025 2024 Current (0 - 30) 3 015 261.00 6 355 386.00 31 - 60 days 4 650 302.00 2 270 607.00 61 - 90 days 2 080 077.00 2 103 784.00						

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
				91 - 120 days 2 040 375.00 2 029 142.00 121 - 150 days 2 030 992.00 1 972 605.00 151 days 110 142 279.00 95 150 619.00 Impairment - 110 667 522.00 - 94 094 176.00 13 291 764.00 15 787 967.00							
AAP91239-2025	Receivables from non-exchange (Note 16) – Difference between GL/TB and the amount in the AFS.	Accounting officer did not adequately review the receivables from non-exchange transaction in the financial	The accounting officer should establish and maintain proper record keeping systems to ensure that complete, relevant, and accurate information is	To perform a detailed reconciliation, gathering of all relevant documents, identify discrepancies and anomalies, the follow up on these.	Amogelang Marope	31/Aug/2026	Investigation of historic differences. Implementation of Treasury's month end closure checklist.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		statement to confirm that it agrees with the receivables from non-exchange transaction amount as presented in the in the general ledger and the trial balance The accounting officer did not adequately review the financial statement against supporting evidence to ensure that receivables from non-exchange transaction amount reported is accurate	accessible and available to support financial and performance reporting within agreed timeframes. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.								
AAP91240-2025	Receivables from non-exchange – Difference between amount in	Accounting officer did not adequately review the statutory	The accounting officer should establish and maintain proper record keeping systems to	Automation of notes on CaseWare application for preparation of annual financial statements.	Matlhatse Ndlovu, Seletjie Pataki	31/Aug/2026	Automation of notes on CaseWare application for preparation	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	(Note 14) and the amount in (Note 16) for property rates.	receivables – property rates gross balance in note 14 in the financial statement to confirm that it agrees with the receivables from non-exchange gross balance amount as presented in note 16 of the financial statements The accounting officer did not adequately review the financial statement note 14 against note 16 to ensure that receivables from non-exchange transaction amount reported is accurate.	ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting within agreed timeframes. The accounting officer must actively oversee the financial reporting process to prevent future discrepancies.				of annual financial statements.				

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		Develop and monitor the implementation of action plans to address internal control deficiencies									
AAP91241-2025	Fuel and Oil – Inadequate Supporting Documentation and Possible Misstatement	There is no effective record-keeping system and monitoring control in place to ensure that all fuel transactions are properly authorised, recorded, and supported by valid documentation. Management failed to implement a review process over monthly fuel reconciliations between the billing	Management should: Establish and enforce proper controls to ensure that all fuel transactions are supported by log sheets, authorisation forms, and till slips. Implement regular supervisory reviews by the Fleet Manager or delegated official to ensure completeness and accuracy of fuel expenditure. Select fuel card transactions linked to a vehicle and verify transactions to supporting invoice	Management has provided the auditors with ABSA bank statements that support expenditure on fuel consumption. Fuel slips were provided in cases where they were not lost and still visible. Lack of trip authorization and properly well-maintained logbooks speaks to a deficiency in our internal controls and not a misstatement of expenditure in the annual financial statements. Fleet cards can only be used exclusively for fuel. Please see attached subsequent submissions. Management to strengthen internal controls and ensure the fleet officer and fleet manager reviews reconciliations	Moloko Chokoe	31/Aug/2026	Fleet Management workshop in February 2026. Quarterly fleet reconciliation reports to monitor non-compliance. Obtain POE on monthly basis from PMS/Fleet.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		reports and supporting documentation (till slips, logbooks, and authorisation forms) The Accounting Officer did not implement and monitor adequate internal controls to ensure proper record-keeping, authorisation, and reconciliation of fuel usage. There was also no periodic review to confirm that all supporting documentation is retained and that fuel expenditure	and trip authorizations								

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		is valid and accurately recorded.									
AAP91242-2025	Bulk Purchases – Incomplete Supporting Documentation and Inconsistencies Between Invoices and Meter Reading Reports	Management did not provide the required meter reading reports to support bulk purchase transactions. This was due to a lack of proper recordkeeping and monitoring controls to ensure that all supporting documents are available for audit purposes. The Accounting Officer did not ensure that effective controls are in place to maintain and verify meter reading	Management should: Reconcile supplier invoices (e.g. Eskom) to actual meter readings monthly to confirm that the kilowatt hours billed correspond to actual consumption. Implement a monthly review control where the Technical or Electrical Services Department verifies and signs off the meter readings before payments are made. Ensure that all future bulk electricity purchases are supported by reviewed and approved meter reading reports to maintain audit trail and ensure accuracy of	Expenditure to engage electrical department to mitigate a solution.	Cornelius Booysen	30/Apr/2026	The procurement of Check Meters and Statistical Meters to be done in the 2025/26 Financial Year	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		reports for bulk purchases, and to reconcile invoices to the actual units consumed on a monthly basis.	reported expenditure.								
AAP91253-2025	Distribution losses	The above results in possible material irregularity - loss of material public resources relating to water distribution loss Management did not put controls and measures in place to ensure adequate monitoring and maintenance of water infrastructure and water pipes to	Management should put measures in place and implement monitoring tools to ensure water infrastructure and water supply pipes is adequately maintained. Management should further disclose the rand value of the water losses on the distribution loss note	1. Repair water pipe leaks as soon as they are reported even during replacement of aged pipelines.2. Replacement of asbestos pipelines with HDPE/upVC.3. Conduct community awareness and encourage customers to report all visible leaks immediately.4. Run refresher course on leak detection.	Mosima Mphela, Cornelius Booysen	30/Jun/2026	Repair water pipe leaks as soon as they are reported even during replacement of aged pipeline Replacement of asbestos pipelines with HDPE/uPVC.Conduct community awareness and encourage customers to report all visible leaks immediately. Run refresher	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		ensure: Decrease in water distribution loss to an acceptable level					course on leak detection.				
AAP92784-2025	ISS.93 - Water services-Lack of Environmental Policy/Strategy and Absence of Action Plans to Address Water Losses - (ISS.93)	Absence of an approved environmental management policy or strategy relating to water services. Lack of structured monitoring processes and accountability mechanisms for identifying and addressing water-related environmental risks.	Management should:1. Develop and approve a comprehensive Water Services Development Plan (WSDP) in compliance with sections 13 to 18 of the Water Services Act.2. Conduct a full condition assessment of all water and sanitation infrastructure to inform the WSDP and the municipality's maintenance and budgeting processes.	XXXXXXX	Mosima Mphela	31/Aug/2026	Develop and approve a comprehensive Water Services Development Plan (WSDP). Ensure that the WSDP is reviewed and updated annually and aligned with the Integrated Development Plan (IDP). Conduct a full condition assessment of all water and sanitation infrastructure during asset verification	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
		Inadequate analysis of water losses and insufficient management response to recurring losses.	3. Ensure that the WSDP is reviewed and updated annually and aligned with the Integrated Development Plan (IDP).								
AAP92791-2025	ISS.92 - Water sanitation services- lack of an approved Water Services Development Plan - (ISS.92)	Management has not prioritized the review and updating of the WSDP, resulting in non-compliance with the statutory requirements of the Water Services Act	Management should:1. Develop and approve a comprehensive Water Services Development Plan (WSDP) in compliance with sections 13 to 18 of the Water Services Act.2. Conduct a full condition assessment of all water and sanitation infrastructure to inform the WSDP and the municipality's maintenance and budgeting processes.	XXXXX	Mosima Mphela	31/Aug/2026	Development and approval of a comprehensive Water Services Development Plan (WSDP). Conducting a full condition assessment of all water and sanitation infrastructure during asset verification.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			3. Ensure that the WSDP is reviewed and updated annually and aligned with the Integrated Development Plan (IDP) and the Medium-Term Revenue and Expenditure Framework (MTREF).								
AAP92794-2025	ISS.91 - PAARL-WWTW observations - (ISS.91)	None	1. Finalise and approve a comprehensive Environmental Policy and Strategy.2. Implement documented processes for environmental risk identification and monitoring.3. Expedite repairs to all non-operational components, including the inlet screw pumps, clarifiers, and aeration units.4. Reinstate the use of drying beds to support sustainable	The municipality is currently reviewing Wastewater Risk Abatement Plan with assistance from SALGA. A draft plan is developed. Contractor is appointed to repair components that are not working on Module 1 plant on refurbishment of 6ML/d Sequence Batch Reactor (SBR) Plant contractor currently onsite and practical completion is planned on 31 March 2026.	Oteng Masenya	31/Aug/2026	Wastewater Risk Abatement Plan to be approved within the financial year. Monitor contractor performance to ensure project delivery.	Actions adequate to address the root cause	Developed (CFO Approved)		Not Yet Started

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
			sludge management.5. Conduct routine inspections of upstream networks to prevent backups or overflow risks. 6. Establish a formal remediation and follow-up process for prior year audit findings.								
AAP92833-2025	COMAF 47.9.-Use of consultants	The Accounting Officer did not provide oversight during the drafting of the terms of reference and contract to ensure compliance with Municipal Cost Containment Regulations	Management must revise the municipality's standard terms of reference and contract templates to include mandatory skills transfer objectives and clauses. Additionally, management should monitor and report on skills transfer outcomes as part of project close-out procedures	When Consultants are appointed, an accounting officer will ensure that the terms of references will cover transfer of skills by consultants to the relevant officials of a municipality.	Oria Mokobane	30/Jun/2026	To develop compliance checklist matrix during bid specification in order to identify non-compliance with SCM regulations.	Actions adequate to address the root cause	Developed (CFO Approved)	10%	In Progress
AAP92918-2025	COMAF 47.4 - Allocation of points for	Management did not perform adequate	Management should enforce strict compliance with bid conditions by	Agree with the finding Thorough review by responsible manager	Oria Mokobane	30/Jun/2026	Request for Quotation form for preferential	Actions adequate to address the root cause	Developed (CFO Approved)	10%	In Progress

Reference	Finding	Root Cause	Recommendation	Management Response	Responsible Person	Due Date Imp	Action Plan	CFO Approval Comments	Action Plan Status	Implementation Progress %	Implementation Status
	specific goals	compliance checks during evaluation of quotations	verifying all supporting documentation before awarding preference points and implement review controls to prevent allocation of points without required evidence.				points to be amended.				
AAP92922-2025	Misalignment of points allocation for specific goals	Management did not ensure consistency between bid specifications and evaluation criteria	Management must ensure that point allocations align with the goals specified in the original bid document	Agree with the finding Thorough review of the Bid evaluation report prior approval by BEC chairperson and Manager SCM during BAC meeting	Oria Mokobane	30/Jun/2026	Training of bid committees scheduled for March 2026.	Actions adequate to address the root cause	Developed (CFO Approved)	10%	In Progress