

**THE BUSHBUCKRIDGE LOCAL MUNICIPALITY
ANNUAL REPORT 2020/2021**



BUSHBUCKRIDGE
LOCAL MUNICIPALITY

**The Annual Report for the year ended
30 June 2021**

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LIST OF ABBREVIATIONS AND DEFINITIONS

Abbreviation	Definition
AFS	Annual Financial Statement
APR	Annual Performance Report
AR	Annual Report
AGSA	Auditor-General South Africa
BLM	Bushbuckridge Local Municipality
CDWs	Community Development Workers
CIP	Comprehensive Infrastructure Plan
COGTA	Department of Corporative Governance and Traditional Affairs
DWAF	Department of Water Affairs and Forestry
DWS	Department of Water and Sanitation
DOE	Department of Energy
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EDPE	Economic Development Planning and Environment
IDP	Integrated Developmental Planning
IGR	Inter-Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
IUCMA	Inkomati- Usuthu Catchment Management Agency
KPA	Key Performance Area
KPI	Key Performance Indicator
LM	Local Municipality
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MPI	Municipal Priority Issue
NKPI	National Key Performance Indicator
NSDP	National Spatial Development Perspective
OHS	Occupational Health and Safety
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
RED	Regional Electricity Distributor
RW	Rand Water
SALGA	South African Local Government Association
SAPS	South African Police Services
SDBIP	Service Delivery Budget Implementation Plan
SDBIR	Service Delivery Budget Implementation Report
SDF	Spatial Development Framework
SMMEs	Small, Medium and Micro Enterprises
SG	Surveyor General
VIP	Ventilated Improved Pit Latrine

WSP	Workplace Skill Plan
WWTW	Waste Water Treatment Works
Section 46	Report Required in Terms of Section 46 of the MSA
Section 121	Report Required in Terms of Section 121 of the MFMA

Abbreviation	Definition
Key Performance Areas (KPA's):	KPA's are clear statements of intent, which guide the development of the programmes and projects making up the IDP. Example: Basic Service delivery.
Key Performance Indicator (KPIs):	KPIs are derived from KPAs/objective statements. It is an expression of what is going to be measured and what parameter is going to be used to establish the degree at which the KPA/objective has been reached Example: Accumulative number of low-cost residential stands provided with basic levels of sanitation
Baseline	The baseline is the level of performance recorded in the year prior to the planning period. Example: 5 000 low-cost residential stands provided with basic levels of sanitation
Target	The target expresses a commitment to performance. Example: 20 000 low-cost residential stands provided with basic levels of sanitation by the end of the year.
Inputs / Activities	Relates to activities that an employee is expected to complete to produce a KPI.
Weighting	The percentage value of a KPA in relation to other KPA's.
Source Document	A document used to prove whether the KPA has been performed or not.
Performance Contract	The document that records the agreements between the employee and the manager on what is expected from the employee in terms of performance for the performance cycle. This also records the employee's development plan.
Performance Review	The process where the performance of the employee is measured by checking the variance between the actual and the expected performance. Employees progress in terms of performance and development are also measured.
Performance Assessment	This is a 1 to 5 numeric value scale used to assess the degree to which targets have been achieved.

1. INTRODUCTION

The municipality was established in terms of the Local Government: Municipal Structures Act to serve the interests of the people of South Africa in the Bushbuckridge area.

The municipality is faced with a number of challenges, the solutions to which form part of its priorities in the medium term to long-term Development Strategy. These challenges include high levels of poverty, unemployment, and service delivery backlogs as well as skills shortages. The HIV/AIDS pandemic at the municipality has led to a further increase in the levels of poverty due to high loss of parents in families.

This financial year has been especially affected by the pandemic brought by the pandemic brought by covid 19 and this has further exacerbated the challenges as highlighted above, as a result The municipality had to develop and adapt to new strategies to respond to the new challenges to ensure continuity of service delivery.

The municipality, therefore, adopted a holistic approach towards addressing these inter-related socio-economic factors to contribute towards improving the quality of life of the communities in the Bushbuckridge Local Municipality (BLM).

This annual report is therefore presented in line with circular 63 of the National Treasury guidelines for preparing Annual Reports.

2. MUNICIPAL SYSTEMS ACT

The Local Government: Municipal Systems Act (2000) section 46 requires that:

1. A Municipality must prepare for each financial year, a performance report reflecting:
 - (a) The performance of the municipality and each of external service provider during the financial year.
 - (b) A comparison of the performances referred to in paragraph (a) with targets set for performances in the previous financial year.
 - (c) Measures taken to improve performance.
2. An Annual Performance Report and Annual Financial Statement which must form part of the municipality's Annual Report in terms of Chapter 12 of the Municipal Finance Management Act.

3. THE PURPOSE OF THE ANNUAL REPORT IS:

1. To provide a record of the activities of the municipality during the financial year to which the report relates.
2. To provide a performance report on service delivery and budget implementation for the financial year.
3. To promote accountability to the local community for the decisions taken by the municipality and its entities throughout the year.

4. CONTENT OF THE ANNUAL REPORT

The content of this Annual Report is guided by sections 121(3) and (4) of the MFMA. It includes the:

- a) The Annual Financial Statements of the municipality as audited by the Auditor-General of South Africa (AGSA) in terms of section 126 (1).
- b) The audit report of the Auditor- General in terms of both section 126(3) of the section 45(b) of the MSA.
- c) The municipality's Annual Performance Report prepared in terms of section 46 of the MSA.
- d) An assessment of any arrears on the Municipal taxes and service charges.
- e) An assessment of the municipality's performance against the measurable performance objectives for revenue collection from each revenue source and each vote in the municipality has approved budget.
- f) Particulars of corrective action taken or to be taken on issues raised in audit reports.
- g) Explanations to clarify issues on financial statements.
- h) Any other information determined by the municipality including recommendations made by the audit committee and any other information as may be prescribed.
- i) In addition to the above, the Municipal Systems Act requires that the municipality's annual report must include the annual performance rendered by external service providers

5. FORMAT OF THE ANNUAL REPORT

The format of the Annual Report is in line with circular 63 of the MFMA and it is structured in the following:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service Delivery Performance

Chapter 4: Organisational Development Performance

Chapter 5: Financial Performance

Chapter 6: Auditor General's Findings

Conclusion and Authorisation

Appendixes:

A. Annual Performance Report 2020/2021

B. Annual Financial Statements 2020/2021

C. AGSA Audit report 2020/2021

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. FOREWORD BY EXECUTIVE MAYOR

I would like to extend my appreciation to the community of Bushbuckridge, our Municipal Council, and all political leadership within our municipality for giving us a maximum support during the 2020/2021 financial year. We are working hard to ensure that we realize the goals of the 2030 National Development Plan, Provincial Development and Growth Path as our guiding documents. We are also working hard to uphold the constitution of the Republic South Africa as the supreme law of the country and the pieces of legislations and policies that guide us in our day-to-day activities

I am presenting the 2020/2021 Annual Report, which reflects the performance of the municipal council on the following areas:

1.1.1. Strategic alignment to Provincial Strategies

We have taken an innovative approach to align our plan with Provincial Growth and Development strategy such as Mpumalanga Economic Growth and Development Plan (MEGDP). This is the vision of Mpumalanga provincial government up to 2030. It provides a framework on how to consolidate key priorities in matters affecting the economy. Guided by the provincial strategy, we have made significant progress in recruiting investors, who invested in shopping mall development and full refurbishment and extension of other malls. These projects assisted in reducing high rate of unemployment and the level of poverty in our municipality.

1.1.2. Corrective actions taken to ensure that strategic objective as stipulated in the IDP are achieved

To ensure that strategic objective as stipulated in the IDP are achieved. Organisational performance of Municipality was monitored on a quarterly basis to ensure that the priorities realised by the municipality in the IDP is achieved in line with the SDBIP.

1.1.3. Method used to improve public participation

We had six online Mayoral imbizos to give service delivery updates and allow members of the community to raise their service delivery challenges. 12 IDP public participations were held to present 2020/2021 Draft IDP and Budget to the community. To enhance public participation, we have established the following public participatory structures: ward committees, ward council of stakeholders and the local Council of stakeholders. These public participatory structures have included all stakeholders within our municipality.

1.1.4. Improvements on service delivery

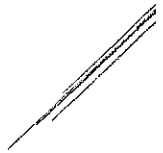
During the 2020/2021 financial year, our municipality made improvement in reducing the water supply backlog in different communities. Our 2020/2021 water projects managed to address water supply challenges in different village and ultimately improvement in the quality of water we supply in compliance with South African Water Quality Guidelines. The operation and maintenance of our water infrastructure has improved after the takeover from Rand Water. Our internal streets were upgraded from gravel to tarred/ paving. The phase 2 of our Regional Land Fill site has been completed. This is one of the projects to improve public health and safety and safety of the environment.

During the outbreak of COVID-19 pandemic, our municipality managed to establish the Local Coronavirus Command Council, which came out with programs to fight the spread of the pandemic.



Cllr C.S Nxumalo

Executive Mayor: BLM



1.2. FOREWORD BY MUNICIPAL MANAGER

Local government in the context of the Bushbuckridge Local Municipality means an administration that is both geographically localised and limited powers and taking responsibility of the public finances on behalf of the people of Bushbuckridge. I am truly delighted to inform that this Annual Report will provide you with a record of municipal activities relating to the financial year under review. It will further give a performance report and budget implementation for the financial year.

I would like to give my recognition to the Municipal Council who through MPAC ensured that the public purse is utilized responsibly, all the staff members and the community of Bushbuckridge for affording me the opportunity to make my meaningful contributions for the development of the municipality and its people. I must indicate that the municipality is a grant dependent municipality however its revenue collection efforts are slowly yielding results thus contributes a certain percentage into its coffers through its revenue collection avenues. The municipality has implemented projects which were prioritised by community using public participation methods and it have changed the lives of the people.

The municipality has once again been presented with an Unqualified Audit Opinion Outcome for third time in a row from 2018/2019 to 2020/2021 financial years. It is such a feat for a grant dependent municipality like Bushbuckridge to have been presented with an Unqualified Audit Opinion Outcome. This all could be attributed to the good working relationship between the municipality and all its key stakeholders in particular the people of Bushbuckridge.

The Annual Financial Statements have been prepared on an on-going basis in accordance with GRAP standards. The notes to the Annual Financial Statements includes additional information where available as required by the Municipal Financial Management Act no. 56 of 2003

Like all other government entities, the municipality also had its fair share of challenges mainly with revenue collection efforts.

It is without a doubt that as a municipality we will work tirelessly to deliver to our people the intended services as enshrined in our constitution. The municipality's focus is on supplying clean drinkable water and ensuring accessible services to its residents. In the Local Covid19 Command Council shared by Executive Mayor Cllr. Sylvia Nxumalo where I also sit, records show that more efforts need to be done in convincing members of the community to vaccinate in numbers in the fight against covid19.

In conclusion I would like to urge members of the community to continue working together with the municipality to achieve a "Developmental and Prosperous life for all through accountability, transparency and responsible governance; The municipality commits itself to providing affordable and sustainable services by enhancing community participation" as per our Vision and Mission.

1.2.1. Operating results

The operating results for the year ended 30 June 2021 disclosed a surplus of **R 607,004,024** against a restated surplus of **R 564,765,609** for the previous financial year. Total income billed for the year amounts to **R 400 180 447** and grant income realised amounts to **R 1 561 945 646**. The current year provision for debt impairment amounts to **R 222,080,008**. The impairment amount represents the full extent of the economic hardships that the pandemic has brought to our communities.

1.2.2. Revenue management

The Municipality remains largely grant dependent; a situation that needs to be turned around collectively. Officials and Councillors of the Municipality need to lead by example by paying their Municipal accounts. Likewise, government departments, business community and the Municipal account holders need to play their part and pay their dues. With the advent of Covid-19 pandemic, our revenue collection capability was compromised with many households and business still unable to recover from the financial difficulties brought by the pandemic. Debt owed to the municipality at year end amounted to an astronomical **R1 968 430 862**.

1.2.3. Internal management related to section 56 managers

The management team functioned exceptionally well, notwithstanding the vacancies in the top structure. The positions of Director: Corporate Services, Director Community Services and Chief Finance Officer remain vacant and will be filled before the end of the 2021/2022 financial year. The municipality will continue to review its organisational structure in trying to align our performance to the ever-changing environment and community needs.

1.2.4. Conclusion

I would like to congratulate all departments within the BLM administration under the support of members of mayoral committees that has managed to achieve their performance targets for 2020/2021. The support of all municipal staff for their constant responsiveness shall produce the best for the community. The best is still to come.



Municipal Manager

C.A Nkuna



1.3. REPORT OF THE BUSHBUCKRIDGE LOCAL MUNICIPALITY AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2021

The Audit Committee is pleased to present its Annual Report for the financial year ended 30 June 2021.

1.3.1. Background Overview

The Audit and Performance Committee (the Committee) consisted of seven (7) members. The same members also constituted the Performance Audit Committee.

The Committee adopted its Terms of Reference in the year under review which sets out its fundamental roles and responsibilities as per the requirements of section 166 the Municipal Finance Management Act (MFMA) and requirements of sound corporate governance. The Committee's Terms of Reference were approved by the Council and, therefore, the Committee reports on the activities it has conducted, as per its Terms of Reference.

1.3.2. Membership And Meeting Attendance

The Committee comprised of the members mentioned below, and it has also met Seven (7) times during the year under review, as per the table below:

<i>Name of member</i>	<i>Attended</i>	<i>Apologies*</i>	<i>Total</i>
<i>Mr J. Ngobeni (Chairperson)</i>	7	0	7
<i>Mr A. Keyser</i>	7	0	7
<i>Ms P. Mokgope</i>	7	0	7

Name of member	Attended	Apologies*	Total
Mr J. Sithole (CASA)	1	Expired (31 August 2020)	1
Dr T Madzivhandila	5	Expired (31 May 2021)	5
Ms P. Ntuli (CASA)	6	(Appointed August 2020)	6
Adv. G. Khoza	6	(Appointed August 2020)	6

The municipality has appointed Ms G. Belington as the Chairperson of the Risk Management Committee. This Committee had three meetings for the 2020/2021 financial year.

1.3.3. Responsibilities of the Audit and Performance Committee

The Committee has conducted its affairs in compliance with Section 166 of the MFMA and its approved Charter and has advised the Municipal Council, the Political Office-bearers, the Accounting Officer, and the Management staff of the municipality in terms of the above-mentioned requirements.

1.3.4. Effectiveness of internal controls and compliance

The Committee has reviewed reports from Internal Audit on the adequacy and effectiveness of the internal control systems in the municipality. From the various reports of the Internal Audit, the Audit and Performance Committee can report that there are some weaknesses in the internal control systems of the municipality relating to non-compliance with legislation, policies, and prescribed procedures. Weak internal controls were mainly identified in the following areas:

- a) *Grant Management.*
- b) *Infrastructure Assets.*
- c) *Payroll Management.*
- d) *Migration of Rand Water to BLM*
- e) *Waste and Water Management.*
- f) *Municipal Finance Management Act Checklist.*
- g) *Occupational Health and Safety Management (Covid-19).*
- h) *Performance Management.*
- i) *Alignment of SDBIP, Budget and IDP.*
- j) *Governance Management.*
- k) *Inventory Management.*
- l) *Annual Financial Statement.*
- m) *Information and Communication Technology Management; and*
- n) *Supply Chain Management*

Action plans to implement the recommendations of Internal Audit were developed and are being implemented, as agreed to by Management.

The interim financial statements were not submitted for audit purposes because AGSA was still auditing the municipality by March 2021 for the financial year 2019/2020.

1.3.5. Effectiveness of Internal Audit Activity

The Committee has approved the Internal Audit Charter, the three-year rolling plan as well as the Annual Audit Plan for the financial year ended 30 June 2021. The Committee monitored and evaluated the implementation of the internal audit plan and provided feedback to management on the work performed by the Internal Audit unit. The Committee reports and confirms that the internal audit plan for the year ending 2020/2021 was not fully implemented due to the interim financial statements not submitted for audit purposes. The Committee commends the Internal Audit Unit for its commitment and perseverance in executing their functions.

1.3.6. Review of Annual Financial Statements

The Committee has reviewed the 2020/2021 annual financial statements of the municipality before submission to the Auditor General South Africa (the AGSA) for auditing and was

satisfied that they were accurate and complied with applicable reporting framework. The Committee reports that the municipality's unaccounted water losses, defaulting debtors and non-compliance with supply chain regulation remain a challenge to its financial viability.

The Committee further appreciated that the municipality managed to prepare annual financial statements in-house, without involving a service provider, an aspect that was commended by the Office of the Auditor General.

The Committee reviewed and recommended the approval of the Annual Financial Statements, and Council approved the statements for presentation to the AGSA at a Council sitting of 27 August 2021.

1.3.7. Performance Management

The municipality has systems in place to manage performance in line with the National Treasury Framework for Managing Programme Performance Information. Performance is reviewed periodically and reported as required. However, the municipality was not able to achieve all its planned objectives of service delivery due to late appointment of service providers and continuous closure of offices.

The Committee would like to impress upon management to pay more attention to the findings raised by the Internal Audit and Auditor General South Africa regarding performance information. More so, the Committee has impressed upon Management to ensure that all POEs are submitted for all performed activities.

1.3.8. Risk Management

The Risk Management Committee has been established by the Accounting Officer to review the municipality's system of risk management. The municipality was advised to develop clear guidelines and documented procedures to incorporate risk management into the municipality's strategic planning processes, and the development of performance measurements on an operational level to promote the integration of risk management into its day-to-day operations. While noting the above, the Audit and Performance Committee has noted the improvement by management in respect of Risk management issues. The Committee had also recommended to the Accounting Officer to ensure that Risk Management should be incorporated into the Performance Agreement of all the Section 56/57 Managers, for the purpose of adequate

implementation. The Committee further commended the Management for developing and incorporating the Covid-19 Risk Management Strategy into the Municipal functions.

1.3.9. The quality of In-year Management and Quarterly Reports

The Committee was gravely concerned with the late submission of reports to be discussed at Audit and Performance Committee meetings. Some of the reports were not checked for quality and correctness by Directors and the Accounting Officer. Despite quarterly advice to management to quality check their reports before submitting, some reports were still of a poor quality and lacked relevant information to enable the Committee to discharge its oversight role fully. The Committee insisted that Management must ensure that all reports submitted are quality checked before submission to every meeting.

1.3.10. Auditor General South Africa (AGSA)

The Committee was satisfied that the staff members of the AGSA who conducted the audits were independent of the municipality. The Committee concurs with and accepts the conclusion and the audit opinion of the AGSA on the annual financial statements and recommends that the audited annual financial statements be read together with the audit report issued by the AGSA

1.3.11. Conclusion and appreciation

The Committee wishes to express its appreciation to the Executive Mayor, the MMC Finance, Chairperson of MPAC, the Municipal Manager, Directors and their teams for their courtesy and kind assistance during the financial year. The Committee further wishes to encourage Management to ensure that all findings identified during all internal audit exercised, are addressed adequately to avoid any recurrences.

On behalf of the Audit Committee

Chairperson of the Audit Committee:

Mr J. Ngobeni

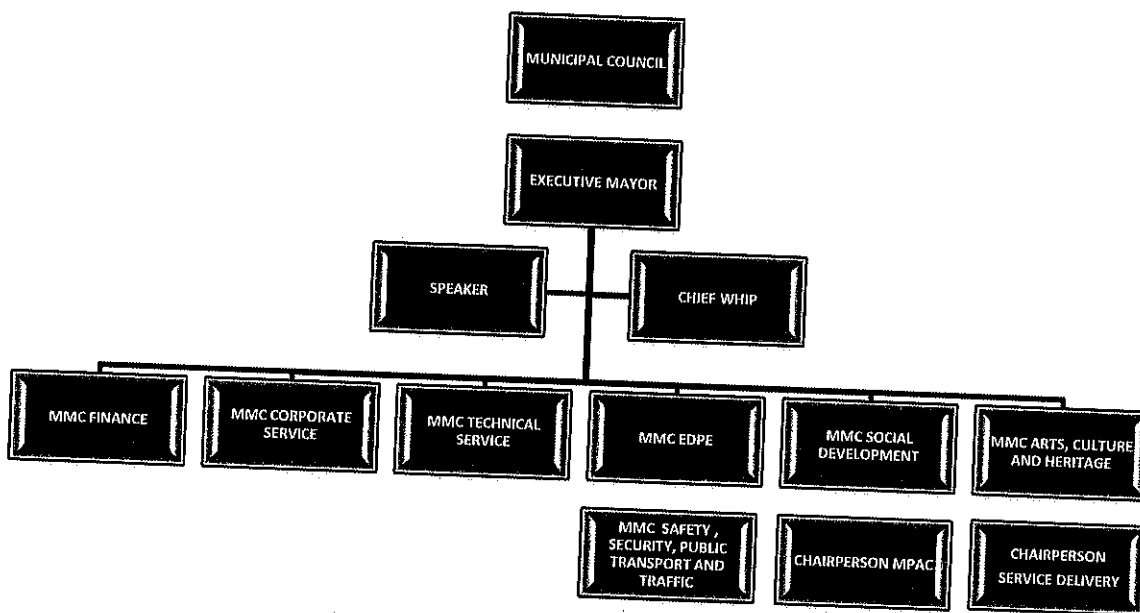
CHAPTER 2: GOVERNANCE

The governance structure in this Annual Report is divided into four sections:

- Component A: Political Governance Structure
- Component B: Socio-Economic Profile
- Component C: Service Delivery Performance
- Component D: Organisational Development Performance

2.1 COMPONENT A: GOVERNANCE STRUCTURE

2.1.1. POLITICAL GOVERNANCE STRUCTURE



2.1.1.1. LIST OF COUNCILLORS IN 2020/2021

Executive Mayor: Nxumalo Cecilia Sylvia

Speaker: Cllr Raganya Ruth

Chief Whip: Cllr Malomane Leonard Mphikeleli

- SOCIAL DEVELOPMENT COMMITTEE

MMC: Cllr Mokoena Butinyana Krisjan

Members

Cllr Nkuna Lot Mkhungeni
Cllr Khoza Luzile Engrate
Cllr Maatsie-Mlambo Vernecia Thandiwe
Cllr Mnene Filita
Cllr Mathebula Mavis
Cllr Tivane Nelson Wisane
Cllr Thobakgale Hamilton Phillip (Expelled November 2020)
Cllr Mnisi Canuel

- CORPORATE SERVICES

MMC: Cllr Mathebula Sylvia

Members

Cllr Malibe Lebelelang Reineck
Cllr Malibe Tiny Dikeledi
Cllr Shilane Michael Phili
Cllr Mathebula Asnath Maduva
Cllr Mbhandze Freddy
Cllr Mnisi Mkoli Louis
Cllr Malahle Canny
Cllr Molobela Cedrick
Cllr Makhubedu Tshidiso

- SPORTS, ARTS, CULTURE AND HERITAGE

MMC: Cllr Nkuna Busani Violet (Deceased January 2021)

Members:

Cllr Siwela Punkie Florence
Cllr Sebatane Grinos
Cllr Zitha Robert Secheni
Cllr Gumede Malamule Prince
Cllr Phelepe Martina Sphelele
Cllr Mokoena Patrick Delta
Cllr Khumalo Selina
Cllr Malatjie Pitso

- FINANCE AND SUPPLY CHAIN

MMC: Cllr Selowe Phineas Tinyiko

Members:

Cllr Nxumalo Themba Arnold (deceased May 2021)
Cllr Ngomane Thembinkosi William
Cllr Mzimba Virginia Nkhensani
Cllr Mhlaba Rabie Shikwavo
Cllr Gubayi Patricia
Cllr Malope Shila Motlagomang
Cllr Qhibi Rhulani
Cllr Pilane Khunjulwa Pearl
Cllr Ndlovu Mavis Lorraine
Cllr Mthombeni Leonard
Cllr Chadi Surance
Cllr Hlatshwayo Welcome
Cllr Matjie Linky

- TECHNICAL SERVICES

MMC: Cllr Malandule Bhunu Witness

Members:

Cllr Nyundu Eckson Mbanzu
Cllr Sambo Gram Lefokisi Donald
Cllr Mdluli Duladula Vanryn
Cllr Mathebula Obed
Cllr Mkansi Winny Meriam
Cllr Seerane Allios
Cllr Mhaule Luther
Cllr Dube Inkie

- ETHICS COMMITTEE

Speaker: Cllr Raganya Ruth

Members:

Cllr Khoza Luzile Engrate Whip
Cllr Malibe Tiny Dikeledi
Cllr Ndlovu Mavis Lorraine

Cllr Mathebula Mavis
Cllr Makhubedu Tshidiso

- MPAC COMMITTEE

Chairperson: Cllr Mapiyeye Mandla Adolph

Members:

Cllr Dube Khangezile Inkie
Cllr Mashava Ivy Shadow
Cllr Malope Shila Motlagomang
Cllr Tivane Nelson Wisane
Cllr Mzimba Virginia Khensani
Cllr Mnisi Mkoli Louis (Whip)
Cllr Sihlabela Helman Ezekiel
Cllr Mthisi Cutberry Robert
Cllr Mnisi Freddy

- WHIPERY COMMITTEE

Chief Whip: Cllr Malomane Leonard Mphikeleli

Chairperson: Cllr Mhaule Sydwele

Secretary: Cllr Mathebula Girly

- AGENDA COMMITTEE

Cllr Malebe Reineck

Cllr Mhlaba Rabie Shikwavo

Cllr Mashaba Ivy

Cllr Thabane Nonhlanhla

- SERVICE DELIVERY COMMITTEE

Chairperson: Cllr Malebe Reineck

Cllr Ngomane Thembinkosi William

Cllr Mathebula Asnath Maduva

Cllr Sambo Gram Lefokisi Donald

Cllr Malatjie Owen

Cllr Nyundu Eckson Mbanzu

Cllr Thabane Nonhlanhla Priscilla

- COMPILATION OF MONTHLY REPORTS

Cllr Malebe Reineck

Cllr Mhlaba Rabie Shikwavo

- BUDGET AND TREASURY STEERING COMMITTEE

Chairperson: Cllr Nxumalo Sylvia

Cllr Raganya Ruth

Cllr Malomane Leonard Mphikeleli

Cllr Selowe Phineas

- LABOUR FORUM

Cllr Mathebula Sylvia

Cllr Malebe Reineck

Cllr Malomane Leonard

- ENVIRONMENTAL DEVELOPMENT PLANNING AND ECONOMIC AFFAIRS

Chairperson: Cllr Lekhuleni Lizah

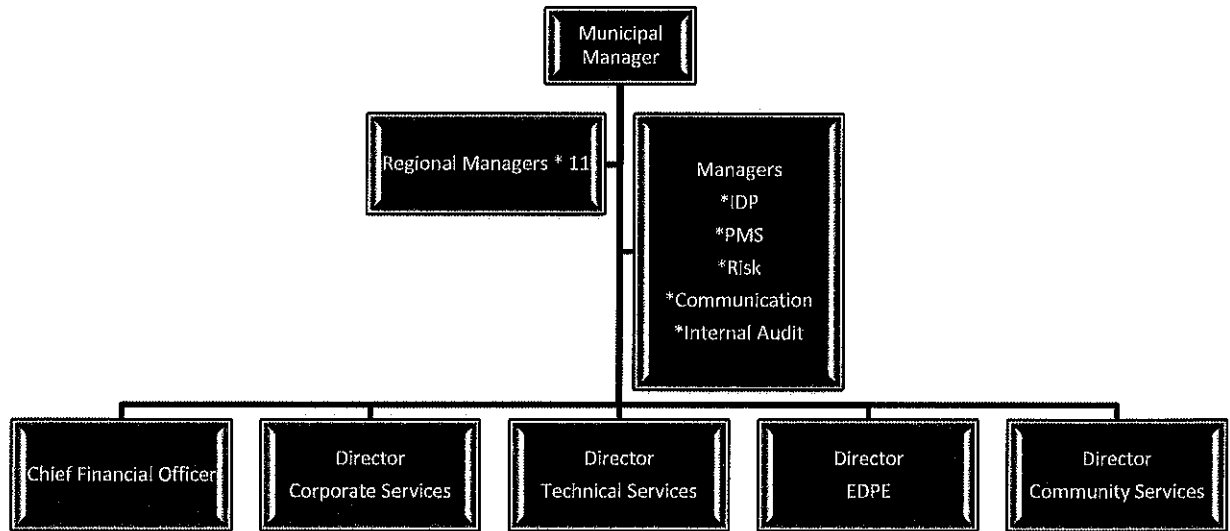
Cllr Sihlabela Helman Ezekiel
Cllr Makhubela Oscar Samson
Cllr Mthombeni Isaiah Leonard
Cllr Mangani Matthew
Cllr Thabane Nonhlahla Priscilla
Cllr Maatsie-Mlambo Venecia
Cllr Moraba Bafedile Festa
Cllr Mashava Ivy
Cllr Mashile Elsina (Expelled September 2020)

- PUBLIC SAFETY, DISASTER MANAGEMENT AND DLTC

Chairperson: Cllr Girly Mathebula

Cllr Leshaba Pienaar
Cllr Mangani Matthew
Cllr Nonyane Dudu Constance
Cllr Ndlovu Mavis Lorraine
Cllr Maunye Micca
Cllr Chiloane Lesiba Billy
Cllr Mathebula Glory
Cllr Pilane Khunjulwa Pearl
Cllr Malomane Suzan
Cllr Moropane Godfrey
Cllr Namane Chutie

2.1.2. ADMINISTRATIVE GOVERNANCE STRUCTURE



2.2. COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2.1. SOCIO-DEMOGRAPHIC PROFILE

The information contained in this section provides an understanding of the key social, economic, physical, and environmental features of the Municipal area and their impact on spatial and sustainable development.

The precise Bushbuckridge population statistics remains a challenge and the statistics on this report are based on the information provided by Statistics South Africa.

2.2.2. POPULATION SUMMARY

The population of Bushbuckridge Local Municipality was 545 811 according to the Statistics South Africa 1996 Census, then the 2001 census shows that there was decrease to 500 128 in population. There was an increase in population in the 2011 census as the number rose to 541 248.

The Mpumalanga Socio Economic Report conducted by the department of economic development has projected population of Bushbuckridge municipality at 572 263 in 2020. And this shows that the municipality is the 3rd largest population among Local Municipalities, with 10.3% of Mpumalanga population. Contributing factors might be the fertility & mortality rates, migration, and influx to increase residential and business development in the municipality as a result of neighbouring countries such as Mozambique and Zimbabwe.

The overall unemployment rate was 53.9%, with a very high youth unemployment rate of females of 51.7%. The population of the BLM has been affected by the HIV & AIDS pandemic that plunged the municipality into poverty and child-headed families. The level of unemployment according to the results for community survey indicate that 67 152 people are unemployed. The municipality has therefore developed an indigent register to respond to the poverty and unemployment rate of Bushbuckridge Local Municipality citizens.

2.3. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3.1. PUBLIC MEETINGS

Bushbuckridge Local Municipality developed a process plan for the development of the IDP for 2020/21. The process plan was circulated internally to directorates for comments and inputs before it was adopted by Council. The Municipality advertised the public meetings as per the MSA no. 32 of 2000. Ward councillors were requested to inform all the stake holders in their wards. Traditional leaders, community members, NGOs, Parastatals, and Sector Departments were invited to attend the public meetings.

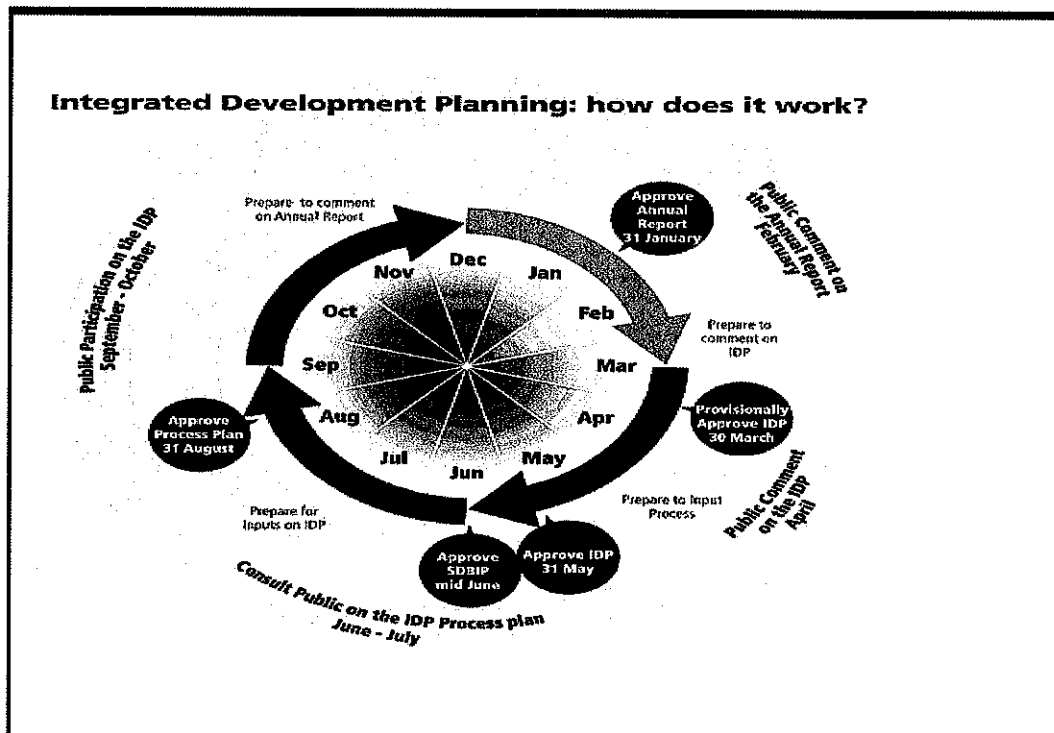
2.3.2. IDP PARTICIPATION AND ALIGNMENT

The municipality conducted extensive Community Based Planning and GIS mapping. The process was inclusive of major stakeholders in the municipal area. Ward Councillors, ward committees and CDWs were requested to review their Community Based Planning documents in consultation with the community.

2.3.2.1. THE IDP PROCESS

The figure below highlights the IDP 2020/2021 process that was adopted by the municipality.

Figure: IDP Process



2.3.2.2. IDP Performance Report Matrix

The processing of the Integrated Development Planning process during 2020/21 was done as follows:

2.3.2.2.1. Approval Phase

The 2020/21 (Draft) IDP was tabled to all portfolio committees, Mayoral committee on the 17 March 2020 and to Council on the 29 March 2020 with council resolution **(BLM132/29/03/19/2018/2019)**. After the adoption of the draft document, the municipality started with the advertising process of the public participation dates and the draft document. The document has been placed on the municipal website and in all 11 regional offices of the municipality. The final IDP document was approved on the **29 May 2020** with Council resolution number: **BLM105/29/05/2020/2019/2020**

IDP PERFORMANCE STATEMENT	YES	NO	REMARKS
IDP approved by Council and implemented	√		Adoption date 29 May 2020
Approved IDP seen as the single, inclusive, and strategic plan for the municipality	√		IDP aligned with Budget and SDBIP 2020/2021
IDP prepared within set timeframes, is the approved IDP seen as the single, inclusive, and strategic plan for the municipality	√		IDP 2020/2021 implementations to end on June 2021.
IDP includes all core components of MSA	√		MSA 2000 Chapter 5
The community needs to be prioritised at ward level	√		Public Participation Processes

SDF approved (date) prior to IDP approval by Council	√		SDF approved in 2017
Sector plans were prepared and included in the IDP	√		6 Sectoral plans attached on IDP
IDP process plan	√		BLM105/29/05/2020/2019/2020
IDP resolution number	√		BLM105/29/05/2020/2019/2020

2.3.2.3. IDP Achievement

The 2020/2021 IDP met all the requirements set- out by COGTA, and it was regarded as a credible IDP document.

The municipality managed to address all the issues and gaps identified during the development of the IDP and the Sectoral plans. For this reason, two sectoral plans were reviewed in the 2020/2021 financial year, and these are the Municipal LED strategy and the disaster management plan. The Comprehensive Infrastructure Plan (CIP) that consists of the water plan, roads plan and sanitation plan as well as the SDF review and ensuring that the environmental plan and the human resource strategy are in place, and they were reviewed during 2020/2021.

During the planning process, the ward committees, Councillors and CDWs, traditional leaders, NGOs and sector departmental representatives were present to represent all the 38 wards. The steering committee prioritized all needs and projects were formulated out of the identified needs. The technicians did the projects' cost estimates on the IDP under the Project Management Unit.

Council approved the 2020/2021 IDP document on the 29th of May 2020 and it was submitted to the MEC of Cooperative Governance and Traditional Affairs for comments.

2.3.2.4. Challenges on IDP processes

The Municipal experienced the following challenges during the implementation of the IDP process plan:

- Lack of Intergovernmental Relations Forums.
- Poor participation of sector departments on IDP forums that resulted in a lack of integration of plans between the municipality and sector departments.
- Poor communication between the sector departments and the municipality that resulted in planning disjointedly.
- Inadequate funding to implement the IDP and to respond to the basic service needs of the communities.
- Project costing and budgeting
- Non-availability of funds to fund capital projects
- Poor revenue collection

2.4. COMPONENT D: CORPORATE GOVERNANCE

2.4.1. RISK ASSESSMENT

The Risk Management Committee has been meeting regularly on a quarterly basis under the independent chairperson appointed by the Accounting Officer. Risk assessments of all departments were completed and measured to mitigate all risks internally and externally. Action plans both strategic and operational were developed to monitor, manage, and mitigate the risks.

The Accounting Officer established OHS Covid-19 committee in line with Covid-19 regulations announced by President Cyril Ramaphosa. The OHS Committee has been meeting and issuing reports regularly. The committee also managed to develop OHS Covid-19 Risk Assessment for the year ended 30 June 2021.

2.4.2. ANTI-CORRUPTION AND FRAUD

In the year 2020/2021, the municipality developed Anti-Corruption Strategy and Fraud Prevention Plan because of the expressed commitment by Government to fight corruption. Fraud represents a significant potential risk to the Bushbuckridge municipality assets, service delivery efficiency and reputation.

2.4.3. INTERNAL AUDIT

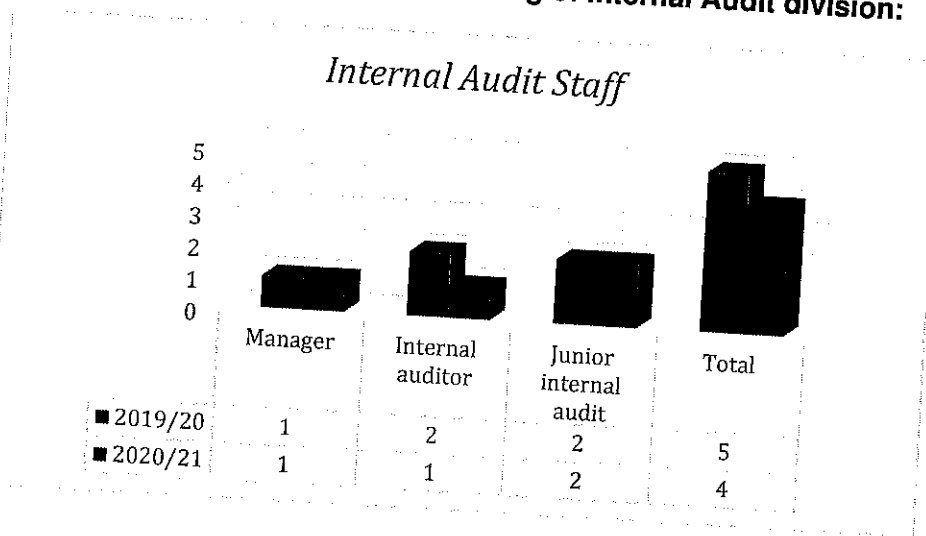
2.4.3.1. BACKGROUND

The municipality has its own internal audit unit. Internal audit addresses in particular, issues of governance, risk management and internal control. The Internal Audit functions independently and it is headed by a manager who reports administratively to the Municipal Manager and functionally to the Audit and Performance Committee. Internal Audit assignments performed in-house and co-sourced.

2.4.3.2. COMPOSITION OF INTERNAL AUDIT

To provide a focused and industry-specific audit service, the Internal Audit section has a dedicated team of auditors that provide internal audit services. The benefit of this set up is that the municipality receives advice from internal auditors who are well acquainted with systems and processes within the municipality. Internal Audit performs its duties according to its approved charter, which is reviewed on an annual basis

The graph below presents the staffing of Internal Audit division:



2.4.3.3. INTERNAL AUDIT SCOPE OF WORK

The scope of work of the Internal Audit is to determine whether the municipality's risk management, control, and governance processes, as designed and represented by management, is adequate and functions in a manner to ensure that the following aspects are addressed:

Risks are appropriately identified and managed.

- a) Appropriate reporting and communication with the various governance groups occurs effectively.
- b) Significant financial, managerial, and operating information is accurate, reliable, and timeous.
- c) Significant financial, managerial, and operating information is accurate, reliable, and timeously.
- d) Employees' actions are following policies, standards, procedures and applicable laws and regulations.
- e) Assets are safeguarded, used efficiently, adequately protected and verified.
- f) Resources are acquired economically, used efficiently, and are adequately protected.
- g) Economic and efficient management of the entity's financial, human, and other resources and the effective conduct of its operations.
- h) Programs, plans and objectives are achieved.
- i) Quality and continuous improvement are fostered in the municipality's control process.
- j) Significant legislative or regulatory issues impacting on the municipality are recognized, addressed appropriately and timeously and compliance is ensured.

2.4.3.4. INTERNAL AUDIT WORKING HOURS

Table below reports the working hours of internal auditors during 2020/2021 financial year.

AUDIT PERFORMANCE ACTIVITIES	HOURS	OUTCOME
Re-Visiting Current Risk Profile and Priorities	8	Satisfactory
Compiling Strategic Audit Plan and Annual Plan	24	Satisfactory

Performance Audits (PMS/IDP/SDBIP)

First Quarter	100	Satisfactory
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AUDIT PERFORMANCE ACTIVITIES

	HOURS	OUTCOME
Second Quarter	80	Satisfactory
Third Quarter Ending March	100	Satisfactory
Fourth Quarter	100	Satisfactory
Alignment of SDBIP, IDP and Budget	100	Unsatisfactory

Follow Up Audits

Action Log	320	Unsatisfactory
Ad-Hoc Audits	400	Unsatisfactory

Finance

Assets Infrastructure Management	380	Unsatisfactory
Supply Chain Management	740	Unsatisfactory
DORA Compliance review	100	Satisfactory
MFMA	100	Satisfactory
Annual Financial Statement	40	Satisfactory

Corporate Services

Leave management	320	Unsatisfactory
Payroll Management	300	Unsatisfactory
Information and Communications Technology	200	Unsatisfactory
Occupational Health and Safety Management (Covid-19)	420	Unsatisfactory

AUDIT PERFORMANCE ACTIVITIES

HOURS	OUTCOME
-------	---------

Technical Services

Water and Sanitation Management

260	Unsatisfactory
-----	----------------

Office of The Municipal Manager

Governance

300	Satisfactory
4360	

Total Hours

2.4.3.5. OPERATIONAL PLAN

2.4.3.5.1. Risk-Based Audits

The objectives of risk-based types of audits are to evaluate the adequacy and effectiveness of controls in respect of key risks and business processes (linked to the strategic objectives and prioritised organisational risks of the Department).

The municipality's Risk-Based Audit plan is developed separately for each Directorate based on the Directorate's identified risks and risk profile as assessed by the municipality's management team.

A risk assessment was performed in May/June 2020. The municipality's Annual Internal Audit plan is based on the results of the Directorate's risk assessment workshops held. The results of the risk assessments were recorded and summarised in a risk matrix report to provide a holistic view of risk and the planned internal audit assurance to be provided to the municipality. The output of the risk assessment process was used to develop the Rolling 3 Year Strategic Internal Audit Plan, as required by Treasury Regulation 3.2.7, by:

- Identifying and allocating a priority ranking to the respective risk areas.

- Based on experience, establishing the need and appropriateness for the specific types of audits/reviews.
- Assessing the level of audit skills required and estimating resources required for each type of audit/review.
- Determining the timing of the respective audits/reviews.

The Risk- Based Audit Process Includes the Following:

Preparing/updating the process documentation to extend the understanding of the process. This includes.

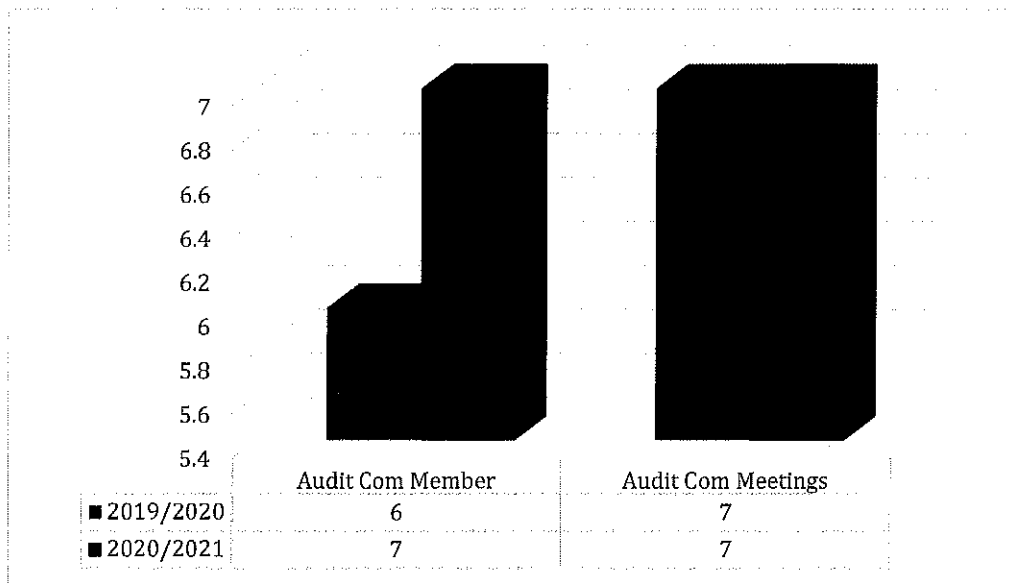
- The identification of the process-level objectives, risks and controls
- Evaluating and testing the controls currently in place
- Confirming the factual correctness of findings with management
- Reporting recommendations for improvement of controls where applicable, and
- Assessing management's corrective actions.

The following were also done during the financial year

- Review of the Audit Committee Charter.
- Review of the Internal Audit Charter.
- Review of the Internal Audit Manual.
- A continuous professional development plan was adopted at the beginning of the financial year and was implemented.

2.4.3.6. FUNCTIONING OF THE AUDIT COMMITTEE

An Audit and Performance Committee was successfully established comprising of external members and effectively function. An Audit and Performance Committee Charter was approved and adopted by Council and the respective number of meetings held as per graph below:



2.4.3.6.1. Audit Committee Members

Mr Ngobeni Jasper- (Chairperson)

Ms Sithole Khethiwe (CA) SA -(Member)
Mr Keyser August- (Member)
Ms Mokgope Phetego -(Member)
Dr Madzivhandila Thanyani -(Member)
Ms Patience Ntuli (CA)SA)-(Member)
Adv. Geraldine Khoza- (Member)

2.4.3.6.2. Conclusion

This report serves as an achievement by the Municipality to report progress made in terms of service delivery KPAs and other related KPAs discussed in the report. The management of the BLM has ensured accurate reporting and submission of accurate data that made it possible for the PMS Unit to consolidate and report against the five Key Performance Areas. It is anticipated that this report will do justice to the situation on the ground and that it will achieve what it set out to achieve.

2.4.4. MUNICIPAL OVERSIGHTS COMMITTEES

The Annual Report highlights that the Municipal Council has played its oversight role and conducted all ordinary Council sittings and two special Council sittings during the 2020/2021 financial year. The approved Municipal IDP remained the primary tool that guided and informed planning, budgeting, managing, and making informed decisions in the municipality. The Municipal Council capacitated the MPAC to execute its oversight role and took action to address financial and administrative challenges.

Council developed and adopted sectoral plans for the smooth implementation of the IDP. The implementation of Council resolutions and reports were submitted to Council quarterly to update Council about status of all resolutions. The Municipal Council received reports from the audit committee for functionality and responsiveness on financial and performance management of the BLM

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1. BACKGROUND

This section presents the overall performance of the BLM across all the service delivery lines offered by the Municipality in terms of the Key Performance Areas.

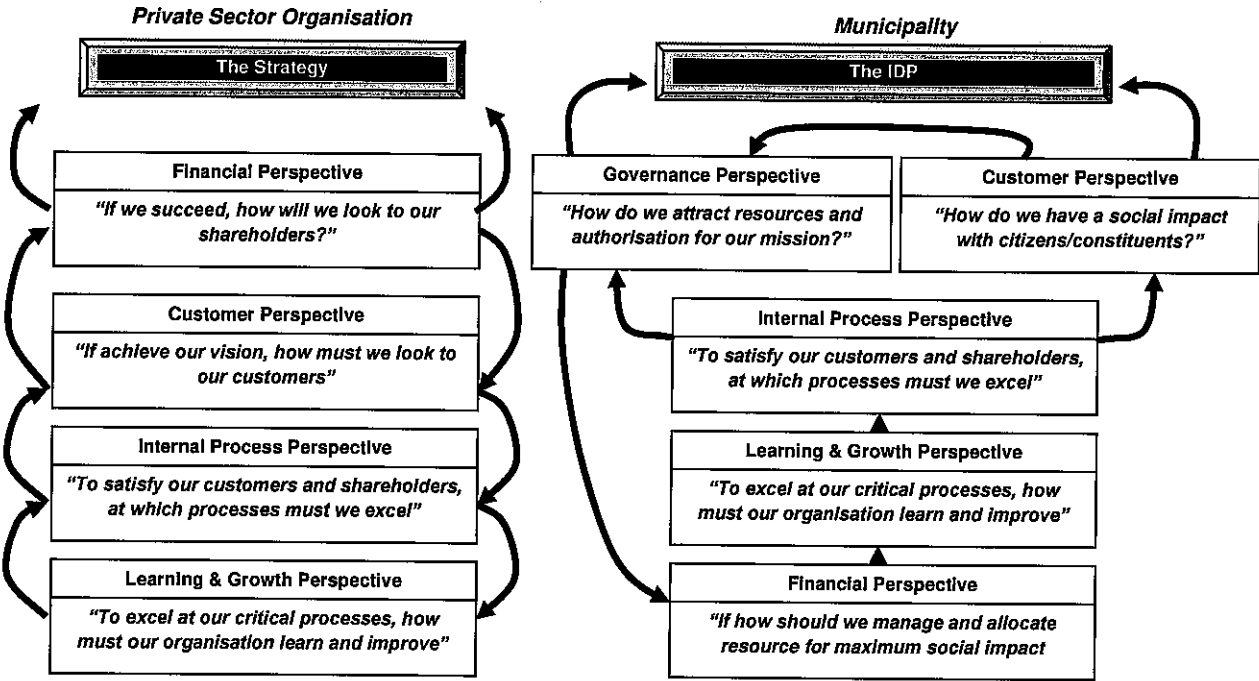
- i. Municipal Transformation and Organizational Development
- ii. Infrastructure Development and Delivery
- iii. Local Economic Development (LED)
- iv. Municipal Financial Viability and Management
- v. Good Governance and Public Participation

3.2. PERFORMANCE MANAGEMENT

Bushbuckridge Local Municipality adopted the Balanced Scorecard for monitoring the implementation of the IDP. The organisation scorecard for the 2020/2021 financial year has been developed and designed in accordance to the balanced score card principles, National treasury guidelines and best practices. The municipality based its 2020/2021 SDBIP on the approved IDP and budget.

The municipality approved the 2020/2021 SDBIP and revised it during budget adjustments. The Accounting Officer and the members of the Mayoral Committee conducted quarterly performance reviews. Internal workshops were conducted to capacitate employees to develop measurable indicators and compilation of performance portfolios of evidence.

The below figure illustrates the balanced scorecard model that the municipality adopted:



3.2.1. The Performance Management Process

The figure below presents the process followed by the municipality to manage its organisational performance. The planning processes were completed on time. Reasons for variance and remedial measures have been reported for each project on the Annual Performance Report 2020/2021

Performance Framework	Performance Management Committee	RUS		Annual Performance Report				
		S56 appointees	All Staff	Performance agreements signed	Comparisons previous FY	Service delivery priority	Performance targets	Improvement measures
		✓	✓	✓	✓	✓	✓	✓

3.2.2. Challenges For the Performance Management Process

The PMS unit managed to fill the position of OPMS officer which was vacant in the previous financial year. Filling of the vacancy improved the performance of the unit. PMS unit further experienced a reduction in its human capacity in the financial year under review due to resignation of the unit Manager.

3.2.3. Remedial Actions

- The municipality will follow the guidelines provided by the National Treasury in setting its performance standards and targets.
- The municipality will fully utilise the electronic performance management system.
- The municipality will prioritise the filling of critical positions with suitable and qualified officials to improve service delivery and proper monitoring of the performance.
- The senior management of the municipality must prepare monthly reports in line with the SDBIP to detect poor performance on time.

3.3. SERVICE DELIVERY PERFORMANCE: INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICE DELIVERY

3.3.1. INTRODUCTION

Performance Analysis reflects that the municipality has managed to carry out its mandate by ensuring that infrastructure projects, as well as operation and maintenance programmes as guided by the IDP were implemented.

This section of the report addresses progress made; challenges experienced as well as interventions undertaken by the municipality.

3.3.2. RENDERING OF FREE BASIC SERVICES

3.3.2.1. Free Basic Electricity

The municipal council approved 2 307 indigent household beneficiaries and was submitted to Eskom for implementation. In the 2020/21 financial year, the indigent households benefited 50 units of free basic electricity every month.

3.3.2.2. Free Basic Refuse

In 2020/2021, The municipality procured a skip loader truck, compactor truck, 300 households bins and 15 skip bins. The total households that received waste removal services were 43 102 by the end of 2020/2021.

3.3.2.3. Free Basic Water and sanitation

The municipality provides water to villages without formal water reticulation through water tankers and boreholes. All households benefited from the free 6kl water as per the Water Services Act. The municipality provided 1500 ventilated improved pit latrines (VIP) by end of 2020/2021 to households in villages without waterborne sanitation.

3.3.2.4. Challenges on Service Delivery

- The Municipality regularly encounters infrastructure vandalism, especially with water infrastructure, e.g., unauthorized water connections and theft of borehole equipment.
- High water losses in the Municipality caused by aged infrastructure that needs special attention with a budget to rectify the problem.
- Infrastructure backlogs are still high in most settlements, and it will still take more time to eradicate them due to insufficient budget or funds.
- Basic infrastructure development is dependent only on grants funding which is limited.
- There is very limited yellow fleet to mend the Municipality's gravel roads and utilization in the maintenance of water and sanitation infrastructure
- High illegal dumping

3.3.3. IMPLEMENTATION OF SECTION 78 RECOMMENDATION

The Municipality has taken over the bulk water supply function from Rand Water as from the 1st of July 2019, and 137 employees who were directly involved with the provisioning of bulk water supply were transferred to the Municipality. The Municipality has reviewed its organogram in line with section 78 recommendations.

The water services are divided into three Schemes: 1. Inyaka Acornhoek Scheme, the Scheme Manager will be located at Inyaka Treatment Works. 2. Thulamahashe Ludlow Scheme, the Scheme Manager will be located at Thulamahashe Regional Office. 3. Mkhuhlu Marite Scheme, the Scheme Manager will be located at Mkhuhlu Regional Office. The Municipality has started with the process of registration of all Water Treatment Works and

Wastewater Treatment Works with the IUCMA. The draft water service by laws has been approved by Council for public consultation and Gazetting.

3.3.4. HOUSING PROJECTS

The Municipality has limited responsibilities when it comes to housing provision, which includes beneficiary management of the applications and building inspections. The beneficiary list is updated on regularly basis due to the backlogs and changes on residents' status.

3.3.5. ROADS/STREETS AND CONSTRUCTION OF BRIDGES

3.3.5.1. Status quo

The Municipality has an approximate total length of 4 640 km network of roads or internal streets, which approximately 91.9% (4 266 km) is gravel streets and 8.1% (374km) is asphalt surfaced and paved. The Municipality has re-gravelled access streets that lead to graveyards, clinics and schools through the Routine Maintenance Program and Municipal Support Program. The Municipality has completed nine (9) internal streets with 22.10 km during 2020/21 financial year.

3.3.5.2. Challenges and possible solutions /improvement measures for roads and streets projects

CHALLENGES	SOLUTIONS/ IMPROVEMENT MEASURES
i. Insufficient human resources to maintain roads infrastructure and monitor maintenance projects	i. Filling of vacant positions in the road's unit including heavy machinery operators.
ii. Insufficient machinery to maintain gravel roads	ii. Additional procurement of machinery
iii. A huge backlog of unsurfaced roads	iii. Development of roads master plan
iv. Poor storm water drainage system within the R293 towns	
v. Unavailability of roads master plan	

3.3.6. PROVISION OF PUBLIC LIGHTING

The municipality has erected 65 high masts lights in 2020/21 financial year, but were all not energised due to insufficient budget to pay Eskom. Energizing will be done in the next financial year

3.3.6.1. Electrification of Households

The Municipality did not implement electrification projects in the financial year 2020/21.

3.3.7. PUBLIC AMENITIES

- I. The services of public amenities are allocated to different regional offices. Communities are applying for utilisation of Municipal sports fields and halls and payments are enforced as per the Municipal tariff policy.
- II. The Municipality has practically completed the construction of Acornhoek Sport Facility phase 1, with artificial pitch scope of work, Subsoil drainage and retaining wall.
- III. The municipality has planned to continue with phase two of the project of which the scope of work will include amongst other, the construction of grandstands, athletic tracks, ablution blocks, change rooms, septic tank, and sewer reticulation, storm water management, parking, guardrooms, offices, and fencing.
- IV. The municipality has appointed a contractor for maintenance of Thulamahashe Stadium in the financial year 2020/21 and works are expected to be completed by 2021/22.

3.3.8. ACCESS TO WATER

Bushbuckridge Municipality has an estimated total number of 180 000 households of which 142 203 households had access to water at the end of 2020/21 financial year. The Municipality has reduced the backlog in the financial year 2020/21 by 11 607 households.

3.3.9. SANITATION

The Municipality has completed 1500 VIP from different wards by June 2021, with 1200 completed in 2019/2020 and 300 2020/2021 respectively. The upgrading of Maviljan Wastewater Treatment Works was at 60% construction progress by June 2021 and has an estimated completion date of November 2021. The upgrading of Mkhuhlu wastewater

treatment works was at 25 % construction progress by end of June 2021 and is estimated to be completed by October 2021.

3.3.10. PROGRAMME GOALS AND OBJECTIVE ON MIG

The MIG programme is about planning and delivering Municipal infrastructure basic services. It is an integral part of the infrastructure development function of a Municipality. The objective of the MIG programme is to provide all citizens with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor.

3.3.11. LIMITATIONS AND WEAKNESSES

- i. The funds can't be used for maintenance.
- ii. It is mainly utilised for basic infrastructure in previously disadvantaged areas
- iii. Building new infrastructure and rehabilitating existing infrastructure (i.e. reconstruction of infrastructure which has reached its lifespan)

3.3.12. SERVICE DELIVERY CHALLENGES

- i. Insufficient budget to address all basic services backlog
- ii. Aged workforce especially on water services
- iii. insufficient yellow fleet
- iv. high vacancy rate

NUMBER	LIMITATIONS AND CONSTRAINTS
1	Community and labour strikes
2	Late completion of projects by service providers



3.3.13. REMEDIAL MEASURES

NUMBER	MEASURES TO BE TAKEN BASED ON LESSON LEARN
1	The community should be fully engaged/involved from start to finish of the projects to avoid strikes.
2	Penalties should be applied to service providers that fail to complete projects on time

3.4. LOCAL ECONOMIC DEVELOPMENT AND PLANNING

3.4.1. INTRODUCTION

This section of the report set out to evaluate the performance of municipality in the development and implementation of LED strategy as well as in the development of structures required to meeting the challenges.

The 5-year local government strategic agenda requires that all provinces conduct LED capacity assessments of all their municipalities. The municipality successfully conducted both a capacity assessment and status quo report of LED unit. To this end, the report reveals that the municipality has reviewed its LED strategy and is under implementation besides the challenges and constraints experienced.

Bushbuckridge Local Municipality has a decisive and impenitent role to play in shaping its economic destiny. Local Economic Development (KPA 3) is listed as one of the five key performance areas in the local government system. It has been proven that investment can only take place where the potential and competitive advantages of the various local economies are mapped and harnessed, known and exploited. The municipality play a critical role that entails harnessing diverse stakeholders for the realisation of the economic development of the area and implementation of LED strategy and plans.

3.4.2. ECONOMIC DEVELOPMENT

Economic development remains amongst the priority areas of the municipality due to the unacceptable levels of poverty and unemployment in the area.

Regulations of Informal Trading: Over the previous years, there has been mushrooming of informal trading within the municipal area. Although the sector contributes positively to job

creation and poverty alleviation, it is necessary to ensure some support and control for purposes of proper management and sustainability. As a result, the municipality identified and prioritized the need to regulate this sector by developing an informal trading policy and business trading by-laws in this regard.

3.4.3. PROGRESS

There has been some improvement in the implementation of LED strategy and job creation. Performance of the Directorate has been reported on the annual performance report 2020/2021.

3.4.4. NUMBER OF JOBS CREATED THROUGH LED AND INFRASTRUCTURE PROGRAMMES

Job creation is one of the important indicators of LED. The table below reflect the total number of jobs created in three financial years. Reasons for variances on job creation are reported on the annual performance report 2020/2021

Financial Year	PLANNED	ACTUAL
2018/2019	3000	3719
2019/2020	4000	3736
2020/2021	3000	4217

3.4.5. STRUCTURE & LOCATION OF LED UNITS WITHIN THE MUNICIPALITY

The LED National Framework 2006 to 2011 requires that LED must be strategically located within the municipal organogram, as part of the municipal Key Performance Area (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery). The current positioning of the LED unit is in line with the LED National Framework. The table below reflect key functions performed by this unit during 2020/2021 financial year.

Economic research
Growth and Development Strategy in the process
of being developed

✓	
✓	

Projects profiled in the LED Strategy for implementation

LED planning, implementation and monitoring

Investment, business promotions and summits

SMME/ Cooperative support and skills development

Tourism sector promotion through workshops and awareness

✓	
✓	
✓	
✓	
✓	

3.4.6. PORTFOLIO COMMITTEES AND LED FORUMS

Political leadership is very important in playing an oversight role for the implementation of LED in municipalities. Section 79 of the Municipal Structures Act allows a municipality to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard. The municipality has 5 section 79 committees, and they are all functional.

The table below represents the status quo in terms of aligning LED with relevant fundamental structures:

3.4.6.1. LED PORTFOLIO COMMITTEE / FORUM

	2019/2020	2020/2021
Establishment (Portfolio)	Yes	Yes
Functionality (Portfolio)	Yes	Yes
Establishment (Forum)	No	No
Functionality (Forum)	No	No



3.4.7. CHALLENGES EXPERIENCED BY EDPE DIRECTORATE

Adequate implementation of the LED strategy is weakened by slow process of releasing land for economic development and lack of the LED forum. Almost 90% of the land in the municipal area is under traditional authorities which is deemed communal land. Potential land for economic development is under land claim. Both processes of leasing, land release and restitution has got lengthy processes which frustrates investment and the municipality. Misunderstandings and lack of capacity for the leadership of claimants and traditional authorities to drive these processes remains a challenge. This is further constrained by the processes which the regional land claims commission must undergo in facilitating land restitution. Non-release of portions of land by DALRRD puts the land formalisation processes to a halt, which frustrates the issuing of title deeds to households and revenue collection.

The table below reflect the critical challenges the municipality encountered on EDPE Directorate.

Project funding and support by sector departments
No credible bankable business plans for critical projects to attract investors
Land invasion
Insufficient SMME development and support
Slow processes on land claims and land acquisitions
Lack of the LED forum
Understaffed LED unit

3.4.8. EDPE IMPROVEMENT MEASURES

Below table, reflect the mitigating factors toward the above-mentioned challenges.

<p>Improve stakeholder coordination (Department of Land Affairs, COGTA and Traditional Authority)</p> <p>Seek commitment on allocated project funding and projects monitoring by sector departments.</p> <p>Conduct investors' summit and development of bankable business plans for critical projects</p> <p>Conduct intensive feasibility study (research) for BLM Economic Development Agency</p> <p>Fast track land claims processes by DALRRD and release of land portions to the municipality.</p> <p>Filling of vacant positions and capacitation of the unit.</p> <p>Political intervention on the establishment of the LED forum</p>

3.5. COMMUNITY SERVICES

The municipality continues to invest in education through community bursary for post matric studies in institutions of higher learning of their choice. The municipality continues to offer financial support (through bursaries) to 40 additional needy learners every financial year since the financial year 2018/19.

To date 160 learners have benefited through the municipality's community bursary program to a tune of over R6 million. We continue to provide support to the bursary beneficiaries and monitor their performance.

3.5.1. INDIGENT FAMILIES SUPPORT

The municipality continues to offer support to indigent families who cannot bury their love ones through the Pauper's Burial policy guided by Regulations 32 of the act. Pauper's burial requests are first assessed in consultation with the Department of Social Development and the ward councillor to certify their qualification for support.

A substantial number of indigent families continues to benefit from the Indigent Free Basic Services like Free Basic Electricity and Free Basic Water. Registration on the Indigent Register remains open for new applications. The municipality is on a process of improving and simplifying the indigent registration process to encourage more qualifying households to apply. Once the indigent register is finalised, it is handed over to the Budget and Treasury office for further processing and use to administer free basic services (electricity and water) to the qualifying indigent beneficiaries.

3.5.2. LIBRARY SERVICES AND COMMUNITY SUPPORT PROGRAMS

The municipality in collaboration with the Department of Sports, Arts and Culture provide library services to the community of Bushbuckridge through seven (07) libraries across the municipal area of jurisdiction. Library services were disturbed and affected by the Covid-19 pandemic, as they had to close operation in line with the Disaster Management Act regulations.

The fight against Gender-Based Violence (GBV) and Femicide was on course as led by the Executive Mayor in line with the National Government Gender-Based Violence and Femicide Strategic Plan. The Community Services through the office of the Executive Mayor collaborate with other departments (SAPS, DSD, DoJ, DoCS, DoE, EDM) and stakeholders on programs that fight against gender-based violence and assist women and children to stand against any form of abuse and violation. We have structures, strategies and policies in place that assist in the fight against gender-based violence and support and protect the rights of people living with disabilities, children, vulnerable elderly, and children and the LGBTI community

3.5.3. LAW ENFORCEMENT AND PUBLIC TRANSPORT

Since the inception of the municipal traffic services, the municipality has been doing well in municipal traffic policing working together with the provincial traffic services and SAPS. We have over the years invested in traffic services tools of trade, infrastructure, and human capital. Our By-law enforcement unit continues working with other law enforcement agencies to enforce compliance from the retail business point of view and compliance to legislations. We must indicate that the question of land invasion and illegal allocation of stands put a strain on the By-law enforcement unit.



The municipality has commissioned a study on the municipal transport plan, and it shall be concluded in the 2021/22 financial year. The plan will assist the municipality in transport planning, budgeting, and implementation in line with the District Development Model. We will continue working with the Taxi Industry to upgrade and support our public taxi ranks

3.5.4. FIRE AND RESCUE AND DISASTER MANAGEMENT

The Fire and Rescue services remains a critical unit of the municipality that provide crucial services with very limited resources and under very strenuous conditions. Gradually we are investing in fire and rescue equipment as well as human resource in this unit.

The municipality through the Fire and Rescue services and the Disaster Management unit provide awareness campaigns on fire drills, water drawing and disaster management to our communities. The unit plays a significant role in the municipal revenue collection base through the inspections and issuing of compliance certificates to businesses.

3.5.5. SPORTS, ARTS, CULTURE AND MORAL REGENERATION

Bushbuckridge is a very diverse municipality from a culture, arts, and sport point of view as we have three predominately ethnic groups: the Swati's, Mapulana and Shangaan. The municipality continues to observe, encourages, and create platforms for sports, arts, and cultural activities to flourish. We budget and fund arts, culture
And moral regeneration programs.

In the quest to fight social ills within our communities, the municipality through the Executive Mayor continues to mobilise the communities around issues of faith and moral generations. We hold interfaith prayer programs and continuously attend to the district and provincial moral regeneration programs.

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1. SECTION A: WORKFORCE PROFILE AND CORE & SUPPORT FUNCTIONS

The Municipal Council played a role of ensuring that capable, suitable, and qualifying employees are appointed to execute Municipality responsibilities without fail during the 2020/2021 financial year.

4.1.1. OCCUPATIONAL LEVELS

The table below reports on the total number of employees (including employees with disabilities) in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	0	0	0	2	0	0	0	0	0	3
Senior management	35	0	0	0	9	0	0	0	1	0	45
Professionally qualified and experienced specialists and mid-management	69	1	0	0	57	0	0	0	0	0	127
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	68	0	0	0	54	0	0	0	0	0	122
Semi-skilled and discretionary decision	235	0	0	0	168	1	0	0	0	0	404
Unskilled and defined decision making	251	0	0	0	188	0	0	0	0	0	439
TOTAL PERMANENT	659	1	0	0	478	1	0	0	1	0	1140
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	659	1	0	0	478	1	0	0	1	0	1140

The table below reports on the total number of employees with disabilities in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	Top management	0	0	0	0	0	0	0	0	0	
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and	2	0	0	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management,	1	0	0	0	0	0	0	0	0	0	1
Semi-skilled and	2	0	0	0	1	0	0	0	0	0	3
Unskilled and defined	4	0	0	0	2	0	0	0	0	0	6
TOTAL PERMANENT	9	0	0	0	3	0	0	0	0	0	12
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	9	0	0	0	3	0	0	0	0	0	12

4.1.2. CORE OPERATION FUNCTIONS AND SUPPORT FUNCTIONS BY OCCUPATIONAL LEVEL

A job position can either be the core operating function or a support function. The core operating function positions are those that directly relate to the core business of an organisation and may lead generations' e.g., sales production, human resources, and corporate services etc.

4.1.2.1. Level

The table below indicates the total number of employees (including people with disabilities), that are involved in / **Core Operational Function positions** at each level in the municipality.

Note: A=African, C=Coloured, I=Indians and W=Whites.

Occupational levels	Gender		Total
	Male	Female	M & F
Top management	1	0	1
Senior management	7	1	8
Professionally qualified and experienced specialists and mid-management	20	10	30
Skilled technical and academically qualified workers, junior management, supervisors, foremen and	39	5	44
Semi-skilled and discretionary decision	96	21	117
Unskilled and defined decision making	123	73	196
TOTAL PERMANENT	286	110	396
Temporary employees	0	0	0
Grand total	286	110	396

The table below indicates the total number of employees (including people with disabilities), that are involved in **support function** positions at each level in the municipality. Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	0	2	2
Senior Management	30	9	39
Professionally qualified and experienced specialists and mid-	50	44	94
Skilled technical and academically qualified workers, junior management,	31	49	80
Semi-skilled and discretionary decision	139	154	293
Unskilled and defined decision making	141	131	272
TOTAL PERMANENT	391	389	780
Temporary employees	0	0	0
GRAND TOTAL	391	389	780

4.2. SECTION B: WORKFORCE MOVEMENT

4.2.1. RECRUITMENT

The table below reports the total number of new recruits, including people with disabilities. Note: A=African, C=Coloureds, I=Indians and W=Whites

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	0	0	0	4	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision	12	0	0	0	2	0	0	0	0	0	14
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	2
TOTAL PERMANENT	13	0	0	0	8	0	0	0	0	0	21
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	13	0	0	0	8	0	0	0	0	0	21

4.2.2. TERMINATION

The table below reports the total number of terminations in each occupational level, including people with disabilities. Note: A=Africans, C=Coloured, I=Indians and W=Whites.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	1	0	0	0	1	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	0	0	0	3

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors foremen and	2	0	0	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	9	0	0	0	8	0	0	0	0	0	17
Unskilled and defined decision making	14	0	0	0	17	0	0	0	0	0	31
TOTAL PERMANENT	28	0	0	0	28	0	0	0	0	0	56
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	28	0	0	0	28	0	0	0	0	0	56

4.3. SECTION C: SKILLS DEVELOPMENT

4.3.1. SKILLS DEVELOPMENT

The report below shows the total number of people from the designated groups, including people with disabilities, who receive training solely for the purpose of achieving the numerical goals, Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

Occupational Levels	Gender		Total
	Male	Female	M&F
Top Management	0	02	02
Senior Management	35	09	44
Professionally qualified and experienced specialists and mid-management	21	23	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	15	31
Semi-skilled and discretionary decision making	46	130	176

Unskilled and defined decision making	41	14	55
TOTAL PERMANENT	0	0	0
Temporary employees	0	0	0
GRAND TOTAL	159	193	352

4.3.2. NUMERICAL GOALS

The table below indicates the numerical goals (i.e., the workforce profile) projected to be achieved for the total number of all employees including those with **Disabilities** at the end of the current employment equity plan in terms of occupational levels.

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	0	0	0	2	0	0	0	0	0	6
Senior management	36	0	0	0	10	0	0	1	0	0	47
Professionally qualified and experienced specialists and mid-Skilled technical and academically qualified workers, junior management,	63	1	0	1	57	0	1	1	0	0	124
Semi-skilled and discretionary decision	205	0	0	0	184	1	0	0	0	0	390
Unskilled and defined decision making	283	1	0	1	248	0	0	0	0	0	533
TOTAL PERMANENT	648	2	0	2	557	2	1	2	0	0	1214
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	648	2	0	2	557	2	1	2	0	0	1214



4.4. SECTION D: MONITORING & EVALUATION (DC)

4.4.1. DISCIPLINARY ACTION

Disciplinary action: (Total number of disciplinary actions during the twelve months preceding this report). The report is on formal outcomes only. Note: A=Africans, C=Coloureds, I=Indians and W=Whites.

DISCIPLINARY ACTION	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	02				1						03

4.4.2. AWARENESS OF EMPLOYMENT EQUITY

The table below represents the awareness measures of the employment equity as implemented by BLM:

	Yes	No	Employees Covered
Formal written communication	Yes	No	All
Summary of the Act displayed	Yes		All
Employment Equity training		No	Forum
Diversity Management programmes		No	0
Discrimination awareness programmes		No	0
			0

4.4.3. CONSULTATION

The table below indicates which stakeholders were involved in the consultation process prior to the development of the employment equity plan:

Stakeholders	Yes	No
Consultative body or employment equity forum	Yes	
Registered trade union	Yes	
Employees	Yes	

4.4.4. STATUS ON HUMAN RESOURCE POLICIES AND PLANS:

The following table presents HR policies that are currently in place to guide the Human capital affairs of BLM.

Policy/ Plan	Developed and implemented	Developed and not implemented	Status
Language Policy		√	Not adopted
Recruitment and selection	√		Adopted
Performance management system framework	√		Adopted
Skills development plan	√		Adopted
Employment equity plan	√		Adopted
Skills development charter	√		Review
Code of conduct	√		Adopted
Employment equity policy	√		Adopted
Transport Control policy	√		Adopted
Payroll policy and procedures	√		Adopted
Training and Development Policy	√		Adopted
Relocation policy	√		Adopted
Smoking policy	√		Adopted
HIV/AIDS Policy	√		Adopted
Bursary Policy	√		Adopted
cash policy	√		Review
Retirement Policy	X		To be
Dress Code Policy	√		Adopted
Sexual Harassment Policy	√		Adopted
Probation Policy	√		Adopted
Induction Policy	√		Adopted
Internet and E-Mail Policy	√		Adopted
Long Service Recognition Policy	√		Adopted
Cell Phone Allowance Policy	√		Adopted
Occupational Health & Safety Policy	√		Adopted
Human Resource Strategy	√		Adopted

4.4.5. MINIMUM QUALIFICATION OF SENIOR MANAGERS

The municipality ensured that all senior management positions were (Section 54 and 56 employees) filled. The minimum qualifications for senior and middle management have been described by SALGA and the National treasury and all position advertisements were done in line with these requirements.

The table below reflects the minimum qualification for employees appointed in terms of Section 56/54 of Local Government: Municipal System Act, Amended Act 32 of 2000:

NO.	Surname and initials	Position	Qualification
1.	Nkuna CA (Section 54 Employee)	Municipal Manager	Matric, Bachelor of commerce Postgraduate degree, Certificate in executive leadership in Municipal Finance Management Program and South African
2.	Shilenge S.R (Section 56 Employee)	Acting Director Corporate Services	Doctor of Philosophy Master of Management Bachelor of Arts
3	Mhisi A.M (Section 56 Employee)	Acting Director Community Services	MBA (Masters Business Administration) Bachelor's Degree in public administration Human Resource Dev. Certificate Communication Management Certificate Local Government Executive Leadership Management Certificate
4	Mashava E (Section 56 Employee)	Director Technical Services	Matric, National Diploma in Civil Engineering (NQF6), Certificate in Executive Leadership Management Programme (ELMDP), Programme in
5	Mogakane S (Section 56 Employee)	Director EDPE	Matric, Bachelor of Arts Degree, Bachelor of Education, Master of Management Degree and Executive Leadership Municipal Development Programme

NO.	Surname and initials	Position	Qualification
6	Matlala MB (Section 56 Employee)	Acting Chief Financial Officer	Matric, B. Com (Accounting)(NQF 7)

4.4.6. CONCLUSION

The municipality has a staff establishment as per the approved organogram that was monitored by sending quarterly staff establishment reports to the Council. The various human resources management policies as approved by Council were also implemented. Moreover, as a designated employer in terms of the Employment Equity Act, the municipality had the 2017/2022 Employment Equity Plan approved by Council and submitted to the Department of Labour as prescribed. Male to female ratio stood at 57,6% and 42, 4%. The municipality conducted highlights for the financial year's awareness campaign to encourage employees living with disability to declare in terms of the EEA1 forms. To that effect, the municipality recorded 1,01% against the required 2% of the total workforce on employees living with disability.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1. INTRODUCTION

This section focuses on the Municipality's finances, as an objective that the financial performance of the institution against all financial management plans and expenditure items.

National Treasury has introduced a new Standard Chart of Accounts for Municipalities that are commonly referred to as mSCOA, which stands for "Municipal standard chart of accounts", provides a uniform and standardised financial transaction classification framework for all Municipalities in South Africa and will facilitate improved alignment between the IDP, budget, SDF and other strategic processes within the Municipality. The Municipality has complied with all the Treasury mSCOA requirements and continued to improve the mSCOA systems with new capabilities during the 2021 financial year.

Council adopted the 2021/2022 Budget, which reinforces the following principles of budgeting:

- that the Municipality may not budget for a cash deficit.
- expenses may only be incurred in terms of an approved budget.
- The budget must always align with the IDP.

By following these principles, the Municipal Council was able to produce future budgets that are realistic, practical, and affordable to the Municipality. The 2021/2022 budget of Bushbuckridge Municipality was evaluated by the Provincial Treasury and is regarded as credible, sustainable, and responsive towards the current and future needs of the community.

The management of revenue is governed by policies that are aimed at improving revenue management and debt collection such as billing systems and indigent policies. Success has been achieved in terms of collecting long outstanding debts from government institutions, notably the Provincial Department of Public Works whose debt exceeds R500 million. All government departments are timeously paying their current debt and efforts are continuing to collect the remaining historical debts from the government departments.

A concern about the increasing levels of debt that threatens to undermine the liquidity of the Municipality exists. Collection of debt from business and households has declined significantly in the year under review because of the Covid-19 pandemic, which has resulted in decreased revenues and lost income for most of our customers.

The Municipality has an approved revenue enhancement strategy in place, which seeks to improve the revenue generation streams of the Municipality. A key component of the revenue

enhancement strategy is the improvement of revenue through the sale of water and the Municipality's commitment to ensuring consistent water supply to the community of Bushbuckridge. Reviewed in 2020, the strategy sets out a refocused approach for the next five years. The strategy explores investment in alternative water metering technology, billing of all reticulated households and installation of new meters in all townships. Implementation of the revenue enhancement strategy is well under way with activities aimed at improving the performance and efficiency of the water services receiving a high priority and attention from all relevant stakeholders. In the year under review, council has approved the billing of over 40 000 customers, which were previously not billed, and piloting of smart metering on businesses commenced.

The Municipality implemented Supply Chain Management Regulations through an approved Supply Chain Management Policy. The SCM Policy adheres to the SCM Regulations and was developed in accordance with the Model Policy issued by National Treasury (NT). The SCM procedures and processes were reviewed with a view of improving procurement timelines, controls and to implement recommendations of the external auditors. Procurement activities are planned and executed with cognisance of the requirements of the Supply Chain Management legislative framework to ensure that the supply chain processes of the Municipality are fair, equitable, transparent, competitive, and cost-effective in accordance with the prescripts of the Municipal Finance Management Act which gives effect to Section 217 of the Constitution.

5.2. FINANCIAL PERFORMANCE STATUS

The table below highlights financial performance measures achieved in terms of MFMA compliance dates within the Finance Section.

Objectives	Performance Measure/service delivery indicator	Performance	
		Target	Actual
Develop a medium-term financial framework (budget)	Three-year capital and the operational budget approved by Council	31 May 2020	31 May 2020
	Approval of the adjustment budget by Council	25 Jan. 2021	25 Jan. 2021

Provide a framework for financial accountability	Approved Service Delivery and Budget Implementation Plan	31 May 2020	31 May 2020
	Adoption of Tariff Structure	31 May 2020	31 May 2020
Manage and control revenue	Monthly billing	Monthly	Monthly
	Credit control policy enforcement	01/07/2020	Fully implemented
Manage the cash-flow of the Municipality to ensure timely payment of creditors and Servicing of long-term liabilities.	Creditors paid within 30 days	Monthly	Partially achieved due to challenges with timeous submission of invoices.
Prepare and submit Annual Financial Statement (AFS) to AG(SA) for 2019/20 FY	AFS submitted to Council & AG(SA)	31 August 2021	31 October 2020 (Due to Extension by the Minister)
Monitor and control the budget & expenditure	Submission of monthly financial report to Provincial & National Treasury	Before the 10 th of each month	Submitted before the 10 th of each month

5.3. ANNUAL FINANCIAL STATEMENTS 2020/2021

The Annual Financial Statements for the year, which ended 30 June 2021, have been prepared in accordance with GRAP standards and were submitted to the office of the Auditor-General on the 31st of August 2021.

The notes to the Annual Financial Statements include additional information as required by the Municipal Financial Management Act no.56 of 2003. The notes to the Annual Financial Statements disclose the required information in terms of section 123 of the Municipal Finance Management Act. Refer to Annexures for the 2020/2021 Annual Financial Statements.

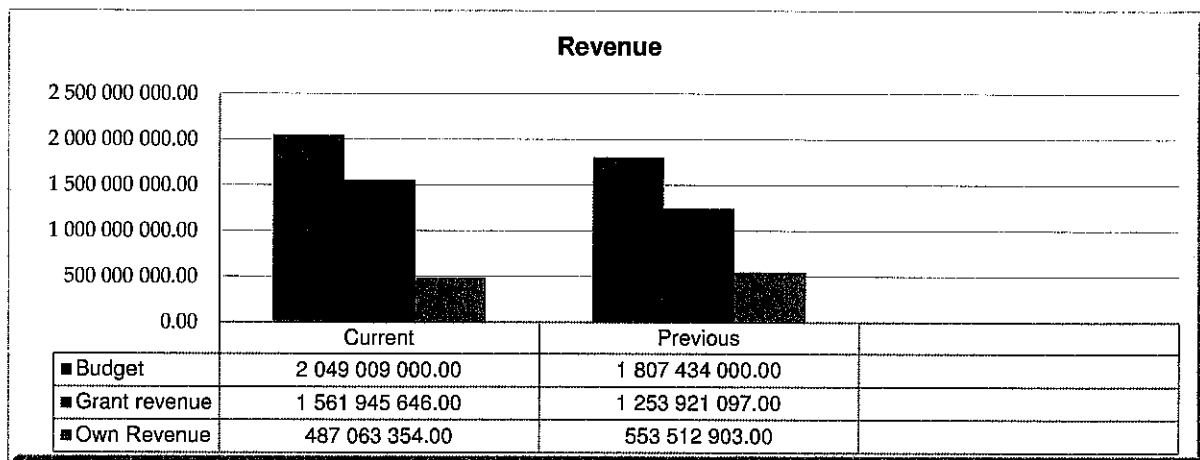
5.4. OPERATING RESULTS

The operating results for the year ended 30 June 2021 disclosed a surplus of R 607,004,024 against a restated surplus of R 564,765,609 for the previous financial year. Total income billed for the year amounts to R 400 180 447 and grant income realised amounts to R 1 561 945 646. The increase in current year contribution to provision for debt impairment amounts to R 222,080,008. The impairment amount represents the full extent of the economic hardships that the pandemic has brought to our communities.

5.5. INCOME

Over the past year, revenue increased by 15% to R 1,972 billion. This escalation is mainly due to increases in grant allocations. Grants and subsidies from the State represents 79% of the total income of the Municipality. Own income generated from the sale of water, the levying of assessment rates and other income represent 21% of the total income of the Municipality

The graph below illustrates a summary of income as compared with the previous year and budget.

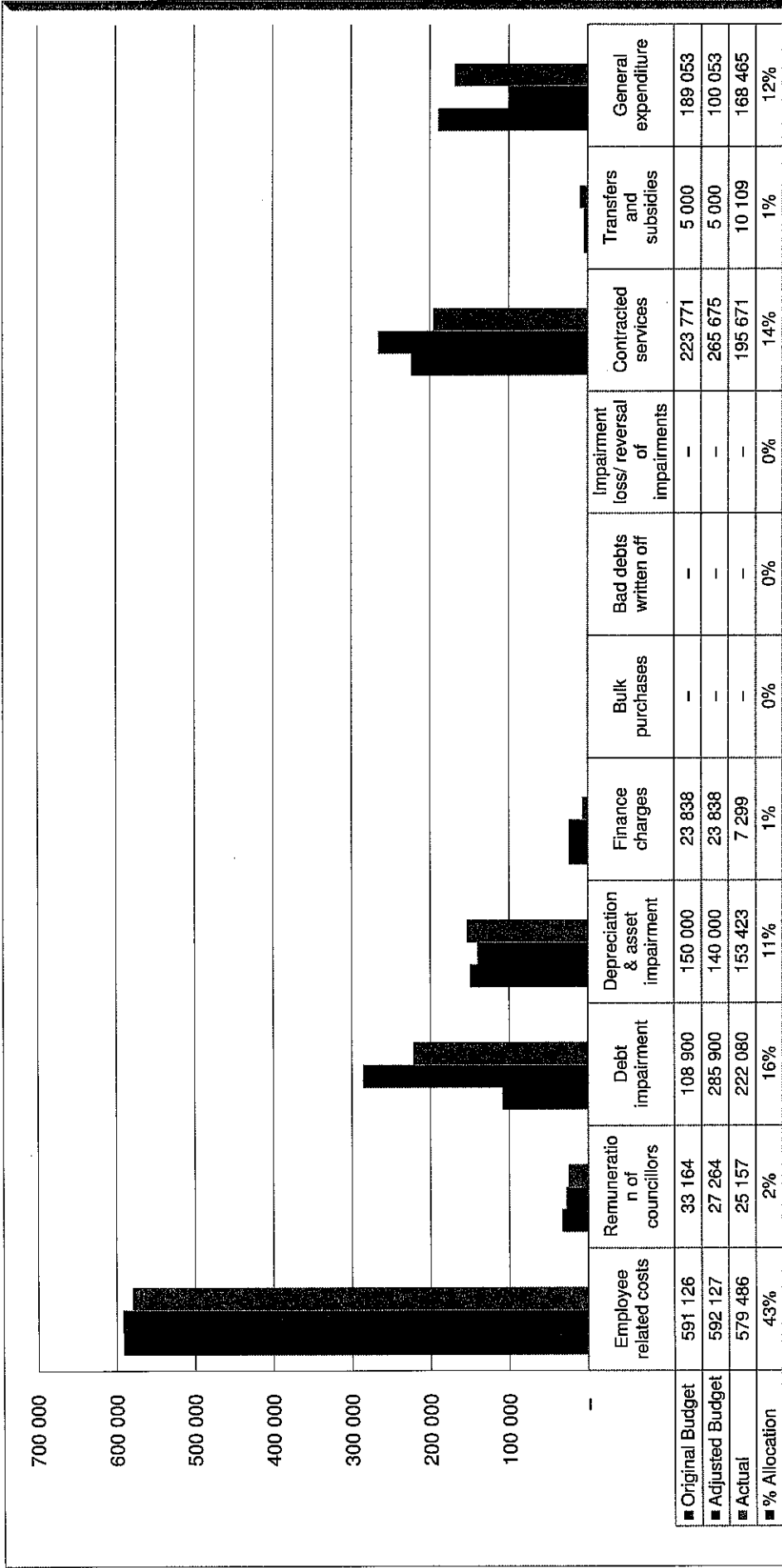


The grants revenue includes all grants received from the National and Provincial Government.

5.6. OPERATING RESULTS PER CATEGORY OF EXPENDITURE

Operating expenditure increased by 6% to R 1, 34 billion. The Municipality does attempt to keep the cost of operations as low as possible and has a cost curtailment policy in place.

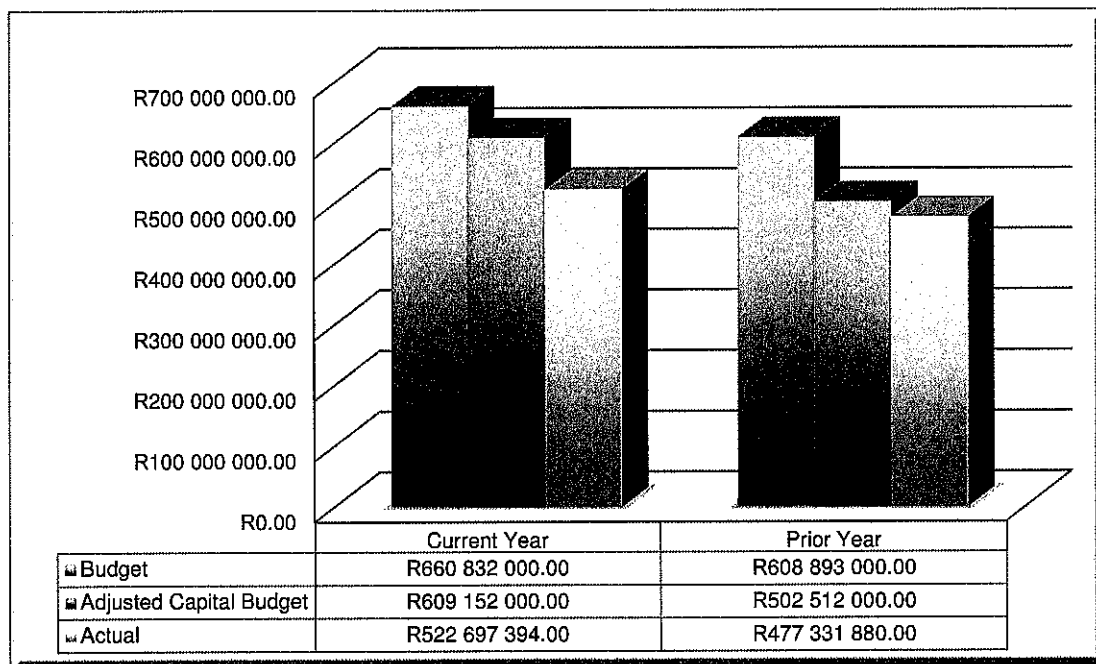
The graph below illustrates a comparison of the budget versus the actual expenditure for major expenditure items:



5.7. CAPITAL EXPENDITURE

The Municipality's property, plant, and equipment expenditure for the year under review amounted to R 522 697 394 (2020: R 477 331 880). This represents a 79% capital spend (2020: 78%). A complete analysis of capital grants expenditure is included in Note 22 of the Annual Financial Statements while Note 3,4 & 5 of the annual financial statements contains details by asset class.

The Graph below depicts actual Capital expenditure versus the budget.



5.8. DEBTORS ASSESSMENT

Outstanding consumer debtors as at June 2021 amounted to R1 967 843 520 (2020: R 1 733 098 962 restated).

Total provision for impairment increased from R 805 790 733 in 2020 to R 1 027 870 742 in 2021, which represents 28% of total outstanding consumer debtors.

Amounts collected from debtors from 1 July 2020 to 30 June 2021 is R 241 373 823 which amounts to 60 % of the amount billed during the year.

The Municipality has appointed two service providers to assist with the recovery of the outstanding debts to curb the accumulation of debt. Additionally, the departments of COGTA, Office of the Premier and Provincial Treasury in conjunction with SALGA are currently

assisting the Municipality in collecting long outstanding debt due by the Government through the government debt forum.

5.9. BILLING SYSTEMS

The Municipality billed customers a total of R 400 180 447 (2020: R 413 904 754) for Property rates, refuse removal, Sanitations and Water during the year under review which includes interest of R89 060 365 (2020: R 104 504 462).

The Municipality has an adequate billing system that ensures that billing is done timeously on a monthly basis and customer accounts are accurate.

5.10. INVESTMENTS AND CASH

The Municipality maintained a healthy cash and investment position, given the current economic conditions. Information on cash and cash equivalents is provided in respectively notes 10 to the annual financial statements. Cash on hand as at 30 June 2021 amounted to R 328 519 769 (2020: R204 373 719).

During the year under review, the Municipality received a total of R 1 748 862 432 comprised R 1 503 353 797 from grants, R 241 373 823 from customers and R 3 934 812 from interest earned and R200 000 from donations.

5.11. REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act requires the accounting officer of a Municipality to prepare and submit Annual Financial Statements and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. During the year under review, the Auditor-General audited the Annual Financial Statements for the ended 30 June 2021 and in the opinion of the Auditor General, the Annual Financial Statements fairly represented the financial affairs of the Municipality. The Audit Report is attached in the Annexures hereto.

5.12. FINANCIAL MANAGEMENT POLICIES

The Municipality has policies in place to ensure sound financial management. The table below depicts the state of policies in place to ensure sound governance of the financial affairs of the municipality.

Credit Control Policies			
Indigent policy	Credit Control and Debt Collection Policy	By-laws	
Adopted	Adopted	Adopted	
Implementation of the Municipal Property Rates Act			
2009-2014	2014-2019	2019 - 2023	
Valuation roll	Valuation roll	Valuation roll	
Yes	Yes	Yes	
Yes	Yes	Yes	
Yes	Yes	Yes	
Financial Policies			
Policy	Approved by Council	Implemented	Promulgated in By-Law
Tariff policy	√	√	√
Credit control policy	√	√	√
Indigent policy	√	√	√
SCM policy	√	√	x
Property rate policy	√	√	√
Cash Management and Investment policy	√	√	√
Asset management policy	√	√	x
Budget Policy	√	√	x
Virement Policy	√	√	x



5.13. REMEDIAL ACTIONS

Corrective action to be instituted on the matters raised in the report of the Auditor-General to Council on the annual financial statements of the Municipality for the year ended 30 June 2021 are consolidated in an audit action plan for approval for implementation. The audit report is unqualified with findings for which corrective actions are required. The corrective actions for each category of findings are provided in an audit action plan.

- **Expenditure Management**

Management has acknowledged the shortcomings in its current processes for the prevention of non-compliance with the MFMA in the instances referred to in the Audit Report and is in the process of implementing corrective actions to mitigate any further non-compliance.

- **Procurement and Contract Management**

The Municipality developed and implemented standard procedure manuals to guide the procurement processes. The Municipality also amended the SCM policy, which is also reviewed on an annual basis, and the lessons learnt from the audit process were also be incorporated therein.

The Municipality's contract management processes will be reassessed with regard to its effectiveness to the AGSA's past and current findings to develop an appropriate strategy moving forward. This strategy will inform the refinement of processes, systems, training interventions and the development of competencies within the Municipality.

In addition, the contract management guideline will be developed and implemented to guide the process of contract Management. The findings of inadequate compliance with SCM regulations which resulted in irregular expenditures will be investigated and dealt with accordingly. Additionally, adequate oversight mechanisms and controls will be put in place to enable effective prevention and detection of instances of contravention of SCM prescripts among other plethora of issues.



CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

6.1. AGSA AUDIT OPINION

The submission of AFS and APR to AGSA and the status of the Municipal audit opinion for three financial years is as follows:

2018/2019		2019/2020		2020/2021	
AFS and APR finalized and submitted	Audit Opinion	AFS and APR finalized and submitted	Audit Opinion	AFS and APR finalized and submitted	Audit Opinion
31 August 2019	Unqualified	31 August 2020	Unqualified	31 August 2021	Unqualified

6.2. RECOMMENDATION

- i. It is a legal requirement in terms of section 127 (5) (b) of the MFMA that prior to the printing of an audit report, the annual report should be submitted to AGSA.
- ii. Management submits the Annual Report to AGSA within the timeframe.
- iii. Management to respond to all queries of AGSA and respond within required timeframe.

6. CONCLUSION

This Annual Report is aligned with the planning documents and the Municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year performance reports, the annual performance report and annual report have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

7. AUTHORISATION

Title	Initials and Surname	Comments	Signature	Date
Municipal Manager	C. A Nkuna	Recommended		
Executive Mayor	C. S Nxumalo	Approved		


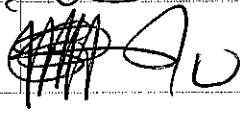
8. APPENDIXES

APPENDIX A: Annual Performance Report

APPENDIX B: Annual Financial Statement

APPENDIX C: AGSA Audit Report

7. AUTHORISATION

Title	Initials and Surname	Comments	Signature	Date
Municipal Manager	C. A Nkuna	Recommended		31 Jan 2022
Executive Mayor	C. S Nxumalo	Approved		31 Jan 2022

8. APPENDIXES

APPENDIX A: Annual Performance Report

APPENDIX B: Annual Financial Statement

APPENDIX C: AGSA Audit Report



BUSHBUCKRIDGE
LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT 2020/2021

This Municipal APR was produced from the Office of the Municipal Manager in terms of section 53 of MFMA. It reflects all performance related activities in accordance with the requirements of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and MFMA for the period 1 July 2020 to 30 June 2021. Information contained in this publication was provided by the various departments.

Every effort was made to ensure that facts are correct.

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1. STRATEGIC OBJECTIVES

1.1 MUNICIPALITY VISION

Bushbuckridge Local Municipality strives for developmental and prosperous life for all.

1.2 MUNICIPALITY MISSION

Through accountability, transparency and responsible governance, the municipality commits itself to provide affordable and sustainable services by enhancing community participation.

1.2.1 MUNICIPALITY CORE VALUES

- Accountability
- Openness and Transparency
- Responsiveness
- Honesty
- Service standards
- Diligence
- Effective and efficient governance

1.2.2 MUNICIPAL GOALS AND STRATEGIC OBJECTIVES

Municipal Goals	Strategic Objectives
Goal 1: Ensuring integrated development planning and integrated Human settlement	<ul style="list-style-type: none"> • Strengthen existing IDP structures • Improve the IDP and budget planning process • Ensure implementation of IDP priorities • Allocate available funds to identified priorities on a Multi-Year Plan • Promote Public-Private-Partnerships Ensure implementation of LED strategy
Goal 2: Sustainable provision of basic services	<ul style="list-style-type: none"> • improve provision of basic services (water, Electricity, Sanitation and Refuse removal)
Goal 3: Ensure continuous staff development	<ul style="list-style-type: none"> • Implement performance management system • Create awareness and buy-in to BLM strategy • Improve communication strategy • Continuous assessment and staff development through PMS
Goal 4: Ensure Financial viability and improve revenue collection	<ul style="list-style-type: none"> • Implement AG action plan • Improve audit outcome to clean audit

Municipal Goals	Strategic Objectives
	<ul style="list-style-type: none"> • Ensure all National Treasury regulations • Increase revenue collection by 10% • Ensure spending of all allocations
Goal 5: Sustainable economic growth and job creation	<ul style="list-style-type: none"> • Reduce unemployment by 3%

1.2.3 SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) FRAMEWORK

1.2.4 PURPOSE OF THE DEPARTMENTAL SDBIP

The Service Delivery and Budget Implementation Plan (SDBIP) is a detailed annual financial plan for implementing services using the approved budget for 2020/2021. This annual service delivery plan called the SDBIP is based on the approved IDP and Budget. SDBIP serves as a contract between the municipality (Section 56 & s54 Employees) and the community (council) on the services that the municipality commits to deliver over the twelve (12) months. It also helps to hold the municipality and its management accountable for the performance on the mentioned programmes and projects. The Municipal Finance Management Act and the guiding MFMA circular requires the following to be included in the SDBIP of a municipality:

- I. Monthly projection of revenue to be collected for each source
- II. Monthly projections of expenditure (operating and capital) and revenue for each vote (as attached)
- III. Quarterly projections of service delivery targets and performance indicators for each vote (revenue plan)
- IV. Ward information for the delivery of a specific service

2. KEY PERFORMANCE AREAS

The following key performance Areas (KPA's) as outlined in the local Government: Municipal Planning and Performance Management Regulations inform the strategic objectives listed in the table below.

Number	Key Performance Area	Weight
2.1	INFRASTRUCTURE DEVELOPMENT AND BASIC SERVICES DELIVERY	20%
2.2	MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	30%
2.3	LOCAL ECONOMIC DEVELOPMENT (LED)	15%
2.4	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT. • SCM	20%
2.5	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	15%
TOTAL		100%

3. TOP LAYER REVENUE COLLECTION PLAN

The budget implementation component of the SDBIP, circular 13 requires a break down by monthly projections of revenue for each source and monthly projections of capital expenditure and operational expenditure and revenue for each vote.

R thousands	Budget Year 2020/21				Budget Year +1 2021/22		Budget Year +2 2022/23	
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Revenue by Vote								
Vote 1 - Dept 001 - Budget & Treasury Office	442,124	(59,000)	(59,000)	383,124	459,814	482,808		
Interest on Investments	27,526		-	27,526	28,627	30,058		
Interest On Outstanding Debtors	140,180	(30,000)	(30,000)	110,180	145,787	153,077		
Database Registration	98		-	98	102	107		
Gains loss on Sales of Assets	843	1,000	1,000	1,843	876	920		
Rates Rebate Resident	(6,925)		-	(6,925)	(7,202)	(7,562)		
Property Rates	4,044		-	4,044	4,206	4,416		
Agricultural	59,869		-	59,869	62,264	65,377		
Business & commercial	28,716		-	28,716	29,864	31,358		
Protected area business	24,579		-	24,579	25,562	26,840		
State owned	130,868	(30,000)	(30,000)	100,868	136,103	142,908		

Vote Description	Budget Year 2020/21			Budget Year +1 2021/22		Budget Year +2 2022/23	
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Protected area residence	3,308			3,308	3,440	3,612	
Public benefit	82		-	82	85	90	
Residence	21,208		-	21,208	22,056	23,159	
Vacant stand	4,839		-	4,839	5,033	5,284	
Industrial property	2,870		-	2,870	2,985	3,134	
Rate Clearance Certificate	20		-	20	25	30	
Vote 2 - Dept.002 - Corporate Services	5,908		-	5,908	6,144	6,452	
Office Rental	1,000		-	1,000	1,040	1,092	
Rent Received House	282		-	282	293	308	
Site Rental	530		-	530	551	579	
Hire of Water Tanker	32		-	32	33	34	
Rumble Removal	5		-	5	5	6	
Sundry Income	316		-	316	328	345	
Disposal of Containers	29		-	29	30	32	
Tender Documents	568		-	568	591	620	

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Vote Description	Budget Year 2020/21			Budget Year +1 2021/22		Budget Year +2 2022/23	
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Site Transfer Fee	110		-	110	114	120	
Photocopies	79		-	79	82	86	
Proof of Residence Service	1,236		-	1,236	1,285	1,350	
Admin Fee	53		-	53	55	58	
LG SETA Training	1,641		-	1,641	1,707	1,792	
Amendment of Names	28		-	28	29	30	
Vote 3 - Dept 005 - Economic Development, Planning & Environmental	4,257	(1,430)	(1,430)	2,827	4,427	4,649	
Business Licencing	818		-	818	851	893	
Billboards	189		-	189	197	207	
Land use application	113		-	113	118	124	
Site Demarcations	57		-	57	59	62	
Site Development plan	23		-	23	24	25	
Rezoning and zoning	11		-	11	12	12	
Township establishment	17		-	17	18	19	
Consent use	6		-	6	6	6	

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21			Adjusted Budget	Budget Year +1 2021/22		Budget Year +2 2022/23
	Original Budget	Other Adjusts.	Total Adjusts.		Adjusted Budget	Adjusted Budget	
Sale of land	3,000	(1,430)	(1,430)	1,570	3,120	3,276	
Printing of Maps	23		-	23	24	25	
Vote 4 - Dept 006- Community Support Services	899	-	-	899	935	982	
Library Membership Fees & Fines	25		-	25	26	28	
Flammables - fireworks, gas, substances	200		-	200	208	218	
Occupancy compliance certificate	200		-	200	208	218	
Hire of Community Halls	63		-	63	66	69	
Rent Received Stadium	202		-	202	210	221	
Rent Received Cell Phone towers	126		-	126	131	138	
Cemetery	82		-	82	85	90	
Vote 8 - Dept 013 - Community Support Services - Traffic	16,068	(3,000)	(3,000)	13,068	16,710	17,546	
Traffic Fines	3,068		-	3,068	3,190	3,350	
Income for Agency Service (Vehicle Registration & Licensing Registering authority 20%)	13,000	(3,000)	(3,000)	10,000	13,520	14,196	

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21			Budget Year +1 2021/22		Budget Year +2 2022/23	
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
Vote 9 - Dept 014 - Technical Services - Public Works	1,133	-	-	1,133	1,179	1,238	
Plan Approval Business	135			135	140	147	
Plan Approval Residential	50			50	52	55	
Penalties for plan approvals	10			10	10	11	
Development levies	938			938	976	1,025	
Vote 10 - Dept 015 - Technical Services - Water	59,220	(19,000)	(19,000)	40,220	61,589	64,669	
Water Basic Residential	6,886			6,886	7,161	7,520	
Water Basic Government	1,000			1,000	1,040	1,092	
Water Basic Business	1,000			1,000	1,040	1,092	
Fixed Charge Residential	1,796			1,796	1,868	1,962	
Water Rebate 6KL Free	(693)			(693)	(720)	(756)	
Water Consumption Business	18,303	(7,400)	(7,400)	10,903	19,035	19,987	
Water Consumption Government	12,000	(4,800)	(4,800)	7,200	12,480	13,104	
Water Consumption Residential	16,943	(6,800)	(6,800)	10,143	17,621	18,502	

ANNUAL PERFORMANCE
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Vote Description	Budget Year 2020/21			Budget Year +1 2021/22 Adjusted Budget	Budget Year +2 2022/23 Adjusted Budget
	Original Budget	Other Adjusts.	Total Adjusts.		
Water Connection Business	1,647	-	-	1,647	1,799
Water Connection Resident	279	-	-	279	305
Reconnection Fee	29	-	-	29	32
Meter Maintenance	29	-	-	29	32
Vote 11 - Det 016 - Technical Services - Roads	85	-	-	85	93
Way leave	85	-	-	85	93
Vote 12 - Dept 017 - EDPE - Refuse	9,380	-	-	9,380	10,243
Refuse Removal Business	808	-	-	808	883
Refuse Removal Residential	1,236	-	-	1,236	1,350
Refuse Removal Government	7,336	-	-	7,336	8,011
Vote 13 - Dept 018 - Technical Services - Sewerage	5,139	-	-	5,139	5,611
Basic Charges Sewer	3,811	-	-	3,811	4,162
Sewerage Rebate 6KL Free	(64)	-	-	(64)	(70)

Vote Description	Budget Year 2020/21			Budget Year +1 2021/22		Budget Year +2 2022/23	
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
Sewerage Blockage Fee	12	-	-	12	12	13	
Sewer Connection Resident							
	730			730	760	798	
Sewer Business	581			581	604	634	
Sewer Government	-			-	-	-	
Honey Sucker Services(sucking of sludge)	69			69	72	75	

3.1 MONTHLY PROJECTIONS OF REVENUE FOR EACH SOURCE

One of the most important and basic priorities for any municipality is collect all its revenue as budgeted for. The failure to collect all such revenue will undermine the ability of the municipality to deliver on services. The municipality MUST ensure that it has instituted measures to achieve monthly revenue targets for each revenue source. The revenue projections relate to actual cash expected to be collected and should reconcile to the cash flow statement approved with the budget documentation. The reason for specifying actual revenue collected rather than accrued (billed) revenue is to ensure that expenditure does not exceed actual income.

MONTHLY REVENUE PROJECTIONS

ANNUAL PERFORMANCE
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Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Revenue by Vote													
Vote 1 - Dept 001 - Budget & Treasury Office		32,144	116,595	116,595	116,595	116,595	116,595	116,595	116,595	116,595	116,595	116,595	116,595
Interest on Investments	27,526	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294
Interest On Outstanding Debtors	110,180	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182
Finance Management Grant	2,600	217	217	217	217	217	217	217	217	217	217	217	217
Database Registration	98	8	8	8	8	8	8	8	8	8	8	8	8
Gains/loss on Sales of Assets	1,843	154	154	154	154	154	154	154	154	154	154	154	154
Rates Rebate Resident	(6,925)	-577	-577	-577	-577	-577	-577	-577	-577	-577	-577	-577	-577
Property Rates	4,044	337	337	337	337	337	337	337	337	337	337	337	337
Agricultural	59,869	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989	4,989
Business & commercial	28,716	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393	2,393
Protected area business	24,579	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048	2,048
State owned	100,868	8,406	8,406	8,406	8,406	8,406	8,406	8,406	8,406	8,406	8,406	8,406	8,406
Protected area residence	3,308	276	276	276	276	276	276	276	276	276	276	276	276
Public benefit	82	7	7	7	7	7	7	7	7	7	7	7	7
Residence	21,208	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767	1,767

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Vacant stand	4,839	403	403	403	403	403	403	403	403	403	403	403	403
Industrial property	2,870	239	239	239	239	239	239	239	239	239	239	239	239
Rate Clearance Certificate	20	2	2	2	2	2	2	2	2	2	2	2	2
Vote 2 - Dept 002 - Corporate Services	4,267	356	356	356	356	356	356	356	356	356	356	356	356
Office Rental	1,000	83	83	83	83	83	83	83	83	83	83	83	83
Rent Received House	282	24	24	24	24	24	24	24	24	24	24	24	24
Site Rental	530	44	44	44	44	44	44	44	44	44	44	44	44
Hire of Water Tanker	32	3	3	3	3	3	3	3	3	3	3	3	3
Rumble Removal	5	0	0	0	0	0	0	0	0	0	0	0	0
Sundry Income	316	26	26	26	26	26	26	26	26	26	26	26	26
Disposal of Containers	29	2	2	2	2	2	2	2	2	2	2	2	2
Tender Documents	568	47	47	47	47	47	47	47	47	47	47	47	47
Site Transfer Fee	110	9	9	9	9	9	9	9	9	9	9	9	9
Photocopies	79	7	7	7	7	7	7	7	7	7	7	7	7
Proof of Residence Service	1,236	103	103	103	103	103	103	103	103	103	103	103	103
Admin Fee	53	4	4	4	4	4	4	4	4	4	4	4	4
Amendment of Names	28	2	2	2	2	2	2	2	2	2	2	2	2

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Vote 3 - Dept 005 - Economic Development, Planning & Environmental	2,827	236	236	236	236	236	236	236	236	236	236	236	236
Business Licencing	818	68	68	68	68	68	68	68	68	68	68	68	68
Billboards	189	16	16	16	16	16	16	16	16	16	16	16	16
Land use application	113	9	9	9	9	9	9	9	9	9	9	9	9
Site Demarcations	57	5	5	5	5	5	5	5	5	5	5	5	5
Site Development plan	23	2	2	2	2	2	2	2	2	2	2	2	2
Rezoning and zoning	11	1	1	1	1	1	1	1	1	1	1	1	1
Township establishment	17	1	1	1	1	1	1	1	1	1	1	1	1
Consent use	6	0	0	0	0	0	0	0	0	0	0	0	0
Sale of land	1,570	131	131	131	131	131	131	131	131	131	131	131	131
Printing of Maps	23	2	2	2	2	2	2	2	2	2	2	2	2
Vote 4 - Dept 006- Community Support Services	899	75	75	75	75	75	75	75	75	75	75	75	75
Library Membership Fees & Fines	25	2	2	2	2	2	2	2	2	2	2	2	2

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Flammables - fireworks, gas, substances	200	17	17	17	17	17	17	17	17	17	17	17	17
Occupancy compliance certificate	200	17	17	17	17	17	17	17	17	17	17	17	17
Hire of Community Halls	63	5	5	5	5	5	5	5	5	5	5	5	5
Rent Received Stadium	202	17	17	17	17	17	17	17	17	17	17	17	17
Rent Received Cell Phone towers	126	11	11	11	11	11	11	11	11	11	11	11	11
Cemetery	82	7	7	7	7	7	7	7	7	7	7	7	7
Vote 8 - Dept 013 - Community Support Services - Traffic	13,068	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089	1,089
Traffic Fines	3,068	256	256	256	256	256	256	256	256	256	256	256	256
Income for Agency Service (Vehicle Registration & Licensing Registering authority 20%)	10,000	833	833	833	833	833	833	833	833	833	833	833	833
Vote 9 - Dept 014 - Technical Services - Public Works	1,133	94	94	94	94	94	94	94	94	94	94	94	94

ANNUAL PERFORMANCE
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Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Plan Approval Business	135	11	11	11	11	11	11	11	11	11	11	11	11
Plan Approval Residential	50	4	4	4	4	4	4	4	4	4	4	4	4
Penalties for plan approvals	10	1	1	1	1	1	1	1	1	1	1	1	1
Development levies	938	78	78	78	78	78	78	78	78	78	78	78	78
Vote 10 - Dept 015 - Technical Services - Water	40,220	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352	3,352
Water Basic Residential	6,886	574	574	574	574	574	574	574	574	574	574	574	574
Water Basic Government	1,000	83	83	83	83	83	83	83	83	83	83	83	83
Water Basic Business	1,000	83	83	83	83	83	83	83	83	83	83	83	83
Fixed Charge Residential	1,796	150	150	150	150	150	150	150	150	150	150	150	150
Water Rebate 6KL Free	-693	-58	-58	-58	-58	-58	-58	-58	-58	-58	-58	-58	-58
Water Consumption Business	10,903	909	909	909	909	909	909	909	909	909	909	909	909
Water Consumption Government	7,200	600	600	600	600	600	600	600	600	600	600	600	600
Water Consumption Residential	10,143	845	845	845	845	845	845	845	845	845	845	845	845
Water Connection Business	1,647	137	137	137	137	137	137	137	137	137	137	137	137

ANNUAL PERFORMANCE
REPORT 2020/2021

Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Water Connection Resident	279	23	23	23	23	23	23	23	23	23	23	23	23
Reconnection Fee	29	2	2	2	2	2	2	2	2	2	2	2	2
Meter Maintenance	29	2	2	2	2	2	2	2	2	2	2	2	2
0													
Vote 11 - Det 016 - Technical Services - Roads	85	7	7	7	7	7	7	7	7	7	7	7	7
Way leave	85	7	7	7	7	7	7	7	7	7	7	7	7
Vote 12 - Dept 017 - EDPE - Refuse	9,380	782	782	782	782	782	782	782	782	782	782	782	782
Refuse Removal Business	808	67	67	67	67	67	67	67	67	67	67	67	67
Refuse Removal Residential	1,236	103	103	103	103	103	103	103	103	103	103	103	103
Refuse Removal Government	7,336	611	611	611	611	611	611	611	611	611	611	611	611
Vote 13 - Dept 018 - Technical Services - Sewerage	5,139	428	428	428	428	428	428	428	428	428	428	428	428
Basic Charges Sewer	3,811	318	318	318	318	318	318	318	318	318	318	318	318
Sewerage Rebate 6KL Free	-64	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5

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Vote Description	Budget Year 2020/21	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun
Sewerage Blockage Fee	12	1	1	1	1	1	1	1	1	1	1	1	1
Sewer Connection Resident	730	61	61	61	61	61	61	61	61	61	61	61	61
Sewer Business	581	48	48	48	48	48	48	48	48	48	48	48	48
Honey Sucker Services(sucking of sludge)	69	6	6	6	6	6	6	6	6	6	6	6	6

4. MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (30%)

4.1 DEPARTMENTAL LAYER COMMUNITY SERVICES (15%)

INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
2	ARTS, CULTURE & HERITAGE	Ensure accessibility to Sports and Recreation Facilities. Social & Cultural integration and preservation of historical sites	Number of reports for arts and culture programmes	8 programmes done in 2019/2020 f/y	4 reports on arts and culture programmes implemented in 2020/2021	-	R81 000.00	R100 000	-	4 reports on arts and culture programmes implemented	None	None	Reports Requisitions, Attendance Register Invitation, Programmes,

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INDICATOR NO:	Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
3	YOUTH AFFAIRS	To contribute in youth development	Number of youth affairs events and programs	10 youth affairs program implemented in the 2019/20 f/y	11 youth affairs events and programs	-	R105 000.00	-	6 youth affairs events and programs 6 youth affairs events and programs	5 youth affairs events and programs	One youth skills program not achieved due to Covid_19 alert level 4 regulations and reprioritisation of budget.	To be implemented in 2021/2022 FY	Requisitions, Attendance Register invitation, Programmes, Pictures, and Reports Requisitions, Attendance Register Invitation, Programmes, and Reports
4	COMMUNITY BURSARY	To contribute to youth development	Number of new students to be awarded bursaries and progress report	40 students awarded bursaries in 2019/20 f/y	40 new intake students to be awarded bursaries and progress report	BLMCO MMOPE X012	R2 M	-	-	40 new intake students awarded bursaries and progress report done	None	None	Bursary awards list and report. Bursary awards list and report.

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
5	HIV AND AIDS (Life Skills)	To reduce new infections	Number of HIV & AIDS programs to be conducted	12 HIV & AIDS programs conducted in 2019/2020 FY	4 quarterly reports on HIV&AIDS programmes conducted	BLMCO MIMOPE X 035	R90 000.00	-	-	4 reports done	None	None	Reports, agenda, invitations, attendance register and pictures
6	HIV and AIDS (Local AIDS Council)	To reduce new infections	Number of HIV&AIDS council meeting to be conducted	4 meetings conducted in 2019/2020 fy	4 LAC meetings to be conducted 2020/21 f/y	BLMCO MIMOPE X035	R30 000	-	3 LAC meetings to be conducted 2020/21 f/y	3 LAC meetings conducted 2020/21 f/y	None	None	Minutes, Agenda, invitations Attendance register Minutes, Agenda, invitations Attendance register

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
7	Psychosocial Support	To provide support to the affected employees	Number of reports for social support programs on employees	8 employees supported in 2019/2020 ofy	4 reports for social support programs on employees in 2020/2021 f/y	BLMCO MMOPE X036	Internal driven R45 000.00	-	-	4 reports for social support programs on employee done	None	None	consolidated reports
8	EDUCATION AND TRAINING	To provide support to the affected employees	Number of reports for staff educational program on wellness	4 educational Programmes on wellness conducted in 2019/20	4 reports for educational programs to be conducted	BLMCO MMOPE X036-1	R140 000.00	-	-	4 reports for educational programs conducted	None	None	Attendance Register Agenda, Invitation,
09	HIV AND AIDS (WACs)	To reduce new infections	Number of Ward Aids Council trainings	38 WAC's re-established and	4 quarterly reports on WACs to be trained	BLMCO MMOPE X035	-	-	-	4 quarterly reports on WACs training	None	None	Attendance registers and Reports

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
10	Bereavement support	To provide bereavement support to the colleagues of the deceased employee	Number of reports on bereavement support to employees	8 employees supported in 2019/2020	4 quarterly reports on bereavement support for employees	BLMCO MMOPE X036-5	-	-	-	4 quarterly reports on bereavement support for employee done	None	None	Reports
11	Health and wellness group works sessions	To encourage employees to participate on programmes	Number of reports for awareness programmes on group works sessions	2 awareness and 5 group work sessions conducted in 2019/2020	4 quarterly reports of awareness programmes and group works sessions 2020/21	BLMCO MMOPE X036-4	-	-	3 quarterly reports of awareness programmes and group works sessions 2020/21	3 quarterly reports of awareness programmes and group works sessions for 2020/21 done	None	None	Attendance Register, Agenda and reports

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measure	
13	GENDER AFFAIRS matters for community	To reduce the rate of gender-based violence cases as per gender strategy	Number of reports for programs on gender-based violence affairs meetings/ events	4 campaigns were conducted in the previous four financial years	4 Number of reports for programs on gender base violence affairs meetings/ events 2020/21 f/y	BLMCO MMOPE X008	R530 000.00	-	-	4 reports for programs on gender base violence affairs meetings/ events done	None	None	Requisitions, Attendance Register invitation, Programmes, Pictures and Reports
14	CHILDREN AFFAIRS	To create an enabling environment for children towards their development	Number of reports for programs on children's affairs events to be conducted	One celebration held in 2019/2020 f/y	4 Number of reports for programs on children's affairs events to be conducted	BLMCO MMOPE X052	R130 000.00	-	3 Number of reports for program on children's affairs events to be conducted	3 reports for programs on children's affairs events not done	Children affairs program mes were not impleme nted in 2020/20 21 due to restrictio ns in gatherin gs	To be impleme nted in 2021/20 22 financial year	Requisitions, Attendance Register invitation, Programmes and Pictures

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
15	ELDERLY AFFAIRS	To promote healthy lifestyle of elderly people.	Number of reports for programmes elderly affairs/events to be conducted	1 programme implemented in 2019/2020 f/y	1 report on programme for elderly affairs/events to be conducted	BLMCO MMDPE X015	R350 000.00	-	-	1 reports on programme for elderly affairs/events conducted	None	None	Requisitions, Attendance Register Invitation, Programmes and Pictures
16	DISABILITY AFFAIRS	Mainstreaming of people with disability	Number of disability programmes to be conducted	Disability programmes implemented in the 2019/2020 f/y	5 disability programmes to be conducted 2020/21f/y	BLM COMM OPEX009	R145 000.00	-	-	5 disability programmes conducted 2020/21f/y	None	None	Requisitions, Attendance Register Invitation, Programmes and Pictures

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
17	LIBRARY SERVICES programs and visits	Promote the culture of reading	Number of reports on library programmes, visits, and request to be conducted	21 programmes implemented in the 2019/2020 f/y	9 reports for programmes, visits, and request to be conducted 2020/21 f/y	-	R852 000,00	R50 000	4 reports on library programme, visits and requests conducted.	6 reports on library programme, visits and requests conducted.	None	None	Requisitions, Attendance Register, invitation, Programmes, Pictures, and Reports
18	Security Services	Secure Municipal Assets	Number of Security Services reports	12 Monthly reports submitted in 2019/2020	4 Quarterly reports on security services to be submitted in 2020/2021 FY	BLMCO MMOPE X006	Internal Driven	-	4 Quarterly reports on security services	Quarterly reports on security services submitted.	None	None	Quarterly reports

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INDICATOR NO:	Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
19	INDIGENT SERVICES	To ensure responsive government for all	Review of indigent register and policy	Indigent register reviewed for 2019/2020fy and waiting for council to approve	4 reports on progress of indigent register conducted	BLMCO MMOPE X006	Internal driven	-	-	4 progress reports on review of indigent register conducted	None	None	Reports, reviewed indigent register, policy and Council resolution
	Cemetery management and burial assistance of indigent	Management of cemeteries and provide burial assistance to indigents	Number of reports on cemeteries and provided burial assistance to indigents	New	4 reports on cemeteries and burial assistance to indigents	-	R250 000.00	-	-	4 reports on cemeteries and burial assistance to indigents done	None	None	Reports

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INDICATOR NO:	Functional Area	Objectives	KPI/ measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
20	FIRE AND RESCUE INSPECTION	Ensure all business compliant with NFBR	Number of fire and rescue inspections conducted	240 inspections conducted in 2019/2020	200 fire and rescue inspections conducted	-	-	-	-	205 fire and rescue inspections conducted	None	None	Issued certificates
21	FIRE AND RESCUE Protection	Ensure fire service is compliant with SANS CODE 10090 community fire protection	Number of reports on equipment to be serviced and vehicles purchased on fire and rescue	1 fire purchased, 3 skid units serviced, 1 mounted pump service	4 reports on number of equipment, tools serviced and vehicles purchased	1	R2m	R3m	-	4 report on number of equipment tools serviced and vehicles purchase	None	None	Reports, invoices and request letters

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
22	FIRE AND RESCUE Reports	Ensure fire service is compliant with SANS CODE 10090 community fire protection	Number of incidents calls on fire and rescue	265 emergency calls attended and 12 reports in 2019/2020 f/y	4 quarterly reports of incidents calls attended 2020/21 f/y		Internal driven	-	-	4 quarterly reports of incidents calls attended 2020/21 f/y	None	None	Emergency calls reports
23	DISASTER AWARENESS	Improved social cohesion and safe environment	Number of reports on Disaster awareness campaigns conducted	6 disaster management awareness campaigns conducted in 2019/2020 f/y	12 reports for Disaster awareness campaigns to be conducted 2020/21 f/y.		R50 000.00	-	4 reports for Disaster awareness campaigns conducted	3 awareness programs conducted through distribution of pamphlets	One Awareness campaign could not be held due to COVID 19 regulation	To be conducted in 2021/2022 financial year	Reports, Attendance register, Agenda and minutes

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
	DISASTER RELIEF MATERIALS	To provide relief support to the affected disaster victims	Number of reports on relief materials provided to victims	80 families assisted 2019/2020	12 reports on number relief materials provided to victims		R2 400 000.00	R500 000	4 reports on relief materials provided to victims	None	None	Reports	
24	DISASTER CALL CENTER AND DISPATCH	To have quick access to emergency reporting and response	Number of reports on disaster emergency calls received and dispatch	12 disaster management reports done in 2019/2020	12 reports on number of disaster emergency calls received and dispatch		Internal driven	-	4 reports on number of disaster emergency calls received and dispatched	None	None	Disaster management reports	

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
	DISASTER MANAGEMENT FORUMS MEETING	To have coordinated approach with all stake hold related to disaster management	Number of disaster management forum meetings conducted	New	4 forum meetings conducted 2020/21 f/y		Internal driven	-	-	24 forum meetings held 2020/21 f/y	Forum meetings combined with Local Coronavirus Command Council to efficiently deal with Covid-19	To be done when the situation is uplifted	Minutes, attendance register and invitation
25	ROAD TRAFFIC SERVICES	Create Awareness and buy-in to BLM strategy	Number of summons to be issued	10 000 Summons to issue in 2019/2020	10 000 summons be issued 2020/21 f/y		Internal driven	-	6000 Summons issued in 2020/2021	3753 Summons issued in 2020/2021	Speed camera machine not functional	New traffic fines management service provider appointed	Summons Statistics

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
26	TRAFFIC ENFORCEMENT	Improved social cohesion and safe environment	Number of road safety programmes (road blocks) conducted	12 operations per year	12 reports on road safety operation programmes (road blocks) conducted		Internal driven	-	4 quarterly reports on road safety operation programmes	Not achieved due to concentration of public transport compliance	Developed a program on road safety. Collaborate with SAPS and Provincial Traffic road safety program. Some of the programs will be led by	Road block reports with pictures	

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
27			Number of reports for Bylaws operations and compliance	New target	12 reports for Bylaws operations and compliance 2020/21 f/y		Internal driven		4 quarterly reports on by laws operations and compliance	None	None	the Executive Mayor and MMC	Reports
28	PUBLIC TRANSPORT	Ensure there is compliance to NLTA	Number of Public Transport Forums meeting to	Four forum conducted in 2019/202	4 meetings on public transport forum		Internal driven		3 Forum on public transport	3 Forums on public transport achieved	Forum members included		Attendance register, minutes and reports

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE	
										Annual performance	Reason for Variance	Improvement Measures		
29	Forum	no 5 of 2009	be conducted	40 financial year	2020/21 f/y									
	PUBLIC TRANSPORT	Ranking facility that is user friendly to commuters	Number of public transport inspections reports	40 inspections conducted in 2019/2020 f/y	40 number of inspection reports conducted 2020/21 f/y		Internal driven				33 inspection reports conducted 2020/21 f/y	Time allocated to fumigation of taxi ranks 7	Inspections to be conducted and reported in 2021/2022 financial year	Inspection report forms and pictures
	Inspection										Fumigation done in taxi ranks in line with Covid-19 protocols	Inspection report could not be achieved due to strikes (office close for two months)		

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
30	PUBLIC TRANSPORT COMPLIANCE	Creating Transport strategy	Development of local transport plan	The current integrated plan was conducted in 2008	Development of local transport plan	C02561/1A00032/f002x115e	R1 348 000.00	-	-	Development of local transport plan not achieved	Appointment of Service Provider delayed due to SCM processes.	Appointment made, service provider to commence work.	Appointment Letter, Progress Reports
31	RENOVATION AND CONSTRUCTION OF PUBLIC TRANSPORT FACILITIES	Ranking facility that is user friendly to commuters	Number of progress reports for construction of transport facility (Paulina taxi rank)	Only 22 public transport facility exist	12 progress reports on construction of transport facility (Paulina taxi rank)	C01771/1A01952/food2x115	R11m	-	4 progress reports on construction of transport facility (Paulina taxi rank)	2 progress reports on construction of transport facility (Paulina taxi rank)	Disputes on the land earmarked for construction of the taxi rank	Project is discontinued	Progress report

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
32	DLTC AND REGISTRY AUTHORITY	Financial management and viability	Revenue amount to be collected by all DLTC	R35 000 revenue amount collected in 2019/2020 f/y	R30 000 000 revenue amount to be collected by all DLTC 2020/21 f/y		Revenue income		R47,2 M	50.7 M	None	None	Enatis report
33		Improved Financial Management	Number of learners & drivers to be tested in all DLTC's	5000 learner drivers tested in 2019/2020 f/y	3000 learners and drivers to be tested in all DLTC's		Internal driven	-	17 000 learners and drivers	21 396 learner and drivers tested	None	None	E-natis revenue collection report
34	RISK MANAGEMENT	Prevent and manage risk issues in the directorates	Number of reports for risk management to be submitted	Strategic and operational risk register developed	4 Risk reports developed	Internal Driven	Internal Driven	-	-	4 Risk reports developed	None	None	Risk report

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
35	PERFORMANCE MANAGEMENT	To monitor the performance of employees and ensure effectiveness	Number of performance compacts to be developed and assessed as per the PMS cycle	All seven (7) unit Managers assessed for performance in 2019/2020 f/y	6 performance compacts to be developed and 4 assessments as per the PMS cycle 2020/21 f/y	Internal Driven	Internal Driven	-	-	None	6 performance compacts to be developed and 4 assessments were achieved	None	Performance Compacts
36	IMPLEMENTATION OF COUNCIL RESOLUTIONS	Ensure implementation of IDP priorities	Number of reports on the implementation of council resolution	4 council resolution to be implemented in 2019/2020 f/y	4 reports on the implementation of council resolution	Internal Driven	Internal Driven	-	-	None	4 reports on the implementation of council resolution done	None	Council Resolutions

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INDICATOR NO:	Functional Area	Objectives	KPI/measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual performance	Reason for Variance	Improvement Measures	
37	PROCUREMENT	Ensure implementation of IDP priorities	Development of departmental procurement plan and submit to SCM unit	Procurement plans for 2019/2020 f/y submitted and implemented	Procurement plans for all unit to be developed and submit to SCM unit 2020/21 f/y	Internal driven	Internal driven	-	-	Procurement plans for all unit to be developed and submit to SCM unit 2020/21 f/y	None	None	Procurement plans for Community Services and list of requisitions
38	HRM	Assess the capacity of Bushbuckridge Local Municipality	Number of departmental meeting to be conducted	6 Departmental meetings held	12 Departmental meetings to be conducted	Internal driven	Internal driven	-	4 Meetings conducted	4 Meetings conducted	None	None	Agenda, minutes, attendance register for the meetings

5. MUNICIPAL INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

5.1 DEPARTMENTAL PERFORMANCE PLAN CORPORATE SERVICES (15%)

Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
39	Human Resource Management (Staff establishment)	Improved Implementation of Administration Policies and Procedures	Number of reports on filled and vacancy rate	1902 positions per organogram and 1187 positions were filled which amount To 37% rate	4 quarterly reports on filled and vacancy rate	-	R0	Internally driven	4 quarterly reports on filled and vacancy rate	None	None	None	Quarterly reports
40	Human Resource Management (Staff establishment)	Improved Implementation of Administration Policies and Procedures	Approved Organisational Structure 2020/21	2019/20 organogram approved on the 31/05/2019	Approved 2020/2021 Organisational Structure	-	R0	Internally driven	Approved 2020/2021 Organisational Structure	None	Organogram 2020/2021 approved	None	Council resolution and approved organogram

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Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
	HRM Staff integration	All employee must be aligned to position on the organization	Number of staff to be placed on the organization	134 staff taken from random water must be placed on the organization	134 staff to be placed on the organization			Internally driven	134 staff to be placed on the organization	134 staff placed on the organization	None	None	Placement letters
41	HRM (Recruitment of staff)	Aligned Organizational Structure	Number of appointed employees with individual job descriptions	11 new employees, 300 EPWP and 8 finance interns were appointed	To recruit 100 employees to close gaps for service delivery	BLM/CORPEX023			Recruitment of 30 employees to close gaps for service delivery	23 employees appointed to close the gaps for service delivery	Delays in the recruitment process. Interviews were rescheduled, municipal offices were closed due to reported Covid	All vacancies not filled in 2020/2021 will be filled by September 2021/2022	Appointment letters

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Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
42	Proper utilisation of staff (Leave management)	Aligned Organizational Structure	Number of Report on Controlled attendance registers against leave registers	All leave taken are registered and captured and quarterly station visits were conducted	To Completed 4 quarterly attendance verification and submit reports	BLM CORPEX041	-	-	Completed 4 quarterly attendance verification and submit reports done	19 cases None	None	Compiled leave management reports	
43	Payrolls and head count	Alignment of payroll and existing staff Improved staff morale	Number of head count to be conducted Number of payrolls register to be signed	0 Head count conducted 12 payrolls register signed	2 Head count to be conducted 12 payrolls register to be signed	-	Internal driven	Internal driven	1 Head count to be conducted 12 payrolls register to be signed	None	None	Signed Head count register Signed workstations payrolls	

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
44	Labour Relations Management (Training and workshops)	Improved staff morale	Number of workshops on labour relations to be conducted	3 Workshops conducted	4 workshops on labour relations to be conducted	-	R0	Internal driven	4 workshops on labour relations to be conducted	4 workshops on labour relations conducted	None	None	Attendance registers
45	Labour Relations Management (Disciplinary enquiries / grievances)	Improved staff morale	Updated cases of misconduct database submitted to Cogta	4 reports submitted to Cogta during 2018//19FY	Submit 4 quarterly updated reports on disciplinary cases to COGTA	-	R0	Internal driven	Submit 4 quarterly updated reports on disciplinary cases to COGTA	Submit 4 quarterly updated reports on disciplinary cases done	None	None	Proof of submission and disciplinary cases report

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Indicator No:	Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
46	LLF	Improved staff morale	Number of LLF schedule and meetings to be attended	9 Monthly LLF held in 2019/2020 /F/Y	12 monthly LLF meetings to be held and 1 LLF schedule to be developed	-	RO		4 quarterly LLF meetings to be held and 1 LLF schedule to be developed	None	None	None	LLF schedule, Attendance registers, minute and agenda
47	OHS (meetings)	Improved staff morale	Number of Occupational Health and Safety (OHS) Committee Meetings	4 OHS Committee meetings held in the 2019/2020	12 OHS Committee meetings to be held.	-	Internal driven		4 OHS Committee meetings to be held.	None	None	None	Minutes and attendance registers
	COVID-19	Provide COVID-19 support to employees	Number of COVID 19 Occupational Health and Safety (OHS) Committee Meetings	New indicator	-	-	Internal driven	Internal driven	6 COVID-19 Occupational Health and Safety (OHS) Committee Meetings	None	None	None	Minutes and attendance registers

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
48	OHS (protective clothing & equipment)	Improved staff morale	Number of quarterly Reports on employee protective clothing to be compiled	4 quarterly Reports on employee protective clothing compiled in 2019/20	4 quarterly Reports on employee protective clothing to be compiled		R2 million	R3 000 000,00	4 quarterly Reports on employee protective clothing to be compiled	4 quarterly Reports on employee protective clothing compiled	None	None	Reports, List of beneficiaries & signed receiving register
49	OHS (medical examination)	Improved staff morale	Number of medical examination to be conducted in 18 work station by the registered Medical Doctor	132 employee have undergone medical examination by the registered Medical Doctor in 18 work station 2019/20	1200 Employee to undergo medical examination by the registered Medical Doctor		R575 223,00	-	1 Medical examination to be conducted in 18 work station by the registered Medical Doctor	1 Medical examination conducted in 18 work station by the registered Medical Doctor	None	None	Medical Certificates of examinations & registers

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
50	Skills development and Staff Training Workshop	Improved Implementation of Administration Policies and Procedures	Number of staff to be trained as per WSP.	117 Officials trained	300 officials to be trained	BLM CORPEX018	-	-	50 officials to be trained	54 officials trained	None	None	Lists, attendance registers and training reports
51	Skills development and Councillor training	Improved Implementation of Administration Policies and Procedures	Number of councillors to be trained.	11 Councillors were trained as per WSP	To train 50 councillors	BLM SPAOPEX004	-	-	To train 20 councillors	20 councillors trained	None	None	Lists, attendance registers and training reports
52	WORK INTEGRATED LEARNING	Improved Implementation of Administration Policies and Procedures	Number of unemployed learners (WIL) to be placed for practical's as per WSP.	20 WIL to be placed for experiential learning LGSETA Funded project	20 WIL to be placed for work practicals		-	-	17 WIL to be placed for work practicals LGSETA funded project	17 WIL placed for work practicals LGSETA	None	None	Placement List, Attendance register

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
53	INTERNSHIP	Improved Implementation of Administration Policies and Procedures	Number of unemployed Graduate learners to be placed for internships as per WSP	17 Interns enrolled through the National Treasury	20 unemployed Graduate learner to be placed	-	-	-	-	-	-	-	List and Attendance register
54	Workplace Skills Plan	Improved Implementation of Administration Policies and Procedures	Number of WSP to be developed timeously	1 WSP submitted for 2020/2021 to LGSETA	1 WSP 2021/2022 to be developed and submitted to LGSETA on the 30 April 2021	-	Internal driven	-	1 WSP 2021/2022 to be developed and submitted to LGSETA on the 30 April 2021	1 WSP 2021/2022 developed and submitted to LGSETA	None	None	Training committee attendance register, LGSETA acknowledgement letter, council resolution

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
55	Bursaries	Improved Implementation of Administration Policies and Procedures	Number of staff to be allocated bursary and number of reports	39 officials provided with bursaries	40 staff to be allocated bursary and 3 reports to be submitted	BLM/CORPEX003	-	-	25 staff to be allocated bursary and 3 reports to be submitted	25 staff allocated bursary and 3 reports submit	None	None	Bursary Notice Advert(Q2),Bursary awards list and report(Q3)
56	Implementation of Employment Equity plan.	Improved Implementation of Administration Policies and Procedures	Number of reports on employees appointed in terms of the goals on the EE plan.	4 Reports on employees appointed in terms of the goals on the EE plan done	4 Reports on employees appointed in terms of the goals on the EE plan.	BLM/CORPEX034	-	-	-	4 Reports on employees appointed in terms of the goals on the EE plan done	None	None	Employment Equity report.
57	Employment Equity annual report.	Improved Implementation of Administration Policies and Procedures	Number of Annual EE Report to be submitted to the Dept. of labour timeously	2018/19 EE Annual report submitted to the Department of Labour	1 Annual EE Report to be submitted to the Dept. of labour timeously	-	-	Internal driven	-	1 Annual EE Report submitted to the Dept. of labour timeously	None	None	DoL Acknowledgement of receipt and EE annual report

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised target	APR 2020/2021			Portfolio of Evidence
									Annual Performance	Reason for Variance	Improvement Measure	
58	Contract Development and Management	Efficient and Effective Administration	Number of Quarterly updated contract register.	4 Contract register per year	4 Contract register per year	-	Internal driven	4 Contract registers	4 Contract registers done	None	None	Updated Contract registers
59	Legal Advisory and Administrative Services.	Efficient and Effective Administration	Number of reports on litigations, liabilities and claims.	4 litigation and contingent liabilities reports were compiled	4 litigation and contingent liabilities reports to be submitted to council per financial year	-	-	04 litigation reports.	04 litigation reports done	None	None	updated Litigation Reports and council resolutions
	Legal Advisory and Administrative Services.	Provide legal advice in the municipality	Number of list for developed SLA reviewed	0 list for developed SLA reviewed	4 lists for developed SLA reviewed		Internal driven	4 lists of developed SLA reviewed.	4 lists of developed SLA reviewed done	None	None	List of reviewed SLAs

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Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
60	Auxiliary Services	To provide effective and efficient fleet management	Number of quarterly fleet management reports to be submitted to council	4 quarterly fleet management reports done in 2019/20	4 quarterly fleet management reports to be submitted to council	-	R0	Internal driven	4 quarterly fleet management reports to be submitted to council	None	None	Fleet management reports	
61	Availability of fleet	To provide effective and efficient	Number of available fleet to be monitored	127 available fleet monitored	136 available fleet to be monitored	-	-	-	146 available fleet to be monitored	None	None	Fleets monitoring report	

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Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
62		fleet management	Number of heavy machinery to be purchased by 4th	7 yellow fleets procured	8 Heavy machinery to be procured (4 water tank trucks, 2 skip loaders and 1 grader and 1 tipper truck)				9 Heavy machinery to be procured	4 Heavy Machinery purchased	9 Heavy machinery procured in 2019/2020 with 4 delivered in 2020/2021 FY.	None	Procurement plan and list of purchased vehicle

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised target	APR 2020/2021			Portfolio of Evidence
									Annual Performance	Reason for Variance	Improvement Measure	
63	Availability of fleet		Number of light vehicle to be procured	25 light vehicles procured	6 light vehicles to be procured (1 Mayor's vehicle, 3 Single cab, 1 Double cab and 1 Generator for Disaster)		R3,200					requisitions and List of purchased vehicle
64	Registry	Efficient and Effective Administration	Number of reports on the implementation of the approved File Plan	Four reports on the implementation of the File Plan were compiled	4 reports on implementation of file plan		Internal driven	4 reports on implementation of file plan	4 reports on implementation of file plan done	None	None	Four reports on the implementation of the File Plan

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
65	Printing and Stationery	Efficient and Effective Administration	Number of reports on auto machine and stationery	4 reports on auto machine and stationery complied in 2019/20	4 Reports on auto machine and stationery to be compiled		R0	R1,2M	4 reports on auto machine and stationery	4 reports on auto machine and stationery done	None	None	4 Reports on auto machine and stationery
	Filing and record keeping management	Efficient and Effective Administration	Number of record keeping awareness to be conducted	0 records awareness done in 2019/2020	4 record keeping awareness to be conducted		Internal driven	R 2,M	4 Record keeping awareness to be conducted	2 records keeping awareness conducted	Quarter 2 and quarter 4 records keeping awareness were not achieved	To improve record keeping awareness in 2021-2022	Attendance register and agenda
66	Provision of insurance	Efficient and Effective Administration	Number of insurance cover reports	4 reports on insurance cover done in 2019/20	4 Reports on insurance cover to be compiled		R0	R 4, M	Compiled 4 reports on insurance cover	4 reports on insurance cover were compiled	None	None	4 Reports on insurance cover

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Indicator No:	Functional Area	Objective	KPI/Measure	Baseline	Annual Target	Vote number	Ordinary / budget	Revised target	APR 2020/2021			Portfolio of Evidence
									Annual Performance	Reason for Variance	Improvement Measure	
NEW	Insurance policy	Efficient and Effective Administration	Number of insurance policy to be reviewed	1 policy on insurance cover	1 Insurance policy to be developed and adopted			1 Insurance policy to be developed and adopted	Internal driven	None	None	Draft insurance policy
67	Council Support	Efficient and Effective Administration	Number of council sitting to be conducted	7 Council sitting conducted	4 Council sitting to be conducted		Internal driven	4 Council sitting to be conducted		None	None	Quarterly reports
68	Mayoral IMBIZO	Efficient and Effective Administration	Number of Imbizo to be held	4 Mayoral Imbizo conducted in 2019/2020FY	4 Mayoral Imbizo / outreach to be conducted	BLMMAYOROP EX002	R	0		None	None	Attendance registers
69	Ward Committees	Efficient and Effective Administration	Number of consolidated ward committee reports to be	4 Ward committee reports were consolidated in	4 Consolidated ward committee reports to be	BLMISPEAOPEX 005	R631 800.00	4 Consolidated ward committee reports to be	R631 800.00	None	None	Ward committees reports

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Indicator No:	Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
70	Implementation of council resolutions	Efficient and Effective Administration	submitted to council.	2018/19 FY	submitted to council			submitted to council					
			Number of Council Resolution Implementation Reports	4 Council Resolution Implementation Reports done in 2019/20	4 Council Resolution Implementation Reports			4 Council Resolution Implementation Reports	4 Council Resolution Implementation Reports done	None	None	None	Council resolutions implemented on report
	MPAC committee reports	Efficient and Effective Administration	Number of MPAC reports on annual report	1				1 MPAC report on annual report	1 MPAC report on annual report	None	None	None	Council resolutions implemented on report

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Indicator No:	Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
71	Information Communication and Technology	Improved information technology structure and Invest in ICT Infrastructure	Number of reports on ICT status against the ICT Governance Framework	4 reports on ICT Governance Framework done in 2019/20	4 reports on ICT Governance Framework to be submitted to council	BLMORPEX0	R5,650	R11,4M	4 Reports on ICT Governance framework to be submitted to council	4 Reports on ICT Governance framework submitted to council	None	None	Reports on ICT Governance Framework
72		Improved information technology structure and Invest in ICT Infrastructure	Number of ICT Steering Committee meetings to be held	3 ICT steering committee meetings held in 2019/20	4 ICT Steering Committee meetings to be held	56/57	R20,000.00		4 ICT Steering Committee meetings to be held	4 ICT Steering Committee meetings held	None	None	Attendance register and minutes
73			Number of ICT report on implementation of Strategic Plan and action plan	4 quarterly reports on the status of ICT were considered by council	4 quarterly ICT project reports	-		Internal driven	4 Quarterly ICT project reports	4 Quarterly ICT project reports done	None	None	ICT Council resolutions

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Indicator No:	Functional Area	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
74	Good governance (risk, HRM and PMS)	Effective and efficient governance structures	Number of risk reports and development of Corporate Services risk action log	Strategic and operational risks were identified and 4 x quarterly risk assessment logs were compiled.	To compile 4 quarterly risk assessment logs	-	RO	Internal driven	To compile 4 quarterly risk assessment logs	4 quarterly risk assessment logs done	None	None	Risk report reports
75		Effective and efficient governance structures	Number of corporate services managers performance plans and performance reviews	6 corporate services managers performance plans developed and reviewed quarterly in 2019/2020	6 Corporate services managers performance plans and performance reviews	-	RO	Internal driven	6 Corporate services managers performance plans and performance reviews	6 Corporate services managers performance plans and performance reviews done	None	None	Performance plans

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Indicator No:	Functional Area	Objective	KPI/Measurement	Baseline	Annual Target	Vote number	Ordinary / budget	Revised budget	Revised target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for Variance	Improvement Measure	
76		Effective and efficient governance structures	Number of departmental meeting to monitor performance	10 departmental meeting done in 2019/2020	12 departmental meetings to be conducted		RO	Internal driven	12 departmental meetings to be conducted	12 departmental meetings conducted	None	None	Performance plans

6. KPA: LOCAL ECONOMIC DEVELOPMENT (LED) 15% WEIGHT

6.1 DEPARTMENTAL PERFORMANCE PLAN EDPE

Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
77	Enhance Tourism Growth and development	Increase tourist in the municipality	Number of tourism projects to be supported and monitoring their effectiveness on a quarterly basis	8 tourism projects and 1 programme supported	9 tourism projects to be supported and monitoring their effectiveness on a quarterly basis	BLME DPEO OPEX 008	R410 000	-	-	9 tourism projects supported and monitoring their effectiveness on a quarterly basis	None	None	Progress reports
			Number of tourism programs to be supported	1 tourism programme supported	1 tourism programme to be supported								

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
	Enhance Tourism Growth and development	Increased tourists in the municipality	% Construction of 7 km fence and guard house for Mangwazi Nature Reserve	2019/2020 New target	100% Construction of 7 km fence and guard house for Mangwazi Nature Reserve	BLME DPE100	R2 000 000			50% Construction of 7 km fence and guard house for Mangwazi Nature Reserve done	The project has been temporarily stopped due to challenges on site	Stakeholders consulted meeting to be consultative meeting to be conducted	Progress report
	Enhance Tourism Growth and development	Increased tourists in the municipality	% Construction of 2.7 km fencing and a guard	New target	100% Construction of 2.7 km fencing and a guard	BLML 015	R1 000 000	R1 500 000	100% Construction of 2.7 km and a guard houses for	100% Construction of 2.7 km fencing and a guard	None	None	Progress report

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
		municipality	house for Mnisi resort		house for Mnisi resort				Mnisi Resort	house for Mnisi resort			
			% construction of 830m for Huntington cultural village	New	100% construction of 830m for Huntington cultural village	BLMED PE102	R1 000 000	R2 000 000	100% construction of 830m for Huntington cultural village	100% construction of 830m for Huntington cultural village done	None	None	Progress report
	Enhance Tourism Growth and development	Increased tourists in the municipality	% Construction of 3 ablution facilities and waste equipment for Marula Route	New target	100% Construction of 3 ablution facilities and refuse equipment for Marula Route		R500 000	R700 000	100% Construction of 2 ablution facilities and fencing for Marula Route	100% Construction of 2 ablution facilities and fencing for Marula Route not done	It was recommended by SCM that housing unit assist in implementation of the	To be implemented in 2021/2022 financial year	Progress report

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
79	Small Medium Micro Enterprises (SMMEs)	Increase SMME development	Number of SMMEs supported	169 SMME supported	100 SMME's supported	BLME DPEO OPEX0 10	R450 000	-	-	237 SMMEs supported	None	None	Attendance registers
	SMME Development (Bush mechanic)	Sustainable economic	Support programme for Bush Mechanics	New target	Support programme for Bush mechanics		R300 000	-	-	Purchase of diagnostic machines for Bush	To do advert to determine the	The programme has	Progress report

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
80	and informal sector programme)	growth and job creation	and Informal Hawkers		and Informal Hawkers					mechanics and construction of shelter for Informal Hawkers not achieved	beneficiaries	been deferred to 2021/2022 financial year.	
	LED Awareness Programmes	Increased tourists in the municipality	Number of LED awareness programmes to be held	8 aware ss and workshops conducted	6 LED Programmes to be held				5 LED Programmes to be held	6 LED Programmes held	None	None	Attendance registers
81	Stakeholder Coordination	Increase economic participation	Number of LED fora/ other Fora meetings held	9 LED forums meetings held	To have 10 forums meetings held					10 forums meetings held	None	None	Minutes and attendance registers

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
82	Agricultural Development	Increase economic participation	Number of Agricultural projects /cooperatives supported	9 Agricultural projects and 6 cooperatives supported and monitoring their effectiveness on a quarterly basis	9 Agricultural projects/cooperatives supported and monitored their effectiveness on a quarterly basis	BLME DPEO OPEX 009	R506 000	-	-	9 Agricultural projects/cooperatives supported and monitored their effectiveness on a quarterly basis	None	None	Reports on supported projects/cooperatives
	Agricultural development (Zoeknog project)	Increase economic participation	% Resuscitation of 20 hectares for Zoeknog project	New target	100% resuscitation of 20 hectares for Zoeknog project	New	R1 500 000	R1 500 000	50% resuscitation of 20 hectares for Zoeknog project	50% resuscitation of 20 hectares for Zoeknog project	None	None	Progress report

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
83	Agricultural Development (CWP support)	Increase economic participation	Number of reports on support and monitoring for implementation of CWP programme	Business plan developed For the implementation	4 reports on the support and monitoring for implementation of CWP programme	-	-	-	-	project done	None	None	Reports/Minutes and attendance registers
					4 reports on the support and monitoring for implementation of CWP programme	-	-	-	-	4 report on the supported and monitored for implementation of CWP programme	None	None	

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
84	Local Economic Development - Job Creation	Increase economic participation	Number of jobs created from economic programmes/projects	3781 jobs created by June 2020	3000 jobs created from economic programmes/projects	-	-	-	-	3117 jobs created from economic programmes/projects	None	None	List of jobs created.
85	LED	Increase economic participation	Reviewed LED strategy	LED strategy	Reviewed LED strategy	BLME DPEO OPEX0 11	R 50 000	-	-	Reviewed LED strategy done	None	None	Reviewed LED Strategy

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
87	BBR Growth and Development Strategy	Increase economic participation	% Development of the BBR Growth and Development Strategy	New target	10% Development of BBR Growth and Development Strategy	BLM	R1,200 000	R1 000 000	10% Development of BBR Growth and Development Strategy	10% Development of BBR Growth and Development Strategy not done	Bid specification document was not implementable.	To be revised and resubmitted in the 2021/2022 FY	Progress report
100	Business Licensing applications	Enhance revenue through business licensing	% of Business licenses applications and renewals processed	200 licenses issued	100% business license applications and renewals to be processed as per applications received		Operational			100% business license applications and renewals processed as per applications received	None	None	List of business applications and renewals processed

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
	Monitor compliance for trading, conduct inspection of trading premises	Ensure that businesses comply with the regulations and conduct inspection as required	Number of inspections and operations conducted	4 operations conducted and 200 inspections	12 Operations and 600 Inspections carried out by June 2021		R80 000			10 operation and 934 inspections conducted	Limitation due to COVID 19	More inspections will be covered during the ease of the COVID 19	Signed inspection reports Detailed report of operations and list of businesses inspected

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
101	Implementation of Business Trading By-Laws with the incorporation of section 35(2)(b) of the Mpumalanqa Liquor Licensing Act, No.5 of 2006	To ensure compliance & enforcement of tools are in place to manage operating hours in businesses	Incorporation and promulgation of regulatory tool (trading by-laws and section 35 (2)(b) of Liquor Act	Lack of regulatory tool for comments into liquor license applications	Incorporation and promulgation of regulatory tool (trading by-laws and section 35 (2)(b) of Liquor Act	-	R60 000	R280 000	Incorporation and promulgation of regulatory tool (trading by-laws and section 35 (2)(b) of Liquor Act	None	None	Copy of the promulgated by-law	

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Indicator No:	Functional Area	Strategic Objective As Per IDP	KPI Measurement	Baseline/Previous performance	Annual Target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
102	Awareness programmes and workshop for Informal traders on business compliance	Conduct workshops and stakeholder consultation	Number of workshops and campaigns conducted on business compliance	2 workshops conducted	4 workshops and campaigns to be conducted on business compliance		R70 000			8 workshops and campaigns to be conducted on business compliance	None	None	Report and attendance register

6.2. OTHER EDPE SUB UNITS

Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
103	Enhance Environmental sustainability	Greening of 8 schools	8 schools to be greened	8 Schools greened	8 Schools to be greened	BLMEDPE OPEX 004	R0	-	-	10 Schools greened	None	None	Reports & distribution registers
104	Climate Change	To promote safe and secure environment for communities	Number of climate change outreach programmes to be held	2 workshops and 2 events held	4 outreach programmes to be held	BLMEW 020	R500 000	-	-	7 outreach programmes held	None	None	Reports and attendance registers
105	Air quality	To comply with the Air Quality Act no 39 of 2004).	Purchase of 1 set of air quality equipment	Air quality management plan	Purchase of 1 set of air quality equipment	BLMEW 021	R1 000 000	-	-	Purchase of 1 set of air quality equipment not purchased	All bids received were non responsive	Air quality equipment will be procured in 2021/2022	Report and attendance register

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
107	Events on outreach and campaigns	To promote safe and secure environment for communities	Number of awareness and campaigns held	9 aware ss and campaigns held	8 awareness and campaigns to be held	BLMEDPE OOPEX 013	R340 000	-	-	14 awareness and campaigns held	None	None	Reports
108	Sand mining By-Laws	Development of Sand Mining By-Laws	% Development of sand mining By-Laws	New Target	100% Development of sand mining By-Laws	New	500000	500000	Draft sand mining By-law	100% Development of sand mining By-laws done	None	None	Reports
109	Greenest Region Competition	Ensure that regions implement green practices	Number of reports on region's assessments and roadshows conducted	11 Greenest Region Competition Roadshows held	4 reports on 11 regions profiled, GRC workshop and 11 road shows conducted	BLMEDPE OOPEX 48	R40 000	-	-	4 reports on 11 regions profiled, GRC workshop and 11 road shows conducted	None	None	Reports and attendance registers

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
110	Waste recycler support	Promotion of sustainable use of natural resource	Number of capacity building workshops held, PPE and tools provided.	2 Capacity building workshops done	2 on-site capacity building workshops for recyclers and the provision of PPE and tools.	BLMEDPEXX005	R300 000	-	-	4 on-site capacity building workshops for recyclers and the provision of PPE and tools done	None	None	Reports and pictures
111	Development of regional landfill site	To comply with NEMWA	Number of reports on the completion of phase 2 and the construction of phase 3	Phase two completed	4 reports on the completion of phase 2 and construction of phase 3	-	R20 000 000	16 033 000	-	4 reports on the completion of phase 2 and construction of phase 3 done	None	None	Reports

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
112	Waste By-Laws	Promotion of sustainable use of natural resource	Promulgation of waste by laws, awareness and enforcement	Draft Waste By-law	Promulgation of waste by laws, awareness and enforcement		R100 000	R30 000	Promulgation of waste by law and awareness campaigns done	None	None	None	Reports
113	Waste Collection	Increase waste collection and disposal	Number of households to be provided with waste collection	41752 households provided with waste collection	44517 households to be provided with waste collection	BLMEDPE00 PEX047 BLMEDPE00 PEX037	R2,500 000	R2,900 000	43052 households to be provided with waste collection	43102 households to be provided with waste collection	None	None	Reports
116	Layout plans for Bulk Site demarcations	To provide well planned and secure sustainable	Submission of applications for layout plans for Islington,	3 layout plans drawn	Submission of applications for layout plans for Islington,	BLMLU046	R4 000 000	R2 000 000		Submission of applications for layout plans for Islington,	None	None	Applications

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE	
										Annual Performance	Reason for Variance	Improvement Measure		
	(Isington, Oakley, Maviljan, Dumphries, Kulani and Kildare B,)	Human settlement	Oakley, Maviljan, Dumphries, Kulani and KildareB		Oakley, Maviljan, Dumphries, Kulani and KildareB									
117	Alignment of IDP projects to SDF	Improved integrated development planning	Number of reports on the alignment of IDP projects with the SDF	Approved SDF	1 reports on alignment of IDP projects with the SDF	-					1 reports on alignment of IDP projects with the SDF done	None	None	Report

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
118	Capacity building of Traditional Authorities and communities	Increase the implementation of SPLUMA and Spatial Development Framework	Number of workshops for Communities and Traditional Leaders	Approved SDF and LUS	4 workshops held with Communities and Traditional Authorities	-	-	-	1 workshop held with Communities and Traditional Authorities	COVID 19 regulation	-	Report and attendance register	
119	Formalisation of Acornhoek CBD, Sefoma/Matsi kitsane, Malubana and MkhuluA & Ext 1A	Increased township businesses formalized and supported	Approval of Surveyor General diagram for Acornhoek CBD, Sefoma/Matsi kitsane, Malubana and MkhuluA & Ext 1A	Approved Layout Plan	Approval of Surveyor General diagram for Acornhoek CBD, Sefoma/Matsi kitsane, Malubana and MkhuluA & Ext 1A	BLMLU039	4 000 000	3 200 000	Approval of Surveyor General diagram for Acornhoek CBD, Sefoma/Matsi kitsane, Malubana and MkhuluA & Ext 1A done	None	None	Approved Diagrams	

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
124	Formalisation of Bushbuckridge CBD and Hospital View Township	Increased township businesses formalized and supported	Approval of Surveyor General diagram for BBR CBD and Detailed designs for the Hospital View Township	Approved layout plan for BBR CBD and preliminary detailed designs for Hospital View	Approval of Surveyor General diagram for BBR CBD and Detailed designs for the Hospital View Township	BLMLU019_1	R2 000 000			Approval of Surveyor General diagram for BBR CBD and Detailed designs for the Hospital View Township done	None	None	Report on SG diagram
125	Revitalisation of Mkhuhlu Industrial Park	Increased township businesses formalized and supported	Draft Business plan for the revitalisation of Mkhuhlu industrial park	Mkhuhlu Precinct Plan	Draft Business Plan	BLMLU041	1 500 000	R800 000	Draft business plan	Draft business plan done	None	None	Reports
126	Rezoning of sites for	Increased township	Rezoning of sites for	Precinct Plan	Rezoning of sites for	BLMLU042	R3 000 000		Submission of applications		None	None	Reports and

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
133	business and high density at Thulamahash, Greenvalley and Dwarsloop	businesses formalized and supported	business and high density at Thulamahash, Greenvalley and Dwarsloop		business and high density at Thulamahash, Greenvalley and Dwarsloop	BLMLU040							Applications
						BLMLU044	R2 200 000		Submission of applications done	None			
	Implementation of the year two of the GIS Strategy	Spatial Information Management (e.g. GIS)	Number of reports on the GIS Billing Viewer	Implemented project for year one of the GIS Strategy	2 reports on the GIS Billing Viewer	BLMM023	3 350 000.00	R2 100 000			2 reports on the GIS Billing Viewer done	None	Report

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
134	Spatial Information Management (e.g. GIS)	Effective usage of GIS by all directorate of the Municipality	Number of events for GIS awareness	GIS Day Events for Councilors and Officials	3 GIS awareness events	BLMEDPEOO PEX030	212 000	0	1 GIS awareness event	1 GIS awareness event done	None	None	Attendance registers
135	Risk Management	Manage all risk related to EDPE KPA	Development of risk action Log and number of risk updated reports	Strategic and operational registers developed	4 Risk reports to be developed	Internal Driven	Internal Driven	-	-	6 Risk reports developed	None	None	Copy of updated risk action log
136	IMPLEMENTATION OF COUNCIL RESOLUTIONS	Increased implementations of governance policies and internal control	Number of council resolutions implemented	4 quarterly reports prepared	4 reports on the implementation of council resolutions	Internal Driven	Internal Driven	-	-	4 reports on the implementation of council resolutions	None	None	Report on implemented council resolutions

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
137	PROCUREMENT	Improved compliance to legislation	Number of procurement plans and requisitions submitted to SCM	Procurement plans and requisitions submitted	All units to submit procurement plans and requisitions	Internal driven	Internal driven	-	-	procurement plans and requisitions done	None	None	Copies of all submitted procurement plans and requisitions
138	Performance Management	Proper alignment of SDBIP with employees compacts	Number of performance plans to be developed and monitored	SDBIP is fully cascaded to managers	4 performance compacts to be developed and 4 assessments as per the PMS cycle	Internal driven	Internal driven	-	-	4 performance compacts developed and 4 assessments conducted	None	None	Reviewed Performance Plans for managers

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Indicator No:	Functional Area	Objective	KPI Measurement	Baseline/Previous performance	Annual target	Vote number	Ordinary budget	Revised budget	Revised target	APR 2020/2021			POE
										Annual Performance	Reason for Variance	Improvement Measure	
139	HRM	Effective and efficient utilisation of municipal human resource	Number of departmental meeting addressing HR issues	12 departmental meeting held	12 meetings to be conducted	Internal driven	Internal driven	-	-	12 meetings conducted	None	None	Attendance registers and minutes

7. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (WEIGHT 20%)

7.1. PERFORMANCE PLAN FINANCE

Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
127	Customers billing	Improved Revenue Management	Expand the billing of water to all reticulated areas	Number of customers billed accurately	7000 Customers billed for water	8000 Customers billed for water	-	R5m	8000 Customers billed for water	9880 Customers billed for water	None	None	Signed Billing Reports
128	Revenue collection	Improved Revenue Management	Improve collection of Debt	Amount revenue collected	170m	190M	-	R2m	190M	251M	None	None	Revenue Collection Reports

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
129	Revenue Enhancement Strategy (RES) implemented	Improved Revenue Management	Implementation of all items in the Revenue Enhancement Strategy	% implementation of activities in a revenue enhancement strategy	Customers billed using flat rate	10% increase in water revenue billed		5M	5 Activities implemented	5 Activities implemented	None	None	RES Implemented on reports
				Number of activities in the RES implemented	4 Activities implemented								RES implemented on reports

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
130	MFMA Budget prescripts	Improved Budget planning and Monitoring	Budget developed and aligned with IDP by target date.	% Compliance with MFMA Budget prescripts	100% Compliance with MFMA Budget prescripts	100% Compliance with MFMA Budget prescripts	Internally Driven	n/a	-	100% Compliance with MFMA Budget prescripts done	None	None	Council Resolutions and Adverts public notice
131	Statutory reports	Improved Budget planning and Monitoring	Ensure adherence to financial procedures and controls	% Accuracy of statutory reports	50% Accuracy of statutory reports	100% Accuracy of statutory reports	Internally Driven	n/a	-	100% Accuracy of S71 Reports done	None	None	S71 reports
132	Budget	Improved Budget planning and Monitoring	Enhanced budget Monitoring	Number of accurate spending vs. budget reports	12 spending vs. budget reports	12 spending vs. budget reports	Internally Driven	n/a	-	12 spending vs. budget reports done	None	None	Monthly Budget v/s Actual Expenditure reports extracted from the system incl.

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Indicator No:	KPA	Strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
133	FMS	Enhanced Expenditure Management	To ensure that the municipality's financial information is accurate and complete	% accuracy and completeness of transactions captured on the FMS.	100% accuracy and completeness of transactions captured on the FMS.	100% accuracy and completeness of transactions captured on the FMS.	Internally driven	n/a	-	100% accuracy and completeness of transactions captured on the FMS.	None	None	Grants Expenditure recon.
NEW	Expenditure Management	Enhanced Expenditure Management	Improved Compliance with MFMA	% payments made within 30 days.	95% payments made within 30 days.	100% payments made within 30 days.	Internally driven	n/a	-	90% Payments made within 30 days.	Delays in submission of invoices by End Users	Revise the timeline for submission of invoices by End Users	Creditors Age Analysis Recon
	Expenditure Management	Enhanced Expenditure	Improved Compliance	Number of Salary Recon,	100% implementation of	12 (monthly) Salary	Internally driven	n/a	12 (monthly) Salary	12 (monthly) Salary	None	None	Salary Recon, Cashbook Recon, VAT

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
		Management	MFMA	Cashbook Recon, VAT Retentions recon	Internal expenditure control measures	Recon, Cashbook Recon, VAT Retentions Retentions Recon			Recon, Cashbook Recon, VAT Retentions Retentions Recon	Recon, Retentions Recon			
	Expenditure Management (Cash flow)	Enhanced Expenditure Management	Improved cash flow management	Number of months with sufficient cash to pay all financial commitments	12 months with sufficient cash to meet all financial commitments	12 months with sufficient cash to meet all financial commitments			12 months with sufficient cash to meet all financial commitments	12 months sufficient cash meet all financial commitments	None	None	12 Monthly cash flow statement
150	Asset Management (Verification and valuation)	Improved Implementation of Asset Management Policy	Improve Accuracy of Asset Register based on Asset Verification	% assets of new assets verified and included in FAR	100% of new assets verified and included in FAR	100% of new assets verified and included in FAR.			100% of new assets verified and included in FAR	100% of new assets verified and included in FAR	None	None	Fixed Asset Register with all filled generated from AMS 360.

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
NEW	Asset Management	Improved Implementation of Asset Management Policy	Safeguarding of assets	Number of existing assets verified per quarter Update the FAR	0 existing assets verified by internal staff	10 000 existing assets verified by internal staff	Internally driven	n/a	10 000 existing assets verified by internal staff	18 183 existing assets verified by internal staff	None	None	Assets verification sheets signed off by the Manager
	Asset Management (Reporting on Municipal Assets)	Improved Implementation of Asset Management Policy	Completeness of the Assets Register	% Assets loaded in the FAR (AMS 360)	100% Assets captured in the FAR(AMS 360)	100% Assets captured in the FAR(AMS 360)			100% Assets captured in the FAR(AMS 360)	100% Assets captured in the FAR(AMS 360)	None	None	12 X Monthly Updated FAR Summary reconciling to GL extracted from AMS360

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
137	AFS	Sound financial Management	Improved implementation of the Action Audit Plan.	Favourable Audit outcome	Unqualified Audit Opinion	Unqualified Audit Opinion	-	R 1.4	Unqualified Audit Opinion	None	None	None	AFS and Audit Report
139	AFS	Improved Audit Outcomes	Improved implementation of the Action Audit Plan.	% Audit Issues Resolved	50% Material Audit Issues Resolved	70% Material Audit Issues Resolved	-	R 1.4	90% Material Audit Issues Resolved	None	None	None	Audit Action Plan
141	SCM legal Framework and policy	Adherence to SCM regulations and relevant prescripts.	Apply latest SCM legislation	Number of SCM Policies reviewed	2 policies tabled to council	2 policies tabled to council	Internally driven	n/a	2 Reviewed SCM and a new Infrastructure Procurement Policy.	None	None	None	Reviewed SCM Policy. Infrastructure Procurement Policy.
NEW	SCM Expenditure Register	Improved Financial Management	Adherence to SCM regulations	Number of Complete Irregular	6 monthly Updated Irregular	12 Monthly Updated	Internally driven	n/a	12 Monthly Updated	None	None	None	12 X Monthly Updated Irregular

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
		nt. Adherence to SCM regulations and relevant prescripts.	and relevant prescript Reporting of complete Irregular Expenditure as prescribed	expenditure registers	Expenditure Registers..	Irregular Expenditure Registers..			Irregular Expenditure Registers.				Expenditure Registers.
NEW	SCM Irregular expenditure register	Adherence to SCM regulations and relevant prescripts.	Reporting of complete information as require by different SCM prescripts	Number of Completed Contract registers submitted to Council	2 Completed Contract registers submitted to Council	4 Completed Contract registers submitted to Council	Internally driven	n/a	4 Completed Contract registers submitted to Council	4 Completed Contract registers submitted to Council	None	None	4 X Contract Registers.

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
NEW	SCM procurement plan.	Adherence to SCM regulations and relevant prescripts.	Reporting of complete information as require by different SCM prescripts	% implementation of procurement plan per quarter	80% implementation of procurement plan per quarter	100% implementation of procurement plan per quarter	Internally driven	n/a	100% implementation of procurement plan per quarter	100% procurement implemented per quarter	none	none	Progress report on implementation of procurement plan

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
	SCM policy implementation reports	Improved SCM processes.	Improve the turnaround times for SCM processes	Number of SCM transactions adhering to set timelines as per SCM SOP	4 SCM Policy implementation reports	-	-	-	90% of SCM transactions adhering to set timelines as per SCM SOP	82% of the total number of requests submitted to SCM	Inadequate monitoring mechanisms on the KPI	Strengthening management supervision and implementation of the SOP	Quarterly reports on the number requisitions submitted, completed and outstanding during the quarter

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
	SCM policy implementation reports	Adherence to SCM regulations and relevant prescripts.	Reporting of complete information as require by different SCM prescripts	Number of SCM Policy implementation reports	4 SCM Policy implementation reports	4 SCM Policy implementation reports	-	-	4 SCM Policy implementation reports	4 SCM Policy implementation reports achieved	None	None	Reports on implementation of SCM policy

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
142	Good governance (Risk, PMS and HRM)	Ensure Municipal financial viability and management.	Risk Management	Number of Updated risk registers	4 Updated Risk Registers	4 Updated Risk Register	n/a	Internally driven	4 Updated Risk Register	4 Updated Risk Register done	none	none	Risk Register

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Indicator No:	KPA	strategic objectives per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
143	Good governance (Risk, PMS and HRM)	Ensure Municipal financial viability and management.	Performance Management	Number of Quarterly Performance assessments for each employee in Finance	4 Quarterly Performance assessments for each employee in Finance	4 Quarterly Performance assessment for each employee in Finance	n/a	Internally driven	4 Quarterly Performance assessment for each employee in Finance	4 Quarterly Performance assessment for each employee in Finance	none	None	Performance compacts of all Managers and their subordinates

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Indicator No:	KPA	strategic objectives as per the IDP	Objective	KPI	Baseline / Previous performance	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual performance	Reason for variance	Improvement measures	
144	Good governance (Risk, PMS and HRM)	Ensure Municipal financial viability and management.	HRM	Number of departmental meeting	12 departmental meeting	12 departmental meeting	n/a	Internally driven	12 departmental meeting	12 departmental meetings held	none	none	Attendance Registers and Minutes

8. KPA SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT: 20%

8.1. DEPARTMENTAL TECHNICAL SERVICES

8.1.1. ROADS AND STORM WATER

Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
146	Construction of Culvert Bridge (Agincourt - RDP to Newington B)	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Culvert Bridge (Agincourt - RDP to Newington B)	0	100% Construction of Culvert Bridge	-	R700 000	R10 000 000	100% Completion in Culvert Bridge from Agincourt - RDP to Newington B	0%	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Construction of Culvert Bridges (Lillydale - Xidakani to New stands)	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Culvert Bridges (Lillydale - Xidakani to New stands)		100% Completion of Construction of Culvert Bridge	-	R16 000 000	R1 000 000	100% Completion of construction of in Lillydale - Xidakani Culvert Bridge	0% completed	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Construction of Culvert Bridges (Hluvukani - Ludlow)	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Culvert Bridges (Hluvukani - Ludlow)		100% completion on Construction of Culvert Bridge in Hluvukani and Ludlow		R1 500 000	R1 000 000	100% Completion in Bridge in Hluvukani to Ludlow	0% completed	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Construction of Culvert Bridges (Shatale - Mathule to Serisha)	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Culvert Bridges (Shatale - Mathule to Serisha)		100% Construction of Culvert Bridge	-	R1 500 000	R1 000 000	100% Completion in Culvert Bridge	0% Completed	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Development of Roads Master Plan	Informed Planning of Municipal Infrastructure and Projects	Provision of Roads, bridges and storm water infrastructure	Development of Roads Master Plan		Draft Roads Master Plan	-	R1 500 000	R1 000 000	Road master plan developed	0% Completed	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report
-	Refurbishment of steel car ports in all regions	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	Number of car ports installed	12 Car ports installed	100% completion of 6 regions	-	R1 500 000	R 0	100% Completion in carports	0% Completed	Budget was re-prioritised due to own generated revenue collection challenges	The project will be prioritized in 2020/21 financial year	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improve ment measures	
147	Roads and Storm water	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Bridges at College View to Malaeneng	0%	100% completion of Bridges construction	-	R1 500 000	R0.00	0%	0% Completed	Budget was re-prioritised due to own generated revenue collection challenges	The project will be prioritized in 2020/21 financial year	Progress Report
149	Roads and Storm water	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of rehabilitation project in Shatale	100% of Rehabilitation of a 1 km tarred streets in Shatale	100% completion of Rehabilitation of 0.5km streets in Shatale	-	R1 000 000	R1 300 000	100% Completion of Rehabilitation of 0.5 km street	0% completed	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized in 2021/22 financial year. To be completed in 2020/2021	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
155	Roads and Storm water	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of paving and carparks at the BLM Head Office	0%	100% completion of paving and carparks at BLM Head Office	-	R1 000 000	R0.00	-	0% Completed	Budget was re-prioritised due to own generated revenue collection challenges	To be considered with the construction plan of municipal offices	Progress Report
156	Roads and Storm water	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of Paving of Casteel Regional Office	0%	100% completion of Paving of Casteel Regional Office	-	R500 000	R500 000	100% Completion of Paving of Casteel Regional Office	0% completed	Delays in appointing the contractor	The project will be prioritized in 2021/22 financial year	Progress Report

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Indicator No:	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
157	Roads and Storm water	Uninterrupted Maintenance Programs	Provision of Roads, bridges and storm water infrastructure	% completion of rehabilitation of Donga at Mkhulu line	0%	100% completion of rehabilitation of Donga at Mkhulu line	-	R600 000	R40 000	100% completion of rehabilitation of Donga at Mkhulu line	None	None	Completion Certificates	

8.1.2. PMU WATER PROVISION

Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project of 765 HH at Masoding, Paweng and Tshabelang reticulation	Enabled uninterrupted access to services	Water supply to Masoding, Paweng and Tshabelang villages	% completion of water reticulation project at Masoding, Paweng and Tshabelang reticulation	No formal reticulation	65% construction progress water reticulation project at Masoding, Paweng and Tshabelang reticulation	BLM W	R 23,000,000.00	R 14 000 000.00	65% construction progress water reticulation project at Masoding, Paweng and Tshabelang reticulation	72% construction progress of water reticulation project at Masoding, Paweng and Tshabelang reticulation	None	None	Progress Report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project of 904 HH at Bafaladi and Masioneng	Enabled uninterrupted access to services	Water supply to Bafaladi and Masioneng villages	% completion of water reticulation project at Bafaladi and Masioneng	No formal reticulation	100% completion of water reticulation project at Bafaladi and Masioneng (904 HH)	BLMW 399	R 24 000 000	R 20 000 000	80% construction progress of water reticulation project at Bafaladi and Masioneng	98% construction progress of water reticulation project at Bafaladi and Masioneng	None	None	Progress report
-	Water reticulation project of 841 HH at Masogane and Jerusalem	Enabled uninterrupted access to services	Water supply to Masogane and Jerusalem villages	% completion of water reticulation project at Masogane and Jerusalem	No formal reticulation	100% completion of water reticulation project at Masogane and Jerusalem (841HH)	BLM W399	R 21 071 000	-	80% construction progress of water reticulation project at Masogane and Jerusalem (841HH)	100% construction progress of water reticulation project at Masogane and Jerusalem (841HH)	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
167	water reticulation project of at 1393 HH Mafihlaneng, Matikareng, Newstands City Rovers and Dikolobeng	Enabled uninterrupted access to services	Water supply to Mafihlaneng, Matikareng, Newstands, City Rovers and Dikolobeng villages	% completion of water reticulation project at Mafihlaneng, Matikareng, Newstands, City Rovers and Dikolobeng	No formal reticulation	50% construction progress water reticulation project at Mafihlaneng, Matikareng, Newstands, City Rovers and Dikolobeng	BLM W399	R 21 900 000	R 19 900 000	50% completion of water reticulation project at Mafihlaneng, Matikareng, Newstands, City Rovers and Dikolobeng	60% completion of water reticulation project at Mafihlaneng, Matikareng, Newstands, City Rovers and Dikolobeng	None	None	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project of 857 HH at Itireleng, Dikotas and New Castle	Enabled uninterrupted access to services	Water supply to Itireleng, Dikotas and New Castle villages	% completion of Itireleng, Dikotas and New Castle	No formal reticulation	100% completion of water reticulation project at Itireleng, Dikotas and New Castle	BLMW 399	R 24 608 000	R 19 608	80% completion of water reticulation project at Itireleng, Dikotas and New Castle	95% completion of water reticulation project at Itireleng, Dikotas and New Castle	Additonal households in the area	Municipality will engage with Traditional Authorities to Notify the Municipality when allocating new stands to residents	Progress Report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
177	Water reticulation project of 1940 HH at Masana, Mphenyatsi and Bushbuckridge phase 2	Enabled uninterrupted access to services	Water supply to Masana, Mphenyatsi and Bushbuckridge villages	% Completion of Water reticulation project at Masana, Mphenyatsi and Bushbuckridge phase 2	No formal reticulation	100% completion of Water reticulation project at Masana, Mphenyatsi and Bushbuckridge phase 2		R 21,000,000	R 16,000,000	80% construction progress of Water reticulation project at Masana, Mphenyatsi and Bushbuckridge phase 2	85% construction progress of Water reticulation project at Masana, Mphenyatsi and Bushbuckridge phase 2	None	None	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
178	Water reticulation project at Boikhutso(Kutung) water reticulation	Enabled uninterrupted access to services	Water supply to Boikhutso (Kutung) village	% completion of water reticulation project at Boikhutso(Kutung) water reticulation	70% construction progress	100% completion of water reticulation project at Boikhutso(Kutung) water reticulation project (2179 HH)	-	R 10 000 000	R 9 268 000	-	100% completion of water reticulation project at Boikhutso(Kutung) done	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project of 875 HH at Orinocco London	Enabled uninterrupted access to services	Water supply to Orinocco A West (London villages)	% completion of water reticulation project at Orinocco A West (London) Phase 3	55% completion of water reticulation project at Orinocco London	45% completion of water reticulation project at Orinocco A West London Phase 3	-	R 10 000 000	R 20 000 000	100% completion of water reticulation project of Orinocco A west London phase 3)	95% completion of water reticulation project of Orinocco A west London phase 3)	Information submitted by 40 households was not complete to allow to the water connection	The municipality will further engage ward councilors to assist households in submitting water connection information that is required	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project 560 HH at Saselani	Enabled uninterrupted access to services	Water supply to Saselani village	% completion of water reticulation project at Saselani	5% completion of water reticulation project at A	95% completion of Water reticulation at Saselani	-	R 30 000 000	-	100% completion of water reticulation project at Saselani	100% completed of Saselani Water reticulation	None	None	Completion Certificate
-	Construction of 2x450 steel elevated tank with bulk pipe line Phase 1A	Enabled uninterrupted access to services	Water supply to Athurstone village	% Construction of 2x450 steel elevated tank with bulk pipe line Phase 1A	5% Construction of 2x450 steel elevated tank with bulk pipe line Phase 1A	100% Completion of 2x450 steel elevated tank with bulk pipe line Phase 1A	-	R 15 000 000	-	100% Completion of 2x450 steel elevated tank with bulk pipe line Phase 1A	98% Completion of 2x450 steel elevated tank with bulk pipe line Phase 1A	Contractor abandoned the site	New contractor appointed to complete the project	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project of 1533 HH at Saselani/Athurstone phase 2A	Enabled uninterrupted access to services	Water supply to Saselani/Athurstone phase 2A	% Completion of water reticulation project at Saselani/Athurstone phase 2A	No formal reticulation	50% completion of Water reticulation at Saselani/Athurstone phase 2A	-	-	R20 000 000	100% completion of water reticulation project at Saselani/Athurstone phase 2A)	100% completion of water reticulation project at Saselani/Athurstone phase 2A	None	None	Completion Certificate
183	Water reticulation project of 2398 HH at Saselani/Athurstone phase 2B	Enabled uninterrupted access to services	Water supply to Saselani/Athurstone phase 2B	% Completion of water reticulation project at Saselani/Athurstone phase 2B	No formal reticulation	50% completion of Water reticulation project at Saselani/Athurstone phase 2B	-	R20 000 000.	R25 000 000	50% completion of Water reticulation project at Saselani/Athurstone phase 2B)	100% completion of Water reticulation project at Saselani/Athurstone phase 2B	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
184	Water reticulation project at Kildare	Enabled uninterrupted access to services	Water supply to Kildare village	% completion of water reticulation in Kildare	50% construction progress of water reticulation project in Kildare	50% completion of water reticulation project in Kildare	-	R15 000 000.	-	100% completion of water reticulation project in Kildare	65% completion of water reticulation project in Kildare)	Delays impacted by the community strike	The matter has been resolved and the project is in progress	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
185	Water reticulation project of 1304 HH in Newington	Enabled uninterrupted access to services	Water supply to Newington village	% completion of water reticulation in Newington	85% construction progress of water reticulation project in Newington	15% completion of water reticulation project in Newington	-	R10 000 000.00	6 842 000.00	100% completion of water reticulation project in Newington)	98% completion of water reticulation project in Newington)	Payments to be effected	None	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Water reticulation project OF 1069 HH in Tintswalo	Enabled uninterrupted access to services	Water supply to Tintswalo village	% Completion of water reticulation in Tintswalo	95% construction progress of water reticulation project in Tintswalo	5% completion of water reticulation project in Tintswalo	-	-	-	-	100% completion of water reticulation project in Tintswalo	95% of the project was completed in 2019/2020 and 5% completed in 2020/2021	None	Completion Certificate

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REPORT 2020/2021

Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Tsakani Branch A5 phase 2 (construction raising main and package plant)	Reducing accounted water losses	Provision of portable water	% Construction of outstanding works at Tsakani Branch A5 phase 2 (construction raising main and package plant)	95% Construction of outstanding works at Tsakani Branch A5 phase 2 (construction raising main and package plant)	5% Construction of outstanding works at Tsakani Branch A5 phase 2 (construction raising main and package plant)	-	-	-	-	100% Construction of outstanding works at Tsakani Branch A5 phase 2 (construction raising main and package plant)	95% of the project was completed in 2019/2020 and 5% in 2020/2021	None	Completion Certificate

ANNUAL PERFORMANCE
REPORT 2020/2021

Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Installation of 24 New boreholes	Enabled uninterrupted access to services	Water Supply through boreholes	% Installation of New boreholes	65% construction of Installation of New boreholes project	100% completion of Installation of New boreholes projects	-	R5 000 000	R 12 000 000	-	100% Completion Of Installation of new boreholes project	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Refurbishment of boreholes (60)	Uninterrupted Maintenance Programme	Water Supply through boreholes	% Refurbishment of boreholes (60)	65% construction progress of Refurbishment of boreholes project (60)	100% completion of Refurbishment of boreholes project (60)	-	R 8 000 000	-	100% completion of Refurbishment of boreholes project (60)	94% completion of Refurbishment of boreholes project (60)	Poor performance by the contractor	Project to be completed by September 2021	Progress report

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Refurbishment of sanitation infrastructure	Uninterrupted Maintenance Programme	Refurbishment of water and sanitation infrastructure	% Refurbishment of sanitation infrastructure	65% construction progress of Refurbishment of sanitation infrastructure project	35% completion of Refurbishment of sanitation infrastructure project	-	R 2 800 000	-	-	100% completed	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Completion of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	Enabled uninterrupted access to services	Bulk Water provision to Cuningmoore	% completion of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	70% Construction progress of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	100% completion of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	-	R 16 000 000.00	R 7 968 000.00	100% completion of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	100% completion of 14.5 KM bulk water supply from Inyaka/Marite line to Cuningmoore A and B	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
-	Completion of New Forest and Orinocco Bulk Supply (B14)	Enabled uninterrupted access to services	Bulk Water provision	% completion of New Forest and Orinocco Bulk Supply (B14)	100% construction progress of New Forest and Orinocco Bulk Supply and Orinocco Bulk Supply project (B14)	100% completion of New Forest and Orinocco Bulk Supply project (B14)	-	R 3 000 000.00	-	100% completion of New Forest and Orinocco Bulk Supply project (B14)	100% completion of New Forest and Orinocco Bulk Supply project (B14)	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
193	Construction of Belfast, Lillydale, hunting and Justicia bulk water supply ,	Enabled uninterrupted access to services	Bulk Water provision	% Construction of Belfast, Lillydale, hunting and Justicia bulk water supply	95% Construction progress of Belfast, Lillydale, hunting and Justicia bulk water supply ,	100% completion of Belfast, Lillydale, hunting and Justicia bulk water supply project		R 2 000 000.00		100% completion of Belfast, Lillydale, hunting and Justicia bulk water supply project	100% completion of Belfast, Lillydale, hunting and Justicia bulk water supply project	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
New	Construction of Agincourt bulk water Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	Enabled uninterrupted access to services	Bulk Water provision	% Construction of Agincourt bulk water supply B22, Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	100% Construction of Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	100% completion of Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	-	R 10 000 000.00	-	100% completion of Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	100% completed of Agincourt and Ireagh Bulk water supply (8.1KM Maintenance and Connection to 9ML and 1ML Agincourt Reservoirs)	None	None	Completion Certificate

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Indicator No:	KPA/Projects	Strategic objective as per IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Budget	Revised Target	APR 2020/2021			POE
											Annual Performance	Reason for variance	Improvement measures	
197	Completion of bulk infrastructure project at Buffelshoek	Enabled uninterrupted access to services	Bulk Water provision	% completion of bulk infrastructure project at Buffelshoek	0% Construction of bulk infrastructure at Buffelshoek	100% completion of bulk water infrastructure project in Buffelshoek		R 17 700 000.00	R 15 700 000.00	95% completion of bulk water infrastructure project in Buffelshoek	96% completion of bulk water infrastructure project in Buffelshoek	None	None	Progress report
	Development of Water Master Plan	Informed Planning of Municipal Infrastructure and Projects	Development water master plan and water conservation and demand management strategy	% Completion of Development of Water Master Plan	0%	60% implementation progress of the Development of Water Master Plan		R4 000 000.00		60% implementation progress of the Development of Water Master Plan	70% implementation progress of the Development of Water Master Plan	The contractor performed well than anticipated	None	Progress report

8.1.3. PMU ROADS PROJECTS

Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised budget	Revised Target	APR 2020/2021			POEs	
											Annual Performance	Reason for variance	Improvement measures		
163	Construction of Acornhoek CBD bypass ringroad project	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of Acornhoek CBD bypass ringroad project	50% construction progress of the Acornhoek CBD bypass ringroad project	100% completion of Acornhoek CBD bypass ringroad project (3,5Km)	-	R 20741000.00	-	-	100% completion of Acornhoek CBD bypass ringroad project (3,5Km)	None	None	None	Completion Certificates

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Indicator No	KPA/ Project	Strategic objectives as per the IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs	
										Annual Performance	Reason for variance	Improvement measures		
164	Paving of internal streets at Casteel Tembisa High school	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets to be paved from Casteel Tembisa High school	0%	100% completion of internal streets from Casteel to Tembisa		R 10 000 000.	-	-	68% completion of internal streets from Casteel to Tembisa	Delays caused by Community strikes	Community disputes were resolved and the project is on progress. It will be completed by the end of first quarter 2021/22 FY	Progress Report

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised budget	Revised Target	APR 2020/2021			POEs	
											Annual Performance	Reason for variance	Improvement measures		
165	Paving of internal streets at Dwarsloop (saselani)	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets to be paved at Dwarsloop (saselani)	30% completion of internal streets at Dwarsloop (saselani)(1.5KM)	70% completion of internal streets at Dwarsloop (saselani)(1.5KM)	-	R 8 500 000	-	-	70% completion of internal streets at Dwarsloop (saselani)(1.5KM)	None	None	Completion Certificates	
-	Paving of internal streets at Zola Village	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets in Zola Village	15% construction in progress of internal streets in Zola	100% completion of internal streets at Village	-	R 10 000 000.00	100% completion of internal streets at Village	-	-	100% completion of internal streets at Village	None	None	Completion Certificates

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual Performance	Reason for variance	Improvement measures	
167	Construction of storm water drainage project at Thulamahashe	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of storm water drainage project	30% construction in progress of storm water drainage project in Thulamahashe	100% completion of storm water drainage project in Thulamahashe	-	-	100% completion of storm water drainage project in Thulamahashe	90% completion of storm water drainage project in Thulamahashe	Payment to be effected	None	Progress Report
166	Paving of internal streets at Hoxani Traditional Council to Donga	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets to be from Hoxani Traditional Council to Donga	30% construction in progress of internal streets from Hoxani Traditional Council to Donga	100% completion of internal streets from Hoxani Traditional Council to Donga	-	R 13 232 153.63	100% completion of storm water drainage project in Thulamahashe	100% completion of storm water drainage project in Thulamahashe	None	None	Completion Certificates

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Paving of internal streets at Agincourt	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets to be paved at Agincourt	50% construction progress of internal streets At Agincourt	100% completion of internal streets At Agincourt	-	R 7 008 000	-	100% completion of internal streets At Agincourt	100% completion of internal streets At Agincourt.	None	None	Completion Certificates
-	Paving of internal streets at Hluvukani	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of internal streets to be paved in Hluvukani	15% construction progress of internal streets in Hluvukani	100% completion of internal streets in Hluvukani	-	R 10 000 000.00	-	100% completion of internal streets in Hluvukani	100% completion of internal streets in Hluvukani	None	None	Completion Certificates

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs	
										Annual Performance	Reason for variance	Improvement measures		
-	Tarring of a road from Cork VIA Ronaldsey To Kildare	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	% completion of Tarring of a road from Cork VIA Ronaldsey To Kildare	30% construction in progress of Tarring of a road from Cork VIA Ronaldsey To Kildare	100% completion of Tarring of a road from Cork VIA Ronaldsey To Kildare	-	R 20 751 000	-	-	98% completion of Tarring of a road from Cork VIA Ronaldsey To Kildare	The project reached practical completion. Still awaiting inspection	Progress Report	
	Tarring of a road from Hoxani via Donga reservoir to Tekamahala	Improve distribution of municipal services	Provide safe and accessible roads and bridges	Number of KM to be tarred at Hoxani Tekamahala	30% completion of tarring of a road from Hoxani via Donga reservoir to Tekamahala	100% of 2km to be tarred		R 9 000 000	-	-	100% of 2km tarred	None	None	Completion Certificates

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual Performance	Reason for variance	Improvement measures	
-	Construction of Mariepskop access road	Enabled uninterrupted access to services	Provide safe and accessible roads and bridges	Planning for Mariepskop access road	0% completion of Mariepskop	Completion of design for Mariepskop access road	-	R 1 000 000	-	0%	Designs not completed as the consultant is not yet appointed	Project will be implemented in 2021/2022 FY	Progress Report
-	Construction of Acornhoek sports Facility	Enabled uninterrupted access to services	Provision of public amenities	% completion of Acornhoek sports Facility	85% Construction progress of Acornhoek sports Facility	100% completion of Acornhoek sports Facility	-	R 5 000 000	-	95% completion of Acornhoek sports Facility	The project reached practical completion	None	Progress Report

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised budget	Revised Target	APR 2020/2021			POEs
											Annual Performance	Reason for variance	Improvement measures	
-	Fencing and refurbishment of ablution facilities in Thulamahashe stadium	Enabled uninterrupted access to services	Provision of public amenities	% completion of fencing and refurbishment of ablution facilities in Thulamahashe stadium	0% Refurbishment of new stadium(construction of solid wall and maintenance of ablution blocks)	100% completion of fencing (Solid Wall) and refurbishment of ablution facilities in Thulamahashe Stadium	-	R 5 000 000	-	100% completion of fencing (Solid Wall) and refurbishment of ablution facilities in Thulamahashe Stadium	0% completion of fencing (Solid Wall) and refurbishment of ablution facilities in Thulamahashe Stadium	Contractor was appointed in July 2021	The project will be implemented in 2021/2022 FY	Progress Report

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Indicator No	KPA/Project	Strategic objectives as per the IDP	Objective	KPI/Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
										Annual Performance	Reason for variance	Improvement measures	
-	Construction of Municipal Facilities head office building	Enabled uninterrupted access to services	Provision of public amenities	% completion of municipal head office building	0%	5% construction progress	-	-	-	0% construction progress. The project is at design stage	Challenges with the site for construction	Phase 1 of the projected will be implemented in 2021/2022 FY	Progress Report
-	Construction of Municipal Facilities Paulina Taxi Rank	Enabled uninterrupted access to services	Provision of public amenities	% completion of Paulina Taxi Rank	0%	50% construction progress of Paulina Taxi Rank project	-	R 11 000 000	50% construction progress of Paulina Taxi Rank project	0% construction progress of Paulina Taxi Rank project	Disputes on the land earmarked for construction of the Taxi Rank	Project has been discontinued	Progress Report / Proof of the dispute

8.1.4. SANITATION

IDP INDICATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary Budget	Revised Target	APR 2020/2021			POF'S
										Annual Performance	Reason for variance	Improvement measures	
	Provision of Sanitation Maviljan WWTW	Enabled uninterrupted access to services	Upgrading of Maviljan WWTW	% Upgrading of Maviljan WWTW	40% construction of upgrading of Maviljan WWTW	75% construction progress of upgrading of Maviljan WWTW project		R 45 000 000	60% construction progress of upgrading of Maviljan WWTW project	60% construction progress of upgrading of Maviljan WWTW project	None	None	Progress Report

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IDP INDICATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary Budget	Revised Target	APR 2020/2021			POE'S
										Annual Performance	Reason for variance	Improvement measures	
NEW	Provision of Sanitation Mkhuhlu WWTW	Enabled uninterrupted access to services	Refurbishment of Mkhuhlu WWTW	% Refurbishment of Mkhuhlu WWTW	0% Refurbishment of Mkhuhlu WWTW	30% Refurbishment of Mkhuhlu WWTW	-	R 7 200 000	-	25%	Community Strikes	Project is in progress	Progress Report
	Construction of Sewerage WWTW Shatale	Environmentally friendly and appropriate hygienic standards	Provision of Sanitation infrastructure	Access to proper sanitation	No waste water treatment works	100% Completion of Technical report and approval	-	R 5 000 000	-	0% Completion of Technical report and approval	Technical report not yet approved by DWS	None	Progress report and completion certificate

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IDP INDICATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary Budget	Revised Target	APR 2020/2021			POE'S
										Annual Performance	Reason for variance	Improvement measures	
189	Provision of Sanitation VIP		Construction of VIP toilets	% Completion of 300 VIP toilets project	100% completion of 1 200 VIP toilets	100% Completion of 300 VIP toilets project	-	7 000 000		100% Completion of 1500 VIP toilets project	Completion of 1200 VIP toilets	None	Completion certificate

8.1.5. HUMAN SETTLEMENTS & BUILDING

Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
NEW	Fencing of Intermediate Pump Station (Hoxani WTW)	Uninterrupted Maintenance Programme	Improve Distribution of Municipal Services	% completion of Fencing of Intermediate Pump Station (Hoxani WTW)	Provision of Security to Municipal Assets	100% Provision of Fencing: Intermediate Pump Station (Hoxani WTW)	-	-	100% Completion	100% Completed	None	None	Appointment Letters, Orders and Completion Certificate

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Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
192	Refurbishment of Dwarsloop Fire Station	Uninterrupted Maintenance Programme	Refurbishment of Dwarsloop Fire Station	% Completion of Refurbishment of Dwarsloop Fire Station	0%	100% Completion of Refurbishment of Dwarsloop Fire Station		R 500 000.00	100% Completion of Refurbishment of Dwarsloop Fire Station	0% completion	The document was submitted to Bid Specifications Committee but not yet advertised	To be implemented in the 2021/22 financial year	Progress Report
193	Repairs of Mkhuhlu Fire Station	Uninterrupted Maintenance Programme	Repairs of Mkhuhlu Fire Station	% Completion of Repairs of Mkhuhlu Fire Station	1	100% Completion of Repairs of Mkhuhlu Fire Station		R 500 000.	100% Completion of repairs of Mkhuhlu Fire Station	100% Completion of Repairs of Mkhuhlu Fire Station			Completion certificate

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Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
195	Pest Control Treatment	Enabled uninterrupted Access to Services	Provision of Pest Control Treatment	% completion of Pest Control Treatment		100% completion of Pest Control Treatment to Municipal Buildings		R 2 500 000.	50% completion of Pest Control Treatment to Municipal Buildings	None	None	Completion Certificate	
NEW		Enabled uninterrupted Access to Services	Provision of Office Space at Marite Disable Centre	% Completion of Provision of Office Space at Marite Disable Centre	0%	100% of Provision of Office Space at Marite Disable Centre		R 500 000.00	100% Completion of Provision of Office Space at Marite Disable Centre	Delays in payment to the service provider	None	Purchase Orders and Progress report	

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Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
NEW	Maintenance of Municipal Buildings (Municipal Council chamber)	Enabled uninterrupted Access to Services	Enhancement of Municipal Council Chamber	% Completion of Enhancement of Municipal Council Chamber	0%	100% Completion of Enhancement of Municipal Council Chamber		R 1.2m	100% Completion of Enhancement of Municipal Council Chamber	None	None	Completion Certificate	

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Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
NEW	Construction of a Perimeter Wall at Head Office	Enabled uninterrupted Access to Services	Construction of Perimeter Wall at Head Office	% Completion of Construction of Perimeter Wall at Head Office	-	40% Completion of Construction of Perimeter Wall at Head Office	-	R 1 000 000.00	40% Completion of Construction of Perimeter Wall at Head Office	0% Completion of Construction of Perimeter Wall at Head Office	The contractor was appointed in June 2021 due to uncertainties on own generated revenue collections presented by Covid 19	The project will be prioritized and completed in 2021/22 financial year.	Appointment Letter

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Indicator No:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Total Budget	Revised Target	APR 2020/2021			POE
										Annual Performance	Reason for variance	Improvement measures	
NEW	Repairs of Mkhuhlu fire Station		Repairs of Mkhuhlu Fire Station	% Completion of Repairs of Mkhuhlu Station	-	100% Completion of Repairs of Mkhuhlu Fire Station	BLMM WPWOPPEX 008	R 670 000.00	100% Completion of Repairs of Mkhuhlu Fire Station	0% Completion of Repairs of Mkhuhlu Fire Station	There were uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be prioritized and completed in 2021/22 financial year.	Progress report or Completion Certificate

8.1.6. ELECTRICITY AND MECHANICAL

IDP INDIC ATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Vote number	Ordinar y budget	Revised Target	APR 2020/2021			POE
										Annual Perform ance	Reason for variance	Improve ment measures	
214	Installation of High masts lights project (65 Mast lights) in communities	Enabled uninterrupted access to services.	Provision public lights in communities	% completion of High masts lights project	30 High mast lights installed	100% completion of High masts lights project (65 Mast lights)	-	R18 000 000	100% completion of High masts lights project	None	None	100% High masts lights installed	Completion certificate

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IDP INDIC ATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Vote number	Ordinar y budget	Revised Target	APR 2020/2021			POE
										Annual Perform ance	Reason for variance	Improve ment measur es	
215	Installation of street lights project (10 street lights) Next to Mapulane hospital	Enabled uninterrupted access to services	Provision street lights next to Mapulane hospital	% completion of street lights project	0	100% completion of street lights project (10 street lights)	-	R355 982.50	100% completion of street lights project	100% of street lights installed	None	None	Completion certificate

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IDP INDIC ATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POE
										Annual Perform ance	Reason for variance	Improve ment measures	
216	Workshop establishment	Enabled uninterrupted access to services	Provision of central workshop for municipal assets	% completion of Workshop establishment	0	10% construction of municipal workshop		R1 500 000	30% construction of municipal workshop	44% construction of municipal workshop	None	None	Progress reports
217	Provision of Energy Efficiency lights project (210 lights)	Uninterrupted Maintenance Programme	Provision of energy efficiency lights	% completion of Energy Efficiency lights project	100% completion of 240 LED lights for high mast lights installed	100% completion of Energy Efficiency lights project(210 lights)		R4 500 000	100% completion of Energy Efficiency lights project	100% of Energy Efficiency lights provided	None	None	completion certificate

IDP INDIC ATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measureme nt	Baseline	Annual target	Vote number	Ordinar y budget	Revised Target	APR 2020/2021			POE
										Annual Perform ance	Reason for variance	Improve ment measures	
218	Installation of air conditioners at municipal building	Uninterrupted Maintenance Programme	Provide air-conditioners in municipal building	Number of air conditioners installed	70 air conditioners installed in municipal offices	16 air conditioners installed		R500 000.00	16 air conditioners installed	20 air conditioners installed	None	None	Appointment letters and completion certificates

8.1.7. OPERATION AND MAINTANANCE OF WATER SERVICES INFRASTRUCTURE

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IDP INDICATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary Budget	Revised Target	APR 2020/2021			POES
										Annual Performance	Reason for variance	Improvement measures	
-	Upgrading of the intermediate booster pump station	Uninterrupted Maintenance Programme	Upgrade of intermediate booster station in Hoxani	% completion of the upgrade of intermediate booster pump station	-	100% completion of the upgrading of the intermediate booster pump station		3 000 000	100% completion of the upgrading of the intermediate booster pump station	60% completion of the upgrading of the intermediate booster pump station	The contract was appointed in June 2021 due to uncertainties on own generated revenue collection challenges presented by Covid 19	The project will be completed in by end of November in 2021/22 financial year.	Progress reports

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REPORT 2020/2021

IDP INDICA TOR NO:	KPA	Strategic objectiv e as per IDP	Objectiv e	KPI/ Measuremen t	Baselin e	Annual target	Vote number	Ordin ary / Budge t	Revised Target	APR 2020/2021			POES
										Annual Performa nce	Reason for variance	Improve ment measures	
-	Servicing of pressure gauges and air blower project	Uninterru pted Maintena nce Program me	Servicing of water services infrastructure pressure gauges and air blowers	% completion of servicing of pressure gauges and air blowers	-	100% completion of the servicing of pressure gauges and air blower project		R2 000 .000	100% completion of servicing of pressure gauges and air blowers	0% completi on of servicing of pressure gauges and air blowers	The contract or was not appointe d due to uncertal nties on own generated revenue collectio n challeng es presente d by Covid 19	The project will be complete d in by end of November r in 2021/22 financial year.	Progress Report

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REPORT 2020/2021

IDP INDICA TOR NO:	KPA	Strategic objectiv e as per IDP	Objectiv e	KPI/ Measuremen t	Baselin e	Annual target	Vote number	Ordin ary / Budget t	Revised Target	APR 2020/2021			POES
										Annual Performa nce	Reason for variance	Improve ment measures	
-	Installatio n of actuators valves at Hoxani water treatment works	Uninterru pted Maintena nce Program me	Installatio n of Hoxani water treatment works actuators valves	% completion of the installation of actuators valves at Hoxani water treatment works	-	100% completion of the installatio n of actuators valves at Hoxani treatment works	-	R4 000 000	-	100% completi on of the installatio n of actuators valves at Hoxani water treatment works	None	None	Comple tion certifica te

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IDP INDICATOR NO:	KPA	Strategic objective as per IDP	Objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary Budget	Revised Target	APR 2020/2021			POES
										Annual Performance	Reason for variance	Improvement measures	
-	Refurbishment of Thorndale package plant filters		Refurbishment of Thorndale package plant filters	% completion of the refurbishment of Thorndale package plant filters	-	100% completion of the refurbishment of Thorndale package plant filters	-	R650 000	100% completion of the refurbishment of Thorndale package plant filters	0% completion of the refurbishment of Thorndale package plant filters	Purchase order was issued late due to uncertainties on own generated revenue collection challenges presented by Covid 19	Project to be completed the end of September 2021	Progress report

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IDP INDICA TOR NO:	KPA	Strategic objectiv e as per IDP	Objectiv e	KPI/ Measuremen t	Baselin e	Annual target	Vote number	Ordin ary / Budge t	Revised Target	APR 2020/2021			POES
										Annual Performa nce	Reason for variance	Improve ment measures	
-	Installatio n of gas dosing system in Zoeknog, Sigagule Thorndale and Dingledale	Uninterru pted Maintena nce Program me	Installatio n of chlorine gas dosing system, at Zoeknog, sigagule, thorndale and Dingleydale	% completion of installation of gas dosing system in Zoeknog, Sigagule, Thorndale, and Dingledale	-	100% completion of installation of gas dosing system in Zoeknog, Sigagule Thorndale and Dingledale	-	R1 200 000	100% completion of installation of gas dosing system in Zoeknog, Sigagule Thorndale and Dingledale	0% completi on of installatio n of gas dosing system in Zoeknog, Sigagule Thorndale and Dingledale	The contract or was not appointe d due to uncertal nties on own generate d revenue collectio n challeng es presente d by Covid 19	Appointm ent to be done next financial year	Progress report

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IDP INDICA TOR NO:	KPA	Strategic objectiv e as per IDP	Objectiv e	KPI/ Measuremen t	Baselin e	Annual target	Vote number	Ordin ary / Budge t	Revised Target	APR 2020/2021			POES
										Annual Performa nce	Reason for variance	Improve ment measures	
-	Installatio n of inlet and outlet flow meters for Dwarsloo p WWTW	Uninterru pted Maintena nce Program me	Installatio n of inlet and outlet flow meter for Dwarsloo p WWTW	% completion of installation of inlet and outlet flow meters for Dwarsloop WWTW	-	100% completion of installation of inlet and outlet flow meters for Dwarsloop WWTW		R3 399 000	100% completion of installation of inlet and outlet flow meters for Dwarsloop WWTW	100% completi on of installatio n of inlet and outlet flow meters for Dwarsloo p WWTW	None	None	Completi on certifica te

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IDP INDICA TOR NO:	KPA	Strategic objectiv e as per IDP	Objectiv e	KPI/ Measuremen t	Baselin e	Annual target	Vote number	Ordin ary / Budge t	Revised Target	APR 2020/2021			POES
										Annual Performa nce	Reason for variance	Improve ment measures	
-	bulk meter installatio n and calibratio n	Uninterru pted Maintena nce Program me	Calibratio n of bulk flow meter (targeted)	% of bulk flow meter installed, repaired and calibrated	-	100% completion of bulk meter installation and calibration	-	4 000 000	100% completion of bulk meter installatio n and calibratio n	100% completi on of bulk meter installatio n and calibratio n	None	None	Comple tion certifica te
216	Maintena nce of boreholes (100)	Uninterru pted Maintena nce Program me	Maintena nce of electrical and mechanic al infrastruct ure	% Maintenance of boreholes (100)	Mainten ance of borehole s (100)	100% Mainte nance of boreholes (100)	-	-	100% Mainte nance of boreholes (100)	100% Maintena nce of boreholes (100)	None	None	Progres s report / Comple tion Certific ate

8.1.8. TECHNICAL GOOD GOVERNANCE AND REPORTS

Indicator No:	KPA	Strategic objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs	Responsible Manager
									Annual Performance	Reason for variance	Improvement measures		
	Business plans	Improved performance of the organization	Number of technical managers Performance Plans/ Compacts to be developed/ and evaluated/ assessed quarterly	5 technical managers' performance plan were developed and assessed during 2019/20 FY	6 Technical managers Performance Plans/ Compacts to be developed and 1 quarterly assessment	-	Internal driven	6 Technical managers Performance Plans/ Compacts to be developed and 1 quarterly assessment	6 Technical managers Performance Plans/ Compacts developed and 1 quarterly assessment done	None	None	Signed and Assessed Performance compacts by Managers	Director Technical Services

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Indicator No:	KPA	Strategic objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs	Responsible Manager
									Annual Performance	Reason for variance	Improvement measures		
	Good Government (Risk, PMS and HRM)		Number of technical Risk Action Log developed and 4 risk report)	4 quarterly Risk Management reports were compiled.	1 technical Risk Action Log developed and 4 risk report	-	Internal driven	1 technical Risk Action Log developed and 4 risk report	1 technical Risk Action Log developed and 4 risk report submitted	none	none	Quarterly reports	Director Technical Services

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Indicator No:	KPA	Strategic objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs	Responsible Manager
									Annual Performance	Reason for variance	Improvement measures		
-	Good Government (Risk, PMS and HRM)	Improved performance of the organization	Number of departmental meetings to	10 departmental meeting done in 2019/2020	Conduct 12 departmental meetings	-	Internal driven	Conduct 12 departmental meetings	6 departmental meeting held	Some of the meetings could not be held due to restrictions of Covid-19 regulations relating to physical meetings	The division will use online meeting platforms should it not be possible to hold in person meetings	Minutes of the meetings and Attendance registers	Director Technical services

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Indicator No:	KPA	Strategic objective	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs	Responsible Manager
									Annual Performance	Reason for variance	Improvement measures		
	Good Government (Risk, PMS and HRM)	Improved staff monthly performance	Number of grant reports (12 MIG, 12 WSIG, 12 RBIG, 12 DoE	36 grant reports	36 grant reports to be completed	-	Internal driven	36 grant reports to be completed	36 grant reports to be completed	None	None	Copies of submitted report	Director Technical services
	Infrastructure Planning	Informed Planning of Municipal Infrastructure and Projects	Number of business plans	12 business plans/technical reports	12 business plans/technical reports			12 business plans/technical reports	11 business plans/technical reports	None	None	Copies of submitted report	Director Technical services

9. KPA GOOD GOVERNANCE: 15%

9.1. MUNICIPAL MANAGER

Indicator No:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			Portfolio of Evidence	Responsible Manager
									Annual Performance	Reason for variance	Improvement measures		
NEW	Good governance (HRM)	Effective and efficient governance structures	Number of departmental meeting to monitor performance	New	12	-	-	6	7	None	None	Attendance registers and minutes	Municipal Manager

9.2. PMS UNIT

Indicator No:	KPA	Strategic objective as per IDP	KPI/Measurement	Baseline/previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
215	SDBIP	Increased implementation of the Performance Management System	Number of SDBIP to be developed and submitted to stakeholders	1 SDBIP developed on time for 2018/2019	2 SDBIP to be developed and submitted to stakeholders	-	Internal driven	2 SDBIP to be developed and submitted to stakeholders	2 SDBIP developed and submitted to stakeholders	None	None	SDBIP public notice and Council resolution and submission letters
216	Performance agreements (PA)	Increased implementation of the Performance Management System	Number of PA for S56 & 54 to be developed and submitted to stakeholders	6 Performance Agreement developed for 2018/2019	6 PA for S56 & 54 to be developed and submitted to stakeholders	-	Internal driven	6 Performance Agreements	6 PA for S56&54 developed and submitted to stakeholders	None	None	Performance plans, letter of submission and public notice

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Indicator No:	KPA	Strategic objective as per IDP	KPI/ Measurement	Baseline/ previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
217	PMS S56&54 performance assessment	Increased implementation of the Performance Management System	Number of PM Assessment for S54&56 to be conducted	3 PMS Assessment for S54 & 56 to be conducted quarterly	4 quarterly Assessment 2020/2021 and 1 Final performance assessment 2019/2020 for S54& 56 to be conducted	BLMMMOP EX026		4 quarterly Assessment 2020/2021 and 1 Final performance assessment 2019/2020 for S54& 56 to be conducted	5 PMS Assessment for S54& 56 conducted	None	None	Invitation, Attendance register and assessment reports
218	Regional/MM units performance assessments	Efficient and Effective Administration	Number of assessment offices	2 Assessments done in 2018/2019 for MM units and R managers	2 assessment for region/MM units managers offices			2 assessment for region/MM units managers offices	0 PMS assessment for regional/MM units managers offices conducted	Unavailability of the Municipal Manager on the planned dates	Assessments conducted in August 2021	Assessment reports, schedule and attendance register

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Indicator No:	KPA	Strategic objective as per IDP	KPI/Measure	Baseline/previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
219	Rolling out PMS	Increased implementation of the Performance Management System	Number of PMS Rollout meeting	16 PMS Rollout visit done in 2018/19	16 PMS rollout visit		R67 000	0 PMS rollout visit	0 PMS Roll out visit done	Target revised	To be rolled out in 2021/2022 FY	Agenda and attendance register
220	PMS automation	Efficient and Effective PMS Administration	Number of reports for Implementation of the automated PMS	4 Reports for Implementation of Automated PMS done	4 reports for Implementation of Automated PMS	BLMIMOP EX006	R2 335 000	4 reports for Implementation of Automated PMS	4 Reports for Implementation of Automated PMS	None	None	E-PMS Reports

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Indicator No:	KPA	Strategic objective as per IDP	KPI/Measurement	Baseline/previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
221	Annual report	Efficient and Effective Administration	Number of annual reports	2 Reports done (draft annual and final annual report)	2 Reports (draft annual and final annual report)	BLMMMOP EX034	R158 000	-	2 Report (Draft and Final Annual reports	None	None	Annual Report and council resolution, letter of submission
222	PMS committee sitting	Increased implementation of the Performance Management System	Number of PMS committee sittings	6 Task team sitting and 1 OPMS Com Sitting done 2018/19	4 Task Team Sitting	BLMMMOP EX035 & O0001/E00677/F0045/X045/R0429/001/MMOF5	R134 000	4 Task Team Sitting	4 Task Team committee held	None	None	Agenda, Minutes and attendance register

9.3. IDP UNIT

Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
223	Strategic plan	To develop a credible and implementable IDP	Number of strategic plan and IDP approved by 4th quarter	Strategic session held in 3rd quarter and approval of IDP in the 4th Quarter	1 strategic plan documents to be approved by 4th	-	R400 000	-	1 strategic plan IDP documents approved	None	None	Strategic Planning document, IDP and council resolutions

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Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
-	IDP process plan	To comply with IDP legislative requirements	Number of IDP process plan approved by 1st quarter	2020/21. Process plan approved by council	1 Process plan approved by 1st quarter	-	Internal driven	-	1 Process plan approved	none	none	Process plan and council resolution

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Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
224	IDP public participations	To have proper community participation IDP	Number of public participation on IDP to be conducted	11 Public participation held	11 public participation on IDP to be conducted	-	R300 000	-	13 public participation on IDP conducted	None	None	Invitation, public notice Agenda and attendance register
225	IDP Mapping and revision	To have proper access on projects	Number of IDP Mapping reports to be developed	New	IDP Mapping reports	BLMIDP006_2	R1.5m	-	2 IDP Mapping reports	None	None	Reports

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Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline/ previous performance	Annual target	Vote number	Ordinary / budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
226	EPWP	Job creation through EPWP	Number of EPWP jobs to be created and 12 monthly monitoring report.	304 EPWP job created in 2019/2020	304 EPWP jobs to be created and 12 monthly monitoring report.	-	R9 800 000	-	304 EPWP jobs to be created and 12 reports done.	None	None	Attendee registers and monitoring reports

9.4. PERFORMANCE PLAN INTERNAL AUDIT

IDP INDICATOR NO:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
228	Internal Audit Review of policies	Improved functionality and accountability of governance structures	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee.	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee	-	-	Reviewed IA charter, IA policy, AC charter & IA manual approved by the Audit Committee	none	none	Approval letter	
229	Internal Audit Strategic Plan & Annual Plan	Improved functionality and accountability of governance	2020/2021 annual plan and three year strategic plan approved by	2019/2020 annual plan and three year strategic plan	2020/2021 annual plan and three year strategic plan	-	-	2020/2021 annual plan and three year strategic plan	None	none	Approval letter	

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IDP INDICATOR NO:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
230	Implementation of the plan	Improved functionality and accountability of governance structures	Number of reports on the Implementation of IA plan	10 Reports Performed in 2019/2020	12 Reports to be performed in line with the approved plan.	-	-	12 Reports to be performed in line with the approved plan.	approved by the Audit Committee.	Overachieved	None	Reports

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IDP INDICATOR NO:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
231	Quarterly Reports	Improved functionality and accountability of governance structures	Submission of Quarterly reports to management and AC	3 reports submitted to management and Audit Committee	4 reports on Follow up reviews on previous queries raised	-	-	4 reports on Follow up reviews on previous queries raised	6 reports on Follow up reviews on previous queries raised	Overachieved	none	Follow-up reports
232	Progress Report	Improved functionality and accountability of governance structures	Submission of quarterly progress reports to the Committee.	3 reports submitted to the Audit Committee	4 updated reports on Audit Committee resolution.	-	-	4 updated reports on Audit Committee resolution.	4 updated reports on Audit Committee resolution.	none	none	Follow-up reports

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IDP INDICATOR NO:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
233	Audit committing	Improved functionality and accountability of governance structures	Number of meetings	5 meetings held in 2019/20 financial year	6 meetings to be held.	-	-	-	7 meetings held.	Over achieved	None	Attendance Register and minutes
234			Number of reports	3 Quarterly reports submitted to council	4 Quarterly Reports to council	-	-	-	5 Quarterly Reports to council	Over achieved	None	Reports to council
235	Performance Plans/Compacts Development		Number of Performance Plans/Compacts to be developed and evaluated/assessed	4 employees were assessed during 2018/19 F/Y	Developed 4 performance plans/compacts and assessed quarterly	-	-	-	4 employees were assessed	none	none	List of employees assessed

9.5. RISK MANAGEMENT UNIT

Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary/budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
242	Risk management implementation on plan	Increased implementations of governance policies and internal control	Number of risk management implementation on plan to be developed by 4th quarter	1 Implementation on Plan developed by fourth quarter 2019/2020	1 Risk management implementation on plan to be developed	-	Internal driven	-	1 Risk implementation plan developed and monitoring reports	None	None	Approved risk implementation on Plan and risk action plan reports
243	Risk management report	Increased implementations of governance policies and internal control	Number of Risk management reports	4 Risk management reports done	4 Risk Reports management reports	-	Internal driven	-	4 Risk management reports done	None	None	Reported risk management documents

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Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POES
									Annual Performance	Reason for variance	Improvement measures	
244	Strategic risk assessment	Increased implementations of governance policies and internal control	Number of strategic risk register by 4th quarter	1 Strategic risk register by 4th quarter in 2019/2020 f/y	1 Strategic risk register by 1st and 4th quarter	-	Internal driven	-	3 Strategic risk register in Q2 to Q3 submitted	None	None	Strategic Risk Register
245	Operational risk assessment	Risk assessment on both strategic and operation assessment	Number of operational risk register developed by 1st quarter	1 Operational Risk assessment	1 Operational risk assessment	-	R200 000	-	3 Operational risk assessment report done	None	None	Operational Risk Register

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Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
246	Risk management enabling documents	To ensure that all relevant policy documents are developed and reviewed timeously for the proper running of risk management	Number of risk management enabling documents reviewed by 4th quarter	2 Enabling documents (risk reports developed or 3 Enabling documents (Risk policy strategy and fraud policy/strategy in 2019/2020	Reports to be reviewed in the four quarter 2 Enabling documents (Risk Policy, and Fraud Prevention inclusive of a Policy	-	Internal driven	-	1 report done and 1 Enabling document reviewed	Fraud policy was not reviewed in 2020/2021	To be reviewed in 2020/2021 FY	Risk policy, strategy and fraud policy/strategy and council resolution

Indicator No:	KPA	Objectives	KPI/ Measurement	Baseline	Annual target	Vote number	Ordinary budget	Revised Target	APR 2020/2021			POEs
									Annual Performance	Reason for variance	Improvement measures	
247	Risk committee sitting	Ensure effectiveness of Risk Management Committee	Number of risk committee sittings	4 risk management committee meetings	4 risk management committee meetings	-	R 50 000	-	2 Risk Management Committee meeting	Risk Committee chairperson was appointed late in 2020	All planned risk committee meetings to be held in 2021/2022 FY	Minutes of the RMC meetings

9.6. PERFORMANCE PLAN FOR COMMUNICATION

IDP INDICATOR NO:	KPA	Objective	KPI/Measure ment	Baseline	Annual Target	Vote number	Ordinary/budget	Procurement date	Revised Target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for variance	Improvement measures	
249	Complaints Management	Improved and Seamless Customer Relations and Complaints Management process	Number of Complaints reports and number of resolved complaints register	Functional Complaint Management committee in place and Approved Complaints Procedure Manual	4 Complaints reports and number of resolved complaints register	-	-	-	-	4 Complaints reports and number of resolved complaints register done	None	None	Complaints Register and list of resolved Complaints Register
250	Improved communication both internal		Number of media statement and notices to be issued.	Municipal activities were communicated internal and externally via website, newspapers, radio and notices during 2019/20	20 Media statements and 20 notices to be issued	-	-	-	-	20 Media statements and 20 notices to be issued	None	None	Minutes and attendance register

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IDP INDICATOR NO:	KPA	Objective	KPI/ Measure ment	Baseline	Annual Target	Vote number	Ordinary budget	Procurement date	Revised Target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for variance	Improvement measures	
252	and external	Improved communication channels and media relations	Number of newsletters produced and distributed per quarter	4 Newsletters produced and 40 000 copies	Produce quarterly newsletters and distribute 40 000 copies by July 2021	-	-	-	-	4 newsletter and distributed 40 000 copies	None	None	Newsletters and distribution registers

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IDP INDICATOR NO:	KPA	Objective	KPI/ Measurement	Baseline	Annual Target	Vote number	Ordinary/budget	Procurement date	Revised Target	APR 2020/2021			Portfolio of Evidence
										Annual Performance	Reason for variance	Improvement measures	
253	Local Media House	Improved communication channels and media relations	Number of contracts to be signed with local media houses. Database of media houses	4 SLA were signed with local media houses in 2019/2020	3 SLA's signed by end of July 2020 Quarterly reports on monitoring the implementation of SLAs	-	R 700 000	-	-	3 SLA's reports on monitoring the implementation of SLAs done	None	None	SLA's Media monitoring and Analysis reports

10. REPORT OF EXTERNAL SERVICE PROVIDERS FINANCE 2020/2021 FY

10.1. ANAKA GROUP (MAAA0276888)

BLM has a Service Level Agreement with Anaka Group for rental of photo copiers, servicing and supply of printer cartridges. The expenditure as at 30 June 2021 financial year is **R 6,896,766.15**. The table below reflect the Expenditure incurred during the financial year.

Date	Objective	Invoice No.	Invoice Amount	Amount Paid	Payment Date	Responsible Official
2020-07-23	Consultation	BLM010	518,936.58	518,936.58	2020-08-20	CFO
2020-09-02	Consultation	BLM011	590,807.15	590,807.15	2020-09-17	CFO
2020-09-28	Consultation	BLM012	634,273.19	634,273.19	2020-10-16	CFO
2020-10-26	Consultation	BLM013	661,575.22	605,351.72	2020-11-23	CFO
2020-12-01	Consultation	BLM014	667,482.14	667,482.14	2020-12-18	CFO
2021-01-19	Consultation	BLM015	641,491.56	641,491.56	2021-01-19	CFO
2021-02-01	Consultation	BLM016	646,123.19	646,123.19	2021-02-26	CFO
2021-02-24	Consultation	BLM017	657,041.06	657,041.06	2021-03-13	CFO
2021-03-26	Consultation	BLM018	639,372.40	639,372.40	2021-04-09	CFO
2021-04-29	Consultation	BLM019	661,350.28	661,350.28	2021-05-10	CFO
2021-05-24	Consultation	BLM020	634,536.88	634,536.88	2021-06-04	CFO
2021-06-28	Consultation	BLM021	640,950.60			CFO

10.2. VALUERS AFRIKA (MAAA0127506)

BLM signed a Service Level Agreement for five (5) years which commenced on 01/07/2019 until 30th June 2024. The expenditure as at 30th June 2021 is R 524,245.64. The service provider was appointed to assist the municipality with the compilation of a General Valuation Roll as well as updating it annually with the Supplementary Valuation Roll for the duration of the agreement. The table below reflect the expenditure incurred during the financial year.

Date	Ojective	Invoice No.	Invoice Amount	Amount Paid	Payment Date	Responsible Official
2020-07-29		104200	179,150.00	179,150.00	2020-07-30	CFO
2020-08-26		IN104116 IN104231 IN104227 IN104208 IN104204IN1043	140,019.00	140,019.00	2020-09-04	CFO
2020-08-31		IN104246	300,487.71			CFO
2020-10-31		IN104275/104253/104264/10429 5/104299/104293	205,076.64	205,076.64	2020-12-11	CFO
						CFO

10.3. FLEET HORIZON (MAAA0204250)

BLM has signed a Service Level Agreement with Fleet Horizon in 2018. The expenditure as at 30th June 2020 is **R 6,581,300.72** and the outstanding balance of **R 2,058,521.62**. The service provider was appointed to assist the municipality with the maintenance of municipal fleet. The table below reflect the expenditure incurred during the financial year.

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Date	Objective	Invoice No.	Invoice Amount	Amount Paid	Payment Date	Responsible Official
2020-07-01	consultation	FH3053				CFO
2020-07-01	consultation	FH3053	6,282.86			CFO
2020-07-16	consultation	FH3107-FH3121	446.06			CFO
2020-07-31	consultation	FH3163	176,387.78			CFO
2020-08-17	consultation	FH3187	232,375.76	232,375.76	2020-08-06	CFO
2020-08-19	consultation	FH3188- FH3366	54,450.49			CFO
2020-08-31	consultation	FH3238	739,329.98	739,329.98	2020-10-27	CFO
2020-09-30	consultation	FH3332	232,375.76	232,375.76	2020-08-24	CFO
2020-10-25	consultation	PO05960	232,375.76	232,375.76	2020-10-08	CFO
2020-10-25	consultation	INV FH3363-REALLOCATION	736,526.38			CFO
2020-10-30	consultation	FH3429	4,554.00	737,120.38	2020-11-23	CFO
2020-10-30	consultation	FH3429-REALLOCATION	232,375.76	232,375.76	2020-10-30	CFO
2020-11-13	consultation	FH3475/4/3/0/69/63/67/66/65/64/55/32/31/30	218,244.80	218,244.80	2020-11-14	CFO
2020-11-27	consultation	FH3519/18/17/16/15/14/12/11/10/09/08/07	170,606.32	170,606.32	2020-12-04	CFO
2020-11-30	consultation	FH3526	507,780.96	507,780.96	2020-12-18	CFO
2020-12-11	consultation	po06252	197,833.42	197,833.42	2020-12-18	CFO
2020-12-18	consultation	FH3564-FH3571	267,430.39	267,430.39	2020-12-29	CFO
2021-01-04	consultation	FH3592	118,937.85	118,937.85	2021-02-05	CFO
2021-01-12	consultation	FH3608	215,104.59	215,104.59	2021-05-26	CFO
2021-01-29	consultation	FH3617-FH3632	24,037.10	24,499.33	2021-02-26	CFO
2021-01-29	consultation	FH3663	532,280.29	507,780.96	2021-02-02	CFO
2021-02-01	consultation	FH3665-FH3699	215,104.59	215,104.59	2021-02-05	CFO
2021-02-17	consultation	FH3703-FH3784	406,414.06	406,414.06	2021-02-26	CFO
2021-02-22	consultation	FH3734	644,118.09	644,118.09	2021-04-16	CFO
2021-02-26	consultation	FH3745	163,625.09			CFO
2021-03-30	consultation	FH3821- FH3857	226,095.34	226,095.34	2021-04-22	CFO
2021-03-30	consultation	FH3822	324,435.99	324,435.99	2021-04-22	CFO
2021-03-31	consultation	FH3830	147,000.08			CFO
2021-04-30	consultation	FH3913	226,095.34	226,095.34	2021-04-07	CFO
2021-05-11	consultation	FH3891/3892/3893/3894/3902/3903	226,095.34	226,095.34	2021-05-26	CFO
2021-05-11	consultation	FH3931	139,093.57	139,093.57	2021-05-14	CFO
2021-05-12	consultation	FH3941	205,848.85	205,848.85	2021-05-26	CFO
2021-06-06	consultation	FH4018	114,120.07			CFO
2021-06-08	consultation	FH3944-FH3972	135,657.20	135,657.20	2021-06-24	CFO
			640,287.91	640,287.91	2021-06-10	CFO
				232,375.76	2021-04-07	CFO

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Date	Objective	Invoice No.	Invoice Amount	Amount Paid	Payment Date	Responsible Official
2020-07-01	consultation	FH3053	6,282.86			CFO
2020-07-01	consultation	FH3053	446.06			CFO
2020-07-16	consultation	FH3107-FH3121	176,387.78			CFO
2020-07-31	consultation	FH3163	232,375.76	232,375.76	2020-08-06	CFO
2020-08-17	consultation	FH3187	54,450.49			CFO
2020-08-31	consultation	FH3188- FH3366	739,329.98			CFO
2020-09-30	consultation	FH3238	232,375.76	739,329.98	2020-10-27	CFO
2020-10-25	consultation	FH3332	232,375.76	232,375.76	2020-08-24	CFO
2020-10-25	consultation	PO05960	232,375.76	232,375.76	2020-10-08	CFO
2020-10-30	consultation	INV FH3363-REALLOCATION	736,526.38	737,120.38	2020-11-23	CFO
2020-10-30	consultation	FH3429	4,554.00			CFO
2020-11-13	consultation	FH3429-REALLOCATION	232,375.76	232,375.76	2020-10-30	CFO
2020-11-27	consultation	FH3475/4/3/0/69/68/67/66/65/64/55/32/31/30	218,244.80	218,244.80	2020-11-14	CFO
2020-11-30	consultation	FH3519/18/17/16/15/14/12/11/10/09/08/07	170,606.32	170,606.32	2020-12-04	CFO
2020-12-11	consultation	FH3526	507,780.96	507,780.96	2020-12-18	CFO
2020-12-18	consultation	po06252	197,833.42	197,833.42	2020-12-18	CFO
2021-01-04	consultation	FH3564-FH3571	267,430.39	267,430.39	2020-12-18	CFO
2021-01-12	consultation	FH3592	118,937.85	118,937.85	2021-02-05	CFO
2021-01-19	consultation	FH3608	215,104.59	215,104.59	2021-05-26	CFO
2021-01-29	consultation	FH3617-FH3632	24,037.10	24,499.33	2021-02-26	CFO
2021-02-01	consultation	FH3663	532,280.29	507,780.96	2021-02-02	CFO
2021-02-17	consultation	FH3665-FH3699	215,104.59	215,104.59	2021-02-02	CFO
2021-02-22	consultation	FH3703-FH3784	406,414.06	406,414.06	2021-02-05	CFO
2021-02-26	consultation	FH3734	644,118.09	644,118.09	2021-02-26	CFO
2021-03-30	consultation	FH3745	163,625.09		2021-04-16	CFO
2021-03-30	consultation	FH3821- FH3857	226,095.34	226,095.34		CFO
2021-03-31	consultation	FH3822	324,435.99	324,435.99	2021-04-22	CFO
2021-04-30	consultation	FH3830	147,000.08		2021-04-22	CFO
2021-05-11	consultation	FH3913	226,095.34	226,095.34		CFO
2021-05-11	consultation	FH3891/3892/3893/3894/3902/3903	226,095.34	226,095.34	2021-04-07	CFO
2021-05-12	consultation	FH3931	139,093.57	139,093.57	2021-05-26	CFO
2021-06-06	consultation	FH3941	205,848.85	205,848.85	2021-05-14	CFO
2021-06-08	consultation	FH4018	114,120.07		2021-05-26	CFO
		FH3944- FH3972	135,657.20	135,657.20		CFO
			640,287.91	640,287.91	2021-06-24	CFO
			232,375.76	232,375.76	2021-06-10	CFO
					2021-04-07	CFO

10.4. CCG SYSTEMS (MAAA0082293)

BLM has a Service Level Agreement with CCG Systems for the implementation of MSCOA. The expenditure as at 30th June 2021 is R 5,906,015.00

Date	Objective	Invoice No.	Invoice Amount	Amount Paid	Payment Date	Responsible Official
2020-07-31	Consultation	INV13362	54,472.00	54,472.00	2020-08-06	CFO
2020-07-31	Consultation	INV13357	137,500.00	137,500.00	2020-08-06	CFO
2020-07-31	Consultation	INV13501	114,925.00	114,925.00	2020-08-06	CFO
2020-07-31	Consultation	INV13589	7,800.00	7,800.00	2020-10-02	CFO
2020-08-31	Consultation	INV13606	89,205.00	89,205.00	2020-10-02	CFO
2020-08-31	Consultation	INV13816	114,925.00	114,925.00	2020-10-02	CFO
2020-09-28	Consultation	INV13817	55,740.00	55,740.00	2020-10-02	CFO
2020-09-29	Consultation	INV13611	63,500.00	63,500.00	2020-10-02	CFO
2020-09-29	Consultation	INV13879	9,735.00	9,735.00	2020-10-02	CFO
2020-09-30	Consultation	INV13879	137,500.00	137,500.00	2020-10-02	CFO
2020-09-30	Consultation	INV13884	83,760.00	83,760.00	2020-09-29	CFO
2020-09-30	Consultation	INV14121	1,500,000.00	1,500,000.00	2020-10-02	CFO
2020-10-31	Consultation	INV14124	114,925.00	114,925.00	2020-10-30	CFO
2020-10-31	Consultation	INV14126	47,137.50	47,137.50	2020-10-02	CFO
2020-10-31	Consultation	INV14127	114,925.00	114,925.00	2020-12-10	CFO
2020-11-30	Consultation	INV14129	72,050.00	72,050.00	2020-11-24	CFO
2020-12-31	Consultation	INV14384	29,137.50	29,137.50	2020-11-24	CFO
2021-01-31	Consultation	INV14618	114,925.00	114,925.00	2020-12-16	CFO
2021-02-01	Consultation	INV14618	114,925.00	114,925.00	2021-03-19	CFO
2021-02-01	Consultation	INV14661	114,925.00	114,925.00	2021-03-04	CFO
2021-02-28	Consultation	INV14660	289,027.20	289,027.20	2021-03-04	CFO
2021-03-18	Consultation	INV14814	636,177.70	636,177.70	2021-03-04	CFO
2021-03-24	Consultation	INV150010	114,925.00	114,925.00	2021-03-04	CFO
2021-04-30	Consultation	INV15043	26,000.00	26,000.00	2021-03-19	CFO
2021-05-19	Consultation	INV15347	251,550.00	251,550.00	2021-03-19	CFO
2021-05-21	Consultation	INV15474	114,925.00	114,925.00	2021-03-31	CFO
2021-05-15	Consultation	INV15491	198,756.00	198,756.00	2021-05-20	CFO
2021-05-31	Consultation	INV15096	150,000.00	150,000.00	2021-05-20	CFO
2021-05-31	Consultation	INV15623	114,925.00	114,925.00	2021-06-24	CFO
2021-05-31	Consultation	INV15546	152,440.00	152,440.00	2021-05-20	CFO
2021-06-29	Consultation	INV15622	114,925.00	114,925.00	2021-06-18	CFO
2021-06-29	Consultation	INV15779	265,025.00	265,025.00	2021-06-18	CFO
2021-06-29	Consultation	INV15781	114,925.00	114,925.00	2021-06-18	CFO
2021-06-29	Consultation	INV15782	133,320.00	133,320.00	2021-06-30	CFO
2021-06-29	Consultation	INV15677	68,134.63	68,134.63	2021-06-30	CFO
			68,947.47	68,947.47	2021-06-30	CFO

ANNUAL PERFORMANCE
REPORT 2020/2021

This report was prepared by the office of the CFO as a true reflection of the external services provider performance under finance section. Signed by Matlala , ACFO



11. CONCLUSION

The purpose of this 2020/2021 APR is to make possible for the relevant stakeholder groups to evaluate progress made by the municipality towards achieving its vision and mission. This plan serves as key element of aligning IDP and budget in terms of service delivery KPA and other related KPA.

The goal is to ensure full implementation of planning and submission of accurate data which will make it possible for the BLM communities to track and trace the movement of IDP projects and programs.

Regardless of this it is anticipate that this plan does justice to the situation on the ground and that it achieves what it purport to achieve.

12. AUTHORISATION AND APPROVAL OF THE APR

TITLE	SURNAME AND INITIALS	COMMENTS	SIGNATURE	DATE
MUNICIPAL MANAGER	NKUNA C A	RECOMMENDED		31 Jan 2022
EXECUTIVE MAYOR	NXUMALO C S	APPROVED		31 Jan 2022

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited
By
2022 - 28
Auditor General South Africa
Mpumalanga Business Unit



BUSHBUCKRIDGE
LOCAL MUNICIPALITY

BUSHBUCKRIDGE LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

* See Note

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

General Information

LEGAL FORM OF ENTITY

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of Republic of South Africa (Act 108 of 1996)

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Provision of municipal services in terms of the Municipal Systems Act No.32 of 2000 (MSA) and Municipal Finance Management Act No.56 of 2003 (MFMA)

MEMBERS OF COUNCIL

Member of Mayoral Committee

Cllr Nxumalo CS (Executive Mayor)
Cllr Raganya R (Speaker)
Cllr Malomane (Chief Whip)
Cllr Selowe PT (Finance)
Cllr Mokoena BK (Social Development)
Cllr Mathebula S (Corporate Services)
Cllr Mathebula G (Sports, Arts and Culture)
Cllr Nkuna BV (Deceased)
Cllr Malandule BW (Technical Services)
Cllr Lekhuleni ML (EDPE)
Cllr Malebe LR (Service delivery Committee Chairperson)
Cllr Mapiyeye AM (MPAC Chairperson)
Cllr Chadi SM

Councillors

Cllr Chiloane LB
Cllr Dube KI
Cllr Gubayi P
Cllr Gumede MP
Cllr Khosa LE
Cllr Leshaba P
Cllr Maatsie-Mlambo VT
Cllr Mkhathswa P
Cllr Makhubedu T
Cllr Makhubela O
Cllr Malibe TD
Cllr Malomane SC
Cllr Mashava IS
Cllr Mashiloane SM
Cllr Mathebula AM
Cllr Mathebula G
Cllr Mathebula M
Cllr Mathebula O
Cllr Mbhandze F
Cllr Mdluli DV
Cllr Mhaule LS
Cllr Mhaule LS
Cllr Mhlaba RS
Cllr Mkansi W
Cllr Mkabela S
Cllr Mkhatswa P
Cllr Mnene F
Cllr Mokoena PD
Cllr Mthisi CR

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By

2021-01-28

Accountant-General South Africa
Kwame Ninsin
Accountant-General

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

General Information

Cllr Mthombeni LI
Cllr Mzimba VN
Cllr Mashego G
Cllr Ndhlovu ML
Cllr Ndubane J
Cllr Ngomane TW
Cllr Nkuna SS
Cllr Nekeru K
Cllr Nxumalo TA (Deceased)
Cllr Nyundu EM
Cllr Phelephe MS
Cllr Pilane KP
Cllr Qibi R
Cllr Sambo GL
Cllr Seerane KA
Cllr Shilane MP
Cllr Sihlabela HE
Cllr Siwela PF
Cllr Thabane NP
Cllr Tivane NW
Cllr Zitha RS

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Mpumalanga Business Unit

GRADING OF LOCAL AUTHORITY

4

ACCOUNTING OFFICER

Mrs. CA Nkuna

CHIEF FINANCIAL OFFICER (CFO)

Mr. MB Matlala
Acting CFO: (December 2020 - Currently)
Ms. SNN Ntimane
Resigned : (November 2020)

REGISTERED OFFICE

R533 Graskop Road
Bushbuckridge
1280

POSTAL ADDRESS

Private Bag X9308
Bushbuckridge
1280

BANKERS

First National Bank Limited
Standard Bank of South Africa Limited

AUDITORS

The Auditor General South Africa (AGSA)

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited

By

2022-01-28

Contents

The reports and statements set out below comprise the annual financial statements presented to the Council.

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AGSA	Auditor General South Africa
DBSA	Development Bank of South Africa
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
EPWP	Expanded Public Works Programme
EEDG	Energy Efficient Demand Grant
MIG	Municipal Infrastructure Grant
MWIG	Municipal Water Infrastructure Grant
RBIG	International Financial Reporting Standards
INEP	Regional Bulk Infrastructure Grant
MFMA	Municipal Finance Management Act
EEDG	Energy Efficiency Demand Grant
mSCOA	Municipal Standard Chart of Accounts
VAT	Value Added Tax
WSIG	Water Service Infrastructure Grant
DORA	Division of Revenue Act

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited

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2022 -01- 28

Auditor General South Africa

Mpumalanga Business Unit

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 will be 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

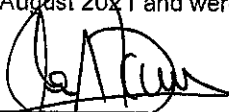
The accounting officer has reviewed the municipality's budget for the year to 30 June 2022 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements have been prepared on the going concern basis, were approved by the Council for submission on 31 August 2021 and were signed on its behalf by:



Mrs. SA Nkuna
Accounting Officer

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited

By

2022-01-28

Audit Committee Report

Auditor General South Africa
Municipal Business Unit

We are pleased to present our report for the financial year ended 30 June 2021.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and meets on a regular basis annum as per its approved terms of reference. During the current year seven meetings were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr. J Ngobeni (Chairperson)	7
Mr. AC Keyser	7
Dr. T Madzivhandila (PhD) - Expiry of contract (May 2021)	5
Ms. P Mokgope	7
Advocate. G Khoza - (Appointed August 2020)	6
Ms. P Ntuli (CA,SA) - Appointed August 2020)	6
Me. J Sithole (CA,SA) - Expiry of contract (31 August 2020)	1

AUDIT COMMITTEE RESPONSIBILITY

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The audit committee has:

- reviewed and discussed the unaudited annual financial statements, annual performance information and management's response thereto.

INTERNAL AUDIT

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

AUDITOR-GENERAL OF SOUTH AFRICA

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



Chairperson of the Audit Committee

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

Audited

By

2022-07-28

Auditor General South Africa
Mpumalanga Business Unit

The accounting officer submits her report for the year ended 30 June 2021.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

The municipality is engaged in provision of municipal services in terms of the Municipal Systems Act no.32 of 2000 (MSA) and Municipal Finance Management Act no.56 of 2003 (MFMA) and operates in South Africa.

Net surplus of the municipality was 607,004,024 (2020: surplus 564,765,609).

2. GOING CONCERN

We draw attention to the fact that at 30 June 2021, the municipality had an net assets of 5,549,350,787 and that the municipality's total assets exceed its liabilities by 5,549,350,787.

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 based on the following:

- Current assets exceed current liabilities
- Under DORA the municipality has been allocated funds for three years 2020/21 to 2023/24
- There is no indication of a possibility of default by the government in paying grants under the Act. This is corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation.
- In addition the municipality collects revenue for services rendered and this will augument cashflows in subsequent years.

3. SUBSEQUENT EVENTS

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

4. ACCOUNTING OFFICER'S INTEREST IN CONTRACTS

The Accounting Officer has completed the declaration of interest as is required in terms of Suply Chain Regulations.

5. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the MFMA and standards of GRAP including any interpretations of such Statements issued by the Accounting Practices Board and as per the prescribed framework by National Treasury.

6. ACCOUNTING OFFICER

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

Name	Nationality
Mrs. CA Nkuna	South African

7. CORPORATE GOVERNANCE

GENERAL

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King IV Report on Corporate Governance. The accounting officer discuss the responsibilities of management in this respect, at management meetings and monitor the municipality's compliance with the code on a regular basis.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

Audited

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2022-01-28

Auditor General South Africa
Municipal Business Unit

MANAGEMENT MEETINGS

The accounting officer has met the directors on separate occasions during the financial year. The accounting officer schedules to meet at least once per month.

INTERNAL AUDIT

The municipality has its own internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

8. BANKERS

The municipality's bankers did not change during the year under review. First National Bank Limited and Standard Bank were the bankers of the municipality.

9. AUDITORS

The Auditor General South Africa (AGSA) will continue to audit the financial affairs of the municipality.

10. COVID-19

The year 2021 has seen the continued existence of the coronavirus which lead to the risk adjusted lockdown being implemented in South Africa on various occasions and in many other nations globally. The risk adjusted lockdown meant only limited inbound travels is allowed and this affected the normal operations of the economy as well as the municipality in the service delivery, completion of projects, revenue collection among other aspects. The year has also seen limitation in the number of employees being allowed to return to work at some point in time as the municiplaity was to adhere to regualtions.

Mrs. CA Nkuna
Accounting Officer

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand

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Auditor General South Africa
Journal of Business

Note(s) 2021 2020
Restated

Assets

Current Assets

Inventories	6	13,129,609	10,345,418
Receivables from non-exchange transactions	7	511,189,048	512,008,802
VAT receivable	8	90,472,390	69,371,074
Prepayments	49	3,650,575	-
Receivables from exchange transactions	9	454,989,556	428,396,314
Cash and cash equivalents	10	328,519,769	204,373,719
		<u>1,401,950,947</u>	<u>1,224,495,327</u>

Non-Current Assets

Investment property	3	12,758,613	14,080,450
Property, plant and equipment	4	4,550,963,809	4,180,181,197
Intangible assets	5	973,413	1,638,375
Prepayments	49	3,650,575	-
		<u>4,568,346,410</u>	<u>4,195,900,022</u>

Total Assets

5,970,297,357 5,420,395,349

Liabilities

Current Liabilities

Payables from exchange transactions	13	245,455,356	263,322,739
Consumer deposits	14	2,510,074	2,479,331
Unspent conditional grants and receipts	11	-	58,561,849
Provisions	12	64,385,093	124,180,768
		<u>312,350,523</u>	<u>448,544,687</u>

Non-Current Liabilities

Provisions	12	108,596,047	29,503,899
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Total Liabilities

420,946,570 478,048,586

Net Assets

5,549,350,787 4,942,346,763

Accumulated surplus		5,549,350,787	4,942,346,763
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Total Net Assets		<u>5,549,350,787</u>	<u>4,942,346,763</u>
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* See Note

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Auditor General South Africa

Municipal Business Unit

Statement of Financial Performance

Figures in Rand

Note(s)

2021

2020

Restated*

Revenue**Revenue from exchange transactions**

Service charges	15	48,793,586	48,285,335
Rental of facilities and equipment	16	972,486	908,110
Agency income	17	13,867,943	9,960,441
Licences and permits	18	211,861	1,395,210
Operating income	19	4,355,258	3,314,347
Interest	20	92,995,177	114,602,744
Total revenue from exchange transactions		161,196,311	178,466,187

Revenue from non-exchange transactions**TAXATION REVENUE**

Property rates	21	242,455,367	242,975,649
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TRANSFER REVENUE

Transfers and subsidies	22	1,561,945,646	1,253,921,097
Public contributions and donations	23	6,205,967	40,391,106
Fines and penalties	24	463,581	2,561,200

Total revenue from non-exchange transactions**1,811,070,561****1,539,849,052****Total revenue****1,972,266,872****1,718,315,239****Expenditure**

Employee related costs	25	(579,485,669)	(549,083,383)
Remuneration of councillors	26	(25,156,755)	(31,111,450)
Depreciation and amortisation	27	(140,936,560)	(133,638,035)
Finance costs	29	(7,299,365)	(8,524,151)
Debt impairment	30	(222,080,008)	(17,710,915)
Bad debts written off	31	-	(203,692,054)
Contracted services	32	(195,670,676)	(148,387,364)
Transfers and subsidies	33	(10,109,048)	(18,384,605)
General expenses	34	(168,464,516)	(166,697,047)
Total expenditure		(1,349,202,597)	(1,277,229,004)

Operating surplus

37

623,064,275**441,086,235**

Gain/(Loss) on disposal of assets

1,371,860

(28,666)

Actuarial (losses)/gains

(4,560,249)

113,036

Gains in provisions

(385,091)

2,784,454

Impairment loss

28

(12,486,771)

(562,946)

Gain from transfer of functions between entities not under common control

38

-

121,373,496

(16,060,251)**123,679,374****Surplus for the year****607,004,024****564,765,609**

* See Note

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets as at 30 June 2021

Figures in Rand	Accumulated surplus	Total net assets
Balance as previously reported at 1 July 2019	4,364,488,592	4,364,488,592
Prior year adjustments- Refer to Note 48	13,092,562	13,092,562
Restated balance as at 1 July 2019	4,377,581,154	4,377,581,154
Surplus for the year	564,765,609	564,765,609
Total changes	564,765,609	564,765,609
Restated balance at 1 July 2020	4,942,346,763	4,942,346,763
Net income recognised directly in net assets		
Surplus for the year	607,004,024	607,004,024
Surplus for the year	607,004,024	607,004,024
Total changes	607,004,024	607,004,024
Balance at 30 June 2021	5,549,350,787	5,549,350,787

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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Cash Flow Statement for the period ending 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		241,373,823	202,169,352
Grants		1,503,353,797	1,308,412,000
Interest earned		3,934,812	10,098,282
Donations received		200,000	650,000
		<u>1,748,862,432</u>	<u>1,521,329,634</u>
Payments			
Employee costs		(625,941,604)	(582,646,474)
Suppliers		(405,757,142)	(391,736,276)
Finance costs		(667,240)	(1,017,009)
		<u>(1,032,365,986)</u>	<u>(975,399,759)</u>
Net cash flows from operating activities	50	<u>716,496,446</u>	<u>545,929,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(594,195,142)	(433,347,211)
Proceeds from sale of assets	4	1,844,746	-
Purchase of intangible assets	5	-	(1,289,423)
		<u>(592,350,396)</u>	<u>(434,636,634)</u>
Net cash flows from investing activities			
Net increase in cash and cash equivalents		<u>124,146,050</u>	<u>111,293,241</u>
Cash and cash equivalents at the beginning of the year		204,373,719	93,080,478
Cash and cash equivalents at the end of the year	10	<u>328,519,769</u>	<u>204,373,719</u>

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Municipal Business Unit

* See Note

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual for the year ending 30 June 2021

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	73,739,000	(21,000,000)	52,739,000	48,793,586	(3,945,414)	
Rental of facilities and equipment	1,000,000	-	1,000,000	972,486	(27,514)	
Agency income	13,000,000	(2,000,000)	11,000,000	13,867,943	2,867,943	A1
Licences and permits	4,933,000	(3,925,000)	1,008,000	211,861	(796,139)	A2
Operating income	4,310,000	6,607,000	10,917,000	4,355,258	(6,561,742)	A3
Interest	167,706,000	-	167,706,000	92,995,177	(74,710,823)	A4
Total revenue from exchange transactions	264,688,000	(20,318,000)	244,370,000	161,196,311	(83,173,689)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	273,458,000	(30,000,000)	243,458,000	242,455,367	(1,002,633)	
Transfer revenue						
Transfers and subsidies	1,500,365,000	58,500,000	1,558,865,000	1,561,945,646	3,080,646	
Public contributions and donations	-	-	-	6,205,967	6,205,967	A5
Fines and penalties	3,068,000	(2,595,000)	473,000	463,581	(9,419)	
Total revenue from non-exchange transactions	1,776,891,000	25,905,000	1,802,796,000	1,811,070,561	8,274,561	
Total revenue	2,041,579,000	5,587,000	2,047,166,000	1,972,266,872	(74,899,128)	
Expenditure						
Employee related costs	(591,126,000)	(1,001,000)	(592,127,000)	(579,485,669)	12,641,331	
Remuneration of councillors	(33,164,000)	5,900,000	(27,264,000)	(25,156,755)	2,107,245	
Depreciation and amortisation	(150,000,000)	10,000,000	(140,000,000)	(140,936,560)	(936,560)	
Impairment loss	-	-	-	(12,486,771)	(12,486,771)	
Finance costs	(23,838,000)	-	(23,838,000)	(7,299,365)	16,538,635	A6
Debt Impairment	(108,900,000)	(177,000,000)	(285,900,000)	(222,080,008)	63,819,992	A7
Contracted services	(223,771,000)	(41,904,000)	(265,675,000)	(195,670,676)	70,004,324	A8
Transfer and subsidies	(5,000,000)	-	(5,000,000)	(10,109,048)	(5,109,048)	A9
General expenses	(189,053,000)	89,000,000	(100,053,000)	(168,464,516)	(68,411,516)	A10
Other materials	(58,895,000)	58,895,000	-	-	-	A11
Total expenditure	(1,383,747,000)	(56,110,000)	(1,439,857,000)	(1,361,689,368)	78,167,632	
Operating surplus	657,832,000	(50,523,000)	607,309,000	610,577,504	3,268,504	
(Loss)/Gain on disposal of assets	-	-	-	1,371,860	1,371,860	A12
Actuarial gains/losses	-	-	-	(4,560,249)	(4,560,249)	A13
Gain on provisions	3,000,000	(1,157,000)	1,843,000	(385,091)	(2,228,091)	A14
	3,000,000	(1,157,000)	1,843,000	(3,573,480)	(5,416,480)	
Surplus before taxation	660,832,000	(51,680,000)	609,152,000	607,004,024	(2,147,976)	

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Johannesburg

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual for the year ending 30 June 2021

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	660,832,000	(51,680,000)	609,152,000	607,004,024	(2,147,976)	
Reconciliation						

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Municipal Finance Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

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2022-01-28

Statement of Comparison of Budget and Actual for the year ending 30 June 2021

Budget on Accrual Basis

Municipal Business Unit

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	3,824,000	8,880,000	12,704,000	13,129,609	425,609	
Receivables from non-exchange transactions	916,557,000	(400,000,000)	516,557,000	511,189,048	(5,367,952)	
VAT receivable	-	-	-	114,752,806	114,752,806	B1
Prepayments	-	-	-	3,650,575	3,650,575	
Receivables from exchange transactions	81,274,000	356,000,000	437,274,000	454,989,556	17,715,556	
Cash and cash equivalents	262,095,000	47,452,000	309,547,000	328,519,769	18,972,769	
	1,263,750,000	12,332,000	1,276,082,000	1,426,231,363	150,149,363	
Non-Current Assets						
Investment property	8,255,000	4,000,000	12,255,000	12,758,613	503,613	
Property, plant and equipment	4,353,614,000	29,660,000	4,383,274,000	4,550,963,809	167,689,809	
Intangible assets	996,000	-	996,000	973,413	(22,587)	
Prepayments	-	-	-	3,650,575	3,650,575	
	4,362,865,000	33,660,000	4,396,525,000	4,568,346,410	171,821,410	
Total Assets	5,626,615,000	45,992,000	5,672,607,000	5,994,577,773	321,970,773	
Liabilities						
Current Liabilities						
Payables from exchange transactions	619,311,000	(340,057,000)	279,254,000	245,455,349	(33,798,651)	
VAT payable	-	-	-	24,280,416	24,280,416	
Consumer deposits	2,477,000	-	2,477,000	2,510,074	33,074	
Provisions	-	-	-	64,385,093	64,385,093	B2
	621,788,000	(340,057,000)	281,731,000	336,630,932	54,899,932	
Non-Current Liabilities						
Provisions	34,653,000	(4,500,000)	30,153,000	108,596,047	78,443,047	B2
Total Liabilities	656,441,000	(344,557,000)	311,884,000	445,226,979	133,342,979	
Net Assets	4,970,174,000	390,549,000	5,360,723,000	5,549,350,794	188,627,794	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4,970,174,000	390,549,000	5,360,723,000	5,549,350,794	188,627,794	

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual for the year ending 30 June 2021

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Receipts	451,393,000	(30,000,000)	421,393,000	245,508,635	(175,884,365)	C1
Grants	1,500,345,000	58,500,000	1,558,845,000	1,503,353,797	(55,491,203)	
	1,951,738,000	28,500,000	1,980,238,000	1,748,862,432	(231,375,568)	
Payments						
Suppliers and employee costs	(1,096,009,000)	20,390,000	(1,075,619,000)	(1,031,698,746)	43,920,254	
Finance costs	(23,838,000)	-	(23,838,000)	(667,240)	23,170,760	C2
Transfers and subsidies	(5,000,000)	-	(5,000,000)	-	5,000,000	C3
	(1,124,847,000)	20,390,000	(1,104,457,000)	(1,032,365,986)	72,091,014	
Net cash flows from operating activities	826,891,000	48,890,000	875,781,000	716,496,446	(159,284,554)	
Cash flows from investing activities						
Purchase of property, plant and equipment and intangible assets	(660,832,000)	51,680,000	(609,152,000)	(594,195,142)	14,956,858	
Proceeds from sale of property, plant and equipment & intangible assets	478,000	-	478,000	1,844,746	1,366,746	C4
Net cash flows from investing activities	(660,354,000)	51,680,000	(608,674,000)	(592,350,396)	16,323,604	
Cash flows from financing activities						
Consumer deposits	2,477,000	2,000	2,479,000	-	(2,479,000)	C5
Net increase/(decrease) in cash and cash equivalents	169,014,000	100,572,000	269,586,000	124,146,050	(145,439,950)	
Cash and cash equivalents at the beginning of the year	93,080,000	-	93,080,000	204,373,719	111,293,719	
Cash and cash equivalents at the end of the year	262,094,000	100,572,000	362,666,000	328,519,769	(34,146,231)	

Audited

By

2021-06-28

Auditor General South Africa

111 Market Street, 2nd Floor, Sandton, Johannesburg

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Statement of Comparison of Budget and Actual for the year ending 30 June 2021**Budget on Accrual Basis**

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

Budget differences

Variances of more than 10% between actual results and budgeted amounts are considered material and explanation for these variances are included below.

- A1. The municipality collected more from licences and car registrations as well as driver's licences .
- A2. The municipality had anticipated to receive more from business applications which did not transpire.
- A3. During the budgeting process the municipality had anticipated to receive more from other income but due to the continued existence of the coronavirus this was not the case.
- A4. The prime rates and bank rate were relatively low throughout the year due to the Reserve bank maintaining low rates to cushion consumers of the impact of the pandemic.
- A5. The donations were not anticipated at the budgeting stage.
- A6. There was a great improvement in the payment of suppliers within 30 days in the current year.
- A7. The payment ability of customers dropped significantly due to the economic hardships , hence the significant impairment amounts .
- A8. The impact of the pandemic led to the non utilisation of the full budget .
- A9. The increased cost due to the implementation of indigent register, bursaries, sanitation were higher than budgeted for.
- A10. The budget was fully utilised to ensure continued operations of the municipality, the other materials budget was utilised under general expenditure.
- A11. Other materials were budgeted for and the actual expenditure was utilised under the general expenses .
- A12. The assets were sold during the current year and this was not budgeted for.
- A13. Actuarial gains/losses were not budgeted for in the current year.
- A14. Gain on provisions- the change in landfill closure provision due to changes attributable to CPI and the passage of time. This was not budgeted for.
- B1. Vat receivable was not budgeted for in the current year.
- B2. The current and non current liabilities were not budgeted for adequately in the current year.
- C1. The expected collections did not materialize.
- C2. The interest cost was overbudgeted.
- C3. The transfer and subsidies were consolidated under payment to suppliers.
- C4. Proceeds from sale of assets were not budgeted for
- C5. The actuals for consumer deposits movement not applicable on the face of the cashflow statement.

Reasons for adjustment budget

1. The National Treasury allocated an additional R165 million for equitable share grant and that had to be appropriated in the budget.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

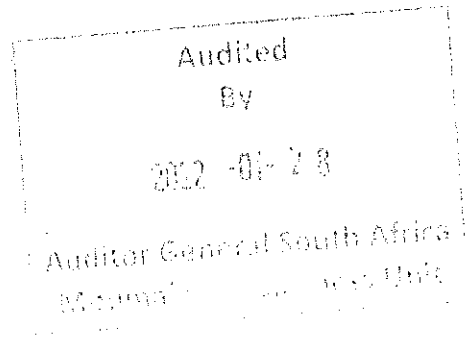
Statement of Comparison of Budget and Actual for the year ending 30 June 2021

Budget on Accrual Basis

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

2. The National Treasury reduced the MIG by R4.5 million.
3. The unspent portion for of R58 million was approved by National Treasury.
4. The EEDG was reduced by R500 000 by National Treasury.
5. Reprioritization of MIG grant to fund operational expenditure to cater for refurbishment of water and sanitation projects.



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Accounting Policies for the year ending 30 June 2021

Figures in Rand

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2022-01-28
Note(s) Auditor General 2021 South Africa
Municipal Business Unit

1. Presentation of Annual Financial Statements

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

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

Management has used assessments and estimates in preparing for the annual financial statements- these are based on the best information available at the time of preparation.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

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

1.2 GOING CONCERN ASSUMPTION

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

1.3 MATERIALITY

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

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

1.4 TRANSFER OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

Definitions

An acquiree is the entity and/or the functions that the acquirer obtains control of in a transfer of functions.

Contingent consideration is usually, an obligation of the acquirer to transfer additional assets or a residual interest to the former owners of an acquiree as part of the exchange for control of the acquiree if specified future events occur or conditions are met. However, contingent consideration also may give the acquirer the right to the return of previously transferred consideration if specified conditions are met.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited

By

2022-01-28

Accounting Policies for the year ending 30 June 2021

Auditor General South Africa

1.4 TRANSFER OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL (continued) Business Unit

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity.

The acquisition method

The municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

Determining the acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

All relevant facts and circumstances are considered in identifying the transfer date.

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

Recognition principle

As of the acquisition date, the municipality as acquirer recognises, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition conditions:

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the municipality as acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

Measurement principle

The municipality as acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Subsequent measurement and accounting

In general, a municipality as acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered to reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies for the year ending 30 June 2021

1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment of trade and other 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 in respect of the impairment of debtors is based on assessment of the extent to which debtors have defaulted on payments already due to uncertainty surrounding the recoverability of the outstanding amount. This was performed per debtor.

The impairment of trade receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amount. Debtors are graded on the following basis:

Grade A: No provision. Customer payments are up to date. There is no balance in arrears.

Grade B: 100% of balance outstanding in excess of 90 days: Customers with a payment history but with balances outstanding in excess of 90 days. The balance outstanding in excess of 90 days is provided for in full.

Grade C: 100% of total balance outstanding on account. Customers with no payment history. Accounts are considered to be delinquent. The balance is provided for in full (100% of the amount outstanding).

Government debtors are excluded from provision calculation as they generally have a history of meeting their obligations.

Allowance for slow moving, damaged and obsolete inventories

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

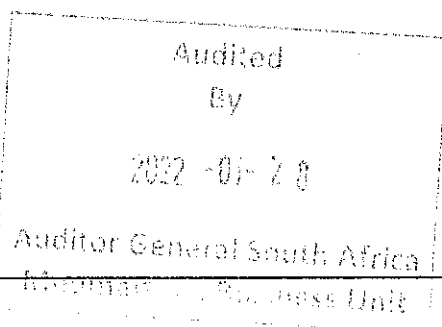
Fair value estimation

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

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

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

The carrying amount of available-for-sale financial assets would be an estimated - lower or - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.



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Auditor General South Africa
Municipal Business Unit

1.5 SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 12 - Provisions.

Useful lives of waste water and water network assets and other assets

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

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.

Depreciation and carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

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.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Accounting Policies for the year ending 30 June 2021

1.6 INVESTMENT PROPERTY (continued)

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

Cost model

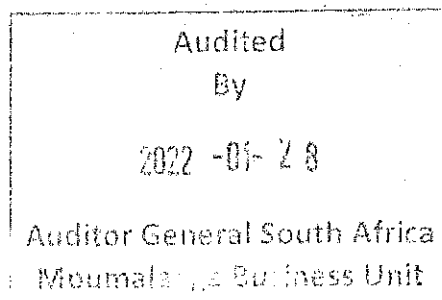
Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

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

Property - land	indefinite
Property - buildings	3-41 years

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

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



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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.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

Property, plant and equipment .

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Community Buildings	Straight line	3-82 years
Infrastructure	Straight line	3-41 years
Motor vehicles	Straight line	2-100 years
Computer equipment	Straight line	3-10 years
		2-10 years

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Moumalis Business Unit

1.7 PROPERTY, PLANT AND EQUIPMENT (continued)

Furniture and office equipment	Straight line	1-12 years
Other property and equipment	Straight line	1-20 years
Temporary operational buildings	Straight line	5-60 years
Library books	Straight line	3 years

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

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

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

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

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

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

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

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

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

Significant delays in assets under construction

The municipality regards delays in assets under construction of more than three years as significant.

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 an 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:

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

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1.8 SITE RESTORATION AND DISMANTLING COST (continued)

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.

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.

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

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.

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

Item	Useful life
Computer software, other	4 - 6 years

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

1.10 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.

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2021-06-30
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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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1.10 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
Cash and cash equivalents	Financial asset measured at amortised cost
Receivable from exchange transactions	Financial asset measured at amortised cost
Receivable from non exchange transactions	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:

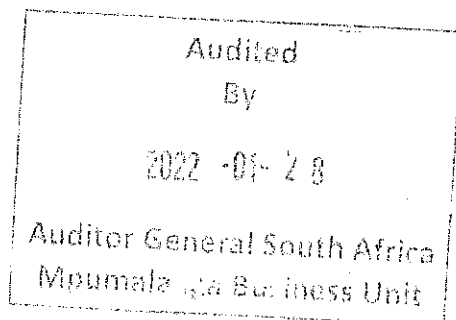
Class	Category
Payable from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

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.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

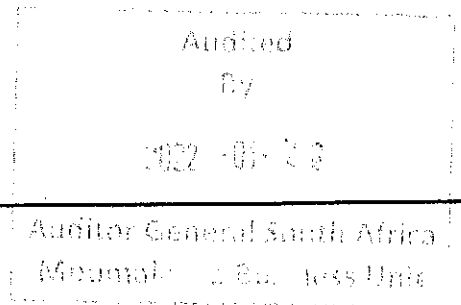


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1.10 FINANCIAL INSTRUMENTS (continued)

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 a 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 uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

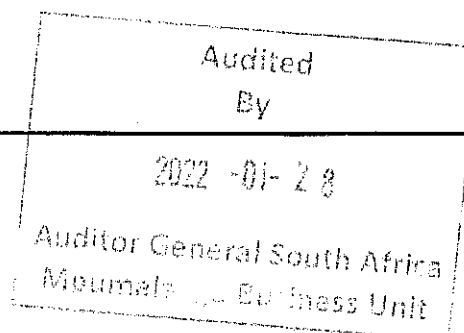
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial 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.

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1.10 FINANCIAL INSTRUMENTS (continued)

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 expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

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.

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.

The difference between the carrying amount of a financial liability and the consideration paid is recognised in surplus or deficit.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including petty cash), demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash that are held with registered banking institutions and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Trade payables

Trade payables are measured at fair value.

Liabilities for annual bonus (accrued bonus) are recognised as they accrue to employees. Accrual is based on potential liability to the municipality.

Receivables

Receivables are measured at fair value.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

Amounts receivable within 12 months from date of reporting are classified as current.

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.11 LEASES

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.

Operating leases - lessee

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

1.12 INVENTORIES

Inventories consist of raw materials, water and consumables.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories 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.

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Audited

By

2022-01-28

Auditor General South Africa

Mpumalanga Business Unit

1.12 INVENTORIES (continued)

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.

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.

1.13 IMPAIRMENT OF CASH-GENERATING ASSETS

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

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1.13 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

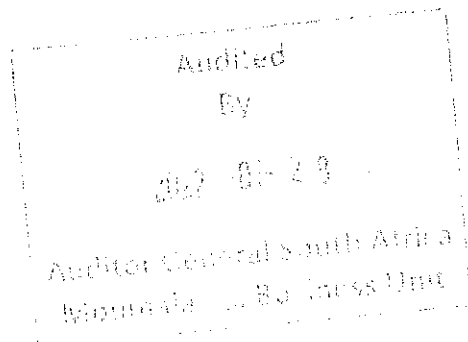
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



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1.13 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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2022-01-28
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Mpuunala Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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By

2021-01-28

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South Africa

Business Unit

1.13 IMPAIRMENT OF CASH-GENERATING ASSETS (continued)

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

Redesignation

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

1.14 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

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

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

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

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

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

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

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1.14 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

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:

1. The objective of using the asset
2. The intended use of the assets

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.

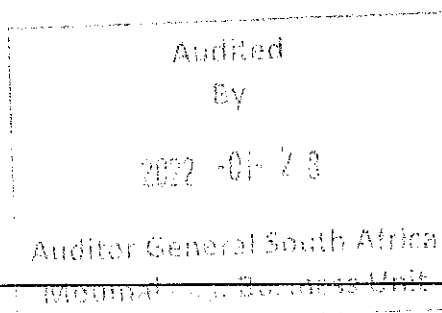
An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective 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.



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1.14 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (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 asset is determined using the following approach:

Depreciated replacement cost approach

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

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

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

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1.14 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (continued)

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

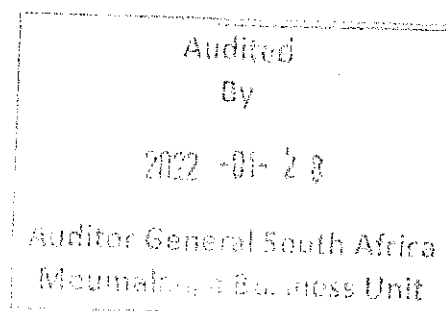
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining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

Redesignation

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

1.15 SHARE CAPITAL / CONTRIBUTED CAPITAL

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments, relating to income and expenditure, are credited / debited against accumulated surplus when retrospective adjustments are made. An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.



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1.16 EMPLOYEE BENEFITS

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

1.17 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

Provisions are recognised when the Municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment 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. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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1.17 PROVISIONS AND CONTINGENCIES (continued)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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 deficit.

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes. Contingencies are disclosed in note 40.

- the amounts are determined using the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

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1.17 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 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 test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.13 and 1.14.

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.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.18 COMMITMENTS

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date.

Approved and contracted commitments represent expenditure that has been approved and the contract awarded at the reporting date.

Approved and not yet contracted commitments represent the expenditure that has been approved and the contract is yet to be awarded or is awaiting finalisation at the reporting date.

Commitments are disclosed in the financial statements if they meet the following criteria;

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1.18 COMMITMENTS (continued)

- the underlying contracts are non-cancellable or only cancellable at significant cost; and
- contracts relate to non-routine transactions.

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are shown in the disclosure notes to the extent that such amounts have not been recorded in the financial statements. Commitments disclosed in the notes to the financial statements represent the aggregate amount of the capital and current expenditure at the reporting date.

1.19 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

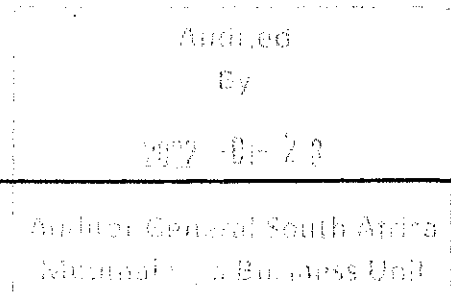
Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

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1.19 REVENUE FROM EXCHANGE TRANSACTIONS (continued)

Service Charges

Service Charges

Service charges relating to 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, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being 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 tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

1.20 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

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, an 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.

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1.20 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

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.

The Municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

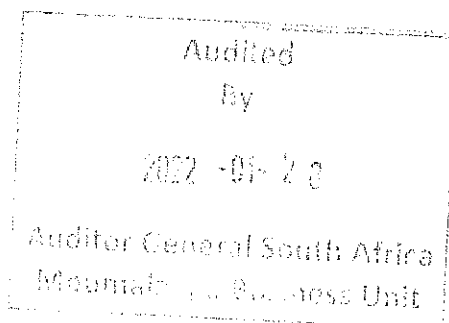
As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



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1.20 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

Rates, including collection charges and penalties interest

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis. Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

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 composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Transfers

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

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

Transferred assets are measured at their fair value as at the date of acquisition.

Donations and public contributions

Donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met.

Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

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

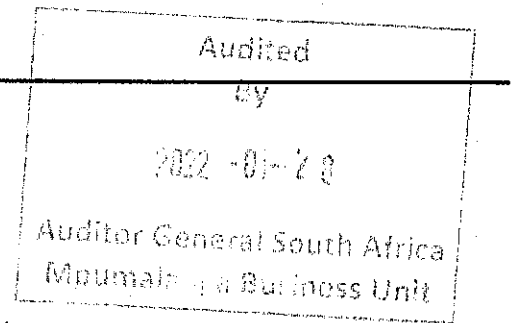
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1.20 REVENUE FROM NON-EXCHANGE TRANSACTIONS (continued)

Government grants

Transfers and subsidies – non-exchange revenue
Unconditional Grants

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

Conditional Grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. Interest is recognised as interest earned in the Statement of Financial Performance.

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.

1.21 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.

1.22 COMPARATIVE FIGURES

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

1.23 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.24 FRUITLESS AND WASTEFUL EXPENDITURE

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

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

1.25 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

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1.25 IRREGULAR EXPENDITURE (continued)

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 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.

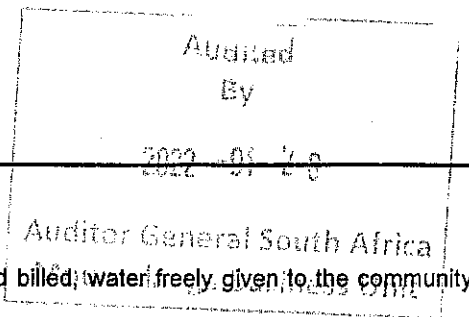
If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses 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.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies for the year ending 30 June 2021



1.27 DISTRIBUTION LOSSES

Distribution losses are calculated as the difference between water consumed and billed, water freely given to the community and water produced.

1.28 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2020 to 30/06/2021.

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.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

Comparative information is not required.

1.29 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties with arm's length or not in the ordinary course of business are disclosed.

1.30 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.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies for the year ending 30 June 2021

1.30 EVENTS AFTER REPORTING DATE (continued)

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.

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2021-07-22
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Municipality of Bushbuckridge

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies for the year ending 30 June 2021

1.31 EXPENDITURE

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Expenses include write downs of inventory and decreases in fair values of financial instruments classified as held at fair value. Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.

Major expense items disclosed in the Statement of Financial Performance include;

- **Contracted services** – caters for all the external services and is further categorised into outsourced, consultants, professional services and contractors. Repairs and maintenance is also part of contracted services. *Outsourced services* - the municipality should have capacity to carry out the function but choose to enlist the services of an external service provider. *Consultant & professional services* - refers to specialist services and skills provided. These skills are unnecessary to maintain inhouse and are required on a once off or temporary basis. *Contractors* - provides services that are not the core business of the municipality.
- **Transfers and grants** which relate to expenditure pertaining to free basic services, donations to the community, electrification of the townships, bursaries and general expenses constitute several expense items which are not individually significant.
- **Write downs** of inventory and decreases in fair values of financial instruments classified as held at fair value.
- **Losses on the disposal** of non-current assets are reported separately from expenses in the Statement of Financial Performance.

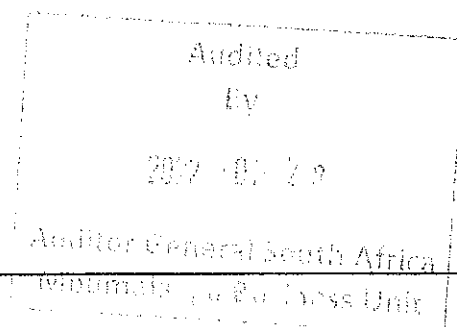
An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

1.32 VALUE ADDED TAX

The municipality accounts for VAT on an accrual basis and is liable for VAT on a payment basis in accordance with section 15(2)(a) of the VAT Act (Act No 89 of 1991). The municipality is liable to account for VAT at the standard rate (14%) and (15% from 1 April 2018 as announced by the minister of Finance) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.



BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
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2. New standards and interpretations

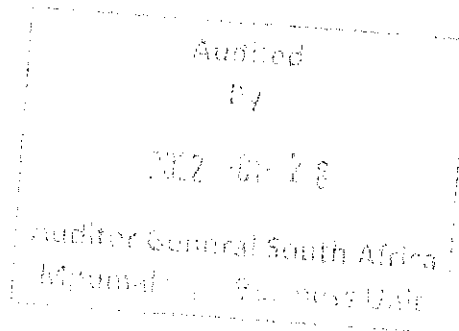
2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25- Employee benefits	30 April 2021	Unlikely there will be a material impact
• GRAP 104- Financial Instruments	30 April 2021	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2021	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2021	Impact is currently being assessed



BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

3. Investment property

Cost / Valuation	2021		2020	
	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
20,775,498	(8,016,885)	12,758,613	20,775,498	(6,695,048)
				14,080,450

Buildings

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2021-06-28
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Municipal Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
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3. Investment property (continued)

Reconciliation of investment property - 30 June 2021

	Opening balance	Depreciation	Total
Buildings	14,080,450	(1,321,837)	12,758,613

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Municipal and Provincial Units

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
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3. Investment property (continued)

Reconciliation of investment property - 30 June 2020

	Opening balance	Additions	Depreciation	Total
Buildings	8,254,667	7,090,470	(1,264,687)	14,080,450

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.

Maintenance of investment property

The following maintenance costs were incurred:

Corrective Maintenance incurred on

Revenue generating investment property- community hall

159,290

-

Included in the note for repairs and maintenance note is an amount of R159 290 relating to the repairs carried out at Meriam Mokgakane community hall.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2021

	Opening balance	Additions	Disposals	Transfers received	Other changes	Depreciation	Impairment loss	Total
Land	190,216,483	-	-	-	-	-	-	190,216,483
Buildings	54,889,321	1,691,573	-	-	-	(5,188,005)	(113,269)	51,279,620
Infrastructure	3,312,832,563	15,931,106	(119,184)	232,102,713	(864,536)	(107,670,216)	(11,673,908)	3,440,538,538
Community	144,581,664	981,682	-	309,550	-	(9,981,257)	-	135,891,639
Other property, plant and equipment	54,318,891	33,279,965	(353,673)	-	-	(13,583,135)	(699,594)	72,962,454
Work in progress (WIP)	418,323,854	470,047,552	-	(232,412,263)	-	-	-	655,959,143
Other Assets (Library books)	4,634,561	765,516	-	-	-	(2,532,541)	-	2,102,020
Other assets-Security Upgrades (WIP)	383,860	-	-	-	864,536	-	-	1,149,376
Assets under investigations	-	-	-	-	-	-	-	864,536
	4,180,181,197	522,697,394	(472,857)	-	-	(138,955,154)	(12,486,771)	4,550,963,809

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2020

	Opening balance	Additions	Additions through transfer of functions / mergers	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	179,877,483	10,339,000	-	-	-	-	-	190,216,483
Buildings	54,266,344	151,470	6,106,946	-	-	(5,635,439)	-	54,889,321
Infrastructure	3,131,522,894	15,759,998	123,381,009	(58,978)	142,600,482	(99,890,484)	(482,358)	3,312,832,563
Community	125,650,598	28,747,365	-	-	-	(9,816,299)	-	144,581,664
Other property, plant and equipment	40,951,388	27,516,475	-	-	-	(14,068,385)	(80,587)	54,318,891
Work in progress (WIP)	170,415,356	390,508,980	-	-	(142,600,482)	-	-	418,323,854
Other Assets (Library books)	4,531,793	2,635,309	-	-	-	(2,532,541)	-	4,634,561
Other Assets - Security upgrades (WIP)	-	383,860	-	-	-	-	-	383,860
	3,707,215,856	476,042,457	129,487,955	(58,978)	-	(131,943,148)	(562,945)	4,180,181,197

Pledged as security

There were no assets pledged as security.

Assets under investigations

Infrastructure

Included in Infrastructure are the following assets under investigation to confirm existence

- Bridge	648,481
- Gabion	150,414
- Road signs	65,639
	864,534

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Municipal Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand			2021	2020
4. Property, plant and equipment (continued)				
Reconciliation of Work-in Progress 30 June 2021				
	Infrastructure	Community assets	Buildings	Total
Opening balance	368,026,859	50,297,040	-	418,323,899
Additions/capital expenditure	437,837,987	30,370,781	1,838,812	470,047,580
Completed and transferred	(232,234,441)	(177,852)	-	(232,412,293)
	<u>573,630,405</u>	<u>80,489,969</u>	<u>1,838,812</u>	<u>655,959,186</u>

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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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

5. Intangible assets

	2021		2020		
Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
6,629,370	(5,655,957)	973,413	6,629,370	(4,990,995)	1,638,375

Computer software

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Municipal and Local Government

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
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5. Intangible assets (continued)

Reconciliation of intangible assets - 30 June 2021

	Opening balance	Amortisation	Total
Computer software	1,638,375	(664,962)	973,413

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020			
5. Intangible assets (continued)					
Reconciliation of intangible assets - 30 June 2020					
	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	795,697	1,289,423	(430,175)	(16,570)	1,638,375
6. Inventories					
Maintenance materials				13,129,609	10,345,418
7. Receivables from non-exchange transactions					
Fines				1,939,478	2,429,936
Other receivables- (credit balances)				6,833,905	4,519,140
Deposits				4,976,296	2,171,939
Other taxes				1,106,091	1,105,345
Property rates				493,380,354	499,783,276
Other receivables				2,952,924	1,999,166
				511,189,048	512,008,802
Deposits					
Eskom deposits				4,976,296	2,171,939
Fines					
The net balances of for fines is as follows:					
Gross balance				3,865,498	3,431,288
Impairment				(1,926,020)	(1,001,352)
				1,939,478	2,429,936
Property rates					
The ageing of these rates is as follows:					
Gross balance				1,032,927,112	932,774,889
Impairment				(539,546,758)	(432,861,624)
				493,380,354	499,913,265
Rates					
Current (0-30 days)				12,014,241	5,983,526
31-60 days				11,809,078	6,810,873
61-90 days				10,487,074	4,184,175
90-120 days				10,100,793	2,777,841
121-365 days				448,969,169	480,156,850
				493,380,355	499,913,265

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
7. Receivables from non-exchange transactions (continued)		
Reconciliation of provision for impairment of receivables from non exchange transactions		
Opening balance	433,862,976	388,255,648
Provision for impairment-property rates	106,685,133	44,605,976
Provision for impairment -traffic fines	924,669	1,001,352
	<u>541,472,778</u>	<u>433,862,976</u>
8. VAT receivable		
VAT	<u>90,472,390</u>	<u>69,371,074</u>
9. Receivables from exchange transactions		
Gross balances		
Water	173,804,157	139,540,875
Waste water	20,851,790	17,080,062
Rental	2,680,283	1,622,237
Waste	55,904,131	49,832,734
Interest	667,108,739	577,966,745
Housing rental	2,601,804	2,601,804
Service Charges	11,965,484	11,679,616
Payroll debtors	6,471,132	-
	<u>941,387,520</u>	<u>800,324,073</u>
Less: Allowance for impairment		
Water	(90,342,940)	(64,763,308)
Waste water	(10,847,162)	(7,927,654)
Rental	(1,392,909)	(752,812)
Waste	(29,056,837)	(23,126,574)
Regional services levies	(346,679,061)	(268,476,319)
Housing rental	(1,352,125)	(1,207,388)
Service Charges	(6,726,930)	(5,673,704)
	<u>(486,397,964)</u>	<u>(371,927,759)</u>
Net balance		
Water	83,461,217	74,777,567
Waste water	10,004,628	9,152,408
Rental	1,287,374	869,425
Waste	26,847,294	26,706,160
Waste	6,471,132	-
Interest	320,429,678	309,490,426
Housing rental	1,249,679	1,394,416
Service Charges	5,238,554	6,005,912
	<u>454,989,556</u>	<u>428,396,314</u>

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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
9. Receivables from exchange transactions (continued)		
Water		
Current (0 -30 days)	1,167,030	1,380,195
31 - 60 days	1,170,046	1,318,245
61 - 90 days	1,017,092	1,092,595
91 - 120 days	1,128,539	286,749
121 - 365 days	78,978,510	70,699,783
	<u>83,461,217</u>	<u>74,777,567</u>
Waste water		
Current (0 -30 days)	162,339	126,836
31 - 60 days	161,598	157,866
61 - 90 days	156,168	144,837
91 - 120 days	154,282	194,336
121 - 365 days	9,370,241	8,528,533
	<u>10,004,628</u>	<u>9,152,408</u>
Rental		
Current (0 -30 days)	-	9,807
31 - 60 days	-	43,557
61 - 90 days	-	30,790
91 - 120 days	-	18,143
121 - 365 days	1,287,374	767,128
	<u>1,287,374</u>	<u>869,425</u>
Waste		
Current (0 -30 days)	406,224	230,950
31 - 60 days	398,004	163,894
61 - 90 days	405,331	277,047
91 - 120 days	395,090	182,216
121 - 365 days	25,242,645	25,852,053
	<u>26,847,294</u>	<u>26,706,160</u>
Payroll debtors		
Current (0 -30 days)	6,471,132	-
Interest		
Current (0 -30 days)	4,946,873	117,499
31 - 60 days	4,977,184	(9,364)
61 - 90 days	4,690,516	-
91 - 120 days	4,796,406	-
121 - 365 days	301,018,699	309,382,291
	<u>320,429,678</u>	<u>309,490,426</u>
Housing rental		
> 365 days	1,249,679	1,394,416

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By
2021-06-20

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Annual Financial Statements for the year ended 30 June 2021

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Audited

By

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

2021

2020

Auditor: General South Africa
Mpumalanga Business Unit**9. Receivables from exchange transactions (continued)****Service charges**

Current (0 -30 days)	27,978	73,915
31 - 60 days	11,653	328,278
61 - 90 days	96,474	232,051
91 - 120 days	15,735	136,737
121 - 365 days	5,086,714	5,234,931
	5,238,554	6,005,912

Summary of debtors by customer classification**Consumers**

Current (0 -30 days)	39,261,854	(70,133,955)
31 - 60 days	167,314	50,985
61 - 90 days	20,862,525	16,376,756
91 - 120 days	19,198,579	20,777,734
121 - 365 days	38,428,866	157,315,110
> 365 days	785,835,590	571,853,138
	903,754,728	696,239,768

Industrial/ commercial

Current (0 -30 days)	5,717,829	(3,960,504)
31 - 60 days	22,848	18,933
61 - 90 days	2,736,078	1,986,654
91 - 120 days	2,504,632	3,198,190
121 - 365 days	5,201,888	23,838,368
> 365 days	174,229,086	150,652,861
	190,412,361	175,734,502

National and provincial government

Current (0 -30 days)	17,767,028	(8,050,296)
31 - 60 days	(54,624)	(17,989)
61 - 90 days	8,949,503	5,973,161
91 - 120 days	8,297,597	12,015,060
121 - 365 days	17,502,472	90,829,907
> 365 days	821,801,797	761,519,083
	874,263,773	862,268,926

Total

Current (0 -30 days)	62,746,711	(82,144,755)
31 - 60 days	135,538	51,929
61 - 90 days	32,548,105	24,336,570
91 - 120 days	30,000,807	35,990,983
121 - 365 days	61,133,227	271,983,385
> 365 days	1,781,866,474	1,484,025,082
	1,968,430,862	1,734,243,194

Reconciliation of provision for impairment of receivable from exchange transactions

Balance at beginning of the year	371,927,757	364,544,722
Contributions to allowance	114,470,207	7,383,035
	486,397,964	371,927,757

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	265,062,550	99,415,504
Call account balances	63,440,168	104,939,357
Cash on hand	17,051	18,858
	328,519,769	204,373,719

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
FNB Bank IA09591	22,548,681	5,805,602	10,187,096	22,548,681	5,805,602	10,187,096
FNB Bank IA09538	72,869,338	14,786,430	1,170,549	72,869,338	14,786,430	1,170,549
FNB Bank IA09494	13,108,220	100,567,662	33,889,026	13,108,220	100,567,662	33,889,026
FNB Bank IA09538	50,331,948	4,371,695	1,676,973	50,331,948	4,371,695	1,676,973
Standard Bank IA09518	169,644,531	78,823,473	46,127,210	169,644,531	78,823,473	46,127,210
Total	328,502,718	204,354,862	93,050,854	328,502,718	204,354,862	93,050,854

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Water Services Infrastructure Grant	-	58,561,849

MOVEMENT DURING THE YEAR

Balance at the beginning of the year	58,561,849	-
Additions during the year	488,166,205	522,342,000
Income recognition during the year	(546,728,054)	(463,780,151)
	-	58,561,849

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

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

12. Provisions

Reconciliation of provisions - 30 June 2021

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Actuarial gains/loss	Total
Environmental rehabilitation provision	71,949,547	-	-	4,637,813	-	76,587,360
Leave provision	51,226,238	10,022,562	-	-	-	61,248,800
Long service awards	30,508,882	2,855,674	(5,159,228)	2,379,403	4,560,249	35,144,980
	153,684,667	12,878,236	(5,159,228)	7,017,216	4,560,249	172,981,140

Reconciliation of provisions - 30 June 2020

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Actuarial gains/loss	Total
Environmental rehabilitation provision	47,042,981	22,528,870	-	(2,801,024)	5,178,720	-	71,949,547
Leave	36,069,612	15,156,626	-	-	-	-	51,226,238
Long service awards	27,930,744	2,623,774	(2,126,480)	-	2,193,880	(113,036)	30,508,882
	111,043,337	40,309,270	(2,126,480)	(2,801,024)	7,372,600	(113,036)	153,684,667

Non-current liabilities

Current liabilities

108,596,047
64,385,093

29,503,899
124,180,768

172,981,140

153,684,667

Environmental rehabilitation provision

The municipality has an obligation to rehabilitate the landfill sites in the Bushbuckridge municipal area. The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation. It is carried at the amortised cost.

The rehabilitation costs were determined by Environmental & Sustainability Solutions CC.

The general landfill closure cost model (GLCCM) was used to estimate the final rehabilitation and closure costs for general landfills.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
12. Provisions (continued)		
Key assumptions used	2021	2020
CPI	4.8235%	2.410%
Discount rate	7.0735%	5.9107%
Net effective discount rate	2.25%	3.5%

Leave provision

Leave provision consist of an obligation to pay out the annual leave days in the year the employment status of the employee changes due to various reasons. The obligation presents a liability to the employer and the value is represented by the present value of the total number of days the employee would have at termination date that is expected to become payable under the municipality's current policy.

The calculation for leave provision is as follows;

Total Annual Leave days capped at 48 days /250 X Current basic salary X 12.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
12. Provisions (continued)		
LONG SERVICE AWARDS		
Long service awards consist of an obligation to pay out a bonus in the year of the employee attaining the required length of service. The obligation presents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the municipality's current policy. The municipality offers long service bonuses for every five (5) years of continuous service completed, starting from ten (10) years to forty-five (45) years. Long service accumulated leave must be taken within one year of receiving such leave or maybe wholly or partially settled in cash. The actuarial valuation of the long service awards accrued liability was carried out by D.T Mureriwa, a fellow of the institute of Actuaries. The key assumption used in the valuation;		
Net Discount Rate		
- Discount rate 8.17% (2020: 8.18%)		
- CPI 4.64% (2020:4.43%)		
- Salary increase rate 5.64% (2020: 5.43%)		
- Net Discount rate 2.39% (2020:3.9%).		
Demographic and Mortality Assumption		
Assumed retirement age (years)* 63 (2020: 63)		
Mortality SA85-90 (2019: SA85-90)		
*The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for illhealth and early retirements.		
13. Payables from exchange transactions		
Electricity	4,409,256	7,829,840
Retention and Surety	111,966,429	98,233,886
Bonus accrual	14,583,528	14,300,609
Trade payables	98,789,239	129,529,429
Debtors with credit balances	6,833,905	4,519,140
Salary payables	7,577,297	7,733,310
PAYE	24,371	22,466
Auditor General South Africa	100,513	1,953
Staff advances	779,040	738,462
Unallocated deposits	391,771	413,644
	245,455,356	263,322,739
14. Consumer deposits		
Water	2,489,445	2,459,467
Refuse	20,629	19,864
	2,510,074	2,479,331
15. Service charges		
Water reconnection fees	28,964	23,747
Sale of water	36,247,671	36,258,729
Refuse	8,088,554	7,699,061
Sewerage and sanitation charges	4,428,397	4,303,798
	48,793,586	48,285,335
16. Rental of facilities and equipment		
Premises		
Premises	925,040	873,381

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
16. Rental of facilities and equipment (continued)		
Facilities and equipment		
Rental of facilities	-	2,711
Rental of equipment	47,446	32,018
	<u>47,446</u>	<u>34,729</u>
	<u>972,486</u>	<u>908,110</u>
17. Agency income		
Management Fees	13,867,943	9,960,441
	<u>13,867,943</u>	<u>9,960,441</u>
18. Licences and permits (exchange)		
Trading licenses	211,861	1,395,210
	<u>211,861</u>	<u>1,395,210</u>
19. Operating income		
Sundry income	189,603	344,324
Proof of residence	1,985,408	1,316,251
Sale of tender documents	955,005	1,061,560
Plan approval	400,958	237,930
Amendment of names	28,498	816
Library fees	-	1,510
Administration fee	322,851	258,715
Photocopies	8,445	35,053
Cemetery	83,161	58,188
Construction Education and Training Authority (CETA)	381,329	-
	<u>4,355,258</u>	<u>3,314,347</u>
20. Interest		
Interest revenue		
Interest earned	3,934,812	10,098,282
Interest charged on trade and other receivables	89,060,365	104,504,462
	<u>92,995,177</u>	<u>114,602,744</u>

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Municipal Auditor: ...

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
21. Property rates		
Rates levied		
Residential	43,527,851	43,506,328
Commercial	50,849,537	43,916,490
State owned	57,503,915	57,773,589
Industrial properties	1,656,562	1,658,383
Vacant land	21,975,306	21,935,123
Protected area	68,572,170	75,012,432
Agriculture	4,711,720	5,140,056
Public Benefit Organisation and Public Service Infrastructure	211,968	101,029
Less: Income forgone	(6,553,662)	(6,067,781)
	<u>242,455,367</u>	<u>242,975,649</u>

Valuations

Agriculture	1,715,152,000	1,715,152,000
Commercial	1,777,997,800	1,777,337,800
Public Benefit Organisations	139,096,100	139,096,100
Public Service Infrastructure	19,960,070	19,960,070
Residential	4,288,269,700	4,287,819,700
State	2,055,750,000	2,055,750,000
Vacant land	629,525,020	629,385,020
Municipality	61,730,100	61,730,100
Protected Area	28,336,222,550	28,336,222,550
Protected Area Business	1,908,865,000	1,914,705,000
Protected Area Residential	854,305,000	851,465,000
	<u>41,786,873,340</u>	<u>41,788,623,340</u>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Various rates are used for the different categories which are applied to property valuations to determine assessment rates.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

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Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

2021

2020

22. Transfers and subsidies

Operating grants

Equitable Share	1,013,412,000	788,070,000
Financial Management Grant	2,600,000	2,215,000
Local Government Sector Education Training Authority	1,805,592	2,070,946
Expanded Public Works Programme Grant	4,974,000	4,453,000
	<u>1,022,791,592</u>	<u>796,808,946</u>

Capital grants

Integrated National Electrification Programme	-	11,008,000
Municipal Infrastructure Grant	366,822,000	374,040,000
Regional Bulk Infrastructure Grant	23,000,000	40,000,000
Municipal Disaster Grant	6,270,205	626,000
Water Services Infrastructure Grant	138,561,849	31,438,151
Energy Efficiency Demand Management Grant	4,500,000	-
	<u>539,154,054</u>	<u>457,112,151</u>
	<u>1,561,945,646</u>	<u>1,253,921,097</u>

Equitable share

In terms of section 227 of the Constitution, the Equitable Share Grant provides funding for the municipality to deliver free basic services to the indigent community households and subsidises the cost of administration and other core services for the municipality. This grant is used to enable the municipality to provide basic services and perform functions allocated to it.

Municipal Infrastructure Grant (MIG)

Current-year receipts	366,822,000	374,040,000
Conditions met - transferred to revenue	(366,822,000)	(374,040,000)
	<u>-</u>	<u>-</u>

This grant is mainly used to fund infrastructure related projects (mainly as part of service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

Financial Management Grant (FMG)

Current-year receipts	2,600,000	2,215,000
Conditions met - transferred to revenue	(2,600,000)	(2,215,000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA.

Expanded Public Works Programme (EPWP)

Current-year receipts	4,974,000	4,453,000
Conditions met - transferred to revenue	(4,974,000)	(4,453,000)
	<u>-</u>	<u>-</u>

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with EPWP guidelines.

Regional Bulk Infrastructure Grant (RBIG)

Current-year receipts	23,000,000	40,000,000
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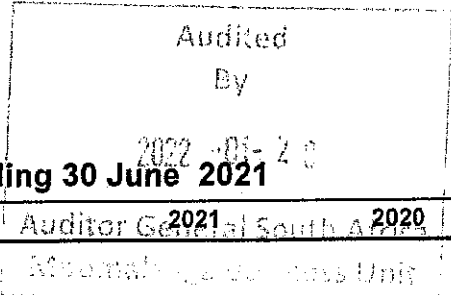
BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

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Figures in Rand



22. Transfers and subsidies (continued)

Conditions met - transferred to revenue

2021	2020
(23,000,000)	(40,000,000)
-	-

The purpose of this grant is to construct bulk water line that will enable the municipality to reticulate water in its various areas..

Integrated National Electrification Programme (INEP)

Current-year receipts

Conditions met - transferred to revenue

-	11,008,000
-	(11,008,000)
-	-

The purpose of the grant is to implement the INEP by providing capital subsidies to municipalities to address electrification of occupied residential dwellings, and installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Municipal Disaster Grant

Current-year receipts

Conditions met - transferred to revenue

6,270,205	626,000
(6,270,205)	(626,000)
-	-

The grant is to assist municipality in dealing with alleviating disasters and COVID-19 related procurement.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

58,561,849	-
80,000,000	90,000,000
(138,561,849)	(31,438,151)
-	58,561,849

The purpose of the grant is to reticulate water in various areas of the municipality.

Energy Efficiency Demand Management Grant (EEDMG)

Current-year receipts

Conditions met - transferred to revenue

4,500,000	-
(4,500,000)	-
-	-

The grant is to assist the municipality in reducing high energy consumption.

23. Public contributions and donations

Cash received

Property, plant and equipment

200,000	650,000
6,005,967	39,741,106
6,205,967	40,391,106

DBSA donated two water tankers and boreholes to the municipality.

24. Fines, Penalties and Forfeits

Municipal traffic fines

463,581	2,561,200
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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
25. Employee related costs		
Basic	353,081,265	340,638,456
Bonus	36,873,846	35,084,176
Medical aid - company contributions	23,282,502	21,084,824
Unemployment insurance fund	2,208,362	2,227,216
Skills development levy	4,879,132	4,757,796
Leave	12,758,702	15,359,690
Pension	69,266,519	66,392,611
Overtime payments	10,961,649	8,796,860
Acting allowances	5,789,614	4,367,654
Car allowance	21,306,877	21,246,199
Housing benefits and allowances	518,524	445,286
South African Local Government Association	136,115	132,158
Shift and standby allowance	37,495,202	28,550,457
Risk allowance	927,360	-
	579,485,669	549,083,383

Remuneration of Municipal Manager

Annual Remuneration	1,135,126	1,134,181
Car Allowance	690,449	690,449
Performance Bonuses	194,323	189,030
Contributions to UIF, Medical and Pension Funds	78,614	76,365
Leave payout	-	154,249
Risk allowance	1,344	-
	2,099,856	2,244,274

Mrs.CA Nkuna was the Municipal Manager for the year under review.

Remuneration of Chief Finance Officer

Annual Remuneration	314,473	429,984
Car Allowance	432,332	457,224
Performance Bonuses	40,690	-
Contributions to UIF, Medical and Pension Funds	6,377	7,805
Annual bonus	63,398	-
Acting allowance	68,868	366,508
Re-imbusement (km)	-	4,380
Risk allowance	1,344	-
	927,482	1,265,901

Ms. SNN Ntimane was the Chief Financial Officer until 30 November 2020.

Mr MB Mattala was the Acting Chief Financial Officer for the period 1 Decemer 2020 to date.

Remuneration of Director of Technical Services

Annual Remuneration	844,940	815,704
Car Allowance	548,100	529,519
Performance Bonuses	82,195	79,956
Contributions to UIF, Medical and Pension Funds	15,588	15,412
Backpay	-	35,131
	1,490,823	1,475,722

Mr E Mashava was the Technical Director of Technical Services for the period under review.

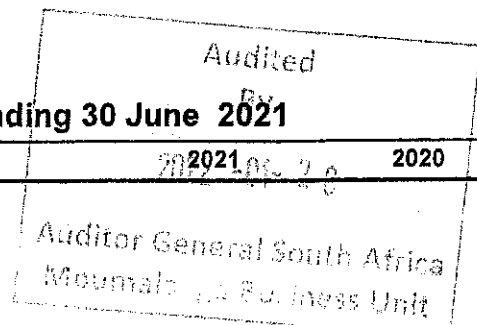
BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand



25. Employee related costs (continued)

Remuneration of Director Corporate Services

Annual Remuneration	-	342,184
Car Allowance	415,409	439,710
Performance Bonuses	-	46,302
Contributions to UIF, Medical and Pension Funds	-	18,628
Leave payout	-	188,967
Acting allowance	110,076	269,909
Backpay	-	12,775
	<u>525,485</u>	<u>1,318,475</u>

Ms. L Khoza was the Acting Director from 1 December 2019 until 31 March 2021. Dr Shilenge was appointed Acting Director from 1 April 2021.

Remuneration of Director Local Economic Development Planning and Environment

Annual Remuneration	779,944	752,958
Car Allowance	494,734	482,975
Performance Bonuses	82,195	79,956
Contributions to UIF, Medical and Pension Funds	67,865	64,367
Annual bonus	64,941	-
Re-imbursment (km)	-	8,324
Backpay	-	35,131
Risk allowance	1,344	-
	<u>1,491,023</u>	<u>1,423,711</u>

Mrs. SM Mogakane was the Director for EDPE during the year under review.

Remuneration of Director Community Services

Annual Remuneration	-	521,811
Car Allowance	416,270	481,333
Performance Bonuses	-	48,561
Contributions to UIF, Medical and Pension Funds	-	10,613
Leave payout	-	156,117
Acting allowance	110,112	42,754
Backpay	-	19,038
	<u>526,382</u>	<u>1,280,227</u>

Mr Silinda was the Acting Director until 31 March 2021. Mr. A Mnisi was appointed Acting Director from 1 April 2021.

26. Remuneration of Councillors

Mayor	894,149	906,789
Speaker	719,208	737,632
Councillors remuneration	13,542,039	19,816,712
Pension fund contribution	2,240,764	2,243,490
Car & travel allowance	7,541,772	7,170,281
Medical aid contributions	218,823	236,546
	<u>25,156,755</u>	<u>31,111,450</u>

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements for the year ending 30 June 2021

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26. Remuneration of Councillors (continued)

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is provided with a Council owned vehicle for official duties.

The Executive Mayor is provided with one full-time bodyguard and a driver.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

The councillors received fringe benefits of cellphone and data allowance. The expenditure incurred for the year amounts to R2 988 600 for cellphones and R263 700 for data respectively.

27. Depreciation and amortisation

Property, plant and equipment	138,949,761	131,943,172
Investment property	1,321,837	1,264,688
Intangible assets	664,962	430,175
	<u>140,936,560</u>	<u>133,638,035</u>

28. Impairment of assets

Impairments

Property, plant and equipment	12,486,771	562,946
Buildings- the sewer system at the PMU building was replaced		
Infrastructure	-	-
Boreholes and water tanks vandalised during the year under review.		
Roads and culvert bridges	-	-
Culvert bridges and roads - were swept away as a result of floods.		
Other property, plant and equipment	-	-
Damaged, broken during the year and the verification revealed a poor condition.		
	<u>12,486,771</u>	<u>562,946</u>

29. Finance costs

Trade and other payables	667,240	1,550,682
Long service awards	2,379,403	2,193,880
Landfill sites	4,252,722	4,779,589
	<u>7,299,365</u>	<u>8,524,151</u>

Interest on trade payables relates to late payment of supplier invoices as well as interest cost on long service awards and landfill site provision.

30. Debt impairment

Trade receivables - exchange and non exchange	221,155,339	51,989,011
Traffic fines	924,669	(34,278,096)
	<u>222,080,008</u>	<u>17,710,915</u>

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
31. Bad debts written off		
Eskom	-	10,905,848
Traffic fines	-	65,073,460
Consumer debtors	-	127,712,746
	<u>-</u>	<u>203,692,054</u>
The write off relates to the following:		
1. Free basic electricity debt raised against Eskom was written off.		
2. The municipality assessed the debtors book and all irrecoverable balances were written off.		
3. Invalid traffic fines were written off.		
32. Contracted Services		
Outsourced Services		
Catering Services	846,513	1,834,697
Security Services	56,694,519	51,782,514
Drivers Licence Cards	11,478	1,341,585
Water Chemicals	12,072,370	9,182,102
Consultants and Professional Services		
Business and Advisory	29,787,969	17,145,213
Infrastructure and Planning	20,985,652	16,084,632
Laboratory Services	1,481,705	2,515,001
Legal Cost	14,920,809	7,103,191
Contractors		
Maintenance of Buildings and Facilities	5,154,756	1,369,712
Maintenance of Equipment	359,632	3,335,724
Maintenance of Infrastructure Assets	31,698,664	25,882,930
Municipal services	21,656,609	10,810,063
	<u>195,670,676</u>	<u>148,387,364</u>
33. Transfers and subsidies		
Other subsidies		
Sanitation	8,592,152	7,552,826
Free basic electricity	268,406	1,876,516
Indigent relief	65,784	85,360
Bursary	792,692	1,318,891
Electrification	390,014	7,551,012
	<u>10,109,048</u>	<u>18,384,605</u>

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
34. General expenses		
Advertising	2,792,065	2,131,656
Audit fees	10,846,742	7,657,417
Bank charges	885,597	889,001
Cleaning	2,332,125	655,165
Flowers	(21,250)	-
Hire	862,267	1,488,902
Insurance	3,087,609	2,545,396
Conferences and seminars	1,536,810	3,225,995
ICT expenditure	9,815,121	6,337,515
Promotions and sponsorships	377,570	502,959
Fuel and oil	8,380,345	5,968,063
Abstraction fee	13,579,974	11,263,830
Postage and courier	16,717	15,590
Printing and stationery	95,056	1,716,726
Protective clothing	2,592,502	3,519,165
Staff welfare	107,862	640,890
Subscriptions and membership fees	5,476,652	3,847,767
Communication expenses	6,667,065	9,766,289
Transport and freight	27,917	51,535
Travel - local	5,414,438	7,079,893
Membership fees	22,748	53,387
Materials and consumables	14,813,127	15,695,524
Accommodation, travel and subsistence	532,701	1,709,932
Staff welfare	2,765,134	1,427,042
Office decorations	29,500	-
Current service cost	2,855,674	25,152,644
Ward committees	4,539,000	-
Electricity connection fees	68,033,448	53,354,764
	<u>168,464,516</u>	<u>166,697,047</u>
35. Repairs and maintenance		
Maintenance of Buildings and Facilities	5,154,756	1,369,712
Maintenance of Equipment	359,632	3,335,724
Maintenance of Infrastructure assets	31,698,664	25,882,930
Public lighting	21,656,609	10,810,063
	<u>58,869,661</u>	<u>41,398,429</u>

Included in the note for contracted services is the repairs and maintenance as per the disclosure above.

36. Auditors' Remuneration

External Auditors fees	<u>10,846,742</u>	<u>7,657,417</u>
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37. COVID-19 Expenditure

COVID-19 Expenditure for the year is stated after accounting for the following:

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

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Notes to the Annual Financial Statements for the year ending 30 June 2021

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37. COVID-19 Expenditure (continued)		
The breakdown of the expenditure incurred is as follows;		
Fumigation/sterilisation of various municipal buildings	1,605,629	5,027,360
Sanitizer	366,290	461,778
Protective clothing/mask	1,816,478	592,541
Water tankers	4,675,130	-
Stickers and scanners	-	417,400
Drilling of boreholes	2,535,472	-
	<u>10,998,999</u>	<u>6,499,079</u>
38. Transfer of functions between entities not under common control		
• Assets received for no consideration		
Aggregated transfer of functions		
Property, plant and equipment	-	129,487,955
Severance pay	-	(5,778,077)
Leave	-	(2,336,382)
	<u>-</u>	<u>121,373,496</u>
Assets received for a consideration		
Motor vehicles	-	7,054,899
Furniture and fittings	-	217,871
Portable equipment	-	197,353
Inventory	-	3,309,576
	<u>-</u>	<u>10,779,699</u>
Net cash outflow on acquisition		
Cash consideration paid	-	8,816,262
• The cash consideration paid related to the motor vehicles, furniture and fittings, portable equipment and inventory.		
• The assets received for a consideration are not included in the property, plant and equipment of R129 487 955. The property plant and equipment largely comprises of bulk water infrastructure assets.		

On 01 July 2019 Bushbuckridge Local Municipality took over the water service function from Rand Water after performing Section 78 in line with Municipal Systems Act which allows municipality to assess its capability to provide water. Subsequently a transfer of function was done in terms of GRAP 106 which relates to transfer of function between entities not under common control. Infrastructure assets from Rand Water were taken over in line with the transfer agreement between the two entities. Furthermore movable assets were taken-over in line with the consideration agreed upon by the two entities. The disclosure of these assets is also included under Note 4.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

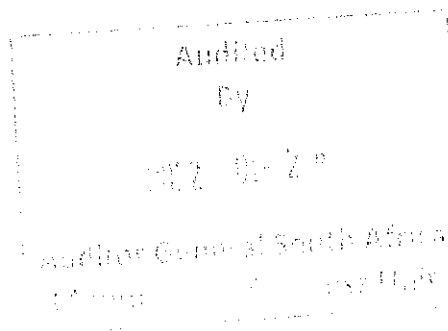
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand	2021	2020
39. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>256,282,120</u>	<u>379,749,891</u>
Total capital commitments		
Already contracted for but not provided for	<u>256,282,120</u>	<u>379,749,891</u>
<p>This committed expenditure relates to plant and equipment and will be financed by inter alia grant funds, existing cash resources and funds internally generated. The Commitments are inclusive of VAT.</p>		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	2,885,201	2,508,870
- in second to third year inclusive	<u>721,300</u>	<u>3,136,088</u>
	<u>3,606,501</u>	<u>5,644,958</u>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Operating lease payments represents rentals payable by the Municipality for certain office equipments (Multifunction photocopier machines). Operational lease entered with Anaka Group are negotiated for an average term of three years and rental are not fixed as per the agreed appointment letter for an average of three years. No contingent rent is payable. Anaka Group supplied forty five photocopying machines to the Municipality for a period of 36 Months. The contract commence on the 1st of October 2019.



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40. Contingencies		
Contingencies arising from pending litigation on contractual disputes and damage claims:		
Litigation is in process against the municipality relating to several contractual disputes and claims for damages. As the conclusion of the processes is dependent on the setting of dates by the respective courts, the timing of the economic outflow is therefore uncertain. Amounts disclosed do not include legal fees. Details of the claims are listed below:		
Contingent Liabilities		
1. Izingwenya 210 Investment CC & Jusio Security services- claim for payment of services rendered	3,101,915	3,101,915
2. Nilotic ex-services construction JV- claim for serving the Thulamahashe site	-	1,138,700
3. MGN Security - illegally providing security in 2007 and invoices were received in 2009	-	149,454
4. Malo construction - claim for alleged non payment for bulk water supply project	-	10,180,646
5. Midas Chawane- a claim for damages suffered as a result of alleged negligence of the municipality in failing to maintain the damaged surface of the road to Manyeleti	17,843	17,843
6. Judas Nkuna- vehicle accident between the plaintiff and the municipal driver	71,000	71,000
7. Tsebu bothers holdings- cancellation of the agreement for electrification of Maluvana Phase 2	4,050,157	4,050,157
8. NAD Property Income Fund (Pty) Ltd	-	13,938,599
9. Coshliwe Melina Shekwane on behalf of minors and others	-	600,000
10. Hwali business enterprise- claim for service rendered	4,364,330	-
11. Robert Themba- damages	100,000	200,000
12. Mylocel (pty) ltd - damages suffered due to non payment for services allegedly rendered and repudiation of contract	1,814,400	1,814,400
13. Aqua Life Still Water- damages emanated from alleged illegal demolition of property	3,788,249	3,788,249
14. Rand Water -disputed water balances	173,693,370	259,771,359
15. Mandla Isaac Mdluli- a claim for damages allegedly suffered for demolition of property.	900,000	-
	<u>191,901,264</u>	<u>298,822,322</u>

Contingent liabilities bulk water payable

Included in the contingent listing above is the contingent liability relating to Rand Water ;

- The municipality disputes the quantities of water supplied owing to leaks and illegal connections to the bulk infrastructure, and the full amount was declared to be under dispute. The dispute has been referred for arbitration by the National Treasury to mediate in accordance with the Municipal Finance Management Act and the Intergovernmental Relations Framework Act.

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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By

2021

2020

Auditor General South Africa
Mpumalanga Business Unit

42. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The municipality has been impacted negatively by the COVID-19. The risk assessment revealed that the pandemic impacted on the following issues; municipal revenue, mobilising expanded services, municipal expenditure, municipal service delivery and municipal staff.

The COVID_19 pandemic will exacerbate current circumstances and have a significant negative impact on municipal revenues.

Credit risk

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.

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2021	2020
Cash and cash equivalents	328,519,769	204,373,719
Receivable from exchange transactions	454,989,556	428,396,314
Receivable from non exchange transactions	511,189,048	512,008,802
Payables from exchange transactions	(245,455,356)	(263,322,739)

Market risk

Market risk is the risk that changes in market prices such as interest rates affect the municipality income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk. Market risk comprises interest risk, currency risk and other price risk.

Interest rate risk

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. Currently the municipality does not have any long term borrowing. The interest risk is managed through the implementation of the credit control policy by the revenue unit and applying a prime interest rate. There were no changes on the policy and the method in use.

43. Events after the reporting date

The following transpired in regard property, plant and equipment;

- Buildings- there was fire which damaged the building at Dwaarsloop.
- The insurance is still assessing the cost of the damage.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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44. Unauthorised expenditure		
Opening balance as previously reported	346,751,979	391,924,798
Opening balance as restated	346,751,979	391,924,798
Add: Current year	-	(45,172,819)
Closing balance	346,751,979	346,751,979
45. Fruitless and wasteful expenditure		
Opening balance as previously reported	3,075,736	67,515,443
Less: Free basic electricity interest write off	-	(270,944)
Opening balance as restated	3,075,736	67,244,499
Add: Expenditure identified - current	31,560	1,192,057
Less: Written off	-	-
Inkomathi Usuthu	(10,700)	-
Less: Amount written off - 2015/16	-	(334,706)
Less: Amount written off - 2016/17	-	(27,217,505)
Less: Amount written off-2017/18	-	(14,978,883)
Less: Amount written off -2018/19	-	(22,829,726)
Closing balance	3,096,596	3,075,736

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By
M. J. M. J. J.
Auditor General of South Africa
100 Water Street
Cape Town 8001

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

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45. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Auditor general	-	92,585
SARS - penalties	31,560	-
Department of safety	-	521,329
Eskom	-	332,239
Shapiro Aarons Inc	-	33,440
Driver licence card production	-	12,344
Department of water and sanitation	-	200,120
	31,560	1,192,057

46. Irregular expenditure

Opening balance as previously reported	1,490,596,596	1,150,971,153
Opening balance as restated	1,490,596,596	1,150,971,153
Add: Identified by Auditor General	126,402,303	63,532,628
Less: Amount written off -2017/18	-	(72,282,972)
Add: Current year additions	85,133,894	265,479,760
Add: Identified by the Auditor General in current year but relates to prior year	-	53,872,520
Identified by the municipality during the audit process	-	29,023,507
Closing balance	1,702,132,793	1,490,596,596

Completeness

The municipality was in the process of conducting investigations for the 2020/21 irregular expenditure and the process could not be concluded as it was deemed impracticable to complete the process before finalisation of the audit.

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2022-01-20

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Mpumalanga Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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47. Additional disclosure in terms of Municipal Finance Management Act		
SALGA		
Current year subscription / fee	5,323,170	5,447,513
Amount paid - current year	(5,323,170)	(5,447,513)
	<u>-</u>	<u>-</u>
Distribution Loss		
Billed water	36,247,672	36,276,513
Add: Free basic water	135,482,528	83,066,745
	<u>171,730,200</u>	<u>119,343,258</u>
Less: Cost of production	(189,971,856)	(135,265,798)
Less: Water inventory at year end	(252,704)	(303,546)
	<u>(18,494,360)</u>	<u>(16,226,086)</u>
Audit fees		
Amount paid - current year	<u>10,846,742</u>	<u>7,657,417</u>
PAYE, SDL and UIF		
Opening balance	-	7,890,182
Current year subscription / fee	102,351,678	100,364,075
Amount paid - current year	(102,351,678)	(108,254,257)
	<u>-</u>	<u>-</u>
Pension and Medical Aid Deductions		
Opening balance	-	8,931,800
Current year subscription / fee	134,231,810	127,072,058
Amount paid - current year	(134,231,810)	(136,003,858)
	<u>-</u>	<u>-</u>
VAT		
VAT Input & Control account	114,752,806	90,107,110
VAT Output	(24,280,416)	(20,736,036)
	<u>90,472,390</u>	<u>69,371,074</u>

VAT output payables and VAT input receivables are shown in note 8.

All VAT returns have been submitted by the due date throughout the year.

Approved

by

2021/06/30

Finance South Africa

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

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Auditor General South Africa

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr Mokoena BK	1,431	11,704	13,135
Cllr Nxumalo AT (Deceased)	3,393	21,453	24,846
	<u>4,824</u>	<u>33,157</u>	<u>37,981</u>
30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr Mokoena BK	-	32,631	32,631
Cllr Nxumalo AT	-	19,677	19,677
	<u>-</u>	<u>52,308</u>	<u>52,308</u>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

SUPPLY CHAIN DEVIATIONS

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been approved and noted by the municipal council.

Incident

Current year deviations	<u>41,624,834</u>	<u>12,575,377</u>
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48. PRIOR PERIOD ERRORS

1. Property, plant and equipment - work in progress reclassifications to expenditure and land assets additions corrected from current to prior year. The corrugated storage facilities were added to the buildings in prior year.
2. Receivables from non exchange transactions- retrospective adjustments due to change in categories as per the supplementary valuation roll.
3. Receivable from exchange transactions- corrections of customer account balances as well as donations who were overstated.
4. Payables from exchange transactions - the reversal of interest which was previously levied by Eskom, correction of supplier balances reconciled to statements.
5. Finance cost - the reversal of Eskom interest previously levied.
6. Contracted services - relates to the reversal of work in progress which was incorrectly posted in contracted services.
7. Depreciation- being depreciation for corrugated storage facility recognised in prior year.
8. General expenditure- correction of travel and subsistence which was in employee cost.
9. Employee cost- reclassification of travel and subsistence from general expenditure.

Related parties balances for prior year were corrected as per the note 41

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48. PRIOR PERIOD ERRORS (continued)

The Cashflow statement balances for net cashflows from operating activities were restated with an amount for donations as disclosed below.

The correction of the error(s) results in the adjustments as follows:

Statement of Financial Position	Note reference	As previously reported	Correction of error	Reclassifications	Restated balance
1) Property, plant and equipment	'4	4,164,138,961	16,042,237	-	4,180,181,198
2) Receivable from non exchange	'7	512,138,791	(129,989)	-	512,008,802
3) Receivable from exchange transactions	'9	429,990,552	(1,594,238)	-	428,396,314
Subtotal		5,106,268,304	14,318,010	-	5,120,586,314
4) Payables	'13	(263,721,865)	399,131	-	(263,322,734)
		4,842,546,439	14,717,141	-	4,857,263,580

Statement of Financial Performance

	Note reference	As previously reported	Correction of error	Reclassifications	Restated balance
5) Service charges	'13	48,309,180	(23,844)	-	48,285,336
6) Property rates	'21	243,105,638	(129,989)	-	242,975,649
7) Interest	'20	115,223,139	(620,395)	-	114,602,744
8) Public contributions and donations	'23	41,341,106	(950,000)	-	40,391,106
Subtotal		447,979,063	(1,724,228)	-	446,254,835
9) Finance cost	'29	(8,923,282)	399,131	-	(8,524,151)
10) Contracted services	'32	(152,194,512)	3,807,148	-	(148,387,364)
11) Depreciation	'27	(132,780,560)	(857,475)	-	(133,638,035)
12) General expenses	'34	(166,581,786)	-	(115,261)	(166,697,047)
13) Employee cost	'25	(549,198,643)	-	115,261	(549,083,382)
		(561,699,720)	1,624,576	-	(560,075,144)

• Cashflow statement;

- Donations received were overstated by an amount of R950 000 in prior year.

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

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48. PRIOR PERIOD ERRORS (continued)

Cashflow Statement

	Note reference	As previously reported	Correction of errors	Total
Donations received	'50	1,600,000	(950,000)	650,000
Subtotal	-	1,600,000	(950,000)	650,000
		1,600,000	(950,000)	650,000

Related party transactions;

Related party disclosures under note 41 for prior year were restated, this is in relation to the amounts for Matlala Nyapele investment properties.

Transactions for 2019-20 as restated amount to R8 356 113.

Commitments for 2019-20 as restated amount to R22 008 656.

49. Prepayments

The municipality prepaid for warranty and maintenance of vehicles procured in 2020/21 financial year.

Warranties and maintenance plan

Current portion
Non current portion

3,650,575
3,650,575
7,301,150

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2022-06-22
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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand	2021	2020
50. Cash generated from operations		
Surplus	607,004,024	564,765,609
Adjustments for:		
Depreciation and amortisation	140,936,560	133,638,035
(Gain)/Loss on sale of assets	(986,769)	(2,755,788)
Finance costs	6,632,125	2,193,880
Impairment deficit	12,486,771	562,946
Debt impairment	222,080,008	17,710,915
Movements in provisions	8,104,099	42,641,330
Public contributions and donations	(6,005,966)	(39,741,106)
Vat on Assets	77,503,714	-
Non cash additions - transfer of functions of entities not under common control	-	(129,487,955)
Non cash movements	(379,720)	1,531,911
Actuarial gains	4,560,249	(113,036)
Changes in working capital:		
Inventories	(2,784,191)	(6,521,480)
Receivables from exchange transactions	(248,673,250)	(10,664,544)
Receivables from non-exchange transactions	819,754	(36,983,886)
Prepayments	(7,301,150)	-
Payables from exchange transactions	(17,867,390)	(38,439,167)
VAT	(21,101,316)	(10,971,846)
Unspent conditional grants and receipts	(58,561,849)	58,561,849
Consumer deposits	30,743	2,208
	716,496,446	545,929,875

51. Segment information

General information

Identification of segments

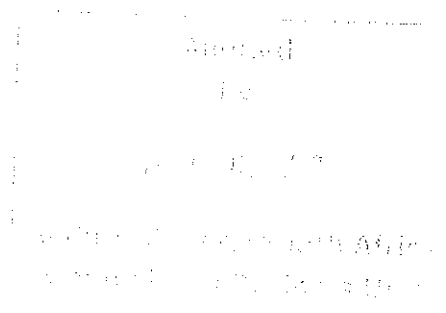
The report is based municipality departments which are reportable segments and where performance is measurable. Management uses these same segments for compilation of the IDP, SDBIP, budget and monthly and quarterly reporting. The segments were organised around type of service delivered and target market. Management uses the same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Information reported about these segments 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 segments is also considered appropriate for external reporting purposes.

Aggregated segments

The segments of the municipality were not aggregated.



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51. Segment information (continued)

Types of goods and/or services by segment

The following are the reportable segments of the municipality. These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Executive and Council	Provides political leadership to the municipality for the generation of economic benefits and service potential.
Budget and Treasury Office	Provides financial administration to the municipality for generation of economic benefits and service potential.
Community Services	Provides social services, public safety, public spaces, libraries and indigents administration to the municipality for generation of economic benefits and service potential.
Economic Development Planning and Environment	Provides for waste management, town planning, local economic development and environment sustainability for the generation of economic benefits and service potential.
Technical Services	Road transport, electricity, housing and building inspection, project management unit, waste water management and all infrastructure services to the municipality for the generation of economic benefits and service potential.
Water Services	Provides for production and distribution of water to the municipality for the generation of economic benefits and service potential.
Corporate Services	Provides legal and administration management services including human capital and information and communication technology to the municipality for the generation of economic benefits and service potential.
Municipal Managers Office	Provides for administration, leadership, performance monitoring, integrated development plan, risk management and internal audit functions to the municipality for the generation of economic benefits and service potential.

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2022-01-28
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Moumala SA Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

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51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Revenue									
Agency income	-	13,867,942	-	-	-	-	-	-	13,867,942
Interest on outstanding debtors	92,995,176	-	-	-	-	-	-	-	92,995,176
Licences and permits	195,283	-	-	-	16,578	-	-	-	211,861
Operating income	4,333,346	-	-	-	21,913	-	-	-	4,355,259
Rental of facilities and equipment	972,486	-	-	-	-	-	-	-	972,486
Service charges	48,893,566	-	-	-	-	-	(99,979)	-	48,793,587
Property rates	242,455,366	-	-	-	-	-	-	-	242,455,366
Transfers and subsidies	1,418,409,797	-	-	-	-	-	4,974,000	138,561,849	1,561,945,646
Public contributions and donations	6,205,966	-	-	-	-	-	-	-	6,205,966
Fines and penalties	-	463,581	-	-	-	-	-	-	463,581
Total segment revenue	1,814,460,986	14,331,523	-	-	38,491	-	4,874,021	138,561,849	1,972,266,870
Entity's revenue									1,972,266,870

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BUSHBUCKRIDGE LOCAL MUNICIPALITY

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Figures in Rand

51. Segment information (continued)

Expenditure	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Employee related costs	63,161,123	94,352,667	105,909,299	253,018	62,198,177	30,169,540	81,707,749	141,734,095	579,485,668
Remuneration of councillors	-	-	-	25,156,755	-	-	-	-	25,156,755
Depreciation and amortisation	14,599,238	9,981,257	6,228,162	-	1,321,837	-	1,626,991	107,179,075	140,936,560
Finance cost	7,299,365	-	-	-	-	-	-	-	7,299,365
Debt impairment	222,080,008	-	-	-	-	-	-	-	222,080,008
Contracted services	36,643,061	57,303,474	19,574,725	119,710	11,052,196	8,617,287	39,637,146	22,723,075	195,670,674
Transfer and subsidies	-	858,476	-	-	-	-	9,250,572	-	10,109,048
General expenses	21,576,850	3,249,030	36,829,494	6,190,067	4,242,725	5,934,272	81,712,287	8,729,791	168,464,516
Actuarial gains/loss	4,560,249	-	-	-	-	-	-	-	4,560,249
Gain/(Loss) on disposal of assets	472,886	(1,844,746)	-	-	-	-	-	-	(1,371,860)
Gains in provisions	-	-	385,091	-	-	-	-	-	385,091
Impairment loss	699,594	-	-	-	-	-	-	11,787,177	12,486,771
Total segment expenditure	371,092,374	163,900,158	168,926,771	31,719,550	78,814,935	44,721,099	213,934,745	292,153,213	1,365,262,845
Total segmental surplus/(deficit)									607,004,025

Audited
By
2022-05-22
Auditor General South Africa
Mountaineer Business Unit

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)
Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

51. Segment information (continued)

	Budget and Treasury	Community Services	Corporate Services	Council Services	Economic Development Planning and Environment	Municipal Manager	Technical Services	Water Services	Total
Assets									
Inventories	13,129,609	-	-	-	-	-	-	-	13,129,609
Receivable from non exchange transactions	506,214,402	-	(1,650)	-	-	-	4,976,296	-	511,189,048
VAT Receivable	90,472,390	-	-	-	-	-	-	-	90,472,390
Receivable from exchange transactions	454,989,556	-	-	-	-	-	-	-	454,989,556
Cash and cash equivalents	328,519,769	-	-	12,758,613	-	-	-	-	328,519,769
Investment property	-	-	-	-	-	-	-	-	12,758,613
Prepayment	7,301,150	-	-	-	-	-	-	-	7,301,150
Property, plant and equipment	90,358,324	61,976,991	105,535,450	32,353	283,429,210	907,864	1,519,213,009	2,489,510,808	4,550,963,809
Intangible assets	-	-	462,413	-	-	511,000	-	-	973,413
Total segment assets	1,490,985,200	61,976,991	105,996,213	12,790,966	283,429,210	1,418,664	1,524,189,305	2,489,510,808	5,970,297,357
Total assets as per Statement of financial Position									5,970,297,357
Liabilities									
Payables from exchange transactions	(498,207,295)	-	252,751,939	-	-	-	-	-	(245,455,356)
Consumer deposits	(2,510,074)	-	-	-	-	-	-	-	(2,510,074)
Unspent conditional grants	530,179,205	-	(6,270,205)	-	-	(9,355,000)	(514,554,000)	-	-
Provisions -current liabilities	(64,385,093)	-	-	-	-	-	-	-	(64,385,093)
Provisions -non current liabilities	(108,596,047)	-	-	-	-	-	-	-	(108,596,047)
Net Assets: Accumulated surplus	(5,549,350,787)	-	-	-	-	-	-	-	(5,549,350,787)
Total segment liabilities	(5,692,870,091)	-	246,481,734	-	-	(9,355,000)	(514,554,000)	-	(5,970,297,357)
Total liabilities as per Statement of financial Position									(5,970,297,357)

Information about geographical areas

BUSHBUCKRIDGE LOCAL MUNICIPALITY

(Registration number MP325)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements for the year ending 30 June 2021

Figures in Rand

2021

2020

51. Segment information (continued)

The municipality is a category B municipality and presidential nodal point located within Ehlanzeni District in the north-eastern part of Mpumalanga province. It is the largest of the four municipalities that make up the district, accounting for a third of its geographical area.

The municipal area provides a link to Lydenburg and other centers in the Lowveld, particularly Kruger National Park, Hoedspruit, Pilgrims Rest and Graskop. The municipality can be therefore be called the gateway to the major tourist attraction points in the Mpumalanga and eastern part of the Limpopo province.

Management has as per the GRAP standards decided to report on Bushbuckridge as a single geographical area. Management is of the opinion that as per paragraph 32, the cost of developing geographical information would be excessive, secondly that due to the nature of the municipality, it would therefore not be in the interest of the users of the financial statements to develop geographical information for reporting.

Audited
By
2022-01-22
Auditor General South Africa
Mpumalanga Business Unit



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Final management report

Bushbuckridge Local Municipality

30 June 2021

Communicated to the accounting officer on: 28 January 2022



Management report

Bushbuckridge Local Municipality

30 June 2021

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Management report to the accounting officer on the audit of the Bushbuckridge local municipality for the year ended 30 June 2021

INTRODUCTION

1. The purpose of the management report is to communicate audit findings and other key audit observations to the accounting officer and to provide a summary of the material irregularities and suspected material irregularities of which the accounting officer was notified. The report does not constitute public information.
 2. The management report includes audit findings arising from the audit of the financial statements, performance information and compliance with legislation for the year ended 30 June 2021. These findings were communicated to management and this report details management's response to these findings. The report includes information on the internal control deficiencies that we identified as the root causes of the matters reported. Addressing these deficiencies will help to improve the audit outcome.
 3. In accordance with the terms of engagement, our responsibility in this regard is to:
 - express an opinion on the financial statements
 - express an opinion in the management report on the usefulness and reliability of the reported performance information for selected development priorities, and report the material findings in the auditor's report
 - report on material findings raised on compliance with specific requirements in key applicable legislation, as set out in the general notice issued in terms of the Public Audit Act 25 of 2004 (PAA).
 - notify the accounting officer of any material irregularity or suspected material irregularities identified during the audit, and report on it in the auditor's report.
- Our engagement letter sets out our responsibilities and those of the accounting officer in detail.
4. This management report consists of the overall message arising from the audit, summary of key findings and observations, annexures containing the detailed audit findings, annexures to the report on the audit of performance information, as well as the annexure to internal control deficiencies reported.
 5. The auditor's report is finalised only after the management report has been communicated. All matters included in this report that relate to the auditor's report remain in draft form until the final auditor's report is signed. In adherence to section 50 of the PAA, we do not disclose any information obtained during the audit and contained in this management report.
 6. Please note that the information contained in these documents is confidential, privileged and only for the information of the intended recipients. It may not be used, published or redistributed without the prior written consent of the Auditor-General of South Africa (AGSA). Any form of reproduction, dissemination, copying, disclosure, modification, distribution and/or publication of this material is strictly prohibited. Should the information be used or processed in

a manner that contravenes any laws in the Republic of South Africa, the AGSA is fully indemnified from liability that may arise from such contravention.

7. The **figure** that follows provides a pictorial summary of the audit results and our key messages on how to improve the audit outcomes, with the focus on the following:

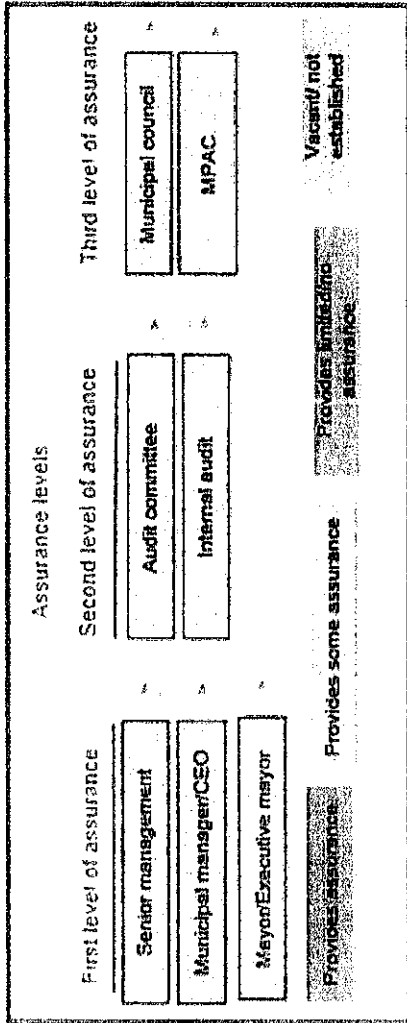
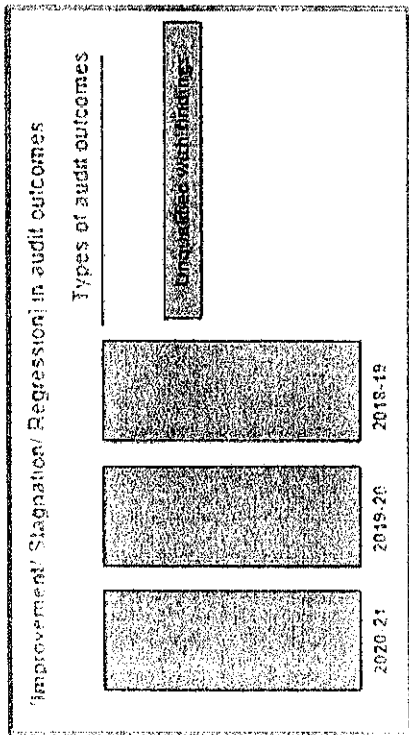
- Status of the audit outcomes
- Status of the level of assurance provided by key role players
- Status of the drivers of internal controls
- Status of risk areas
- Root causes to be addressed

Movement from the previous year is depicted as follows:

⬆ / ⬆ Improved

⬆ ⬆ ⬆ / ↔ Unchanged / slight improvement / slight regression

⬇ / ⬇ Regressed



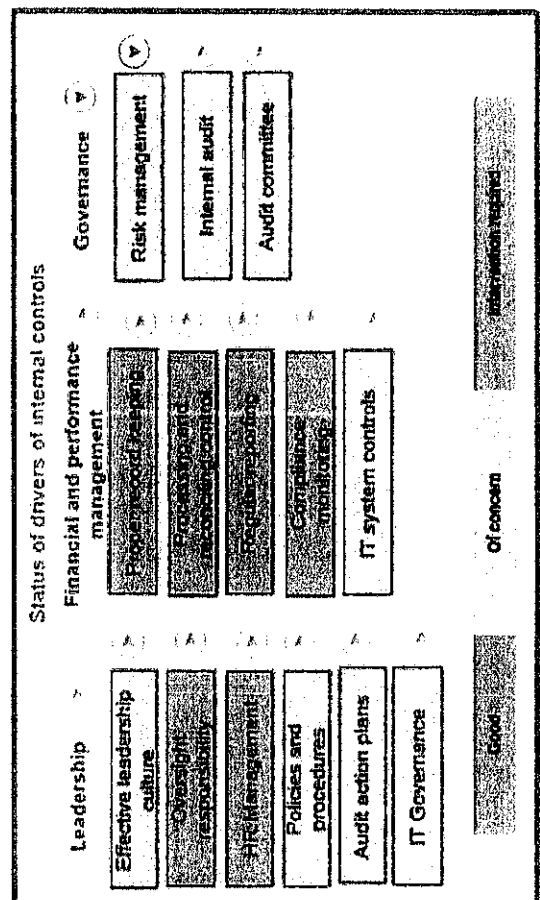
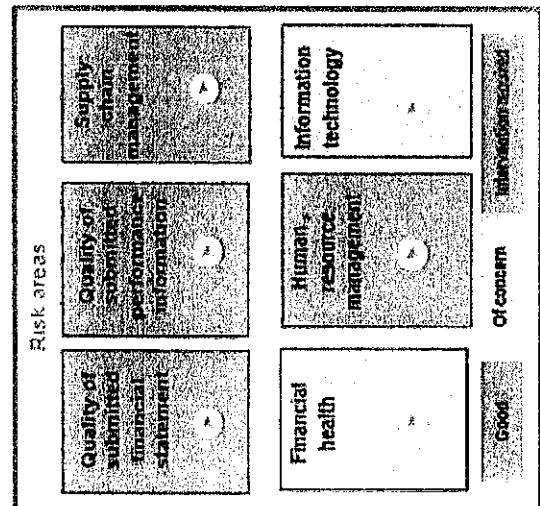
1

2

3

4

Major causes should be addressed (see attached) should be maintained)



OVERALL MESSAGE

8. The management report depicts the auditees outcomes as stagnant on an unqualified opinion with findings for the last three years. Although the statements are reflecting fairly the financial performance and position of the municipality, it is of concern that significant progress has not been made to ensure the other findings are eliminated. The key internal control contributors are inadequate reviews at the appropriate levels throughout the year as well as inadequate final reviews and reconciliations when preparing the annual financial statements. The vacancy rate is also high coupled with key senior management posts not being filled. This contributes to a weak control environment which leads to a breakdown in internal controls that has led to the significant misstatements identified.
9. All assurance providers have provided positive input throughout the year, however, internal key control deficiencies are still being noted that require improvement. Value add recommendations have been provided in the detailed report which management should also adopt as they prepare their action plan going forward. Those charged with governance should strongly address the vacancy issues to ensure key positions are filled with competent and qualified individuals.
10. There is also no evidence of effective consequence management that drive effective correction of the key deficiencies in the control environment. The improvement of these key root causes that have been identified will result in the municipality improving its audit outcomes.

SECTION 1: Interactions with stakeholders responsible for oversight and governance

11. During the audit cycle, we met with the following key stakeholders responsible for oversight and governance to communicate matters relating to the audit outcome and matters identified during our status of records review of the municipality:

Key stakeholder	Purpose of interaction	Number of interactions
Municipal public accounts committee	Equipping MPAC on the understanding of the 19/20 audit report for oversight impact	1
Executive mayor	Briefing of the audit outcomes	1
Municipal Manager	Discussion of Engagement letter Discussion of audit strategy Communication of audit findings Challenges experienced during the audit where applicable	9
Audit committee	Discussion of the audit strategy Understanding the municipality throughout the year	3

12. At these interactions, we highlighted the following key matters affecting audit outcomes and the auditee:

- Adherence to SCM regulations to reduce irregular expenditure and material non-compliance and the significant irregular and unauthorised balances that have not been adequately dealt with.
- Key findings on the audit of predetermined objectives (AOPO) and assets
- The Material notification to the accounting officer.

13. Some stakeholders made commitments to implement initiatives that can improve the audit outcome. The commitments given and the progress of previous commitments are included in section 3, which deals with the assessment of assurance providers.



SECTION 2: Matters relating to the auditor's report

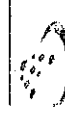
Audit of the financial statements

14. We identified material misstatements in the financial statements during the audit. These misstatements were not prevented or detected by the municipality's system of internal control. These material misstatements also constitute non-compliance with section 122 of the Municipal Finance Management Act (MFMA).

Material misstatement		Occurred in prior year	Impact R current year	Impact R previous year
Financial statement item	Finding			
Material misstatements corrected				
Non-current assets	Misstatements on property, plant and equipment	Yes	4 323 081	16 335 626
Current assets	Receivables from non-exchange property rates gross balance in note 7 understated	No	80 759 712	-
	Property rates provision for impairment in note 7 understated	No	80 475 507	-
Current liabilities	Misclassification between short and long-term for provisions	No	73 451 067	-
Revenue from non-exchange	Property rates misclassification between Commercial and Protected area in note 21	Yes	-	65 672 570



Financial statement item	Material misstatement		Occurred in prior year	Impact	
	Finding			R current year	R previous year
Disclosures					
	Distribution losses overstated		No	31 309 953	-
	Understatement of irregular expenditure		Yes	1 277 373 456	1 150 971 153
	Contingent liabilities overstated		Yes	111 287 409	-
	Reasons for variances in the budget statement not disclosed		No	Qualitative	-
	Budget statement amounts misstated		No	5 456 918 000	-
	Commitments understated		No	33 145 217	-
	Related party understated		Yes	53 406 339	30 364 769
	VAT disclosure notes overstated		Yes	48 560 832	41 472 072
	Segment reporting not disclosed		No	Qualitative	-
	Misstatements identified in the Statement of Cash flow		Yes	125 375 884	1 981 954



Matters to be brought to the attention of users

Emphasis of matter paragraphs

15. The following emphasis of matter paragraphs will be included in our auditor's report to draw the users' attention to matters presented or disclosed in the financial statements:

Restatements of corresponding figures

16. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material impairments – receivables from exchange transactions and receivables from non-exchange transactions

17. As disclosed in note 7 to the financial statements, material impairment of receivables from non-exchange transactions of R541,47 million (2019-20: R433,86 million), was incurred as a result of impairment provision for doubtful debts.
18. As disclosed in note 9 to the financial statements, the material impairment of receivables from exchange transactions of R486,40 million (2019-20: R371,93 million), was incurred as a result of impairment provision for doubtful debts.

Contingent liabilities

19. With reference to note 40 to the financial statements, the municipality is disputing water balances owing to leaks and illegal connections to the bulk infrastructure of R173,69 million (2019-20: R259,77 million) owing to Rand Water. The case has been referred for arbitration by the National Treasury. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Events after the reporting date

20. With reference to note 43 to the financial statements, a fire damaged the building at Dwaarsloop. The insurance is still assessing the cost of the damage.

Other matter paragraphs

21. The following other matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:



Unaudited disclosure notes

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

Audit of the annual performance report

23. In terms of the general notice issued in terms of the PAA, the opinion on the audit of reported performance information will be included in the management report. The report is included below to enable management and those charged with governance to see what the report will look like once it is published in the auditor’s report. We will report all the audit findings included under the basis for opinion and the other matter sections of this report in the auditor’s report.

Introduction and scope

24. We have undertaken a reasonable assurance engagement on the reported performance information for the following selected key performance area presented in the annual performance report of the municipality for the year ended 30 June 2020:

Development priority	Pages in annual performance report	Opinion	Movement
Key performance area 2 – Infrastructure development and basic service delivery	x – x	Qualified	()

25. We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements, ISAE 3000(R): *Assurance engagements other than audits or reviews of historical financial information*.

26. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key performance area 2 – Infrastructure development and basic service delivery

Qualified opinion

27. In our opinion, except for the effects of the matters described in the basis for qualified opinion section of our report, the reported performance information for Infrastructure development and basic service delivery is useful and reliable in accordance with the applicable criteria, as developed from the performance management and reporting framework set out in annexure D to this report.



Basis for qualified opinion

Various indicators

28. The source information, evidence and method of calculation for achieving the planned indicator was not clearly defined for the following indicators:

Key performance indicator
Percentage completion of Development of water master plan
Percentage completion of the upgrade of intermediate booster pump station

Various indicators

29. The reported achievement was not consistent with the planned target for the following indicators:

Key performance indicator	Annual planned target	Reported achievement
% completion of Water reticulations projects at Boikhutso (Kutung) water reticulations	100% completion of water reticulation project at Boikhutso (Kutung) water reticulation project (2179 HH)	100% completion of water reticulation project at Boikhutso (Kutung) done
% Refurbishment of sanitation infrastructure	35% completion of refurbishment of sanitation infrastructure project	100% completed

Various indicators

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

Key performance indicator	Annual planned target	Reported achievement	Audited value
Percentage completion of water reticulation project at Saselani/Authorstone Phase 2A	100% 1533HH	100% 1533HH	100% 2251HH
% Completion Development of Water Master Plan	100%	80%	49%
% Refurbishment of Mkhuhlu WWTW	30%	25%	41%
Percentage completion of 300VIP toilets project	100% 300HH	100% 300HH	100% 1389HH
% completion of the upgrade of intermediate booster pump station	100%	60%	29%



% completion of Water reticulation project in Tintswalo

31. The achievement of 1069HH was reported against the target of 1069HH in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

Other matters

32. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Achievement of planned targets

33. Refer to the annual performance report on pages' x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the qualified opinion expressed on the usefulness and reliability of the reported performance information in paragraph 28 to 31 of this report.

Adjustment of material misstatements

34. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the infrastructure development and basic service delivery development priority. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the basis for qualified opinion paragraphs.

Responsibilities of the accounting officer for the reported performance information

35. The accounting officer is responsible for the preparation of the annual performance report in accordance with the prescribed performance management and reporting framework set out in annexure D to this report, and for such internal control as the accounting officer determines is necessary to enable the preparation of performance information that is free from material misstatement in terms of its usefulness and reliability.



Auditor-general's responsibilities for the reasonable assurance engagement on the reported performance information

36. Our objectives are to obtain reasonable assurance about whether the reported performance information for the selected development priorities presented in the annual performance report is free from material misstatement, and to issue a management report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that the assurance engagement conducted in accordance with the relevant assurance standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if they could reasonably be expected to influence the relevant decisions of users taken on the basis of the reported performance information.
37. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the municipality. We have not evaluated the appropriateness of the performance indicators established and included in the planning documents. Our procedures do not examine whether the actions taken by the municipality enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our opinion does not extend to these matters.
38. A further description of our responsibilities for the reasonable assurance engagement on reported performance information is included in annexure E to this report.

Audit of compliance with legislation

39. Included below are material findings on compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Annual financial statements

40. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion



Expenditure management

41. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R211,54 million, as disclosed in note 46, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations.

Revenue management

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

Asset management

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

Procurement and contract management

44. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
45. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) (i) and the preferential procurement regulations.
46. Some of the tenders which failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable tender in accordance with 2017 preferential procurement regulation 5(6).
47. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 preferential procurement regulation 8(5).
48. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

Other information

49. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in the auditor's report.
50. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on thereon.
51. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. The following paragraphs will be included in the auditor's report to highlight to the users whether any inconsistencies in the other information exist
53. When I do receive and read the other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal controls

54. The significant deficiencies in internal control that led to our overall assessment of the status of the drivers of key controls, as included in the figure in paragraph seven (7), are described below. The detailed assessment of the implementation of the drivers of internal control in the areas of financial statements, performance reporting and compliance with legislation is included in annexure F.

Leadership

Effective leadership culture

55. Management established a formal code of conduct that addressed appropriate ethical and moral behaviour.

Oversight responsibility

56. Material misstatements were noted in the annual financial statements and material findings on the annual performance report submitted for audit due to lack of adequate reviews and inadequate oversight.



57. A disciplinary board has now been established, however, the municipality has significant amount of irregular and unauthorised expenditure that has not been dealt with in regards to be either written-off or condoned.

Human resource management

58. The municipality had a high vacancy rate at year end which indicates it does not have adequate human resource skills to fulfil the mandate of the municipality effectively. Key senior management posts and middle management posts were not filled.

Policies and procedures

59. There are no segregation of duties between the person who reviews and approves salary increases on the system.

60. Salaries increment can go through with no approval by Council and the Executive Committee.

61. Procedures on reporting deceased employees not adequate.

62. Some policies and procedures are not being regularly reviewed to ensure they still comply with respective legislations.

63. The supply chain management policy has a section which does not adequately align with the Treasury regulations and will require Councils review.

64. There is no documented process for utilising pool of contractors.

65. The municipality did not have an adequate disaster management policy to address the risks.

Action plans to address internal control deficiencies

66. The municipality developed a plan to address internal and external audit findings, but the appropriate level of management did not adequately monitor adherence to the plan in a timely manner as similar findings are being noted in the current year.

Financial and performance management

Proper record keeping

67. In terms of our engagement letter, we agreed that all information requested for audit purposes would be submitted within two working days of the request by the auditors. Despite this agreement, management did not supply timeously the requested documentation in the following instances:

- Payables
- Supply Chain Management
- Expenditure

- Revenue
- Journals
- AOPO
- Consequence management information
- Indigent information
- Employee cost
- Contract management
- Inventory

Daily and monthly processing and reconciling of transactions¹

68. Management did not implement effectively the following daily and monthly controls designed for the municipality's business process:

- Commitments reconciliations
- Irregular expenditure
- Adequate assets register with bar codes, locations and GIS coordinates
- Payables
- Revenue
- Receivables
- Recording of leave
- AOPO
- Employee costs

Regular, accurate and complete financial and performance reports

69. As indicated in section 2.1, the financial statements contained misstatements. This was mainly due to inadequate reconciliations and reviews by the appropriate level of management throughout the year.

70. As indicated in section 2.3, the annual performance report contained misstatements. This was mainly due to inadequate reconciliations and reviews by the appropriate level of management throughout the year.



Compliance monitoring

71. Non-compliance with legislation could have been prevented had the SCM policy section 36(4) have been aligned with the Treasury regulations.
72. Non-compliance with legislation could have been prevented had compliance been adequately reviewed and monitored and effective record keeping done.

Information technology systems

User access control

73. As previously reported, the activities of the systems administrators responsible for user creation, termination, password resets and changes in user access rights on the Sage Evolution Pastel and VIP Payroll systems were not reviewed. The lack of reviews of system administrator's activities could lead to unauthorized user access maintenance activities being performed as system administrators have powerful access rights.
74. No proof could be obtained to illustrate that vendors access to the production (live) environment is monitored.
75. There is no formal request documentation being completed for termination of access on all financial and performance information systems
76. The disaster recovery plan does not provide details on the processes to be followed in the case of a disaster.

Governance

Risk management activities and risk strategy

77. The municipality did not conduct a fraud risk assessment per their policies.
78. Risk committee meetings not conducted timeously.

Internal audit

79. The internal audit unit is not adequately resourced.

Audit committee

80. The audit committee did not ensure that the internal audit is adequately resourced and that the head of internal audit is at the required senior management level.

Summary

81. The matters above, as they relate to the basis for the opinion, findings on the annual performance report and findings on compliance with legislation, will be summarised in the auditor's report as follows:



82. Adequate oversight responsibility was not exercised regarding financial and performance reporting, compliance and related internal controls.
83. Leadership did not implement effective human resource management policies and procedures to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
84. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
85. Management did not adequately review and monitor compliance with applicable laws and regulations.

Material irregularities

86. In accordance with the PAA and the material irregularity regulations, I have a responsibility to report on material irregularities identified during the audit.
87. We have notified the accounting officer of material irregularities and suspected material irregularities identified during the audit and the actions the AGSA will take with regard to these material irregularities.
88. The auditor's report will include the following summarised information:

Material irregularities in progress

89. I identified a material irregularity during the audit and notified the accounting officer of this, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the responses from the accounting officer. This material irregularity will be included in the next year's auditor's report.

Other reports

90. We draw attention to the following engagement that has or could have an impact on the municipality's financial statements, reported performance information and compliance with applicable legislation and other related matters.
91. A specific investigation was commissioned by the President of the Republic of South Africa to the Special Investigation Unit in 2014 to investigate various allegations at the municipality. The investigation was in progress at the date of this management report.



SECTION 3: Assurance providers and status of implementation of commitments and recommendations

Assessment of assurance providers

92. The annual report is used to report on the financial position of auditees, their performance against predetermined objectives, and overall governance. One of the important oversight functions of the municipal council is to consider auditees' annual reports. To perform this oversight function, they need assurance that the information in the annual report is credible. To this end, the annual report includes our auditor's report, which provides assurance on the credibility of the financial statements and the annual performance report, as well as on the auditee's compliance with legislation.
93. Our reporting and oversight processes reflect on past events, as they take place after the end of the financial year. However, management, the leadership and those charged with governance contribute throughout the year to the credibility of financial and performance information and compliance with legislation by ensuring that adequate internal controls are implemented.
94. We assess the level of assurance provided by these assurance providers based on the status of internal controls (as reported in section 2.6) and the impact of the different role players on these controls. We provide our assessment for this audit cycle below.

First level of assurance

Senior management: provides some assurance

- Significant processing and effective reconciling controls are not being performed regularly as indicated in the paragraphs under internal controls. This has led to significant misstatements having been identified.
- Management is not adequately overseeing the day to day operations at the appropriate levels to ensure that correct information is processed throughout the year.
- Vacancies at senior management level and operational level exists which hinders effective operations of the municipality.
- Significant deficiencies have been identified in ensuring compliance with laws and regulations as indicated in the non-compliance paragraphs.
- Management did not ensure adequate segregation of duties in key areas of processing
- Some documents not provided for audit purposes that led to audit delays.
- Deficiencies identified in IT access controls and disaster policies.

Accounting officer: provides some assurance

- Adequate oversight on financial, AOPO and compliance not implemented as indicated on the deficiencies identified in the senior management category. Most deficiencies are recurring indicating the key root causes identified have not been substantially addressed.



- High vacancy rate exists in the organisation. Appointments to key critical areas are not being done timeously.
- Adequate SCM policies need to be implemented
- The significant balances of irregular and unauthorised have not been dealt with fully timeously.
- Fraud risk assessment not done as per the municipality's policies

Mayor: provides some assurance

- The Audit Committee has presented quarterly reports to the council with a view that council can action issues raised by them. However, not all recommendations have been effectively implemented as internal control deficiencies are still being identified.
- Commitments to ensure significant balances on irregular and unauthorised expenditure are dealt with are not fully implemented.

Second level of assurance

Internal audit unit: provides some assurance

- Legislation in South Africa requires the establishment of, and provides for, the roles and responsibilities of internal audit units. Internal audit units must form part of the internal control and governance structures of the municipality and must play an important role in its monitoring activities. Internal audit must provide an independent assessment of the municipality's governance, risk management and internal control processes.
- The internal audit unit of a municipality must prepare a risk-based audit plan and internal audit programme for each financial year. It must advise the accounting officer and report to the audit committee on implementation of the internal audit plan and matters relating to internal audit; internal controls; accounting procedures and practices; risk and risk management; performance management; loss control and compliance with the MFMA. The internal audit unit must also perform such other duties as may be assigned by the accounting officer
- Although the internal audit assisted the Municipalities in assessing the deficiencies in the Municipalities processes and procedures the municipality is still struggling with sustainable key controls to eliminate deficiencies identified above. Internal audit needs to assist the Municipalities in achieving an effective internal control environment to see an improvement in the audit outcomes.

Audit committee: provides some assurance

- The audit committee must be an independent advisory body to the council and the management and staff of the municipality on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the MFMA and any other applicable legislation; performance evaluation and any other issues.



- The audit committee is also expected to review the annual financial statements to provide an authoritative and credible view of the municipality, its efficiency and effectiveness and its overall level of compliance with the applicable legislation.
- The audit committee did not ensure that the Head of Internal audit is at the required senior management level. However, processes are in progress to ensure the requirements are met.
- The audit committee did not ensure that a fraud risk assessment took place per the Municipalities policies.

Third level of assurance

Municipal council: provides some assurance

- The Municipal Council has met regularly to address the municipality's operations. However, Council did not ensure that weaknesses identified by the audit committee are implemented fully.
- Recommendations to review the SCM policy and make corrections were made by the AGSA in the last report however, this has not been implemented.

Municipal public account committee (MPAC): provides some assurance

- MPAC needs to assess the backlog of irregular and unauthorised expenditure in the books and make recommendations in order for the irregular and unauthorised expenditure to be dealt with.

Status of implementing commitments and recommendations

No specific commitments were recorded, as we had reported no significant deficiencies in internal control. Below is our assessment of the progress in implementing the commitments made by the municipality to address the previous and current years' audit findings.

No	Commitment	Made by	Date	Origin of commitment	Status
1	To finalise the process of formalisation of the townships which still ongoing and ensure billing for service charges of these areas	Executive Mayor	2015/16	Update meetings with the Mayor	In progress
2	To support the Accounting Officer during the audit process to ensure a favourable audit outcome	Executive Mayor	26 May 2021	Mayors briefing	In progress
3	To ensure the significant balance of irregular and unauthorised balances are dealt with adequately	Executive Mayor	26 May 2021	Mayors briefing	In progress

- Recommendations accepted by management in the previous year on matters included in the auditor's report and other important matters were implemented to some extent, although some of the key recommendations are still to be improved on. Further details on the status of these recommendations are provided in section 10, which summarises the detailed audit findings.

SECTION 4: Specific focus areas

Financial viability

95. Our audit included a high-level overview of the municipality's financial viability as at year-end. The financial viability assessment provides useful information for accountability and decision-making purposes and complements the financial statements by providing insights and perspectives thereon. The financial viability assessment is expected to enhance timely remedial decision-making and policy reforms where financial viability may be at risk. It will also highlight to management those issues that may require corrective action and the urgency and magnitude of the reforms and decisions necessary to maintain operations. The information should be used to complement, rather than substitute, management's own financial assessment.

FINANCIAL VIABILITY ASSESSMENT			
		As at 30 June 2021	As at 30 June 2020
Expenditure management			
1.1	Creditor-payment period	210 Days	258 Days
Revenue management			
2.1	Debt-collection period (after impairment)	853 Days	802 Days
2.2	Debt-impairment provision as a percentage of accounts receivable	52.1 %	46.4 %
	<ul style="list-style-type: none"> • Amount of debt-impairment provision • Amount of accounts receivable 	R1 027 870 742 R1 971 708 998	R805 790 735 R1 736 530 250
Asset and liability management			
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	No	No
	<ul style="list-style-type: none"> • Amount of the surplus / (deficit) for the year 	R607 004 024	R564 765 609
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	No	No
	<ul style="list-style-type: none"> • Amount of the net current assets / (liability) position 	R1 089 600 424	R775 950 640
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
	<ul style="list-style-type: none"> • Amount of the net asset / (liability) position 	R5 549 350 787	R4 942 346 763
Cash management			
4.1	The year-end bank balance was in overdraft	No	No
	<ul style="list-style-type: none"> • Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft) 	R328 519 769	R204 373 719
4.2	Net cash flows for the year from operating activities were negative	No	No
	<ul style="list-style-type: none"> • Amount of net cash in / (out)flows for the year from operating activities 	R715 098 826	R545 929 875
4.3	Creditors as a percentage of cash and cash equivalents	65,5%	115,3%
	<ul style="list-style-type: none"> • Amount of creditors (accounts payable) • Amount of cash and cash equivalents / (bank overdraft) at year-end 	R215 265 444 R328 519 769	R235 595 108 R204 373 719
	Current liabilities as a percentage of next year's budgeted resources **	26,4 %	30,0 %
4.4	<ul style="list-style-type: none"> • Amount of current liabilities 	R312 350 523	R448 544 687



FINANCIAL VIABILITY ASSESSMENT		
	As at 30 June 2021	As at 30 June 2020
• Amount of next year's budgeted income **	R1 183 661 000	R1 496 290 000
Overall assessment		
Overall, the financial viability is assessed as:	Yellow (of concern)	Yellow (of concern)
** This amount excludes the portion of next year's budgeted resources that is budgeted to be spent on employee costs and remuneration of councillors.		

High-level comments

113. The municipality is experiencing challenges collecting outstanding debts as the average collection days is 853 days. The municipality has provided for impairment of 52.1% which is a significant percentage of the amount that would not be collectable by the municipality.
114. Increased non-payment by customers continues to make the municipality be reliant on grants and not be self-sufficient

Procurement and contract management

115. The audit included an assessment of procurement processes, contract management and the related controls in place. These processes and controls must comply with legislation to ensure a fair, equitable, transparent, competitive and cost-effective supply chain management (SCM) system and to reduce the likelihood of fraud, corruption, favouritism and unfair and other irregular practices. A summary of the findings from the audit are as follows:

Irregular expenditure

116. R211 536 197 (100%) of the irregular expenditure incurred in the current financial year was as a result of the contravention of SCM legislation. 59,7% (29%) of this irregular expenditure was identified during the audit process and not detected by the municipality's monitoring processes. The root cause of the lack of effective prevention and detection is lack of adequate reconciliations and management oversight when preparing listings that support the annual financial statement figures.

Awards to persons in the service of the state

117. Regulation 44 prohibits awards to persons in the service of the auditee (i.e. employees and councillors), persons in the service of any other state institution and entities owned/managed by them. The audit included the identification of such prohibited awards. Further testing was also performed to determine whether the legislated requirements with regard to declarations of interest were adhered to.

118. The findings were as follows:

Nature of finding	Number and value of awards made	Number and positions of officials/councillors identified	Number of suppliers identified	Further non-compliance or irregularities regarding the awards			
				Supplier did not submit declarations of interest	Supplier did not declare interest (false declaration)	Official/councillor or did not declare interest	Official/councillor was involved in awarding the contract/accepting the quotation
Awards to persons in the service of other state institutions	1 R31 200	1	Number	-	1		

Procurement processes

The table below is a summary of findings identified on procurement processes:

	Total		Quotations		Contracts	
	Number	Value R	Number	Value R	Number	Value R
Awards selected for testing	67	445 161 410	26	3 660 625	41	441 500 785
Expenditure incurred on selected awards – current year		196 564 539		3 629 375		192 935 165
Limitations – awards selected but could not be tested	-	-	-	-	-	-
Awards where non-compliance was identified	15	87 749 506	8	1 076 736	7	86 672 770
Irregular expenditure identified	15	29 395 838	8	1 076 736	7	28 319 102
Instances of irregular expenditure where	0	0	0	0	0	0



goods/services were not received						
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Procurement processes – general

- One (1) awards to the value of R90 150 was procured without inviting at least the minimum prescribed number of written price quotations from prospective suppliers, and the deviation was approved even though it was possible to obtain the quotations.
- One (1) contracts to the value of R1 442 079 were procured without inviting competitive bids, and the deviations were approved even though it was practical to invite competitive bids.
- Two (2) quotations to the value of R287 986 were awarded to bidders who had not submitted a declaration on whether they are employed by the state or connected to any person employed by the state.
- Sufficient audit evidence could not be obtained that six (6) quotations to the value of R764 875 were awarded based on criteria that differed from the original specifications.
- Three (3) contracts to the value of R64 740 545 were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding
- Two (2) contracts to the value of 7 102 980 who failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable tender

Procurement processes – other

- One (1) quotation to the value of R31 200 was made to a provider who was in the service of another state institution.
- One (1) contract to the value of R16 037 306 was awarded to a partners/ associate of an official who failed to disclose their own interest or that of close family members, partners or associates

Local content and production (designated sectors)

- One (1) contracts to the value of R13 874 488 were awarded to a bidder who had not submitted a declaration of local production and content.
- Sufficient audit evidence could not be provided that one (1) contracts to the value of R13 874 488 was awarded to a bidder who did not meet the minimum threshold for local production and content.



Internal control deficiencies

The following internal control deficiencies were identified

- Deviations not documented adequately
- Inadequate record keeping.
- Inadequate monitoring of SCM processes
- Deficiencies within the SCM policy
- Inconsistencies in the approving of SCM documents.

Fraud and consequence management

119. The primary responsibility for preventing and detecting fraud rests with management and those charged with governance. We are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and for issuing an auditor's report that includes our opinion. Due to the inherent limitations of an audit, there is a risk that some material misstatements, including fraud, may not be detected.

120. Below is a summary of fraud risk factors identified during the audit that should be addressed to ensure that sufficient measures/controls are in place to prevent material misstatement/ non-compliance due to fraud.

- Continuous non-compliance with the SCM regulations
- Salaries increment not approved by Council and the Executive Committee
- Lack of segregation of duties in the HR section
- No formal policy on the rotation of suppliers in the use of the pool of contractors and for deviations.
- Inconsistencies in information provided

121. The MFMA and its regulations clearly stipulate that matters such as incurring unauthorised, irregular and fruitless and wasteful expenditure; the possible abuse of the SCM system (including fraud and improper conduct); and allegations of financial misconduct should be investigated. Disciplinary steps should be taken based on the results of the investigations. Our audits included an assessment of the municipality's management of consequences. The significant findings are provided below:



Measures to manage consequences

122. The following measures were not implemented to ensure that the environment is conducive to effective consequence management:

- Adequate conclusions/disciplinary steps were not done on how to deal with the significant balances of irregular and unauthorised expenditure.

Ongoing investigations

123. A total of two (2) investigations into allegations relating to financial misconduct, fraud or improper conduct in SCM were ongoing at year-end. One of these investigations have been ongoing for a long time. The Municipal Regulations on Financial Misconduct, Procedures and Criminal Proceedings and the Disciplinary Regulations for Senior Managers require that each investigation be completed within 30 days from the date of appointing the investigator. The table below provides a summary of investigations which had not been completed as at year-end:

Total number of ongoing investigations at year-end	
• Number of SCM-related investigations	One
• Number of fraud-related investigations/other	Two
Number of investigations exceeding 3 months	One

Sanctions/recommendations not implemented for completed investigations

124. The Municipal Regulations on Financial Misconduct, Procedures and Criminal Proceedings and the Disciplinary Regulations for Senior Managers require that, on completion of an investigation, the investigation report be tabled to the council. For the completed investigation on fruitless and wasteful expenditure no-one was found liable.

Failure to deal properly with allegations reported in the previous year

125. The table below provides a summary of transgressions from the previous year that were either not investigated or proper disciplinary steps were not taken after investigation.



Unauthorised/ irregular/ fruitless and wasteful expenditure

Findings	Value (R)
Unauthorised expenditure	
Effective and appropriate disciplinary steps were not taken against officials who made or permitted unauthorised expenditure	346 751 979
Irregular expenditure	
Irregular expenditure identified in the previous year was not investigated to determine whether any person was liable for the expenditure	In progress
Effective and appropriate disciplinary steps were not taken against officials who made and/or permitted irregular expenditure	1 078 688 181

Transgressions reported to management for investigation

126. During the previous year's audit, we reported findings relating to transgressions by officials or other role players, for management to investigate. During the current year audit, we performed follow-up tests to determine whether the matters reported were dealt with by management.
127. The table below provides a summary of the transgressions reported in the previous year and the year under review that must be investigated and disciplinary steps taken based on the results of the investigations.

Findings	Findings reported in the previous year			Findings reported in current year	
	Number of instances	Number of instances investigated	Number of instances resolved from those investigated	Number of instances	Value (R)
A: Improper conduct in SCM by suppliers					
Supplier submitted false declaration of interest	0	0	0	2	R16 068 506
B: Improper conduct in SCM by officials/ role players					
Officials failed to disclose their own interest or that of close family members, partners or associates	0	0	0	1	16 037 306



Finding	Findings raised in the previous year			Findings reported in current year	
	Number of instances	Number of instances investigated	Number of instances resolved from those investigated	Number of instances	Value (R)
C: Financial misconduct					
Other financial misconduct-related allegation	0	0	0	1	In progress

128. Irregular and fruitless and wasteful expenditure disclosed in note 46 and 45 respectively to the financial statements must be investigated to determine whether any official is liable for losses incurred as a result of this expenditure. Disciplinary steps must be taken against officials who caused or permitted the irregular and fruitless expenditure and losses incurred must be recovered from the person liable.

129. In terms of section 225 of the IESBA code, we have a responsibility to consider reporting identified and suspected non-compliance with laws and regulations to an appropriate authority.

130. No matter has been escalated to the council for them to ensure that appropriate steps are taken to address the non-compliance or Internal control deficiencies

Internal control deficiencies

131. Slow response by the accounting officer to deal adequately with UIFW

132. Lack of consequence management

Conditional grants

133. For the financial year under review, the audit included an assessment of the effectiveness of the municipality's use of the following conditional grants received:

- Municipal Infrastructure grant (MIG)
- Regional Bulk Infrastructure Grant (RBIG)
- Water Services Infrastructure Grant (WSIG)

No findings were raised on the utilisation of selected grants:



Finding	MIG	RBIG	WSIG
The grant was not spent according to the applicable grant framework			
The municipality did not evaluate its performance on programmes funded by the grant			
Funds received from Dora grants transferred to other entities in contravention of section 17(3) of Dora	N/a	N/a	N/a

134. For each of the grants tested as per the table above, we selected key projects funded by the grant and audited the use of grants for the projects. The audit findings raised on each project are reported in the table below.

Key projects/initiatives funded by the grant			
Summary of selected key project and result of testing	Details	Details	Details
Name of grant	MIG	RBIG	WSIG
Project/initiative funded by the grant	<i>Provision of Bulk water supply infrastructure and Reticulation at Itireleng, Dikotas and New Casslile)</i>	<i>Upgrading of Maviljan waste water Treatment plant)</i>	<i>Provision of water reticulation at Authorstone/Saselani Phase 2B</i>
Audit findings			
Planned completion target for the selected project were not achieved			
Project stage of completion was not assessed			



Key projects/initiatives funded by the grant			
Summary of selected key project and result of testing	Details	Details	Details
Name of grant	MIG	RBIG	WSIG
Project/initiative funded by the grant	<i>Provision of Bulk water supply infrastructure and Reticulation at Itireleng, Dikotas and New Casslile)</i>	<i>Upgrading of Maviljan waste water Treatment plant)</i>	<i>Provision of water reticulation at Authorstone/Saselani Phase 2B</i>
Audit findings			
Project stage of completion assessed by the municipality is incorrect			
Findings on the procurement of goods and services for the project			
Misstatements in the accounting for the expenditure relating to the project			
Payments were made for goods/services not received			
Misstatements in the accounting of funds used through implementing agents			
Process for appointing implementing agents did not comply with legislation			
Implementing agents failed to comply with SCM prescripts when spending the funds	N/a	N/a	N/a

SECTION 5: Using the work of internal auditors

135. The auditing standards allow external auditors the option to use the work of internal audit for external audit purposes and for direct assistance. We have used internal audit as follows:

Reports which were used for risk identification

- Good governance
- Action log-follow up
- Alignment of SDBIP, IDP and Budget
- Audit on predetermined Objectives-Quarter 1,2,3 and 4
- MFMA Compliance Review
- ICT
- Interim AFS
- Supply chain management
- Infrastructure Assets Management

6: Emerging risks

Accounting, performance management/reporting and compliance matters

New pronouncements

Standards of Generally Recognised Accounting Practice (GRAP)

The ASB has issued the following GRAP pronouncements, with effective dates as indicated:

GRAP pronouncement	Effective date
GRAP 25 on Employee benefits (revised)	To be determined
GRAP 104 on <i>Financial instruments</i> (revised)	To be determined
IGRAP 7 on <i>The limit on a defined benefit asset, minimum funding requirements and their interaction</i> (revised)	To be determined
IGRAP 21 on <i>The effect of past decisions on materiality</i>	To be determined
Guideline on <i>Accounting for landfill sites</i>	To be determined

Withdrawal of MFMA Ministerial Exemption Notice No. 429 of 30 March 2020 (MFMA Exemption)

136. With effect from 30 June 2021 the Minister of Finance has withdrawn the MFMA Ministerial Exemption Notice No. 429 of 30 March 2020. As from 1 July 2021 all municipalities and municipal entities will be required to adhere to all the requirements of the MFMA going forward and ensure that all internal controls are fully effective. The implication of this is that the Auditor-General may again audit adherence with all relevant MFMA legislative requirements i.e. including those which were subject to the MFMA exemption during the 2020-21 period.

Subsequent events

137. On the 1st of November 2021 local elections were conducted and a new council was ushered in subsequently.

Audit findings on the annual performance report that may have an impact on the audit opinion in future

138. The planned and reported performance information of selected [development priorities was audited against the following additional criteria as developed from the performance management reporting framework:

- Presentation and disclosure – overall presentation
 - Overall presentation of the performance information in the annual performance report is comparable and understandable.
- Relevance – completeness of relevant indicators
 - Completeness of relevant indicators in terms of the auditee's mandate, including whether:
 - relevant core functions are prioritised in the period under review
 - relevant performance indicators are included for the core functions prioritised in the period under review

139. Material audit findings arising from the audit against the additional criteria do not have an impact on the audit opinion of the selected development priority in this report. However, they may have an impact on the audit opinion in future.

140. No material findings were identified in respect of the additional criteria.

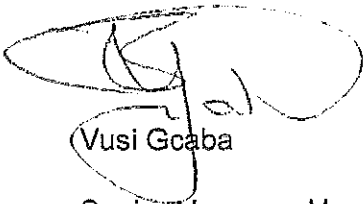
SECTION 8: Ratings of detailed audit findings

141. For the purposes of this report, the detailed audit findings included in annexures A to C have been classified as follows:

- Matters to be included in the auditor's report: these matters should be addressed as a matter of urgency.
- Other important matters: these matters should be addressed to prevent them from leading to material misstatements of the financial statements or material findings on the performance report and compliance with legislation in future.
- Administrative matters: these matters are unlikely to result in material misstatements of the financial statements or material findings on the performance report and compliance with legislation.

SECTION 9: Conclusion

The matters communicated throughout this report relate to the three fundamentals of internal control that should be addressed to achieve sustained clean administration. Our staff remain committed to assisting in identifying and communicating good practices to improve governance and accountability and to build public confidence in government's ability to account for public resources in a transparent manner. Yours sincerely



Vusi Gcaba

Senior Manager: Mpumalanga

28 January 2022

Enquiries: Jennifer Mutavayi
Telephone: 013 756 0800
Fax: 013 756 0897
Email: jenniferm@agsa.co.za

Distribution:

Audit committee

Head of internal audit unit

Executive authority





AUDITOR - GENERAL
SOUTH AFRICA

Mrs CA Nkuna
Bushbuckridge Local Municipality
Private Bag X9308
Bushbuckridge
1280

Date 28 January 2022

Reference: 60053REG20-21

Dear Madam

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Bushbuckridge Local Municipality for the year ended 30 June 2021

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. In terms of section [121(3) (municipality) of the MFMA] you are required to include the audit report in the municipal's annual report to be tabled.
3. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
4. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
5. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature

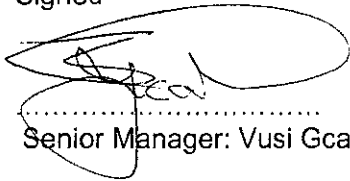
or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.

6. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA municipality the audit report is not a final and public document and you are therefore requested to treat it as confidential.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

A handwritten signature in black ink, appearing to read 'Vusi Gcaba', is written over a horizontal dotted line. The signature is enclosed within a large, hand-drawn oval.

Senior Manager: Vusi Gcaba Mpumalanga business unit

Enquiries: Jennifer Mutavayi
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Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Bushbuckridge Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Bushbuckridge Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bushbuckridge Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities 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.

Restatement of corresponding figures

7. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Material impairments – receivables from exchange transactions and receivables from non-exchange transactions

8. As disclosed in note 7 to the financial statements, material impairment of receivables from non-exchange transactions of R541,47 million (2019-20: R433,86 million), was incurred as a result of impairment provision for doubtful debts.
9. As disclosed in note 9 to the financial statements, the material impairment of receivables from exchange transactions of R486,40 million (2019-20: R371,93 million), was incurred as a result of impairment provision for doubtful debts.

Contingent liabilities

10. With reference to note 40 to the financial statements, the municipality is disputing water balances owing to leaks and illegal connections to the bulk infrastructure of R173,69 million (2019-20: R259,77 million) owing to Rand Water. The case has been referred for arbitration by the National Treasury. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Events after the reporting date

11. With reference to note 43 to the financial statements, a fire damaged the building at Dwaarsloop. The insurance is still assessing the cost of the damage.

Other matter

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 MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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.

Auditor-general’s responsibilities 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.

Report on the audit of the annual performance report

Introduction and scope

- 18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 19. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality’s approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality’s annual performance report for the year ended 30 June 2021:

Development priority	Pages in the annual performance report
Infrastructure development and basic service delivery	x – x

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

22. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

Key performance area 2 – Infrastructure development and basic service delivery

Various indicators

23. The source information, evidence and method of calculation for achieving the planned indicator was not clearly defined for the following indicators:

Key performance indicator
Percentage completion of development of water master plan
Percentage completion of the upgrade of intermediate booster pump station

Various indicators

24. The reported achievement was not consistent with the planned target for the following indicators:

Key performance indicator	Annual planned target	Reported achievement
% completion of water reticulations projects at Boikhutso (Kutung) water reticulations	100% completion of water reticulation project at Boikhutso (Kutung) water reticulation project (2179 HH)	100% completion of water reticulation project at Boikhutso (Kutung) done
% refurbishment of sanitation infrastructure	35% completion of refurbishment of sanitation infrastructure project	100% completed

Various indicators

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

Key performance indicator	Annual planned target	Reported achievement	Audited value
Percentage completion of water reticulation project at Saselani/Authorstone Phase 2A	100% 1 533 HH	100% 1 533 HH	100% 2 251 HH
% completion development of water master plan	100%	80%	49%
% refurbishment of Mkhuhlu WWTW	30%	25%	41%
Percentage completion of 300 VIP toilets project	100% 300 HH	100% 300 HH	100% 1 389 HH
% completion of the upgrade of intermediate booster pump station	100%	60%	29%

% completion of water reticulation project in Tintswalo

26. The achievement of 1 069 HH was reported against the target of 1 069 HH in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 to 26 of this report.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the infrastructure development and basic service delivery development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R211,54 million, as disclosed in note 46, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations.

Revenue management

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

Asset management

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

Procurement and contract management

36. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
37. Some contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.
38. Some tenders that failed to achieve the minimum qualifying score for functionality criteria were not disqualified as unacceptable tender in accordance with the 2017 preferential procurement regulation 5(6).
39. Some commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 8(5).
40. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).

Other information

41. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported in this auditor's report.

42. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
43. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
44. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

45. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
46. Adequate oversight responsibility was not exercised regarding financial and performance reporting, compliance and related internal controls.
47. Leadership did not implement effective human resource management policies and procedures to ensure that adequate and sufficiently skilled resources were in place and that performance was monitored.
48. Management did not implement adequate controls over daily and monthly processing and reconciling of transactions.
49. Management did not adequately review and monitor compliance with applicable laws and regulations.

Material irregularities

50. In accordance with the PAA and the material irregularity regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

51. I identified a material irregularity during the audit and notified the accounting officer of this, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not

yet completed the process of evaluating the responses from the accounting officer. This material irregularity will be included in the next year's auditor's report.

Other reports

52. I draw attention to the following engagement conducted which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters.
53. A specific investigation was commissioned in 2014 by the President of the Republic of South Africa for the Special Investigation Unit to investigate various allegations at the municipality. The investigation was in progress at the date of this report.

Auditor - General

Mbombela

28 January 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. 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 development priorities and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. 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 by the accounting officer
 - conclude on the appropriateness of the accounting officer’s 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 Bushbuckridge local 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

3. 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.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.