



# TSWELOPELE

LOCAL MUNICIPALITY

A MUNICIPALITY IN PROGRESS

## TSWELOPELE LOCAL MUNICIPALITY DRAFT ANNUAL REPORT

2024/25

## 1 TABLE OF CONTENTS

1	TABLE OF CONTENTS .....	2
2	GENERAL INFORMATION .....	5
	MUNICIPAL GENERAL INFORMATION .....	5
	STRATEGIC OVERVIEW .....	6
	MAYOR'S FOREWORD .....	7
3	MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	8
	BACKGROUND DATA .....	8
	DEMOGRAPHIC PROFILE .....	8
	POPULATION BREAKDOWN PER WARD, AGE AND GENDER .....	9
	POPULATION PER MUNICIPAL AREA .....	10
	SOCIO ECONOMIC STATUS INDIVIDUAL MONTHLY INCOME .....	11
	EMPLOYMENT STATUS .....	11
	OVERVIEW OF NEIGHBOURING MUNICIPALITIES .....	11
4	MUNICIPAL FUNCTIONS .....	12
5	SERVICE DELIVERY OVERVIEW .....	12
	ELECTRICITY SERVICES .....	12
	WATER SERVICES .....	13
	SANITATION SERVICES .....	14
	REFUSE REMOVAL AND WASTE MANAGEMENT .....	14
	ROADS AND STORMWATER .....	15
6	FINANCIAL HEALTH OVERVIEW .....	15
	ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) .....	16
7	ORGANISATIONAL DEVELOPMENT OVERVIEW .....	18
	ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	18
	AUDITOR-GENERAL REPORT .....	18
	STATUTORY ANNUAL REPORT PROCESS .....	19
8	GOVERNANCE .....	20
	POLITICAL GOVERNANCE .....	20
9	POLITICAL STRUCTURE .....	21
	MAYOR .....	21
	SPEAKER .....	21
	EXECUTIVE COMMITTEE .....	21

	POLITICAL DECISION-MAKING .....	23
10	OTHER COUNCIL GOVERNANCE STRUCTURES .....	23
	AUDIT, PERFORMANCE AND RISK COMMITTEE .....	23
	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE.....	23
	ADMINISTRATIVE GOVERNANCE .....	23
	INTERGOVERNMENTAL RELATIONS.....	23
11	PUBLIC ACCOUNTABILITY AND PARTICIPATION .....	23
	PUBLIC MEETINGS .....	24
	IDP PARTICIPATION AND ALIGNMENT .....	25
12	CORPORATE GOVERNANCE .....	25
	RISK MANAGEMENT .....	25
	ANTI-CORRUPTION AND FRAUD.....	26
	SUPPLY CHAIN MANAGEMENT.....	26
	BY-LAWS .....	26
	WEBSITE .....	27
	PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	28
13	SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I).....	28
	WATER PROVISION .....	28
	SANITATION PROVISION.....	30
	ELECTRICITY .....	31
	WASTE MANAGEMENT.....	31
	HUMAN SETTLEMENT.....	31
	BASIC SERVICES AND INDIGENT SUPPORT .....	35
	TRAFFIC TRANSPORT .....	35
	PLANNING AND DEVELOPMENT.....	36
	LOCAL ECONOMIC DEVELOPMENT and tourism .....	38
14	COMMUNITY & SOCIAL SERVICES .....	39
	MUNICIPAL FACILITIES.....	39
	CEMETERIES AND CREMATORIUMS .....	39
	TRAFFIC MANAGEMENT .....	40
	DISASTER MANAGEMENT.....	40
	EXECUTIVE AND COUNCIL .....	41
	FINANCIAL SERVICE .....	42
	HUMAN RESOURCE SERVICES .....	42
	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES .....	44

	RISK MANAGEMENT SERVICES .....	45
15	ANNUAL PERFORMANCE REPORT AS AT 30 JUNE 2025 .....	47
16	TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE FOR 2024/ 2025 .....	64
17	ORGANISATIONAL DEVELOPMENT PERFORMANCE .....	81
	EMPLOYEE TOTALS, TURNOVER AND VACANCIES .....	81
	MANAGING THE MUNICIPAL WORKFORCE .....	83
	INJURIES, SICKNESS AND SUSPENSIONS .....	83
	PERFORMANCE REWARDS .....	84
	EMPLOYEES CAPACITY DEVELOPMENT .....	84
	SKILLS DEVELOPMENT AND TRAINING .....	86
18	FINANCIAL PERFORMANCE .....	89
	COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE .....	89
	GRANTS .....	91
	ASSET MANAGEMENT .....	92
	SOURCES OF FINANCE .....	93
	CASH FLOW MANAGEMENT AND INVESTMENTS .....	94
	OTHER FINANCIAL MATTERS .....	95
	SUPPLY CHAIN MANAGEMENT .....	95
	MUNICIPAL SERVICE CHARGES ASSESSMENT AND OUTSTANDING DEBTORS. ....	97
19	AUDITOR GENERAL AUDIT REPORT 2024/25 .....	98
	<b>Report on the audit of the financial statements</b> .....	98
	<b>Report on the annual performance report</b> .....	100
	<b>Report on compliance with legislation</b> .....	105
	<b>Other information in the annual report</b> .....	107
	<b>Internal control deficiencies</b> .....	107
20	ANNUAL FINANCIAL STATEMENTS (ANNEXURE A) .....	112
21	ANNUAL AUDIT COMMITTEE REPORT 2024 / 2025 FINANCIAL YEAR .....	113
22	EXTERNAL AUDIT RECOVERY PLAN .....	125
23	GLOSSARY .....	187
24	APPENDICES .....	189
	APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES .....	189
	APPENDIX B – FUNCTIONS OF MUNICIPALITY .....	189

## 2 GENERAL INFORMATION

### MUNICIPAL GENERAL INFORMATION

MUNICIPALITY	TSWELOPELE LOCAL MUNICIPALITY
REGISTRATION NUMBER	FS183
PHYSICAL ADDRESS	01 Bosman Street Bultfontein 9670
POSTAL ADREESS	Tswelopele Local Municipality P.O. Box 3 Bultfontein 9670
TELEPHONE NUMBER	051 853 1111
FAX NUMBER	051 853 1332
EMAIL ADDRESS	<a href="mailto:admin@tswelopele.org">admin@tswelopele.org</a> and <a href="mailto:logov@tswelopele.org">logov@tswelopele.org</a>
WEBSITE ADDRESS	<a href="http://www.tswelopele.gov.za">www.tswelopele.gov.za</a>

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## STRATEGIC OVERVIEW

### OUR MOTTO

“A municipality in progress”

### OUR VISION

To be an accountable, transparent, non-racial Municipality that promotes economic development and provides sustainable services and improves the quality of life in the Community.

### OUR MISSION

Tswelopele Local Municipality is committed to effective and transparent governance by:

- (a) Promoting economic development;
- (b) Providing sustainable services; and
- (c) Improving the quality of life of all people

### VALUES

- Democratic values
- Good governance
- Transparency
- Honesty
- Equity
- Commitment
- Accountability
- Professionalism

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## MAYOR'S FOREWORD



It is with greatest gratitude that I present the Annual Report of the Tswelopele Local Municipality for the 2024/25 financial year.

Despite the prevailing historical challenges, our vision and set strategic objectives fuels our Council and the administrative team to efficiently utilise the limited resources entrusted to us by our people and the government.

Note should be taken that our municipality is fairly rural and the recent statistics further reiterates the levels of unemployment in our municipality and neighbouring towns which is dominated by young people. Our commitment to creating an enabling and conducive environment for businesses and other stakeholders is undoubtably adding value and well recognised.

I would like to restate that we are much honoured and filled with pride that we are participating in different programmes of various sector departments. This commitment has resulted in an injection of more programmes in our local space which ultimately result in financial spinoffs to the municipality.

The commitment to creation of a conducive economic environment will attract investors who will contribute in job creation and increased economic activities. Another notable factor to assist in the improving the fiscal status of the municipality is for those who can pay municipal services to do so. We are concerned with the declining collection rate our municipality is experiencing despite the additional effort of appointing the debt collector.

We are further experiencing an influx of residents in new and old establishments in the municipality which presents immense pressures to increase our capacity to provide municipal services. These services are unfortunately being offered at a non-cost-reflective tariffs. A call is also made to all households falling under the threshold of indigents to come to the municipal offices with all relevant documentations to apply for free basic services.

Our municipality welcomes an unqualified audit report from Auditor General South Africa with few emphasis of matters raised compared to the previous financial years. A commitment has been made by all interested parties that recurring and emerging issues raised will be addressed in the 2025/26 financial year. An action plan will be developed and monitored by oversight structures of the municipality and reported accordingly to all the relevant stakeholders.

In conclusion I would like to take this opportunity to acknowledge and appreciate the entire council of Tswelopele for their undivided support and the efforts of all stakeholders in keeping the municipality sustainable.

**CLLR KR PHUKUNTSI**

**MAYOR**

### 3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

#### BACKGROUND DATA

Tswelopele Local Municipality falls in the Lejweleputswa district area which is situated in the central Free State about a 100 km north west of Bloemfontein. It consists of Bultfontein [Phahameng] and Hoopstad [Tikwana] and their surrounding rural areas.

Tswelopele Local Municipality has a total population of 56 896 people, of which 91% are African Black, 7% are White, with the other population groups making up the remaining 2%. The Municipality is 6 506, 68 square kilometres in extent and with the surface area of 652 544, 3 Ha.

The municipal unemployment rate stands at 34, 8%. 14 090 people are economically active (employed or unemployed but looking for work), and of these 35% are unemployed. Of the 8145 economically active youth (15 – 34 years) in the area, 46% are unemployed.

Tswelopele Local Municipality is a Collective Executive Committee System and it consists of the Council, which is the highest decision-making body and it meets quarterly with the Executive Committee meeting once in every month. Tswelopele Local Council is constituted of 17 Councillors (i.e.9 ward councillors and 8 Proportional Representative Councillors).

#### DEMOGRAPHIC PROFILE

All municipal demographic statistics as depicted by the different tables underneath relates to the census survey of 2022 that was conducted by the Statistics South Africa. The data is for statistical purpose only as it does not relate to the year reported herein.

Tswelopele Municipality is 6 506 68 square kilometres in extent. The demographic profile of the municipality according to the most recent information available is shown in the table below:

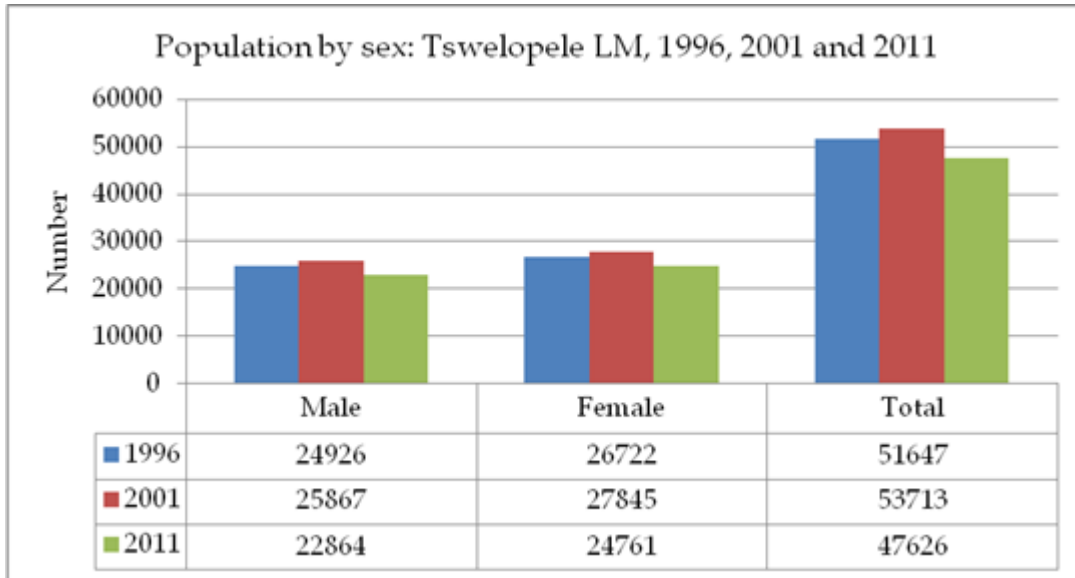
Description	2001 - Stats SA	2011 - Stats SA	2022 – Stats SA
No. of households	12 624	11 992	14 798
Average people	4,2	4	3.8
Total population	55 591	47 625	56 896

The key statistics mentioned above as reflected in Census 2001 are shown to place the municipality's performance in the proper context.

According to the graph below, the population number in the municipality appears to decline, recording a marginal decline of 1.2% over 2001 to 2011. The number of households has declined from 12 624 in 2001 to 11 992 in 2011.

The number of households has declined from 12430 in 2001 to 11 992 in 2011 and increased to 13 705 in 2016 community survey.

**Figure 1: Distribution of population by sex: Tswelopele LM, 1996, 2001 and 2011**



Source: Statistics SA, Census, 1996, 2001 and 2011

This graph shows that the population in terms of males increased by 3.8% from 1996 to 2001 and showed a decrease of 11.6% in 2011 the reasons for this decrease should be investigated as they might have a negative impact on the local economic development of the area. The population in terms of females showed an increase of 4.2% from 1996 to 2001 and showed a decrease of 11% which is more or less the same decrease of the males in 2011. The reasons for this decrease must be investigated.

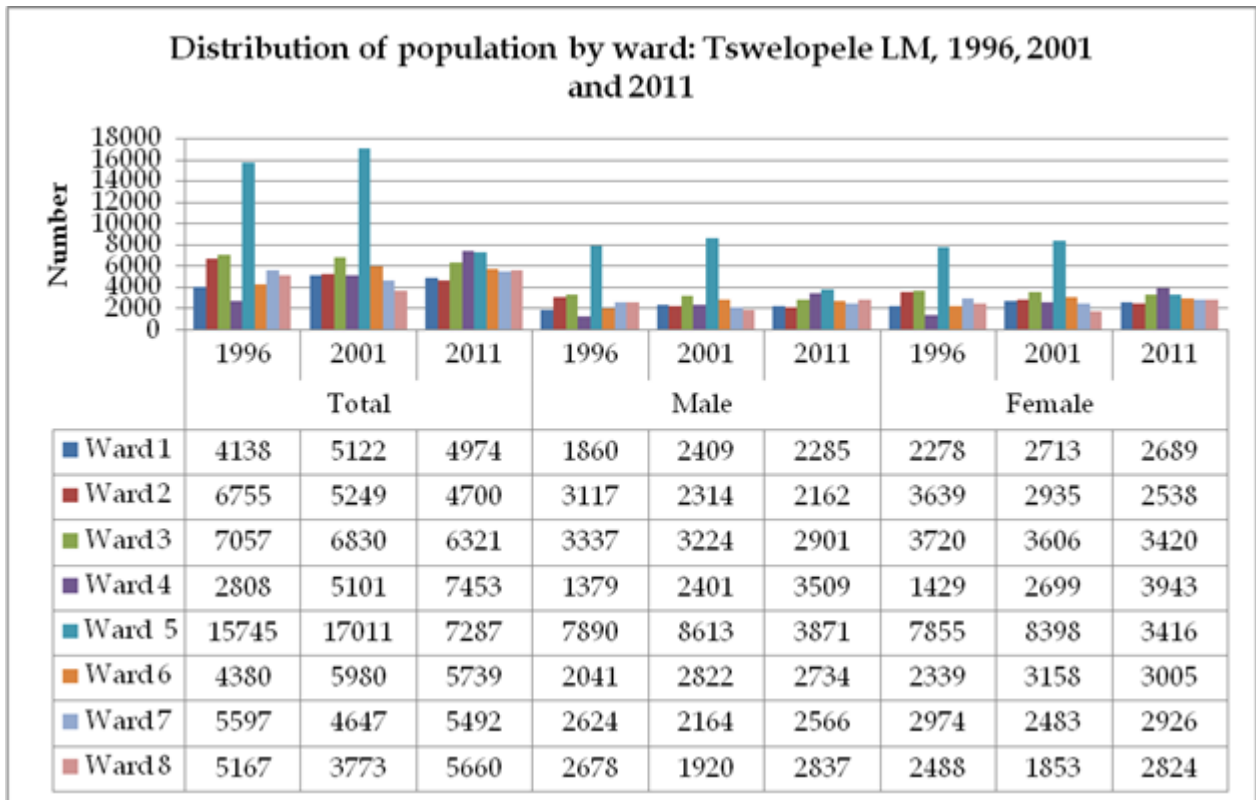
The 2016 community survey shows a slight decrease in the total population of men as compared to 2011 sensors count from 22 864 to 22 858 which is a decrease of 6 men. The reasons for this slight decrease are not known and might be investigated.

The 2016 community survey also shows a slight decrease in the total population of women as compared to 2011 sensors count from 24 761 to 22 515 which is a decrease of 6 women. The reasons for this slight decrease are not known and might be investigated.

It is also worth noting that STATS-SA released new municipal data towards the end of the 2023/24 financial year as such it could not be utilised for any municipal planning and/or operational purposes for the year under review.

**POPULATION BREAKDOWN PER WARD, AGE AND GENDER**

Figure 3: Distribution of population by sex: Tswelopele LM, 1996, 2001 and 2011



Analysis are made in terms of population per ward and that the most popular ward and which shows high population vacillations is ward 5, as per the above table the ward had a population of 15 745 people in 1996 and increased to 17 011 people in 2001, the statistics showed an enormous to 7 287 people in 2011 and this is due to the demarcation processes that took out extension 7 & 8 and the ward thereafter consisted of the farms only. As a result of demarcation processes undertaken every 5 years the municipality cannot make a clear analysis of population vacillations per ward to the local economic development abroad.

#### POPULATION PER MUNICIPAL AREA

Population Group	Sanded		Hoopstad		Tikwana		Tswelopele NU		Bultfontein		Phahameng	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Black African	9	3	237	144	6744	7605	3711	3189	420	420	9615	11355
Coloured	-	-	12	12	156	144	90	57	3	6	39	57
Indian or Asian	-	-	12	6	39	3	-	3	15	3	78	18
White	-	-	405	450	9	15	609	537	567	702	6	3
Other	-	-	15	9	21	3	15	6	27	15	15	-
Sub-total	9	3	681	621	6969	7770	4425	3792	1032	1146	9753	11433
Total	12		1302		14739		8217		2178		21186	

### SOCIO ECONOMIC STATUS INDIVIDUAL MONTHLY INCOME

Ward	R 1 - R 800	R 801 - R 3 200	R 3 201 - R 12 800	R 12 801 - R 51 200	R 51 201 - R 204 800	R 204 801 or more	No income	Unspecified	Not applicable
Ward 1	1923	813	105	30	3	-	2016	81	-
Ward 2	1653	747	147	21	-	3	2067	66	-
Ward 3	2121	1335	282	36	3	-	2430	111	-
Ward 4	2424	1263	528	159	15	3	2643	300	117
Ward 5	1842	2361	216	99	36	12	2268	423	30
Ward 6	2028	921	123	24	6	-	2460	177	-
Ward 7	1638	1098	267	57	-	-	2238	189	-
Ward 8	1572	978	363	135	18	15	1845	351	378

Statistics South Africa: Census 2011

### EMPLOYMENT STATUS

Ward	Employed		Unemployed		Discouraged work-seeker		Other not economically active		Age less than 15 years		Not applicable	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Ward 1	369	282	252	450	192	252	435	639	-	-	1038	1068
Ward 2	318	249	348	384	138	216	438	624	-	-	918	1068
Ward 3	480	393	330	405	66	141	792	1131	-	-	1233	1347
Ward 4	948	513	450	696	102	213	564	864	-	-	1446	1659
Ward 5	2130	849	75	192	18	150	387	1080	-	-	1260	1140
Ward 6	519	324	204	291	120	186	798	1017	-	-	1095	1185
Ward 7	543	441	246	330	171	243	603	831	-	-	1005	1086
Ward 8	882	453	204	315	57	99	651	870	-	-	1044	1083

Statistics South Africa: Census 2011

### OVERVIEW OF NEIGHBOURING MUNICIPALITIES

Local Municipality	Black African		Coloured		Indian or Asian		White		Other		Grand Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Masilonyana	29250	28764	402	324	174	33	2004	2211	129	39	63330
Tokologo	12135	12348	660	666	174	21	1380	1503	63	36	28986
Tswelopele	20733	22719	303	273	141	30	1596	1704	93	33	47625
Matjhabeng	176805	179544	4251	4482	1002	453	18915	20217	534	255	406458
Nala	36078	39573	237	264	162	45	2250	2424	138	45	81216
<b>Grand Total</b>	<b>275001</b>	<b>282948</b>	<b>5853</b>	<b>6009</b>	<b>1653</b>	<b>582</b>	<b>26145</b>	<b>28059</b>	<b>957</b>	<b>408</b>	<b>627615</b>

Statistics South Africa: Census 2011

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## 4 MUNICIPAL FUNCTIONS

Tswelopele Local Municipality is dedicated to the provision of sustainable quality services to its residents. The municipality is responsible for the provision of basic services and constitutionally mandated to perform in terms of Schedule 4 (Part B) and Schedule 5 (Part B) of the Constitution of Republic of South Africa, 1996

## 5 SERVICE DELIVERY OVERVIEW

The municipality is making immense efforts to ensure the sustainable provision of services to the community. However, the ever-increasing population and households places a strain on existing social and economic infrastructure. Aging infrastructure and inadequate resources to fund the maintenance of the present infrastructure also places great challenge in enabling the municipality to fully meet its constitutional mandate.

Various issues affect the provision of services in an ideal manner and it has been notable that the public members who are not willing to maintain their municipal service accounts are contributing to these current dreadful circumstances. Despite that, those who cannot pay were called and have been registered in the indigent register and continued to benefit from subsidised municipal services.

Historical challenges ranging from community unrests, provision of un-serviced land, lack of skilled labours, inadequate planning, etc. keeps prevailing even in current financial years. We are experiencing service delivery interruptions this results in increased operational costs as a result of outsourcing certain skills and assets to at-least attend to services delivery needs of the community.

The municipality held various sessions highlighting critical challenges faced by the municipality in fulfilling its key service delivery mandates and identified solutions to enhance its capacity to effectively serve the community. The municipality is participating in various government support programmes designed to enhance the municipality's capacity and capability to deliver services to its communities. Extra efforts will be made as well with internal coffers to procure additional service delivery assets.

Below is the status quo with regards to basic municipal services:

### ELECTRICITY SERVICES

The municipality only provides electricity in the towns [Bultfontein and Hoopstad] and formalised households, public facilities and businesses have access to electricity services. Applications for new connections in town are also done by the municipality while Eskom provides electricity in the townships. Each registered indigent household receives 50kW of electricity per month. The municipality managed to reduce electricity losses to 9.08% this is due to regular meter audits, strict electricity cut-offs, penalties imposed for electricity meter tempering, replacement of aging infrastructure, etc.

With the assistance of provincial CoGTA and treasury the municipality is implemented a project of replacing old electricity low voltage infrastructure and with its internal coffers is installing smart electricity meters aimed at enabling early warning mechanisms to identify and detect theft/tempering of electricity. The Department of Mineral

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Sources and Energy has assisted the municipality to implement energy saving initiatives through the EEDSM (Energy Efficiency demand side management) programme. The three (3) projects have resulted in losses reduction, low energy costs and improvement of revenue collection. There is around R 5 million projected for the 2027/2028 financial year that will be utilised towards energy efficient projects for the Municipality as per the (B7- 2025) Division of Revenue Bill.

Electrification of the new Ext. 10 in Phahameng/Bultfontein is currently awaiting approval from the Department of Mineral Resources and Energy. The project will be implemented by the Municipality with the anticipation to commence with construction/installation in the 2026/27 financial year provided the approval thereof is received by the end of 2025/2026 financial year. The designs for the new Ext. 10 in Phahameng/Bultfontein were already concluded back in September 2024.

Ext. 5 Tikwana/Hoopstad electrification is being carried out in phases. Phase 1 electrification is completed. The Eskom planning division to commence/busy with the designs for the phase 2 electrification of approximately 250 households.

## WATER SERVICES

The municipality is a water services authority and is responsible for provision of water to all the households in the municipality in both towns and townships. The water is abstracted from the Vet River by the Tswelopele Local Municipality and purified at the water treatment works, and pumped through bulk supply lines to storage facilities and to the end users.

We are unable to supply water for 24 hour/365 days due to the high number of leaking toilet cisterns especially in Phahameng and Tikwana and that leads to high water losses.

In an effort to curb the high-water loss volume, the Municipality in previous financial years introduced and continues to institute a temporary planned water supply interruption at specific intervals to increase the water levels of the reservoirs in order to build up enough pressure head to provide water to all households at a given time. The temporary planned water supply interruption is also used to save costs on chemicals, electricity, maintenance and human resources used for the day-to-day cleaning of water. The Municipality managed to develop a water services master plan and water services development plan. The plan will assist with the identification of critical components of the water infrastructure that need urgent attention and also assist with preventative maintenance.

The Municipality applied for funding to introduce the smart water metering system which will assist with the early detection of leaks and also encourage the community to pay for the water services rendered. The metering system will be a smart prepaid meter which will stop supplying water to the community members once the prepaid coupon is depleted, the community members will be forced to come to the Municipality's offices or through an App to buy water and other services.

The application for funding of the smart prepaid water meters was declined by the MIG funding and was since sent to the DWS for assistance. We are awaiting the verdict thereof from the DWS.

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Application for funding was also sent to the DWS to source funding to retrofit the old asbestos water reticulation pipelines to uPVC pipelines. The Municipality experiences a lot of pipe bursts (asbestos) especially during winter season. The project funding got approved back in November 2024, the procurement of the professional service providers will be concluded by the end of February 2026 and the construction will be commencing in the 2026/2027.

## SANITATION SERVICES

The municipality is committed to a clean environment and provision of sanitation services to all the household in line with the RDP standards. Formalised households have got access to sanitation services in both towns and the municipality is also focusing on servicing the new developments in both towns. The challenge of informal settlements still persists however we intend to move the beneficiaries to the formalized areas and eradicate informal settlements.

The Municipality secured funding for the sewer reticulation and construction of toilet structures in Ext 5- Tikwana, the project commenced with construction from Jan 2025, all the procurements processes were concluded. The project is nearing completion having faced challenges such as inclement weather conditions and underground water. The project is set to be 100% completed by the end of March 2026.

The Municipality secured funding through the MIG and will be the retrofitting of the 6 x sewer pump stations in Hoopstad/Tikwana in an effort to mitigate the intermittent sewer spillages due to the configuration and technology used in our pump stations. With this new project we will be introducing grinders at the inlet side of the pump stations to ensure that all foreign objects thrown into the sewer system get grinded down to manageable particle sizes to avoid pump blockages and ultimately breakdowns. The current Wilo-emuport core pump system will be converted to the traditional submersible pumps and motors that have proven to work over the years.

There will also be some critical repairs taking place at the Hoopstad Sewer Works as part of the project mentioned above.

## REFUSE REMOVAL AND WASTE MANAGEMENT

The municipality collects refuse from all the formalised households in both towns and townships on a weekly basis. Refuse is all also collected in the CBD streets of both towns on daily basis to ensure clean town and also to attract investments and tourism in our towns. The municipality continues with limited resources to clean the illegal dumps in both townships and towns, clean the parks, stadiums, cemeteries and open spaces on regular basis in order to promote clean environment.

The municipality has two landfill sites that are situated in the two towns. Both the two landfill sites are licensed. Waste is not compacted and covered on daily basis due to lack of proper machinery. Recyclers/re-claimers collect waste at the site. The Bultfontein landfill site is fenced and there is access control. Lack of yellow fleet is a major challenge for the management of the two landfill sites. The aged tractors are no longer effective and efficient to manage waste in the municipality, budget constraints to procure new equipment and machinery and townships

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growing in size whilst municipal resources are not adjusted accordingly are major challenges in the refuse removal and waste management function.

The Hoopstad landfill site is not properly fenced and as a result the Municipality applied for funding through the MIG to refurbish the landfill site. Funding approval letter was received back in October 2025. The refurbishment of the landfill site is underway with the anticipation to complete before the end of the 2025/2026 financial year.

The Municipality procured a frond end loader that is stationed at the Hoopstad/Tikwana landfill site (s) to assist with the proper management of waste collected on daily basis.

The Municipality obtained a second Frond end loader from the R 3 million prize money won for the cleanest town completion facilitated by COGTA. The Front-end loader is stationed at the Bultfontein/Phahameng landfill site to assist with the proper management of waste collected on daily basis.

## ROADS AND STORMWATER

The municipality is facing challenges with lack of fleet and equipment to maintain roads and stormwater infrastructure. Also, over-reliance on project workers that comes from prior financial years possess human resource challenges, as we are unable to transfer skills and develop capacity internally. The municipality is phasing out tarred roads with pavement roads in road intersections with internally generated funds. Efforts are being made by management to source funding to replace and construct deteriorated road infrastructure in towns and new developments.

It is worth noting that the state of road infrastructure in the municipal areas has deteriorated due to aging infrastructure and heavy traffic i.e., trucks and construction vehicles moving in and out of our towns. The municipality is maintaining the tarred roads by fixing the potholes internally and is in the processes of regulating the heavy vehicles in both towns to minimize more damage to the roads.

The following were achieved with internal funds and resources:

1. Potholes repairs;
2. Roads were graded;
3. Storm water channels were cleaned;
4. Road signs were replaced; and
5. Dilapidated roads were paved.
6. Upgrading of dilapidated tar roads to segmented paving blocks

A 2 km paving project in Phahameng was completed at the end of March 2025.

The Municipality through the MIG will also be implementing a 2 km paving project in the 2026/2027 financial year in Bultfontein/Phahameng.

## 6 FINANCIAL HEALTH OVERVIEW

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

Descriptions	2024/ 2025	2024/ 2025	2024/ 2025	2024/ 2025
	Final Budget	Actual	Variance	Variance
	R	R	R	%
<b>REVENUE</b>				
Property Rates	30 943 000	35 997 790	5 054 790	16.34
Interest - property revenue	22 150 000	7 452 437	(14 697 563)	(66.35)
Service Charges – electricity revenue	58 574 000	64 067 933	5 493 933	9.38
Service charges – water revenue	9 222 000	8 921 825	(300 175)	(3.25)
Service Charges – Sanitation revenue	10 626 000	9 348 948	1 277 052	(12.02)
Service Charges – Refuse revenue	7 094 000	5 412 510	(1 681 490)	(23.70)
Rental of Facilities and equipment	1 120 000	1 878 749	758 749	67.75
Interest earned –investments	3 200 000	3 564 222	364 222	11.38
Dividends Received	240 000	162 154	(77 846)	(32.44)
Fines and Penalties	1 066 000	845 900	(220 100)	(20.65)
Licences and permits	530 000	717 989	187 989	35.47
Government grants and subsidies	157 130 000	162 736 715	5 606 715	3.57

<b>Public contributions and donations</b>	0	2 850 841	2 850 841	100
<b>Debt forgiveness</b>		2 227 629	2 227 629	100
<b>Operational revenue</b>	6 933 000	7 554 537	621 537	8.96
<b>TOTAL REVENUE</b>	<b>308 828 000</b>	<b>313 740 779</b>	<b>4 912 779</b>	<b>1.59</b>
<b>EXPENDITURE</b>				
<b>Employee related costs</b>	(93 385 000)	(100 084 461)	(6 699 461)	(7.17)
<b>Remuneration of councillors</b>	(6 645 000)	(7 255 687)	(610 687)	(9.19)
<b>Debt impairment</b>	(13 000 000)	(39 588 401)	(26 588 401)	(219.91)
<b>Depreciation and amortisation</b>	(20 000 000)	(26 502 465)	(6 502 465)	(32.51)
<b>Impairment of assets</b>	-	(7 665 716)	(7 665 716)	(100.00)
<b>Finance costs</b>	(10 000 000)	(20 660 123)	(10 660 123)	(106.60)
<b>Bulk purchases</b>	(42 338 000)	(69 724 392)	(27 386 392)	(64.69)
<b>Lease rentals on operating lease</b>	-	(626 885)	(626 885)	(100.00)
<b>Contracted services</b>	(46 585 000)	(13 773 030)	(32 811 970)	70.43
<b>General expenses</b>	(39 891 000)	(44 806 608)	(4 915 608)	(12.32)
<b>TOTAL EXPENDITURE</b>	<b>(271 850 000)</b>	<b>(330 687 768)</b>	<b>(58 837 768)</b>	<b>(21.64)</b>
<b>Gain on biological assets</b>	0	141 300	141 300	100

<b>Fair Value Adjustments</b>	0	51 922 377	51 922 377	100
<b>Loss on disposal of assets/liabilities</b>	0	(2 141 083)	(2 141 083)	(100)
<b>Actuarial Gains/losses</b>	0	622 150	622 150	(100)
<b>Surplus before taxation</b>	<b>36 978 000</b>	<b>33 597 755</b>	<b>(3 380 245)</b>	<b>(9.14)</b>

Service charges are not budgeted for separately in the statement of budget and actual. Service charges for electricity, water and sanitation includes availability charges.

## 7 ORGANISATIONAL DEVELOPMENT OVERVIEW

### ORGANISATIONAL DEVELOPMENT PERFORMANCE

The role of corporate services department within the institution is to provide administrative, legal and human resource management function to the Council, EXCO, the Municipal Manager and other employees of Council. The department also deals with issues such as training, recruitment and skills development of employees.

The position of the Municipal Manager has been filled. The position of chief financial officer, director community services, director corporate services and the director technical services have also been filled in prior financial years. The municipality in prior financial years has filled key vacant positions, however there are still vacancy challenges in the service delivery division. In addressing the new staff regulations that came to effect from 01 July 2022, the municipality as part of IDP and Budget reviewed its organisational structure and all vacant positions are budgeted for.

Employees and councillors participated in different learning programmes and interventions during the 2024 / 25 financial year in terms of the Workplace Skills Plan submitted to LGSETA. Graduates and experiential learners received training in various fields (on the job training).

### AUDITOR-GENERAL REPORT

The municipality has received an unqualified audit opinion in the 2024/2025 financial year. The municipality subsequently developed an audit action plan to address all the issues identified by the office of the Auditor General on the audit of financial statements, performance information and compliance. This audit action plan will be monitored closely by Internal Audit, management and the council of the municipality to ensure effective

implementation thereof. The implementation of the audit action plan is a priority of management and standing item to both the Audit committee and Management meetings.

### STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise 4 <sup>th</sup> quarter Report for previous financial year	
	Submit the 4 <sup>th</sup> quarter Report to council for noting	
4	Submit draft Annual Report to Internal Audit for review.	August
5	Audit/Performance committee considers draft Annual Report of municipality.	
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	January
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
12	Audited Annual Report is made public and representation is invited	February
13	Oversight Committee assesses Annual Report	
14	Council adopts Oversight report	March
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	March

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## 8 GOVERNANCE

### POLITICAL GOVERNANCE

#### INTRODUCTION TO POLITICAL GOVERNANCE

The mayor is the key figure in the municipality in terms of section 52 of the Municipal Finance Management Act, 2003, [Act 56 of 2003]. Mayor is the chairperson of the Executive Committee [EXCO] that is responsible for receiving reports from various Section 80 Committees of Council and makes recommendations to Council as determined by Section 49 of the Municipal Structures Act, Act 117 of 1998]. The mayor's duties and functions include any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee.

The speaker is the chairperson of Council and performs function as stipulated in section 37 of the Municipal Structures Act, 1998, [Act 117 of 1998]. The speaker ensures that the council meets at least quarterly, ensuring compliance in the Council and Council Committees with code of conduct.

The Audit Committee consists of four members and met as scheduled, at-least four times per annum in terms of its approved terms of reference. The Audit Committee has reviewed and discussed with the Accounting Officer the Audited Financial Statements to be included in the annual report, reviewed the accounting policies and practices.

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## 9 POLITICAL STRUCTURE

### MAYOR

The Mayor presides at the meetings of the Executive Committee. The Mayor performs duties and functions including any ceremonial functions, and exercise powers delegated to the Mayor by Council or the Executive Committee.

### SPEAKER

Presides at Council meetings and performs duties and exercises powers delegated to the Speaker in terms of section 59 of Local Government: Municipal Systems Act, 2000 [Act 32 of 2000]. Furthermore, the Speaker has the following functions:

- To ensure that the council meets at least quarterly
- To maintain order during council meetings
- To ensure compliance in the council and council committees with the Code of Conduct
- To ensure that council meetings are conducted in accordance with rules and orders of the Council.

### EXECUTIVE COMMITTEE

The executive committee of the municipality consisted of the following councillors during the year under review:

Current Term of new Council

- Mayor;
- One Councillor of the ruling party; and
- One councillor of the opposition.

Tswelopele Local Municipality is a collective executive committee system and it consists of the council, which is the highest decision-making body and it meets quarterly with the Executive Committee meeting once in every month.

Below is the names of councillors and constituencies:

### WARD COUNCILLORS

WARD	WARD COUNCILLORS
Ward 1	Monnapule Rabanye
Ward 2	Mantsho Radienyane

<b>Ward 3</b>	Ramotlamela Potsanyane
<b>Ward 4</b>	Kholise Piet Dial
<b>Ward 5</b>	Motshabinyana Welhemina Raseu
<b>Ward 6</b>	Moeketsi Mphatsoe
<b>Ward 7</b>	Wangile Nkomo
<b>Ward 8</b>	Mzonakele Simon Baleni
<b>Ward 9</b>	Sedumedi Gaebee

**PR COUNCILLORS**

<b>PR. COUNCILLORS</b>
Kenalemang Rose Phukuntsi
Michael Muller
MJ Noosi
Moshe Moses Snyer
Estelle Pretorious
Louise Verwey
Teboho Alec Soaisa
T Shuping

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## POLITICAL DECISION-MAKING

The Council of the Tswelopele Local Municipality is the highest decision-making authority in the institution. It guides and instructs the administrative component, which implements the decisions taken by the political component through resolution implementation process. The council resolution execution register is kept and maintained by the Office of the Municipal Manager, in order to track the implementation of all resolutions taken at different committees.

## 10 OTHER COUNCIL GOVERNANCE STRUCTURES

### AUDIT, PERFORMANCE AND RISK COMMITTEE

The Municipality has a functional Audit, Performance and Risk Committee in place, guided by an Audit, Performance and Risk Committee Charter. The members of the committee are all external individuals and advise council on matters relating to governance, internal control, risk management, performance and compliance issues quarterly. The committee sits as per the approved Council's schedule and as and when need arises.

### MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The municipal council has appointed Municipal Public Account Committee to handle matters of oversight and other municipal operations. For the reporting period, the committee conducted MPAC meetings to scrutinise and advice council on the annual report. MPAC sat in several meetings informally and formally to investigate irregular, unauthorised and fruitless expenditure. Recommendations on how to deal with such expenditures were made to Council.

### ADMINISTRATIVE GOVERNANCE

The municipal manager is the head of the administration and accounting officer of the institution. The political leadership through the mayor and the administration through the municipal manager complement each other in implementing council resolutions and other municipal programmes that are promoting good governance and public participation.

### INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are intended to promote and facilitate cooperative decision making and to ensure that policies and activities across all spheres of government encourage service delivery and meet the needs of citizens in an effective way also to assist in curbing the duplication of various resources.

## 11 PUBLIC ACCOUNTABILITY AND PARTICIPATION

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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The objective is achieved by holding public meetings, ward meetings, communication with and through non-governmental organisations and with the use of Community Development Workers. Political leaders of parties represented in council also give feedback to the community through meetings of those structures and the municipal website which is updated on the regular basis.

## PUBLIC MEETINGS

### COMMUNICATION, PARTICIPATION AND FORUMS

The following mechanisms are used as tools to ensure public participation and communication with the community of Tswelopele: loud-hailers, ward councillor's meeting, Community Development Workers and ward committees hold their sectional meetings in their respective wards to enhance public participation.

The IDP and budget consultative meetings are held, as stipulated by law, through different forums and they are inclusive of steering committee, stakeholder's forum, sectional meetings, ward and mass meetings. All these meetings are held on scheduled dates and communicated to the public through announcements, invites or municipal notice boards as prescribed by law.

The municipality is committed to public engagement and participation in planning and decision-making processes. In this regard, it has established a broad spectrum of engagement and consultation programmes and platforms aimed at the various communities.

Ward committees have a crucial role of ensuring that community needs are reported to the municipality through the Office of the Speaker. The municipality is in full support of all ward committees and to sustain their existence as they serve as a point of contact between the municipality and the residents.

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## IDP PARTICIPATION AND ALIGNMENT

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

## 12 CORPORATE GOVERNANCE

### RISK MANAGEMENT

The Municipality have an approved risk management policy which outlines the municipality's commitment to managing risks events which might impact on the achievement of our objectives. Furthermore, the Municipality have an approved risks management strategy which details our plan of action on how to effectively implement the risk management policy in day-to-day activities.

In executing the risk management strategy risk assessments were conducted and the risk register was compiled accordingly. Furthermore, the risk response plans to further mitigate the risks were documented and monitoring thereof was undertaken to ensure that risks owners are effectively managing risks in their respective areas of work.

The municipality had a functional Audit, Risk and Performance committee chaired by an independent person. The committee which provides oversight on risk management activities. This committee has met on quarterly basis as scheduled.

The charter for the combined committee has been amended with the responsibilities of the committee on aspects of risk management clause.

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## ANTI-CORRUPTION AND FRAUD

To promote zero tolerance environment to fraudulent and corrupt activities, the Municipality Fraud and Corruption Policy and Fraud and Corruption Prevention Plan were approved by council which were also communicated to all officials.

Management, officials, APR committee members and SCM committee members have also signed disclosure of interest forms to ensure that there won't be conflict of interest.

## SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT UNIT

The Supply Chain Management unit operates under direct supervision of the CFO. The Manager: SCM & expenditure reports to the CFO.

The SCM regulations stipulate the following:

- a) SCM regulation 6(2) (a) (i) - that the council of a municipality must maintain oversight over the implementation of its SCM policy. For the purpose of such oversight the accounting officer must within 30 days of each financial year submit a report on the implementation of the SCM policy of the municipality to the Council.
- b) SCM regulation 6 (3) – the Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM to the mayor.

### Adoption of SCM Policy

The SCM policy has been adopted by council, the management reports to council on quarterly basis on the implementation of the SCM policy as required by the regulations.

## BY-LAWS

A by-law is a law that is passed by the council of a municipality to regulate the affairs and the services it provides within its area of jurisdiction.

As people have a right and duty to participate in government and civil society, public participation conducted included holding community meetings, joining civil and / or political organisations, public hearings and public consultation meetings.

All by-laws are enforced by way of policies or municipal courts and notices in Provincial Gazette. Public hearings are held in all the towns falling under the jurisdiction of our Municipality. The inputs of the community are incorporated into the document, after completion of this process; the by-laws were been promulgated in the Provincial Gazette to have an effect of the law.

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**WEBSITE**

Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual reports	Yes
The annual report (2022 / 23) published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023 / 24) and resulting scorecards	Yes
All service delivery agreements	Yes
All long-term borrowing contracts	N/A
All supply chain management contracts above a prescribed value	Yes
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes
Contracts agreed in to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during the year (The municipality also placed the section 72 reports-Mid Year Assessment)	Yes

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## MUNICIPAL WEBSITE CONTENT AND ACCESS

The municipal website has been updated with recent municipal information as guided by section 75 of the MFMA.

All the information relating to quotations, procurement advertisement is uploaded through Corporate Services department by the office of Information Technology. The IT division has also developed a procedure to be followed when uploading information:

- Users complete a form when requesting the information to be uploaded
- Head of Corporate services authorises the form and acknowledges the information to be uploaded
- The information is then forwarded to the IT office in a soft copy format
- Thereafter the IT Officer will login as the administrator and upload the information on the website
- Upon successful uploading of information, it should be accessible within five minutes.

## PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality has a manual complaint and compliments registers used by the community members for any complaints and compliments with regard to the services provided by the municipality in both Hoopstad and Bultfontein. The register is monitored by the senior management to ensure that all the issues raised by the community in the register have been addressed.

The municipality did not conduct any public satisfaction surveys on municipal services for the period under review. The office of the Speaker attended a workshop from CoGTA and will be conducting community satisfactory survey going-forward and the report from the survey will be publicised once finalized and approved by council.

## 13 SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

The municipality is committed to quality service delivery for residents of Tswelopele Local Municipality and to the extension of basic services to those who were previously denied access. These sections of the report put focus on the service delivery related areas of the municipality, including performance highlights as they prevailed for the period reported herein.

### WATER PROVISION

The municipal strategic approach to the provision of water services is contained in the Water Services Development Plan (WSDP) that has been developed and will be reviewed inline with IDP and Budget Processes. The municipality will continue to curb the water losses that is being experienced and unaccounted. Strict measures are enforced to deal with water wastage as a result the municipality reported an average 14.56% of water losses for the reporting period. 95% (9 008) of households and 100% (232) of public facilities and businesses were supplied with clean, quality and sustainable water services.

The following achievements were noted with regards to water projects to assist in improving the quality and sustainable water supply and curb the water losses:

- 92.29% (R 32 282 752,38 / R34 979 718,22) of the budget was spent on the upgrading of Bulk water supply in Bultfontein (Phase 4) and actual progress achieved is 88%.
- 93.5% (R22 363 687.21/R23 898 682.94) of the budget was spent on the upgrading of Bulk water supply in Hoopstad (Phase 4) and actual progress achieved is 100%.

The table below shows the level of distribution of water in cubic meters to various sectors and households in the municipality and also provide the water losses for the financial year under review.

<b>Total Use of Water by Sector (cubic meters)</b>				
<b>Year</b>	<b>Agriculture</b>	<b>Forestry</b>	<b>Industrial &amp; Domestic</b>	<b>Unaccountable water losses</b>
2015/ 16	N/A	N/A	2 628 674	892 367
2016/ 17	N/A	N/A	4 895 903	339 101
2017/ 18	N/A	N/A	2 335 180	343 000
2018/ 19	N/A	N/A	2 701 629	610 299
2019/20	N/A	N/A	3 331 458	543 461
2020/21	N/A	N/A	3 369 468	824 652
2021/22	N/A	N/A	3 214 812	749 738
2022/23	N/A	N/A	3 889 835	599 333
2023/24	N/A	N/A	3 943 986	398 133
2024/25	N/A	N/A	4 302 805	627 553.00

Description	2020/2021	2021/2022	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual
<b><u>Water: (above min level)</u></b>					
Piped water inside dwelling	3820	3820	3820	3820	3820
Piped water inside yard (but not in dwelling)	8172	8172	8172	8172	5188
Using public tap (within 200m from dwelling )					
Other water supply (within 200m)					
<b>Minimum Service Level and Above sub-total</b>	12523	12523	12523	12523	9008
<b>Minimum Service Level and Above Percentage</b>	91%	91%	91%	91%	95%
<b><u>Water: (below min level)</u></b>					
Using public tap (more than 200m from dwelling)					
Other water supply (more than 200m from dwelling)	NA	NA	NA	NA	496

<b>No water supply</b>					
<b><i>Below Minimum Service Level sub-total</i></b>	0	0	0	0	
<b><i>Below Minimum Service Level Percentage</i></b>	0%	0%	0%	0%	
<b>Total number of households*</b>	<b>12523</b>	<b>12523</b>	<b>12523</b>	<b>12523</b>	<b>9504</b>

During the 2024/25 financial year, the municipality conducted a physical verification of all households, businesses and public facilities. There is 9 008 of 9 504 households that are supplied with clean, quality and sustainable water services. The municipality has made an application for funding to service the new development in both towns.

## SANITATION PROVISION

The municipality is committed to a clean environment and provision of sanitation services to all the households in line with the RDP standards. Formalised households have got access to sanitation services in both towns and the municipality is also focusing on servicing the new developments in both towns. 97% (9 175/9 504 x 100) of all households are provided with access to safe and sustainable sanitation services.

The municipality for the reporting period has achieved the following projects' milestones:

- 98.48% (R37 621 510,67/ R38 201 053,44) of budget spent on the construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites) and the actual progress achieved is 100%.
- 55.46% (R20 214 226,90/ R 36 448 324,64) of the budget was spent on the construction of sewer reticulation and toilet structures in Tikwana / Hoopstad (616 sites) and the actual progress achieved is 76%.

Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Actual	Actual	Actual	Actual	Actual
	No.	No.	No.	No.	No.
<b><u>Sanitation/sewerage: (above minimum level)</u></b>					
Flush toilet (connected to sewerage)	12523	12523	12523	11074	9175
Flush toilet (with septic tank)	17	17	17	0	0
Chemical toilet	0	0	0	0	0
Pit toilet (ventilated)	0	0	0	0	0
Other toilet provisions (above minimum. Service level)					
<b><i>Minimum Service Level and Above sub-total</i></b>	12523	12523	12523	11074	9175
<b><i>Minimum Service Level and Above Percentage</i></b>	91%	91%	91%	76.2%	97%
<b><u>Sanitation/sewerage: (below minimum level)</u></b>					
Bucket toilet	0	0	0	0	0
Other toilet provisions (below min.service level)	1182	1182	1182	3460	329
No toilet provisions	0	0	0	0	
<b><i>Below Minimum Service Level sub-total</i></b>	1182	1182	1182	3460	329
<b><i>Below Minimum Service Level Percentage</i></b>					
<b>Total households</b>	<b>13705</b>	<b>13705</b>	<b>13705</b>	<b>14 534</b>	<b>9504</b>

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## ELECTRICITY

The basic level of access to electricity is defined as including connection of the household to the grid and basic level of service includes 10 AMP connection. Electricity generation and transmission is the sole responsibility of ESKOM. The municipality has been licensed by NERSA for distribution only. The municipality has applied for funding to electrify new developments and is awaiting Eskom approval.

The following initiatives and projects were implemented:

- 92% (1258/1362) of all the electricity smart meters for households, businesses and public facilities in Bultfontein and Hoopstad was still to be installed due to outstanding 3 phase meters emanating from the side of the service provider.
- Electrification of Ext 10 in Phahameng / Bultfontein 100% (R501 000 00 / R501 000) of the budget was spent.

The municipality through the implementation of extensive credit control measures and energy efficiency initiatives managed to curb electricity losses to an average 9.08 % and this is below the norm.

## WASTE MANAGEMENT

Residents of the municipality were rendered weekly refuse collection throughout the financial year. Shortage of personnel had an effect on the weekly operations and has necessitated the utilisation of project workers.

The two municipal landfill sites are licensed and still have enough air space to receive waste for more years to come. Each landfill site has a site office and the municipality has allocated a landfill attendant to each site. The sites are registered on the National Waste Information System. This enables the sites to report estimates of waste that enter the site on a monthly basis, this information can be used to inform planning of waste initiatives at all levels. The municipality is unable to clean the sites due to lack of appropriate machinery.

The municipality is currently engaging a lot of donors for the funding of compactor trucks and yellow fleet for servicing the landfill sites.

## HUMAN SETTLEMENT

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Human Settlement in the Free State Province is a provincial competency unless in instances where a municipality has been accredited by the provincial government to build government funded houses. The responsibility of Tswelopele Municipality with regards to human settlement is beneficiary management through management of waiting list for residents applying for sites and beneficiaries who have service sites but are in need of RDP houses.

The municipality ensures the provision of land and use of municipal owned land in support of the human settlement programme as initiated by the province. The municipality also conducts identification of well-located land suitable for social and other housing through Local Spatial Development Framework (LSDF) processes. The Municipality also allows for basic considerations, such as suitability and servicing, and applications are approved accordingly through Council resolutions.

Community Services department reviewed internally the Human Settlement Sector Plan and was approved by council with the IDP in May 2024. The Human Settlement Plan addresses all housing challenges and remedial action including informal settlement related issues. Apart from that, it a legislative requirement for Municipalities to compile a human settlement/ Housing Sector plan that form part of the Integrated Development Plan. One of the core functions of a municipality is to ensure that service delivery reaches community at large and human settlement is a core function of a municipality.

The Department of Human Settlements has initiated the establishment of a National Housing Needs Register (NHNR) application based on the requirement from the National Housing Programme. This National database registers a specific households housing need at the level of a municipality. The initiative was designed to measure the actual housing need, as well as serve as a source of information to be used in the process of the allocation of housing opportunities that have been created.

The application will enable the provincial government and municipalities to obtain a better understanding of the housing demands and backlog in their respective areas, plan and budget better, deliver housing opportunities based on actual demands, allocate houses through a single authentic, transparent and auditable process and will minimize corruption and queue-jumping opportunities.

The system seeks to ensure a fair and equitable process of inviting applications for housing subsidies when housing opportunities became available.

The municipality has recorded the backlog of RDP houses in Tikwana (750) and Phahameng (759). The list of number of people entered on housing and ervens waiting list increases daily, with both towns at 4224 (Bultfontein) and 1313 (Hoopstad).

**SITE ALLOCATION – 2024/25 FINANCIAL YEAR**

<b>EXTENSION</b>	<b>NO. OF SITE</b>	<b>SITE ALLOCATED TO DATE</b>
Ext. 4 Tikwana	499	499
Ext. 9 Phahameng	472	431
Ext. 10 Phahameng / Bultfontein	405	309
652 Erven Tikwana	652	652

There are a number of title deed which are in the position of the Municipality. The title deeds are categorised per Ward, as indicated in the table below:

<b>BULTFONTEIN / PHAHAMENG</b>		
<b>WARD NUMBER</b>	<b>ISSUED OUT</b>	<b>REMAINING TITLE DEEDS</b>
Ward 1	10	23
Ward 2	10	17
Ward 3	8	21
Ward 4	8	22
Ward 5	7	33
<b>TOTAL REMAINING WITHIN THE MUNICIPALITY: BULTFONTEIN</b>		<b>116</b>
<b>HOOPSTAD / TIKWANA</b>		
<b>WARD NUMBER</b>	<b>ISSUED OUT</b>	<b>REMAINING TITLE DEEDS</b>
Ward 6	0	120
Ward 7	0	116

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Ward 8	0	12
<b>TOTAL REMAINING WITHIN THE MUNICIPALITY: HOOPSTAD</b>		<b>248</b>



## BASIC SERVICES AND INDIGENT SUPPORT

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

Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads. The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary, the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

The Indigent Subsidy Scheme was introduced by the municipality in order to provide basic services to poor households (water, sanitation, refuse and energy). On an annual basis the indigent register is reviewed and residents who qualify are encouraged to apply. Entry level amount for the 2024 / 2025 financial year is determined as R 4 700 per month. Grants-in-aid may, within the financial ability of the municipality, be allocated to household owners or tenants of premises who receive electricity, refuse removal, water and sewer services as well as assessment rate services, in respect of charges payable to the municipality for such services.

### Free Basic Services

Free Basic Services To Low Income Households										
	Number Of Households									
	Total	Households Earning Less Than R 4 500.00 per Month								
		Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Total	Access	%	Access	%	Access	%	Access	%
2024 / 25	14 798	3365	3365	100%	3365	100%	3808	100%	3365	100%

## TRAFFIC TRANSPORT

The municipality is required to provide safe, affordable, sustainable and accessible road network services and infrastructure that promotes integrated land use development. The municipality is not responsible for any road transport.

Gravel Road Infrastructure				
Financial year	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to pave	Gravel graded/maintained roads
2011 / 12	98.8	500 m	0	180,5
2012 / 13	93.8	1 km	5 km	180.5
2013 / 14	92.3	1.5 km	0	120
2014 / 15	90.8	0	1.5 km	40 km
2015 / 16	90.8	0	0	50km
2016/ 17	90.8	0	0	36Km
2017/18	90.8	0	2 km	35 km
2018/19	90.8	0	0	37 km
2019/20	90.8	0	0	20km
2020/21	90.8	0	1.3km	25km
2021/22	90.8	0	0	0
2022/23	90.8	0	0.93km	6km
2023/24	90.8	0	2km	18km
2024/25	90.8	0	2km	0

Tarred Road Infrastructure					
Kilometres					
Financial year	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar maintained roads
2011 / 12	54 km	0	0	0	5 km
2012 / 13	61 km	5 km	0	0	6 km
2013 / 14	61 km	0	0	0	1.5 km
2014 / 15	61 km	0	0	0	5 km
2015 / 16	61km	0	0	0	10
2016/ 17	61Km	0	0	0	2 km
2017/18	61km	0	0	0	2km
2018/19	61km	0	0	0	1km
2019/20	61km	0	0	0	500 m
2020/21	61km	0	0	0	1km
2021/22	61Km	0	0	0	2km
2022/23	61km	0	300m	0	2.1km
2023/24	61km	0	0	0	1.8km
2024/25	61km	0	0	0	0

## PLANNING AND DEVELOPMENT

Planning is administered within Community Services department where all land development application, township establishment applications are handled. The Municipality has a functional Municipal Planning Tribunal which is in

operation and consists of Planners from CoGTA as well as relevant Municipal Officials. The Municipality has Planning Municipal Land Use and Planning By-laws that includes all land within the jurisdiction of Tswelopele Local Municipality including all farm land.

The Municipality has finalised the Land Use Management Scheme with the assistance of CoGTA and the Municipal Planning Tribunal sits quarterly to consider land use and land development proposals. The Spatial Development Framework is currently under review with the assistance by CoGTA and includes both townships and town areas.

The municipality needs to ensure the enforcement and building control on numerous illegal land users. The practice of erecting new houses and extension of existing housing units occurs without residents submitting building plans to the municipality for approval. As a result, Building Control Division conducts National Building Standards and regulations awareness's to the Community members and for the reporting date one awareness campaign was held to educate the Community members about the importance of submitting building plans for approval before erecting any structure, Building Control division compiled pamphlets to be handed to the community members by conducting door to door visits, since Building Control Division has taken into note that most of the Community members of Tswelopele Local Municipality are not aware of the importance of submitting building plans before erecting any structure.

**NATIONAL BUILDING STANDARDS AND REGULATIONS AWARENESS CONDUCTED FOR 2024/2025 FINANCIAL YEAR**

QUARTER	WARD	PLACE	DATE
1 <sup>ST</sup> Quarter	4	Phahameng	20 September 2024
	6	Tikwana	29 August 2024
2 <sup>nd</sup> Quarter	3	Phahameng	03 December 2024
	6	Tikwana	22 November 2024
3 <sup>rd</sup> Quarter	4	Phahameng	13 February 2025
	6	Tikwana	27 March 2025

<b>4<sup>th</sup> Quarter</b>	9	Tikwana	27 June 2025
	3	Phahameng	28 May 2025

Building Control division approved two hundred and thirteen (213) building plans for the 2024/2025 financial year and the building application fees paid to the Municipality amount to a total of R290 391.63. Every year, Building Control Division compiles a list of completed buildings that have been erected around Tswelopele Local Municipality to be submitted to the Finance department for the purpose of valuation roll to be updated. In 2024/25 the supplementary valuation roll was finalised and property rates charged accordingly.

## LOCAL ECONOMIC DEVELOPMENT AND TOURISM

The vision, mission and the objectives of the local economic development unit is to support the following strategic focus areas in stimulating the local economy:

- Agriculture Sector
- Tourism Sector
- Manufacturing
- SMME's Promotion

## SMME'S DEVELOPMENT

The municipality has developed local economic development strategy which is reviewed by the department of Cooperative Governance and Traditional Affairs. Subsequent to that process LED unit identified skills gaps that existed within the Small, Micro and Medium Enterprises (SMMEs) fraternity and in responding to that challenge a series of trainings were organized as follows:

- 94 Business licenses were issued for the year under review;
- Training all Small, Micro and Medium Enterprises (SMMEs) with Lejweleputswa District Municipality and SEDA.

In further continuing developing Agriculture sector in the area the municipality is continuing to avail land to emerging farmers so that they can create sustainable jobs for themselves

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Tswelopele Local Municipality places SMME's development high on its agenda since it is one of the main pillars for the local economic development within the municipality and on that note a total amount of more than 5 million was spent on local suppliers.

The Expanded Public Works Programme is one of government's programmes aimed at providing poverty and income relief through temporary work for the unemployed and as such the municipality has been able to create a number of jobs through this initiative.

## 14 COMMUNITY & SOCIAL SERVICES

### MUNICIPAL FACILITIES

Tswelopele Local Municipality has the following facilities which are managed within Community Services Department, namely

- Amanda Coetzer Hall (Lapa)
- Bultfontein Town Hall
- Bultfontein Stadium
- Hoopstad Town Hall
- Hoopstad Stadium
- Louis Botha Hall (Pan Palace)
- Phahameng Hall
- Phahameng Stadium
- Solomon Mahlangu Hall
- Sebokolodi Hall
- Tikwana Stadium

As part of service delivery, the Municipality offer services for catering for the community's events by availing the above-mentioned facilities for various types of events. Due to the prevailing economic conditions, the municipality is experiencing a decrease in the renting of the above facilities for the reporting period.

Community Services has approved procedure manuals which provide detailed information on how to acquire and utilise municipal facilities. The above-mentioned facilities are not in a satisfactory state as there is a need for refurbishment of the facilities. All Municipal facilities have standard tariff fees allocated. The Municipality is in a process of refurbishing all facilities per phases. Municipal facilities are rented out to the general public and accessible to all on the first-come-first serve process.

### CEMETERIES AND CREMATORIUMS

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Tswelopele Local Municipality has a pauper burial policy where only the indigent and unknown deceased residents within the municipality are assisted with the burial process namely:

1. A free grave
2. Coffin (R1 500.00 for adult and R1000.00 for children)

The applicants submit the required information to the municipality and the councillor / CDW (Community Development Workers) conduct a household study in order to determine the living conditions of the applicant. Community Services then verify whether the applicant is in the indigent registry. When all information meets all requirements then the municipality pays the funds to the undertaker on behalf of the family members.

Tswelopele Municipality does not own or provide crematorium facilities and services. The municipality is committed to creating and maintaining landscaped cemeteries in a sustainable, clean and safe environment.

## TRAFFIC MANAGEMENT

Tswelopele Local Municipality has four (5) traffic officers with a functional structure; all five traffic officers are servicing both towns (Bultfontein & Hoopstad) on a rotational basis. Their function includes law enforcement and traffic management. The unit prepares weekly plans as well as reports which details all activities undertaken. The main activities conducted by Traffic Division include amongst others ensuring that all road users comply with the rules and regulations of the road. Road Users transgressing National Road Traffic Act and related legislations are issued with Section 56 Notices and when there is a need arrested. The Unit also serves warrants of arrests for those who do not pay notices and fail to appear in court.

Traffic Division also on regular basis conducts multi-stakeholder joint operations and roadblocks in collaboration with Provincial Traffic and South African Police Service. The division also work with the Department of Police, Roads and Transport particularly Road Safety Directorate to conduct road safety educational campaigns and training of Scholar Patrols at schools.

The unit ensures monthly reporting and consolidation of traffic fines which are submitted to internal audit and performance office. Traffic notices of R845 900 were issued during the 2024/2025 financial year.

## DISASTER MANAGEMENT

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Municipality have a Disaster Management Office position on the organisation structure. However, the Disaster Management Officer resigned at the end of January 2025 and the position as at 30 June 2025 is vacant with no acting incumbent appointed. Disaster Risk Management plan was developed and adopted by Council in May 2024 and the plan deals specifically with the following:

- Disaster Risk Assessment,
- Disaster Risk Reduction,
- Response and Recovery,
- Public and Scholar's Awareness on risk disaster and climate change management.

The division deals with fire incidents and have affiliated with Fire Protection Association – that deals with veld fires and other fire related issues / matters.

Committees:

- Local Disaster Management committee meet once on quarterly basis and,
- Attend – District Disaster Management on quarterly basis.
- Attends Provincial Fire Services Committee meeting on quarterly basis.

## EXECUTIVE AND COUNCIL

Tswelopele is a collective type municipality. Council structures are as follows: EXCO, Ward Committees, etc. Committees are accountable to the Speaker. Staff is as follows: Office Manager, PPO and Driver.

The legislative and executive authority of a municipality is vested in its municipal council. Municipal council resolutions and recommendations are implemented. The municipal council exercise oversight authority over the executive actions of the mayor and the municipal manager in terms of delegated authority.

Sections 11 of MSA, directs a council to monitor municipal services, monitor the impact and effectiveness of services, policies, programmes and plans. Section 40 directs the council to monitor and review the council's performance management systems of specific responsibilities.

The Manager in the Office of the Mayor is responsible for public participation and managing the office and the staff. The Public Participation Officer is responsible to ensure the community becomes involved in the affairs of the municipality. In the Office of the Mayor, we have PA to the Mayor who is responsible for day to day running of the mayor's office, Special Programmes Officer is responsible for transversal issues and Community Liason Officer is responsible for escalating and addressing community needs, challenges and grievances.

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## FINANCIAL SERVICE

The Financial Department is primarily responsible for executing all the financial management of the municipality. The functions of one of the sections, namely the Budget and Treasury Office, may be broken into the following components:

1. Budget and Reporting: this function spearheads the preparations and monitoring of the budgeting process. This also include mandatory reporting to all external stakeholders like National Treasury, Provincial Treasury among others
2. Supply Chain Management this function is responsible for managing the procurement process according to SCM legislation and regulations. This is essential as all departments' requisitions within the municipality are sourced through Supply Chain Processes.
3. Expenditure Management: this function conduct and manages all payments concluded within the municipality to service providers and third parties.
4. Revenue Management: this involves billing the customers for services provided by municipality and the collection process. This is key function as the municipality cannot function properly without funding. Consequently, this function allows the municipality to continue to offer services to its customers.
5. Asset Management: This involves asset management processes in accordance to legislation and council policies. Proper procurement, managing, safeguarding and disposal of assets will assist the municipality in efficient and effective service delivery to the community.
6. Financial reporting: This involves the preparation of Annual Financial Statements and all mandatory reconciliations/reports to support the audit file.

The financial administration is done together with all the departments within the municipality with the BTO taking the leading supportive role.

## HUMAN RESOURCE SERVICES

Human resources are the primary investment for the municipality and the municipality endeavours to maintain its investment in its staff hence the municipality is in the process of the recruitment of qualified individuals in line with the critical posts identified, organizational structure review, training of staff members as per the annual Workplace

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Skills Plan (WSP), comprehensive capacity building program for Councillors and a sound and conducive labour relations environment.

## **INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT**

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

Tswelopele Local Municipality is conscious of a lack of both infrastructure and skilled workforce to meet the needs of delivery services to our communities.

In managing workforce capacity development, the municipality has developed a strategy with the following goals:

- The right people with the right skills will be in the right place at the right time
- Analysis of the existing workplace to determine expected and internal supply
- Analysis of the gap between existing and future needs.
- Predict workforce needs for the future
- Develop strategies to address the gaps
- Continuously evaluate the process

In order to fully achieve the goals listed above, the municipality is investing in training of our personnel to become highly skilled.

## **CAPACITATION OF THE MUNICIPAL WORKFORCE:**

Workforce training and development learning interventions were implemented satisfactory as planned.

Capacity building is an ongoing process that requires continuous engagements with stakeholders, improved planning and regular planning and evaluation of progress made. The relevant beneficiaries for the minimum competencies have achieved the desired end results, however the training is also continuous as per the new appointments are made.

A number of programmes are in place to assist the employees and the municipality and all initiative programmes are aimed at building capacity for acceleration of knowledge and competencies. The municipality could not

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adequately budget for employees and councillors' trainings as identified by skills audit conducted as such only critical trainings were approved and attended.

Work Skills Plan was compiled and submitted to LGSETA on 30 April 2024. The following training were conducted:

- B.Compt – 11 Officials
- Matric – 1 Councillor
- Law - 1 Councillor

The municipality also provides for the health and welfare of all its employees. The municipality is having a dedicated Health and Safety Committee and regular workshops or awareness campaigns are conducted for all employees.

#### INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The municipality has deployed Hillstone Networks Next-Generation Firewall on its network to guard against cyber-crimes, to block certain websites that are not work related and spoofing e-mails. The municipality has also deployed Sophos (Red Devise) as layer two to protect municipal financial systems and for backup purposes too. Furthermore, the municipality on an annual basis renews its ESET anti-virus protection also to guard municipality systems against viruses.

The municipality has appointed DigiComs Telephony & Internet company to host the municipality with, e-mails and VOIP services and Internet connection, the connections on all the sites are runs on 40Mbps, the municipality has also deployed the Virtual Private Network (VPN) in place for employees to connect from offside. The municipality is still making use of Munsoft Financial System to run the municipality financial system that is MSCOA compliant.

The Municipality has appointed Clouddev to host the backup for Users via Microsoft Azure whereby users can save their work-related information on their respective drives that are assign to them.

The municipality has developed an ICT Strategic Plan and the purpose of the Municipality's IT strategic plan is to ensure that the municipality will allocate sufficient resources and establish priorities using the municipality's broader vision to enhance the business processes.

The municipality to gain a competitive advantage in the use of Information Technology has to ensure that the following are implemented as short-term, medium-term or long-term projects:

#### **Municipality's ICT Projects**

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Projects will be categorized into two categories - Annexure A for annual projects and Annexure B long-term projects. Annual projects are also included in the Municipal Service Delivery Budget Implementation Plan (SDBIP)

## **ANNEXURE A**

### **SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS**

**(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R300 000 INCLUDING ALL APPLICABLE TAXES) FOR THE 2024 / 2025 FINANCIAL YEAR**

Renewal and installation of additional Microsoft Application
Renewal of Eset Endpoint Anti-Virus licenses
Renewal and additional of Adobe Reader licenses
Renewal of License for Virtual Meetings Zoom
Renewal of License for Hillstone Networks Next-Generation Firewall
Renewal of License for Cloud Backup Solution

## **ANNEXURE B LONG-TERM PROJECTS**

Bid to appoint a suitable qualified service providers the municipality with business machines
Upgrading of Municipal IT Infrastructure (Bultfontein Office's) network switches

## **RISK MANAGEMENT SERVICES**

The role of Risk Management in the municipality is to co-ordinate and offer guidance with regard to the process of managing risks in the municipality and the following were taken into consideration.

- By ensuring that there is regular updating of risks on quarterly basis in the risk registers in pursuit of set objectives and improved risk maturity level
- By ensuring that there is embedding of risk management culture in the municipality by the risk owners and other role players
- Ensure that there is functional and effective Risk Management Committee in place to play an oversight role over risk management matters.

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In terms of the Risk Management Strategy, risk management is not a stand-alone function, but is part of the strategic planning, business process and operational activities.



# TSWELOPELE

LOCAL MUNICIPALITY  
A MUNICIPALITY IN PROGRESS

## TSWELOPELE LOCAL MUNICIPALITY

### ANNUAL PERFORMANCE REPORT (QUARTER 1 - 4)

## **1. INTRODUCTION**

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Performance management is a process which measures the implementation of actions identified to achieve the organisation's strategy. It assists management to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality. According to the Local Government Municipal Finance Management Act, Act 56 of 2003, Section 52 (c) thereof, the Mayor must take all reasonable steps to ensure that the municipality performs its Constitutional and statutory functions within the limits of the municipality's approved budget.

Performance management is prescribed by chapter 6 of the Municipal Systems Act 2000 and the Municipal Planning and Performance Regulation of August 2001. Section 7 of the aforementioned regulation states that "A municipality's performance management systems entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of different role players" This framework should reflect the linkage between the IDP, Budget and SDBIP.

The constitution of S.A (1996), section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of inter alia:

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

The Municipal Systems Act (MSA), no. 32 of 2000, requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA), no. 56 of 2003, requires the Integrated Development Plan (IDP) to be aligned with the municipal budget and be monitored for the performance of the budget against the IDP by using the Service Delivery and the Budget Implementation Plan (SDBIP).

## **2. LEGISLATIVE REQUIREMENTS**

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In terms of section 46(1)(a) of the MSA, a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

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### **3. TLM STRATEGIC PERFORMANCE**

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Strategic performance indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported during the financial year to various role-players so as to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas and an overall summary of performance at a functional level. Details regarding specific basic service delivery targets, achievements and challenges will be included in this report as well as the detailed Annual Report of the municipality.

Tswelopele Local Municipality compiled its consolidated performance report (Q1 to Q4) in line with the above mentioned legislation. The purpose of the report is to outline the achievements of the municipality in the period under review. The report further seeks to outline challenges and remedial actions that have been implored as corrective measures thereto.

The purpose of this performance report is as follows:

- To analyze the performance of the municipality for the entire financial year
- To track progress against the targets set in the SDBIP.
- Inform decision making and future goal setting
- To identify problems regarding performance of municipal programmes with a view to obtain solutions.
- To determine whether the objectives of various programmes have been met and whether is it appropriate to review and amend them given the changing circumstances.

For the financial year under review, the Municipality (TLM) comprised of five departments, namely; Municipal Manager's Office, Finance, Corporate Services, Community Services and Technical Services. All Heads of Department positions have been filled except the municipal manager position but the recruitment processes have commenced.

This report covers the performance information from 1 July 2024 to 30 June 2025 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the Integrated Development Plan (IDP). In addition, the report provides an overview of improvements made to the performance management system and shortcomings that still need to be addressed and progress made in the implementation.

### **4. INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW**

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At the commencement of the financial year, every attempt was made to ensure that the municipality complies with legislation concerning the development, operation, compliance and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. Tswelopele Local Municipality continued to maintain the effective operation of the following mechanisms:

- 
- The Strategic Services Division conducts individual meetings with the nominated PMS Champions.
  - PMS Champions then coordinates the collection of data and supporting evidence within their respective departments.
  - All objectives and targets as contained in the performance plan and SDBIP are reported.
  - Upon receipt of documentation, the Strategic Services Division analyses the submitted information and prepares a performance report.
  - Draft performance report gets presented to the PMS Champion with the view of reaching consensus.
  - Thereafter submitted evidence together with the draft performance report is then submitted to the Internal Audit Division for auditing, verification and quality assurance. Thus quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM). Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports; the unit also confirms the credibility of evidence that was submitted.
  - Meetings take place between the Internal Audit and Strategic Services Division to deliberate intensively on the report.

## 5. PERFORMANCE MANAGEMENT SYSTEM FOLLOWED FOR THE FINANCIAL YEAR 2024/25

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- Adoption of the Performance Management System Policy and Framework

Performance management is prescribed by chapter 6 of the Municipal Systems Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations of August 2001. Section 7 (1) of the aforementioned regulation states that “A Municipality’s Performance Management System entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players.” This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and service provider performance. The municipality adopted a performance management policy framework which was followed in managing performance throughout the financial year. The policy and framework will be reviewed annually and inputs will be solicited from various stakeholders.

- Municipal IDP and Budget

The IDP was revised and updated for 2024/25 as well as the budget, the documents were approved by Council in May 2024. The municipality started with the process of aligning the IDP with the performance management requirements and has improved the alignment of the IDP, Budget and the SDBIP for the 2024/25 financial year.

- The Service Delivery Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate levels.

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

The MFMA Circular No.13 prescribes that:

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

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The SDBIP was prepared, as prescribed by legislation and approved by the Mayor in June 2024 and later revised during February 2025.

### **MUNICIPAL SCORECARD (TOP LAYER SDBIP)**

The municipal scorecard (Top Layer SDBIP) consolidate service delivery targets set by Council and provides the overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

Components of the Top Layer SDBIP included:

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

Top layer SDBIP gets operationalized into directorate scorecards (performance plans) it captures the performance of each directorate. Unlike the municipal scorecard, which reflects on the strategic performance of the municipality, the performance plan provides a comprehensive picture of the performance of that directorate.

## **6. ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM**

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The organisational performance was monitored and evaluated within the SDBIP and the performance process can be summarised as follows:

- The Top Layer SDBIP was approved by the Mayor and the information was loaded to municipal website.
- The actual results against monthly and quarterly targets set, were discussed in the management meetings to determine early warning indicators and discuss corrective measures that were needed in cases of non-performance.
- The first and second quarterly report formed part of the section 72 report in terms of the Municipal Finance Management Act, which was submitted to the Mayor in January 2025.
- The Quarterly SDBIP performance reports were also submitted to the Audit Committee.
- Internal Audit performed a statutory compliance review which included revision of the information contained in the budget, SDBIP, reviewed IDP and reported thereon. Continuous validation of reported performance has been maintained.

## **7. INDIVIDUAL PERFORMANCE MANAGEMENT**

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Municipal Manager and Managers Directly Accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s57-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). All Heads of Departments have signed the performance agreements and performance plans.

The appraisal of the actual performance in terms of the signed agreement did not take place as regulated whereby the MM and Managers reporting directly to him should be assessed and evaluated.

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## Other Municipal Personnel

Performance agreements/scorecard will be developed and signed between the staff on other post levels and immediate managers/supervisors. Progress in this regard will be reported on in future.

## **8. SERVICE DELIVERY KEY MUNICIPAL PERFORMANCE FOR 2024/25 AND MEASURES TAKEN TO IMPROVE OVERALL MUNICIPAL PERFORMANCE**

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This section provides an overview on the strategic achievements of the municipality in terms of deliverables achieved. The Top Layer SDBIP and the municipality's strategic plan shows strategic alignment between the IDP, budget and the performance plans.

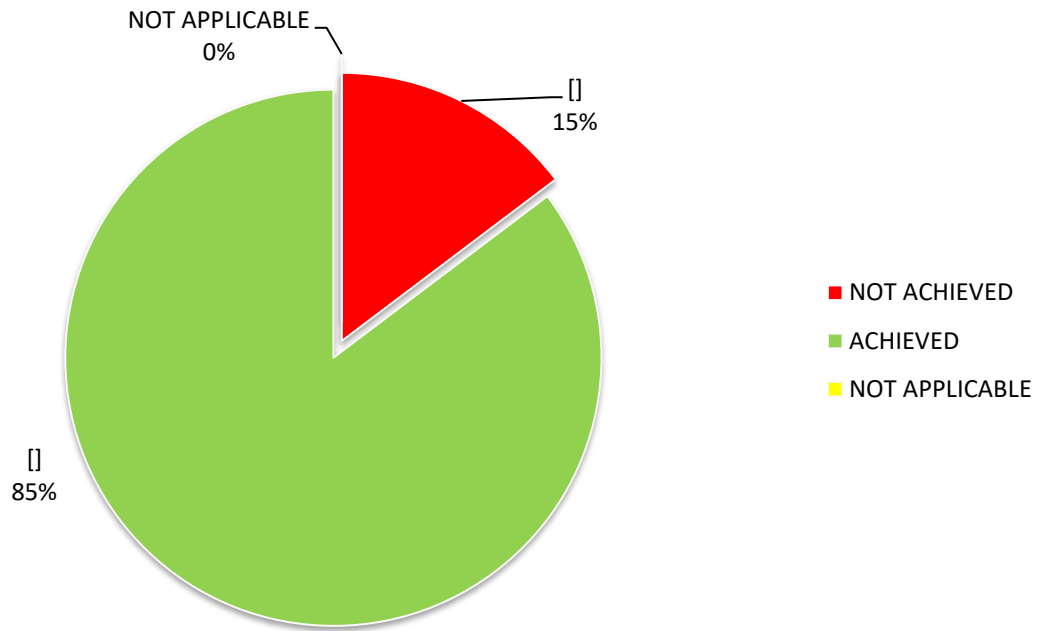
Strategic performance of the municipality was therefore measured in terms of the municipality's performance on its key performance indicators set in the Top Layer SDBIP. The sections below illustrate the performance achieved according to the 5 National Key Performance Areas (KPA) linked to the IDP objectives.

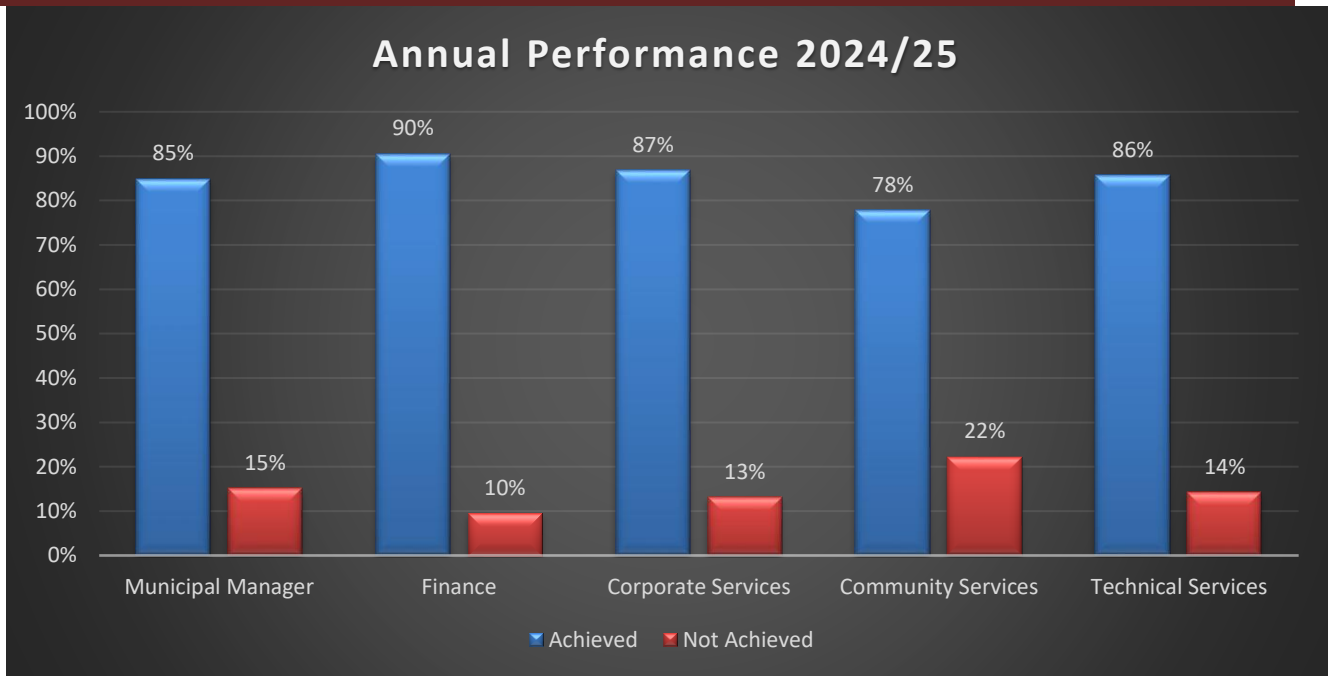
The overall assessment of actual performance against targets set for the key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology.

### **SYNOPSIS OF MUNICIPAL PERFORMANCE RESULTS AT A STRATEGIC LEVEL**

The following graph illustrates the overall performance of the municipality measured in terms of the Top Layer (strategic) SDBIP and performance plans. The performance is measured and reported per National KPA.

## OVERALL MUNICIPAL PERFORMANCE RESULTS FOR THE YEAR UNDER REVIEW.





**MUNICIPAL MANAGERS OFFICE**

The Municipal Manager’s Office had (53) targets set as per the key performance indicators; Attained (45), not achieved (8).

**FINANCE**

The Finance Department had (42) targets set as per the key performance indicators; Attained (38), not achieved (4).

**CORPORATE SERVICES**

The Corporate Services had (37) targets set as per the key performance indicators; Attained (32), not achieved (5).

**COMMUNITY SERVICES**

The Community Services had (36) targets set as per the key performance indicators; Attained (28), not achieved (8).

**TECHNICAL SERVICES**

The Technical Services had (70) targets set as per the key performance indicators; Attained (60), not achieved (10).

## PERFORMANCE DEFICIENCIES AND CORRECTIVE MEASURES PER DEPARTMENT

### DEPARTMENT: MUNICIPAL MANAGER

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	92% (1258/1362) achieved on the installation of electricity smart meters for all households, businesses and public facilities in Bultfontein and Hoopstad as at 30 June 2025.	Municipality could not report 100% completion of the project due to outstanding 3 phase meters emanating from the side of the service provider. The service level agreement of the service provider and the Municipality lapsed.	Municipality already started with the internal procurement of 3 phase prepaid meters for the government building which are already installed.  The municipality will procure additional meters for the households using 3 phase meters and the installation thereof will also be done internally.
2.	87.86% (R 2 479 226,01 / R 2 821 923,41) of the budget was spent on the rehabilitation and construction at the existing sports facilities in Tikwana / Hoopstad.	The Project is currently sitting at 90% completion. The project could not complete as planned due to the reasons as found in the extension of time claim.	The Contractor will be subjected to penalties for not meeting the deadline as per the extension of time without any valid reason.
3.	90% of overall progress on the rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad	The excavator had a mechanical breakdown onsite on the 17 February 2025 and was scheduled for removal after payment by Rays Towing on the 19 June 2025.	
4.	92.29% (R 32 282 752,38 / R34 979 718,22) of the budget was spent on the upgrading of Bulk water supply in Bultfontein (Phase 4)	This letter serves to confirm that the project is 88% completed. The project is currently stalled due to the following	The Municipality is set to organise an intervention meeting with the Contractor to try and expedite the project progress to completion.
5.	88% of progress on the upgrade of bulk water supply in Bultfontein (Phase 4) was reported	Contractor de- established from 29 October 2024 - 14 April 2025. Due to the remaining scope of work the contract was granted time to the 30th of June 2025. However, the project remains incomplete as at of 30 June 2025. There have been continuous patterns of delays coupled with little tangible progress,  As the municipality we have requested the PSP on the project to commence with the processes of termination irrespective	

		that we are only left the 10% to complete the project	
6.	93,5% (R22 363 687,21/ R23 898 682,94) of the budget was spent on the upgrading of Bulk water supply in Hoopstad Phase 4	<p>This letter serves to confirm that the project is 100% complete.</p> <p>The project is currently on retention stage; The final payment certificate was submitted to the funder (DWS) in April 2025. Please see the Annexure B - attached final payment certificate as submitted to the funder.</p> <p>The funds will be rerouted to the contractor as soon as the funder makes the transfer into the municipality's account.</p>	The funds will be rerouted to the contractor as soon as the funder makes the transfer into the Municipality's account.
7.	98.48% (R37 621 510,67/ R38 201 053,44) of the budget was spent on the construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites)	<p>The project is 100% complete.</p> <p>The municipality could not report all the expenditure due to funds limitations under WSIG, as a result there is a balance of R 104 542,08 that is yet to be claimed against WSIG.</p> <p>It must also be noted that there will be a saving on the project expenditure which will give an impression that the municipality did not spend all the funds.</p>	Remainder of funds to be claimed during the 2025-2026 financial year
8.	Overall organizational overtime increased by 15%	Overtime increase was caused by Traffic Officers working during easter and December holidays and also the Technical Department has a high vacancy rate and are equally using old fleet which spends most of its time in the workshop being repaired.	Proper planning of works and conducting of preventative maintenance on our fleet and also procurement of inventory (Spares).

## DEPARTMENT: FINANCIAL SERVICES

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
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1.	The departmental overtime increased by 4.6% (R241 498.64 - R230 895.28 / R230 895.28 X 100	<p>The number of overtime hours worked for the 2024/2025 indigent registration exceeded the anticipated period due to the new indigent register that was being developed.</p> <p>The targeted number of indigents was not reached due to slow response of the indigent residents during the registration. The registration was only effective during the weekends resulting from availability of the residents.</p>	<p>The unit will ensure that there is pre-approval of overtime and manage the number of officials to be approved to work overtime during the weekends.</p> <p>The Head of Department will also make arrangements with the relevant officials to be compensated by taking leave for excess hours worked.</p>
2.	Only 78% of issues raised and proposed corrective measures by the AGSA were attended to	The unresolved issues raised by the AGSA relates to procurement and contract management. The main issues are the issues of UIF&W which MPAC is currently investigating and the issues relating to the Annual Financial Statement.	The register for irregular expenditure is being updated regularly to clear the AGSA unresolved issues. The Municipality has also capacitated the office of SCM by appointing the new SCM Manager effective from 01 July 2025.
3.	Only 82% of issues raised and proposed corrective measures by the Internal auditors were attended to.	<p>The unresolved issues raised by the Internal Audit relates to:</p> <ol style="list-style-type: none"> <li>1. Payments not made within 30 days for Eskom, Sandvet and DBSA Loan; and</li> <li>2. Procuring more than the quotation</li> </ol>	<p>The Municipality is participating in the TR27 transversal contract for debt collection as part of revenue enhancement measures. The additional income to be collected will be used to pay the Eskom and Sandvet debt.</p> <p>The Municipality is in a process of arranging for payment plans with both Eskom and Sandvet.</p> <p>The Municipality will improve internal controls to ensure that all SCM processes are followed for every procurement.</p>
4.	Funding plans were not submitted to EXCO	<p>The funding plan was not mandatory for Tswelopele Local Municipality because the Municipal budget for the 2024/2025 financial year, was assessed to be funded.</p> <p>The development of the funding plan was not compulsory for the 2024/2025</p>	The Municipality will be updating the financial recovery plan for the 2025/2026 financial year and activities for the funding plan will be consolidated together as part of the financial recovery plan

		financial year; however, it was an additional measure to ensure sustainability of the budget.	The palm will be submitted to Municipal Council for adoption and monthly progress will be submitted for monitoring.
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**DEPARTMENT: COMMUNITY SERVICES**

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	Only 3 employees were capacitated as per the approved skills programme by LGSETA and Municipal Training Budget.	Most of the employees were trained over the years via MFMP.	Community Services will identify more employees for training
2.	Only 2 Local disaster advisory forum were conducted.	Disaster Management Officer resigned at the end of January 2025 without any one acting on the position.	Acting DMO has been appointed with effect from 01 July 2025 and the vacant position has also been advertised.
3.	Disaster Management Plan was not submitted to Council by 31 May 2025	The revised disaster management plan will run for a period of five years and can only be revised in between years if there are legislative changes or there are pressing needs.	The unit will ensure that annually the plan is submitted to Council as part of the IDP sector plans for noting.
4.	Only 5% (R52 293,37/R1 044 487,50) of the budget was spent on the development of 2 new municipal cemeteries in Bultfontein and Hoopstad	The item on identifying new portions of land for new cemeteries was tabled before Exco and it was referred back before being submitted to Council for approval.	Community Services will liaise with the appointed Service Provider to expedite increase on the expenditure.
5.	Human Settlement sector plan was not reviewed and submitted to Council	Community Services does not have internal capacity to review the Housing Chapter.	An application for assistance will be made to FSHS to do the review.
6.	LED Strategy was not submitted to Council by 31 May 2025	The revised LED Strategy will run for a period of five years and can only be revised in between years if there are legislative changes or there are pressing needs.	The unit will ensure that annually the plan is submitted to Council as part of the IDP sector plans for noting.

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
7.	Departmental overtime increased by 3.3% (R56 527.07 - R54 711.20 / R54 711.20 X 100)	Overtime increase was caused by Traffic Officers working during easter and december holidays.	Community services will put internal control in place to minimize increased overtime
8.	0% of issues raised and proposed corrective measures by the Internal auditors were attended to	The main challenge in obtaining the target relating to corrective measures by Internal Auditors was submission of the LED strategy to Council. The revised LED Strategy will run for a period of five years and can only be revised in between years if there are legislative changes or there are pressing needs.	The unit will ensure that annually the plan is submitted to Council as part of the IDP sector plans for noting.

## DEPARTMENT: TECHNICAL SERVICES

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	92.29% (R 32 282 752,38 / R34 979 718,22) of the budget was spent on the upgrading of Bulk water supply in Bultfontein (Phase 4)	The project is currently sitting at 88% due to the challenge that was faced when the Contractor was de-established from 29th of October 2024 to 14 April 2025.	The Municipality is set to organize an intervention meeting with the Contractor to try and expedite the project progress to completion.
2.	88% of progress on the upgrade of bulk water supply in Bultfontein (Phase 4)	Due to the remaining scope of work, the contractor was granted an extension of time to the 30th of June 2025. However, the project remains incomplete as of 30th of June and there have been continuous patterns of delays coupled with little tangible progress.	
3.	93,5% (R22 363 687,21/ R23 898 682,94) of the budget was spent on the upgrading of Bulk water supply in Hoopstad Phase 4	The project is 100% completed (see attached completion certificate). It is currently on retention stage; the final payment certificate was submitted to the funder in April 2025.	The funds will be rerouted to the contractor as soon as the funder makes the transfer into the Municipality's account.
4.	87.86% (R 2 479 226,01 / R 2 821 923,41) of the budget was spent on the rehabilitation and construction at	The Project is currently sitting at 90% completion. The project could not	The Contractor will be subjected to penalties for not meeting the

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
	the existing sports facilities in Tikwana / Hoopstad.	complete as planned due to the reasons as found in the extension of time claim.	deadline as per the extension of time without any valid reason.
5.	90% of overall progress on the rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad (Phase 4)	The excavator had a mechanical breakdown onsite on the 17 February 2025 and was scheduled for removal after payment by Rays Towing on the 19 June 2025.	
6.	98.48% (R37 621 510,67/ R38 201 053,44) of the budget was spent on the construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites)	<p>This letter serves to confirm that the project is 100% complete.</p> <p>The municipality could not report all the expenditure due to funds limitations under WSIG, as a results there is a balance if R 104 542,08 that is yet to be claimed against WSIG.</p> <p>It must also be noted that there will be a saving on the project expenditure which will give an impression that the municipality did not spend all the funds.</p>	Remainder of funds to be claimed during the 2025-2026 financial year.
7.	92% (1258/1362) achieved on the installation of electricity smart meters for all households, businesses and public facilities in Bultfontein and Hoopstad as at 30 June 2025.	Municipality could not report 100% completion of the project due to outstanding 3 phase meters emanating from the side of the service provider. The service level agreement of the service provider and the Municipality lapsed.	<p>Municipality already started with the internal procurement of 3 phase prepaid meters for the government building which are already installed.</p> <p>The municipality will procure additional meters for the households using 3 phase meters and the installation thereof will also be done internally.</p>
8.	Municipal streets were not graded in the year under review.	Municipality's grader is still with the service provider who repaired it and held it ransom due to other outstanding debt between the service provider and the Municipality.	Technical department will outsource the services of a grader by way of going out on tender meanwhile the issue of our grader is still being sorted out.
9.	Departmental overtime increased by 3.7%	The Technical Department has a high vacancy rate and we are equally using old fleet which spends most of its time in the workshop being repaired. As a	Proper planning of works and conducting of preventative maintenance on our fleet and also procurement of inventory (Spares)

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		result, we have incurred an increase in overtime of 3,7%.	
10.	Only 71% of issues raised and proposed corrective measures by the Internal auditors were attended to.	<p>The Challenge with not achieving 100 % is due to a stalling project for the upgrading of water treated works in Bultfontein.</p> <p>The second non-achievement is as a result of lack of a check meter at the Hoopstad electricity feeder point. ESKOM did not grant the municipality permission to install a check meter in their VTCT unit, therefore the municipality must upgrade the substation at eh feeder point so that we can install our check meter in our infrastructure.</p>	Application for funding submitted to the DMRE for the upgrade of the Hoopstad substation.

#### DEPARTMENT: CORPORATE SERVICES

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
1.	Only 2 Councilors were capacitated as per the approved skills Programmes by LGSETA and Municipal Training Budget	The Municipality planned to train four Councillors as part of the development of the Councillors but only two were trained.	More Councilors will be trained for capacity building through the SALGA programme that has been rolled out for Councilors and they have been enrolled.
2.	Cloud Backup Server storage license was not procured.	The target was set on the SDBIP to renew the Cloud backup licenses by the 30th June 2025; however, the target could not be reached on the set date due to the panel of IT service providers that needs to be re-advertised.	The remedial action is that request for quotation will be sourced by Supply Chain department for renewal of cloud backup Licenses for 3 months for the users to still have access to cloud backup solution to save and retrieve data, while the municipality will go out on tender again for hosting of cloud backup solution for user data.
3.	Only 46% (R602 899,30/ R1 306 000) of the training budget has been spent by 30 June 2025	The main reason why we could not exhaust our budget is that, Process Controllers who were identified to be	The demand form will be submitted to Supply Chain for procurement of service provider for the training of

No.	Actual performance reported	Reasons for non-achievement	Actions to improve performance
		<p>trained on our budget, were taken to Tokologo for their training of the Process Control Programme, which then caused the municipality to pay for their transport instead of training.</p>	<p>the Refuse removal Employees for Environmental issue.</p>
4.	<p>Only 67% of issues raised and proposed corrective measures by the AGSA were attended to</p>	<p>Council took a resolution on 27 November 2024 to separate the Manager SCM and Manager Expenditure to two separate positions. Which then made the position for Manager SCM to be vacant.</p> <p>The position of the PMU became vacant in April 2025 as the incumbent resigned, which the led the position of one PMU to remain vacant.</p> <p>These changes occurred towards the end of the 2024/2025 financial year.</p>	<p>The post for Manager SCM was then advertised on 15 January 2025 and the appointment thereof was made from the 01st of July 2025.</p> <p>The position of PMU was advertised and the interview processes were then held on the 14<sup>th</sup> of August 2025 and now currently awaiting for appointment.</p>
5.	<p>Only 73% of issues raised and proposed corrective measures by the Internal auditors were attended to.</p>	<p>During 2024/2025 Internal audit conducted and audit on ICT Management and six findings were raised; out of the six findings four were resolved and two remained unresolved which related to:</p> <ol style="list-style-type: none"> <li>1. ICT Policies not properly reviewed; and</li> <li>2. ICT Officials not attending IT trainings.</li> </ol> <p>When Internal Audit conducted the audit and raised the finding of policies not properly reviewed, the unit had already taken their ICT policies to Council for approval for the 2024/2025 financial year.</p>	<p>The ICT department has reviewed all the ICT related policies and strategic documents inline with the current laws and regulations for the 2025/2026 financial year.</p> <p>The policies were taken to Council to Exco for noting on the 12<sup>th</sup> of August 2025 and will be tabled to Council on the meeting scheduled to take place on 28 August 2025 for adoption.</p> <p>Management through the office of the SDF will engage with SETA for relevant training programmes to equip IT Officials with knowledge and proper skills. Alternatively, IT Officials will source for relevant training programmes at various institutions to equip them with necessary skills.</p>

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## 9. CONCLUSION

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This report reflects the municipal performance as at 30 June 2025. This is a high-level report based on the scores obtained through a process whereby Key Performance Indicators and targets are compared to the initial planning as contained in the 2024/25 SDBIP and revised according subsequent to mid-year assessment.

Where under-performance or zero achievement of indicators have been experienced the respective concerns or mitigating reasons are highlighted and detailed pertaining to the relevant measures being implemented or those that need to be implemented.

There was no improvement in the achievement of set objectives as per the approved Service delivery and budget implementation plan of the municipality. Emphasis was made during the financial year that management need to develop early warning indicators for non-achievement of key performance indicators and take steps to improve performance in order to maintain the 90% target.

16 TSWELOPELE LOCAL MUNICIPALITY SERVICE PROVIDERS PERFORMANCE FOR 2024/ 2025

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
<b>CORPORATE SERVICE</b>											
1	Digicoms	Supply and Installation of VOIP/ DATA Solution, Internet, Email services and VPN Hosting for Period ending 30 June 2025.	As per the tender document.	30/05/2022	30/05/2022	36 Months	30/06/2024 Extended to end on 30/06/2026	contract ended - month to month basis	Satisfied with the overall performance provided to the municipality.	Yes	No
2	Alenti 220 (Pty) Ltd	Proposals from competent service provider for lease and maintenance of Business machines for period ending 30 June 2024	As per the tender document.	26/08/2021	26/08/2021	36 Months – 1 delivery per year	30//12/2024 Extended to end on 31 May 2025	contract ended - month to month basis - Advertised new contract for Commencement 01 July 2024	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
3	Practicon Trading Enterprise	Supply and Delivery of Protective Clothing at Tswelopele Local Municipality for period ending 30 June 2025: Supply and delivery of protective Clothing to Tswelopele Local Municipality for period ending 30 June 2025.	As per the tender document.	05/04/2023	05/04/2023	3 Years	30/06/2025	Contract Active	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
4	Cloud dev	service providers to submit Proposal for supply, deliver and Install various computer software, applications and hardware to Tswelopele Local Municipality for period ending 30 June 2026	As per the tender document.	27/10/2023	27/10/2023	Years	30/06/2026	Contract Active	Satisfied with the overall performance provided to the municipality.	Yes	No
<b>TECHNICAL SERVICE (PROJECT PERFORMANCE)</b>											
5	Cession - Irrigation / Follow the star/Best Enough.	The Construction of toilet structures-reticulation (499) Tikwana / Hoopstad.	R18 379 444.33	12/07/2018	As per tender document	12 Months	2025/05/30	100 % Complete	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REASONED	PLAN TO DO AWAY WITH SERVICE PROVIDER
6	Test It lab	Water and wastewater analysis Reporting	As per the SLA	26/03/2024	26/03/2024	36 Months	30/06/2026	Active	Satisfied with the overall performance provided to the municipality.	Yes	No
7	Mega Water	Supply and delivery of water-purification Chemicals to Tswelopele Local Municipality for period ending 30 June 2026	R515 981.65 VAT Inclusive	27/10/2023	27/10/2023	36 Months	30/06/2026	Active	Satisfied with the overall performance provided to the municipality.	Yes	No
8	Sihle Civil and Project Development	Upgrading of Bulk-water Supply Phase 4 - Contract A Hoopstad	R 8 293 965,18	As per tender document	As per tender document	7 Months	30/10/2022	100%	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
9	Khanya Lesedi	Upgrading of Bulk-water Supply Phase 4 - Contract B ] Bultfontein	R 27 651 275.82	05/01/2023	05/01/2023	25 Months	2025/06/30 - extension	88% The project is currently sitting at 88% due to the challenge that was faced when the Contractor was de-established from 29th of October 2024 to 14 April 2025. Due to the remaining scope of work, the contractor was	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
								granted an extension of time to the 30th of June 2025. However, the project remains incomplete as of 30th of June and there has been continuous patterns of delays coupled with little tangible progress.			

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
10	Energy Dots	Implementing agent to provide full service for the design and implementation of energy efficiency and demand side management (EEDSM) program for a period ending 30 June 2025,	As per tender document	24/10/2022	24/10/2022	3 Years	30/09/2025	100% complete-phase one complete	Satisfied with the overall performance provided to the municipality.	Yes	No
11	BBT Construction	Phahameng Extension 9 sewer reticulation and 476 Toilet structures	R23 153 429.80	2022/11/15	2022/11/15	As per tender document	30/06/2023 Extended to 30 September 2024	100% completed in 31/12/2024	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
12	NSM Professional Services and Tamane Civils JV	Bultfontein Refurbishment of a Sewer Pump Station	As per tender document	As per tender document	As per tender document	As per tender document	07-Apr-23	95% - court case and completion date to be determined by court proceedings between the municipality; Main contractor & mechanical sub-contractor	Satisfied with the overall performance provided to the municipality.	Yes	No
13	Nkhesebo	Construction of 2.0KM Paved Road and Stormwater in Tikwana	R17 393 356.91	30/05/2023	30/05/2023	As per tender document	30/06/2025	100%	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REASON NEEDED	PLAN TO DO AWAY WITH SERVICE PROVIDER
14	Mzozu Trading Enterprise	Phahaneng/Bultfontein: Supply, Delivery and Installation of 9 X High mast lights	As per tender document	25/10/2023	25/10/2023	7 Months	30-Jun-25	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
15	KKMT	Tikwana/Hoopstad: Construction of 4 High mast lights; 616 sites; ward 6	R1 796 521.55	11/10/2023	2024/12/31	7 Months	31-Dec-24	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
16	Pro Corp	Rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad (Phase 4)	R2 496 923.41	08/10/2024	2025/07/30	9 Months	30-Jul-25	90% - The Project is currently sitting at 90% completion . The project could not complete	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THERE A NEED	PLAN TO DO AWAY WITH SERVICE PROVIDER
								<p>as planned due to the reasons as found in the extension of time claim.</p> <p>The excavator had a mechanical breakdown onsite on the 17 February 2025 and was scheduled for removal after payment by Rays</p>			

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
								Towing on the 19 June 2025.			
17	Urban Plan Consult	Rehabilitation and construction at existing sports facilities in Phahameng / Bultfontein	As per tender document	As per tender document	As per tender document	As per tender document	As per tender document	90%	Satisfied with the overall performance provided to the municipality.	Yes	No
18	NSM Professional Services	Construction of Sewer Reticulation in Tikwana / Hoopstad (616 sites)	R 33 046 597.18	21/10/2024	06/01/2025	6 Months	06/08/2025	76%	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
19	Bohlabela Systems	Refurbishment of low voltage network Infrastructure in Tswelopele Local municipality Towns (Bultfontein and Hoopstad): Contractor.	R5 957 598	2022/02/10	2022/02/10	2024/06/30-Extension	31/12/2024	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
20	Rehlohonolofaditswe Projects	Appointment of Service Provider for supply and delivery of 5400 m <sup>2</sup> of grey 80mm Interlocking paving blocks at Bultfontein Technical Offices.	R1 030 676.28	11/04/2025	2025/05/01	Upon Delivery	Ends after delivery	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
21	Klit Holdings	Appointment of a service provider for supply, delivery and maintenance of 2x self-bunded diesel tanks (23 000 litres per tank).	1 361 600	11/04/2025	2025/05/01	Upon Delivery	Ends after delivery	100%	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT MET	PLAN TO DO AWAY WITH SERVICE PROVIDER
22	Saldana Project	Appointment of a service provider for supply and delivery of water works inventory for Tswelopele Local Municipality.	404 914	11/04/2025	2025/05/01	Upon Delivery	Ends after delivery	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
20	Bajadi Investment	Construction of 2km paved road and storm water drainage in Bultfontein	R10 447 968.96	08/10/2024	08/10/2024	5 Months	31/03/2025	100%	Satisfied with the overall performance provided to the municipality.	Yes	No
<b>FINANCE DEPARTMENT (PERFORMANCE)</b>											
21	EMS Consulting - FAR	Compile GRAP Compliant Asset Register for a period of 2 years, 2022-2023 and 2023-2024 financial years.	R2 098 271.55	2023/06/01	2023/06/01	2 years	2025/05/30	Contract ended	Satisfied with the overall performance provided to the municipality	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REASONED	PLAN TO DO AWAY WITH SERVICE PROVIDER
22	EMS Consulting - Financial Expert	Proposal for the Appointment of Financial expert services for the period financial year 2023/24, 2024/25 and 2025/26	R1 797 306.25	06/02/2024	06/02/2024	2 years	31/11/2026	Active	Satisfied with the overall performance provided to the municipality (Contract has not ended).	Yes	No
23	DDP values	Valuation roll	R 1 417 412.95	07/07/2021	07/07/2021	5 Years	30/06/2027	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality (Contract has not ended).	Yes	No
24	Fidelity Cash Solutions	Cash in transit services	R648 000	20/01/2023	20/01/2023	3 Years	2026/01/30	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
25	Pump Shop Africa (Pty) Ltd	Repairs and maintenance of Pumps	As per tender document	26/03/2024	03/04/2024	27 Months	30/06/2026	Active	Satisfied with the overall performance provided to the municipality.	Yes	No
26	Phutadicha Trading Enterprises CC	Security services from competent service provider for period of 3 years	R9 617 569 .42	21/02/2022	21/02/2022	36 Months	31/01/2025	Extension - until 30/06/2025	Satisfied with the overall performance provided to the municipality.	Yes	Yes
27	Cigicell (PTY) LTD	Prepaid Meters	Commission based	11/11/2021	11/11/2021	36 Months	3 Years	Still in Progress (Contract has not ended) contract ended - extended to 30/06/2025	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
28	BLAQ.M Holdings (PTY)LTD	Short Term insurance for up to 30 June 2026	R706 891.00 per annum or R70 689.10 per month	27/07/2023	01/08/2023	3 Years	30/06/2026	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No
29	Appointment of Panel of service providers for provision work/goods and services for -Period ending 30 June 2025-MFMP.	Fachs	As per tender document	As per tender document	As per tender document	5 Months	30/08/2025	Active	Satisfied with the overall performance provided to the municipality.	Yes	No

#	SERVICE PROVIDER	PROJECT NAME	BUDGET VALUE	Appointment Letter date	Contract Commencement date	CONTRACT DURATION	CONTRACT END DATE	PROJECT STATUS	END USER REMARKS ON OVERALL PERFORMANCE BY THE PROVIDER	IS THE REQUIREMENT	PLAN TO DO AWAY WITH SERVICE PROVIDER
30	Habo Motho Enterprise	Repairs and maintenance of Pumps	As per tender document	26/03/2024	28/03/2024	27 Months	30/06/2026	Active	Satisfied with the overall performance provided to the municipality.	Yes	No
<b>COMMUNITY SERVICES</b>											
31	NSVT Environment & Social Services	Appointment of a service provider for basic assessment report for the development of cemeteries on the farm kameeldoring 35 Hoopstad and Morgezon 3/455 Bultfontein. Re-Advert.	R1 044 487.85	21/10/2024	06/01/2025	As per tender document	06/08/2025	Still in Progress (Contract has not ended)	Satisfied with the overall performance provided to the municipality.	Yes	No

## 17 ORGANISATIONAL DEVELOPMENT PERFORMANCE

### EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Relevant Department	Approved posts	Employees No	Vacancies No	Vacancies %
<b>30 JUNE 2024</b>				
TECHNICAL SERVICES	240	162	78	32.50%
COMMUNITY SERVICES	22	21	1	4.55%
FINANCIAL SERVICES	33	33	0	0.00%
CORPORATE SERVICES	30	26	4	13.33%
MUNICIPAL MANAGER	7	6	1	14%
<b>30 JUNE 2025</b>				
TECHNICAL SERVICES	249	169	80	32%
COMMUNITY SERVICES	22	19	3	14%

<b>FINANCIAL SERVICES</b>	35	33	2	6%
<b>CORPORATE SERVICES</b>	33	27	6	17.86%
<b>MUNICIPAL MANAGER</b>	34	9	26	76%



## MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has developed and adopted number of policies that are intended to create a fair, efficient and transparent system on matters affecting the employees. The municipality reviews these policies regularly to ensure that they are on par with best practices, new and amended legislation.

The Municipality has approved policies and procedures used to govern the institution, and these policies and procedures are communicated to the staff. As the municipality we do have the Employment Equity Plan however we do not meet the provincial equity targets. We have introduced disclosure of interest and related parties form and confidentiality and non-disclosure declaration. Municipality complies with BCEA and other labour related legislation at workplace. All councillors have signed the disclosure of interest for the financial year under review.

### INJURIES, SICKNESS AND SUSPENSIONS

The report covers the progress of Health and Safety Division and includes the following reports:

- ◆ IOD investigations and the response from the Department of Labour.
- ◆ IOD'S attended to during 2024/ 2025.

Employees injured on duty:

- ◆ Hoopstad and Bultfontein : 12

TYPES	CAUSE OF INJURY	NUMBER OF AFFECTED EMPLOYEES
Trailers	Falling from trailer behind the tractor and causing injuries.	4
Tools	Not handling tools accordingly can injure a person.	3
Negligence	Not paying attention when performing duties.	2
Hit by an objects	Flying object from mowing machines.	1
Object lifting	Employees lift heavy object and strain themselves [they don't ask for help].	0
Slipped / fell	Employees don't pay attention to slippery places or floors. They don't check steps.	1
Others	Some employees were stung by bees and bitten by spiders. Foreign particle in the eye.	1

Total number of injured employees

12

TYPE OF INJURY		INJURY DAYS TAKEN	LEAVE EMPLOYEE USING INJURY LEAVE DAYS	AVERAGE INJURY LEAVE PER EMPLOYEE DAYS
Need basic medical attention	0	35	35	3
Temporary disablement	0	0	0	0
Permanent disablement	0	0	0	0
Fatal	0	0	0	0
<b>Total</b>	<b>0</b>	<b>35</b>	<b>35</b>	<b>3</b>

The total number of IOD leave days taken by injured employees was **35** days.

**NB:** Health and Safety officer follow-up all cases with doctors who examined the injured employees and submit all documentation [i.e. first, progress and final reports] to the Department of Labour.

Awareness Campaigns:

Awareness campaigns conducted were on:

- Talking ladder safety.
- Protection of integrated eyes, head and face.
- Using machine safety.
- Blind sport psychological factors that can get you injured.
- A guide to eye wash emergency shower station.
- Awareness on manholes entrance.
- 4 tips to make your safety observation more impactful.

#### PERFORMANCE REWARDS

The municipality in the financial year under review conducted quarterly performance assessments and mid-year performance assessments for senior managers. Formal annual performance assessments were scheduled and took place for managers reporting directly to municipal manager for the 2024/25 financial year.

#### EMPLOYEES CAPACITY DEVELOPMENT

Work Skills Plan drawn in terms of the Skills Development Act. Assessment of skills levels of employees and gaps are regularly identified and external interventions sought and implemented in line with the Plan.

The municipality has the Human Resource Policy, which gives directives for appointment of sufficiently experienced and skilled personnel. We have conducted skills audit as part of skills intervention to determine how many employees need training intervention as part of capacity building. In terms of our WSP we have identified which employees need capacity development.

The municipal budget for capacitating the employees in the financial year under review was greatly limited, therefore there has not been a significant capacitation of the workforce in the reporting period. The municipality has applied for funding from the LGSETA in order to be able to subject workforce to the training as per the approved work skill plan.

**SKILLS DEVELOPMENT AND TRAINING**

LGSETA STRATEGIC FOCUS AREA	MUNICIPAL KEY PERFORMANCE AREA	MAIN IDP PRIORITY LINKED TO KEY PERFORMANCE AREA	TOTAL NUMBER TRAINED					
			EMPLOYED		TOTAL	UNEMPLOYED		TOTAL
			FEMALE	MALE		FEMALE	MALE	
<b>Infrastructure and Service Delivery</b>	Basic Service Delivery and Infrastructure Development	To ensure access to basic service delivery	1	14	15	0	0	0
<b>Community Based Participation and Planning</b>	Good Governance and the Deepening of Democracy	To build and enhance the governance system	1	1	2	0	0	0
<b>Management and Leadership</b>	Municipal Transformation and Institutional Development	To enhance public participation	7	3	10	0	0	0
<b>Financial Viability</b>	Municipal Financial Viability and Management	To strengthen the financial management system	4	4	8	0	0	0
<b>Community Based Participation and Planning</b>	Sustainable Local Economic Development	To enhance public participation	0	0	0			
<b>SUB-TOTAL</b>			19					
<b>NUMBER OF BENEFICIARIES WHO COMPLETED TRAINING BY TYPE OF LEARNING INTERVENTION</b>								
NUMBER OF BENEFICIARIES BY OCCUPATION CATEGORY								<b>TOTAL</b>

<b>TYPE OF LEARNING INTERVENTION</b>	Legislators	Managers	Professionals	Technicians and Trade Workers	Community and Personal Services Workers	Clerical and Administrative Workers	Sales and Service Workers	Machine ry Operators and Drivers	Elementary Workers	57
<b>Apprenticeship</b>	0	0	0	0	0	0	0	0	0	0
<b>Bursary</b>	0	0	0	0	0	0	0	0	0	0
<b>Learnership</b>	0	2	2	0	0	0	0	0	0	2
<b>RPL</b>	0	0	0	0	0	0	0	0	0	0
<b>Skills Programme</b>	0	0	0	0	0	0	0	0	0	0
<b>Short Course: Non-credit</b>	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	0	0	2	0	0	0	0	0	0	2

**TYPE OF LEARNING INTERVENTION BY NQF LEVEL**

TYPE OF LEARNING INTERVENTION	NQF LEVEL OF LEARNING INTERVENTIONS										TOTAL
	1	2	3	4	5	6	7	8	9	10	
<b>Apprenticeship</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Bursary</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Learnership</b>	0	0	0	0	0	10	0	0	0	0	10
<b>RPL</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Skills Programme</b>	0	0	2	0	0	1	1	1	1	0	6
<b>Short Course: Non-credit</b>	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>16</b>

## 18 FINANCIAL PERFORMANCE

This chapter comprises of three components:

- Component A: Statements of Financial Performance
- Component B: Cash Flow Management and Investments
- Component C: Other Financial Matters

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Tswelopele Local Municipality

(Registration number FS183)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	2025	2024
		<u>Restated*</u>
<b>Revenue</b>		
<b>Revenue from exchange transactions</b>		
Service charges	87 268 965	71 131 148
Rental of facilities and equipment	1 878 749	1 918 648
Licences and permits	717 989	93 896
Operational revenue	7 554 537	1 469 256
Interest received - investment	3 564 222	3 244 454
Dividends received	162 154	141 015
<b>Total revenue from exchange transactions</b>	<b>101 146 616</b>	<b>77 998 417</b>
<b>Revenue from non-exchange transactions</b>		
<b>Taxation revenue</b>		
Property rates	35 997 790	32 243 757
Availability Charges	482 851	427 375
Interest - Property rates	7 452 437	6 820 191
<b>Transfer revenue</b>		
Government grants & subsidies	162 736 715	164 010 859
Public contributions and donations	2 850 841	3 332 827

Fines, penalties and forfeits	845 900	1 003 500
Debt forgiveness	2 227 629	13 311 262
<b>Total revenue from non-exchange transactions</b>	<b>212 594 163</b>	<b>221 149 771</b>
<b>Total revenue</b>	<b>313 740 779</b>	<b>299 148 188</b>
<b>Expenditure</b>		
<b>Expenditure</b>		
Employee related costs	(100 084 461)	(92 615 889)
Remuneration of councillors	(7 255 687)	(6 993 153)
Community donations	-	(4 946 058)
Depreciation and amortisation	(26 502 465)	(25 429 582)
Finance costs	(20 660 123)	(21 575 869)
Lease rentals on operating lease	(626 885)	(215 046)
Debt impairment	(39 588 401)	(17 826 693)
Impairment of assets	(7 665 716)	(3 599 363)
Bulk purchases	(69 724 392)	(59 438 165)
Contracted services	(13 773 030)	(19 181 479)
General expenses	(44 806 608)	(55 882 687)
<b>Total expenditure</b>	<b>(330 687 768)</b>	<b>(307 703 984)</b>
Loss on disposal of assets and liabilities	(2 141 083)	(3 378 084)
Fair value adjustments	51 922 377	777 834
Actuarial gains/losses	622 150	(1 757 015)
Gain on biological assets and agricultural produce	141 300	99 900
<b>Surplus (Deficit) for the year end</b>	<b>33 597 755</b>	<b>(12 813 161)</b>

## GRANTS

<b>Government grants and subsidies</b>	<b>2025</b>	<b>2024</b>
<b>Capital and operating grants</b>		
Equitable share	102 959 000	97 242 000
Expanded Public Works Programme Grant	1 935 000	1 150 000
Financial Management Grant	2 100 000	2 100 000
Municipal Infrastructure Grant	28 526 000	23 588 239
Low Voltage Grant	593 682	3 988 049
Regional Bulk Infrastructure Grant	5 183 424	10 875 158
Water Services Infrastructure	20 938 609	21 067 413
Department of Mineral Resources and Energy	-	4 000 000
Integrated National Electrification Programme	501 000	-
	<b>162 736 715</b>	<b>164 010 859</b>

## ASSET MANAGEMENT

Monthly monitoring and preparation of reconciliations of votes for assets acquired is conducted and newly acquired assets can also be detected if they were not reported in advance by the SCM Unit. Assets are then registered and dispatched to the relevant user after all asset management processes have been exhausted i.e. classification, coding, etc.

The municipality has a dedicated unit adequately to execute proper and improved management of assets in the municipality.

There were numerous concerns and issues in the audit of 2024/25 that were raised by the Auditor General around asset management, audit action plan and disposal/write-off controls:

During 2024/25, the municipality maintained monthly monitoring of asset-related votes and performed reconciliations between the fixed asset register, the general ledger and supporting SCM documentation (e.g., invoices, delivery notes and completion certificates). Assets acquired during the year are captured in the fixed asset register when placed into use and when minimum asset master data is available (including classification, coding, location and custodian details).

The Auditor-General's prior-year findings (2023/24) relating to (i) asset verification, (ii) safeguarding and record keeping, and (iii) asset disposal processes not consistently aligned to applicable requirements, were carried forward into the 2024/25 audit action plan. Management's response focuses on strengthening verification and safeguarding controls, improving the completeness and accuracy of asset records, and formalising the documentation and approval requirements for disposal and write-off transactions.

Environmental compliance matters were also considered in asset management during 2024/25, as they may affect asset condition, service potential and the appropriate treatment of asset decommissioning or disposal. Where environmental matters impact infrastructure or operations, management considers whether additional condition assessments, maintenance or rehabilitation actions are required, whether impairment indicators exist, and whether asset records appropriately reflect the current status and location of affected assets.

### Asset write-offs and accountability

Management notes the risk that recurring asset write-offs without clear accountability and demonstrable controls may result in future audit findings. Council has resolved that an Asset Disposal Committee will be established, and management is prioritising implementation of this resolution to support the conclusion on asset write-offs and disposal outcomes for the 2022/23, 2023/24 and 2024/25 financial years.

For all assets written off or identified for disposal, management will ensure that the audit trail can demonstrate: (i) safeguarding and chain of custody up to the point of disposal, (ii) disposal method (auction, donation or scrapping) supported by appropriate documentation and approvals, and (iii) the reasons for write-off supported by verifiable evidence (for example, SAPS case numbers for theft, or incident/technical reports for damage such as flooding). Where historical controls were not fully effective, management will disclose this transparently and address root causes through corrective actions to prevent recurrence.

This approach is particularly relevant for infrastructure replacement activities, including the Hoopstad Wastewater project, where older pump stations and related components may be dismantled and replaced. Management will

maintain evidence of custody transfers, storage (where applicable), and final disposal outcomes to support completeness and accuracy of asset records and to reduce the risk of unauthorised disposals or unsupported write-offs.

## SOURCES OF FINANCE

Figures in Rand	2025	2024
Service charges	87 268 965	71 131 148
Rental of facilities and equipment	1 878 749	1 918 648
Licences and permits	717 989	93 896
Operational revenue	7 554 537	1 469 256
Interest received - investment	3 564 222	3 244 454
Dividends received	162 154	141 015
<b>Total revenue from exchange transactions</b>	<b>101 146 616</b>	<b>77 998 417</b>

## CASH FLOW MANAGEMENT AND INVESTMENTS

### Cash Flow Statement

Figures in Rand	2025	2024
		Restated*
<b>Cash flows from operating activities</b>		
<b>Receipts</b>		
Sale of goods and services	86 441 548	67 281 792
Grants	158 160 424	163 972 158
Interest income	7 335 539	4 521 156
Dividends	162 154	141 015
Property rates	25 180 961	25 858 193
VAT receipts	12 769 398	10 138 854
	<b>290 050 024</b>	<b>271 913 168</b>
<b>Payments</b>		
Employee costs	(107 906 251)	(98 943 134)
Suppliers	(134 611 228)	(111 498 908)
Finance costs	(1 268 503)	(306 937)
	<b>(243 785 982)</b>	<b>(210 748 979)</b>
<b>Net cash flows from operating activities</b>	<b>46 264 042</b>	<b>61 164 189</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(47 880 956)	(53 563 548)
<b>Net cash flows from investing activities</b>		
<b>Cash flows from financing activities</b>		
Repayment of other financial liabilities	(2 863 914)	-
Finance lease payments	-	(401 853)
<b>Net cash flows from financing activities</b>	<b>(2 863 914)</b>	<b>(401 853)</b>

<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4 480 828)</b>	<b>7 198 788</b>
Cash and cash equivalents at the beginning of the year	17 679 531	10 480 743
<b>Cash and cash equivalents at the end of the year</b>	<b>13 198 703</b>	<b>17 679 531</b>

## OTHER FINANCIAL MATTERS

The information will be included in the final audited set of the 2024/ 2025 Financial Statements.

## SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT UNIT

The functions of the SCM unit involve:

1. Managing demand procedures and acquisitions including policies, procedures, database, compliance and adherence to prescribed procurement practices
2. Ensuring tender evaluation and contract prescript are adhered to
3. Managing compliance, risks, performance and reporting in the supply chain management system
4. Coordinating, controlling and applying logistics management practices and procedures in order to administer and manage the receipt, safeguarding and issuing of store items.

Tswelopele Supply Chain Management is a unit within the Finance Section. It is comprised of:

- The Chief Financial Officer (Head of SCM Unit)
- Manager: SCM
- SCM Practitioner
- 2 x Principle Procurement Clerks

The SCM regulations stipulate the following:

- a) SCM regulation 6(2) (a) (i) - that the council of a municipality must maintain oversight over the implementation of its SCM policy. For the purpose of such oversight the accounting officer must within 30 days of each financial year submit a report on the implementation of the SCM policy of the municipality to the Council.
- b) SCM regulation 6 (3) – the Accounting Officer shall within 10 days after the end of each quarter submit implementation reports on SCM to the Mayor.

### INTERNAL SCM PROCEDURES AND PROCESSES

#### Threshold values

The threshold values have been determined as follows:

1. Petty cash purchases, up to a transaction value of R2 000 (VAT included);
2. Written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
3. Formal written price quotations for procurements of a transaction value over R10 000 up to R300 000 (VAT included); and

4. A competitive bidding process for–
  - (i) procurements above a transaction value of R300 000 (VAT included); and
  - (ii) the procurement of long-term contracts.

#### **SCM Process for acquisitions up to R300 000.00**

The SCM process of Tswelopele Local Municipality operates as follows;

- Demand Form – The requesting department completes a demand form which is approved by the Head of Department or any delegated official. The demand form is submitted to SCM practitioner who sources quotations.
- A requisition is raised by the SCM Practitioner and approved by the CFO and the Municipal Manager.
- Purchase Order – Based on the above thresholds, quotations are sourced from potential suppliers. A purchase order is raised for the awarded quotation. The orders are done in triplicate of which one copy is sent to the supplier, one copy for filing and one copy is sent to creditors for processing. The order numbers are sequentially numbered from the system. The purchase orders are approved by the CFO and in his absence by a Senior Official delegated by the CFO.

The SCM processes are monitored monthly by use of irregular expenditure registers and deviations registers.

#### **SCM Process for acquisition above R300 000.00**

##### **Bid Documents**

The bids documents are as prescribed by the National Treasury include the General Conditions of Contract.

##### **Bid Committee Structures**

The following committees have been established:

- i) The bid specification committee
- ii) The bid evaluation committee
- iii) The adjudication committee

The Accounting Officer appoints members for each committee.

According to the SCM regulations the composition of the above committees should be as follows:

- i) Bid Specification committee – must be composed of:
  - a) One or more officials of the municipality, preferably from user departments requiring the goods or services.
  - b) SCM practitioners
  - c) And when appropriate, include external technical specialists.
- ii) Bid evaluation committee – must as far as possible be composed of:
  - a) Officials from departments requiring the goods and services
  - b) At least one SCM practitioner of the municipality
- iii) Bid adjudication committee – must consist of
  - a) At least four senior managers of the municipality (including the CFO)
  - b) At least one SCM practitioner who is an official of the municipality
  - c) A technical expert in the relevant field who is an official of the municipality

**Compliance** – The bid committees meet the requirements of the SCM policy and SCM regulations.

**MUNICIPAL SERVICE CHARGES ASSESSMENT AND OUTSTANDING DEBTORS.**

	<b>2025</b>	<b>2024</b>
<b>Consumer debtors</b>		
<b>Gross balances</b>		
Electricity	23 103 670	18 650 233
Water	21 118 948	18 620 738
Sewerage	30 957 555	27 462 752
Refuse	20 792 481	18 143 478
Other	10 081 661	8 848 710
	<b>106 054 315</b>	<b>91 725 911</b>

## Report of the auditor-general to Free State Provincial Legislature and the Council on the Tswelopele local municipality

### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Tswelopele Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Tswelopele Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African 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 5 of 2024 (Dora).

#### Basis for opinion

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

#### Material uncertainty relating to going concern

6. Note 63 in the financial statements, which deals with the possible effects of the future implications of continuing deterioration in operational results on the municipality's prospects, performance, and cash flows.

#### Emphasis of matters

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

#### **Material losses**

8. As disclosed in note 39 to the financial statements, material electricity distribution losses of R5 624 196 were incurred by the municipality mainly due to line losses, tampering and theft.

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

9. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

#### **Unauthorised expenditure**

10. As disclosed in note 55 to the financial statements, unauthorised expenditure of R85 291 235 (2024: R63 608 660) was incurred, due to overspending of budget.

#### **Fruitless and wasteful expenditure**

11. As disclosed in note 56 to the financial statements, fruitless and wasteful expenditure of R12 829 000 (2024: R13 641 644) was incurred, mainly due to interest and penalties on late payment to creditors.

#### **Irregular expenditure**

12. As disclosed in note 57 to the financial statements, irregular expenditure of R33 076 630 (2024: R57 579 340) was incurred, due to non-compliance with supply chain management (SCM) requirements.

#### **Material impairments**

13. As disclosed in notes 5 and 7 to the financial statements, receivables from non-exchange transactions and receivables from exchange transactions were impaired by R72 180 637 (2024: R R53 315 745) and R74 885 903 (2024: R63 137 581) respectively.

#### **Other matter**

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

#### **Unaudited disclosure notes**

15. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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**

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

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

18. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 11, forms part of my auditor's report.

### **Report on the annual performance report**

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
21. I selected the following material performance indicators related to key performance area 02 - Infrastructure development and service delivery presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
  - Electrification of Ext 10 in Phahameng
  - Installation of electricity smart meters for households, businesses and public facilities in Bultfontein and Hoopstad

- Rehabilitation and construction at existing sports facilities in Tikwana/Hoopstad (Phase 4)
- Rehabilitation and construction at existing sports facilities in Phahameng/Bultfontein
- Construction of 2km paved road and storm water drainage in Bultfontein
- Upgrading of bulk water supply in Bultfontein (Phase 4)
- Upgrading of bulk water supply in Hoopstad (Phase 4)
- Construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites)
- Construction of Sewer Reticulation in Tikwana / Hoopstad (616 sites)
- Limit water network losses to less than 15% by 30 June 2025 (Difference between water supplied and water billed) (number of kilolitres water purchased - number of kilolitres water sold) / number of kilolitres water purchased x 100} in both towns
- Provide households with access to clean, quality and sustainable water services
- Provide public facilities and businesses with access to clean, quality and sustainable water services
- Provide households with access to safe and sustainable sanitation services.
- Provide public facilities and businesses with access to safe and sustainable sanitation services.
- Provide households in Bultfontein and Hoopstad towns with access to electricity services.
- Provide public facilities and businesses in Bultfontein and Hoopstad towns with access to electricity services.
- Limit electricity losses to less than 15% by 30 June 2025 (number of electricity units purchased - number of electricity units sold)/ number of electricity units purchased) x 100
- Filling of potholes in Bultfontein and Hoopstad
- Grading of 6 Km roads in Bultfontein and Hoopstad
- Cleaning 6 Storm Water channels in Bultfontein and Hoopstad
- Replacement of 10 damaged road signs in Bultfontein and Hoopstad

- Revitalisation of tar surfaces to segmented paving blocks in Bultfontein and Hoopstad
- Provide households with weekly waste collection services (refuse removal)
- Provide public facilities and businesses with weekly waste collection services/refuse removal
- Provide registered indigent households with free basic water
- Provide registered indigent households with free basic electricity.
- Provide registered indigent households with free basic sanitation
- Provide registered indigent households with free basic refuse removal.
- Develop 2 new municipal cemeteries in Bultfontein and Hoopstad

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

23. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets/measures taken to improve performance.

24. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

25. I did not identify any material findings on the reported performance information for the selected indicators.

### Other matters

26. I draw attention to the matters below.

### Achievement of planned targets

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

28. The table that follows provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets/measures taken to improve performance are included in the annual performance report on pages [xx to xx].

### Infrastructure development and service delivery

<i>Targets achieved: 82%</i>		
<i>Budget spent: 120%</i>		
<b>Key [service delivery] indicator not achieved</b>	<b>Planned target</b>	<b>Reported achievement</b>
Installation of electricity smart meter for households, businesses and public facilities in Bultfontein and Hoopstad	100% of installed electricity smart meters for all households, businesses and public facilities in Bultfontein and Hoopstad by 31 December 2024	92% (1258/1362) achieved on the installation of electricity smart meters for all households, businesses and public facilities in Bultfontein and Hoopstad as at 30 June 2025.
Rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad (Phase 4)	100% expenditure by 30 June 2025(Actual expenditure divided by the total approved budget) x 100}	87.86% (R 2 479 226,01 / R 2821 923,41) of the expenditure was spent on the rehabilitation and construction at the existing sports facilities in Tikwana / Hoopstad.

Rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad (Phase 4)	100% progress by 30 June 2025	90% of overall progress on the rehabilitation and construction at existing sports facilities in Tikwana / Hoopstad (Phase 4)
Upgrading of bulk water supply in Bultfontein (Phase 4)	100% expenditure by 30 June 2025 (Actual expenditure divided by the total approved budget) x 100}	92.29% (R 32 282 752,38 / R34 979 718,22) of the budget was spent on the upgrading of Bulk water supply in Bultfontein (Phase 4).
Upgrading of bulk water supply in Bultfontein (Phase 4)	100% progress by 30 June 2025	88% of progress on the upgrade of bulk water supply in Bultfontein (Phase 4)
Upgrading of bulk water supply in Hoopstad (Phase 4)	100% expenditure by 30 June 2025 (Actual expenditure divided by the total approved budget) x 100}	93.5% (R22 363 687.21/R23898 682.94) of the budget was spent on the upgrading of Bulk water supply in Hoopstad Phase 4
Construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites)	100% expenditure by 30 June 2025 (Actual expenditure divided by the total approved budget) x 100}	98.48% (R37 621 510,67/R38 201 053,44) of budget spent on the construction of toilet structures and sewer connections in Tikwana/Hoopstad (499 sites).
Grading of 6 Km roads in Bultfontein and Hoopstad	100% (6 KM) of roads graded in Bultfontein and Hoopstad	Municipal streets were not graded in the year under review
Develop 2 new municipal cemeteries in Bultfontein and Hoopstad	75% expenditure by 30 June 2025 (Actual expenditure divided by the total approved budget) x 100}	Only 5% (R52 293,37/R1 044 487,50) of the budget was spent on the development of 2 new municipal cemeteries in Bultfontein and Hoopstad

### Material misstatements

29. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Infrastructure development and service delivery. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

## Report on compliance with legislation

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

### Annual financial statements and annual reports

34. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.
35. Material misstatements of non-current assets / current liabilities /expenditure and cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### Expenditure management

36. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days, as required by section 65(2)(e) of the MFMA.
37. Reasonable steps were not taken to prevent irregular expenditure amounting to R33 076 630 as disclosed in note 57 to the annual financial statements, as required by section 62(1)(d) of the MFMA.
38. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R12 829 000, as disclosed in note 56 to the annual financial statements, in contravention

of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the interest charged on overdue accounts.

39. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 85 291 235 as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget and inadequate budgeting of the non-cash items.

### **Consequence management**

40. Some of the irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
41. Some of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

### **Procurement and contract management**

42. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.
43. Some of the quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
44. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5. Similar non-compliance was also reported in the prior year.

### **Human Resources Management**

45. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

### **Governance and oversight**

46. The performance audit committee/audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

## Other information in the annual report

47. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area (KPA) presented in the annual performance report that have been specifically reported on in this auditor's report.
48. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
49. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in KPA presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
50. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

51. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
52. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion, and the material findings on compliance with legislation included in this report.
53. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

54. Management did not review and monitor compliance with applicable laws and regulations.
55. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls.
56. The executive leadership and council did not provide adequate support and capacity to the Municipal Public Accounts Committee hindering its ability to address the backlog of irregular, fruitless and wasteful expenditure.

[Signature as 'Auditor-General']

Bloemfontein

30 November 2025



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

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

### **Auditor-general's responsibility for the audit**

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

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

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

information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

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

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

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

<b>COMPLIANCE FINDINGS ENGAGEMENT: FIRM LEVEL COMPLIANCE REQUIREMENTS FOR REPORTING: MFMA 2024-25</b>		
<b>#</b>	<b>Selected legislation and regulations</b>	<b>Consolidated firm level requirements</b>
1	Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)

4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)
10	Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)  <b>Parent municipality with ME:</b> Sections: 93B(a), 93B(b)  <b>Parent municipality with shared control of ME:</b> Section: 93C(a)(iv), 93C(a)(v)
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
12	MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: 43

17	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
18	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
19	Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
20	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)



# TSWELOPELE

LOCAL MUNICIPALITY  
A MUNICIPALITY IN PROGRESS

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## AUDIT, PERFORMANCE AND RISK COMMITTEE ANNUAL REPORT 2024-2025



## TABLE OF CONTENTS

<a href="#">1. PURPOSE</a>	Error! Bookmark not defined.
<a href="#">2. BACKGROUND</a>	Error! Bookmark not defined.
<a href="#">3. AUDIT, PERFORMANCE AND RISK COMMITTEE MEMBERS AND ATTENDANCE</a>	Error! Bookmark not defined.
<a href="#">4. INTERNAL AUDIT</a>	Error! Bookmark not defined.
<a href="#">4.1 Internal Audit Plan</a>	Error! Bookmark not defined.
<a href="#">4.2 Internal Audit Unit</a>	Error! Bookmark not defined.
<a href="#">5. THE ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL</a>	Error! Bookmark not defined.
<a href="#">5.1 Governance</a>	Error! Bookmark not defined.
<a href="#">5.2 Risk Management</a>	Error! Bookmark not defined.
<a href="#">5.3 Fraud and Anti-Corruption Strategy</a>	Error! Bookmark not defined.
<a href="#">5.4 Internal Controls</a>	Error! Bookmark not defined.
<a href="#">6. THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT</a>	Error! Bookmark not defined.
<a href="#">7. EVALUATION OF FINANCIAL STATEMENTS</a>	Error! Bookmark not defined.
<a href="#">8. PERFORMANCE MANAGEMENT</a>	Error! Bookmark not defined.
<a href="#">9. APPRECIATION</a>	Error! Bookmark not defined.
<a href="#">10. RECOMMENDATIONS</a>	Error! Bookmark not defined.

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## **ANNUAL REPORT OF THE AUDIT, PERFORMANCE AND RISK COMMITTEE OF TSWELOPELE LOCAL MUNICIPALITY FOR THE YEAR 2024/2025**

We are pleased to present our report for the financial year ended 30 June 2025.

### **1. PURPOSE**

The Audit, Performance and Risk Committee presents its report for the financial year ended 30 June 2025. We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 166 of the Municipal Finance Management Act (MFMA). We would further like to report that we have conducted our affairs in compliance with the Committee charter.

### **2. BACKGROUND**

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit, Performance and Risk Committee to advise the Accounting Officer and Council on matters relating to:

1. Internal financial controls;
2. Internal controls;
3. Risk management;
4. Reliability and accuracy of financial reporting and information;
5. Accounting policies;
6. Performance management and evaluation;
7. Effective governance;
8. Compliance with the MFMA;
9. The Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit, Performance and Risk Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The Municipal Finance Management Act requires the Audit, Performance and Risk Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General and carry out investigations into the financial affairs of the Municipality.

### 3. AUDIT, PERFORMANCE AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit, Performance and Risk Committee consisted of four (4) members at the beginning of the financial year. The Audit, Performance and Risk Committee had a Council approved schedule of meetings for the 2024-2025 financial year.

All Audit, Performance and Risk Committee members are not employed by the Municipality and during the year for which this report refers, six (5) ordinary meetings and one, (1) special meeting were held and attendance of members is indicated hereunder:

MEMBER	PERIOD OF MEMBERSHIP	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED 2024/2025
<b>MR. R Mabunda</b>	<ul style="list-style-type: none"> <li>Appointed in 1 July 2023</li> <li>Appointed Chairperson</li> <li>Contract comes to an end on 30 June 2026</li> </ul>	6	6
<b>Mrs. M Mototo</b>	<ul style="list-style-type: none"> <li>Appointed in 7 July 2020</li> <li>Term extended by Council for three years.</li> </ul>	6	6

	<ul style="list-style-type: none"> <li>Contract comes to end on 30 June 2026</li> </ul>		
<b>Mr. M Mutsi</b>	<ul style="list-style-type: none"> <li>Appointed in 1 July 2023</li> <li>Contract comes to an end on 30 June 2026</li> </ul>	<b>6</b>	<b>6</b>
<b>Ms M Khuse</b>	<ul style="list-style-type: none"> <li>Appointed in 1 July 2023</li> <li>Contract comes to an end on 30 June 2026</li> </ul>	<b>6</b>	<b>6</b>

Number of meetings held per quarter:

<b>NATURE OF MEETING</b>	<b>DATE</b>
<b>Presentation of AGSA Engagement Letter Review of Annual Financial Statements (AFS) and Annual Performance Report (APR)</b> <b>Considered the 4<sup>th</sup> Quarter 2024-25 Internal Audit, Performance and Risk activities</b>	19 August 2024
<b>Special Audit Committee meeting</b>	27 November 2024
<b>Considered the 1<sup>st</sup> Quarter 2024-25 Internal Audit, Performance and Risk activities</b>	2 December 2024
<b>Consideration by APRC in the 2<sup>nd</sup> Quarter 2024-25 Internal Audit, Performance and Risk activities</b>	25 February 2025
<b>Consideration by APRC in the 3<sup>rd</sup> Quarter 2024-25 Internal Audit, Performance and Risk activities</b>	27 May 2025
<b>Review and Approval of Strategic Documents Meeting</b>	24 June 2025

1. The Audit, Performance and Risk Committee Charter for 2025/2026 was reviewed and approved by the Audit, Performance and Risk Committee on the 24<sup>th</sup> June 2025.
2. The Internal Audit Charter was reviewed for the 2025/2026 financial year and it was approved on the 24th June 2025.
3. The Internal Audit Methodology was reviewed for the 2025/2026 financial year and it was approved on the 24th June 2025.
4. The Three-year rolling Risk based Plan for the 2025/2026 financial year and it was approved on the 24th June 2025.
5. The Internal Audit Annual Plan for the 2025/2026 financial year and it was approved on the 24th June 2025.
6. The Quality Assurance and Improvement Program for the 2025/2026 financial year and it was approved on the 24th June 2025.
7. The Internal Audit Strategy was reviewed and approved for the 2025/26 financial year on 24 June 2025.

#### **4. INTERNAL AUDIT**

We are satisfied that the internal audit unit is operating effectively and that it has addressed most risks relevant to the municipality in its assurance audits

The Audit, Performance and Risk Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, and follow-up audits. All control, compliance and performance weaknesses revealed have been raised with management.

##### **4.1 Internal Audit Plan**

The following internal audit work was completed during the year under review:

1. Quarterly Performance Information audits;
2. Review of the Annual financial statements;
3. Information Technology
4. Local Economic Development

5. Expenditure Management and Payroll
6. Institutional Governance and Public participation;
7. Waste and Environmental Management;
8. Revenue Management
9. Supply Chain Management
10. Water and Electricity Services;
11. Grants and Subsidies
12. Asset Management
13. Review of risk management
14. Review of IDP and SDBIP
15. Review and reporting of the AGSA External Audit Recovery Plan
16. Quarterly follow-up audits.

An action plan on all findings raised by Internal Audit in 2024/25 financial year was developed and followed up every quarter. There was improvement in the implementation of external and internal audit action plans.

#### 4.2 Internal Audit Unit

The approved municipal organisational structure of the internal audit unit is as follows:

POSITION	NAME	OCCUPANCY	CURRENT STATUS
<b>Manager Internal Audit and Risk Management</b>	<b>Ms L Pitso</b>	<b>FILLED</b>	Manager Internal Audit was appointed in December 2022
<b>Internal Auditor</b>	<b>Mrs M Moshodi</b>	<b>FILLED</b>	Internal Auditor appointed in July 2020
<b>Internal Audit Intern</b>	<b>Mr L Taeli</b>	<b>FILLED</b>	<b>Intern was appointed in July 2025</b>

## 5. THE ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

The internal audit unit has provided the Audit, Performance and Risk Committee with reports for the evaluation of the adequacy and effectiveness of governance, risk management and internal control processes within the Municipality.

The committee has indicated to the management the need to put more effort in ensuring effective Governance, Risk Management and Internal Control Processes. More efforts should be maintained to enhance the internal control environment of the Municipality.

## **5.1 Governance**

Governance comprises of a set of processes, practices, policies, laws and regulations affecting the way an institution is directed, administered or controlled. Governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

All significant governance structures and processes that provide strategic direction in the Tswelopele Local Municipality have been assessed by the Internal Audit Unit through its disbursement and delivery of their Internal Audit Plan. The Governance structures referred to include the Council, the Audit, Performance and Risk Committee, Municipal Public Accounts Committee, Management, Risk Management Unit, the Internal Audit Unit and the Municipal Directorates including their Staff.

The committee takes note that MPAC has investigated some of previous financial years Irregular, Unauthorised, Fruitless and Wasteful expenditure. The committee recommends that MPAC adheres to the meetings schedule and that management should also be available and provide necessary support to the committee in order to fulfil its role of investigations of Irregular, Unauthorised, Fruitless and Wasteful expenditure. This has been the major concern for the Auditor General as well.

## **5.2 Risk Management**

The Strategic and Operational Risk Register for 2025/2026 was reviewed by the Audit, Performance and Risk Committee. The Internal audit unit performed a review on the risk management processes and the results of the review were discussed with management and the audit committee.

### **5.3 Anti-Corruption Strategy and Fraud**

The Municipality has implemented a Fraud and Anti-Corruption Strategy as part of the overall governance strategy. The effectiveness of the Fraud and Anti-Corruption Strategy is monitored on a quarterly basis and this was also stressed out in every Audit, Performance and Risk Committee Meetings.

Management is responsible for the prevention of incidents and occurrences of fraud and corruption, and does this through the design, implementation and monitoring of a sound system of internal controls.

The risk assessment and awareness on fraud and corruption was conducted and monitored for the year under review. The committee advised the management that education and awareness of potential incidents of fraud and corruption should be conducted on a regular basis.

### **5.4 Internal Controls**

The Audit, Performance and Risk Committee commends the management for the internal controls that were mostly adequate in most areas within the municipality during the term of the committee ended that ended 30 June 2025. However, the committee has advised management to address the deficiencies identified by Internal Audit on the assurance audits.

The committee is concerned about the repeat findings that are not addressed by management. The committee advises once again that the management should implement all the recommendations given by Internal Audit and those raised by the Audit General in the management report.

## **6. THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT**

The quality of in-year management quarterly reports submitted in terms of the MFMA and the Division of Revenue Act were reasonable. The reports were as follows:

1. Quarterly Financial Reports; and
2. Quarterly Performance Management reports;

The committee advises the management to compile monthly reports and present them in management meetings in order to identify any deficiencies that can hamper the achievement of objectives timely.

## **7. EVALUATION OF FINANCIAL STATEMENTS**

The Audit, Performance and Risk Committee has:

1. Reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the Accounting Officer;
2. Reviewed the Audit Report of the Auditor-General SA (AGSA);
3. Reviewed the AGSA Management Report and Management's response thereto;
4. Noted and reviewed the AGSA's assessment of the usefulness and reliability of performance information examined;
5. Reviewed the Municipality's compliance with legal and regulatory provisions; and
6. Reviewed significant adjustments resulting from the audit.

The Audit, Performance and Risk Committee concurs with and accepts the AGSA's conclusions on the Annual Financial Statements and other legal and regulatory

matters, and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the AGSA.

The management has been advised that they need to prioritise internal control deficiencies, review of consultant work and compliance issues related to the municipality in order to improve the audit opinion.

## **8. PERFORMANCE MANAGEMENT**

The AGSA's review of performance against predetermined objectives has indicated that not all the supporting information supplied by the Municipality was useful and reliable. The municipality received an unqualified audit opinion on the overall audit and no audit opinion was expressed on the performance however there were findings which relate none achievement of indicators which indicates that closer attention needs to be paid to this area of reporting.

The committee has advised management to monitor performance information monthly to detect poor performance and information flaws.

## **9. APPRECIATION**

The Audit, Performance and Risk Committee greatly acknowledges the dedication and work performed by the Council, Acting Municipal Manager, Management and Officials of the Municipality and appreciates the Unqualified audit opinion .

The Audit Performance and Risk Committee also wishes to express its appreciation to Management, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to discharge our responsibilities.

## **10. RECOMMENDATIONS**

That Management prioritise the monitoring of key controls, monitor performance monthly and report on the developed compliance register to assist in enhancing the internal control environment as well as maintaining the audit opinion.

MPAC should adhere to the schedule of meetings in an effort to reduce the UIFW balances reported in the AFS.

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Duly Signed on behalf of the Audit, Performance and Risk Committee:

**R Mabunda**

**AUDIT, PERFORMANCE AND RISK COMMITTEE CHAIRPERSON**

## 22 EXTERNAL AUDIT RECOVERY PLAN



No	FUNCTI ONAL AREA	DESCRIPTI ON / AUDIT FINDING	NATURE	Root Cause	Recommen dation	Managem ent actions	RESPONSIB LE DEPARTME NT	DUE DATE	EVIDENCE (SUPPORTIN G DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
1	Governan ce	CoAF 1: Internal Audit - External quality review not conducted (control deficiency)	It was noted that no external quality assurance reviews/assessments were performed on the municipality's internal audit function during the financial year under which is in contravention with the internal audit standards and TR 3.2.6. Similar finding was raised in the prior year, and no corrective action was taken by management to comply with this quality assurance requirement.	Management indicated that this was caused by treasury confirming that they did not have the capacity to do the internal audit assessment for the internal audit unit of the municipality.	Managemen t should ensure that reasonable steps are taken to ensure that the external quality review is performed on the internal audit to ensure compliance with the laws and regulations that govern the internal auditors.	The managem ent will explore all the possible avenues to ensure that the external quality review is performed and reported	Audit Committee/M anager internal audit	30-Jun- 26	Readiness assessment/e xternal quality review

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2	SDBIP and Budget	CoAF 2 : BP- Strategic planning and budgeting: Non- compliance/ Internal control deficiencies	While reviewing SDBIP and the budget, we noted that management did not make use of local newspapers to communicate the budget to the local community as required by the Municipal Systems Act. Also the executive summary in the adjusted budget did not make reference to the revision of the SDBIP as required by the municipal budgeting and reporting regulations.	Non-compliance with the requirements of the municipal budgeting and reporting regulations and municipal service act section 21.	Managemen t should implement measures to ensure compliance with all applicable laws and regulations.	Managemen t to ensure that the SDIP and budget are communic ated on the local news paper and that executive summary in the adjustment budget makes reference to the revised SDBIP	Strategic Manager and Manager Budget and Revenue	30-Jun- 26	Publication on the local newspaper
3	Governan ce	CoAF 8: SORR - Internal control deficiencies/	We performed risk assessment procedures and identified the following key matters	Lack of oversight and controls to ensure that audit action plan	Establish clear timelines and assign responsibilit	All department s to report monthly on the	Manager Internal Audit	31-Jan- 26	Audit action plan

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		Non-compliance identified	on the overall areas of operations and functions of the municipality 1. The audit action plan was not implemented in full to address the findings identified by the auditors in the prior year 2. Inconsistencies were identified between the planned and reported targets in quarter 3. 3. Effective steps were not taken to prevent the occurrence of irregular expenditure during 2024/25 as irregular expenditure was incurred during the 2024/25 financial year	is implemented to eliminate the risk of reoccurrence of prior year audit findings.	y for each action item on the audit action plan	progress of the Audit action plan			
				Lack of reconciliation performed by management to ensure that the planned and reported targets are consistent in the performance reports.	Implement review process before reporting quarterly performance to ensure alignment with planning documents	The performance information reported will be reviewed by the departmental heads and the municipal manager before being signed off.	Strategic Manager	Quarterly WEF 31-Jan-26	Quarterly Performance reports
				Lack of controls and oversight in place to	Management should develop and implement	Management to ensure that on a	CFO and Manager SCM	30-Jun-26	Quarterly SCM Checklist and

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			<p>4. We could not obtain evidence that the payroll Masterfile was reviewed regularly by management during 2024/25 as required by the ICT security policy of the municipality</p> <p>5. We identified that salary notches are increased without the approval of council and without any confirmation of satisfactory performance for all qualifying employees</p>	ensure compliance with the laws and regulations that may result to irregular expenditure.	compliance checklists for key processes around SCM	quarterly basis the SCM checklist is reported to EXCO and Council			Council resolution

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4	Governance	CoAF 12:BP - Consequence Management - control deficiency	During our walk through performed on the consequence management process, we confirmed through inspection of Council's resolution on the minutes dated 3 September 2024 that council approved the write off of unauthorised expenditure based on the recommendations made by the Municipal Public Accounts Committee (MPAC) on the 15 August 2024. We noted that council approved the write off for the 2016/17 financial year	Council did not apply the requirements of section 32 when resolving on unauthorized expenditure.	Council and management should enforce consequence management in line with section 32 of the MFMA to hold officials accountable for recurring unauthorized expenditure.	The MPAC has revised the schedule of meetings to allocate more hours for the investigations of the UIFW expenditures. Management to apply the Consequence management policy to employees who were found negligent	All Directors	30-Jun-26	MPAC reports detailing the consequence measures to be taken and DC report for Consequence management taken

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			<p>amounting to R R3 165 890 and for 2022/23 amounting to R 6 602 758.08. From the recommendations made by MPAC, we could not confirm that Council/MPAC explicitly considered the requirements of section 32(2) and 32(3) of the MFMA and MFMA circular 68 including:</p> <ul style="list-style-type: none"> <li>• Whether the accounting officer/official acted deliberately, negligently, or in good faith.</li> <li>• Whether the accounting officer informed Council, the Mayor, or the Executive Committee</li> </ul>	Lack of enforcement of consequence management for repeated non-compliance.	Preventative measures should be implemented to address the root causes of unauthorized expenditure, including improved budgeting, monitoring, and internal controls.	Management to ensure that the budget vote is attached to each demand form to ensure that before spending occurs that are sufficient funds in the specific vote		Monthly WET 31 January 2026	Updated UIFW registers with reasons why the expenditure was incurred

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			<p>of potential unauthorized expenditure.</p> <ul style="list-style-type: none"> <li>• Whether there were valid grounds to authorize the expenditure (acting in the municipality's best interest, good faith, no material loss).</li> </ul> <p>We have also noted that the municipality has incurred unauthorized expenditure consistently over the prior years and there has been no evidence that officials responsible for repeated unauthorized expenditure were held accountable.</p>						

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5	Governance	CoAF 7: Internal control deficiency - Policies not reviewed regularly	We noted from the policy register submitted with RFI 1, that some policies had not been reviewed regularly, with some policies last reviewed in 2015. This indicates that the municipality does not have a consistent process in place to ensure that policies are reviewed regularly to ensure they remain relevant to the municipality's evolving needs/ operations:	Lack of monitoring controls to ensure periodic review of policies.	We recommend that management reviews the policies regularly/annually to confirm that they are still relevant and applicable to the operations of the municipality for the specific financial year.	All departments to review their policies and confirm if they are still applicable or not.	All Directors	31-Aug-26	Reviewed policies and Council resolution

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					Upon review of each policy and procedure, the new effective date should be indicated on the reviewed document. This ensures it is easy for auditors to confirm that the policy or procedure has been reviewed and is applicable to the financial year under review.				

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6	Governance	CoAF 97: Compliance - Governance and Oversight	Performance Audit Committee did not submit an audit report on the review of the performance management system to the council at least twice during the financial year, as required by the applicable legislation.	Failure to submit an audit report on the review of the performance management system to the council at least twice during a financial year.	The municipal manager should ensure that the Performance Audit Committee submits audit reports on the review of the performance management system at least twice during each financial year, as required by legislation. Clear timelines should be communicated	The performance Committee to submit a report on the review of the performance management system at least twice during each financial year, as required by legislation.	Audit Committee/Manager internal audit	15-Aug-26	Report on performance management system

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						ed to the committee, and a monitoring mechanism should be implemented to track and follow up on report submissions to ensure full compliance.			
7	SDBIP and Performance Management	CoAF 87: AOPO in-year changes (emerging risk finding)	During the audit of KPA 2 infrastructure development and service delivery, the following issues were identified: The municipality did not reflect all changes to Key Performance Indicators (KPIs) in their Service Delivery	Insufficient monitoring and control over performance information updates during the financial year.	It is recommended that management implement the following measures in 2025/26: Revise KPI descriptions where necessary to	Management to include explanations why the KPI descriptions are amended	Strategic Manager	28-Feb-26	Reviewed revised SDBIP which includes the explanation for revision of KPIS

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			and Budget Implementation Plans (SDBIPs) and Annual Performance Reports (APRs). Furthermore, the municipality did not provide clear and justifiable reasons for each change, nor did they document the process followed for such revisions. Additionally, both the original and revised KPIs were not reported on in the Section 52(d) reports of the Municipal Finance Management Act (MFMA) and the Annual Performance Report, as required.		correct errors or improve clarity, ensuring that each revision is accompanied by a clear explanation justifying the change				
					Report both the original and revised KPIs in the Annual Performance Report (APR) to ensure transparency and accountability.	Managem ent to report on the original and revised KPI		15- Aug-26	Annual Performance Report which reports on the original and amended target

No	FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	Recommendation	Management actions	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
						Document all KPI changes in the SDBIPs and APRs, providing clear and justifiable reasons for each amendment and detailing the process followed for approval and implementation.		28-Feb-26	Documented process of changes made to KPI and process followed from approval to implementation
8	Performance Management	CoAF 29: Expenditure reconciliation does not agree to the commitment register	During the audit of KPA 2 infrastructure development and service delivery, the following discrepancies were identified	This occurred due to a lack of proper review of the APR to ensure that the supporting documentation provided for the	Management should submit the capital expenditure reports on a monthly basis.	Management should monitor performance on a monthly basis.	All Directors	Monthly WET 31 January 2026	Performance reports

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				reported achievement also aligns with the commitment register and ultimately supports the reported outcome in the APR	Management should review performance reports in line with commitment register	Management should conduct capital expenditure reconciliations with commitment register and WIP.	All Directors	Monthly WET 31 January 2026	Expenditure recons, Commitment register and WIP
9	Human Resource Management	CoAF 10 : Understanding the Municipality and its environment section- high vacancy rate	During the audit planning phase, we noted that the municipality has high vacancy rates in the following departments which could compromise service delivery if not attended to urgently: Office of the MM 76% Corporate Services 17,86% Community Services	Inefficient recruitment processes.  Limited municipal budget restricts	Management should prioritise and fill key funded posts to ensure that service delivery is not compromised.  Identify new revenue streams and	The municipality is transitioning to the newly established prototype structure. Management will ensure that vacancies are filled depending	All Directors	30-Jun-26	Appointment letters of positions filled

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			14% Infrastructure Services 32%	the ability to fill funded vacant posts. Possible cost containment measures imposed by national governments	potential grants such as the Urban Settlement Development Grant (USDG) and Public transport network grant to support the funding of related key posts.	on the financial ability of the Municipality			
10	Performance Management	CoAF 92 : HR Management compliance - non-implementation of management policy	During the audit of HR management compliance, it was noted that the municipality conducts performance evaluations only for senior management. No performance	The municipality has not extended the implementation of its performance management system beyond senior management,	The municipality should ensure that performance management processes are cascaded to all levels of	Management to develop an implementation plan with clear timelines, responsible officials, and	Manager HR and Strategic Manager	30-Jun-26	Performance Assessments of all employees

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			evaluations were performed for other municipal staff members during the year under review, contrary to the municipality's approved Policy on Monitoring, Measuring and Evaluation of Performance of Staff, which requires assessments for all employees.	possibly due to capacity constraints or lack of prioritisation of the policy requirements.	staff, in line with its policy and Section 67(1)(d) of the Municipal Systems Act.	resources to monitor and evaluate the performance of all employees .			
					Management should develop an implementation plan with clear timelines, responsible officials, and resources to monitor and evaluate the performance of all employees.	Management to develop an implementation plan with clear timelines, responsible officials, and resources to monitor and evaluate the performance of all	Manager HR and Strategic Manager	28-Feb-26	Cascading timeframe/schedule

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						employees			
11	Procurement and Contract Management	CoAF 75: SCM - Contract management - variation order not approved by delegated official	During the audit of contract management, the following contract extensions were found to be unauthorised by the accounting officer and no evidence of delegation to the Director: technical service was obtained:	Lack of adequate controls over contract management and monitoring to ensure that all variations to contracts are approved by the delegated official	The accounting officer should design and implement contract management and monitoring controls to ensure compliance with relevant laws and regulations. Management should ensure that contract variations and	The Director Technical Services to provide the SCM manger with variations orders to update the contract register and for the MM to approve	Director Technical, SCM Manager and MM	Monthly WEF 2026/01/31	Signed Variation order and updated contract register

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					extensions are authorised by the delegated official.				
12	Expendit ure Manage ment	CoAF 18: Bulk purchases - controls for ensuring that bulk purchases paid align with bulk purchases received from Eskom and Sandvet are not in place	The municipality does not have adequate controls in place to ensure that bulk electricity and water purchases received from Eskom and Sandvet align with the corresponding units paid for. This lack of reconciliation increases the risk of inaccurate billing, undetected losses, or payments for goods and services not received.	No evidence was provided by the municipality to confirm that there is a process in place that reconciles all bulk purchases paid for to bulk purchases actually received.	The municipality should implement and maintain controls to reconcile bulk purchases paid with the correspondi ng bulk purchases received, ensuring that payments are made only for	Managem ent to perform a manual reconciliati ons for ESKOM and SANDVET	Director Technical and CFO,	2026/0 6/30	Management review report/notes

No	FUNCTI ONAL AREA	DESCRIPTI ON / AUDIT FINDING	NATURE	Root Cause	Recommen dation	Managem ent actions	RESPONSIB LE DEPARTME NT	DUE DATE	EVIDENCE (SUPPORTIN G DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
					goods and services actually received and in the correct quantities				
13	Employee related costs	CoAF 90: Overtime not pre-approved	During testing of employee-related costs, it was identified that certain instances of overtime were not supported by pre-approval documentation. Overtime claim forms were approved after the work had already been performed.	Lack of reviews and oversight by management over overtime approval controls of the municipality.	Management should ensure that overtime is strictly pre-approved in accordance with HR policy requirements and basic conditions of employment	Management to ensure that all overtime is approved by the HOD	ALL HOD	Monthly WEF 31-Jan-26	Preapproved authorisation forms signed by the immediate supervisor

No	FUNCTI ONAL AREA	DESCRIPTI ON / AUDIT FINDING	NATURE	Root Cause	Recommen dation	Managem ent actions	RESPONSIB LE DEPARTME NT	DUE DATE	EVIDENCE (SUPPORTIN G DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
14	Employee related costs	CoAF 5: BP PAYE lack of segregation (issued)	<p>During the review of the EMP201 declaration submitted to SARS for the period ending October 2024, it was noted that both the preparation of the declaration and the initiation of the payment (amounting to R1 416 848.62) were performed by the same individual, P. Frans (Payroll Accountant), on 06 November 2024. There is no evidence of independent review or approval of either the declaration or the payment prior to submission.</p> <p>Furthermore, the employer</p>	The municipality currently lacks adequate segregation of duties within the payroll function, particularly in the preparation and processing of statutory payments (PAYE)	Management should implement controls to ensure that the preparation and submission of EMP201 declarations are segregated from the payment process. At a minimum, an independent official should review and approve both the declaration and the	Management to ensure that a file of signed EMP201 is kept and maintained monthly	CFO/ Manager payroll	Monthly WEF 2026/01/31	Reviewed EMP 201 and 501 Returns

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			reconciliation (EMP501) dated 27 May 2025, prepared by Thabiso Makoko, also lacked documented reviewer sign-off, comments, or approval, suggesting that no formal review took place		payment before submission and processing.				
15	Procurement and Contract Management	CoAF 11: BP SCM Policy not aligned to SCM regulations	We noted that the SCM policy was not updated with the revised SCM regulations as follows: > Updated policy approved after 14 December 2023 did not exclude regulation 16 of the initial SCM regulations > Par.43 states that no award above R30	This is due to lack of oversight performed over the processes of the municipality to ensure that the policies are updated with the changes in legislation	Management should update the SCM policy to align with the revised SCM regulations	Management to review the SCM policy and submit it to Council	CFO and Manager SCM	28-Feb-26	Updated SCM Policy and Council resolution

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			000 may be made to a person whose tax matters have not been declared by the South African Revenue Service to be in order. The amount should be R15 000						
16	Governan ce	CoAF 9: Understanding the entity and its environment: Internal control deficiencies around signatories	It was noted during planning that although the Municipal Manager (MM) and Chief Financial Officer (CFO) were suspended on allegations of misconduct, they had not been removed as authorised bank signatories. They therefore still retained the ability to authorise payments.	Lack of timely update of bank signatory mandates following suspension. as well as lack of monitoring of segregation of duties and access controls in respect of banking functions	Policies should be developed that require that suspension of officials with financial authority must automatically trigger review and amendment of banking mandates.	Managem ent to perform periodic reviews of signatories to ensure only current and authorised officials have access.	Municipal Manager and CFO	30-Jun-26	Delegation of authority (DOA) policy referencing financial signatories

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					Periodic reviews of signatories should be performed to ensure only current and authorised officials have access.				
17	Employee related costs	CoAF 13: No control identified for payments to ghost	From the work performed in risk identification processes, we identified from the management risk register that there is a risk that payments are made to ghost employees. We inspected the business process for payroll, and we confirmed that no controls are put in	Management did not design controls to detect and prevent the inclusion of fictitious or terminated employees on the payroll.	Management should design controls to prevent payments to ghost employees, including: - Independent verification of employee existence through	Management to ensure that on a monthly basis all officials present themselves to the payroll office to physically collect their payslip and	CFO and Manager Assets and Payroll	WEF 31-Jan-26	Signed monthly payroll schedules

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			place to mitigate or minimise the risk identified.		attendance registers, headcounts, or biometric systems.	sign as acknowledged			
18	Procurement and Contract Management	CoAF 24: SCM - Deviation not tabled in the next Council meeting	It was noted that a deviation report relating to the following deviations was not tabled at the next council meeting as required by SCM regulation:	Lack of effective controls or oversight mechanisms to ensure deviation reports are consistently tabled at the next council meeting.	Management should implement measures to ensure that all deviation reports are tabled at the next council meeting in line with legislative and policy requirements. This may include: • A formal tracking system or checklist for deviation	Management to ensure that deviations are reported to Council	CFO and Manager SCM	Monthly WEF 31 - Jan-26	Quarterly SCM checklist that includes deviations

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					reports. • Internal deadlines aligned with council meeting schedules. • Periodic review and sign off by senior officials prior to agenda finalization				
	Fruitless and wasteful expenditure	CoAF 19: Material irregularity - likely financial loss as a result of SANDVET interest charges	During the audit of finance costs, it was identified that the municipality did not consistently make payments to suppliers within the prescribed 30-day period, as required by Section 65(2)(e) of the MFMA. This resulted in interest	This non-compliance was due to a lack of effective internal controls and oversight in the expenditure management process, particularly in the monitoring and timely	Management should strengthen internal controls to prevent fruitless and wasteful expenditure, including the implementation of	Municipality is in the process of engaging Sandvet on a payment plan and also to negotiate the interest charged on the long	CFO and Manager budget and Revenue	30-Mar-26	Signed payment arrangement and progress made

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			being charged on overdue accounts, which constitutes fruitless and wasteful expenditure.	settlement of accounts payable.	<p>automated reminders or invoice tracking systems.</p> <p>Management is also required to provide an explanation addressing the following matters:</p> <ul style="list-style-type: none"> <li>• The circumstances that led to the instances of non-compliance / contravention of legislation.</li> <li>• The steps that will be taken to</li> </ul>	outstanding debt.			

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					rectify the matter in future. • Whether the irregularity non-compliance / contravention of legislation resulted in or is likely to result in a loss, misuse or harm. • If the non-compliance / contravention of legislation resulted in or is likely to result in a financial loss for the				

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					auditee or any other public sector institution, an estimation of the quantum of the financial loss. Details on how the financial loss was estimated and corroborative evidence should be included.				
19	Financial Statements	CoAF 70 : Receivables - Journal not authorised at the right level	During the audit of the financial statements for the year ended 30 June 2025, It was noted that a subordinate approved journal	This occurred due to inadequate enforcement of the approval hierarchy in the financial system	Management should ensure that: System approval workflows are	Management to implement internal controls to ensure that journals	BTO department	31-Mar-26	Approved Journal processed by a junior and approved by a senior

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			entries prepared by a senior staff member. Journal number 2165 with total debits and credits of R38 001 599.27 was captured on 30 June 2025 by Manager AFS and Compliance: Concilia Ndlovu and it was authorised by Expenditure Accountant: Mantwa Moshodi. The journal was processed to realign receivables balances and impairment balance to the correct item description in the general ledger. Journal entries should be reviewed and approved by personnel of equal or higher authority than	and lack of system-based access restrictions preventing lower-level staff from approving higher-level transactions.	configured to prevent junior staff from approving senior staff transactions. Management should ensure the approval hierarchy aligns with job responsibilities and authority levels. Management should ensure that regular reviews of journal entry approvals are	posted journals process on the system prepared by junior officials and approved by the senior officials			

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			the preparer to ensure an appropriate level of oversight and accountability.		conducted to confirm compliance. Management should ensure that Staff are reminded of proper approval protocols through periodic training.				

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20	Revenue Management	CoAF 20: Adjustment for estimated unused prepaid electricity at year-end not performed	<p>For prepaid electricity, the significant risks and rewards of ownership only transfer to the consumer upon consumption.</p> <p>Revenue from prepaid electricity sales should be deferred and recognized on a consumption basis, beginning on the date of purchase. Given that users purchase electricity in advance, the municipality should account for revenue as electricity is consumed, with an adjustment for estimated unused</p>	Lack of a process to estimate unused prepaid electricity and defer revenue from unused prepaid electricity sales.	We recommend that management implement a process to estimate and defer revenue from prepaid electricity sales based on historical consumption patterns or other reliable data. An appropriate liability should be recognized at year-end to reflect the value of electricity		CFO and Manager Budget and Revenue	30-Jun-26	

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			<p>prepaid electricity at year-end.</p> <p>During our review of the annual financial statements for the 2024/25 financial year, we noted that revenue from prepaid electricity sales was recognized in full upon receipt of payment and not deferred to be recognized on a consumption basis. Furthermore, management did not perform an assessment or calculation to determine the adjustment required for the estimated value of unused</p>		<p>paid for but not yet consumed. This adjustment should be reviewed and updated annually.</p>				

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			prepaid electricity at year-end.						
21	Revenue Management	CoAF 42: Discrepancies between the Tariff policy and Tariff structure booklet for 2024-25 as	During the audit of Revenue from exchange transactions- it was noted that the tariff policy approved by council is not aligned with the tariff rates currently being applied. The tariff	Lack of proper review by management before the approval and adoption of policies.	Management should review and reconcile the tariff policy with the Tariff structure booklet to ensure full	Management will review the tariff policy to ensure that it aligns to the tariff structure booklet	CFO and Manager Budget and Revenue	30-Jun-26	Aligned tariff structure

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		approved by NERSA	policy specifies structures that differ from those used in billing/charging consumers. This misalignment indicates that the tariff policy in operation does not fully comply with the approved structures outlined in the Tswelopele Local Municipality Tariff structure booklet for 2024-25 as approved by NERSA.		alignment. Any discrepancies should be corrected through council resolutions, and periodic reviews should be conducted to ensure that tariff policies remain current and accurately implemented.				
22	Revenue Management	CoAF 44: Property categories	During the review of the valuation roll, it was noted that some properties owned by the State has been incorrectly classified	This is due to lack of adequate review of the valuation roll by management to confirm	Management should ensure that the properties are correctly	Management to ensure that these government properties	CFO and Manager Budget and Revenue	30-Jun-26	Valuation roll reconciliation

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			<p>based on usage (agriculture) rather than ownership (State property). 90101171 REPUBLIEK VAN SUID-AFRIKA AGRICULTURE PROPERTIES 90000962 NATIONAL GOVERNMENT OF THE REPUBLIC OF S AGRICULTURE PROPERTIES 90001021 REPUBLIEK VAN SUID-AFRIKA AGRICULTURE PROPERTIES 90001014 NATIONAL GOVERNMENT AGRICULTURE PROPERTIES</p>	ownership of properties before the property valuers finalise classifications, and to identify and correct any discrepancies	<p>reclassified as State-owned in the valuation roll. Controls over property classification should be strengthened by: Implementing a verification process to confirm ownership before the property valuer finalises classifications; and</p>	are correctly classified with their ownership as state-owned properties			
					Conducting periodic reviews of		CFO and Manager	Ongoing	

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					the valuation roll to identify and correct any discrepancies.		Budget and Revenue		
23	Procurement and Contract Management	CoAF 63: Irregular expenditure - payments made in excess of the approved contract amount	1. During the audit of SCM, the following issues were identified: 1.1 The total payments made under the contracts up to date exceeded the original contract price and no variation orders were available for audit inspection	This is due to lack of controls in contract management to ensure that payments are made within the contract amount or approval is obtained to overspending on a contract.	Management should ensure that approvals are obtained from the accounting officer for spendings above the contract values.	Management to update the contract register on monthly basis and compare the payments made to the appointment amount	Municipal Manager, CFO and Manager SCM	Monthly WEF 31-Jan-26	Updated contract register
24	Procurement and Contract Management	CoAF 54: SCM Quotations - appointment of service provider for	1. During the audit of quotations, it was identified that the bidder scoring the highest points was not selected. The	Lack of proper review to ensure that the contracts are awarded to the	Management must ensure that contracts are awarded strictly to the	Management to perform evaluations on all quotations	Manager SCM	Monthly WEF 31-Jan-26	Evaluation sheets for all quotations received

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		supply, delivery and installation of nylon carpets	contract was awarded to Twins solution at R29 850. The bidder was disqualified on a criteria which was not pre-determined. Refer to the details and evaluation performed: 2. Further to this, TG Mabilo was incorrectly awarded the contract as the bidder should have been disqualified on pre qualifications. This is because TG Mabilo is not in the business of providing transportation. Refer to the below evaluation	highest scoring bidder.	highest scoring bidder unless clear, objective, and documented reasons justify otherwise. Strengthen evaluation processes and training to promote transparenc y, fairness, and compliance with procurement regulations.	received and provide reasons for disqualifica tion of supplier			

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25	Financial Statemen ts	CoAF 91: Completeness (irregular expenditure)	a) The following multi year tenders disclosed in the prior year's Irregular Expenditure (IE) register were not included in the current year's IE register. This indicates that not all irregular expenditures were appropriately carried forward 1. 3 Bricks 2. Motlounge E Motle Logistics 3. Pastime N Sons PTY LTD 4. Rehlonolofaditswe pty b) Differences were identified between amounts on the Irregular expenditure register and amounts	Lack of proper review of the AFS in order to ensure that they are free from misstatement	Managemen t should adjust the AFS in order to correct the misstatemen t	Managemen t to review and update the irregular register on a monthly basis	CFO and Manager SCM	15- Aug-26	Reviewed annual financial statement and audit file

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			incurred as per the General ledger						
26	Budget Management	CoAF 95: Lack of explanation of corrective measures in monthly budget report	During the audit of compliance for budget management, and upon inspection of the monthly budget statement for April 2025, it was observed that: • The report did not include explanations of any remedial or corrective steps taken (or to be taken) to address deviations between	Lack of review and monitoring controls over the completeness of monthly budget statements. Possible oversight or misunderstanding of MFMA Section 71(5) reporting requirements	The Municipality should ensure that all monthly budget statements include clear explanations of deviations and the corresponding remedial or corrective measures,	Management to include explanations and corrective measures in the monthly budget report	Manager Budget and Revenue	WEF 2026/01/31	Updated section 71 reports which include explanations and corrective measures to be implemented

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			actual and budgeted revenue and expenditure. Significant variances were identified in both revenue and expenditure categories, yet no corrective actions to be taken were recorded.		as required by MFMA Section 71(5).				
27	Financial Statements	CoAF 93: GRAP 104 financial instrument	Contrary to the above, we noted the following in relation to the disclosure of the change in GRAP 104, which was not disclosed: In complying with the requirements in GRAP 3.32 and 3.33, the municipality should have provided information relevant to assessing the possible impact	We believe the above was caused by lack of oversight from management in terms of exercising professional due care by adequately reviewing the annual financial statements to ensure that they	Management should update the financial statement disclosures to include a detailed assessment of the impact of GRAP 104: Financial Instruments, in line with	A technical review to be performed on the AFS and a report submitted to the CFO	CFO/Manager AFS	15-Aug-26	A report from the consulted detailing the review performed

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			<p>that application of the new pronouncement will have on its financial statements. We also want to note that it is insufficient to merely list the pronouncements. Nor is it likely that a statement that the impact of the new pronouncement is not known or cannot be reasonably estimated, will be adequate the more imminent the pronouncement's effective date. The municipality must have provided both qualitative (e.g. what transactions</p>	<p>are accurate and complete.</p>	<p>the requirements of GRAP 3.32 and 3.33. The disclosure should include both qualitative information (such as which transactions or balances are affected) and quantitative information (estimated financial impact, where determinable).</p>				

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			might be affected, how different the old and new accounting policies could be regarding recognition, measurement, etc.) and quantitative information (e.g. if determinable, an estimate of the potential Rand-value of the impact), which was not done.		Management should perform a formal review of all new and amended GRAP standards to determine their applicability and impact. A quality review process should also be implemented to ensure that future disclosures are accurate, complete, and	Management to ensure that training is provided to the Manager reporting and the Accountants	CFO/Manager AFS	30-Jun-26	Attendance of training for key officials in the AFS process

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					compliant with GRAP requirement s.				
28	Financial Statemen ts	CoAF 94: New standards and interpretation s	During the high-level review of the annual financial statements submitted for audit on 31 August 2025, we noted the disclosure of new standards and interpretations was not complete and not accurate:	We believe the above was caused by lack of oversight from management in terms of exercising professional due care by adequately reviewing the annual financial statements to ensure that they are accurate and complete.	Managemen t should perform a comprehens ive review of all new and amended GRAP standards and interpretatio ns issued by the Accounting Standards Board The results of this review should be appropriatel	Managemen t to ensure that the Manager Reporting attends GRAP training	CFO/Manag er AFS	30-Jun- 26	Attendance of training for key officials in the AFS process

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					y documented and disclosed in the notes to the financial statements.				
29	Expendit ure Manage ment	CoAF 76: UIFW not prevented	During the audit, it was noted that unauthorised, irregular, fruitless and wasteful expenditure incurred were disclosed in the current year AFS submitted for audit: • Note 55 Unauthorised expenditure amounting to R83,034,644 • Note 56 Fruitless expenditure amounting to R12,829,000 • Note 57 Irregular	There are no proper controls to prevent unauthorised, irregular, fruitless and wasteful expenditure.	Managem ent should implement control measures to ensure proper steps are in place to ensure that there is prevention of unauthorise d, irregular, fruitless and wasteful expenditure.	Managem ent to ensure that the all UIFW is reported to MAPC to investigatio n	CFO, Manager Expenditure, SCM and Budget	30-Jun- 26	MAPC Investigation reports

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			expenditure amounting to R33,076,630 Similar items were reported in the prior year.						
30	Expenditure Management	CoAF 55: Contracted services - Payments not made in 30 days	During the audit of contracted services, it was identified that several payments to service providers were not processed and paid within the prescribed 30-day period. This resulted in non-compliance with TR 8.2.3 and MFMA sec 65(2)(e):	The delays appear to have been caused by insufficient monitoring of payment deadlines, ineffective internal controls over accounts payable, and delays in invoice processing and approval	It is recommended that the municipality implement an accounts payable tracking system to monitor all incoming invoices and ensure payments are made within the legislated timeframe	Invoice list vs. payment list	CFO and Manager Expenditure	WEF 2026/01/31	Payment list percentage in days

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					Managem ent should also provide training to staff on the importance of adhering to payment deadlines and establish regular reporting to identify and address overdue payments promptly				
31	Expendit ure Manage ment	CoAF 88: Bulk purchase and general expense payments not made in 30 days	During the audit of bulk purchases, it was identified that several invoices from service providers remained unpaid, as payments were not processed or	The delays appear to have been caused by insufficient monitoring of payment deadlines, ineffective	It is recommen ded that the municipality implement an accounts payable tracking	Invoice list vs. payment list	CFO and Manager Expenditure	WEF 2026/0 1/31	Payment list percentage in days

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			<p>effected and have attracted interest charges as a result. This resulted in non-compliance with Treasury Regulation 8.2.3 and section 65(2)(e) of the MFMA, which require that all valid invoices be settled within 30 days from receipt of goods or services: During the audit of General Expenditure, it was identified that several invoices from service providers remained unpaid, as payments were not processed or effected. This resulted in non-compliance with Treasury Regulation 8.2.3 and section</p>	<p>internal controls over accounts payable, and delays in invoice processing and approval.</p>	<p>system to monitor all incoming invoices and ensure payments are made within the legislated timeframe</p> <p>Management should also provide training to staff on the importance of adhering to payment deadlines and establish regular reporting to identify and address overdue</p>				

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			65(2)(e) of the MFMA, which require that all valid invoices be settled within 30 days from receipt of goods or services:		payments promptly				
32	Financial Statemen ts	CoAF 73: Presentation and disclosure - unauthorised expenditure	1. During the audit of unauthorised expenditure, it was identified that the amount disclosed in the annual financial statements was classified under the incorrect segment.  The unauthorised expenditure relating to "Budget and treasury office" segment was disclosed under "safety and security" segment which is not in line with the supporting schedules	Lack for reviews and oversight by management to ensure that unauthorised expenditure is disclosed correctly	Managemen t should ensure that unauthorise d expenditure is correctly classified and disclosed under the appropriate segment or vote in the financial statements. A detailed review of disclosures should be	Managemen t to ensure that unauthorise d expenditur e is disclosed using the correct classificati on segment	Manager Revenue and Budget/ Manger Reporting	15- Aug-26	Detailed segments reporting in the AFS/ Reviewed AFS file

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			<p>submitted for audit.</p> <p>Further to the above, the segments disclosed do not agree with the segments on the supporting schedules and the AFS. Management has reported on the following segments on the supporting schedules and on the AFS</p> <p>2. It was noted from the unauthorised expenditure note that an amount of -R115 747 399 was incorrectly disclosed as unauthorised expenditure that was "authorised" relating to the prior period.</p>		<p>performed before submission of the financial statements for audit.</p> <p>Management should ensure that the note for the unauthorised expenditure reflects true presentation of what occurred during the financial year by adjusting the description to written off instead of</p>				

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			However, the supporting council minutes dated 3 September 2024 and 25 June 2025 indicate that the council resolved to write off the expenditure as irrecoverable, and not to authorise it. From the MFMA section 32, unauthorised expenditure can only be authorised in an adjustment budget.		authorised and adjusting the note to reflect the correct reportable segments of the municipality.				
33	Financial Statements	CoAF 74: Unauthorised expenditure - understatement	During the audit of unauthorised expenditure, we identified that the total budget was used to determine the unauthorised expenditure to be disclosed in the AFS	Lack of reviews and oversight by management to ensure that accurate figures are used in the calculation of authorized expenditure	Management should design and implement controls to ensure that reviews are performed on the	Management to ensure that Unauthorised expenditure is to be calculated	Manager Revenue and Budget/ Manger Reporting	15-Aug-26	Detailed unauthorised register per vote number

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			thus resulting in a misstatement of the unauthorised expenditure per vote.	disclosed on the notes to the AFS	financial reports of the municipality. Management should investigate this difference and adjust the AFS accordingly.	per vote number			

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34	Procurement and Contract Management	CoAF 65: SCM - Contract management - Contract not signed	1. Through inspection of the contract, it was confirmed that the following SLAs were not signed by the municipality: Khanya Lesedi-SCM/TSW/10B/RBIG /2022-2023 BULTFONTEIN Tikwana/Hoopstad: Reticulation & Construction at Existing Sport Facilities- PR Corp Pty Ltd BLACK DOT PROPERTY CONSULTANTS SCM/TSW/27/2024/2025: Construction of Sewer Reticulation in Tikwana / Hoopstad (616 sites)	This was caused by inadequate controls on procurement and contract management to ensure that all contracts entered into with the suppliers or service providers are signed by both parties (delegated officials).	The accounting officer should ensure that all SLA's are duly signed by the municipality's delegated official or the accounting officer.	The SCM Manager to ensure that the Accounting Officer signs all new SLAs	Manager SCM	WEF 2026/01/31	Signed service level agreements

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			SCM/TSW/23/2023/2024: NSM SCM/TSW/17/2024/2025: PHAHAMENG/BULT FONTEIN: CONSTRUCTION OF 1KM PAVED ROAD AND STORM WATER DRAINAGE (WARD 3) Bajadi SCM/TSW/11/2017 Tikwana/Hoopstad: Construction of toilet structures and sewer connections for 499 sites Cession - Irrigation /Follow the star/Best Enough.						
35	Procurement and Contract Management	CoAF: 64: SCM Contract management extensions	During the audit of contract management, the following contract were extended however no reasons	Lack of adequate controls over contract management and monitoring	The accounting officer should design and implement	Management will develop a monitoring tool that will serve	CFO and Manager SCM and Expenditure	Monthly WEF 31 January 2026	Updated Contract Register, indicating the date of appointment,

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		not tabled to Council	for the amendments were presented to the municipal council for adoption and approval: 1. Cigicell (PTY) Ltd RFP/TSW05/2021 2. Proposals from competent service provider for lease and maintenance of Business machines for period ending 30 June 2024 - Alenti 220 (Pty) Ltd - RFP/TSW02/2021-2022 3. TSWELOPELE LOCAL MUNICIPALITY: UPGRADE OF BULKWATER SUPPLY IN BULTFONTEIN: PHASE 4 - Khanya	to ensure all extensions/modifications are tabled to council for their consideration.	contract management and monitoring controls to ensure compliance with relevant laws and regulations Management should ensure that contract variations and extensions are authorised by the accounting officer and tabled at the council meeting.	as an early warning for every contract extension and ensure that the extension properly approved by the municipal manager			initial contract value, extensions to the contract and expenditure to date per contract and Council resolution number

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			<p>Lesedi - SCM/TSW/10B/RBIG /2022-2023 BULTFONTEIN</p> <p>4. SCM/TSW/17/2024/2025: PHAHAMENG/BULTFONTEIN: CONSTRUCTION OF 1KM PAVED ROAD AND STORM WATER DRAINAGE (WARD 3)</p> <p>5. SCM/TSW/14/2024/2025 - Upgrading of Phahameng stadium phase 1 Urban plan</p>		Management should strengthen controls to ensure compliance with SCM prescripts				
36	Segment Reporting	CoAF 86: Government grants and subsidies	During the audit of the segment reporting for Government Grants and Subsidies we noted the following:	The cause of the above is incorrect application of GRAP 18 for purposes of	Management should disclose the R1,785,00.00 under the Waste	Management to ensure that all expenditure is	Manager Revenue and Budget/ Manger Reporting	15-Aug-26	Detailed segments reporting in the AFS/ Reviewed AFS file

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			The Water Waste Management reporting segment incorrectly included the transactions relating to the Waste Management amounting to R1,785,000. Financial flows relating to Sports and Recreation of R2,371,514 for construction to existing sports facilities was not disclosed within the Sports and Recreation reportable segment. These financial flows, relating to construction to sport facilities, were not disclosed within the AFS.	accurate allocation and disclosure of reportable segments based on Government Grants and Subsidy financial flows during the relevant period.	Management reportable segment and should remove it from the Waste Water Management segment. Management should disclose financial flows that relate to the construction at the existing sports facilities within the Sport and Recreation reportable segment.	disclosed using the correct classification on segment			

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37	Financial Statement	CoAF 69: Provision for landfill sites - misstatement identified in the provision for landfill site estimate	During audit testing of the landfill site rehabilitation provision, a variance of R253,841 was identified between the recalculated net present value (NPV) and the value disclosed in the AFS based on the expert's (MHTI Engineering) report for the year ended 30 June 2025.	The difference arose due to methodological variations in the discounting and cost phasing approach applied by MHTI compared to the audit recalculation. The expert's model incorporated site-specific timing of rehabilitation and post-closure activities, resulting in a slightly different distribution of cash flows and discounting effect over the	Management should implement a formal review control over expert valuations, including documenting an assessment of the assumptions, timing of costs, and discounting methods used AFS disclosures should specify the basis and methodology applied in	A technical review to be performed on the AFS and audit file and a report submitted to the CFO	Manager Assets /Manager Reporting	15-Aug-26	A report from the consulted detailing the review performed

No	FUNCTIONAL AREA	DESCRIPTION / AUDIT FINDING	NATURE	Root Cause	Recommendation	Management actions	RESPONSIBLE DEPARTMENT	DUE DATE	EVIDENCE (SUPPORTING DOCUMENT) REQUIRED TO CLEAR THE AUDIT EXCEPTION
				40-year projection period. The auditor's model applied a simplified single-period NPV formula, leading to the R253,841 variance.	accordance with GRAP 19.83 to 89, ensuring transparency and audit trail consistency				





## 23 GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
<b>Adequacy indicators</b>	The quantity of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
<b>Approved Budget</b>	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
<b>Budget year</b>	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specified quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial Statements</b>	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan [IDP]</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to

	which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

## 24 APPENDICES

### APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES AND THEIR PURPOSE	
MUNICIPAL COMMITTEES	PURPOSE OF COMMITTEE
<b>Finance Committee</b>	Deals with municipal financial management.
<b>Audit Committee</b>	It is independent advisory body to council, municipal manager and management staff on financial controls, risk management, accounting policies, performance management.
<b>Housing &amp; erven</b>	Deals with housing & erven matters within the municipality.
<b>Local Labour Forum [LLF]</b>	Platform were organised labour and the employer negotiates and bargains on issues affecting labour at local level.
<b>Education</b>	Deals with local educational matters.
<b>Sports</b>	Deals with issues affecting all sporting codes.
<b>Agriculture &amp; Rural Development</b>	Deals with all matters pertaining to agriculture and rural development.
<b>Economic Development</b>	Deals with local economic development issues.
<b>Social Development</b>	Deals with social & welfare issues affecting the community.

### APPENDIX B – FUNCTIONS OF MUNICIPALITY

MUNICIPAL FUNCTIONS	FUNCTION APPLICABLE TO MUNICIPALITY (YES / NO)
<b>CONSTITUTION SCHEDULE 4, PART B FUNCTIONS</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	Yes
Firefighting services	No
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes

Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	Yes
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

