DRAFT ANNUAL REPORT

2024/2025



ZF Mgcawu
District Municipality
Distrik Munisipaliteit

054 337 2800
zfm-dm.gov.za

Vision

Quality support to deliver quality services

Mission

Centre of excellence in providing quality basic services through support to local municipalities

Core Values

- *Commitment to the development of people*
- *Integrity in the performance of our duty*
- *Respect for our natural resources*
- *Transparency in accounting for our actions*
- *Regularly consult with customers on the level and quality of services*
- *Ensure higher levels of courtesy and professionalism in the workplace*
- *Efficient spending and responsible utilization of municipal assets*

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LIST OF ABBREVIATIONS	
AC	Audit Committee
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AO	Accounting Officer
AG Report	Auditor General's Report
AQMP	Air Quality Managment Plan
AQO	Air Quality Officer
BBBEE	Broad-Based Black Economic Empowerment
CFO	Chief Financial Officer
CIPC	Companies & Intellectual Property Commission
COA	Certificate of Acceptability
CoC	Code of Conduct
COGHSTA	Cooperative Governance, Human Settlements and Traditional Affairs
CLLR	Councillor
CSD	Central Supplier Database
DDM	District Development Model
DDMC	District Disaster Management Centre
DHIS	District Health Information System
DMAF	Disaster Management Advisory Forum
DORA	Division of Revenue Act 2 of 2013
DPSA	Department of Public Service and Administration
DSI	Department of Science and Innovation
DWS	Department of Water and Sanitation
EAP	Employee Assistance Programme

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EHP	Environmental Health Practitioner
EHS	Environmental Health Services
EPWP	Extended Public Works Programme
ETC.	Et Cetera
FAR	Fixed Asset Register
FTE	Full-Time Equivalent (s)
GDP	Gross Domestic Product
GRAP	Generally Recognized Accounting Practice
HDI	Historically Disadvantaged Individuals
HRD	Human Resource Development
HSRC	Human Sciences Research Council
IBT	Innovative Building Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ICT	Information and Communication Technology
ISO 55001	International Organisation for Standardisation
JMPT	Joint Municipal Planning Tribunal
KPI	Key Performance Indicators
LDA	Land Development Applications
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LR	Labour Relations
LUS	Land Use Scheme
MBD	Municipal Bid Documents
MEC	Member of the Executive Council

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MFMA	Municipal Finance Management Act, 56 of 2003
MFMP	Municipal Finance Management Programme
MM	Municipal Manager
MoU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act, 32 of 2000
mSCOA	Municipal Standard of Charts Accounts
NAAQS	National Ambient Air Quality Standards
NCPT	Northern Cape Provincial Treasury
NCTA	Northern Cape Tourism Authority
NDMC	National Disaster Management Centre
NEMA	National Environment Management Act
NHBRC	National Home Builders Registration Council
NQF	National Qualifications Framework
OHS	Occupational Health and Safety
PDCA	Plan Do Check Act Cycle
PDMC	Provincial Disaster Management Centre
PGDP	Provincial Growth and Development Plan
PMS	Performance Management System
PPP	Public-Private Partnerships
PSDF	Provincial Spatial Development Framework
PMU	Project Management Unit
RED	Regional Economic Development
RISFSA	Road Infrastructure Strategic Framework for South Africa
RAMS	Road Asset Management System
RRAMS	Rural Roads Asset Management System

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SACPLAN	South African Council for Planners
SAI	Supreme Audit Institution
SARS	South African Revenue Services
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SMME	Small, Micro and Medium Enterprises
SPLUMA	Spatial Planning and Land Use Management Act
SAPS	South African Police Service
STR	Small-Town Regeneration
TIA	Technology Innovation Agency
TMH	Technical Methods for Highway Manual
TNA	Training Needs Analysis
TOR	Terms of Reference
TVET	Technical Vocational Education & Training
VCI	Visual Condition Index
VIP	Vintilated Improved Pit
WIL	Work Integrated Learning
WSP	Work Skills Plan
WWTW	Waste Water Treatment Works
ZFM DM/ ZFM	ZF Mgcawu District Municipality

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CHAPTER 1

EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



Cllr M.C. Basson

Executive Mayor

It is with great honour and a profound sense of responsibility that I present the Draft Annual Report of the ZF Mgcawu District Municipality for the 2024/2025 financial year. This report is not merely a statutory obligation, it is a mirror of our journey, a reflection of the work we have undertaken in pursuit of our mandate and a reaffirmation of our collective commitment to serve the people of this District with integrity, excellence and compassion.

In a year marked by both adversity and advancement, we have remained steadfast in our mission to serve as a Centre of Excellence, delivering quality basic services through targeted and consistent support to our Local Municipalities. This

unwavering commitment is rooted in our vision: ”Quality support to deliver quality services”. Every intervention, every partnership and every action taken over the past year has been guided by this core aspiration.

Local Government is by design and purpose the closest sphere of governance to the people, the very nucleus of service delivery and community development. It is here, at the coalface where promises made must translate into real, measurable impact on the lives of our residents and despite a complex and often challenging socio-economic landscape we have made important strides in fulfilling that obligation.

Among our most notable achievements has been the advancement of our strategic objectives, rooted in good governance, financial sustainability, institutional capacity and responsive service delivery. We continued to deepen oversight and accountability, with the support of Council structures notably the Municipal Public Accounts Committee and the Audit Committee whose roles remain central in upholding clean administration and fiscal discipline.

The reporting period was not without significant trials. Several communities across our District endured devastating natural disasters that displaced families, destroyed homes and stripped residents of basic necessities. In those moments of crisis, we witnessed the extraordinary power of coordinated governance and community solidarity. Stakeholders from across the public and private sector, Government Departments, Non Government Organisations and civil society mobilised swiftly and selflessly to assist the affected. The response was not only rapid but exemplary of the collaborative governance ethos we continue to champion.

In a parallel effort to safeguard public health and uphold regulatory compliance, the District intensified the Spaza Shop Campaign in alignment with President Cyril Ramaphosa’s call for all Tuckshops to operate within the bounds of the law. Through multidisciplinary joint operations we targeted the removal of expired and harmful goods, closed non-compliant premises and educated traders on legal and safety requirements. This campaign was not just about enforcement; it was about protecting communities, especially the most vulnerable, from harm and exploitation.

The Draft Annual Report provides a comprehensive overview of the year’s endeavours, highlighting what we achieved, where we fell short and where our path forward lies. It is an invitation for scrutiny, reflection and informed engagement from all stakeholders. Transparency and accountability are the cornerstones of democratic local governance and we welcome your inputs as we prepare for the final adoption.

I wish to convey my heartfelt gratitude to all Councillors, the Mayoral Committee and the Municipal Public Accounts Committee for their steadfast support and commitment to our shared mandate. I equally extend my sincere appreciation to the

Management and Staff of the District Municipality for their tireless efforts and dedication throughout the year. It is through this collective resolve that we continue to advance our vision of excellence in service to the people of our District.

I also wish to extend my sincere appreciation to Audit Committee for their invaluable oversight and strategic guidance throughout the year under review. Their unwavering diligence has played a critical role in upholding the highest standards of accountability, transparency and sound governance across our municipal operations.

Let us continue building a legacy of excellence.



Signed by: _____

Councillor M.C. Basson

Executive Mayor

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COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



Mrs S.A Tatas-Titus

Municipal Manager

It is with a deep sense of responsibility and commitment to good governance that I present the Draft Annual Report of the ZF Mgcawu District Municipality for the 2024/2025 financial year. This Draft Annual Report is prepared in compliance with the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, which requires all Municipalities to produce Annual Reports that reflect on their financial performance, service delivery progress and institutional governance. In fulfilling this obligation, the Draft Annual Report serves not only as a statutory instrument but also as a critical accountability mechanism that enables the communities we serve to assess the extent to which we have honoured our developmental mandate.

At its core, this Draft Annual Report embodies the District Municipality's commitment to transparency, accountability and participatory governance. It provides a candid overview of the work we have undertaken, the outcomes we have achieved and the challenges that continue to shape the Local Government landscape in our region. In doing so, it reaffirms our duty to report back to our residents and

stakeholders, thereby strengthening the social contract between Government and the people.

The ZF Mgcawu District Municipality continues to position itself as a supportive and enabling partner to the Local Municipalities within our jurisdiction. In line with Section 83(c) of the Municipal Structures Act, we remain committed to building the administrative, financial and institutional capacity of our Local Municipalities, particularly those facing service delivery backlogs, capacity constraints and financial instability.

Our developmental role is one of facilitation, coordination and reinforcement that is aimed at ensuring that all Municipalities within our District are better equipped to respond to the growing and complex needs of their communities.

However, the reporting period has also highlighted persistent systemic challenges. Many Local Municipalities in our District continue to receive Adverse Audit Outcomes, underscoring the urgent need to strengthen financial management practices and restore public confidence in the stewardship of municipal resources. These challenges are exacerbated by limited revenue bases, skills shortages and constrained grant funding, which together hinder Local Municipalities from translating Integrated Development Plans (IDPs) into meaningful and implementable socio-economic programmes.

It is within this context that the role of intergovernmental relations becomes increasingly significant. In accordance with the Intergovernmental Relations Framework Act, Act No. 13 of 2005, the District Municipality remains committed to fostering cooperative governance. Through the structured platforms of the District Intergovernmental Relations Forums, both Political and Technical, we continue to drive alignment, improve coordination and facilitate the integrated planning and implementation of development priorities across all spheres of Government.

Despite the complexities of the operating environment, the ZF Mgcawu District Municipality has remained focused on achieving its vision of providing quality support to enable the delivery of quality services. Our mission, to serve as a centre of excellence in supporting Local Municipalities, has guided our approach throughout the financial year. Every initiative and support programme has been aimed at strengthening governance systems, promoting service delivery excellence and advancing inclusive development.

I wish to extend my sincere gratitude to the Council, the Mayoral Committee and the Municipal Public Accounts Committee for their steadfast oversight and leadership. I also acknowledge the diligent efforts of the Audit Committee whose insights have contributed significantly to the strengthening of our internal controls and governance mechanisms.

I want to further express my deepest appreciation to the Management Team and all Municipal Staff for their continued dedication, professionalism and commitment to the values of our institution.

As we reflect on the past financial year, we remain resolute in our goal to build a responsive, capable and accountable District Municipality that serves as a catalyst for growth, stability and improved quality of life for all our communities.

Signed by: _____

Mrs S.A Tatas-Titus

Municipal Manager

*Mrs S.A. Tatas-Titus was appointed as Municipal Manager of the ZF Mgcawu District Municipality with effect from 1 September 2025 and is the current incumbent in office.

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1.2 MUNICIPAL FUNCTIONS AND ENVIRONMENTAL OVERVIEW

The ZF Mgcawu District Municipality, formerly known as the Siyanda District Municipality, is a Category C Municipality located in the mid-northern region of the Northern Cape Province. Strategically positioned, the District shares international borders with Botswana to the north and Namibia to the west, placing it at the heart of regional cross-border cooperation and development.

Covering nearly a third of the Northern Cape's geographical area, the District spans a diverse landscape that includes the expansive Kalahari Desert, the Kgalagadi Transfrontier Park and the historic Bushmanland region. The District comprises five Local Municipalities namely Dawid Kruiper, Kai !Garib, Tsantsabane, !Kheis and Kgatelopele. The administrative seat is located in Upington, which serves as the political and operational centre of District governance.

Key urban centres within the District include Upington, Postmasburg, Kakamas, Keimoes, Groblershoop, Danielskuil, Lime Acres, Kenhardt, Rietfontein, Beeshoek, Brandboom, Mier and Eksteenskuil. The region's economy is predominantly driven by agriculture, mining and tourism sectors which the District actively supports through coordinated development planning and intergovernmental collaboration.

In terms of its constitutional mandate, the ZF Mgcawu District Municipality is entrusted with a range of interrelated functions as outlined in Section 83 of the Municipal Structures Act, 1998.

These include providing strategic support to its constituent Local Municipalities, promoting integrated development, building institutional capacity and ensuring equitable and sustainable service delivery across the region. The District Municipality is further tasked with facilitating cooperative governance, enhancing public participation and strengthening inter-municipal coordination thereby contributing to the broader goals of accountable, responsive and developmental Local Government.

Through its legislative responsibilities and strategic interventions, the ZF Mgcawu District Municipality plays a pivotal role in aligning District priorities, supporting under-resourced Municipalities and fostering inclusive socio-economic growth across the District.

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LOCAL MUNICIPALITIES IN THE ZF MGCAWU DISTRICT MUNICIPALITY

1. Dawid Kruiper Local Municipality

The Dawid Kruiper Local Municipality was established in August 2016 following the amalgamation of the former Mier and //Khara Hais Local Municipalities. It is geographically expansive and includes both urban and remote rural settlements, including the culturally significant !Khomani San community. One of its main towns, Rietfontein, is located approximately 280km North-West of Upington.

The Municipality is framed by natural landmarks, the vast Kalahari Desert and the life-giving Orange River, giving it a distinctive environmental character. The Dawid Kruiper Local Municipality is formally recognized as the largest Local Municipality by land area in South Africa, covering approximately 44 231 km².

2. Kai !Garib Local Municipality

Kai !Garib is the second-largest Local Municipality in the District based on the Census 2022 data. It boasts a striking landscape, bordered by the Orange River and the Kalahari Desert. The Local Municipality includes the key urban centres of Kakamas, Keimoes and Kenhardt, each of which contributes to the area's agricultural strength, particularly in wine and raisin production. This Local Municipality is also renowned for its unique blend of arid beauty and irrigated farming, offering both

environmental and economic potential. The Kai !Garib Local Municipality plays a strategic role in regional food production and Agri-tourism within the ZF Mgcawu District.

3. !Kheis Local Municipality

The !Kheis Local Municipality derives its name from the Khoi word meaning "a place where you live" or "your home," reflecting its deep-rooted indigenous heritage. Historically inhabited by the Khoisan people, the area is significant for its cultural and anthropological value. It remains a symbol of historical continuity where nomadic traditions meet the demands of modern local governance.

The !Kheis Local Municipality encompasses a predominantly rural jurisdiction, characterised by dispersed settlements and agricultural activity. The main towns within its boundaries include Groblershoop, Boegoeberg, Gannaput, Grootdrink and Brandboom. Groblershoop functions as the administrative centre and primary service hub of the municipality, providing governance, administrative and essential services to the surrounding communities. The other settlements, while smaller in scale, play an important role in the municipality's socio-economic fabric, contributing to its agricultural base and local cultural identity.

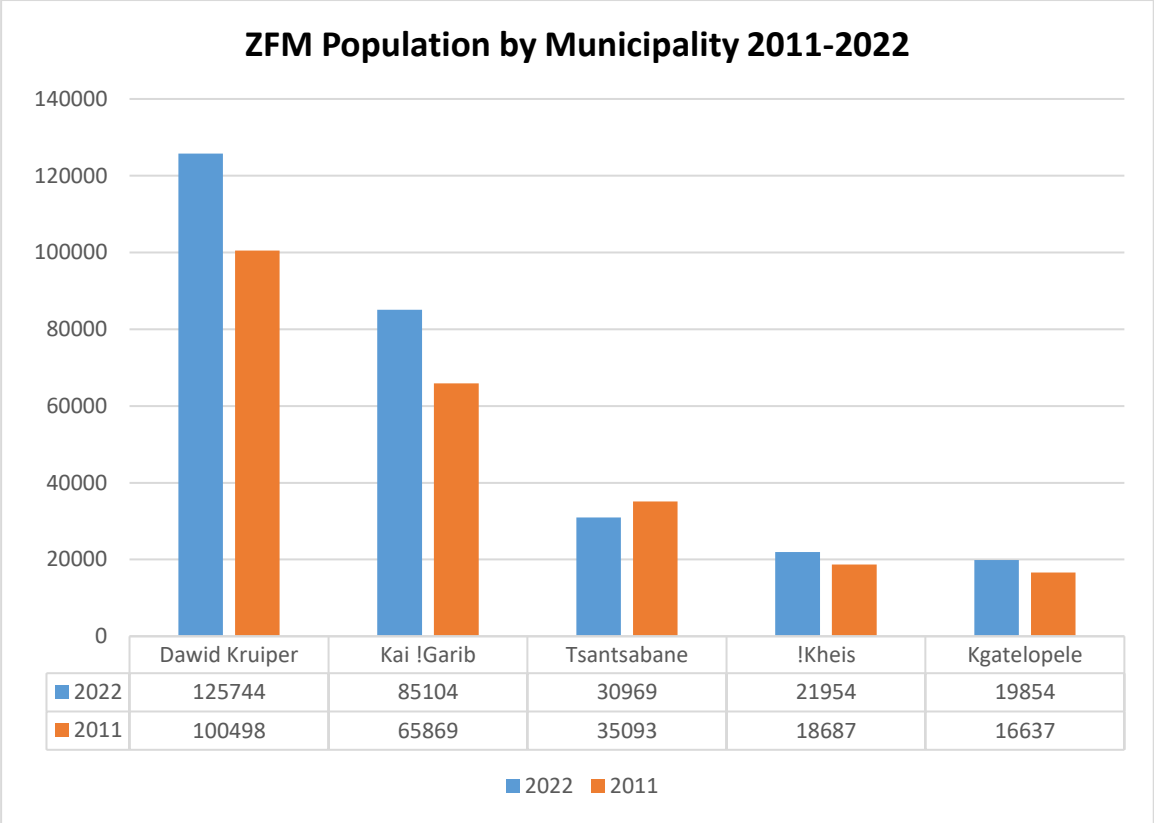
4. Kgatelopele Local Municipality

Formerly known as the Danielskuil Municipal District, Kgatelopele Local Municipality is the smallest Municipality within the ZF Mgcawu District, comprising only 2% of the District Municipality's geographic footprint. It is strategically bordered by the John Taolo Gaetsewe District to the North, Pixley ka Seme District to the South, Frances Baard District to the East and Tsantsabane to the West. Despite its limited geographic size, Kgatelopele Local Municipality plays a critical role as a local service centre and is key to fostering regional cooperation along District boundaries. Its central location makes it vital for inter-district coordination and integrated development planning.

5. Tsantsabane Local Municipality

The Tsantsabane Local Municipality is renowned for its mineral wealth and diversified economic base. Anchored by the town of Postmasburg, the Tsantsabane Local Municipality has developed into one of the Northern Cape's key investment destinations. It is driven by strong mining, agriculture, manufacturing and commercial farming sectors. Over the years, the Tsantsabane Local Municipality has successfully positioned itself as a growth node within the District offering a robust infrastructure base and favourable conditions for Public-Private Partnerships. It continues to serve as a cornerstone for economic growth and employment creation in the region.

1.2.1 POPULATION



	Dawid Kruiper	Kai !Garib	Tsantsabane	!Kheis	Kgatelopele
2022	125744	85104	30969	21954	19854
2011	100498	65869	35093	18687	16637

The graph above shows an increase in the population of the ZF Mgcawu District Municipality over the period 2011 to 2022. The population of the ZF Mgcawu District Municipality has increased from 236 783 to 283 624 in 2022 with an increase of 46841 in population over the period 2011 to 2022.

The Dawid Kruiper Local Municipality is ranked first in terms of population size and the Kgatelopele Local Municipality has the smallest population size of the five Local Municipalities in the ZFM District.

The working age population (15-64 years) has increased from 66,4% to 67,3% from year 2011 to 2022 for the District Municipality. This is further reflected that the number of households with formal dwellings decreased from 79,4% to 78,1% in 2022. The total number of households that have access to piped water (either inside the dwelling or yard) increased from 48,5% to 57,7% in 2022. The total number of households that had access to electricity as a main source of lighting increased from 86,6% to 91,9% in 2022.

The total number of households in the District Municipality with access to flush

toilets increased to 76,0% in 2022 from 72,2% in 2011. This indicates a huge improvement in the provision of basic services to the people. We have also improved the quality of public education and all indicators show that the proportion of persons with no education or no schooling (20+ years) has improved by declining from 9,5% to 5,0% in 2022; this represents the largest increase of attendance at schools in the District Municipality.

1.3 SERVICE DELIVERY OVERVIEW

The administrative operations of the ZF Mgcawu District Municipality are overseen by the Municipal Manager, who holds overall responsibility for the strategic direction, coordination and accountability of the municipal administration. In accordance with Section 56 of the Local Government: Municipal Systems Act, No. 32 of 2000, the Municipal Manager is supported by three Section 56 Directors, each leading one of the core Directorate of the institution.

As the Accounting Officer and the Head of the Administration, the Municipal Manager is entrusted with ensuring the establishment of an effective, efficient and accountable administration capable of implementing the District Municipality's Integrated Development Plan (IDP) and delivering on the priorities articulated therein. The Office of the Municipal Manager also serves as the conduit between the political and administrative arms of the District Municipality, ensuring alignment between the Council's policy directives and their operational implementation.

In addition, the Municipal Manager is mandated to provide strategic advice to the Council and its political office bearers, manage institutional communication and performance and exercise delegated authority in terms of all applicable legislation.

The Office of the Municipal Manager comprises the following functional units: Strategic Operations, Internal Audit, Risk Management, Municipal Support and Performance Management. These units collectively provide strategic direction, oversight and support to ensure the effective governance, operational efficiency and compliance of the District Municipality.

The Corporate Services Directorate plays a central enabling role in the institutional machinery of the District Municipality. It is responsible for ensuring administrative coherence and compliance with relevant legal and regulatory frameworks.

The Directorate oversees Human Resource Management, including recruitment, capacity development and organisational performance. It also ensures that the District Municipality's immovable assets, including property and buildings, are maintained and administered effectively.

A key function of the Directorate is the provision of Information and Communication Technology (ICT) infrastructure to support digital governance and administrative efficiency. Legal compliance, Labour Relations, Communication & Customer Care, Security Services, Occupational Health and Safety, Cleaning Services, Human Resource Management, Human Resource Development and Records Management also fall within its mandate.

Through its secretariat function the Directorate ensures that all Council structures receive high-quality administrative support, including the preparation of agendas and minutes and the follow-through on Council resolutions. Legal services provided by the Directorate play an essential role in safeguarding the District Municipality's interests, especially in the context of procurement, contracts and legislative compliance.

The Planning and Development Directorate is responsible for driving the District Municipality's strategic developmental agenda and ensuring that planning interventions are aligned to the long-term vision articulated in the IDP. This Directorate oversees a broad portfolio that includes Spatial Planning and Land Use Management, Housing, Environmental Health Services, Disaster Management, the Project Management Unit (PMU), Local Economic Development & Tourism and Air Quality. The Directorate plays a key role in formulating and reviewing sector-specific policies.

The Planning and Development Directorate plays a strategic role in advancing the District Municipality's developmental agenda through the implementation of targeted programmes such as the Expanded Public Works Programme (EPWP).

By integrating EPWP initiatives into municipal planning, the Directorate contributes meaningfully to job creation, poverty alleviation and the transfer of critical skills to unemployed and vulnerable community members.

These projects not only provide short-term employment opportunities but also serve as a platform for capacity building and experiential learning, thereby enhancing long-term employability. Through coordinated planning, intergovernmental collaboration and effective resource management, the Directorate ensures that EPWP and related developmental interventions are aligned with the District Municipality's Integrated Development Plan (IDP), ultimately supporting inclusive economic growth and social upliftment across the region.

The Financial Services Directorate is the custodian of the District Municipality's financial governance framework and plays a fundamental role in ensuring financial integrity, sustainability and compliance with the Municipal

Finance Management Act (MFMA), Act 56 of 2003.

The Directorate is charged with the preparation and management of the operational and capital budgets, cash flow oversight, financial reporting, audit coordination, investment management and the administration of salaries, creditors and municipal assets.

Through its Supply Chain Management Unit, the Directorate ensures that procurement is conducted in a manner that is transparent, competitive and cost-effective in line with National Treasury Regulations and the principles of good financial governance.

The Directorate provides critical financial information to the Council, Senior Management and external stakeholders, thereby ensuring informed decision-making and oversight. In its support to the Accounting Officer, the Directorate plays a pivotal role in driving fiscal discipline and ensuring that public funds are utilised optimally in pursuit of service delivery and developmental goals.

Collectively, these Directorates form the backbone of the District Municipality's administrative structure, working in tandem to ensure that institutional objectives are met, legislative compliance is maintained and the developmental mandate of the ZF Mgcawu District Municipality is progressively realised in service of the communities it serves.

1.4 FINANCIAL HEALTH OVERVIEW

Sound financial management remains a cornerstone of sustainable service delivery, institutional credibility and long-term viability in the Local Government Sector. In the context of the ZF Mgcawu District Municipality, the 2024/2025 financial year posed substantial challenges to the District Municipality's financial health, with key concerns flagged by both the Audit Committee and the Auditor-General's external audit. These challenges necessitated the implementation of strict cost containment measures.

The legislative foundation for Municipal Financial Management is grounded in the Municipal Structures Act (1998), the Municipal Systems Act (2000) and the Municipal Finance Management Act (2003). These statutes collectively prescribe the frameworks for budgeting, planning, financial oversight and accountability.

In line with these legislative obligations the Draft Budget for the 2024/2025 financial year was approved on the 25th of March 2024 and the 2024/2025 Final Annual

Budget was adopted on the 31st of May 2024, thus meeting the minimum compliance deadlines set out in the MFMA. Despite procedural compliance, the budget was assessed by the Northern Cape Provincial Treasury (NCPT) as unfunded for the 2024/2025 and 2025/2026 financial years.

The Auditor-General's Report for the 2023/2024 financial year raised serious concerns about the District Municipality's going concern status, citing material uncertainty linked to persistent cash flow constraints.

The District Municipality has consistently pursued the transition from an unfunded to a funded budget by strengthening cash flow monitoring processes to enable informed, real-time financial decision-making.

Furthermore, cash flow projections have been closely aligned with the disbursement schedules of the Equitable Share which constitutes the District Municipality's primary operational revenue source.

A significant contributor to financial strain is the excessive employee-related costs, which have reached an unsustainable average of 64% of our total expenditure well above the national benchmark. This disproportionate cost burden continues to erode the District Municipality's fiscal flexibility and hinders its ability to respond effectively to operational demands.

As a mitigating measure, the ZF Mgcawu District Municipality adopted a Cost Containment Policy on 31 May 2024 coupled with a strategic freeze on the filling of vacant posts. These interventions have yielded some cost-saving benefits, yet structural reforms are still required to ensure long-term financial sustainability.

In support of audit readiness and to sustain the positive audit trajectory of prior years, the District Municipality implemented an Audit Recovery Plan for 2024/2025 and received an allocation of R1 224 985 from National Treasury to cover audit fees. To improve its liquidity position, the District Municipality has maintained a Long-Term Investment portfolio, contributing R623 525 annually with a total balance of R2 433 331 as at 30 June 2025.

While this investment demonstrates a proactive approach to financial recovery, it remains insufficient to offset the shortfalls arising from limited own-revenue generation and overreliance on conditional grant funding.

The fundamental issue persists and that is that the District Municipality's budget is not fully funded primarily due to a misalignment between operational expenditure and the constrained funding envelope. Compounded by inadequate revenue-raising capabilities, this structural imbalance poses an ongoing threat to the financial resilience of the institution.

Moving forward, sustained attention must be directed towards ensuring that expenditure remains within the parameters of affordability and value for money. The District Municipality remains fully committed to restoring its financial standing through a disciplined, transparent and developmental approach to financial governance.

1.5 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The ZF Mgcawu District Municipality remains committed to institutional transformation, accountability and operational efficiency. In line with the provisions of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) the District Municipality's organisational development agenda is framed around key governance pillars of planning, performance management, resource optimisation and structured organisational change. These pillars are essential to enabling responsive, transparent and sustainable Local Government.

A core requirement of the Municipal Systems Act and aligned legislative instruments such as the Municipal Staff Regulations is that every Municipality must maintain a formally approved staff establishment. This establishment must reflect the organisational design required to execute the strategic objectives and service delivery priorities of the District Municipality.

A well-defined organisational structure is fundamental to the effective functioning of any Municipality. It provides a formal framework through which authority, responsibility and accountability are distributed across various levels of the institution.

The organisational structure ensures clarity of roles, facilitates coordinated decision-making, enhances operational efficiency and promotes institutional alignment with strategic objectives. The organisational structure is considered a living document and continues to evolve through amendments necessitated by changing operational needs, legislative shifts and strategic realignment.

To strengthen accountability and institutional performance, the Performance Management Framework was reviewed and formally approved by Council on the 27th of June 2024. This framework sets out the guiding principles and methodological approach for the implementation of the District Municipality's Performance Management System. It ensures alignment between individual performance, departmental outputs and the strategic goals of Council.

During the 2024/2025 financial year, the ZF Mgcawu District Municipality continued to implement its Workplace Skills Plan (WSP) as a strategic instrument to build internal capacity, enhance Staff competencies and promote a culture of continuous professional development. The WSP, developed in line with the Skills Development Act and submitted to the Local Government Sector Education and Training Authority (LGSETA), identified critical training needs across all Directorates.

Through targeted interventions such as accredited training programmes, short courses and workshops, the District Municipality sought to address skills gaps, improve institutional performance and ensure that employees are equipped to meet the evolving demands of public service delivery.

The implementation of the WSP further supported employment equity objectives and contributed to improved organisational efficiency, accountability and service excellence.

1.6 AUDITOR GENERAL'S REPORTS

The Auditor-General of South Africa (AGSA) plays a constitutionally enshrined role as the Supreme Audit Institution (SAI) of the Republic. Operating in accordance with Section 188 of the Constitution and the Public Audit Act, the AGSA exists to promote transparency, oversight, accountability and good governance across all spheres of the public sector, including Local Government.

The institution is a cornerstone of South Africa's democratic architecture, providing Parliament, Provincial Legislatures, Municipal Councils and ultimately the public with independent, objective assurance on how public funds are managed and whether they are spent effectively and lawfully.

At its core, the AGSA's function is to audit the financial and performance management of public institutions, ensuring that public resources are used economically, efficiently and for their intended purposes. In doing so, the Auditor-General strengthens public confidence in the state's ability to deliver services and uphold financial integrity. For municipalities, these annual audits form a vital part of the accountability ecosystem, offering critical insight into financial discipline, service delivery performance and legislative compliance.

The external audit process serves as a critical mechanism for reinforcing accountability and transparency within the District Municipality. Through a rigorous examination of the financial statements, the audit provides assurance that the

District Municipality's financial position is accurately reflected and free from material misstatements. This process safeguards the integrity of the District Municipality's financial reporting, instilling confidence among stakeholders that resources are being managed responsibly.

In addition to financial accuracy, the audit process also scrutinises the credibility of the District Municipality's reported performance. By evaluating the alignment of actual achievements with the predetermined objectives set out in the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP) the audit confirms whether the District Municipality has delivered on its developmental and service delivery mandates. This assessment ensures that reported results are both reliable and consistent with the District Municipality's strategic commitments.

A further dimension of the audit involves assessing compliance with the legislative and regulatory frameworks that govern Municipal operations. This includes a detailed review of adherence to the Municipal Finance Management Act (MFMA), Supply Chain Management regulations and other applicable statutory provisions. The outcome of this process reflects the Municipality's commitment to maintaining sound governance practices, ethical conduct and lawful financial management in fulfilling its mandate to the community.

The outcomes of these audits are formally communicated through the Auditor-General's Report, which forms an integral part of the District Municipality's Annual Report. The Audit Outcomes for the ZFM District Municipality for the last 3 financial years are as follows:

Year	**2022/2023**	**2023/2024**	**2024/2025**
Status	Clean Audit Unqualified Audit Opinion	Unqualified Audit with findings	Unqualified Audit with findings

The Auditor General's Report for the 2024/2025 financial year was released in November 2025 and can be found in Chapter 6 of this report. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion with findings for the 2024/2025 financial year.

1.7 STATUTORY ANNUAL REPORT PROCESS

In terms of Section 121(1), (2) and (3) of the Municipal Finance Management Act, No. 56 of 2003 (MFMA), every Municipality is required to prepare an Annual Report for each financial year. The purpose of this legislated obligation is to provide a comprehensive record of the District Municipality's activities for the year under review; to assess performance against the approved budget and to promote accountability to the local community for decisions taken by the Municipal Council and the Administration throughout the year.

The Annual Report is therefore a key governance tool that reflects on the implementation of plans, use of resources and delivery of services, ultimately serving as a retrospective performance management and oversight instrument.

While the Integrated Development Plan (IDP), Budget and Service Delivery and Budget Implementation Plan (SDBIP) are forward-looking and strategic in nature, the Annual Report is a backward-looking document. It is intended to assess the extent to which the Municipality achieved its goals and objectives in alignment with these core strategic instruments.

Effective preparation of the Annual Report requires that there is clear and demonstrable alignment between the IDP, the Budget and the SDBIP to ensure coherent performance measurement and reporting.

The ZF Mgcawu District Municipality strictly adhered to the legal framework governing the Annual Report process for the 2023/2024 financial year. The Draft Annual Report was submitted to the Office of the Auditor-General on the 30th of August 2024, in line with the prescribed timeframes set out in the MFMA.

Thereafter, the Draft Annual Report was tabled by the Executive Mayor to the Municipal Council on the 31st of January 2025 with the final adoption of the report taking place on the 27th of March 2025.

Throughout this process, the Municipal Public Accounts Committee (MPAC) played an essential oversight role by interrogating the contents of the Annual Report, evaluating performance information and formulating recommendations to Council. This engagement ensured that the Annual Report was not only a compliance instrument but also a credible reflection of institutional accountability and transparency.

In full compliance with Section 129(1) of the MFMA the process was concluded with the submission of the Oversight Report and the final Annual Report to the Northern Cape Provincial Legislature on the 3rd of April 2025. This marked the final step in the statutory reporting cycle and confirmed the District Municipality's full adherence to applicable legislative and governance requirements.

The ZF Mgcawu District Municipality remains committed to robust performance management, transparent reporting and continuous institutional improvement through the annual reporting and oversight process.

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CHAPTER 2 GOVERNANCE

COMPONENT A POLITICAL AND ADMINISTRATIVE GOVERNANCE

Local Government occupies a unique and constitutionally entrenched position as the sphere of Government closest to the people, mandated to promote participatory democracy, accountable governance and inclusive service delivery at the local level. In terms of Section 152(1) of the Constitution of the Republic of South Africa, the core objectives of Local Government include the establishment of a democratic and accountable system of governance and the delivery of services to communities in a sustainable, equitable and developmentally oriented manner.

These obligations are further reinforced by Section 151(2), which confers both the executive and legislative authority of a Municipality on its Municipal Council. This constitutional provision affirms the central role of the Council in exercising oversight, guiding strategic direction and ensuring that governance structures are responsive to the evolving needs of local communities.

In accordance with Section 59 of the Municipal Systems Act, 2000, read in conjunction with Section 79 of the Municipal Finance Management Act (2003) the ZF Mgcawu District Municipality has institutionalised a comprehensive System of Delegation to enhance administrative effectiveness, operational efficiency and institutional accountability.

This Framework provides for the structured decentralisation of decision-making powers to key political and governance structures, including the Executive Mayor, Speaker, Mayoral Committee, Portfolio Committees and other established bodies of Council. In addition, it empowers the administrative arm to implement Council's

policies, strategies and service delivery programmes with agility and coherence. Beyond its legislative necessity, the delegation system functions as a practical governance instrument that brings decision-making closer to communities, fostering transparency and expediting the realisation of developmental priorities across the District.

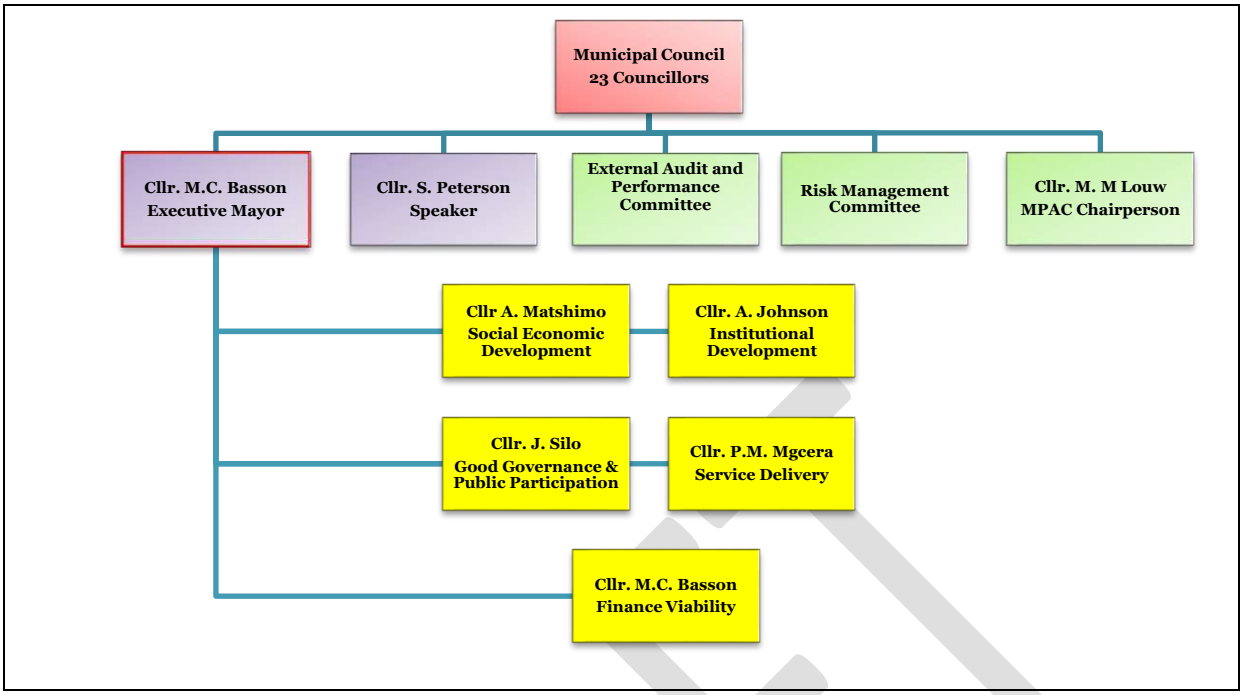
2.1 POLITICAL GOVERNANCE

The Council of the ZF Mgcawu District Municipality is the highest decision-making authority within the institution and is entrusted with the dual mandate of legislative authority and executive oversight, as provided for in the Constitution of the Republic of South Africa. The Council is composed of 23 Councillors, of whom 10 are directly elected through proportional representation, while 13 are appointed by Local Municipalities in the District through a system of secondment. This composition ensures both democratic representation and the integration of local level perspectives into district level governance.

In alignment with its constitutional and legislative mandate the Council performs a critical role in shaping policy direction, approving strategic plans and exercising oversight over the implementation of the District Municipality's programmes and activities. While the Council has delegated its executive functions to the Executive Mayor and the Mayoral Committee, it retains full legislative authority and remains the original source of executive power within the District Municipality. This delegation arrangement allows for operational efficiency while preserving the Council's strategic oversight role.

The Council is actively engaged in monitoring the performance of the Executive Mayor and the administration, ensuring that executive actions are consistent with the approved Integrated Development Plan (IDP), budget and other strategic frameworks. Through robust oversight mechanisms and participatory processes, the Council reinforces the principles of transparency, accountability and good governance. Its leadership role is pivotal in guiding the District Municipality towards the achievement of its developmental mandate.

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2.1.1 COUNCIL COMMITTEES

Governance Committees: Sections 79 and 80 of the Municipal Structures Act, 117 of 1998

The governance framework of the ZF Mgcawu District Municipality is guided by the Local Government: Municipal Structures Act, 117 of 1998, which provides for the establishment, composition and functioning of municipal councils and their internal governance structures.

In particular, Sections 79 and 80 of the Act serve as the legislative foundation for the creation of Council committees that support both executive and oversight functions within the Municipality.

Section 79 Committees: Non-Executive Oversight Bodies

In terms of Section 79, the Municipal Council may establish Non-Executive Committees to enhance the effectiveness, efficiency and oversight capacity of the Council. These Committees are formed by resolution of the Council and are tasked with investigating, monitoring and reporting on specific areas of municipal performance or policy.

The composition, mandate and terms of reference of Section 79 Committees are determined by Council, allowing flexibility to respond to institutional priorities and service delivery demands. These structures play a critical role in supporting transparent governance and robust oversight of both political and administrative actions within the Municipality.

Section 80 Committees: The Executive Governance Architecture

The Mayoral Committee is constituted in terms of Section 80 of the Act and functions as the executive arm of the Council. Chaired by the Executive Mayor, Councillor M.C. Basson, the Mayoral Committee is composed of the Chairpersons of the various Portfolio Committees, each of whom holds a distinct functional responsibility within the Council's governance architecture. The Committee provides strategic leadership, ensures policy coherence and monitors the overall performance of the municipal administration in alignment with the objectives and resolutions of Council.

The core functions of the Mayoral Committee include:

- **Providing collective political leadership** by guiding the strategic direction of the District Municipality and ensuring that the Council resolutions are implemented in a manner consistent with the Integrated Development Plan (IDP), budget and legislative frameworks.
- **Overseeing the performance of the administration**, with a focus on ensuring that municipal Directorates operate efficiently, lawfully and in alignment with the policy directives of the Council.
- **Coordinating the work of Portfolio Committees**, ensuring synergy across functional areas such as finance, corporate services and planning and development.
- **Advising the Executive Mayor** on matters of governance, service delivery, institutional policy and intergovernmental relations.
- **Strengthening accountability and oversight** by receiving progress reports from various Directorates and ensuring remedial action where underperformance or non-compliance is identified.

Each member of the Mayoral Committee is assigned to lead a specific Portfolio Committee, which functions as a strategic platform for in-depth policy formulation, sectoral oversight and thematic governance.

These Portfolio Committees serve as the policy engine rooms of the District Municipality focusing on critical areas such as, Financial Management, Corporate Services and Planning and Development.

Their role is to deliberate on matters within their respective portfolios, assess

departmental performance and formulate well-informed recommendations for consideration by the Mayoral Committee. In doing so, Portfolio Committees ensure that governance remains targeted, coherent and aligned with the strategic priorities of Council.

Role and Responsibilities of the Executive Mayor

As the Political Head of the District Municipality, the Executive Mayor occupies a central leadership position within both the Mayoral Committee and the broader executive governance framework.

The Executive Mayor is entrusted with providing strategic political direction, overseeing executive functions and ensuring that municipal governance is carried out in alignment with the legislative and policy frameworks adopted by Council.

A key responsibility of the Executive Mayor is to preside over meetings of the Mayoral Committee, ensuring that deliberations are orderly, constructive and geared toward effective decision-making. In this capacity, the Executive Mayor also coordinates the development of meeting agendas, guiding discussions and prioritising issues that require executive attention.

The Executive Mayor plays a critical role in ensuring that Mayoral Committee proceedings adhere to applicable legal requirements, institutional policies and the Council's rules of order. This includes promoting compliance with governance standards, facilitating institutional cohesion and ensuring that decisions taken are both procedurally sound and developmentally focused.

The District Municipality in accordance with the Municipal Structures Act has the following Portfolio Committees in place:

Portfolio Committees

NAME OF CHAIRPERSON	PORTFOLIO COMMITTEE
Cllr. M.C Basson	Municipal Finance Viability
Cllr. A. Johnson	Institutional Development
Cllr. P. M. Mgcera	Service Delivery
Cllr. J. Silo	Good Governance and Public Participation
Cllr. A. Matshimo	Social Economic Development

The Committee allocations and the purposes of the Committees can be found in Appendix A and B of this Report respectively.

2.1.2 Municipal Public Accounts Committee (MPAC)

The Municipal Public Accounts Committee (MPAC), established in accordance with Section 79 of the Local Government: Municipal Structures Act, 117 of 1998, functions as an independent oversight body of Council, tasked with strengthening financial governance and institutional accountability. Operating as a critical pillar within the broader governance framework of the ZF Mgcawu District Municipality, MPAC ensures that the principles of transparency, ethical leadership and fiscal discipline are upheld in the use of public resources.

The Committee's mandate centres on the scrutiny of financial management, with specific emphasis on reviewing annual financial statements, audit outcomes, in-year reports and the implementation of the District Municipality's budget. By interrogating these financial instruments and engaging with administrative leadership, MPAC helps to ensure that municipal funds are utilised in a manner that is lawful, efficient and aligned with Council-approved plans and priorities.

MPAC plays an instrumental role in evaluating the performance of the executive, this includes analysing the appropriateness of spending decisions, identifying instances of non-compliance or financial irregularity and recommending corrective measures to promote accountability and systemic improvement. Through this function, MPAC not only enhances the integrity of the District Municipality's financial systems but also reinforces the oversight capacity of Council.

Importantly, MPAC serves as the institutional watchdog on behalf of the Council, ensuring that executive functionaries are held accountable for their decisions and actions. The Committee's work contributes to the broader goal of restoring and maintaining public trust in the administration by promoting good governance, ethical conduct and responsible stewardship of municipal resources.

Through its diligent monitoring and reporting efforts, the Municipal Public Accounts Committee continues to strengthen institutional governance, foster a culture of accountability and uphold the constitutional values of openness, responsiveness and integrity in public administration.

The Members of the Municipal Public Accounts Committee (MPAC) for the 2024/2025 financial year were:

NAME OF MEMBER OF MPAC	POLITICAL PARTY
Cllr M.M Louw [Chairperson]	African National Congress [ANC]
Cllr K.G. Keorometswe	African National Congress [ANC]
Cllr D.R. Pienaar	African National Congress [ANC]
Cllr P.J. George	African National Congress [ANC]
Cllr J. Balies	Economic Freedom Fighters [EFF] [Resigned December 2024]
Cllr F.L. Witbooi	Democratic Alliance [DA]

Members of Council for the 2024/2025 Financial Year:

MEMBERS OF COUNCIL 2024/2025			
NAME	**POSITION**	**PARTY**	**PERIOD**
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
M.M. Louw	Chairperson of Section 79 Committee	ANC	Commencement: 28/02/2024
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023 Term ended: 09/06/2025
M.C. Motwalo	Direct Elected Councillor	EFF	Commencement: 27/06/2025
H. De Koker	Direct Elected Councillor	DA	Commencement: 14/12/2021 Term ended: 09/06/2025
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 14/12/2021
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
M.H.B. Van Zyl	Direct Elected	DA	Commencement: 14/12/2021

	Councillor		
K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
P.J George	Councillor	ANC	Commencement: 14/12/2021
F. Basson	Councillor	ANC	Commencement: 14/12/2021
K. Boer	Councillor	ANC	Commencement: 06/06/2025
C.F.P. Bezuidenhoudt	Councillor	DA	Commencement: 14/12/2021
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
R. Kgatlane	Councillor	DA	Commencement: 10/06/2025
J. Boucher	Councillor	DA	Commencement: 06/02/2025
R. Saal	Councillor	DA	Commencement: 02/10/2024
A.J. Ruiters	Councillor	DA	Commencement: 14/12/2021 Term ended: 05/02/2025
P.T. van der Steen	Councillor	DA	Commencement: 14/12/2021 Term ended: 20/09/2024
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021 Term ended: 3/12/ 2024

2.2 ADMINISTRATIVE GOVERNANCE

During the 2024/2025 financial year, the ZF Mgcawu District Municipality operated under the leadership of multiple individuals appointed in an acting capacity as Municipal Manager. While the permanent position remained vacant throughout the period under review, the statutory responsibilities and obligations attached to the role as defined by prevailing legislation remained unchanged and fully in force.
The incumbents appointed in an acting capacity were expected to fulfil the full scope of duties vested in the office without exception or diminution of authority.

In terms of Section 55 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipal Manager is the head of administration and bears ultimate responsibility for the economic, effective, efficient and accountable operation of the Municipality. The Municipal Manager is also entrusted with the execution of Council policies, the coordination of municipal Directorates and the alignment of operational performance with the strategic priorities articulated in the Integrated Development Plan (IDP).

Furthermore, in accordance with Section 60(b) of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Municipal Manager is formally designated as the Accounting Officer of the District Municipality. This designation entails a range of critical financial governance responsibilities, including providing advice and compliance guidance to the Executive Mayor, political office bearers and administrative officials.

The Accounting Officer must safeguard the financial integrity of the institution by upholding the principles of fidelity, honesty and transparency in managing public funds and by ensuring compliance with all relevant legislative frameworks.

Despite the transitional nature of the acting appointments during the 2024/2025 financial year, the office of the Municipal Manager continued to function as the administrative nerve centre of the institution. The Municipal Manager was responsible for the coordination and implementation of key institutional processes, including the development and execution of the Integrated Development Plan, the maintenance of a robust Performance Management Framework and the provision of strategic and legislative support to the Executive Mayor, Council structures and the broader political leadership.

The operational effectiveness of the Office was further bolstered by the support of the District Municipality's Senior Management team, comprising of the Chief Financial Officer, the Director of Corporate Services and the Director of Planning and Development. Together, this executive leadership collective ensured the continued execution of the District Municipality's core mandate, notwithstanding leadership transitions.

Throughout the reporting period, the administrative arm of the ZF Mgcawu District Municipality remained committed to principles of good governance, accountability and developmental Local Government.

The responsibilities of the Municipal Manager as defined in law continued to be discharged in full, thereby ensuring the stability and continuity of municipal operations and service delivery across the District.

Senior Management as at 30 June 2025		
NAME	**CAPACITY**	**PERIOD**
Mr A.K. Tieties	Acting Municipal Manager	1 July 2024-6 November 2024
Mr. I. De Waal	Acting Municipal Manager	7 November 2025-5 February 2025
Mr. A. Phete	Acting Municipal Manager	6 February 2025-30 June 2025
Mr D.J. Van Zyl	Director: Corporate Services	1 July 2024-30 June 2025
Mrs. E. Isaacs	Chief Financial Officer	1 July 2024-30 June 2025
Mr I. De Waal	Director: Planning & Development	1 July 2024-30 June 2025

COMPONENT B INTERGOVERNMENTAL RELATIONS (IGR)

2.3 INTERGOVERNMENTAL RELATIONS (IGR)

The ZF Mgcawu District Municipality remains committed to strengthening intergovernmental cooperation in line with the Local Government: Intergovernmental Relations Framework Act, No. 13 of 2005. This legislation establishes the foundational architecture for cooperative governance across the national, provincial and local spheres. It aims to promote aligned planning, coordinated implementation and mutually reinforcing service delivery efforts among all levels of government.

Effective Intergovernmental Relations (IGR) are indispensable in fostering integrated development, avoiding duplication of effort and ensuring efficient use of

public resources. The District Municipality recognises that functional IGR mechanisms are not simply procedural formalities, they are strategic platforms that enhance service delivery, deepen developmental impact and improve Government responsiveness across the District.

Functionality of the District Technical IGR Forum

The District Technical IGR Forum, convened quarterly, serves as the administrative mechanism through which intergovernmental coordination is pursued at the operational level. While the forum is designed to function as a high-impact engine for collaborative service delivery, it has encountered notable attendance challenges, particularly towards the latter part of the financial year. The absence of key municipal officials and stakeholders has hampered accountability and delayed implementation of decisions.

Nonetheless, where there has been meaningful participation from Local Municipalities and relevant Government Departments, the forum has demonstrated commendable results. A notable achievement was the successful execution of a multi-sectoral operation aimed at regulating Spaza shops and addressing food safety compliance. The forum was also instrumental in coordinating the District Municipality's disaster response during the severe floods experienced during the year under review. Through the swift mobilisation of sector Departments and Local Government role players, emergency support was delivered efficiently, demonstrating the capacity of the IGR system in times of crisis.

During the third quarter, the forum gained further traction with the participation of the Office of the Member of the Executive Council (MEC) for Agriculture, Rural Development and Land Reform, which focused on land tenure issues and access to agricultural support programmes. This engagement highlighted the need for Local Municipalities to be empowered with the necessary procedural knowledge to access national and provincial land reform interventions.

There are persistent challenges that remain such as the ongoing water quality and service delivery constraints in several Local Municipalities. Despite sustained discussions within the forum, limited progress has been made in resolving these issues, underscoring the need for consistent stakeholder participation and enhanced technical coordination.

Functionality of the District Political IGR Forum

The District Political IGR Forum is the primary platform for high-level political coordination, chaired by the Executive Mayor. While the forum recorded strong attendance and active engagement during the initial quarters, a noticeable decline in participation occurred during the second half of the financial year. This decline particularly affected scheduled engagements for the third and fourth quarters, with one meeting postponed and the final quarter's meeting did not take place.

Despite these challenges, the political leadership of the Mayoral Committee remained a vital driver of intergovernmental activity. The Mayoral Committee demonstrated strong political oversight through direct engagement with sector Departments and affected communities. The Executive Mayor and members of the Committee conducted site inspections in Kai !Garib Local Municipality and !Kheis Local Municipality, where issues of water quality and provision had been reported and played an active role in facilitating coordinated interventions.

The ongoing issue of non-attendance by key stakeholders remains a critical barrier to the sustained momentum and effectiveness of intergovernmental coordination. Strengthening political commitment to regular participation will be essential in improving responsiveness, particularly around complex and persistent service delivery challenges such as water infrastructure.

The ZF Mgcawu District Municipality acknowledges that the success of Intergovernmental Relations hinges on the consistent participation, commitment and coordination of all stakeholders. Despite setbacks in attendance and unresolved systemic challenges, the IGR forums both technical and political remain indispensable mechanisms for delivering integrated, developmental and people-centred governance.

Technical IGR Meetings for 2024/2025

Quarter	Date
Quarter 1	12 September 2024
Quarter 2	02 December 2024: Joint Political & Technical IGR
Quarter 3	10 March 2025
Quarter 4	05 June 2025

Political IGR Meetings for 2024/2025

Quarter	Date
Quarter 1	Meeting did not take place
Quarter 2	02 December 2024: Joint Political & Technical IGR
Quarter 3	Meeting did not take place
Quarter 4	Meeting did not take place

2.3.1 DISTRICT DEVELOPMENT MODEL

The District Development Model (DDM) is a new integrated service delivery approach that was launched by President Ramaphosa in 2019. The District Development Model is intended to be a new integrated, district-based, service delivery approach aimed at fast-tracking service delivery and ensuring that Municipalities are adequately supported and resourced to carry out their mandate. The cabinet approved the District Development Model (DDM) as a Government approach to improve integrated planning and delivery across the three spheres of Government.

The pattern of operating in silos has been a challenge that led to the lack of coherence in planning and has made it impossible for the Government to monitor and evaluate the implementation of Government programmes. The consequence has been non-optimal delivery of services and diminished impact on the triple challenges of poverty, inequality and employment.

The District Development Model consists of a process by which joint and collaborative planning is undertaken at Local, District and Provincial level by all three spheres of Government resulting in a single strategically focussed One Plan.

The District Development Model and One Plan will function within the Provincial and Local spheres' policy and planning frameworks. In essence it will entail that both the Provincial and Local programmes and plans be managed and implemented through a shared service approach from a District Municipal perspective.

The ZF Mgcawu District Municipality is facing numerous challenges that can only be resolved through a unified vision of development among all stakeholders and role players. In this context, the goal of the DDM One Plan is to place ZFMDM on a new path leading to prosperity, liveability and vibrant communities.

The District Development Model builds on the White Paper on Local Government (1998), which seeks to ensure that "Local Government is capacitated and transformed to play a developmental role". The White Paper states that developmental Local Government "is Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives".

The programmes and plans in both Provincial and Local spheres need to find expression in the District Development Model and One Plan to ensure alignment

within all the relevant plans starting from the Provincial Growth and Development Plan (PGDP), Provincial Spatial Development Framework (PSDF) through to the Local Spatial Development Framework (Municipal SDF) and ultimately the Integrated Development Plan (IDP).

It is through this coordinated effort that the District Development Model approach is aimed to streamline all the plans to facilitate the implementation of programmes and plans at a Local Municipal level.

It is against this background that the principal drivers in the Provincial Growth and Development Plan (PGDP) are included in the District Profile. The PGDP is based on four drivers to bring about the desired level of change and development within the Northern Cape Province, by integrating and consolidating all relevant Provincial plans and strategies. The PSDF aims to spatially prioritise, manage and implement the strategies and projects identified by the PGDP.

Introduction to the DDM One Plan Concept

In February 2020 the ZF Mgcawu District Municipality was formally introduced to the District Development Model concept as announced by the President of South Africa. The DDM was primarily implemented by the Northern Cape Department of COGHSTA, with uncertainty on the role of the DDM One Plan within existing planning legislation and approved strategic plans.
The initial starting point placed emphasis on the Back to Basics approach, with Municipalities requested to report on institutional aspects, Covid-19 and service delivery matters within the District Municipality. ZFM was requested to draft the DDM One Plan document, that at that point in time, was not supported by the DDM Content Guideline.

ZFM DDM One Plan

Council Approval and publication of the ZFM DDM One Plan
The Final ZFM DDM One Plan was approved by the ZFM Council on the 4th of October 2022 and published for comments in the Provincial Gazette and the Diamong Fields Advertiser Newspaper in March 2023. The publication of the DDM was conducted by the Department of COGHSTA.

Political Champion Meetings

- The May 2024 Political Champions meeting was postponed due to the John Taolo Gaetsewe District Municipal Imbizo, the hand over report was submitted by the ZF Mgcawu District Municipality
- The Political Champions were actively involved in the ZFM DDM One Plan and was regular updated when requested.
- The Political Champion at National and Provincial level has since been provided to the ZFM District Municipality

- An introduction meeting with the new Political Champion took place during the first quarter of the 2025/2026 financial year. Further reporting on urgent matters and the initial meeting with the Political Champion will continue in the 2025/2026 financial year.

Technical Committee Meetings

The ZFM Technical Committee meetings took place during the 2024/2025 financial year as follow:

Technical Committee Meetings for 2024/2025	
Quarter	**Date**
Quarter 1	26 August 2024
Quarter 2	10 December 2024
Quarter 3	31 March 2025
Quarter 4	20 June 2025

Catalytic Projects

Catalytic Projects are high-impact, flagship initiatives identified through the District Development Model's One Plan process to unlock investment, stimulate economic growth, create jobs and improve service delivery in the District.
The following projects have been identified as Catalytic Projects for the year under review:

- Kakamas Bulk Water Supply Project
- Construction of the new Kakamas Waste Water Treatment Works
- Postmasburg Waste Water Treatment Works Project
- Postmasburg Bulk Water Infrastructure Upgrade
- Opwag Waste Water Treatment Works (Possible Project)

The Postmasburg Waste Water Treatment Works Project

- The Anglo American mine is a Co-Funder (up to 50%) to the Project and the relationship between the Local Municipality, Mine and the Department of Water & Sanitation is crucial to the success of the project.
- The Political Champions will be able to ensure the relationship is built and maintained on the project.
- Tsantsabane Local Municipality has +/- 35 registered Mines in the Municipal Area, that must be kept responsible for assisting the Local Municipality in upgrading infrastructure to provide better services to communities.
- The establishment of a joint monitoring team will ensure co-funder confidence in the project.
- Negotiations regarding the land to be purchased for the Waste Water Treatment Works Project

ZFM has since established Work Streams to address the Catalytic Projects that are aimed at socio-economic development and progress and better service delivery in the

District.

COMPONENT C
PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 IDP PARTICIPATION AND ALIGNMENT

The Integrated Development Plan (IDP) remains the primary strategic tool guiding the long-term planning, prioritisation and developmental trajectory of the ZF Mgcawu District Municipality. Mandated by Chapter 5 of the Municipal Systems Act (Act 32 of 2000), the IDP serves as the overarching planning framework that integrates governance, development, budgeting and performance management into a unified approach to service delivery. It is both a legislative requirement and a critical instrument for realising the developmental objectives enshrined in the Constitution.

IDP Process & District Framework Plan

The IDP is not a static document but a dynamic planning mechanism that is reviewed annually to ensure it remains responsive to emerging challenges and evolving community needs. Central to the development and review of the IDP is the District Framework Plan, which ensures uniformity and alignment across all Local Municipalities within the District. Adopted in tandem with the District's IDP Process Plan on 28 August 2024, this framework fosters a coherent approach to intercouncal planning, ensuring consistency, collaboration and a shared vision for development. In compliance with Section 28(1) of the Municipal Systems Act, all Local Municipalities are required to adopt a process plan that guides their individual planning cycles, reinforcing the principles of coordinated and integrated development.

IDP Steering Committee and IDP Representative Forum

The IDP process is supported by a governance architecture comprising the IDP Steering Committee and the IDP Representative Forum. The Steering Committee plays a pivotal role in providing technical direction and facilitating alignment between strategic objectives and operational plans. This internal structure supports

the Municipal Manager and IDP Unit in ensuring the IDP's robustness and relevance. Complementing this is the IDP Representative Forum, a multi-sectoral stakeholder platform that fosters dialogue between the District Municipality, communities and external partners. The Forum's role in participatory planning, performance monitoring and institutional accountability is critical to ensuring the legitimacy and responsiveness of the IDP.

IDP Steering Committee and IDP Representative Forum Meetings 2024/2025	
IDP Steering Committee	**IDP Representative Forum**
16 October 2024	17 October 2024
19 February 2025	20 February 2025

Public Participation

The review process for 2024/2025 also included a district-wide hybrid public participation engagement on 3 December 2024. This session allowed for robust consultation with Local Municipalities and communities, drawing attention to persistent service delivery backlogs. The issues raised reflect a systemic set of challenges across the District, including inadequate sanitation, deteriorating roads, housing shortages, unregulated informal trade, unemployment, substandard health facilities, insufficient water and storm water infrastructure and rising electricity tariffs. These inputs were critical in refining development priorities and ensuring that community concerns are appropriately integrated into the revised IDP.

Despite the complexities associated with aligning multiple planning instruments, the District Municipality has made significant strides in integrating the IDP with its Budget and Service Delivery and Budget Implementation Plan (SDBIP). This alignment is driven through strategic collaboration between the IDP Unit, the Budget and Treasury Office and the Performance Management Unit.

The Integrated Development Plan continues to serve as the cornerstone of developmental Local Government within the ZF Mgcawu District Municipality and remains steadfast in its global mandate of improving the quality of life for its communities.

Compliance

Compliance Dates		
Item	**Approval by Council**	**Submission to COGHSTA**
Draft IDP 2024/2025	25 March 2024	09 April 2024
Final IDP 2024/2025	31 May 2024	13 June 2024
Revised IDP 2024/2025	28 February 2025	11 March 2025

IDP PARTICIPATION AND ALIGNMENT CRITERIA	
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP have multi-year targets?	No
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly with the KPIs in the strategic plan?	Yes
Do the IDP KPIs align twithsection 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four-quarter aligned reports submitted within stipulated time frames?	Yes

2.5 WARD COMMITTEES

In line with Section 73 of the Local Government: Municipal Structures Act, 117 of 1998, the establishment and ongoing functioning of Ward Committees remain a cornerstone of deepening participatory democracy within the ZF Mgcawu District Municipality. These committees are essential instruments for promoting inclusive governance, enabling communities to actively shape municipal priorities, influence development outcomes and hold leadership structures accountable for service delivery performance.

Ward Committees serve as structured platforms through which community voices are channelled directly into the decision-making processes of Council. They assist in surfacing pressing community needs, facilitating dialogue across interest groups and ensuring that developmental concerns are addressed from the bottom up. The role of the Ward Councillor is significantly enhanced through this system, as these Committees equip Councillors with well-grounded insights into community dynamics, service delivery gaps and socio-economic challenges.

During the 2024/2025 financial year, all Ward Committees across the District remained functional and continued to operate in accordance with their legislated mandate. These Committees have been instrumental in implementing localised community initiatives, including town-cleaning campaigns and awareness drives around municipal service issues such as refuse removal, water conservation and the responsible use of municipal infrastructure. In select Local Municipalities, Ward Committees collaborated with municipal structures to roll out targeted service delivery interventions, contributing to modest improvements in basic service outcomes.

The Committees have also been critical in promoting civic education and amplifying public understanding of municipal programmes and fiscal responsibilities, including compliance with payment for services rendered. This two-way flow of information between the Council and the community reinforces institutional trust and contributes to a more transparent and responsive governance model.

However, despite their achievements, a number of operational challenges were encountered. Timely submission of reports by Ward Councillors remains a recurring concern, hindering the ability to track committee performance and escalate community concerns efficiently. Although mechanisms were introduced to improve compliance, this remains an area requiring ongoing attention. Furthermore, service delivery, while showing incremental progress in certain areas, continues to be constrained by limited municipal budgets and the slow pace of infrastructure development in some wards.

The matter of Ward Committee stipends was conclusively addressed during the reporting period, with an agreement reached to provide a monthly stipend of R1,000 per member. This intervention not only acknowledges the essential role played by committee members but also enhances their capacity to perform their duties with diligence and consistency.

The constitutional and legislative architecture governing Ward Committees, including the Constitution of the Republic of South Africa (Act No. 106 of 1996), the Municipal Systems Act (Act No. 32 of 2000

Implications of the White Paper Review on Ward Committees

The ongoing review of the White Paper on Local Government, which was officially launched in May 2025 is a critical juncture for redefining the institutional architecture and practical mechanisms of community participation in local governance. Ward Committees originally conceptualised in the 1998 White Paper as advisory bodies to deepen participatory democracy are now under renewed scrutiny as part of a broader reassessment of the Local Government system's functionality, responsiveness and developmental impact.

One of the key issues emerging from the review process is whether Ward Committees, in their current form, are sufficiently empowered, capacitated, or resourced to play a meaningful role in developmental governance. The review is expected to address longstanding criticisms that these structures often lack real decision-making authority, operate inconsistently across Municipalities and are underutilised as vehicles for social accountability.

The review of the White Paper on Local Government presents a rare and strategic opportunity to revitalize Ward Committees as engines of grassroots democracy and development. For the ZF Mgcawu District Municipality and others, the outcomes of this process could lead to more empowered, better-resourced and institutionally recognised Ward Committees that can genuinely influence service delivery, accountability and social cohesion at ward level. By the conclusion of the 2024/2025 financial year, the Department of Cooperative Governance and Traditional Affairs was actively engaged in public participation processes aimed at soliciting submissions on the discussion document pertaining to the review of the White Paper on Local Government.

Establishment of Ward Committees

Ward Committees have been established and are functional in the following Municipalities:

LOCAL MUNICIPALITY	NUMBER OF ESTABLISHED WARD COMMITTEES	STATUS OF WARD COMMITTEES
Dawid Kruiper Local Municipality	15	All wards are functional
!Kheis Local Municipality	4	All wards are functional
Kai !Garib Local Municipality	10	All wards are functional
Kgatelopele Local Municipality	4	All wards are functional
Tsantsabane Local Municipality	7	All wards are functional

Status of Ward Committees

During the 2024/2025 financial year, progress was recorded in the strengthening and operationalisation of Ward Committees across the District. Notably, Ward Committees 7 and 8 in the Dawid Kruiper Local Municipality were successfully co-opted and formally inducted, thereby enabling them to fully participate in the

Municipality's governance structures and community engagement processes.

Across the Local Municipalities, Ward Committees continued to play a critical role in facilitating community-based initiatives, particularly with regard to town cleaning campaigns. These programs, driven in collaboration with community members, are aimed at improving environmental health, enhancing civic pride and promoting a culture of active citizenry.

In a further effort to enhance the effectiveness of Ward Committees, service delivery improvement programmes were introduced in some Municipalities. These initiatives were designed to bridge the gap between the Municipality and residents, ensuring that concerns at grassroots level are effectively communicated and addressed.

Training and capacity-building remained a key priority. In September 2024, induction and orientation sessions for Ward Committee members were conducted. This was made possible through strategic support from the Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA), because the District Municipality did have the funding to conduct the required trainings. The training focused on equipping committee members with the necessary knowledge to understand their roles and responsibilities and to contribute meaningfully to the governance and development agenda of their respective wards.

COMPONENT D
CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

During the 2024/2025 financial year, the ZF Mgcawu District Municipality continued to embed Risk Management as a core component of its governance and operational framework. Recognising Risk Management as an integral part of responsible management, the District Municipality applies a structured and integrated approach across all Departments, operations and processes with the primary objective of reducing risks as far as reasonably practicable. This ensures that potential threats to service delivery, governance and operational efficiency are identified, assessed and addressed proactively.

The Risk Management Unit operates within the Office of the Municipal Manager, reporting directly to the Accounting Officer. The Unit is responsible for coordinating all Risk Management activities, supporting the achievement of organisational

objectives and reducing the likelihood of significant errors. While the Unit facilitates, supports and advises line management and employees on managing risks, the responsibility for addressing risks within a service area remains with the line management. A top-down approach is applied to gain a comprehensive understanding of the District Municipality's operational environment, enabling a clearer view of strategic, operational and project-specific risks in line with the Municipal Standard Chart of Accounts (mSCOA) categories.

The Unit is staffed by two fully qualified officials, namely a Unit Manager and a Senior Risk Officer. Its operations are guided by a formally established Risk Management Committee, chaired by a highly qualified external appointee and supported by an approved governance structure. The District Municipality's risk management processes are underpinned by key policy documents, including the Risk Management Policy, the Risk Management Framework and the Risk Management Committee Charter. An approved implementation plan and a set of Key Performance Indicators for Senior Management ensure that Risk Management remains measurable, accountable and results-driven.

Through this governance framework, the ZF Mgcawu District Municipality continues to strengthen its ability to anticipate and mitigate risks that could impact service delivery and organisational performance. This Commitment not only safeguards the District Municipality's operational integrity but also supports its broader mandate of delivering effective, transparent and accountable Local Government.

Top Ten High Risks of the ZFM District Municipality

At the residual risk exposure, the following are top operational risks that the Municipality considers as major focus area. (Without necessarily implying that other risks falling outside the tolerance level need no attention):

Risk no.	Component/ Unit	Objectives	Root Cause	Risk
1	**Loss of valued knowledge and skills**	Ensure business continuity through skills transfer programs	Lack of skills transfer programmes. Ineffective retention policy and programs in place. Loss of valued knowledge and skills of key personnel.	Loss of valued knowledge and skills when key personnel resign or die resulting in business disruptions.
2	**Business continuity**	Continued operations in the event of a disaster	Politics; natural disasters (fire; earthquakes; flood); bomb threats; health scares; strikes; public protests; etc.	Possible discontinuity of service delivery and support to category B-municipalities
3	**Conditions of grants**	Spending of grants according to conditions	Grants not spent according to the conditions. Poor alignment of reporting between department and data strings of treasury. Not all	Possible reduction of the grant allocation for the next upcoming year.

			information reflect on EPWP	
4	**Compliance**	Take reasonable steps to prevent irregular expenditure as disclosed in note 35.3 to the Annual Financial Statements, as required by section 62(1) (d) of the MFMA.	Reasonable steps were not taken to prevent irregular expenditure as disclosed in note 35.3 to the Annual Financial Statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by Managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.	Irregular expenditure resulted in regression of audit opinion.
5	**Cost Containment**	Ensure that Organisation is a going concern that is financially stable and continue to operate indefinitely.	Poor planning results in expenditure that is not in line with approved budget./ Deviation on approved budget due to unplanned expenditure.	Unable to pay Salaries and meet commitments.
6	**Finance web base mSCOA system**	Implementation of web base system to ensure integration of	SCM • Current Web System bypass Ass Director SCM • Orders can't be recalled on system • CSD not linked to the system for all creditors • Instances where actual amount differs from order amount, the actual order does not change however the difference appear on an outstanding order list, which impacts creditors. No segregation of duties.Expenditure • Non-compliance to 30 day payments • Electronic filing system not effective as documents received from SCM can't be viewed.	System issues may result in regression of audit opinion.
7	**Support to Category B-municipalities**	(vi) To assess and monitor the status of infrastructure	Insufficient assessment of support needs to Category B-municipalities Possible inability to render	Loss of funds (Non-compliance with our mandate as a district municipality

		needs and requirements of B Municipalities	effective support to the B-municipalities. The Category B-municipalities do not attend the Municipal tribunal	to provide support to Local Municipalities.)
8	**Environmental Health and Safety of ZFM-DM**	(iii) To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks.	Environmental Health services at municipalities are not aligned with National Health standards and legislation.	Fire, disasters or unsafe drinking water may result in loss of lives.
9	**Disaster Management of ZFM-DM**	(iv) To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	No funding received for Disaster Management therefore n a sufficient Disaster Centre cannot be established and the unit cannot provide effective support/ Ineffective and inadequate Disaster Management within ZFM-DM (Disasters cannot be predicted/calculated, only estimated.)	Loss of Lives
10	**Statutory requirements and Audit opinion**	(vii) To ensure efficient business operations and to fulfils the assurance statutory requirements of the ZF Mgcawu District Municipality	Lack of effective and adequate training processes and controls in place (Poor paper trail). Budget constraints resulting in non-attendance of training and delay in procurement of back-up power solution, fire wall, offsite building and furniture.	Non-compliance with municipal laws and regulations may result in Audit findings.

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2.7 ANTI-FRAUD AND CORRUPTION

The District Municipality recognises that the effective prevention of fraud and corruption is rooted in strong financial governance as prescribed by the Municipal Finance Management Act, 2003 (Act 56 of 2003). In terms of section 62(1), the Accounting Officer carries the responsibility for ensuring that the financial administration of the District Municipality is conducted in a manner that safeguards public resources, promotes accountability and upholds the highest standards of integrity.

This responsibility extends beyond compliance, requiring proactive measures to ensure that the District Municipality's resources are utilised effectively, efficiently and economically. Central to this is the maintenance of accurate and comprehensive records of all financial transactions in line with prescribed norms and standards. Such record-keeping not only supports transparent reporting but also serves as a key deterrent to fraudulent and corrupt practices.

To strengthen resilience against fraud and corruption, the ZF Mgcawu District Municipality maintains effective, efficient and transparent systems of financial and risk management, supported by robust internal controls. These systems are designed to identify and mitigate risks, detect irregularities and ensure that any breaches are addressed swiftly and decisively. Through these measures, the District Municipality reinforces its commitment to ethical governance, prudent financial stewardship and the protection of public funds.

Since the establishment of the Strategic Operations Unit, the ZF Mgcawu District Municipality has adopted a preventative approach which is enforced by its policies, systems and programmes.

The 2024-2025 financial year's preventative activities included:

- Quarterly Fraud Awareness programme which encompassed robust personnel participation in the form of debates and case studies. For the year under review the Unit did a survey to establish the level of awareness that the personnel have in as far as fraud and corruption is concerned and the conclusion reached is that the District Municipality awareness and understanding has improved significantly.
- During the 2024/2025 financial year the personnel were guided on the correct procedures to be followed for whistle-blowers. However, the personnel were concerned about their safety should they opt to do so.
- Conducting of the annual Fraud Risk identification and assessments as well as the

quarterly monitoring of the mitigation plans after the new Fraud Risk Register was drawn up and approved.

- The public was made aware of the fraud reporting facility through the Website of the ZF Mgcawu District Municipality.
- During the financial year under review we have participated in the multi-government department and parastatal capacity building program of the Ethics Institute, in partnership with Cooperative Governance, SALGA, Moral Regeneration Movement and the Special Investigation Unit.
- This was followed up by assistance requested from Provincial Treasury that trained the Municipal Public Accounts Committee.
- The Anti-Fraud and Corruption Unit reports quarterly to the Municipal Public Accounts Committee.

The ZF Mgcawu District Municipality does not have an Ethics Committee as a result it opted that the Anti-Fraud and Corruption Unit report to the Risk Committee until such time that it is financially viable. The Risk Management Committee meets quarterly and is constituted correctly.

The ZF Mgcawu District Municipality remains committed to a zero-tolerance approach to fraud and has strengthened its internal controls following an incident in which the District Municipality was externally defrauded of funds. A case that was previously reported the South African Police Service could be concluded after the money was recovered from our bank where the actual case occurred.
All these mechanisms like systems, procedures, rules and regulations are intended and applied to set a stance that the District Municipality does not condone dishonesty and will do anything possible to mitigate the impact of such.
The factors in the list below remain important deterrents to Fraud and Corruption within the District Municipality, such as:

- Segregation of duties
- Exclusion of politicians from procurement processes
- Internal Audit review of processes and adherence to processes
- Fraud Register for employees and other stakeholders
- Identification of fraud risks, monitoring and review thereof
- Annual assessment of Fraud Risks
- Conducting quarterly fraud awareness programs
- Investigations of alleged fraud and corruption

Policies approved for 2024-2025	Date Approved
Anti-Fraud and Corruption Policy	31 May 2024
Fraud Ethics Policy	31 May 2024
Fraud Prevention Plan	31 May 2024

Fraud Prevention Strategy	31 May 2024
Fraud Risk Register	31 May 2024
Fraud Register	31 May 2024
Fraud Response Plan	31 May 2024
Fraud Risk Management Framework and Implementation Plan	31 May 2024
Whistle Blower Policy	31 May 2024
Whistle Blower Plan	31 May 2024

2.8 SUPPLY CHAIN MANAGEMENT

The ZF Mgcawu District Municipality continued to implement and strengthen its Integrated Supply Chain Management (SCM) framework during the 2024/2025 financial year, in line with applicable legislative and regulatory prescripts. The SCM system serves as a strategic tool to ensure the efficient, transparent and cost-effective procurement of goods and services, aligned to the principles of good governance and value for money.

In keeping with the statutory obligations outlined in Regulation 6(3) of the Municipal Supply Chain Management Regulations, the District Municipality submitted quarterly reports on the implementation of its SCM Policy to Council. These reports serve to bolster oversight and ensure accountability in the procurement environment. In addition to the statutory reporting requirements, the Mayoral Committee exercised its oversight mandate by requesting monthly updates on procurement activities to ensure alignment with approved budgets, timelines and procurement plans.

The key focus areas for the year under review included ensuring compliance with SCM legislative requirements, enhancing internal controls to prevent irregular expenditure and improving turnaround times on procurement processes. The District Municipality remained committed to building a transparent procurement system that not only meets legislative standards but also advances developmental procurement objectives.

During the reporting period, the bid adjudication structures remained functional and adhered to a structured meeting schedule to ensure the timely processing of

procurement matters. The Specification Committee, Evaluation Committee and the Adjudication (Tender) Committee convened when the need arose to consider and finalise procurement recommendations. This regular cadence enabled the District Municipality to maintain operational efficiency while upholding procedural compliance.

All Municipal Bid Documents (MBDs) utilised during the financial year were compliant with MFMA Circular 25. These documents were inclusive of detailed specifications and clearly defined evaluation criteria, as developed and endorsed by the Specification Committee. This ensured that all procurement processes were guided by fairness, objectivity and alignment with legal requirements.

A recurring operational challenge identified during the year under review was the incomplete submission of bid documentation by prospective service providers. This not only delayed adjudication timelines but also compromised the competitiveness of certain procurement processes. The ZF Mgcawu District Municipality remains committed to maintaining a robust and responsive SCM environment that advances efficient service delivery and fosters inclusive local economic development through fair access to procurement opportunities.

Supply Chain Management Unit (Staff)

The Staff component of the Supply Chain Management Unit is as follows:

- 1x Assistant Director SCM, Payroll and Expenditure
- 1x Senior Procurement Officer
- 1x Demand, Acquisition and Logistics Officer (Buyer)
- 1x Intern

The Assistant Director SCM and the Senior Procurement Officer have completed the Municipal Minimum Competency Training as mandated by the Municipal Regulations on Minimum Competency levels (Government Gazette 29967, 2007). No additional training was attended by the Supply Chain Management Unit.

Preferential Procurement Regulations, 2022

In alignment with national imperatives for economic transformation and inclusive growth, the ZF Mgcawu District Municipality has adopted a strategic approach to procurement that is firmly rooted in the Preferential Procurement Regulations, 2022. The District Municipality's Preferential Procurement Policy not only complies with legislative requirements but also serves as a catalyst for empowering historically disadvantaged individuals (HDIs) and stimulating local economic development.

The Policy Framework provides clear direction on how procurement processes are structured to advance socio-economic objectives. It actively promotes the participation of HDI-owned enterprises, Small, Medium and Micro Enterprises (SMMEs) and locally based service providers in the Municipal Supply Chain.

The District Municipality strategically utilises its procurement processes to drive developmental outcomes, with a strong focus on bids that promote skills transfer, enterprise capacity enhancement and active economic inclusion of historically disadvantaged individuals.

NR	TENDER	DESCRIPTION	CLOSING DATE OF BID	PROGRESS
1.	Tender 1 2024/2025	Bacteriological Analyses on Water Samples	08 August 2024	Tender not awarded The Tender was below the Tender threshold and was advertised as Formal Written Quotation
2.	Tender 2 2024/2025	Insurance for December 2024-30 November 2025	25 November 2025	Tender not awarded-It was advertised as Tender 3-2024/2025
3.	Tender 3 2024/2025	Insurance 1 March 2025- 28 February 2026	28 February 2025	28 February 2025
4.	Tender 4 2024/2025	Rental & Maintenance of Copier Machines	13 May 2025	Tender was awarded in the 2025/2026 financial year
5.	Tender 5 2024/2025	Acquisition of RRAMS Vehicle	11 June 2025	Tender not awarded

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Price Written Quotation Register 2024/2025							
#	Quotation Nr	Date advertised	Date closed	Date awarded (order)	Description	Quotation awarded to	Quotation Amount
1	Quotation 1-2024/2025	15-Aug-24	23-Aug-24	13-Dec-24	Request for formal Written Quotation for a hosted Cloud Backup (Red Store) Solution for the Municipality's data for a period of 1 Year	Re-Advertised	
2	Quotation 2-2024/2025	15-Aug-24	23-Aug-24	9-Sep-24	Request for formal Written Quotation for the renewal of new Varieties.	First Technology	R 34 960.00
3	Quotation 3-2024/2025	15-Aug-24	23-Aug-24	12-Sep-24	Request for formal Written Quotation for the Acquisition of 11 Pro Laptops	URB ICT	R 66 630.00
4	Quotation 4-2024/2025	15-Aug-24	23-Aug-24	17-Oct-24	Request for formal Written Quotation for a new Website Design with Hosting and Maintenance	Web Ateljee	R125 537.47
5	Quotation 5-2024/2025	16-Aug-24	23-Aug-24	4-Sep-24	Request for formal Written Quotation for the Acquisition of PPE	New Heaven Enterprise	R 37 940.00
6	Quotation 6-2024/2025	16-Aug-24	23-Aug-24	11-Dec-24	Request for formal Written Quotation for Enterprise Business Fibre Internet Connection	Re-Advertised	
7	Quotation 7-2024/2025	21-Aug-24	29-Aug-24	4-Sep-24	Request for formal Written Quotation for the conversion of VIP Toilets into flushing systems in Riemvasmaak	Monica Mfecane	R 183 100.00

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Price Written Quotation Register 2024/2025							
#	Quotation Nr	Date advertised	Date closed	Date awarded (order)	Description	Quotation awarded to	Quotation Amount
8	Quotation 8-2024/2025	21-Aug-24	29-Aug-24	20-Feb-24	Request for Formal Written Quotation for Moveable Asset Verification Software	Re-advertised	
9	Quotation 9-2024/2025	12-Sep-24	20-Sept-24	7-Oct-24	Request for formal Written Quotation for a hosted Cloud Nackup (Redstor) Solution for the Municipality's data for a period of 1 Year	ING Digital SA	R 110 930.16
10	Quotation 10-2024/2025	12-Sep-24	20-Sept-24	21-Jan-25	Request for formal Written Quotation for Moveable Asset Verification Software	Duchame Consulting	R 41 975.00
11	Quotation 11-2024/2025	12-Sep-24	20-Sept-24	7-Oct-24	Request for formal Written Quotation for Acquisition of Firewall 101F for ZF Mgcawu District Municipality	URB ICT	R 59 621.12
12	Quotation 12-2024/2025	12-Sep-24	20-Sept-24	7-Oct-24	Request for Formal Written Quotation for the Acquisition of a Firewall for ZF Mgcawu District Municipality	Re-advertised	
13	Quotation 13-2024/2025	10-Oct-24	17-Oct-24	28-Oct-24	Request for formal Written Quotation Enterprise Business Fibre Internet Connection	URB ICT	R 37 994.48
14	Quotation 14-2024/2025	10-Oct-24	17-Oct-24	28-Oct-24	Request for formal Written Quotation Renewal of Kerio Licenses	URB	R 66 585.02

Price Written Quotation Register 2024/2025							
#	**Quotation Nr**	**Date advertised**	**Date closed**	**Date awarded (order)**	**Description**	**Quotation awarded to**	**Quotation Amount**
15	Quotation 15-2024/2025	11-Oct-24	21-Oct-24	28-Oct-24	Request for formal Written Quotation Renewal of Cibecs Endpoint Cloud on Prem	URB	R 110 693.25
16	Quotation 16-2024/2025	14-Oct-24	22-Oct-24		Request for formal Written Quotation for Cleaning and Repair of Gutters	Request for Quotation Cancelled	
17	Quotation 17-2024/2025	04 Nov-24	12-Nov-24	14-Jan-25	Request for formal Written Quotation for Acquisition of QNAP TS-1232PXU-RP-4G 12 BAY and UAD-CORE 1.7GHZ RACK-MOUNT NAS	BSA Rekenaardienste	R 82 082.00
18	Quotation 18-2024/2025	04 Nov-24	12-Nov-24	22-Nov-24	Request for formal Written Quotation for Acquisition of 3 Laptops	URB ICT	R 33 660.00
19	Quotation 19-2024/2025	06 Nov-24	13-Nov-24	10-Dec-24	Request for formal Written Quotation for Cleaning of Illegal Dumping Sites and Sidewalks.	Monica Mfecaane	R 81 500.00
20	Quotation 20-2024/2025	14-Nov-24	22-Nov-24	18-Dec-24	Request for Written Quotation for Bacteriological Analyses	Drs Dietrich Voight Mia & Partners	R 15 600.00
21	Quotation 21-2024/2025	14-Nov-24	22-Nov-24		Request for Formal Written Quotation for Sanitary Goods and Services	No quotations were received Re-advertised	

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Price Written Quotation Register 2024/2025							
#	Quotation Nr	Date advertised	Date closed	Date awarded (order)	Description	Quotation awarded to	Quotation Amount
22	Quotations 22-2024/2025	03-Dec-24	11-Dec-24	10-Jan-25	Request for formal Written Quotation for Cleaning and Repair of Gutters	Ubomi	R 140 000.00
23	Quotation 23-2024/2025	03-Dec-24	11-Dec-24	11-Feb-25	Request for formal Written Quotation for Uniform for the Cleaners	Rigo Electrical and construction Services	R 49 500.00
24	Quotation 24-2024/2025	03-Dec-24	12-Dec-24	11-Dec-24	Request for formal Written Quotation for the Acquisition of 122 Vouchers	Checkers	R 36 600.00
25	Quotation 25-2024/2025	06-Dec-24	11-Dec-24	18-Dec-24	Request for formal Written Quotation for the Acquisition of 70 Vouchers	Checkers	R 52 500.00
26	Quotation 26-2024/2025	06-Dec-24	13-Dec-24	17-Dec-24	Request for formal Written Quotation for the Acquisition of Long Service Vouchers	Checkers	R 110 300.00
27	Quotation 27-2024/2025	09-Dec-24	17-Dec-24	19-Dec-24	Request for formal Written Quotation for the Service and Replacement of Aircons	Oskido Trading	R 88 000
28	Quotation 28-2024/2025	14-Jan-25	21-Jan-25	31-Jan-25	Request for formal Written Quotation for the Back to School Project of the Municipality	Hillgrow Construction	R 79 000.00
29	Quotation 29-2024/2024	27-Jan-25	03-Feb-25	11-Feb-25	Request for formal Written Quotation for the Acquisition of School Uniform.	Upington Spysenieringsdienste	R 107 250

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Price Written Quotation Register 2024/2025							
#	Quotation Nr	Date advertised	Date closed	Date awarded (order)	Description	Quotation awarded to	Quotation Amount
30	Quotation 30-2024/2025	28-Jan-25	05-Feb-25		Request for Formal Written Quotation for Sanitary Goods and Services	Monica Mfecane	R359 630.00
31	Quotation 31-2024/2025	11-Feb-25	19-Feb-25	4-Mar-25	Request for formal Written Quotation for the Replace and Service of Aircons	Chalton Finald	R 89 930
32	Quotation 32-2024/2025	04-Mar-25	12-Mar-25	15-May-25	Request for formal Written Quotation for Fortigate 101F Enterprise License 1 Year Subscription	Netsec	R 74 436.05
33	Quotation 33-2024/2025	04-Mar-25	12-Mar-25	20-Mar-25	Request for formal Written Quotation for the Acquisition of Food Parcels.	Upington Spyseniering	R 130 000
34	Quotation 34-2024/2025				Not Advertised		
35	Quotation 35-2024/2025	28-Jan-25	05-Feb-25	24-Mar 25	Request for formal Written Quotation for Food Parcels	Upington Spyseniering	R 145 000
36	Quotation 36-2024/2025	04-April 25	14-Apr-25	15-Apr-25	Request for formal Written Quotation for the Acquisition of 98 Employee Vouchers	Checkers	R 24 5000
37	Quotation 37-2024/2025	14-April-25	28-April 25		Request for Formal Written Quotation for Supply Chain Management Training	Not Awarded	

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Price Written Quotation Register 2024/2025							
#	**Quotation Nr**	**Date advertised**	**Date closed**	**Date awarded (order)**	**Description**	**Quotation awarded to**	**Quotation Amount**
38	Quotation 38 2024/2025	19-May-25	28-May-2025	Not awarded	Request for formal Written Quotation for Premises to Host DR ICT System and Infrastructure – Offsite Facility	One quotation received. Readvertised	R0
39	Quotation 39 2024/2025	19-May-25	28-May-25	Not awarded	Request for formal Written Quotation for Procurement of Audit Software Requirements	No quotations received Readvertised	R0
40	Quotation 40 2024/2025	19-May-25	28-May-25	Not awarded	Request for formal Written Quotation for Procurement of Asset Module	No quotations received, re-advertise	R0

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2.9 WEBSITE

Municipal Website: Content and Currency of Material	
Documents published on the ZFM DM Website	**Yes / No**
Current Annual and Adjustments Budgets and all Budget-Related documents	Yes
All Current Budget-Related Policies	Yes
The previous Annual Report 2023/2024	Yes
The Annual Report 2024/2025 to be published in 2026	Yes
All current Performance Agreements 2024/2025 required in terms of Section 57(1)(B) of the Municipal Systems Act	Yes
All Service Delivery Agreements 2024/2025	Yes
All Long-Term Borrowing Contracts 2024/2025	N/A
All Supply Chain Management Contracts above a prescribed value R100 000 for 2024/2025	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 2024/2025	Yes
Contracts agreed in 2024/2025 to which subsection (1) of Section 33 applies, subject to subsection (3) of that section	N/A
Public-Private Partnership Agreements referred to in section 120 made in 2024/2025	N/A
All Quarterly Reports tabled in the Council in terms of section 52 (d) during 2024/2025	Yes

Comment on Municipal Website content and access:

In its ongoing commitment to transparency, accountability and accessible governance, the ZF Mgcawu District Municipality continues to comply with the provisions of Section 75(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). This legislative provision mandates Municipalities to publish key financial and operational documents on their official websites, thereby fostering greater public oversight and stakeholder engagement.

The District Municipality's official website remains fully operational and is actively

managed by the Communications Unit to ensure the timely publication of all required documentation. In line with good governance practices, the Website Policy was reviewed and duly adopted by Council on 31 May 2024, reinforcing the District Municipality's intention to maintain a user-friendly and compliant digital platform.

All documentation as prescribed by Section 75 of the Municipal Finance Management Act ranging from budget-related reports to service delivery agreements are routinely uploaded to the website, thereby enabling residents, partners and oversight institutions to monitor and assess the Municipality's financial performance and decision-making processes. This digital transparency mechanism serves not only to fulfil statutory requirements but also to promote informed public participation and hold municipal leadership accountable for service delivery and resource management.

Through the effective implementation of its Website Policy and the consistent publication of Section 75 information, the ZF Mgcawu District Municipality reaffirms its commitment to ethical governance and inclusive access to information.

2.10 INTERNAL AUDIT

The Internal Audit Unit of the ZF Mgcawu District Municipality continues to serve as an indispensable component of the District Municipality's governance architecture, functioning as an independent, objective assurance and advisory service. Its mandate is firmly anchored in Section 165 of the Municipal Finance Management Act (MFMA), No. 56 of 2003, which prescribes the establishment of internal audit arrangements that promote ethical, efficient and lawful administration of public resources.

In line with its legislated responsibilities, the Internal Audit Unit supports the Accounting Officer and the Audit Committee by executing strategic audit interventions that strengthen institutional controls, enhance risk mitigation and improve operational performance. It is a vital mechanism in preserving the credibility of municipal systems and processes. The purpose of the Internal Audit function is to strengthen ZF Mgcawu District Municipality's ability to create, protect and sustain value by providing the Audit Committee and Management with independent, risk-based and objective assurance, advice, insight and foresight.

The Internal Audit function plays a critical role in strengthening the overall performance and institutional integrity of the ZF Mgcawu District Municipality. It contributes meaningfully to the successful achievement of the Municipality's strategic objectives by enhancing governance, improving risk management and internal control processes and supporting more informed decision-making and oversight. Furthermore, it reinforces the District Municipality's credibility and

reputation among stakeholders, while safeguarding its ability to act in the best interest of the public it serves.

Mission Statement:

a) Internal Auditing is an independent objective assurance and advisory activity designed to add value and improve an organisation's operations.
b) Services designed to add value and improve the ZF Mgcawu District Municipality's operations. Internal Audit helps the ZF Mgcawu District Municipality accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
c) The Internal Audit function of has been established in terms of the Municipal Finance Management Act, 56 of 2003 (Section 165 (1) to (3).

The ZF Mgcawu District Municipality's Internal Audit function is most effective when internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit Standards. The Internal Audit function is independently positioned with direct accountability to the Audit Committee and when the Internal Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The ZF Mgcawu District Municipality's Internal Audit function will adhere to the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive reports quarterly to the Audit Committee and Senior Management regarding the Internal Audit function's conformance with the Standards.

Policies approved for 2024/2025	Date Approved
Audit Committee Charter Reviewed Audit Committee Charter	Audit Committee: 24 June 2024 Council: 27 June 2024 Audit Committee: 15 October 2024 Council: 31 January 2025
Internal Audit Charter	Audit Committee: 24 June 2024 Council: 27 June 2024
Internal Audit Manual and Methodology	Audit Committee: 24 June 2024
Internal Audit Strategic and Operational	Audit Committee: 24 June 2024

Plans	Reviewed on 15 October 2024

Internal Audit Programme

The Internal Audit Programme formed an integral part of the Operational Plan for the 2024/2025 financial year, which was duly approved by the Audit Committee on 24 June 2024. The programme outlined the planned audit engagements and strategic focus areas in line with the risk-based audit plan. All scheduled audit activities were successfully executed within the reporting period, reflecting the Unit's commitment to delivering on its mandate.

Quarterly Reports according to the approved Internal Audit Plan	**Presented to the Audit Committee**
Quarter 1 Internal Audit Reports completed	15 October 2024
Quarter 2 Internal Audit Reports completed	21 January 2025
Quarter 3 Internal Audit Reports completed	14 April 2025
Quarter 4 Internal Audit Reports completed	24 June 2025

Internal Audit Unit (Staff)

Six Staff members	**Qualification**	**Years of Experience in Audit**
GB Cloete Deputy Director: Internal Audit	1. Baccaluareus Commercii, 2. Higher Diploma in Education 3. Certificate in Advanced Program Risk Management 4. Certificate Programme in Management Development for Municipal Finance (CPMD) 5. Internal Audit Technician (IAT) 6. Professional Internal Audit (PIA) Assessment to be completed	21 Years
J Shorty Unit Manager Internal Audit	1. Bachelor of Theology Degree 2. Diploma in Education 3. Certificate in Professional Practice for Internal Auditors 4. Certificate in Municipal Finance 5. National Certificate in Municipal Finance Management 6. Internal Audit Technician (IAT)	22 Years

	7. Professional Internal Audit (PIA) Assessment to be completed	
B Clarke Internal Auditor	1. National Diploma: Internal Auditing 2.Municipal Finance Management Program 3. Internal Audit Technician (IAT) 4. Professional Internal Audit (PIA) Assessment to be completed 5.Advanced Diploma in Public Accountability	16 Years
BS Mabala Internal Auditor	1. National Diploma: Internal Auditing 2. Registered Professional Accountant Diploma	7 Years
R Malgas Internal Auditor	1. National Diploma: Internal Auditing	4 Years and 6 Months

2.11 AUDIT COMMITTEE

The Audit Committee of the ZF Mgcawu District Municipality remains a cornerstone of the institution's governance framework, providing independent oversight and strategic advisory support in line with its statutory mandate. Constituted in terms of Section 166 of the Municipal Finance Management Act (MFMA), No. 56 of 2003, the Committee is entrusted with the responsibility of guiding and strengthening the District Municipality's financial management, performance monitoring and internal control systems. Through its work, the Committee directly contributes to the sound direction, control and accountability of the institution.

As an advisory body, the Audit Committee supports the Municipal Council, the Accounting Officer and Senior Management on matters relating to risk governance, audit assurance, compliance and performance management. Its responsibilities are executed with a clear commitment to objectivity, transparency and institutional integrity.

A key aspect of the Committee's work is the evaluation of internal financial controls and oversight of the Internal Audit function. This involves reviewing audit plans, interrogating the adequacy of audit coverage and tracking the implementation of audit recommendations. These activities promote credible financial reporting processes.

In addition, the Committee provides strategic input on the District Municipality's risk management systems, ensuring that institutional risks are clearly identified, assessed and adequately mitigated. Particular attention is paid to the integration of risk into operational and strategic planning processes.

The Audit Committee also reviews accounting policies to ensure alignment with applicable standards and legislative requirements, while overseeing the quality, reliability and transparency of financial information provided by the District Municipality. The Committee's oversight extends to the monitoring of the performance management system to determine whether it effectively measures progress against predetermined objectives. It plays an active role in ensuring that the District Municipality operates within the bounds of the Municipal Finance Management Act and related regulations.

The Audit Committee plays a critical role in reviewing the Municipality's Annual Financial Statements, Annual Performance Report and Annual Report prior to their submission for external audit. This function is vital in ensuring the integrity and credibility of the District Municipality's financial disclosures and in identifying areas that may require corrective action prior to submission to the Auditor-General.

The Audit Committee operates within a clearly defined legal and governance framework, drawing its authority from Section 166(2) of the MFMA, which outlines its advisory role in matters of financial governance, internal controls, risk management and performance evaluation. This mandate is further reinforced by Regulation 14(4) of the Local Government: Municipal Planning and Performance Management Regulations, 2001, which emphasises the Committee's responsibility for overseeing compliance with performance management requirements. The 2024/2025 Audit Committee Charter provides additional guidance by detailing the Committee's specific duties, powers and procedural protocols to ensure consistency and effectiveness in the execution of its mandate.

Members of the Audit Committee

Name of Member	Qualifications	Period of Appointment	Experience
Lekuka Simon More	Baccalaureus Legum (LLB)	01 January 2024 – 31 December 2026 Resigned on 20 December 2024	11 months
Wilfred Andile Present	Baccalaureus Legum (LLB) Master of Laws (LLM) in Business Entities	01 January 2025 – 31 December 2027	6 months

	Certificate in Board Leadership		
Khotso Abel Nkoe	B Com Degree Advance Diploma in Accounting Chartered Accountant Certified Risk Management Professional (Board 2 exam)	01 January 2023 – 31 December 2025	8 Years and 6 months
Ursula Thys	Post Graduate Diploma in Law Certificate in Business Management Honours in Industrial Psychology BA Personnel Management	01 January 2023 – 31 December 2025	2 Year and 6 months

Audit Committee Meetings 2024/2025

Date	Activity	Status
20 - 21 August 2024	Review of the Annual Financial Statements, Annual Report and Annual Performance Report	The meeting took place as scheduled
15 October 2024	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 1 and all standing items.	The meeting took place as scheduled
21 January 2025	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 2 and all standing items.	The meeting took place as scheduled
14 April 2025	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 3 and all standing items.	The meeting took place as scheduled
24 June 2025	Quarterly Audit Committee meeting: Internal Audit Activities Quarter 4 and all standing items.	The meeting took place as scheduled

Audit Committee Reports tabled to Council

In accordance with the provisions of the approved Audit Committee Charter, the Committee is required to report to Council on a quarterly basis to provide feedback on its oversight activities and to advise on matters related to financial governance, risk management and performance monitoring. The shift from reporting twice a year

to quarterly reflects a deliberate move towards more robust governance practices and underscores the Committee's commitment to enhancing the District Municipality's transparency and institutional responsiveness.

2.12 PERFORMANCE MANAGEMENT

The Performance Management System (PMS) Unit within the ZF Mgcawu District Municipality serves as a central mechanism for institutional accountability, strategic alignment and service delivery oversight. Operating within the legislative framework set out in Chapter 6 of the Municipal Systems Act, 32 of 2000, the Unit is responsible for driving the implementation, coordination, monitoring and continuous refinement of the Municipality's Performance Management System.

As the technical custodian of the PMS, the Unit ensures that all performance-related processes are legally compliant, strategically aligned with the Integrated Development Plan (IDP) and operationally integrated across all Directorates. It plays a pivotal role in translating institutional priorities into measurable indicators by guiding directorate planning, facilitating departmental implementation, and ensuring alignment between the Service Delivery and Budget Implementation Plan (SDBIP) and approved budgetary commitments.

Key responsibilities of the PMS Unit include developing and updating the PMS Framework, coordinating the submission of quarterly and annual performance reports, facilitating performance reviews for Senior Management and providing ongoing support to Directorates in setting, tracking and reporting on performance indicators. The Unit also oversees the institutional performance evaluation process and ensures that reporting to Council and other oversight structures is timeous, evidence-based and aligned with statutory requirements.

The PMS Unit contributes to cultivating a performance-driven culture within the District Municipality, one that is focused on measurable impact, results-based management and continuous improvement. The Unit not only supports legislative compliance but also reinforces the Municipality's commitment to transparency, responsiveness and developmental governance.

Performance Management System (PMS) Framework

The 2024/2025 Performance Management System (PMS) Framework was adopted by Council on the 27th of June 2024. The purpose of the Performance Management System (PMS) Framework is to provide a structured, standardised approach for

planning, monitoring, measuring, evaluating and reporting on the performance of the ZF Mgcawu District Municipality. It serves as a strategic and operational tool that ensures alignment between the District Municipality's vision, strategic objectives and service delivery commitments as outlined in the Integrated Development Plan (IDP).

The PMS Framework establishes the guiding principles, processes, roles and responsibilities that govern how performance is managed across the institution. It ensures that performance management is applied consistently and transparently at all levels, from individual employee assessments to organisational performance reporting. By providing a common set of rules and procedures, the framework ensures that targets are clearly defined, indicators are measurable, progress is tracked objectively and corrective actions are taken where performance falls short.

It enhances decision-making, strengthens oversight and supports compliance with relevant legislative requirements, including the Municipal Systems Act and the Municipal Finance Management Act.

Service Delivery and Budget Implementation Plan (SDBIP)

The Service Delivery and Budget Implementation Plan (SDBIP) is a critical performance management tool used by Municipalities to translate their Integrated Development Plan (IDP) and approved annual budget into measurable service delivery targets and operational activities. It serves as a contract between the administration, the Executive Mayor, Council and the community, ensuring transparency, accountability and alignment of service delivery with financial planning.

It forms the basis for in-year performance monitoring and quarterly reporting, enabling proactive management and the timely identification of underperformance or deviations from planned activities. The SDBIP for the 2024/2025 financial year was endorsed by the Council on the 31st of May 2024 and formally approved by the Executive Mayor on the 24th of June 2024

Legislative Framework Governing the SDBIP

The implementation and approval of the Service Delivery and Budget Implementation Plan (SDBIP) are governed by a set of legislative provisions aimed at ensuring effective alignment between planning, budgeting and service delivery. The Municipal Finance Management Act (MFMA), No. 56 of 2003, defines the SDBIP as a detailed plan approved by the Executive Mayor that outlines how the District Municipality will implement its budget and deliver services over the financial year.

In terms of Section 53(1)(c)(ii) of the MFMA, the Executive Mayor is legally required to approve the SDBIP within 28 days of the budget's adoption by Council, reinforcing the link between financial resources and service delivery outputs.

In addition, National Treasury's MFMA Circular No. 13 provides practical guidance on the content, structure and implementation of the SDBIP. It underscores the critical role of the SDBIP in enhancing accountability and integrating performance targets with budgetary priorities. While the SDBIP is primarily rooted in the MFMA, its implementation is closely connected to the Municipal Systems Act, No. 32 of 2000.

This Act, particularly Chapter 6, establishes the framework for performance management and requires that municipal planning and performance monitoring be aligned to the IDP. The SDBIP therefore serves as a key operational tool within this broader performance management system, translating strategic goals into actionable and measurable outcomes.

Challenges

During the year under review, the District Municipality navigated a transitional phase in migrating to a new system with the appointed service provider. While the migration process and associated technical issues delayed certain evaluations, the District Municipality responded proactively by implementing interim measures. The Service Delivery and Budget Implementation Plan (SDBIP) was completed manually to ensure continuity of reporting and service delivery.

In the area of individual performance management, outdated job descriptions, limited staff cooperation, changes in regulatory requirements and system constraints posed initial challenges. Recognising the need for progress, the District Municipality developed its first manual scorecard which is a significant milestone given its previous reliance on a fully automated platform. This scorecard was approved by Senior Management and introduced to staff, laying the foundation for a more robust and adaptable performance management process going forward.

The ZF Mgcawu District Municipality remains committed to strengthening system efficiencies, fostering staff cooperation and refining processes to ensure that future performance management cycles are timely, accurate and fully aligned with best practice standards.

Audit Committee

The Audit Committee is a Committee that the Performance Management Unit should report to on performance-related matters. The ZF Mgcawu District Municipality does not have a Performance Audit Committee; therefore, the existing Audit Committee is used to perform this function.

Panel Review for the Municipal Manager Section 54 and Section 56 Employees

The ZF Mgcawu District Municipality continues to place strong emphasis on accountability and results by assessing the performance of its senior leadership through a clearly structured and transparent process. In line with the District Municipality's approved Performance Management Framework, the performance of Section 54 and Section 56 employees, including the Municipal Manager and Senior Managers are evaluated annually to ensure that leadership remains focused, effective and aligned to institutional goals.

This evaluation process is not merely a compliance exercise; it is a critical tool for measuring whether the District Municipality's leadership is delivering on its promises. The framework provides a consistent approach to reviewing performance, outlining who is involved, what is measured and how results are validated. It also sets the foundation for decisions related to performance bonuses, while promoting a fair and credible review process.

The Executive Mayor evaluates the Municipal Manager's performance based on agreed targets and measurable outcomes set at the start of the financial year. Likewise, the Municipal Manager conducts performance reviews for each Section 56 manager, using the same standard of accountability and evidence-based assessment. Once the initial reviews are complete, the results are moderated by an Evaluation Panel, a group of individuals appointed in line with the Performance Management Framework to provide oversight and ensure fairness. Their role is to review the ratings, confirm consistency in scoring and ensure that the process remains within the bounds of legislation and municipal policy.

The most recent performance assessments were conducted on 17 June 2025. These sessions not only informed decisions on performance incentives, but also provided valuable insight into where the District Municipality is excelling and where additional support or focus is needed. Ultimately, this process reinforces a culture of continuous improvement within the District Municipality. It ensures that those at the helm of service delivery are held to account, recognised for strong performance and supported where necessary.

Performance Evaluation of Section 54 Employees

Name of Member	Capacity/Position
Cllr. M.C. Basson	Chairperson [Executive Mayor]
Cllr. A. Johnson	Councillor
Dr. E. Ntoba	Municipal Manager Dawid Kruiper Local Municipality

Mr. W.A. Present	Chairperson Audit Committee

Performance Evaluation of Section 56 Employees

Name of Member	Capacity/Position
Mr A. Phete	Acting Municipal Manager: ZF Mgcawu District Municipality
Cllr. M.C. Basson	Executive Mayor
Cllr. A. Johnson	Councillor
Mr. W.A. Present	Chairperson Audit Committee
Dr. E. Ntoba	Municipal Manager Dawid Kruiper Local Municipality

Performance Bonuses

The Council of the ZF Mgcawu District Municipality adopted the recommendations of the Performance Evaluation Committees at a Council meeting held on the 26th of June 2025. We herewith report on the performance bonuses awarded to Section 54 and 56 employees as follows:

Item	Status
Names of section 54 and 56 Managers that were awarded bonuses	▪ A.K. Tieties ▪ I. De Waal ▪ D.J. Van Zyl ▪ E. Isaacs
The number of bonuses awarded to section 54 and 56 managers	Acting Municipal Manager (A.K. Tieties) R 164 204
	Director of Corporate Services (D.J. Van Zyl) R 123 021
	Director of Financial Services (E. Isaacs) R 112 350
	Director of Planning and Development (I. De Waal) R 112 350
TOTAL ACTUAL	R 511 925

The ZF Mgcawu District Municipality did make provision in its 2024/2025 Annual Budget for the awarding of performance bonuses to Senior Management.

2.13 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

During the year under review, the District Municipality did not engage in any public satisfaction surveys.

2.14 OVERSIGHT COMMITTEE

The ZF Mgcawu District Municipality has done away with its Oversight Committee and has established a Municipal Public Accounts Committee (MPAC) in line with the guidelines issued by the National Treasury and the Department of Cooperative Governance.

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CHAPTER 3

SERVICE DELIVERY PERFORMANCE

3.1 HOUSING

The ZF Mgcawu District Municipality is an accredited level 2 Municipality with the responsibility to oversee human settlement development in its Local Municipalities with the goal of ensuring adequate provision of human settlement in our District. The ZF Mgcawu District Municipality is faced with the huge backlog of housing provision while the current supply of the allocated housing projects is not enough to address the housing backlog. The majority of the settlements within our District has poor services, especially water and sanitation which hinder the housing development in these areas since the project readiness matrix required that the projects are fully serviced before the housing is implemented.

The Provincial Department of Human Settlements is currently implementing the project within the District as the developer, through its own Project Management Unit that was recently established. The Consultants and contractors are appointed directly by the provincial Department of Cooperative Governance, Human Settllement and Traditional Affairs (COGHSTA).
The qualification criteria for project implementation depends on the Project Readiness Matrix that was introduced by the Provincial Department. This ensures that the housing project complies with all the regulatory requirements while mitigating risks associated with the project implementation.

Key Performance Indicators and Performance Reporting

Due to the projects being implemented by the Provincial Department of COGHSTA, the District Municipality could not meet the performance indicators as agreed in the implementation protocol.

Housing Delivery

The delivery of housing in the previous financial year was very slow with the actual construction of the houses commencing with only the 5 individual houses in the first quarter and other projects commencing during the last quarter of the financial year. These projects were supposed to have been completed within the financial year but have all moved to the 2025/2026 financial year due to the late start of the projects. Issues such as beneficiary management and project enrolment also played a crucial role in the delays for the commencement of these projects.

The housing demand within the ZF Mgcawu District is far higher than the current supply of housing typologies and there is a need for an equitable allocation of housing projects within the different Municipalities. The housing needs keep rising and new strategies need to be introduced to counter the supply against the demand for housing. In the financial year under review, only 2 Local Municipalities had housing projects implemented while there was no housing projects in the other 3 Local Municipalities, thus meaning that there is an increasing demand for housing in those Municipalities.

As part of the R1 Billion Project that was announced by the Premier of the Northern Cape, Dr. Zamani Saul, the ZF Mgcawu District Municipality received a total of 500 houses that was allocated in 2 Local Municipalities, the Dawid Kruiper and !Kheis Local Municipalities received 450 and 50 houses respectively. This was divided into 10 settlements with each settlement receiving a total of 50 houses each. The allocation of these houses was influenced by the project readiness as these settlements were serviced during the 2023/2024 financial year before the 2024/2025 year of implementation.

There was no housing allocation during the 2024/2025 financial year in the Kai !Garib, Tsantsabane and Kgatelopele Local Municipalities.
The services project in Gamakor Settlement was completed towards the beginning of the financial year and included the servicing of 1500 sites as part of the informal upgrading programme. Funding is still required to provide for bulk sewage connector as there is currently no connection for the internal reticulation that was completed. Housing provision in this settlement will require the use of conservancy sewer tanks if the sewer treatment plant is not constructed.

In the Tsantsabane Local Municipality there is a mixed typology project which was to initially to build 4460 units. Temporary services were completed, including the water tower at the Mountain View side, which is currently not supplying water to the communities around. The current progress in this project is the electrification of the informal houses which is being done by the Tsantsabane Local Municipality.

In Kgatelopele Local Municipality a project of 3500 Innovative Building Technology

(IBT) was allocated before the 2024/2025 financial year was placed on hold due to the land that is yet to be secured from the Department of Public Works.

The following is a brief summary of the projects for that were active in 2024/2025

Project Name	Total No. of Houses	Project Status
Opwag 748	50	Active
Rosedale 400	50	Active
Rosedale 438	50	Active
Rosedale 452	50	Active
Paballelo NE 990	50	Active
Paballelo 881	50	Active
Dakotaweg 50	50	Active
Jurgenskamp 50	50	Active
Dawid Kruiper Individuals	5	Active
Rietfontein 191 (Rectification)	191	Active
Dawid Kruiper Military Veterans 14	14	Inactive
Tsantsabane Mixed Development 4460	4460	Inactive
Tsantsabane Skeyfontein 185	185	Inactive (Contract terminated)
Tsantsabane Pennsfontein 1000/449	1000 (Town Planning Process)	Active
Kgatelopele 3500 IBT	3500	Inactive
Dkm 48 Houses various Towns	48 (12 per settlement)	Inactive
Wegdraai 50	50	Inactive (Contract terminated)

Beneficiary Administration

The District Municipality performs the Beneficiary Management for 4 of the 5 Local Municipalities, which are Tsantsabane Local Municipality, !Kheis Local Municipality, Kgatelopele Local Municipality and Kai !Garib Local Municipality. The District Municipality has an Allocation Committee which sits when beneficiaries are to be allocated to the new project. This is done together with COGHSTA and the affected Local Municipalities.

Informal Settlement Upgrading

There were no informal settlement upgrading projects during the 2024/2025 financial year. The following Informal Settlement upgrading projects were completed during 2023/2024 financial year

PROJECT	Total Serviced Sites
Goblershoop 1500	1500
Opwag 748	748
Gamakor 1539	1539
Dakotaweg	
Rosedale 400	400
Rosedale 438	438
Rosedale 452	452
Smarties	
Paballelo NE 990	990
Paballelo 881	881
Makweta Valley	

Housing Consumer Education

Housing Consumer Education was conducted in the following areas during the 2024/2025 financial year:

Area	Date
Opwag	17th September 2024
Riemvasmaak, Vredesvallei	12 December 2014
Opwag	26 March 2025
Riemvasmaak, Sending	26 June 2025

National Housing Needs Register

The District Municipality is responsible for capturing the forms with a current target of 50 forms per quarter. There are too many duplications with regards to beneficiaries that have already filled in the forms and had to refill the forms more than 2 to 3 times. The District Municipality also conducted the National Housing Needs Register Roadshows to the Local Municipalities to allow the beneficiaries to register or amend details of their registrations where there are changes.

Title Deeds Restoration Programme

The Provincial Department of COGHSTA appointed Conveyancers for each Municipality in the District who are to assist with the process of handing over the title deeds. The Conveyancers were introduced to the Municipalities but no title deeds were handed over during the year under review.

Quality Assurance

The ZF Mgcawu District Municipality conducted site inspections on all the running projects together with the Implementing Agent, COGHSTA and the National Home Builders Registration Council (NHBRC) Inspectors, Contractors and Local Municipality representatives. During the 1st quarter there was only one running housing project in the District which were 5 individual houses that were at the sub-structure level. Site establishments for the 500 Housing Project also commenced in the first quarter but the actual construction works commenced during the third and fourth quarter.

The District Municipality also conducted pre-enrolment site inspections for the 500 Housing Project, 48 Housing Project and 191 Rectification Project. An Assessment Inspection was also conducted in Skeyfontein for the 185 Housing Project which have been placed on hold by the end of the financial year. A report was submitted to COGHSTA for further action but it has been indicated that the project is to undergo forensic investigation which is to be conducted by National Home Builders Registration Council.

The Dakota 50 Housing Project commenced in the second quarter with a show house. Inspection was conducted in Postdene for the services project that was also not completed. The Provincial Planning Department visited the District Municipality during the second quarter of the financial year to discuss the second housing phase of the R1 billion Housing Project which is to follow after completion of the current project phase.

The construction of 450 houses was in the Dawid Kruiper Local Municipality commenced during the 3rd quarter while the enrolment processes were under way for the 191 Rectification Project and also the 48 Housing Project in the Dawid Kruiper Local Municipality. The 4 out of the 5 individual houses were at wall plate during quarter 3 with the 4th house at sub-structure level.

No work had commenced on the 50 houses in Opwag which commenced late in the 4th quarter of the 2024/2025 financial year. At a meeting that was held during this quarter the contractor made commitments to the community to commence with the project. A total of 4 projects were underway during the 4th quarter. In the 450 Housing Project a total of 13 houses were at the wall plate level. In the Opwag 50 Housing Project there were only excavation and platform construction for the sub-structures of 21 houses.

The 191 Rectification Housing Project also commenced during the 4th quarter after a meeting was held with the community and the contractor. A total of 135 houses were enrolled in the 191 Housing Project while the outstanding 56 houses are currently undergoing the enrolment process. The individual houses were still at 4 wall plate

and 1 sub-structure during the 4th quarter and this is a matter of concern given that this was the only project that was underway at the beginning of the first quarter.

The progress on housing projects during the 2024/2025 financial year were slower than anticipated, with certain contractors placed under review and contractual processes initiated in line with performance provisions.

3.2 SPATIAL PLANNING AND LAND USE MANAGEMENT

The ZF Mgcawu District Joint Municipal Planning Tribunal (ZFM JMPT), established in terms of the Spatial Planning and Land Use Management Act (SPLUMA) 16 of 2013, was hosted by the ZF Mgcawu District Municipality which ensured that quarterly tribunal sittings took place to dispose of land development applications submitted to the Local Municipalities. The establishment of the tribunal was the responsibility of the District Municipality and the following was completed for 2024/2025

Item	Progress on Process
Collective agreement on parties to a tribunal	Meetings with all parties (Local Municipalities)
Council approval by all parties to the agreement	▪ Financial constraints by Local Municipalities ▪ Memorandum of Understanding (MoU) ▪ Call for Nominations ▪ Invite members ▪ Evaluation panel on members ▪ Bylaws adopted
The signing of the Memorandum of Understanding	All parties signed the Memorandum of Understanding (MoU)
Call for Nominations	Adverts published by ZFM DM
Evaluation panel	The panel convened members
Notice of readiness	Adverts published by ZFM DM
The signing of the Code of Conduct (CoC)	All members

The District Municipality ensured that all Land Development Applications (LDA's) were completed for consideration as prescribed by SPLUMA and the Professional Town Planner provided the recommendations. The District Municipality has

however become responsible for all processes regarding the lodgement of LDA's and ensures that the LDA's are complete to be considered by the tribunal.

Land Development Applications may be complex documents with other legislation and Departments affecting the application. Applicants submitting applications were constantly requesting assistance and information on LDA's and were not sufficiently assisted by the Local Municipalities due to officials who were not capable of providing the needed assistance.
These applicants had to be guided by the ZFMDM to ensure that applications were complete as per SPLUMA. The Land Use Management Bylaws adopted by all the Local Municipalities were confusing to most applicants due to numerous reasons including but not limited to the:

- SPLUMA Regulations,
- Other legislation influencing applications (National Environmental Management Act (NEMA), Deeds Registers, Bonds, Power of Attorney, Mineral Act, etc.),
- No objections from Departments,
- Public Participation procedures,
- Notices to affected parties,
- Removal of restrictive conditions,
- Application fees and capital contributions,
- Surveyors Diagrams,
- Act 70 of 1970 Subdivision of Agricultural Land,
- Applicants not registered with the South African Council for Planners (SACPLAN),
- Local Municipalities not implementing adopted schemes.

Other support provided by the ZF Mgcawu District Municipality also included the following:

- Assistance to Local Municipalities in establishing appeal tribunals and the adoption of appeal procedures,
- Approved Land Use Management Systems,
- Training on SPLUMA-related matters,
- Draft capital contributions for all Land Development Applications,
- Evaluation of Spatial Development Frameworks,
- Evaluation of Land Use Schemes,
- Approval of SPLUMA compliant Land Use Schemes,
- Adoption of Land Use Management Bylaws in terms of SPLUMA,
- Inputs on township establishment by COGHSTA and Heads of Departments,
- The signing of the Memorandum of Understanding,
- Member of Committees responsible for the review of Spatial Development Frameworks (SDFs) and Land Use Scheme (LUS)

ZFM Joint Municipal Planning Tribunal (ZFM JMPT)

The ZFM JMPT convenes on a monthly or quarterly basis to dispose of all complete land development applications as per the Spatial Planning and Land Use Management Act, 16 of 2013.

ZFM Joint Municipal Planning Tribunal	
Quarter	**Date**
Quarter 1	July 2024 September 2024 October 2024 December 2024
Quarter 2	February 2025
Quarter 3	-
Quarter 4	April 2025 June 2025

Township Establishment Projects

The ZF Mgcawu District Municipality has ensured that the following township establishment applications are disposed of as funded by COGHSTA.

1. Wegdraai 360 erven
2. Topline 248 erven
3. Opwag 730 erven
4. Groblershoop 1517 erven
5. Boegoeberg 550 erven
6. Gariep 135 erven
7. Grootdrink 387 erven
8. Plangeni/Blaauwskop 50 ha.
9. Gamakor 1541 erven
10. Danielskuil 3000 erven
11. Pensfontein 800 erven

Assistance provided to the Local Municipalities on Capital Contributions

The Local Municipalities within the ZFM District was provided with a format for capital contributions that easily provide applicants with the contributions payable for development within the municipalities. It remains the responsibility of the municipality to ensure that it is implemented at the municipality.
Local Municipalities have received +/-R 4 000 000.00 in capital contributions.

3.3 LOCAL ECONOMIC DEVELOPMENT AND TOURISM

3.3.1 LOCAL ECONOMIC DEVELOPMENT (LED)

Local Economic Development (LED) is a process through which Local Government, Community-based groups and Private sector partner's work together to improve the economic conditions of all in the ZF Mgcawu District.

Functions of Local Economic Development

Job Creation and Poverty Reduction

- Develop and support small businesses, cooperatives and entrepreneurship.
- Create employment opportunities through public works, skills development and investment promotion.

Business Support and Development

- Provide training, mentorship and financial support to SMMEs (Small, Medium and Micro Enterprises).
- Facilitate access to markets and finance for local businesses.
- Promote innovation and competitiveness.

Investment Promotion

- Attract and retain local and foreign investors.
- Improve the local business climate by simplifying regulations and providing incentives.
- Market the District Municipality's economic potential and opportunities.

Skills Development and Education

- Collaborate with TVET Colleges, Universities and Training providers to develop skills relevant to the local economy.
- Promote youth employment and entrepreneurship programmes.

Sector Development and Diversification

- Identify and promote key economic sectors (e.g. Agriculture, Tourism, Mining and Manufacturing).
- Support the value chain and downstream industries within those sectors.

Community and Stakeholder Engagement

- Involve local communities in planning and implementation to ensure inclusive development.
- Foster partnerships between the Government, private sector, civil society and educational institutions.

LED Strategy

The current LED Strategy is outdated, the LED Unit in partnership with the SALGA and Provincial Department Economic Development and Tourism are in the process of drafting a new LED Strategy.

Functionality of the LED Forum and Dates of Meetings for 2024/2025

On 30 January 2024, SALGA launched a technical forum for Local Economic Development (LED) Practitioners. The forum serves as a platform to engage on issues affecting local economic development, as well as a conduit for information sharing, strengthening partnerships and integration of between municipalities and sector departments. The Provincial Department Economic Development and Tourism, as the lead department in coordinating Economic Transformation and Job Creation in the province, has launch the Economic Transformation and Job Creation Forum.

LED Projects

The Department of Science and Innovation (DSI), in partnership with the Technology Innovation Agency (TIA), has appointed the Human Sciences Research Council (HSRC) to undertake an assessment and mapping of the innovation landscape in the Karoo region. This process involves identifying innovation infrastructure, key stakeholders including entrepreneurs, businesses and organisations, as well as their networks and associated institutions.

The outcomes of this appraisal will guide the formulation of an inclusive, locally relevant regional innovation strategy in support of SALGA's Small-Town Regeneration and Regional Economic Development (STR & RED) programme.

LED Training and Awareness Drive in partnership with the Department Agriculture, Land Reform and Rural Development

The LED Unit of the ZF Mgcawu District Municipality with the assistance of all Local Municipalities within the District assisted the Department Agriculture, Land Reform and Rural Development. In encouraging SMME's and Cooperatives within the Agricultural, sector to apply for the following commodities:

- Red Meat/Livestock (Cattle, Sheep, Goat or Piggery)
- Grains/Legumes
- Fodder
- Vegetables
- Poultry (Broilers & Layers)
- Agricultural Value Chain Projects (agricultural related), including but not limited to honey, processing, etc.
- Non-agricultural commodity cooperatives are also encouraged to apply.

Funding Includes

- Support with Production Inputs
- Provision of Business Training.

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Department Agriculture, Land Reform and Rural Development Beneficiary Project Report 2024/2025

The Provincial Department Agriculture, Land Reform and Rural Development in partnership with the LED Unit of ZF Mgcawu District Municipality embarked on a few projects, which will be beneficial to SMME's within the District. Between the months of October and November 2024, the Department issued the LED Unit on farmers that were approved for funding and land for the financial year 2024/25. Below are the beneficiaries:

PROVINCE: NORTHERN CAPE								
Areas of intervention	**Project description**	**Budget allocation**	**Province**	**District Municipality**	**GPS Coordinates**		**Project leader**	**progress**
					Latitude	**Longitude**		
Lucerne Production	WARMSAND BOERDERY	R736 375.00	NC	Kai !Garib LM	-28,75083 S 28 45'2,9898"	20,7765 E 20 46'35,41152	S.Z. Majila	To be implemented in the last quarter. TOR with SCM
Machinery	EKSTIENSKUIL	R2 455621.90	NC	Kai !Garib LM	28 41'54"	20 58'35"	S.Z. Majila	To be implemented in the last quarter. TOR with SCM
Livestock Production	HFM FARMS	R1 758 080.00	NC	Dawid Kruiper LM	26,44716	20,269747	S.M. Majila	To be implemented in the last quarter. TOR with SCM
Crop Production	Eksteenskuil FPSU – EIA, rezoning, geotechnical studies and detailed specifications	R1 000 000.00	NC	Dawid Kruiper LM	28°42'45"S	21°01'50"E	M.Matoti	Revising the policy.

PROVINCE: NORTHERN CAPE								
Areas of intervention	**Project description**	**Budget allocation**	**Province**	**District Municipality**	**GPS Coordinates**		**Project leader**	**progress**
					Latitude	**Longitude**		
Livestock production (Sheep & Cattle)	Remainder of farm Vilander No.318	R6 514 776-00	NC	ZF Mgcawu (Dawid Kruiper Local Municipality)	27°48'33.5"S	21°05'0.6" E	Lebogang Lekgatsane	Not yet approved
Livestock (Sheep)	Portion 3 of the Farm Smallvish No.429 and portion 3 of farm Toeslaan east No.440 (Mouton CPA)	R15 640 333.48	NC	ZF Mgcawu (Kai!Garib Local Munipality)	-28.2656225 S	20.654920 E	Lebogang Lekgatsane	Not yet approved

Spaza Shop Support Fund Programme

On 30 May 2025 the LED unit in partnership with the National Empowerment Fund and the National Department of Small Business Development embarked on an awareness campaign on Tuckshop funding application. The event was at Piet Thole community hall in Upington. All Local Municipalities had a fair representation of tuckshop owners present.
The aim is to support township Community Convenience Shops, including Spaza's. The funding will be utilised for the refurbishment of businesses and facilitating wholesale aggregation. Such businesses will be provided with financial and non-financial support in terms of technical skills, support for regulatory compliance and capacity building.

The objective is to:

• Increase the participation of South African owned Spaza Shops in the townships and rural areas' retail trade sector.

• Provide safe and affordable products and services to Township and Rural Community residents.

• Strengthen and support locally owned spaza shops by building capacity, enhancing operational efficiency and enabling access to

competitive pricing through partnerships.
• Help Spaza shops tap into bulk purchasing benefits and business support to boost their sustainability and competitiveness.

Eligibility Criteria for the Spaza shop funding programme:

Qualifying Criteria Description	
100% South African Ownership	The owner of the Spaza Shop must be a South African citizen or naturalized as a South African citizen prior to 1994.
Location	Spaza shops must operate within South Africa in rural and township areas and serve local communities.
Municipal Registration	The Spaza Shop must be registered with the Local Municipality in accordance with the relevant by-laws and business licensing requirements.
CIPC Registration	Registration with the Companies and Intellectual Property Commission (CIPC) will be optional based on the enterprise's funding requirement. For enterprises receiving funding above R80 000 registration with CIPC will be required within a period of 6 (six) months.
South African Revenue Service (SARS) Registration	The business must have a valid registration with the South African Revenue Service (SARS) or alternatively be allowed a six-month transitional period. This includes • Income Tax Registration: The business must be registered for income tax, ensuring that all earnings are reported and taxed appropriately. • VAT Registration: If the business' turnover exceeds R1 million, it must also be registered for Value Added Tax

Compliance with Legislation	The Spaza Shop must comply with all other relevant legislative and registration requirements necessary for its operation. (e.g. food preparation and health and safety standards)
Owner Management	The owner must actively manage the Spaza Shop and adhere to a set of conduct that ensures the effective functioning of the programme.
Priority Groups	• Youth: Funding will prioritize entrepreneurs aged 18-35. • Women: Female-owned spaza shops will receive priority consideration. • People with Disabilities: Businesses owned by individuals with disabilities will be given priority.

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3.3.2 TOURISM

Tourism serves as both an economic and developmental function. It contributes to local economic growth, employment, infrastructure development and the promotion of cultural and natural heritage. The Green Kalahari plays a coordination, facilitation and support role to ensure sustainable tourism development across Local Municipalities within the District.

Marketing and Promotion

- Promote the district as a tourism destination through branding, campaigns, websites, expos and social media.
- Compile tourism guides, brochures and maps displaying attractions, events and local experiences.

Coordination and Support to Local Municipalities

- Assist Local Municipalities with capacity building, strategy alignment and tourism development support.
- Facilitate cooperation between Local Municipalities to promote regional tourism routes.

Stakeholder Engagement and Partnerships

- Build partnerships with tourism associations, private sector, SMMEs and community groups.
- Coordinate with provincial tourism agencies, such as Northern Cape Tourism Authority or South African Tourism.

Support for SMMEs and Local Enterprises

- Provide training and mentorship to emerging tourism entrepreneurs, guides and accommodation providers.
- Encourage community-based tourism and rural tourism development.

Tourism Activities And Campaigns During 2024/2025

Annual Tourism Awareness Campaign
The theme for tourism month 2024 was "Tourism and Peace." The theme highlights the role of tourism in fostering understanding, culture exchange and connection between people, as well as its contribution to peace and development.

The Tourism Awareness Campaign commenced from the 02 September 2024 and ended on 30 September 2024. The focus this year was to appoint 30 temporary workers across the District at strategic entrance and exit points of all at Local Municipalities within the District.

The 30 Participants were stationed at these points because:

First Impressions matter

- The entrance of a town is where tourists form their first impression. A friendly welcome sets a positive tone for their visit.
- It reflects hospitality**,** professionalism and pride in the town.

Provide Information and Guidance
Participants at the entry and exit points provided visitors with information about attractions, accommodation, events and local businesses. All 30 Participants were inducted before the commencement date of the Tourism Awareness Campaign on how to approach and engage with the Tourist.

Annual Tourism Facility Visits

The Green Kalahari Tourism Unit embarked on their annual Facility visit programme from 17 December 2024 to 20 December 2024. The Northern Cape Tourism Authority expect the tourism unit to provide them a detailed report with the listed below purposes for the facility visits:

1. **Quality Assurance and Standards Compliance**
   - Assess whether tourism facilities meet national or provincial tourism standards (e.g. grading, hygiene, accessibility).
   - Encourage compliance with safety, environmental and health regulations.
2. **Product Development and Improvement**
   - Identify gaps and areas for improvement in services, infrastructure, or visitor experiences.
   - Support the upgrading or diversification of tourism products.
3. **Capacity Building and Support**
   - Offer guidance to facility owners, especially emerging businesses, on how to improve their service delivery.
   - Link facilities with training opportunities, funding and marketing platforms.
4. **Data Collection and Inventory Updating**
   - Collect up-to-date information on tourism products and services (e.g., number of rooms, pricing, contact info).
   - Maintain an accurate tourism product database or directory for marketing purposes.

5. **Monitoring and Evaluation**
   - Monitor the performance and sustainability of funded or supported tourism projects.
   - Evaluate how well facilities align with the local tourism strategy or objectives.
6. **Promotion and Partnership Building**
   - Identify facilities that can be included in promotional campaigns, tours, or packages.
   - Strengthen relationships between tourism authorities and private sector stakeholders.
7. **Visitor Experience Enhancement**
   - Ensure facilities offer a pleasant, safe and authentic experience to tourists.
   - Recommend improvements to signage, customer service, accessibility and cleanliness.
8. **Tourism Route Planning**
   - Help identify key stops along tourism routes (e.g., cultural trails, food routes, eco-tours).
   - Assess the connectivity and readiness of facilities for inclusion in district or provincial tours.

The National Travel Indaba:

The Travel Indaba was from the 13th until the 15th of May 2025, at Durban International Convention Center in Durban. The three officials within the Tourism Unit represented the ZF Mgcawu District Municipality. More than 1,200 buyers from 55 countries participated in the Indaba.

Africa's Travel Indaba 2025, held in Durban, showcases the continent's tourism potential under the theme "Unlimited Africa." The event features over 1,300 exhibitors from 27 African nations and aims to foster partnerships and investment in the tourism sector. The event was officially opened by the Deputy President of South Africa, Mr. Paul Mashatile and the Minister of Tourism, Ms.Patricia de Lille.

Deputy President Mashatile articulated a bold vision for the continent's tourism sector, emphasizing the need for intra-continental trade and investment.
The theme of "Unlimited Africa" signifieds breaking old stereotypes and embracing new ambitions. Travel and tourism contributed 6.8% to Africa's Gross Domestic Product in 2023 with a projected rise to 10.4% by 2030. South Africa's hosting of the G20 Summit is seen as an opportunity to spotlight African perspectives.

Minister Patricia de Lille outlined strategies to enhance tourism's role in economic development and job creation across Africa. The South African Government aims to grow tourism employment from 1.84 million in 2024 to 2.5 million jobs by 2029 with further plans to increase domestic spending by 25% and grow tourism's GDP contribution from 8.8% to 10%.

The Northern Cape is known as the largest Province by landmass and one of its least populated, remains one of the country's most underrated tourism destinations. Known for its semi-desert landscapes, wide-open spaces, rich biodiversity and rugged natural beauty, the province is often overlooked in favour of more well known regions.

Destinations like the Augrabies Falls, one of South Africa's most spectacular waterfalls, remain largely underappreciated on the national tourism map. The Province is also leveraging its vineyards and agricultural landscapes, showcasing how green, fertile regions can exist alongside semi-desert environments. This juxtaposition offers unique experiences like wine tasting in unexpected places, farm stays and agro-tourism.

It is important to note that the **Green Kalahari* forms part of all the above-mentioned untapped wonders of the Northern Cape. Through the duration of the Travel Indaba, the ZFM Tourism Office engaged with international as well as domestic stakeholders. Varying from Aviation, Tour Guides, International and Local Tourists and Tourism Journalists from different international and local Media Houses.
It is important take into cognisance that the Green Kalahari has tight competition with international and local stakeholders within the tourism sector in attracting international and domestic tourists to our region.
Tourism promotion and attraction to the Green Kalahari is important to achieve:

- District Tourism employment growth
- To increase district domestic spending and grow district tourism's Gross Domestic Product (GDP)

**The Green Kalahari refers to the fertile, irrigated section of the Kalahari Desert along the Orange River, encompassing towns such as Upington, Kakamas, Keimoes and surrounding areas. This unique region is characterised by its lush vineyards, orchards and farmlands set against the contrasting backdrop of the semi-arid Kalahari landscape. It is a geographical and tourism branding term*

Tourism Database

Tourism Database is a structured collection of information that contains detailed records about all tourism-related entities operating in the ZF Mgcawu District (Green Kalahari). These entities include accommodation providers, tour operators, attractions and event organizers.

Purpose of Tourism Database:

1. **Tourism Planning and Development**: Helps Local Government and Tourism Departments to plan, promote and support the tourism sector effectively.

2. **Marketing and Promotion**: Useful for tourism marketing campaigns and packaging tourism products.
3. **Data Management**: Centralized record keeping of tourism-related businesses and organizations.
4. **Monitoring & Evaluation**: Tracks tourism growth, trends and compliance with regulations.
5. **Support Services**: Enables easier communication with and support to tourism operators (training, funding and regulation updates).

Tourism Meeting 2024/2025		
Meeting	**Date**	**Venue**
NC Township Tourism Strategy: Stakeholder Engagement	13 August 2024	ZF Mgcawu Council Chambers
Design and Development Training of the Visitor Tracking System for the Northern Cape	09 September 2024	Metlife towers, 2nd floor, Credo Mutwa Boardroom Kimberley
The Provincial Department Economic Development and Tourism in collaboration with NCTA, conducted the summer campaign and service excellence drive	07 December 2024	ZF Mgcawu Council Chambers
Stakeholder Workshop on the practical application of the Tourism Resilience Model	12 February 2025	Protea Hotel Upington

3.4 Extended Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) remains a vital national initiative aimed at addressing unemployment, reducing poverty and promoting social inclusion. It creates temporary work opportunities for unemployed and vulnerable individuals, particularly in marginalised communities, while equipping them with practical skills and work experience that improve their employability.
Through participation in community-based projects, beneficiaries not only receive immediate income support but also contribute meaningfully to social and economic development within their areas.

For the 2024/2025 financial year the ZF Mgcawu District Municipality received an EPWP Incentive Grant allocation of R891 000 with a Full-Time Equivalent target of

13. Each approved project is designed to address service delivery priorities while creating temporary employment opportunities and enhancing community development.

A total of 6 projects were identified and approved by the Northern Cape Province which are as follows:

1. Conversion of VIP Toilets-Kai !Garib
2. Tourism Promotion-Tourism Awareness Campaign
3. Waste Management-Cleaning of Illegal dumping sites and sidewalks
4. Roof and gutter repairs
5. Routine maintenance at the ZFM head office and satellite office
6. Small business support-Bakery
7. ICT Support

A key infrastructure initiative under this allocation is the phased conversion of Ventilated Improved Pit (VIP) toilets into fully flushing systems in Riemvasmaak. This project, which is labour-intensive by design, prioritises the eradication of the VIP system for elderly residents while creating short-term employment for the local community. The conversion project is highly costly and would be targeted in phases.

The Tourism Promotion is mainly focussed on showcasing our unique tourism offerings of the Green Kalahari to tourists and market what the Green Kalahari has to offer. With the intention of creating temporary jobs for the duration thereof. It is being conducted during Tourism month annually

Waste management remains a key challenge in many of our communities. Effective waste management is crucial for protecting public health, the environment and the economy. It minimizes pollution, conserves natural resources, reduces greenhouse gas emissions and creates economic opportunities through recycling and resource recovery. Properly managing waste also prevents the spread of diseases and protects vulnerable communities.

Routine maintenance projects were undertaken at both the District Municipality's head office and satellite office, including roof and gutter repairs. Preventative maintenance activities such as cleaning, inspections and minor repairs preserve infrastructure, prevent costly damage and ensure facilities remain functional and presentable.

Small business support was provided to an emerging bakery enterprise in Paballelo to assist in establishing its operations within the community and enhancing its long-term sustainability.

In the area of ICT, two graduates were appointed on a temporary basis to support the information, communication and technology requirements of the District Municipality's main and satellite offices. This not only enhances internal operational

efficiency but also provides valuable workplace experience to young professionals. Routine maintenance remains essential to preserving the standard and functionality of both the District Municipality's main office and satellite office. These activities, undertaken by a dedicated handyman, include scheduled inspections, cleaning, lubrication and minor repairs to ensure facilities remain in optimal condition and service-ready.

Through the strategic implementation of these EPWP projects, the ZF Mgcawu District Municipality continues to align short-term job creation with long-term community benefits, ensuring that local needs are met while empowering individuals with practical skills and work experience.

Project Aims:

- Providing temporary job opportunities for the youth and unemployed.
- Eradicate the Ventilated Improved Pit (VIP) system for the elderly
- Restore dignity of our people by replacing broken dysfunctional toilet pans and cisterns.
- Tourism Promotion
- Assist upcoming small business
- Waste management
- Routine maintenance of buildings
- Appoint ICT graduates

Project Completion

Water Leakage repairs in Kai !Garib Local Municipality

- The identified temporary EPWP workers were ranging from 05 to 25 throughout the project duration depending at which stage/phase the project was at.
- Project duration: 05 July 2024 to 30 September 2024
- The workers received protective clothing
- 06 Toilets for the elderly were built

Total number of 4.69 FTE's were created

Tourism Promotion-Tourism Awareness Campaign

- The identified temporary EPWP workers were 30 throughout the project duration
- Project duration: 02 September 2024 to 30 September 2024
- The workers were placed at strategic entrances and exits throughout the Green Kalahari doing Tourism Promotion.

Total number of 2.60 FTE's were created

Waste Management-Cleaning of illegal dumping sites

- Employed 44 temporary workers during project duration

- Project duration 18 November 2024 until 13 December 2024
- Engaged with cleaning litter and waste.

Total number of 3.82 FTE's were created.

Roof and Gutters repairs

- A service provider was appointed.
- The service provider appointed 10 workers for the project duration
- Project duration 09 January 2025 to 09 February 2025
- Cleaning of gutters and reparation as well as replacing downpipes
- General roof repairs and patches.

Total number of 0.86 FTE's created.

Small Business Support-Bakery

- The identified temporary EPWP workers were 10 throughout the project duration
- Project duration: 03 February 2025 to 31 March 2025
- The salaries for the workers were paid during the project.

Total number of 1.73 FTE's were created

ICT support

- Employed 02 temporary EPWP workers during project duration
- Project duration 01 July 2024 until 30 June 2025

Total number of 2.0 FTE's were created.

Routine maintenance ZFM head office

- The identified temporary EPWP workers were 04 for the financial year 2024/2025
- All workers conducted daily routine maintenance work at head office and the satellite office

Total number of 4.0 FTE's were created.

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FTE Summary

Project	Start	Stop	Work Opportunities	Days	FTE's
Conversion of VIP toilets	15 July 2024	26 July 2024	5	10	0.21
	05 August 2024	16 August 2024	25	9	0.97
	19 August 2024	30 August 2024	5	10	0.21
	19 August 2024	30 August 2024	20	10	0.86
	02 September 2024	13 September 2024	20	10	0.86
	02 September 2024	13 September 2024	5	10	0.21
	16 September 2024	30 September 2024	5	11	0.23
	16 September 2024	30 September 2024	4	11	0.19
	16 September 2024	30 September 2024	20	11	0.95
			109	**92**	**4.69**
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
Promotion of Tourism	02 September 2024	30 September 2024	30	20	2.60
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
Waste Management-Cleaning of illegal dumping sites	18 November 2024	13 December 2024	44	20	3.82
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
Gutter repair, cleaning and beautification	09 January 2025	05 February 2025	10	20	0.86
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
Small Business Support	03 February 2025	31 March 2025	10	40	1.73
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
ICT Support	01 July 2024	30 June 2025	2	230	2
Project	**Start**	**Stop**	**Work Opportunities**	**Days**	**FTE's**
Routine Maintenance	01 July 2024	30 June 2025	4	230	4
Total FTE's Created					**19.7**

3.5 Rural Roads Asset Management System Grant (RRAMS)

The Rural Roads Asset Management Systems (RRAMS) Grant has established a graduate recruitment programme aimed at recruiting suitable candidates to undergo the job graduate development programme in the area of Road Asset Management. The RRAMS Programme seeks to attract qualified civil engineering or equivalent candidates, primarily those seeking experiential learning to enhance graduation requirements as part of their academic obligations. The programme is aimed at building road sector management capacity at the Local Government level.

The purpose of the RRAMS Grant is to assist District Municipalities in setting up their Road Asset Management Systems and collect road condition data, traffic data and structures data in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA). It aims to improve data on municipal rural roads to guide infrastructure maintenance and investment, which will improve the operating cost of vehicles.

The attributes, extent and location of assets are to be considered based on existing data available at the time of the RRAMS program initiation and the observation of the assets identified in the field during data collection activities. The development of asset inventories and Fixed Asset Registers (FAR) should conform to International Standard Organization 55001(ISO 55001).

The consideration of ownership of roads should also be made as part of the development of the asset management system. This consideration is required to determine the need to redefine the ownership of roads. New roads may be identified which require proclamation while existing roads may require a reassessment of ownership. The ZF Mgcawu District Municipality is currently at level II in terms of Road Assets Management Systems.

Inventory Assessment

There were no inventory assessment conducted in the 2024/2025 financial year. The inventory assessments are completely done in in the District. The graduate technicians will only conduct where there is upgrade, construction of a new road and maintenance of ancillary assets.

Visual Condition Assessments
Technical Methods for Highway Manual for Visual Assessment

The Technical Methods for Highway Manual (TMH9) for Visual Assessment of road pavements is the guiding tool for visual assessments for the condition of the roads at the network level for use in pavement management systems.

This tool allows the District Municipality to determine the following:

- The condition indices
- The maintenance and rehabilitation needs
- The priorities at the Network level

The process involves analysis of the stress upon the road network whereby visual characteristics are classified under Attributes of Distress (Type, Degree, Extent and Spacing/Activity where applicable).

The ZF Mgcawu District Municipality has adopted the Georams system to manage and store RRAMS data. The Georams system is a web-based software. The system was built using TMH 22 as guideline. In terms of data collection, the district is using geoform application and the road visual assessment condition is automatically submitted to Georams system.

The RRAMS Visual Assessments for unpaved roads were conducted in Dawid Kruiper Local Municipality and! Kheis Local Municipality. The visual assessment condition for paved roads were also conducted in the Kgatelopele Local Municipality, Kai !Garib Local Municipality, !Kheis Local Municipality and the Tsantsabane Local Municipality.
The visual assessment condition for paved roads in the Dawid Kruper Local Municipality will be conducted during the 2025/2026 financial year.

Assessed Local Municipalities

The table below shows the length of the road network assessed for the 2024/2025 financial year. The focus for the financial year was on the visual roads assessments for paved and unpaved roads as stipulated in the Business plan.

Unpaved visual assessment conditions

Local Municipality	Road Network Length (km)		
	Earth	Gravel	Total
!Kheis	18.07	39.45	57.52
Dawid Kruiper	82.3	180.13	262.43

Paved visual assessment condition

Local Municipality	Road Network Length (km)		
	Flexible	Block	Total
Tsantsabane	47.47	17.91	65.38
Kai !Garib	100.25	4.38	104.63
!Kheis	1.28	13.99	15.27
Kgatelopele	19.47	12.75	32.22

Visual Condition Index

The condition of the roads are measured in visual condition index based on the rating distresses that were obtained onsite during visual assessments. The visual condition index is a numerical value in percentages. The visual condition index ranges from very poor to very good. The visual condition index ranges are clearly shown below:

VCI < 30 Very Poor Condition

- Roads that are in a Very Poor Condition are no longer serving their intended purpose. Structural failure has occurred which requires substantial renewal or upgrading of the road. For roads with a very poor condition index, the maintenance action would require proper drainage and a full rehabilitation of the road.
- Full rehabilitation is required when the damage on the road extents to the road layers beneath the surface layer (black top).

VCI 50 -69 Fair Conditions

- Roads that have a Fair Condition index require little/ light maintenance. Maintenance can range from repairing potholes, applying road markings and repairing edge breaks to name a few.
- Such maintenance is required to keep the road in the best possible condition. When the defects or damage on the road is not extensive, preventative maintenance is required to prolong the functionality of the road.

VCI 85 -100 Very Good Condition

- Roads with a VCI of 85 and greater are like new roads, very few to no defects or damages expected on the road. On paved roads (flexible or block paved) the road has been recently constructed, or the defects are in the form of very small imperfections and the imperfections occurs once over the whole road segment.
- Maintenance for these type of roads are to be scheduled as Routine maintenance.

RRAMS Traffic Counts

Traffic volume studies are conducted to determine the number, movements and vehicle classifications of roadway vehicles at a given location. This data can help identify critical flow time periods, determine the influence of large vehicles or pedestrians on vehicular traffic flow, or document traffic volume trends. The length of the sampling period depends on the type of counts being taken and the intended use of the data recorded. For example, an intersection count may be conducted during the peak flow period. If so, manual count with 15-minute intervals could be used to obtain the traffic volume data. It is on this basis that 15-minute counts were then undertaken in the Tsantsabane Local Municipality.

Traffic counts were successfully conducted on one Local Municipality. The traffic reports were successfully handed to one Local Municipality. The traffic counts for the outstanding Local Municipalities will be conducted during the 2025/2026 financial year.

Local Municipality	Percentage Completed	Comments
Tsantsabane Local Municipality	100%	Traffic counts were conducted in the 2024/2025 financial year. 12 traffic count stations was covered in the Tsantsabane Local Municipality. The District Municipality recruited and trained 20 enumerators to count the vehicles of different classes. The District Municipality created 20 job opportunities.

RRAMS Training Report

The Rural Roads Asset Management Systems (RRAMS) Grant plays a pivotal role in strengthening the technical capacity of the ZF Mgcawu District Municipality, with a particular focus on building skills within the engineering discipline to support sustainable service delivery. The grant enables the appointment of graduates, creating an environment where young technicians can be mentored by experienced professionals and gain practical exposure to infrastructure planning, management and maintenance.

The need for such capacity building is increasingly urgent as many engineers within Local Municipalities approach retirement age and highly skilled professionals leave the country in search of international opportunities. Without a structured programme to facilitate the transfer of skills, there is a risk of widening the technical capacity gap, which could have long-term consequences for infrastructure development and maintenance across the District.

Through the RRAMS Programme, young technicians are not only equipped with theoretical knowledge but also gain hands-on experience that bridges the gap

between academic learning and practical application. The initiative is designed to instil a deep understanding of asset management systems and the critical role of maintenance in sustaining infrastructure over time.

As part of their professional development, technicians have completed modules 1 to 3 of the ISO 55001 course, aligned to TMH 22 standards. This training enhances their ability to manage municipal assets effectively, ensuring that the District Municipality can maintain infrastructure in a manner that supports service delivery, economic development and community well-being.

The training equips participants with a clear understanding of the purpose and objectives of the Road Asset Management System (RAMS) and its alignment with the ISO 55001:2024 standard. It provides insight into the functioning of the standard's elements, the identification of key procedures and processes and the application of the Plan-Do-Check-Act (PDCA) cycle. Participants develop the ability to create procedures and method statements, identify and address non-conformances and effectively implement a RAMS that meets the requirements of ISO 55001:2024.

3.6 ENVIRONMENTAL HEALTH AND AIR QUALITY MANAGEMENT

3.6.1 ENVIRONMENTAL HEALTH

In line with Section 32(1) of the National Health Act, 2003 (Act 61 of 2003), the ZF Mgcawu District Municipality carries the statutory responsibility to ensure that appropriate municipal health services are provided effectively and equitably across its jurisdiction. Through its Environmental Health Services (EHS) function, the District Municipality plays a critical role in safeguarding public health by addressing environmental factors that may adversely affect the well-being of communities. These services encompass the prevention and control of communicable diseases, the monitoring of general hygiene standards, the surveillance of premises, the safe disposal of the dead and the management of water quality.

The Environmental Health Services activities are central to protecting and improving the quality of life of our communities. The District Municipality conducts continuous surveillance and implements preventative measures to control the spread of communicable diseases. This includes coordinating with health authorities,

delivering public health education and deploying swift response measures in the event of outbreaks. Regular inspections of public spaces, markets, food premises and schools ensure compliance with hygiene regulations and protect residents from potential health risks. Where standards are not met, enforcement action is taken to rectify non-compliance and safeguard public health.

The health surveillance of premises further strengthens this mandate, with inspections covering residential, commercial and industrial properties to identify and eliminate environmental hazards. In managing the disposal of the dead, the District Municipality regulates and oversees crematoria to ensure that all activities are conducted in accordance with health, safety and environmental standards.
Water quality management remains a priority, with regular testing of water sources to confirm that drinking water is safe and free from contaminants. Pollution control measures are enforced to address industrial discharges and agricultural runoff, while public awareness campaigns promote water conservation and sanitation practices.

By integrating monitoring, regulation, public education and enforcement, the ZF Mgcawu District Municipality ensures that Environmental Health Services are delivered in a manner that protects current residents while preserving the environment for future generations. This commitment reflects the District Municipality's dedication to creating healthy, sustainable communities supported by strong and responsive environmental health systems.

During the 2024/2025 financial year, the ZF Mgcawu District Municipality rendered Environmental Health Services across the local municipal areas of the Dawid Kruiper Local Municipality, !Kheis Local Municipality, Kai !Garib Local Municipality, Tsantsabane Local Municipality and theb Kgatelopele Local Municipality.
These services were delivered in accordance with the scope of the profession of Environmental Health as set out in Regulation No. R. 698 of 26 June 2009, forming an integral component of the District Municipality's mandate to safeguard public health and promote sustainable communities.

The Environmental Health Unit operates with a total of six Environmental Health Practitioners (EHPs), of whom two serve in managerial capacities and four fulfil operational roles. This translates to an average of one operational EHP per 42 000 residents, significantly below the national norm of one EHP per 10 000 residents. The vast geographic spread of the District, covering an area of 102 484 km², further compounds the challenge of providing timely and effective Environmental Health Services to all communities. This shortage of capacity, combined with the extensive distances to be covered, has been identified as a key operational risk and formally recorded in the District Municipality's Risk Register.

Environmental Health Services remains a core function of the ZF Mgcawu District Municipality. For the period under review, the Environmental Health Services Unit

was guided by its 2024/2025 Strategic Operational Plan, which set out clear objectives, priorities and activities to ensure that services were delivered effectively despite the resource constraints. This plan enabled a coordinated approach to monitoring, regulation, public education and enforcement, ensuring that the District Municipality continued to fulfil its legislative obligations while protecting the health and well-being of its communities.

The ZF Mgcawu District Municipality maintains a structured and transparent reporting framework for its Environmental Health Services (EHS) to ensure accountability, compliance and informed decision-making. Operational reporting is conducted monthly to the District Health Information System (DHIS) of the Department of Health and to the Mayoral Committee of the District Municipality. In addition, a comprehensive quarterly Environmental Health Report is submitted to each Local Municipality within which the District Municipality provides Environmental Health Services. These reports address all activities within the legislated scope of practice for Environmental Health Practitioners and serve as a critical communication tool for tracking service delivery progress and addressing emerging public health concerns.

The performance of the Environmental Health Unit is continuously evaluated in line with the objectives outlined in the Integrated Development Plan (IDP) and detailed in the Service Delivery and Budget Implementation Plan (SDBIP). Quarterly reviews are conducted through the performance management system to assess the effectiveness of environmental health operations with outcomes used to strengthen service delivery and address operational challenges. Risk management is a further component of the evaluation process, with the Environmental Health Unit maintaining a dedicated risk profile that is monitored quarterly to ensure mitigation measures remain effective.

In February 2024, the Environmental Health Unit underwent an external audit by the National Department of Environmental Health's Auditor Board. The Unit achieved an exceptional score of 85%, reflecting the quality and compliance of its operations. In recognition of this performance, the Environmental Health Unit was granted exemption from further auditing for the 2024/2025 financial year. This achievement underscores the District Municipality's commitment to maintaining high operational standards in the provision of Environmental Health Services.

Environmental Health Operational Campaigns 2024/2025
Compliance Monitoring of Tuckshops

During the 2024/2025 financial year, the ZF Mgcawu District Municipality, through its Environmental Health Unit, undertook a series of targeted compliance monitoring operations to enforce food safety standards and protect public health. These operations were conducted in alignment with Regulation R638 of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972) and focused on ensuring that

food premises, including Tuckshops, adhered to prescribed hygiene requirements.

The Environmental Health Unit also conducted Joint Compliance Monitoring of Tuck shops at the ZFM District Service Delivery Programme which was led by the Executive Mayor and Ward Councillors. These joint Operations took place in the Dawid Kruiper Local Municipality, Kai !Garib Local Municipality, !Kheis Local Municipality, Tsantsabane Local Municipality and Kgatelopele Local Municipality.

On the 23-24 October 2024, the Environmental Health Unit, in collaboration with the South African Police Service (SAPS), conducted a joint Tuckshop compliance monitoring operation in Paballelo.
On the 26-27 November 2024, the Environmental Health Unit, in collaboration with the South African Police Service, the Dawid Kruiper Municipality's Local Economic Development (LED) Unit, Immigration and Fire and Rescue Services, conducted a joint Tuckshop compliance monitoring operation in the Dawid Kruiper municipal area.

On 27 March 2025, the Environmental Health Unit participated in a cross-border operation held in the Mier area, during which Tuckshops were monitored for compliance with health and safety regulations.
On the 23-24 June 2025, the Environmental Health Unit, in collaboration with the South African Police Service, Dawid Kruiper Municipality's LED Unit and Fire and Rescue Services, conducted a joint Tuckshop compliance monitoring operation in the Dawid Kruiper area.

Prohibition notices were issued in all five Local Municipalities where non-compliance with Regulation 638 of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972) was identified. This enforcement was undertaken from the Presidential announcement in November 2024 until February 2025, after which the responsibility for regulating the permitting of tuck shops was transferred entirely to Local Municipalities.

A joint compliance monitoring operation was conducted across Groblershoop, Grootdrink, Wegdraai and Topline, in collaboration with the Local Economic Development (LED) Office and the South African Police Service (SAPS) on the 2nd of December 2024. This operation forms part of ongoing efforts to promote public health and compliance with regulations within the ZF Mgcawu District.

On the 22nd of May 2025, the Environmental Health Practitioners conducted a compliance monitoring operation in response to a request from the Mayor of !Kheis Local Municipality. The focus was on wholesale shops that supply food products to local Tuckshops. The inspection aimed to assess compliance with environmental health standards, including food safety, proper storage, expiry date checks, hygiene practices and labelling requirements.

The ZF Mgcawu District Municipality has retained responsibility for evaluating permitted Tuckshops to ensure continued compliance with environmental health requirements. Through these operations, the ZF Mgcawu District Municipality reinforced its commitment to proactive health protection, regulatory enforcement and community education, ensuring that food retail environments across the District meet the standards necessary to safeguard public well-being.

Challenges

- Food premises operating without a permit from the Local Municipalities.
- Food premises without a valid Certificate of Acceptability.
- Inaccurate database of all Tuckshops for all Local Municipal areas.
- Poor communication from some Local Municipalities to District Municipality on home based permitted businesses for further Environmental Health related interventions and enforcement of applicable legislation
- The absence of Municipal By-Laws on the regulation of Tuckshops in all Municipal areas
- Local authorities re-opening tuck shops where Environmental Health served prohibition notices
- The absence of law enforcement of these local municipal By-Laws.
- Food that has passed the expiry dates was found on the shelves.
- Selling of food products that were not properly labelled in accordance with the Labelling Act
- Tuckshops play a vital role in food security and economic development within the Dawid Kruiper Local Municipality, serving as accessible and affordable sources of food for the community. However, growing evidence from compliance monitoring conducted, many Tuckshops fail to comply with food safety regulations. This non-compliance raises serious foodborne illness risks for consumers, especially in vulnerable, low-income communities. The ZF Mgcawu District Municipality developed a draft Tuckshop By Law and will be approved by Council by November 2025

The Environmental Health Unit in conjunction with our internal Communication Unit, conducted radio segments/sound bites on the local Radio Station to raise awareness on the difference between expired and best before, the implication and its effects on food safety, the integrity of the food chain and the importance of

maintaining proper temperature control.

Events Hosted in the ZF Mgcawu District

The Environmental Health Unit played an active role in food control during events, Ministerial and Presidential programs, as well as social and sports events hosted within the District and facilitated by the South African Police Service. Environmental Health related information sharing was conducted with various food handlers operating food stalls at an event held at the Kgalagadi Pick n Pay Center.

The Environmental Health Unit conducted an assessment of the food stalls at Upington Kuierfees, an event held in July 2024 at the Desert Palace Casino.
The Environmental Health Unit conducted inspections of caterers preparing food for the International Civil Aviation Day (ICAD) event held on the 6th of December 2024 at the Upington International Airport. On the 20th of March 2025, theUnit monitored the preparation of food for the event held by the Department of Public Works at the Upington TVET College.

On the 18 April, the Environmental Health Unit monitored food stalls that were preparing food for the soccer event held at the Mxolisi Dicky Jacobs Stadium in Upington. On the 27th of April 2025, the Environmental Health Unit monitored 06 food stalls that were preparing food for the Apostolic Faith Mission Men's Conference event held at Upington College. On the 29th of May 2025, the Unit monitored food stalls that were preparing and selling food at the Upington Landbou Expo.

Water Monitoring

During the 2024/2025 financial year, the ZF Mgcawu District Municipality maintained an intensive water quality monitoring programme as part of its Environmental Health Services mandate. In addition to the monthly routine of monitoring water sources, an expanded monitoring initiative was introduced in response to the significant increase in purified water production premises established during the reporting period.

Each of these premises was evaluated for compliance with applicable water legislation, with requirements set to ensure adherence to public health standards. Water samples were collected and submitted to an accredited local laboratory for analysis and Certificates of Acceptability (COA) were issued to premises that met the necessary compliance criteria.

The Environmental Health Unit ensured that water quality monitoring outcomes were communicated regularly, with monthly and quarterly reports submitted to all Local Municipalities. These reports also covered waste food control and the health surveillance of premises ensuring a comprehensive approach to public health oversight.

Recognising the need for urgent intervention in areas facing acute challenges, the District Municipality engaged the Provincial Department of Water and Sanitation to provide technical and regulatory support to the Kai !Garib Local Municipality, which has been experiencing persistent water quality compliance issues. This collaborative intervention underscored the District Municipality's commitment to safeguarding public health through proactive monitoring, strict enforcement and coordinated support across all areas of its jurisdiction.

3.6.2 AIR QUALITY MANAGEMENT

During the 2024/2025 financial year, the ZF Mgcawu District Municipality continued to fulfil its statutory mandate for Air Quality Management as prescribed in the National Environmental Management Air Quality Act, 2004 (Act 39 of 2004) and the National Dust Control Regulations, 2013. This responsibility is executed as part of the District Municipality's Environmental Health function, under the leadership of the designated Air Quality Officer (AQO) appointed in terms of Section 14 of the Act. The Assistant Director Air Quality operates within the Environmental Health Practitioner structure to ensure that the legislative requirements for air quality governance, monitoring, planning and enforcement are met.

The legislative framework guiding this function extends beyond the Air Quality Act to include the Constitution of the Republic of South Africa, the National Health Act (Act 61 of 2003) and the National Environmental Health Norms and Standards (Notice 1229 of 2015). Together, these instruments place air pollution management within the functional mandate of Metropolitan and District Municipalities, requiring that measures are in place to control emissions, monitor compliance, enforce standards and promote cleaner air for the protection of human health and the environment.

In line with the requirements of the National Air Quality Management Framework, the District Municipality completed the review and development of its second-generation Air Quality Management Plan (AQMP) for the ZF Mgcawu District in 2024. This plan, approved by Council on 27 June 2024, sets out the strategic approach for the next five years, incorporating targets to reduce emissions, to comply with the National Ambient Air Quality Standards (NAAQS), integrate air quality considerations into municipal planning and ensure the function is fully implemented at both the District and Local level. The Air Quality Management Plan is publicly available on the District Municipality's website.

The ZF Mgcawu District Air Quality Management By-laws were developed and approved by Council on 27 June 2024. These by-laws, developed concurrently with the Air Quality Management Plan review process, provide a legal framework for

regulating and enforcing air quality standards within the District. They will be published in the Northern Cape Provincial Gazette during the 2025/2026 financial year and are also accessible on the District Municipality's website.

The implementation framework for air quality management, set out in Chapter 6 of the Air Quality Management Plan, includes objectives such as emission reduction, comprehensive monitoring of air quality impacts, stakeholder engagement and the implementation of targeted improvement projects. These activities are integrated into the District Municipality's Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) to ensure alignment with broader service delivery objectives.

The District Municipality also maintained strong collaborative partnerships with the Northern Cape Department of Agriculture, Environmental Affairs, Rural Development and Land Reform through participation in the Provincial Quarterly Air Quality Management Forum. These meetings, hosted on a rotational basis across the province, serve as platforms for knowledge sharing, technical updates and the exchange of best practices among air quality practitioners. The forums also include site visits to licensed facilities to enhance technical understanding, ensuring that both provincial and district officials remain informed of developments in this specialised and evolving field.

Through these coordinated efforts, the ZF Mgcawu District Municipality has reinforced its commitment to maintaining and improving air quality, thereby safeguarding public health and supporting sustainable environmental management across the region.

Air Quality Management Forum Meetings for 2024/2025	
Quarter	**Date**
Quarter 1	3-4 September 2024-This meeting was the National Air Quality Lekgotla attended virtually. Theme of this Lekgotla was "Air Quality Implement Action for accelerated emission reduction"
Quarter 2	27 November 2024 [Virtual meeting]
Quarter 3	05 March 2025 [Virtual meeting]
Quarter 4	24 June 2025 [Virtual meeting]

Community Awareness

The Air Quality Management Unit of the ZF Mgcawu District Municipality conducts quarterly community awareness initiatives on air quality, environmental management and climate change-related topics. These outreach activities typically include the distribution of educational pamphlets, door-to-door engagements and the provision of informational material to local libraries to ensure broader public access.

During the final quarter of the 2024/2025 financial year, the awareness programme focused specifically on informing the public about the development of the second-

generation Air Quality Management Plan (AQMP) and the newly approved Air Quality Management By-laws. This approach ensured that communities were not only made aware of the regulatory framework but also understood their role in supporting its implementation and contributing to improved air quality across the District.

Challenges

The ZF Mgcawu District Municipality continues to face several challenges in executing its Air Quality Management (AQM) mandate effectively. Air Quality Management is a highly technical and specialised field requiring advanced monitoring equipment, specialist training and continuous professional development to keep pace with evolving technology and regulatory standards. However, funding constraints remain a significant limitation. The current budget allocation for AQM is insufficient to cover the full scope of required activities and further impacted by budget cuts and cost containment measures. These financial limitations hinder the acquisition of critical monitoring equipment and the implementation of comprehensive air quality monitoring programmes.

Given the scientific and dynamic nature of the profession, continuous training for Air Quality Officers is essential to ensure they remain informed and capable in applying the latest methods and technologies. The District Municipality faces an additional capacity challenge as its current Air Quality Officer is expected to retire within the next four years, necessitating the urgent training and development of new officers to ensure continuity of expertise.

A further challenge lies in the need for a broader range of monitoring equipment capable of testing and tracking gases identified as priority air pollutants, toxic air contaminants, greenhouse gases and other pollutants of concern within the ZF Mgcawu District. Without this specialised equipment, the ability to accurately assess air quality trends and implement targeted interventions remains limited. Addressing these challenges will be critical to strengthening the District Municipality's capacity to protect public health and ensure compliance with national air quality standards.

3.7 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The ZF Mgcawu District Municipality maintains a fully functional Information and Communication Technology (ICT) Unit which serves as a central support hub for all Departments, Councillors and Employees. The Unit is tasked with ensuring the availability, reliability and security of the District Municipality's ICT systems, enabling the seamless delivery of municipal services and the effective execution of

departmental mandates. Its operations encompass the full spectrum of ICT management, from network infrastructure and hardware maintenance to software implementation, data protection and user support.

The ICT Unit is responsible for the planning, design, procurement, implementation and maintenance of the District Municipality's information and communication technology infrastructure. This includes managing application servers, file servers and print servers, as well as overseeing the acquisition and deployment of ICT equipment and software for all directorates. The Unit further ensures the installation, configuration, repair and ongoing maintenance of all ICT hardware and software systems.

Critical functions also include the development and execution of daily, weekly and monthly back-end processing procedures, as well as performing regular system backups and maintenance of all servers to ensure operational continuity. Access to ICT facilities is closely monitored, with strict adherence to Council-approved policies governing the use and security of municipal ICT resources.

The Unit's priorities extend to ICT risk management, security management, safeguarding ICT assets and implementing disaster recovery and business continuity measures. In addition to servicing the District Municipality's internal ICT requirements, the Unit provides technical support and advisory assistance to Local Municipalities within the District. Through these efforts, the ICT Unit ensures that the District Municipality's technological environment remains secure, efficient and capable of supporting both current operational needs and future digital transformation initiatives.

Improvements to the Information Technology Infrastructure

- A new firewall was procured and implemented to strengthen the District Municipality's security and business continuity capabilities. In addition, a secondary fibre-broadband internet connection was established to serve as a failover for the primary connection, ensuring uninterrupted operations.
- A new backup storage device was procured to increase capacity for data backup sets in line with compliance requirements. The upgraded system incorporates enhanced security features to strengthen data protection.
- New server operating system licenses were procured and servers were upgraded to newer software during the 2024/2025 financial year.
- The District Municipality continued with the phased procurement and replacement of employee laptops, upgrading to Windows 11 Pro operating systems to ensure compatibility with security updates and alignment with the current ICT environment. This upgrade process is in response to Microsoft's phasing out of Windows 10.

- The District Municipality is in the process of implementing a technical upgrade of its financial systems, which includes the installation of newer software and databases. Upgrades to the Payroll and Asset Management modules are planned for the 2025/2026 financial year, as budget constraints in the current year necessitated a phased approach.

Policies and procedures that were implemented

Policies applicable to the 2024/2025 financial year were approved by Council on 31 May 2024 and implemented during the 2024/2025 financial year.

Policies reviewed and approved for 2024/2025	Date Approved
ICT User Account Management Policy	31 May 2024
ICT Data Backup Policy	
ICT Change Control Policy and Procedure	
ICT Helpdesk Policy	
ICT Infrastructure Capacity Planning Policy	
IT Risk Management Policy	
Prince 2 Project Management Policy	
IT Service Level Agreement Policy	
ICT Security Controls Management Policy	
ICT Disaster Recovery Policy	
IT Governance Framework (Cobit 5)	
IT Governance Framework (DPSA)	
Laptop Security Policy	

ICT Unit Capacity

During the 2024/2025 financial year, the ICT Unit was supported by two interns provided through the District Municipality's Expanded Public Works Programme (EPWP), who served from 1 July 2024 to 30 June 2025. In addition, one intern was placed through the Local Government Sector Education and Training Authority (LGSETA) programme for the same period. As part of this placement, LGSETA funded a one-year bridging course in Network Technology to enhance the intern's technical competencies.

The District Municipality intends to continue utilising ICT interns on a regular basis to manage personnel costs while facilitating the transfer of technical skills to young professionals, thereby contributing to skills development within the ICT sector.

ICT Meetings and Reporting Structures

The ICT Steering Committee and IT Advisory Committee convened quarterly to address ICT-related functions and monitor progress on the IT Audit Recovery Plan. The Unit also forms part of the District Municipality's Risk Management Committee and Audit Committee, where it provides quarterly reports on ICT risks, audit findings, capacity, training, security, infrastructure and funding constraints, among other matters. In addition, quarterly risk assessments are undertaken to identify, mitigate and monitor ICT-related risks, ensuring that potential threats are proactively managed.

Challenges Experienced by the ICT Unit

During the year under review, the ICT Unit faced several challenges impacting its ability to fully optimise operations. Limited funding constrained ongoing improvements, system maintenance, upgrades, training and the implementation of additional business continuity and security measures.

The Unit also requires additional personnel to strengthen support and sustain the District Municipality's ICT infrastructure. Furthermore, specialised training is essential to build the capacity of ICT Staff to maintain and secure the environment, while advancing the roadmap towards modernisation and the integration of artificial intelligence capabilities and functions.

ICT Audits

The ICT Unit is included in the Internal Audit Plan and undergoes an annual audit. Any exceptions identified are recorded in the ICT Audit Action Plan for resolution, with progress on addressing these findings reported quarterly. These actions form part of the Unit's SDBIP key performance indicators and are monitored accordingly, including reporting to the Audit Committee. In addition, the Unit is audited annually by the Auditor-General on ICT controls. For the 2023/2024 audit, no exceptions were raised, reflecting strong compliance and control measures within the ICT environment.

Support from the South African Local Government Association (SALGA)

The ICT Unit receives ongoing support and guidance from the Head of Information Technology at the South African Local Government Association. This collaboration currently includes assistance with the drafting of an ICT Strategy and the updating of the District Municipality's Network Architecture diagram to strengthen business continuity operations. In addition, SALGA is conducting a comprehensive security and risk assessment of the District Municipality's ICT systems to identify vulnerabilities and enhance overall resilience.

IT Support to Local Municipalities

IT Security assessments were completed for the !Kheis Local Municipality and the Kgatelopele Local Municipality during the 2024/2025 financial year.

Quarterly IT Advisory meetings were held to assist, advise, support and monitor IT functions within the Local Municipalities in the District.

IT Advisory Meetings for 2024/2025
22 August 2024
14 November 2024
20 February 2025
22 May 2025

Challenges Experienced with Local Municipalities

The ICT Unit continues to face several constraints that limit its operational effectiveness. Funding for ICT infrastructure remains unavailable and the strategic importance of ICT as a value driver and enabler of service delivery is not fully recognised. The shortage of ICT personnel and limited capacity-building opportunities further affect the Unit's ability to adequately support the ICT environment. Attendance at IT Advisory Committee meetings and the availability of ICT officials from Local Municipalities have been below the required standard. In addition, cooperation from some Local Municipalities in conducting ICT security assessments has been inconsistent, impacting the ability to maintain uniform security standards across the District.

ICT is a critical enabler of efficient administration, effective service delivery and strategic decision-making within the ZF Mgcawu District Municipality. As technology continues to evolve, the ability to safeguard systems, modernise infrastructure and integrate innovative solutions is essential for maintaining operational continuity and delivering value to communities. Strengthening ICT capacity, infrastructure and governance will not only enhance the District Municipality's internal efficiency but also position it to meet the growing demands of a digitally driven local government environment.

3.8 DISASTER MANAGEMENT

The Disaster Management Unit of the ZF Mgcawu District Municipality serves as the central coordinating structure for the prevention, mitigation, preparedness, response and recovery from disasters within the District. The Unit's work is guided by the Disaster Management Act, 2002 (Act No. 57 of 2002), the National Disaster Management Framework of 2005 and related Provincial and Municipal Policies. These legislative instruments place a legal obligation on the District Municipality to establish and maintain institutional capacity for Disaster Management, develop Disaster Management Plans and ensure integration with the planning processes of all

Departments and Local Municipalities in its jurisdiction.

The responsibilities of the Disaster Management Unit include conducting risk assessments, maintaining early warning systems, coordinating disaster response operations, and implementing awareness and training programmes to strengthen community resilience. The District Municipality places strong emphasis on proactive disaster risk reduction, recognising that well-prepared communities and responsive governance structures can significantly reduce the human, economic and environmental costs of disasters.

During the year under review, the Disaster Management Unit played a critical role in coordinating multi-stakeholder responses to adverse weather events, including localised flooding in the Kai !Garib and Dawid Kruiper Local Municipalities. The Unit facilitated rapid mobilisation of resources, provided technical support to affected Municipalities and ensured compliance with reporting requirements to the Provincial Disaster Management Centre.
Through its integrated and collaborative approach, the Disaster Management Unit ensures that the District Municipality not only meets its statutory obligations but also upholds its commitment to safeguarding lives and protecting infrastructure

Municipal Disaster Management Plans per Municipality

Local Municipality	Status
!Kheis Local Municipality	Approved Disaster Management Plan
Kai !Garib Local Municipality	Draft Plan in place
Dawid Kruiper Local Municipality	Draft Plan in place
Tsantsabane Local Municipality	No Plan in place
Kgatelopele Local Municipality	No Plan in place

SALGA will assist with reviewing and aligning Disaster Management Plans for all Local Municipalities, including the ZFM District Plan.
While the Dawid Kruiper and Kai !Garib Local Municipalities have appointed Disaster Management officials, the remaining three Local Municipalities urgently require dedicated Disaster Management officials, in line with the Disaster Management Act (Act 57 of 2002). The current lack of such appointments in some Municipalities significantly hampers coordination and readiness.

Stakeholder Engagement and Forums
The ZF Mgcawu District Municipality recognises that effective disaster risk management relies on strong partnerships, structured communication and coordinated planning. The Disaster Management Advisory Forum remains the primary platform for developing strategy, sharing information and fostering collaboration among key stakeholders.

The following Forum meetings took place during the year under review:

Disaster Management Advisory Forum Meetings 2024/2025	
Quarter 1	23 August 2024
Quarter 2	05 November 2024
Quarter 3	17 March 2025 19 March 2025 25 April 2025
Quarter 4	09 May 2025

Provincial Disaster Management Forum Meetings 2024/2025	
Quarter 1	17 September 2024
Quarter 2	27-28 November 2024
Quarter 3	18-19 March 2025
Quarter 4	18-19 June 2025

Our key stakeholders during the 2024/2025 financial year included SALGA and COGHSTA, who provided ongoing assistance in reviewing and refining the District Disaster Management Plans. The Provincial Disaster Management Centre (PDMC) and National Disaster Management Centre (NDMC) offered strategic guidance, oversight and compliance support to strengthen disaster preparedness and response across the District. Through these structured engagements, the ZF Mgcawu District Municipality strengthened intergovernmental collaboration, improved strategic planning and ensured that disaster risk management activities were effectively coordinated across all spheres of Government and relevant sectors.

Disasters and disaster-related incidents

1) Thunderstorm & Gale Force Winds
Dawid Kruiper Municipality: 07 March 2025
- Areas affected: Paballelo, Rosedale, Mier
- Infrastructure and property damaged.
- School fencing at Vela Langa Primary destroyed.
- Several homes damaged or displaced by falling trees and wind.

Kai !Garib Municipality: 08 March 2025
- Severe flash floods from overflowing rivers
- Brakriver (Neilersdrift), Soutriver (Meyers Island), Sandriver 1–3
- ±10 km road inaccessible between Lang Island and Eksteenskuil
- ±75 households affected.
- Vineyards and agricultural land flooded.

- Isolated Islands: Meyers, Smiths, Lang, Klip, Kar, Melkboskop, Eksteenskuil

2) Floods in Kai !Garib Local Municipality- 16 April 2025

- Submerged bridges: Perde, Meyers, Sand, Langklaas, Sandkop, Kanon, George
- Water breached flood walls at Upper and Lower George Island
- Historic overflow near Pink Stall in Kakamas due to irrigation channel
- Affected areas: Perde, Meyers, Sand, Langklaas, Sandkop, Plangeni, George, Vyebos, Smiths, Klip, Eksteenskuil

Support from Stakeholders during Disasters

The ZF Mgcawu District Municipality acknowledges the vital role played by stakeholders in supporting disaster-affected communities during the 2024/2025 financial year. Collaborative efforts ensured that immediate relief, safety and recovery interventions were delivered effectively and efficiently.

Gift of the Givers provided critical humanitarian aid, including essential supplies and emergency assistance to those most in need. The Department of Social Development contributed to relief and recovery initiatives, while the South African Social Security Agency (SASSA) played a key role in delivering social relief efforts to affected households. The South African Police Service (SAPS) supported safety, security and logistical operations, ensuring that disaster response activities could be carried out in a safe and coordinated manner.

Additional assistance was received from various government departments and private sector partners, whose contributions strengthened the District Municipality's ability to respond to emergencies and restore essential services. This multi-sectoral collaboration underscores the importance of strong partnerships in enhancing community resilience and ensuring that no community is left without support during times of crisis.

Training & Awareness Activities

During the 2024/2025 financial year, the ZF Mgcawu District Municipality implemented a range of training and awareness initiatives to strengthen community safety and disaster preparedness. On 14 March 2025, the Fire Brigade trained Correctional Services Staff in firefighting and first aid and provided fire extinguisher training at AJ Ferreira Secondary School. On 6 May 2025, basic wildfire fighting training was delivered to Mier farmers in collaboration with Working on Fire.

Awareness campaigns included extreme cold safety messaging on 16 July 2024, extreme heat awareness on 5 December 2024 and fire danger awareness sessions at Oranje Oewer Primary on 17 March 2025, Rosedale community on 7 May 2025 and Keidebees Primary School on 8 May 2025. These initiatives formed part of the District Municipality's ongoing commitment to risk reduction and public safety

education.

Risk Assessments

In alignment with the provisions of the Safety at Sports and Recreational Events Act, 2010 (Act No. 2 of 2010), the Disaster Management Unit undertook event-specific risk assessments as required to support effective planning and safety measures. In terms of Section 6 of the Act, events are categorised as low, medium, or high risk based on predetermined criteria. A Section 6(3) application constitutes a formal submission by an event organiser to the South African Police Service (SAPS) requesting that the risk classification of an event be determined or reviewed.

The ZF Mgcawu District Municipality continues to face notable challenges in delivering comprehensive Disaster Management Services. Three of the five Local Municipalities do not have dedicated Disaster Management officials, which impacts coordination and compliance with the Disaster Management Act, 2002 (Act 57 of 2002). In addition, Disaster Management budgets at both District and Local Municipal levels remain limited or non-existent and fire services across the District lack adequate capacity, equipment and resources.

To address these constraints, it is recommended that all Local Municipalities appoint full-time Disaster Management Officers, following the example set by Kai !Garib and Dawid Kruiper Local Municipalities. Additional funding must be secured from relevant departments to enhance fire services, procure equipment and expand training capacity, while monitoring and reporting compliance among Local Municipalities should be improved.

Despite these challenges, the ZF Mgcawu District Disaster Management Unit continued to provide vital support to communities, respond effectively to disaster incidents and promote risk reduction initiatives. The dedication of local officials, community partners and sector departments enabled timely interventions, but structural and budgetary improvements remain critical to ensure stronger protection of lives, livelihoods and infrastructure across the district.

3.9 ASSET MANAGEMENT

This matter is dealt with in greater detail in Chapter 5 of this document.

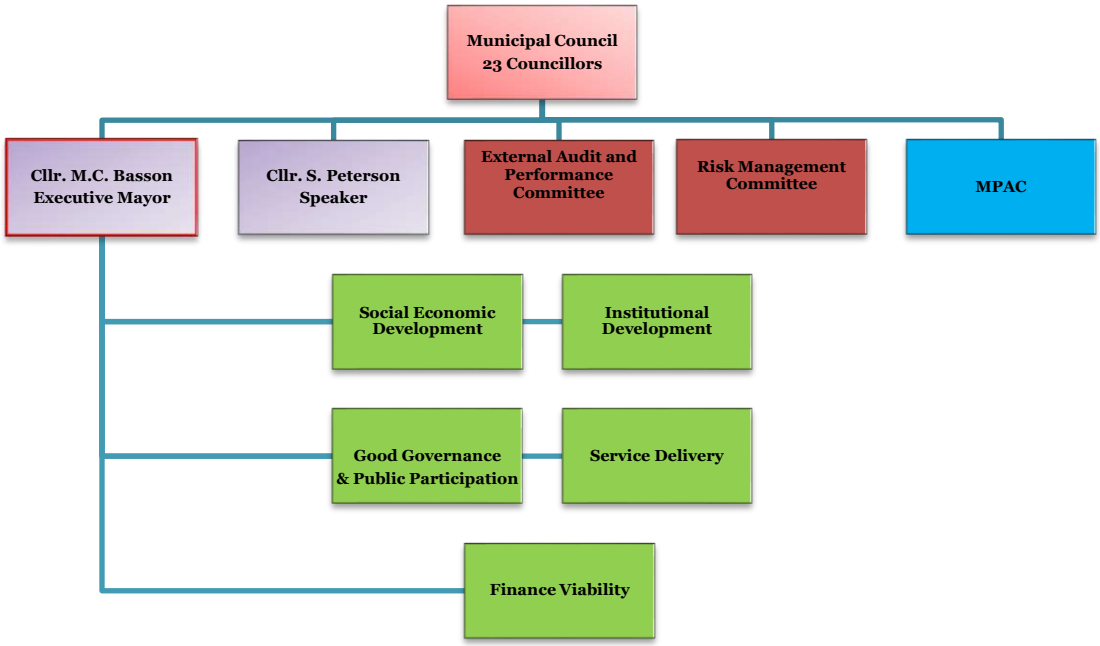
3.10 EXECUTIVE AND COUNCIL

During the 2024/2025 financial year, the Council of the ZF Mgcawu District Municipality, comprising of 23 Councillors continued to exercise its dual mandate of legislative and executive authority in accordance with the Municipal Structures Act and other applicable legislation. The Council's core responsibilities include legislative functions, oversight of the administration and ensuring participatory governance that reflects the needs and aspirations of the communities it serves.

While executive authority has been formally delegated to the Executive Mayor and the Mayoral Committee, the Council maintains an active oversight role, closely monitoring the performance of the District Municipality to ensure that strategic objectives are achieved and service delivery obligations are met. This includes scrutinising compliance with legislative and policy frameworks, evaluating reports from the administration and facilitating public participation to enhance accountability and transparency.

Through its structured meeting schedule, committee system and oversight processes, the Council remains committed to ensure that the functions of the ZF Mgcawu District Municipality are implemented efficiently, ethically and in alignment with its legislative mandate. This governance approach enables the District Municipality to operate in a manner that promotes good governance, sustainable development and the effective delivery of services to its communities.

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Compliance with Legislation

KPI	Unit of Measurement	Target	Actual
Annual Report and Oversight Report 2023/2024 submitted to Council in March 2025	Reports submitted to Council and the Provincial Legislature	31 March 2025	27 March 2025
The effective functioning of the Council is measured in terms of the number of Council meetings	No of Council meetings per annum	4	6
The effective functioning of the Mayoral Committee	No of Mayoral Committee meetings	11	11
Adjustment budget approved by Council	Adjustment budget approved by Council	28 February 2025	28 February 2025
Draft Budget 2024/2025 approved by Council	Draft Budget approved by Council	31 March 2024	25 March 2024
Main Budget 2024/2025 approved by Council	Final Annual Budget approved	31 May 2024	27 May 2024
Effectiveness of the Audit Committee	No of Audit Committee meetings	4	6
Effectiveness of Portfolio Committees	No of meetings held	4	4

Effectiveness of MPAC	No of meetings held	4	5

Dates of Council and Other Meetings

Council Meetings	Special Council Meetings	Portfolio Committee Meetings	MPAC Meetings
28 August 2024	29 July 2024	27 August 2024	27 August 2024
29 November 2024	28 October 2024	27 November 2024	27 November 2024
31 January 2025	04 December 2024	26 March 2025	26 January 2025
28 February 2025	24 April 2025	26 May 2025	26 March 2025
27 March 2025	26 June 2025		26 May 2025
27 May 2025			

Mayoral Committee Meetings

Mayoral Committee Meetings 2024/2025	
Month	**Date**
July 2024	31 July 2024
August 2024	27 August 2024
September 2024	26 September 2024
October 2024	29 October 2024
November 2024	27 November 2024
December 2024	N/A
January 2025	30 January 2025
February 2025	27 February 2025
March 2025	26 March 2025
April 2025	22 April 2025
May 2025	26 May 2025
June 2025	26 June 2025

CHAPTER 4

HUMAN RESOURCES SERVICES

COMPONENT A
HUMAN RESOURCE MANAGEMENT

The Human Resource Management (HRM) Unit, operating within the Corporate Services Department of the ZF Mgcawu District Municipality, continued to play a central role in managing and supporting the institution's most valuable asset, its people. As one of the two core components of the Human Resource division, alongside the Human Resource Development and Training Unit, its mandate is to oversee the full spectrum of human resource management functions, ensuring that all policies, systems and procedures are compliant with applicable legislation and aligned with best practice standards.

The HRM Unit's operational scope includes the comprehensive administration of personnel records, the compilation of workforce statistics and the processing of all personnel-related information. It manages remuneration processes through job analysis, job evaluation, salary structuring and the implementation of fringe benefit schemes.

Leave administration is managed on a daily basis, with all forms of leave recorded, monitored and reconciled monthly to ensure accuracy and compliance with internal policies. In addition, the Unit oversees human resource provisioning and recruitment processes, which include workforce planning, the development of job descriptions, the advertising of vacancies, candidate sourcing, selection, placement, promotion, transfer and, where necessary, the dismissal of employees. By ensuring that the right

people are recruited, retained and supported throughout their employment lifecycle, the Human Resource Management Unit underpins the operational stability and long-term success of the ZF Mgcawu District Municipality. Its work remains essential to building a skilled, motivated and well-managed workforce capable of delivering quality services to the communities of the ZF Mgcawu District Municipality.

COMPONENT B
HUMAN RESOURCE DEVELOPMENT AND TRAINING

This Human Resource Development (HRD)Report for the 2024/2025 financial year provides a comprehensive overview of the organization's initiatives aimed at enhancing employee capabilities, fostering talent and promoting organizational well-being. Significant progress has been made in strengthening our training and development programs, expanding our study aid and work-integrated learning initiatives and ensuring robust support through the Employee Assistance Program. The HRD Training Committee has provided invaluable strategic guidance and our HRD policies have been diligently reviewed to ensure compliance and effectiveness.

Key achievements for the year under review include the successful nurturing of 30 employees in the Municipal Finance Management Programme (MFMP) Learnership and 30 study aid recipients and the training to 5 unemployed persons in Water Waste Water Treatment process Learnership. Also exposing 25 interns and Work Integrated Learning (WIL) students with practical experience.

Challenges persist in measuring precise return on investiment for all programs and ensuring equitable access to development opportunities across all Departments. Looking ahead, our focus will be on leveraging technology for blended learning, enhancing mentorship frameworks and strengthening our talent analytics to inform future HRD investments.

Mandate of Human Resource Development (HRD)

The HRD Unit at the ZF Mgcawu District Municipality is mandated to develop and implement strategies, policies and programs that ensure the organization possesses the necessary skills, knowledge and capabilities to achieve its strategic objectives. This includes fostering a culture of continuous learning, promoting employee well-being, attracting and retaining key talent and building a sustainable talent pipeline for future growth.

Alignment with Organizational Strategy

All Human Resource Development initiatives are strategically aligned with the District Municipality's overarching business goals. By investing in our human capital, we aim to improve productivity, foster innovation, enhance employee engagement and ensure the organization's long-term competitive advantage.

Key Human Resource Development Pillars

Training and Development Program

Strategic Objectives:

- To equip employees with the critical skills required for current and future roles.
- To enhance leadership capabilities at all levels.
- To foster a culture of continuous learning and professional growth.
- To ensure compliance with industry regulations and best practices.

Activities and Outcomes:

- Total Training Hours Delivered: 5,000 hours (across all programs).
- Number of Employees Trained: 74 employees (representing 85% of the total workforce).

Key Training Areas	Municipal Finance Management Skills
	Continuous professional development training for Environmental Health Practitioners
	Continuous professional development for Supply Chain Practitioners
	Continuous professional development for Risk Management Officials
	Continuous professional development for Internal Audit Officials

The Human Resource Development Unit provided support training to !Kheis Local Municipality, Kgatelopele Local Municiaplity and the Dawid Kruiper Local Municipality. Leadership Development Training was provided to Senior Management as well as the provision of the Councillor Development Program to mana to equip them with the necessary skills to effectively govern the organization

- Delivery Methods: 60% in-person workshops, 30% e-learning modules, 10% external conferences/seminars.
- Budget Utilisation: 98% of allocated training budget was utilized.

Evaluation and Impact:

- Post-Training Assessments: Average score of 85% in knowledge retention.
- Feedback Surveys: 92% of participants rated training as "excellent" or "good" in relevance and delivery.
- Managerial Feedback: Anecdotal evidence suggests improved team performance, problem-solving and communication post-training in key areas.
- Compliance: All mandatory CPD training was conducted.

Study Aid Program

Strategic Objectives:

- To contribute to national human capital development.
- To cultivate a pipeline of qualified talent for hard-to-fill roles within the organization.

Program Statistics and Outcomes

Total Study Aid Recipients: 30 employees students.

Fields of Study	Advanced Diploma in Public Accountability Network Technician Financial Management Finance/Accounting: 3 students Supply Chain Management: 2 students
Academic Performance	100% of the Study Aid maintained a passing average
Graduations	3 Study Aid Recipients successfully completed their degrees during this financial year

Work-Integrated Learning (WIL) Program & Internships

Program Objectives:

- To provide practical work experience to students and recent graduates, bridging the gap between academia and the professional world.
- To identify and nurture potential future employees.
- To integrate fresh perspectives and innovative ideas into organizational operations.

Intern & Work Integrated Learning (WIL) Student Demographics

- Total Participants: 25 (15 College WIL Students, 10 recent graduates as interns).
- Duration: WIL students (6-12 months); Interns (12 months).

- Departments Hosting: Environmental Health Practitioners, Information and Communication Technology, Finance, Human Resource Management, Human Resource Development, Labour Relations, Tourism, Budget & Treasury Office and Asset Management
- Diversity: 60% female, 40% male; representation from various ethnic backgrounds

Program Structure and Mentorship:

- Each participant was assigned a dedicated mentor from the Senior Staff.
- Structured learning objectives and projects were established for each placement.
- Regular feedback sessions (bi-weekly) and formal performance reviews (quarterly) were conducted.
- Workshops on professional development (e.g., presentation skills, corporate etiquette) were provided.

Outcomes and Conversions:

- Completion Rate: 100% of participants completed their programs successfully.
- Feedback: Interns/Work Integrated Learning Students consistently rated their experience high, praising the challenging work, supportive environment and professional growth opportunities.

Employee Assistance Program (EAP)

Program Objectives:

- To provide confidential, professional support to employees and their immediate families for a wide range of personal and work-related issues.
- To promote mental health and well-being within the workforce.
- To mitigate the impact of personal challenges on employee productivity and engagement.

Utilization Rates and Services Provided

Total Cases Opened: 5 cases (representing a 1% increase from the previous year, indicating growing trust and awareness).

Common Issues:

- Stress and Anxiety: 40%
- Relationship Issues: 25%
- Financial Counselling: 15%
- Grief and Bereavement: 10%
- Legal Advice: 5%
- Substance Abuse: 5%

Service Delivery: Predominantly telephonic and virtual counselling, with in-person sessions available where required.

Confidentiality: Strict adherence to confidentiality protocols ensured by the third-party EAP provider.

HRD Governance and Infrastructure

Training Committee

The Training Committee is responsible for guiding the strategic direction, implementation and evaluation of all Human Resource Development (HRD) initiatives, ensuring alignment with the District Municipality's objectives and the effective utilisation of resources. The Committee is chaired by the Chairperson of the Institutional Portfolio Committee and includes representatives from Human Resources, Finance, Operations, Administration, as well as two elected employee representatives. This diverse composition enables a comprehensive and inclusive approach to talent development, fostering collaboration across departments and securing organisational buy-in. The Committee has played a pivotal role in ensuring that HRD initiatives remain strategic, relevant and impactful.

Key Activities and Decisions

During the year under review, the Training Committee reviewed and approved the annual Training Needs Analysis (TNA) along with the associated budget. The Committee endorsed the expansion of the Study Aid Programme to incorporate critical digital skills and approved the revised Internship Policy and Work Integrated Learning Framework. Ongoing monitoring of the progress and impact of all Human Resource Development (HRD) programmes were conducted through quarterly reports, ensuring accountability and effectiveness. The Committee also advocated for greater investment in leadership development and facilitated cross-departmental collaboration in the development of training content, promoting a coordinated and strategic approach to capacity building across the District Municipality.

Implementation of the New Staff Regulations

The introduction of the New Staff Regulations marked a significant step in enhancing the ZF Mgcawu District Municipality's Human Resource Management practices. The regulations aim to ensure a fair and consistent approach to Employee Management, foster a positive work environment that promotes engagement and productivity and align employee performance with the strategic objectives of the District Municipality.

The implementation process included a comprehensive review and update of existing policies and procedures, the rollout of communication and awareness initiatives through training sessions and workshops and the establishment of a monitoring and evaluation system to ensure adherence to the regulations. This structured approach

was intended to promote consistency, transparency and accountability in the Management of the District Municipality's workforce.

Overall Key Achievements

During the 2024/2025 financial year, the ZF Mgcawu District Municipality recorded several notable achievements in Human Resource Development (HRD). Workforce participation in structured training programmes reached 85%, reflecting a high level of employee engagement in capacity-building initiatives. The Bursary Programme and Work Integrated Learning/Internship initiatives successfully developed a strong talent pipeline, integrating 13 high-potential individuals into the organisation.

Employee well-being was strengthened through increased utilisation of the Employee Assistance Programme (EAP), indicating greater access to and trust in mental health support services. The Training Committee maintained strong governance and strategic oversight, ensuring HRD initiatives remained closely aligned with organisational priorities. A comprehensive review and update of all HRD policies was completed to incorporate best practices and reflect the evolving needs of the District Municipality. Furthermore, budget resources were optimised to deliver high-quality programmes in a cost-effective manner.

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4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees 2024/2025					
Description	Year 2024/2025	Year 2024/2025			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Office of the Executive Mayor	2	2	2	0	0
Office of the Speaker	3	3	3	0	0
The Municipal Manager	0	1	0	1	10
Office of the Municipal Manager	1	1	1	0	0
Strategic Management	6	6	6	0	0
Performance Management (PMS)	2	2	2	0	0
Internal Audit	4	5	4	1	10
Risk Management	2	2	2	0	0
The CFO	1	1	1	0	0
Office of the CFO	1	1	1	0	0
AFS, Assets & Reporting	5	5	5	0	0
Budget and Reporting	2	3	2	1	10
Expenditure; SCM & Payroll Management	8	8	8	0	0
Deputy Director: Municipal Support	1	1	1	0	0
Municipal Support	6	7	6	1	10
Corporate Service Director	1	1	1	0	0
Administration	5	5	5	0	0
Communication	3	3	3	0	0
Asst Director: LR; OHS; Security & Cleaning Services	12	13	12	1	10
ITC	3	3	3	0	0
Human Resource Development& Training	2	2	2	0	0
Human Resource Management Unit	3	3	3	0	0
Director: Planning & Development	1	1	1	0	0
Town Planning; Housing & DDM	4	4	4	0	0
LED; Tourism & PMU	8	8	8	0	0
Environmental Health	7	9	7	2	25
Disaster Unit	8	8	8	0	0
Totals	**101**	**108**	**101**	**7**	**6.48%**

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Vacancy Rate: Year 2024/2025			
Designations	***Total Approved Posts**	***Vacancies (Total time that vacancies exist using fulltime equivalents)**	***Vacancies (as a proportion of total posts in each category)**
	No.	**No.**	**%**
Municipal Manager	1	108.3	0.433
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	2	0	0
Other S57 Managers (Finance posts)	0	0	0
Senior management: Levels 1-3 (excluding Finance Posts)	9	0	0
Senior management: Levels 1-3 (Finance posts)	2	0	0
Highly skilled supervision: levels 4-5 (excluding Finance posts)	13	2	0
Highly skilled supervision: levels 4-5 (Finance posts)	4	0	0
Total			

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'Senior Management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over Rate***
	No.	**No.**	
2024/2025	3	6	0.05
2023/2024	3	5	1.67

* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year

T4.1.3

4.2 POLICIES

2024/2025 Policies Approved by Council	Date Adopted or Reviewed by Council
Training & Development Policy Bursary Policy Employee Health and Wellness Policy CPD Policy Employment Equity Policy and Plan HRD Strategy Learnership Implementation Policy Internship Policy Internship Manual Human Resource Policies in this Manual were aligned according to the Local Government: Municipal Staff Regulations, 2021 Local Government: Guidelines for the Implementation of the Municipal Staff Regulations, 2021 HR Policy Manual from Department of Cooperative Government, Version 01 of 2022. Part B: Employment Practices Chapter 4: Recruitment, Selection And Appointment Policy Chapter 5: Promotion, Transfer, Secondment and Acting Appointment Policy (Read With Circular 4/2023 of SALGBC Re. Conflict Between Collective Agreement And Regulations) Chapter 6: Placement Policy Chapter 7: Termination Of Service Chapter 9: Working Hours and Punctuality Policy Chapter 15: Incapacity Due to Ill Health /Injury Policy Chapter 16: Incapacity due to Operational Requirements Policy	**31 May 2024**

Part F: Staff Member Retention Chapter 17: Remuneration Policy Disciplinary Policy And Procedures	

4.3 INJURIES AND SICKNESS

Number and Cost of Injuries on Duty				
Type of injury	**Injury Leave Taken**	**Employees using injury leave**	**Proportion employees using sick leave**	**Average Injury Leave per employee**
	Days	**No.**	**%**	**Days**
Required basic medical attention only	10	1	0.4	0.5
Temporary total disablement	0			
Permanent disablement	0			
Fatal				
Total	**10**	**1**	**0.4**	**0.5**

Number of days and Cost of Sick Leave (excluding injuries on duty)				
Salary band	**Total sick leave**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**
	Days	**No.**	**No.**	**Days**
Lower skilled (Levels 13-16)	0	0	0	0
Skilled (Levels 10-12)	508	21	30	7.18
Highly skilled production (levels 7-9)	301	29	38	2.34
Highly skilled supervision (levels 4-6)	145	14	18	6.36
Senior Management (Levels 0-3)	142	9	11	10.13
MM and S57	59	3	4	19.25
Total	**1155**		**101**	**45.26**

4.4 EMPLOYEE SALARY INCREASES

Number of Employees whose salaries were increased due to their positions being upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 12-10)	Female	0
	Male	0
Skilled (Levels 9-7)	Female	3
	Male	0
Highly skilled production (Levels 6-5)	Female	0
	Male	0
Highly skilled supervision (Levels 4)	Female	0
	Male	0
Senior Management (Levels 3-1)	Female	0
	Male	0
Municipal Manager and Section 57	Female	0
	Male	0
Total		**3**

4.5 LR, OHS, CLEANING AND SECURITY SERVICES

The Labour Relations, Occupational Health and Safety, Security and Cleaning Services functions of the ZF Mgcawu District Municipality work collectively to maintain a stable, safe and productive working environment. Labour relations activities focus on constructive engagement with employees and trade unions through the Local Labour Forum, effective resolution of workplace matters and adherence to labour legislation in disciplinary processes.
Occupational Health and Safety efforts centre on hazard identification, regulatory compliance and fostering a safety-conscious workplace culture, although some infrastructure challenges remain due to budget constraints. Security Services safeguard municipal assets, information and personnel while Cleaning Services ensure a clean and hygienic working environment despite limited staffing.

Labour Relations
The ZF Mgcawu District Municipality promotes sound Labour Relations by facilitating an atmosphere of collective bargaining at the workplace. The Local

Labour Forum has been established to facilitate and organize employee participation. Furthermore, relevant stakeholders and trade unions have been involved in the adoption of Human Resource Management policies. These processes have helped to create a stable environment within the District Municipality which is conducive for accelerating service delivery and developmental objectives of the District Municipality.

Participation in the Local Labour Forum Meetings has been another critical aspect of our Labour Relations strategy. By engaging in these discussions, we have been able to address employee concerns effectively while also implementing resolutions that benefit both the Management and the Staff. This collaborative approach fosters trust between parties and enhances overall workplace harmony.
The District Municipality also benefitted from the support of the South African Local Government Association (SALGA) in managing disciplinary hearings. In terms of employee discipline, eight misconduct cases were addressed during the year under review, of which five were finalised. These matters were managed in line with Section 23 of the Constitution, the Labour Relations Act, the Disciplinary Procedure Collective Agreement, the Municipal Systems Act (Code of Conduct for Municipal Staff Members) and other applicable labour legislation. Outcomes included the issuing of warnings and the conclusion of plea bargain agreements.

Occupational Health and Safety (OHS)
An Occupational Health and Safety Committee has been established to identify hazards, implement preventative measures and ensure compliance with applicable safety regulations. Regular awareness activities were undertaken to reinforce a safety-conscious workplace culture. However, financial constraints continue to affect the ability to address certain infrastructure challenges, such as the replacement of the faulty lift.

Security Services
The Security Services is responsible for protecting municipal assets, information and personnel. Security Services also monitors and responds to alarm activations to safeguard facilities. Despite operating with limited workforce and resources, the Unit continued to provide reliable Security Services during the year under review, ensuring the protection of Council property and the safety of employees.

Cleaning Services
The Cleaning Services function plays an important role in maintaining the cleanliness and hygiene of municipal facilities. Activities include cleaning offices, windows, furniture, floors and ablution facilities, as well as meeting specific requirements related to beverage preparation and serving. This work supports an orderly and professional working environment.
Despite resource limitations, the Labour Relations, Occupational Health and Safety, Security and Cleaning Services functions have been effectively managed to uphold

workplace discipline, safety standards and service delivery support. Through continued collaboration, targeted interventions and process compliance, these services have contributed to a professional, secure and supportive environment in which employees are empowered to deliver on the mandate of the ZF Mgcawu District Municipality.

Labour Relations Report					
No	**Name**	**Applicant**	**Nature**	**Status/Outcome**	**Proposal/Advice**
1	Exployee A	SAMWU	Deserting & AWOL	Waiting outcome from the chairperson	That Management must give proper training on workplace discipline to all Supervisors and Senior Management.
2	Employee B	IMATU	AWOL	Waiting outcome from the chairperson	That Management must give proper training on workplace discipline to all Supervisors and Senior Management.
3	Employee C	IMATU	AWOL	Case still under investigation	That Management must give proper training on workplace discipline to all Supervisors and Senior Management.
4	Employee D	IMATU	AWOL	Waiting outcome from the chairperson	That Management must give proper training on workplace discipline to all Supervisors and Senior Management.
5	Employee E	SAMWU	AWOL, Non-functional in his duties	Waiting outcome from the chairperson	That Management must give proper training on workplace discipline to all Supervisors and Senior Management.

Disciplinary actions taken on cases of Financial Misconduct			
Position	Nature of alleged misconduct and Rand value of any loss to the Municipality	Disciplinary action taken	Date finalized
None	None	None	None

4.6 SKILLS DEVELOPMENT AND TRAINING

New Reporting Template- Gazette 41996 of 26 October 2018

This report is based on the new reporting template annexure - C - Gazette 41996 (Gazette 41996 of 26 October 2018) is an amendment to Gazette 29967 of 15 June 2007. The Gazette only warrants that the District Municipality report on the following positions:

1. CEO (entity)
2. CFO (municipality)
3. CFO (entity)
4. Senior Managers (MSA Section 56)
5. Middle Manager (of finance only)

The Municipal Finance Management Act, 56 of 2003 stipulates that a Municipality that appoints a Municipal Manager must subject themselves to the provisions of the Act; in that no Acting or appointed Municipal Manager can be appointed without at least a Bachelor's Degree or a relevant qualification registered on the National Qualification Framework at NQF level 7 with a minimum of 360 credit plus Leading Competencies prescribed in the Annexure -A- Local Government: Competency Framework for Senior Managers as published under Government notice No. 21 in Government Gazette No. 37245 of 17 January 2014. Below is Annexure C Minimum Competency Regulation template as at 30 June 2025.

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ANNEXURE C – MUNICIPAL REGULATION ON MINIMUM COMPETENCY LEVELS (Gazette 41996)

Surname	Name	ID Number	Position	Date of employment (before or on/after Gazette 41996)	1.Higher Education Qualification (New NQF Levels)	2.All relevant work related experience	3.Performance Agreements	4.Insert the number of relevant unit standards completed for the position of statement of results e.g. 3,5,10 etc
Phete	Andre (Acting Municipal Manager)	7809055222084	Accounting Officer	on/after 26 Oct 2018	NQF Level 7 – Bachelor Degree (min 360 credits)	< 5 years a Senior Management	Performance Agreements signed	18
De Waal	Isak	7908155102087	Senior Manager (MSA S56)	on/ after 26 Oct 2018	NQF Level 7 – Bachelor Degree (min 360 credits)	< 7 years at Senior and Middle Management, at least 2 years at Senior Management	Performance Agreements signed	15
Isaacs	Eloise	8403070127087	CFO Municipality	on/ after 26 Oct 2018	NQF Level 7 – Bachelor Degree (min 360 credits)	< 7 years at Senior and Middle Management, at least 2 years at Senior Management	Performance Agreements signed	20

Surname	Name	ID Number	Position	Date of employment (before or on/after Gazette 41996)	1.Higher Education Qualification (New NQF Levels)	2.All relevant work related experience	3.Performance Agreements	4.Insert the number of relevant unit standards completed for the position of statement of results e.g. 3,5,10 etc
Van Zyl	Kobus	6104275004087	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 7 – Bachelor Degree (min 360 credits)	< 7 years at Senior and Middle Management, at least 2 years at Senior Management	Performance Agreements signed	15
Kitching	Albert	8411245070082	Middle Manager: Finance	between 3 Feb 2017 and 2 Aug 2018	NQF Level 7 – Bachelor Degree (min 360 credits)	< 7 years at any level related to position	Performance Agreement not required	11
Phete	Annzonia	8602210215088	SCM Head	before 3 Feb 2017	NQF Level 6 – National Diploma (min 240 credits)	< 7 years at any level related to position	Performance Agreement not required	16
Wolfe	Marshall	8908085364087	Middle Manager: Finance	on/after 26 Oct 2018	NQF Level 7 – Bachelor Degree (min 360 credits)	< 7 years at any level related to position	Performance Agreement not required	15

4.6.1 Comment on skills development

The ZF Mgcawu District Municipality remains steadfast in its commitment to implementing the provisions of the Skills Development Act, 1998 (Act 97 of 1998) as a cornerstone of its human capital strategy. Skills development is approached as a strategic investment, aimed at ensuring that employees are equipped with the knowledge, competencies and professional attributes required to execute their duties efficiently and adapt to the evolving demands of Local Government service delivery.

Training and capacity-building initiatives are designed not only to address immediate operational needs but also to develop a sustainable pipeline of talent capable of supporting the District Municipality's long-term objectives. By fostering a well-trained, capable and diverse workforce, the District Municipality strengthens its ability to deliver quality services, drive innovation and respond effectively to emerging challenges.

The continued focus on skills development has yielded measurable improvements in employee performance and organisational efficiency. Moving forward, the District Municipality will maintain its emphasis on targeted, relevant and high-impact training programmes to ensure that its workforce remains a key driver of institutional success.

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CHAPTER 5

FINANCIAL INFORMATION

COMPONENT A
STATEMENT OF FINANCIAL PERFORMANCE

5.1 STATEMENT OF FINANCIAL PERFORMANCE

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	**17**	89 749 204	88 401 654
Impairment Gains	**24**	-	200 532
Revenue from Exchange Transactions			
Rental from Fixed Assets	**18**	162 880	135 725
Finance Income	**19**	1 710 062	1 746 081
Operational Revenue	**20**	566 956	1 636 790
Total Revenue		**92 189 102**	**92 120 783**
EXPENDITURE			
Employee Related Costs	**21**	65 082 349	62 602 230
Remuneration of Councillors	**22**	5 548 998	5 401 337
Depreciation and Amortisation	**23**	1 350 419	1 367 110
Impairment Losses	**24**	664 968	795 298
Finance Costs	**25**	4 210 419	3 958 480
Contracted Services	**26**	6 242 697	6 366 498
Inventory Consumed	**27**	695 790	516 838
Transfers and Subsidies Paid	**28**	499 263	491 452
Operational Costs	**29**	12 585 600	13 402 134
Loss on Disposal of Capital Assets	**30**	20 584	59 400
Total Expenditure		**96 901 087**	**94 960 778**
SURPLUS / (DEFICIT) FOR THE YEAR		**(4 711 985)**	**(2 839 995)**

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5.2 STATEMENT OF FINANCIAL POSITION

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
ASSETS			
Current Assets		**1 126 324**	**1 757 310**
Receivables from Exchange Transactions	**2**	136 015	189 833
Statutory Receivables from Exchange Transactions	**3**	541 855	537 125
VAT Receivable	**4**	271 208	565 341
Cash and Cash Equivalents	**5**	166 772	451 829
Current Portion of Long-term Receivables	**6**	10 474	13 183
Non-Current Assets		**24 114 520**	**23 225 745**
Property, Plant and Equipment	**7**	21 338 212	21 377 191
Intangible Assets	**8**	292 495	73 420
Non-current Investments	**9**	2 433 331	1 719 010
Long-term Receivables	**10**	50 481	56 124
Total Assets		**25 240 844**	**24 983 055**
LIABILITIES			
Current Liabilities		**12 055 540**	**10 257 827**
Provisions	**11**	3 407 493	3 422 070
Payables from Exchange Transactions	**12**	8 375 782	6 555 700
Current Portion of Long-term Liabilities	**14**	272 265	280 056
Non-Current Liabilities		**36 904 060**	**33 732 000**
Long-term Liabilities	**14**	355 060	-
Employee Benefit Liabilities	**15**	36 549 000	33 732 000
Total Liabilities		**48 959 600**	**43 989 827**
Total Assets and Liabilities		**(23 718 756)**	**(19 006 771)**
NET ASSETS		**(23 718 756)**	**(19 006 771)**
Accumulated Surplus / (Deficit)	**16**	(23 718 756)	(19 006 771)
Total Net Assets		**(23 718 756)**	**(19 006 771)**

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5.3 CASH FLOW STATEMENT

ZF MGCAWU DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		89 749 204	88 401 654
Rental from Fixed Assets	18	162 880	135 725
Finance Income	19	1 710 062	1 746 081
Other Receipts		908 062	1 306 115
Payments			
Employee Related Costs		(66 906 493)	(64 040 995)
Remuneration of Councillors	22	(5 548 998)	(5 401 337)
Finance Costs Paid	25	(90 419)	(155 480)
Suppliers Paid		(5 118 405)	(7 189 398)
Other Payments		(13 238 440)	(13 750 113)
NET CASH FLOWS FROM OPERATING ACTIVITIES	33	**1 627 452**	**1 052 253**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	7	(399 841)	(1 287 176)
Purchase of Intangible Assets	8	(329 661)	(53 230)
Proceeds on Disposal of Property, Plant and Equipment		5 717	323 000
Decrease / (Increase) in Non-current Investments		(714 321)	(648 624)
Decrease / (Increase) in Long-term Receivables		5 642	7 809
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1 432 464)**	**(1 658 221)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(480 045)	(647 945)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(480 045)**	**(647 945)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(285 057)**	**(1 253 913)**
Cash and Cash Equivalents at Beginning of Period		451 829	1 705 742
Cash and Cash Equivalents at End of Period	5	166 772	451 829

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5.4 GRANTS

	2025 R	2024 R
TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	89 749 204	88 401 654
Allocations Not Gazetted	1 065 204	1 683 654
Allocations Gazetted	88 684 000	86 718 000
Total Government Grants and Subsidies	**89 749 204**	**88 401 654**
17.1 Operational Grants		
National Revenue Fund:	**83 266 000**	**81 190 000**
Equitable Share Grant	83 266 000	81 190 000
National Governments:		
Allocations Gazetted:	**5 308 000**	**5 278 000**
Expanded Public Works Programme Integrated Grant	891 000	999 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 217 000	3 079 000
Allocations Not Gazetted:	**1 065 204**	**933 654**
National Treasury Subsidy for External Audit Fees	1 065 204	933 654
Provincial Government:		
Allocations Gazetted:	**110 000**	**250 000**
Housing Grant	110 000	250 000
Allocations Not Gazetted:	**-**	**750 000**
HIV and AIDS Grant (Provincial Health Department)	-	250 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	-	500 000
	89 749 204	**88 401 654**
17.2 Capital Grants and subsidies		
Provincial Government:		
Allocations Gazetted:	**-**	**-**
Other	-	-
Total Operational Grants Received	**89 749 204**	**88 401 654**

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	2025 R	2024 R
17.3 Reconciliation per Grant Source		
17.3.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

17.3.2 National Governments: Rural Road Asset Management Systems Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	3 217 000	3 079 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	-
Conditions met - transferred to Revenue: Operating Expenses	(3 100 596)	(2 701 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

17.3.3 National Governments: EPWP Incentive Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	891 000	999 000
Conditions met - transferred to Revenue: Operating Expenses	(891 000)	(999 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.4 Provincial Government: Housing Accreditation DPLG National Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	110 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(110 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

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	2025 R	2024 R
17.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)		
Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	-	250 000
Conditions met - transferred to Revenue: Operating Expenses	-	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	-	-

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

17.3.6 Summary of Conditional Grants:

Balance unspent at beginning of year	-	-
Current year receipts	5 418 000	5 778 000
Conditions met - transferred to Revenue: Operating Expenses	(5 301 596)	(5 400 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities	-	-
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 13)	-	

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5.5 ASSET MANAGEMENT

The Asset Management Unit of the ZF Mgcawu District Municipality ensures that all municipal assets, movable and immovable are managed in a manner that promotes sustainable service delivery, financial accountability and regulatory compliance.
Its purpose is to optimize the asset life cycle (from acquisition to disposal), safeguard municipal property and provide accurate asset-related information for decision-making and statutory reporting.

Key functions of the Asset Management Unit include:

- Asset Planning and Acquisition: Aligning asset planning with the Integrated Development Plan (IDP) and budget cycle, ensuring compliance with Supply Chain Regulations.
- Asset Register Management: Maintaining a complete and GRAP-compliant Fixed Asset Register.
- Physical and Financial Control: Performing annual verification and implementing safeguarding measures.
- Valuation, Depreciation & Impairment: Managing depreciation, revaluations and impairment assessments.
- Disposal of Assets: Handling disposal processes in accordance with Section 14 of the Municipal Finance Management Act and Municipal Asset Transfer Regulations.
- Compliance and Reporting: Ensuring adherence to MFMA, GRAP and National Treasury guidelines.
- Risk Management & Safeguarding: Implementing internal controls to prevent loss, theft or misuse.
- Committee Support: Supporting the Asset Management Committee and implementing its resolutions.

The Asset Management Unit of the ZF Mgcawu District Municipality successfully managed the municipal asset portfolio during the 2024/2025 financial year. The Unit ensured compliance with the Municipal Finance Management Act (MFMA) and Generally Recognised Accounting Practice (GRAP) standards, safeguarded municipal assets and maintained accurate financial reporting. The Asset Management policy for the 2024/2025 financial year was approved by Council on the 31st of May 2024. During the year under review, the Unit faced challenges related to budget constraints, delays in physical verification due to resource limitations and staff capacity gaps in technical asset reconciliations.

The ZF Mgcawu District Municipality disposed of obsolete and damaged assets beyond economic repair with a net book value of R26,300.
All disposals were in compliance with Section 14 of the MFMA and Municipal Asset Transfer Regulations.

The following measures are in place to safeguard the District Municipality's assets against loss, theft or misuse:

- Physical tagging and barcoding of assets.
- Restricted access to municipal stores.
- Security monitoring.
- Annual physical verification and quarterly spot checks.

The Asset Management Committee is comprised of the following members and met quarterly during the 2024/2025 financial year:

- Chief Financial Officer (Chairperson)
- Director Corporate Services
- Deputy Chief Financial Officer
- Unit Manager (Assets, AFS & Reporting)
- Unit Manager (Administration, Archives & Registry),
- Assistant Accountant: Assets

The Asset Management Committee's recommendations during the reporting period contributed to several asset-related policy refinements and operational improvements. Key recommendations included:

- Enhanced Accountability Measures: Implementation of disciplinary action for negligence in asset management, resulting in improved control and reduced losses.
- Asset Barcoding: Mandatory barcoding of all municipal assets to strengthen verification processes and enhance asset tracking capabilities.
- Vehicle Usage Controls: Introduction of tracking devices in municipal vehicles, stricter review of trip authorisations and driver training initiatives, leading to reduced misuse of fleet resources.
- Auction and Disposal Compliance: Ensuring full adherence to the Municipal Finance Management Act (MFMA) in the disposal of assets, with Council-approved disposal lists, thereby improving regulatory compliance.
- Verification Process improvements: Address the Ducharme Consulting system issues, improved accuracy of printed asset lists and recovery of outstanding assets, resulting in greater accuracy and reduced discrepancies in asset records.

The Asset Management Unit complied with the Municipal Finance Management Act (MFMA), GRAP standards and National Treasury guidelines for the 2024/2025 financial year. All asset management activities were conducted in line with approved policies, Council resolutions and relevant legislative requirements. Areas requiring improvement have been identified, and corrective measures will be implemented in the 2025/2026 financial year.

Acquisitions
Asset additions made during the year amounts to R1 556 815 which has been reconciled to the general ledger as at 30 June 2025 as required by section 63 of the Municipal Finance Management Act.

5.6 PUBLIC-PRIVATE PARTNERSHIPS

The ZF Mgcawu District Municipality did not engage in any Public-Private Partnerships (PPPs) during the 2024/2025 financial year.

COMPONENT B OTHER FINANCIAL MATTERS

5.7 SUPPLY CHAIN MANAGEMENT

This matter is dealt with in greater detail under Chapter 2 of this document.

5.8 GRAP COMPLIANCE

GRAP stands for Generally Recognised Accounting Practice. It is the set of rules that all South African Municipalities must follow when preparing and reporting their financial records. It ensures that Municipal Financial Reports are clear, accurate and comparable, making it easier for residents and stakeholders to understand how public money is managed. GRAP also builds trust by improving transparency and accountability. By following GRAP the ZF Mgcawu District Municipality reports its finances in line with national standards, demonstrating responsible financial management.

5.9 BBBEE COMPLIANCE PERFORMANCE INFORMATION

5.9.1 Ownership and Management Control

The municipality has no shareholding or directors. The Categories are therefore excluded from the reporting below. There are also no dividends that was declared. All Managers are based in the Northern Cape.

	Senior Management	Middle Management	Junior Management
% or Number for each Category			
Race classification			
- African	1	9	N/A
- Coloured	2	10	N/A
- White	1	5	N/A
Gender			
- Male	3	16	N/A
- Female	1	8	N/A
Age			
- Youth (between the ages of 18 - 35)	0	0	N/A
- Middle aged (between the ages of 36 - 50)	3	14	N/A
- Senior (older than 50)	1	10	N/A
Disability			
- Male	0	0	N/A
- Female	0	0	N/A

5.9.2 Skills development

All skills development was conducted in the Northern Cape.

	Black Employees	Black Non-employees	Black People in Internship, Learnerships	Unemployed Black People	Black People Absorbed
Number for each Category					
Race classification					
- African	10		11		
- Coloured	19		8		1
- White	2				
Gender					
- Male	11		6		
- Female	20		13		
Age					
- Youth (between the ages of 18 - 35)	9		19		
- Middle aged (between the ages of 36 - 50)	20		-		
- Senior (older than 50)	2				
Disability					
- Male					
- Female					
Total amount spent			-		

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5.9.3 Enterprise and Supplier Development

	EME's	QSE's	Large
Enterprise Development			
Number of Beneficiaries			
% Black ownership			
% Black Women ownership			
Value of Expenditure			
Value of 2% of NPAT or 0.2% of Allocated budget			
Supplier Development			
Number of Beneficiaries			N/A
% Black ownership			N/A
% Black Women ownership			N/A
Value of Expenditure			N/A
Value of 1% of NPAT or 0.1% of Allocated budget			
Total: Enterprise and Supplier Development			
Number of Beneficiaries	-	-	N/A
% Black ownership	0%	0%	N/A
% Black Women ownership	0%	0%	N/A
Value of Expenditure	-	-	N/A

9.5.4 Socia-Economic Development

	Race classification			
	African	Coloured	Indian	Total
Number of all participants				
Gender				
- Male				-
- Female				-
Location (number of participants per province)				
- Gauteng				-
- Mpumalanga				-
- Freestate				-
- Limpopo				-
- Western Cape				-
- Eastern Cape				-
- Northern Cape				-
- Kwazulu-Natal				-
- North West				-

CHAPTER 6

AUDITOR-GENERAL AUDIT FINDINGS

COMPONENT A AUDITOR-GENERAL'S OPINION OF FINANCIAL STATEMENTS 2024/2025

6.1 AUDITOR-GENERAL'S REPORT 2024/2025

The Audit Outcomes for the ZFM District Municipality for the last 3 financial years are as follows:

Year	2022/2023	2023/2024	2024/2025
Status	Clean Audit Unqualified Audit Opinion	Unqualified Audit with findings	Unqualified Audit with findings

The Auditor General's Report for the 2024/2025 financial year was released in November 2025. The ZF Mgcawu District Municipality received an Unqualified Audit Opinion with findings for the 2024/2025 financial year.

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on ZF Mgcawu District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District Municipality set out on pages 248 to 371 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 information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the requirements of the Municipal Finance

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

7. I draw attention to note 48 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 48, these events or conditions, along with the other matters as set forth in note 48, indicate that a material

uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

9. 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. Unaudited supplementary schedules

Unaudited supplementary schedules

10. The supplementary information set out on pages 353 to 371 does not form part of the financial statement and is presented as additional information. I have not audited these schedules and accordingly, do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the 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.

12. 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

13. 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.

14. 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 162, forms part of our auditor’s report.

Report on the annual performance report

15. 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.

16. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure 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.

    - The assistant director Environmental health to ensure quarterly monitoring of water at all Category B-municipalities and responsible EHP to communicate results to the B municipalities.
    - Assistant Director Town Planning, Housing & DDM to facilitate the conduct of an Annual National Housing Needs Register Roadshows for category B municipalities by 30 June 2025, except Dawid Kruiper Municipality.
    - Assistant Director Town Planning, Housing & DDM to conduct one housing inspection per quarter for projects within the District Municipality.
    - The Director: Planning & Development to ensure road visual assessment conditions data is captured by 30 June 2025.

17. 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.

18. 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 presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any overachievement of targets.

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

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

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Report on compliance with legislation

23. 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.

24. 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.

25. 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.

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

Expenditure management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R202 540 as disclosed in note 34.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of irregular expenditure was caused by payments, including performance bonuses, to managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

Other information in the annual report

28. 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 development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements, and my reports on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

30. 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 development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. 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.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report

- Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Other reports

34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

35. An engagement was conducted by the Public Protector during the year under review on allegations of mismanagement of municipal funds at ZF Mgcawu District Municipality. The investigation covered the period up to September 2025 and is still in progress. A draft Rule 23(1) Notice was prepared on 30 September 2025 for submission to the municipality, and the report is expected to be finalized once additional information has been obtained.



Auditor-General

Kimberley
28 November 2025

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

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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

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- 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.

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Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 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), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
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), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
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), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

6.2 COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

In terms of Section 71 of the MFMA, Municipalities are required to return a series of financial performance data to the National Treasury at specific intervals throughout the year. The Chief Financial Officer hereby states that these data sets have been returned according to the reporting requirements.

Signed by: _____

Mrs. E. Isaacs

Chief Financial officer

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APPENDICES

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APPENDIX-A

COMMITTEE ALLOCATION

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MAYORAL COMMITTEE ▪ Cllr. M.C. Basson (ANC) (Executive Mayor) ▪ Cllr. A. Johnson (ANC) (Chairperson: Institutional/LLF) ▪ Cllr. A. Matshimo (ANC) (Chairperson: Social/ Economic) ▪ Cllr. Silo (ANC) (Chairperson: Good Governance) ▪ Cllr. P. M. Mgcera (ANC) (Chairperson: Service Delivery)	**FINANCE VIABILITY** ▪ Cllr. M.C. Basson (ANC)(Chairperson) (Executive Mayor) ▪ Cllr. R. Saal (DA) ▪ Cllr. E. Mompe (HFTF) ▪ Cllr. S. Abel (ANC) ▪ Cllr. F. Basson (ANC)
MPAC [MUNICIPAL PUBLIC ACCOUNTS COMMITTEE] ▪ Cllr. M.M Louw (ANC) (Chairperson) ▪ *Cllr. J. Balies (EFF): Term ended on 11/12/2024 ▪ Cllr. F.L. Witbooi (DA) ▪ Cllr. D.R. Pienaar (ANC) ▪ Cllr. P.J. George (ANC) ▪ Cllr. K.G. Keorometswe (ANC)	**INSTITUTIONAL DEVELOPMENT** ▪ Cllr. A. Johnson (ANC)(Chairperson) (Mayoral Committee Member) ▪ Cllr. J. Boucher (DA) ▪ Cllr. P.J. George (ANC) ▪ Cllr. F. Basson (ANC) ▪ Cllr. A.C. Kotzee (HFTF) ▪ Mayor & Speaker (ex-officio)
SOCIAL ECONOMIC DEVELOPMENT ▪ Cllr. A. Matshimo (ANC)(Chairperson) (Mayoral Committee Member) ▪ *Cllr. D.H. de Koker (DA): Term ended on 09/06/2025 ▪ Cllr. S. Sandlana (DA) ▪ Cllr. M.M. Louw ▪ Mayor & Speaker (ex-officio)	**SERVICE DELIVERY** ▪ Cllr. P.M. Mgcera (ANC)(Chairperson)(Mayoral Committee Member) ▪ Cllr. C.F.P. Bezuidenhout (DA) ▪ Cllr. M.H.B. van Zyl (DA) ▪ *Cllr. M. Willemse (EFF): Term ended on 09/06/2025 ▪ Cllr. F. Basson ▪ *Cllr. J. Ballies: Term ended on 11/12/2024 ▪ Cllr. F.L. Witbooi (DA) ▪ Mayor & Speaker (ex-officio)
GOOD GOVERNANCE ▪ Cllr. J. Silo (ANC)(Chairperson)(Mayoral Committee Member) ▪ *Cllr. D.H. de Koker (DA): Term ended on 09/06/2025 ▪ Cllr. D.R. Pienaar (ANC) ▪ Cllr. K.G. Keorometswe (ANC) ▪ Cllr. S. Abel (ANC) ▪ Mayor & Speaker (ex-officio)	

All the Councillors signed the Code of Conduct for the 2024/2025 financial year

APPENDIX-B

COMMITTEES AND COMMITTEE PURPOSES

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COMMITTEES OTHER THAN MAYORAL AND THEIR PURPOSES	
Institutional Development	This Committee deals with institutional matters including administration and human resources
Service Delivery	This Committee deals with service delivery issues also focusing on Local Municipalities
Social and Local Economic Development	Local Economic Development (LED) forms an important part of economic growth in the region and this Committee deals with all LED programs in the District.
Good Governance and Public Participation	Matters relating to communication, Ward Committees and Public Participation
Municipal Finance Viability	Finance related information (compliance reports and budgets)
Municipal Public Accounts Committee (MPAC)	Performs an oversight function dealing with matters such as evaluating the annual report, Fraud and Anti-Corruption, Internal audit, Risk Management and other finance-related matters.

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APPENDIX-C

THIRD-TIER STRUCTURE

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Mr. A. Phete
Acting Municipal Manager
Mr. D.J. Van Zyl
Director
Corporate Services
Mrs. E. Isaacs
Chief Financial Officer
Mr. I. De Waal
Director
Planning & Development

APPENDIX-D

MUNICIPAL FUNCTIONS

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Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	No	
Childcare facilities	No	
Electricity and gas reticulation	No	
Firefighting services	Yes	
Local tourism	Yes	
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	Yes	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services are limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	

APPENDIX-E

AUDIT COMMITTEE RECOMMENDATIONS

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SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE

SUMMARY OF RESOLUTIONS AND RECOMMENDATIONS OF THE AUDIT COMMITTEE					
RESOLUTION & RECOMMENDATION LAUNCHED		RESOLUTIONS & RECOMMENDATIONS IMPLEMENT		RESOLUTION & RECOMMENDATION OUTSTANDING	
QUARTER	NUMBER	QUARTER	NUMBER	QUARTER	NUMBER
Quarter 1	9	Quarter 1	9	Quarter 1	0
Quarter 2	2	Quarter 2	0	Quarter 2	2
Quarter 3	6	Quarter 3	6	Quarter 3	0
Quarter 4	4	Quarter 4	0	Quarter 4	4
LAUNCHED	21	IMPLEMENTED	15	OUTSTANDING	6

Detail summary of decisions taken by the Audit Committee during the 2024/2025 Financial Year			
Date of Meeting	**Resolutions**	**Implemented**	**Not Implemented**
20 Aug 2024 Meeting	None	**N/A**	**N/A**
21 Aug 2024 Meeting	None	**N/A**	**N/A**
15 Oct 2024 Meeting	1. That Management report on the status of the implementation of the Internal Audit recommendations and the Audit Committee resolutions at the next Audit Committee meeting. 2. That Management discuss the co-ordination of the Combined Assurance Model with the respective role players and report on the outcome of the	**1, 2, 3, 4, 5, 6, 7, 8 & 9**	**None**

	decision taken on the responsible person for the co-ordination of the Combined Assurance Model at the next Audit Committee meeting. 3. That the Unit Manager: Risk Management extend an invitation to Northern Cape Provincial Treasury to all scheduled Risk Management meetings in the future. 4. That the Unit Manager: Risk Management amend the template of the Top Risks to include the specific progress for each Top Risks and also amend the wording of the legislative requirements to be in line with the Local Government Framework which refer to ISO 131000 and ISO 131001 respectively. 5. That Management discuss the resolution which refer to the safeguarding of laptops at the next Senior Management meeting and report the outcome of the discussion at the next Audit Committee meeting. 6. That Management provide feedback at the next Audit Committee meeting on whether Management has attended to matter which relate to the non submission of audit evidence and the lack of responses on Internal Audit findings. 7. That Management report on the status of the implementation of the Internal Audit recommendations and the Audit Committee resolutions at the next Audit Committee meeting 8. That Management report on the status of the implementation of the Internal Audit recommendations and the Audit Committee resolutions at		

	the next Audit Committee meeting. 9. That Management report on the status of the implementation of the Internal Audit recommendations and the Audit Committee resolutions at the next Audit Committee meeting.		
21 Jan 2025 Meeting	1. That the Acting Municipal Manager schedule a meeting between Internal Audit and Risk Management in the presence with the representatives of Provincial Treasury Office to be advisory to assist with the clarification of the various roles within the Combined Assurance Model of the ZF Mcgawu District Municipality. 2. That the Unit Manager: Performance Management System amend the format of the Quarterly Performance Management System Report to include the clear indication of which evidence were verified to reach the specific outcome for each quarterly measurements of Key Performance Indicators for each Unit.	**1**	**2**
14 Apr 2025 Meeting	1. That Management must ensure that feedback on the new Performance Management System is provided to the Audit Committee Members during the quarter of April to June 2025 and discussed in the next Audit Committee meeting of June 2025. 2. That Management must provide written reports on the progress of the implementation of all outstanding Internal Audit recommendations for each unit within the Directorate at the next Audit Committee meeting of	**1, 2, 3, 4, 5 & 6**	**None**

	June 2025. 3. That Management must ensure that feedback on the new Performance Management System is provided to the Audit Committee Members during the quarter of April to June 2025 and discussed in the next Audit Committee meeting of June 2025. 4. That Management must ensure that feedback on the new Performance Management System is provided to the Audit Committee Members during the quarter of April to June 2025 and discussed in the next Audit Committee meeting of June 2025. 5. That Management must ensure that feedback on the new Performance Management System is provided to the Audit Committee Members during the quarter of April to June 2025 and discussed in the next Audit Committee meeting of June 2025. 6. That Management must provide written feedback on the progress of the set up with regard to the shortage of space at the Archives at the next Audit Committee meeting of June 2025.		
24 June 2025 Meeting	1. That the Unit Manager: Performance Management System ensure that the Quarterly Performance Management System Report for the next Audit Committee meeting of 15 October 2025 be submitted in time to be included in the pack and that the content include the aspects for the quarter under review namely Quarter 1 of 2025/2026. 2. That the Municipal Manager provide a feedback report on the progress	**None**	**1 , 2 , 3 & 4**

	made pertaining to the milestones set for the System Provider of the Performance Management System at the next Audit Committee meeting of 15 October 2025. 3. That Management must ensure that progress report on the implementation of the by laws of Environmental Health as well as the tariffs remain a standing item and is reported on the quarterly Audit Committee meetings. 4. That Management must provide a progress report written feedback on the implementation of the recommendations to attend to the shortage of space at the Archives at the next Audit Committee meeting of 15 October 2025.		

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APPENDIX-F

FINANCIAL DISCLOSURES 2024/2025

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RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W.R Peterson	Speaker	Director at China South Africa Mining International Development
		Director at Exclusive Access Trading 519
		Director at Khoisan Heritage
		Director at Northern Cape Desert Dreams Corporation
		Director Stanrob Property Investment
		Member at Temla 107
		Director at Xiri holdings
		Director at Khoikhoi Biodiversity Investment Holdings
		Non-Executive Director at Eac1feeds1
S. Sandlana	Councillor	Director at K2020861781
		Director at UCEDO 4+1 Organization Primary Co-operative LTD
		Director at ZFM Meter district Taxi organization
R.B. Saal	Councillor	Director at SAJA Consulting and Construction
P.T. Van Der Steen	Councillor	Director at Loodgieter Van Der Steen
		Director at Northern Cape Development Forum
		Member at Van Der Steen Pomp en Pyp
		Member at Jesu Nkosi Monuments
A. Matshimo	Councillor	Member at Inyameko Trading 272
P. Mgcera	Councillor	Director at Phathilizwe Enterprise
E. Mompe	Councillor	Director at Nmompe Enterprise
		Director at Thixo Somandla
A. Kotzee	Councillor	Director at Tierberg Kahamel
H. De Koker	Councillor	Member at Tumelo Youth Farm
M. Louw	Councillor	Director at Mawele Konstruksie
A.J. Ruiters	Councillor	Director at Tsansabane Local Football association
K. Keorometswe	Councillor	Director at Enkelo Enterprise
		Director at Katlo Ya Lona Projects
		Director at Month Baskets General trading
D. Pienaar	Councillor	Director at Wonderers Youth Academy
		Director at De Hala enterprise

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Name of Related Person	Designation	Description of Related Party Relationship
		Director at Denha Cash loans
		Director at DRP Property Investments
		Director at Futu Holdings
		Director at Futu Investments
		Director at Phutanang Recycling Primary Corporative Limited
		Director at Kgatelopele Business forum
		Director at Likade trading
		Co-Founder at Phutanang Recycling Primary Corporative Limited
		Director at Phatsimo 101
K.S. Boer	Councillor	Director at K F Sceffling Construction
J.C. Boucher	Councillor	Director at Triple eye Holdings
		Director at Tsantsi Unemployment and Business
A. Phete	Acting Municipal Manager	Director at Fountain of Life Ministries
		Member at Inyameko Trading 272
		Director at Keorapetsi Avenue
		Member at Take Shape Properties 210
G.B. Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
C.M. Mathe	Middle Manager	Director at O Mogolo Homes
		Director at Our Solid Foundation
		Director at O Mogolo Jehovah
M. Manyehe	Middle Manager	Director at Brownsugar Communications
J. Willemse	Middle Manager	Director at Brainwave Projects
E. Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
J.A. Kitching	Middle Manager	Member ar Ablaze Trading 258
		Director at ANSEC 133
J. Linden	Middle Manager	Director at Hazfree Waste Management
M. Wolfe	Middle Manager	Director at GFTM Service and Advisory
		Director at Save a Child
G. Booysen	SCM Official	Member at GSNF Construction
L. De Klerk	Financial Intern	Director at SKYY Holdings
K. Kitching	Manager's Spouse	Director at ANSEC 133
J. Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
E.E. Job	Manager's Spouse	Director at Zwanofe Contractors
M. Willemse	Manager's Spouse	Director at K2023735744
		Director at Ubuntu Business Investments
E. Job	Managers Spouse	Director at Zwanofe Contractors
B.L. Britz	Managers Spouse	Director at RV Gasp Primary Co-Operative limited
		Founding Member of RV Gasp Primary Co-operative limited
L.S. More (resigned)	Audit Committee	Trust Holder at Accredited Office
		Director at BBM Bestuurdienste
		Director at Becker and More Prokureurs
		Director at Cumacor 147
		Director at Gresse Motorgroep
		Director at Infinite Deals 120
		Director at Karibu Innovation
		Director at Marang Bophelo
K.A. Nkoe	Audit Committee	Director at Nkoe and Associates chartered certified accountants
W.A. Present	Audit Committee	Director at Andile Present Attorneys
		Director at Mihzania Investments
		Director at WAP Holdings
		Director at Ziyanda Visual Design Studio
U. Thys	Audit Committee	Director at Mpamot Africa
		Director at PDNA Da Vinci Academy
		Director at Superlane 140

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The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
D. Pienaar	Councillor	Director at Futu Renewal Energy park
		Director at JHD Enterprise
		Director at Kgosi Engineers
		Director at Vision Valley Technologies
		Director at Adonai Enterprize
R.B. Saal	Councillor	Member at Astradeals 104
		Director at Kalahari Kuierfees
		Member at Jika Training
		Director at Lemoendraai Farmers Primary Co-Operative Limited
		Founding Member at Lemoendraai Farmers Primary Co-operative Limited
J.C. Boucher	Councillor	Director at Mavidobo Bouers
M.A. Willemse	Councillor	Director at K2023735744
		Director at Ubuntu Business investments
P.J. George	Councillor	Director at Doods and George Trading
		Director at Philander and George Trading
J. Willemse	Middle Manager	Director at Black Sparrow Trading
K. Kitching	Managers Spouse	Director at Hemiprox
B.L. Britz	Managers Spouse	Director at Upington Security Watch
A. Van Zyl	Directors Spouse	Director at Ansec
		Director at Hemiprox
		Member at Strauss Van Zyl
L.S. More (resigned)	Audit Committee	Director at Flexcor Fifteen
		Director at Knonollek Construction
		Director at Moret Mining Northern Cape
U. Thys	Audit Committee	Member at Abotipho Investments
		Director at Aspen Hills home owners association
		Director at Merz and Mclellan
		Director at Mott Macdonald Contracting
		Director at Mott Macdonald development SA
		Director at Mott Macdonald Holdings
		Director at PDNA
		Director at PDNA Holdings
		Director at Phambili Merz

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
M.C. Basson	Executive Mayor	No relationship with businesses
C.F.P. Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S. Abel	Councillor	No relationship with businesses
F.L. Witbooi	Councillor	No relationship with businesses
A. Johnson	Councillor	No relationship with businesses
J. Balies	Councillor	No relationship with businesses
F. Basson	Councillor	No relationship with businesses
M.H.B. Van Zyl	Councillor	No relationship with businesses
R. Kgatlane	Councillor	No relationship with businesses
J. Silo	Councillor	No relationship with businesses
A. Kotzee	Councillor	No relationship with businesses
I. De Waal	Direcor	No relationship with businesses
D.J. Van Zyl	Director	No relationship with businesses
E. Britz/Isaacs	Director	No relationship with businesses
A. Tieties	Middle Manager	No relationship with businesses
F.J. Strauss	Middle Manager	No relationship with businesses
H. Mchlauli	Middle Manager	No relationship with businesses
B. Van Kradenburg	Middle Manager	No relationship with businesses
A. Phete	Middle Manager	No relationship with businesses
R. Snyders	Middle Manager	No relationship with businesses

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Name of Related Person	Designation	Description of Related Party Relationship
T. Galloway	Middle Manager	No relationship with businesses
B. Feris	Middle Manager	No relationship with businesses
B. Knouwds	Middle Manager	No relationship with businesses
J. Nengome	Middle Manager	No relationship with businesses
F. Rupping	Middle Manager	No relationship with businesses
J. Shorty	Middle Manager	No relationship with businesses
G. Present	Middle Manager	No relationship with businesses
T. Job/Coetzee	Middle Manager	No relationship with businesses
H. Theron	Middle Manager	No relationship with businesses
S. Berend	Middle Manager	No relationship with businesses
G. Kuun	Middle Manager	No relationship with businesses
T. Louw	Middle Manager	No relationship with businesses
S. Botha	Middle Manager	No relationship with businesses
C. Swarts	SCM Official	No relationship with businesses
D. Molise	Finance Learnership	No relationship with businesses
L.C.C. Drawer	Financial Intern	No relationship with businesses
N. Mchlauli	Managers Spouse	No relationship with businesses
M. Theron	Managers Spouse	No relationship with businesses
R. Galloway	Manager's Spouse	No relationship with businesses
J.M. Snyders	Manager's Spouse	No relationship with businesses
L.G. Cloete	Manager's Spouse	No relationship with businesses
J.P. Berend	Manager's Spouse	No relationship with businesses
B. Feris	Managers Spouse	No relationship with businesses
N.D. Isaacs	Manager's Spouse	No relationship with businesses
T. Linden	Manager's Spouse	No relationship with businesses
A.M. Shorty	Manager's Spouse	No relationship with businesses

40.2 Services rendered to Related Parties

During 2024/25, legal services relating to the Sky Metro Equipment (Pty) Ltd matter (Note 41.1) were procured from Becker, Bergh & More Attorneys, where former Audit Committee member Mr. L. More is employed. As the proceedings commenced after his resignation, no direct conflict exists, but the relationship is disclosed for transparency. Services amounted to R62 000. No payment was made in 2024/25; the amount was settled in July 2025.

40.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

40.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

40.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

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ANNEXURES AND VOLUMES

The following documents form part of the 2024/2025 Draft Annual Report:

Annexure A-Annual Performance Report

Annexure B-Audit Committee Report

VOLUME IIA-Annual Financial Statements

VOLUME IIB-Audit Recovery Plan

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ANNEXURE A
ANNUAL PERFORMANCE REPORT

"Every poor performance is an opportunity for encouragement. Every great performance is an opportunity to reward and celebrate." - Jeffrey Gitomer



Annual Performance Report

2024/2025

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1. LIST OF ABBREVIATIONS

A

AFS	–	Annual Financial Statements
APR	-	Annual Performance Report

B

BSD	–	Basic Service delivery
BTO	–	Budget and Treasury Office

C

CPD	–	Continuous Professional Development
CFO	–	Chief Financial Officer
COGHSTA Affairs	–	Cooperative Governance Human Settlements and Traditional

D

DMA	–	Demarcation Municipal Areas
DKM	-	Dawid Kruiper Municipality
DDM	-	District Development Model
Dec	-	December

E

EHP	–	Environmental Health Practitioners
EPWP	–	Extended Public Works Programme

F

FTE's	–	Full time equivalents
Feb	-	February

H

HRM	–	Human Resources Management
HRD	–	Human Resource Development
HDA	–	Housing Development Agency
HCE	-	Housing Consumer Education
HPCSA	-	Health Professions Council South Africa

I

IT	–	Information Technology
IDP	–	Integrated Development Plan
ICT	-	Information and Communication Technology

J

JMPT	–	Joint Municipal Planning Tribunal

K

KPI	–	Key Performance Indicator
KPA	–	Key Performance Area

L

LED	–	Local Economic Development
LDA	–	Land Development Applications
LUS	–	Land use schemes
LG SETA	–	Local Government Sector Education Training Authority

M

MFMA	–	Municipal Finance Management Act
mSCOA	–	Municipal Standard Chart of Accounts
MM	-	Municipal Manager

N

NHNR	–	National Housing Needs Register
Nr/No	-	Number
N/A	-	Not Applicable

O

O	-	Orange (almost met)
Oct	-	October

P

PMS	–	Performance Management Support
PM	–	Performance Management

PMU	–	Project Management Unit

Q

Qtr	-	Quarter
Q1, Q2, Q3, Q4	-	Quarter 1, 2, 3, 4

R

RRAMS	–	Rural Roads Asset Management System

S

SAMRAS	–	South African Municipal Resource System
SDBIP	–	Service Delivery Budget Implementation Plan
SMME's	–	Small Medium Micro Enterprises
SMART	–	Specific, Measurable, Attainable, Realistic, and Time bound
SPLUMA	–	Spatial Planning Land Use Management Act
SWOT	–	Strength, Weaknesses, Opportunities and Treats
SMMEs	–	Small Medium Micro Enterprises
SDF's	–	Skills Development Framework
SCM	-	Supply Chain Management

U

UIF	–	Unemployment Insurance Fund

Y

YTD	–	Year to Date

Z

ZFM	–	ZF Mgcawu District Municipality

2. INTRODUCTION

2.1 LEGISLATION REQUIREMENTS

In terms of Section 46(1)(a) of the Municipal Systems Act:

A municipality must prepare for each financial year an annual report consisting of -

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

2.2 MUNICIPAL PLANNING AND REPORTING FOR 2024/25

Efforts have been made to ensure that this report is reflective of the above legislative requirements.

The 2024/25 performance of ZF Mgcawu District Municipality was monitored through the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP for 2024/25 was drafted in line with the approved IDP and Budget, after consultation sessions with all departments. The SDBIP contains the budget allocations per vote (revenue and expenditure) as well as service delivery targets expressed in terms of Key Performance Indicators (KPIs), programmes and projects per directorate.

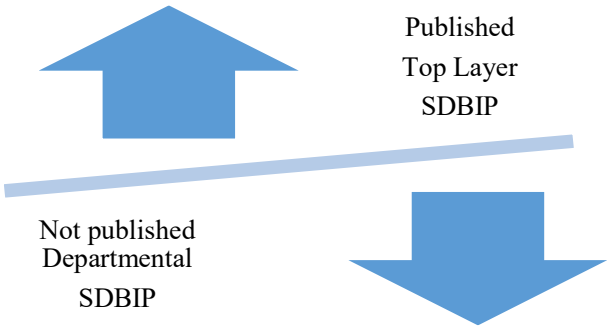
Quarterly SDBIP performance reports were submitted to Council to ensure that Council is kept up to date with the progress made in implementing the SDBIP.

The Annual Performance Report however considers the performance of the organisation at year end, an evaluation of overall performance for the 2024/25 financial year compared to the performance of the previous financial year (2023/24) and the report also reflects the reasons for deviation from the planned targets as well as efforts made to address performance, which was not met as planned.

3. PERFORMANCE ON KEY PERFORMANCE AREAS FOR THE FINANCIAL YEAR 2024/2025

MFMA Circular 13 states that "The SDBIP is a layered plan, with the Top Layer of the plan dealing with consolidated service delivery targets and in-year deadlines, and linking such targets to Top Management. Diagram 1 shows how only the Top Layer is published as the SDBIP.

Diagram 1



Once the top-layer targets are set, the Senior Management is then expected to develop the next(lower) layer of detail of the SDBIP, by providing more detail on each output for which they are responsible for, and breaking up such outputs into smaller outputs and linking these to each middle-level and junior manager. Much of this lower layer detail will not be made public nor tabled to Council – whilst the Municipal Manager has access to such lower layer detail of the SDBIP, it will largely only be the Senior Manager in charge who will be using such detail to hold middle-level and junior-level managers responsible for various components of the Service Delivery Budget Implementation Plan and targets of the Municipality.

Only the highest layer of information on the SDBIP will be made public or tabled to Council. The Top Layer SDBIP should include per ward information, particularly for key expenditure items on capital projects and service delivery – this will enable each Ward Councillor and Ward Committee to oversee service delivery in their ward.

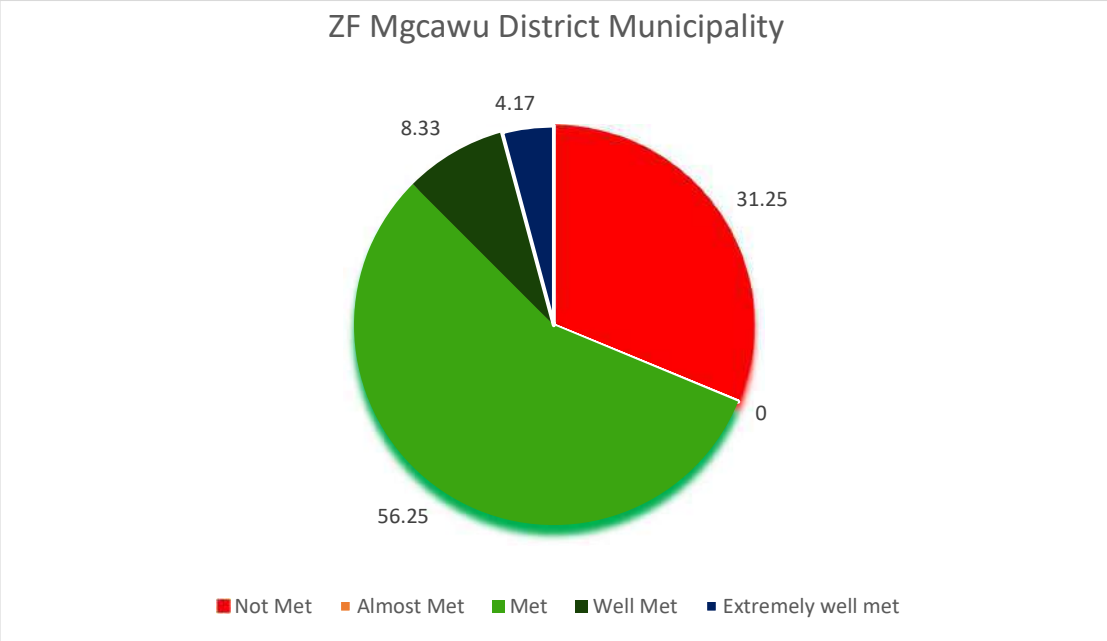
The Top Layer SDBIP is Chapter 6 of our IDP (Integrated Development Plan). The mandate of the District Municipality is to provide support to the Category B-Municipalities.

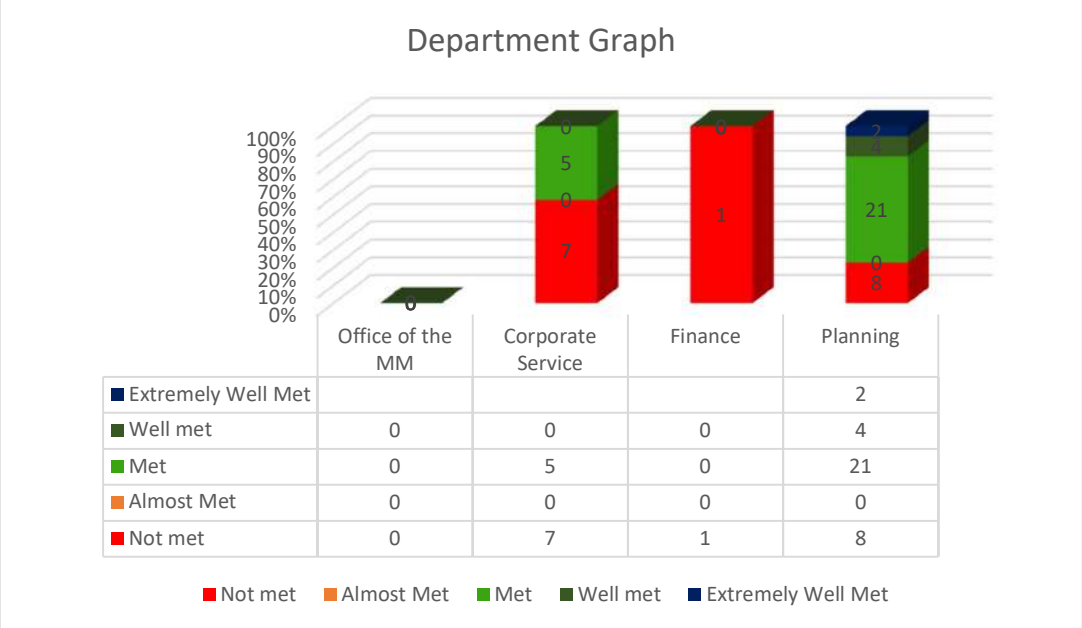
The Public Participation processes with our B-Municipalities determine the needs.

Key Performance Indicators are developed to determine whether the organisation will achieve its outputs, outcomes and whether the said KPI will make an impact on the organisation.

Total indicators achieved for the financial year 2024/2025 are **68.75%** and **31.25%** were not achieved. There is a **13.85%** decrease in performance for the financial year 2024/2025.

Top Layer 2024/25





4. PERFORMANCE ON SERVICE DELIVERY TARGETS FOR THE FINANCIAL YEAR 2024/25

The implementation of ZF Mgcawu District Municipality Service Delivery and Budget Implementation Plan on the IDP is the monitoring tool to monitor service delivery within the District.

The Municipal Strategic Objectives and priorities are aligned to indicators. These indicators are monitored and evaluated on a quarterly basis, to determine the achievement of goals by the end of the financial year.

A quarterly Performance Report is tabled to Council on a quarterly basis. A Mid Term Performance Report is tabled to Council on the first six months' performance and is submitted during January. After all assessments have been completed for the financial year, an Annual Performance Report is compiled and submitted to Council and the Auditor-General with the District Annual Report and Annual Financial Statements.

Table 1 presents the progress made in achieving the performance target set for the objectives listed above during the period 1 July 2024 to 30 June 2025 compared to the previous year's performance.

4.1 KPA: BASIC SERVICE DELIVERY

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: Disaster Management	Planning & Development	ZF Mgcawu is to provide sustained & coordinated District Disaster Management support to local municipalities by 30 June 2025	A quarterly report on disaster management support provided to local municipalities in the ZF Mgcawu district.	iv) To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Quarterly Report on Disaster Management	4	4	4	0	4	Target not achieved	Q1 - Quarterly Report does not contain information on how and what support was granted. Q2 - The quarterly report provided contains information covered for the period July 2024 - September 2024 Q3- The report compiled for the period Oct - Dec 2024 does not specify what support was done at the local Municipalities in the ZFM District. Q4 - Target not achieved - The report provided an update of the status of Disaster Management at B-Municipalities but it does not explain how ZFM supported the locals.	Ensure that the report state what type of support was rendered when and where during the quarter. Try to include photos to substantiate the report

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: Disaster Management	Planning & Development	The Assistant Director: Disaster Management to facilitate the training of disaster management volunteers by June 2025	The Assistant Director: Disaster Management to facilitate the training of disaster management volunteers by June 2025	iv) To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Report and attendance Registers	1	1	1	7	1	Target extremely well met	First Aid level 1 Training was conducted on 10 September 2024 Elementary Fire Fighting training was conducted during October 2024 Fire extinguisher training provided on 23/01/2025 and 14/03/2025 First Aid training on 14/03/2025 Training was provided on 15 April and 6 May 2025	N/A
Assistant Director: Disaster Management	Planning & Development	The Assistant Director: Disaster Management to attend 4 provincial disaster management meetings by June 2025	The Assistant Director: Disaster Management to attend 4 quarterly provincial disaster management meetings by June 2025	iv) To promote safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of fire and disaster risks	Minutes and Attendance Registers	3	4	4	4	4	Meetings attended on 17 Sept 2024, 28 November 2024, 19 March 2025 and 18 June 2025	N/A	N/A
Assistant Director: Disaster Management	Planning & Development	The Assistant Director: Disaster Management to conduct Quarterly	Conduct quarterly education and awareness campaigns to prevent and	iv) To promote safety of communities in the ZF Mgcawu District through the proactive	Report and emails/ Attendance	1	4	4	0	4	Target not achieved	The report received does not indicate that awareness was conducted at all the B-municipalities	Ensure that awareness campaigns are conducted in the entire

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		Awareness campaign (School visitations - information sessions, Distribution of pamphlets and email distribution of weather related information to prevent and mitigate disasters within the ZFM District by 30 June 2025.	mitigate disasters and fire services at all B-Municipalities and submit a report to the Municipal Manager.	prevention, mitigation, identification and management of fire and disaster risks								during 2024/25 Financial Year.	ZFM District.
Director	Planning & Development	Director: Planning & Development to facilitate the monthly stipends of graduates is paid by the service provider monthly.	Submit a quarterly report to the Municipal Manager on monthly payments for a minimum of graduates.	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Proof of Payments	9	12	12	12	12	Signed confirmation of monthly stipends for graduates were obtained	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Director	Planning & Development	The Director: Planning & Development to ensure road visual assessments conditions data is captured by 30 June 2025	Submit a report to the Municipal Manager pertaining road visuals assessments conditions data by 30 June 2025	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report	0	1	1	1	1	Target achieved - report was compiled and submitted to the MM.	N/A	N/A
Director	Planning & Development	The Director: Planning & Development with the graduates must set up minimum of 20 stations in major towns or specifically for projects (identified by municipality) for traffic count assessment per annum and submit a report to the municipal Manager by the 30 June 2025	Submit a report to the municipal manager, which pertain the minimum of 20 stations and volumes traffic per municipality per annum.	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on traffic volumes	1	1	20 Stations	12 Stations	20 Stations	Target not achieved – only 12 Stations were set up	Target not achieved - The minimum of 20 stations were not achieved for the financial year.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	The Director: Planning & Development to ensure graduates acquire a	Submit a report to the Municipal Manager pertaining to the training	(vi) To assess and monitor the status of infrastructure needs and	Training Report / Certificates	1	1	6CPD hours per graduate	2 CPD points per Graduate	6CPD hours per graduate	Target not achieved - 2 CPD	Target not achieved - training certificates for Angela Veldman Karabo Lebusa indicate that they	Request the training service provider to specify the no. of CPD

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		minimum of 6 CPD points per annum as part of capacity building and submit a report to the Municipal Manager by 30 June 2025	graduates/technical staff received in the year with 6 CPD Points/person by 30 June 2025	requirements of B Municipalities							points per graduate	achieved 2 CPD points the other certificates obtained during the financial year does not specify how many CPD points were obtained.	hours graduates obtained for each training they attended. Ensure that the report compiled for the MM specifies the nr of CPD hours each graduates achieved for the financial year.
Assistant Director Town Planning, Housing & DDM	Planning & Development	Assistant Director Town Planning, Housing & DDM to conduct one housing inspection per quarter for projects within the District.	Submission of one quarterly report on housing inspection conducted	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Inspection reports	4	4	4	4	4	Target achieved - quarterly site inspection report was compiled, inspections were conducted at DKM, Kheis Local Municipality and Tsabtsabane	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director Town Planning, Housing & DDM	Planning & Development	Assistant Director Town Planning, Housing & DDM to conduct Housing Consumer Education programmes 1 x per quarter at a category B-Municipalities Except for Dawid Kruiper	Conduct one a housing consumer education programme per quarter at a category B-Municipalities except for Dawid Kruiper Municipality.	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Reports and attendance Registers	4	4	4	4	4	Target achieved - HCE was held at Kheis on 17 September 2024, Kai! Garib Vredesval lei on 12 December 2024, Kheis Local Municipal ity on 26 March 2025, Kai! Garib on 26 June 2025	N/A	N/A
Assistant Director Town Planning, Housing & DDM	Planning & Development	Assistant Director Town Planning, Housing & DDM to facilitate the conduct of an annual National Housing Needs Register Roadshows for category B municipalities by 30 June	Conduct annually housing needs register roadshow for category B-Municipality except for Dawid Kruiper Municipality	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Reports and attendance Registers	1	1	1	4	1	Target achieved - Kai Garib 26 June , Kheis 26 March, Kgatelope le 6 November and Tsantsaba ne 2 - 4	4 Roadshows held for the year	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		2025, except Dawid Kruiper municipality.									December 2025		
Assistant Director Town Planning, Housing & DDM	Planning & Development	Assistant Director Town Planning, Housing & DDM to attend two housing accreditation meetings per annum	The Housing Manager to attend two housing accreditation meetings	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Invites, attendance registers	2	2	2	2	2	Target achieved - One meeting was attended on 7/02/2025 for Q3, workshop was attended 9 June 2025	N/A	N/A
Assistant Director Town Planning, Housing & DDM	Planning & Development	Assistant Director Town Planning, Housing & DDM and other officials to attend one capacity building training session per annum	One capacity building training for housing officials	(i) To monitor and determine the housing backlogs in the district as well as to inform the public on housing information	Reports and Attendance Registers	1	1	1	1	1	Target achieved - Training was attended during quarter 1 of the financial year.	N/A	N/A
Assistant Director Environmental	Planning & Development	The Unit Manager of Air Quality Management to insure that the ZFM Air	ZFM Air Quality Management By-laws are published in the Provincial	(iii) To promote environmental health and safety of communities in the ZF Mgcawu District	Advertisement and Copy of gazette	0	1	1	0	1	Target not achieved	No proof received that the By-laws were published, thus	Ensure a contingency plan is compiled to address the non-

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
health (Air Quality)		Quality Management By-laws are published in the Provincial Gazette by 30 June 2025	Gazette. By June 2025	through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks								it is regarded as target not achieved	achievement of the KPI.
Assistant Director Environmental health	Planning & Development	The Assistant Director Environmental Health to ensure that all EHPs are trained and appointed as Health Officers under section 80 of the National Health Amended Act, 2013 (Act No.12 of 2013), by 30 June 2025	The Assistant Director Environmental Health to ensure that all EHPs are trained and appointed as Health Officers under section 80 of the National Health Amended Act, 2013 (Act No.12 of 2013), by 30 June 2025	(iii) To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	Report / Certificates and Attendance Registers	0	1	1	0	1	Target not achieved	No proof was provided that EHP's received Health officers training.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.
Assistant Director Environmental health	Planning & Development	The Assistant Director Environmental Health to ensure that all Environmental Health Practitioners (EHPs) obtain	All EHPs complete a minimum 60 CPD points per annum	(iii) To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention,	Report/ certificates	1	1	1	1	1	Target achieved - All EHPs is CPD compliant - 30 CPD points x 5 EHP's	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		30 Continuing Professional Development (CPD) points per year to maintain registration with the Health Professions Council of South Africa (HPCSA).		mitigation, identification and management of environmental health services, fire and disaster risks									
Assistant Director Environmental health	Planning & Development	The assistant director environmental health to ensure quarterly monitoring of water at all Category B-Municipalities and communicate results to the B Municipalities	The Responsible EHP Submit 4 quarterly reports to Category B-Municipalities on sample results	(iii) To promote environmental health and safety of communities in the ZF Mgcawu District through the proactive prevention, mitigation, identification and management of environmental health services, fire and disaster risks	Report and emails	4	4	4	4	4	Target achieved - Results of water quality are contained in the quarterly reports send to the 5 local Municipalities in ZFM district	N/A	N/A
Director	Planning & Development	The Director: Planning & Development to facilitate the purchase vehicle to enhance the fleet of ZFM district	The Director: Planning & Development to facilitate the purchase vehicle to enhance the fleet of ZFM district	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Procurement Documents	1	1	1	0	1	Target not achieved	No proof was provided that a vehicle was purchased during the financial year.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		municipality by 30 June 2025	municipality by 30 June 2025										
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP,LED &Tourism Create 4.5 Full time equivalent - Conversion of VIP Toilets into flushing systems by 27 September 2024	Create 4.5 Full time equivalent - Conversion of VIP Toilets into flushing systems by 27 September 2024	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Reports on number of jobs created.	0	4.51 FTE's	4.51 FTE's	4.51 FTE's	4.5 FTE's	Report compiled detailing the no. of FTE's created for the Quarter. 4.51 FTE's created	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP,LED & Tourism Create 2 Full time equivalent - by promoting ICT support services at ZFM DM by 30 June 2025	Create 2 Full time equivalent - by promoting ICT support services at ZFM DM by 30 June 2025	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on jobs created	0	2 FTE's	2 FTE's	2 FTE's	2 FTE's	Target achieved - 2FTE's were created by 30 June 2025	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP,LED & Tourism to create 2.5 Full time equivalent through a tourism awareness campaign by 31 December 2024	Assistant Director: PMU-EPWP,LED & Tourism to create 2.5 Full time equivalent through a tourism awareness campaign by 31 December 2024	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on jobs created	0	2.5 FTE's	2.5 FTE's	2.5 FTE's	2.5 FTE's	2.6 FTE's created By 31 Dec 2024	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP, LED & Tourism create 1 Full time equivalent for the financial year ending 30 June 2025 by supporting a small business	Create 1Full time equivalent for the financial year ending 30 June 2025 by supporting a small business	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on Jobs created	0	1 FTE	1 FTE	1 FTE	1 FTE	Target achieved - the target of 1.73 FTE's was achieved.	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP,LED & Tourism create 03 Full time equivalent for the financial year ending 30 June 2025 by routine maintenance of ZFM DM offices	03 Full time equivalent created for the financial year ending 30 June 2025 by routine maintenance of ZFM DM offices	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on Jobs created	0	3 FTE's	3 FTE's	4 FTE's	3 FTE's	Target achieved - 4 FTE's were created.	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP,LED & Tourism to create 3 Full time equivalent by 31 December 2024 cleaning of illegal dumping sides & sidewalks	Create 3 Full time equivalent by 31 December 2024 cleaning of illegal dumping sides & sidewalks	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on FTE's created	0	3 FTE's	3 FTE's	3.82 FTE's	3 FTE's	3.82 FTE's created for Quarter2	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning & Development	Assistant Director: PMU-EPWP, LED, Tourism to create 0.5 Full time equivalent for the financial year ending 30 June 2025 by the repairing of	Create 0.5 Full time equivalent for the financial year ending 30 June 2025 by the repairing of gutters, cleaning & beautification	(vi) To assess and monitor the status of infrastructure needs and requirements of B Municipalities	Report on FTE's created	0	0.5	0.5	0.86	0.5	0.86 FTE's were created	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		gutters, cleaning & beautification of ZFM DM offices	of ZFM DM offices										

Summary of Results: Basic Service Delivery

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.		
	KPI Not Met	0% <= Actual/Target <= 74.999%	7	28
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
	KPI Met	Actual meets Target (Actual/Target = 100%)	12	48
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	4	16
	KPI Extremely Well Met	150.000% <= Actual/Target	2	8
	Total KPIs:		**25**	100

4.2 KPA: LOCAL ECONOMIC DEVELOPMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to accompany officials from that particular Local Municipality and stakeholder officials to address SMME's (Training, workshop and/or meetings) 30 June 2025.	Assist Officials from Department of Agriculture, Land Reform and Rural Development in an outreach programme, giving assistance to SMME's through their livestock project	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Beneficiary list and Advert from Department Agriculture.	0	1	1	1	1	Target achieved - Report was compiled on assistance provided to SMME during the financial year.	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to attend four quarterly external LED related information meetings/worksh op to gather and disseminate relevant and beneficial information to B Municipalities that would assist SMMEs within B Municipalities as per requests by National and Provincial Stakeholder Departments by 30 June 2025	Assistant Director: PMU, LED, Tourism & EPWP to attend four quarterly external LED related information meetings/works hop as per requests by National and Provincial Stakeholder Departments by 30 June 2025	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Minutes and Attendance Registers	4	4	4	4	4	Virtual Meetings attended 3 July 2024, 29 October 2024, 27 March 2025 and a workshop held 27 May 2025.	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to conduct Bi-Annual update of LED SMME Database by the 31 December 2024 and 30 June 2025	Bi- annual update of LED SMME database by the assistant tourism manager, 31 December 2024 and 30 June 2025	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Updated database/ Report	2	2	2	2	2	Database updated and report submitted to the Director 20 December 2024 and 30 June 2025	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Unit Manager LED and Tourism to attend one Provincial Tourism related meeting per annum	Unit Manager LED and Tourism to attend one Provincial Tourism related meeting.	v) To Facilitate the Development of Sustainable regional land use, economic, Spatial and environmental planning frameworks that will support and guide the development of a diversified, resilient and sustainable district economy.	Minutes and attendance Registers	1	1	1	1	1	Target achieved - meeting attended on 12 Feb 2025.	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP Bi-Annual update of Tourism Database by the 31 December 2024 and 30 June 2025	Bi- annual update of tourism database by the assistant tourism manager, 31 December 2024 and 30 June 2025	(v) To market, develop and co-ordinate tourism in the ZF Mgcawu District.	Updated database/ Report	2	2	2	2	2	Database updated and report submitted to the Director 20 December 2024 and 30 June 2025	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to conduct an Annual Tourism Awareness Campaign within the Green Kalahari by 31 December 2024	Annual tourism awareness campaign conducted by the Tourism Manager by 31 December 2024 and within the Green Kalahari.	(v) To market, develop and co-ordinate tourism in the ZF Mgcawu District.	Report on awareness campaign	1	1	1	1	1	Campaign Conducted 2-30 September 2024	N/A	N/A
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to attend 1 National Show to promote the Green Kalahari and submit a report to Municipal Manager before 31 May 2025,	Attend 1 National Show to promote the Green Kalahari by the Tourism Manager and submit a report to the Municipal Manager before 31 May 2025	(v) To market, develop and co-ordinate tourism in the ZF Mgcawu District.	Report on National Shows and acknowledgement of receipt	1	1	1	1	1	Target achieved - National show was attended from 13 - 15 May 2025, report thereof was compiled and submitted to the MM.	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2023/24	Original Annual Target 2024/25	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director: PMU, LED, Tourism & EPWP	Planning and Development	Assistant Director: PMU, LED, Tourism & EPWP to Conduct an Annual Facility Visits at tourism entities within the Green Kalahari by 31 December 2024	Conduct annul Facility visits by 31 December 2024	(v) To market, develop and co-ordinate tourism in the ZF Mgcawu District.	Report on Facility visits conducted	1	1	1	1	1	Annual Facility visits conducted 17- 20 December 2024	N/A	N/A

Summary of Results: Local economic Development

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
	KPI Not Met	0% <= Actual/Target <= 74.999%	0	0
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
	KPI Met	Actual meets Target (Actual/Target = 100%)	8	100
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0	0
	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		**8**	**100**

4.3 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Chief Financial Officer	Financial Services	The CFO to ensure the compensation of 3 financial interns' salary each for duration of contract.	3 Interns' salaries paid each month	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Proof of payments	12 x 2 interns	12 x 3 Interns	12 x 3 interns	12 x 2 Interns	12 x 3 Interns	12 x 2 Interns	Only 2 Intern salaries were paid for the Year	Ensure that the 3rd Financial intern is appointed.
Assistant Director IT	Corporate Services	The Assistant Director: Information & Technology to ensure the acquisition of Fort iGATE Firewall 101F by 30 June 2025	Acquisition of Fort iGATE Firewall 101F by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and Procurement Documents	1	1	1	1	1	Fort iGATE Firewall 101F acquired - R 44 547.84	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director IT	Corporate Services	The Assistant Director: Information & Technology to ensure the acquisition of a new back up device by 30 June 2025	The acquisition of a new back up device by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and Procurement Documents	1	1	1	1	1	New back up device acquired - R 82 082.00	N/A	N/A
Assistant Director IT	Corporate Services	The Assistant Director: Information & Technology to ensure the upgrade of financial systems modules by 30 June 2025	The Assistant Director: Information & Technology to ensure the upgrade of financial systems modules by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and Procurement Documents	1	1	1	1	1	Upgrade of financial systems were done within the budgeted amount - R 472 233.83 Ticket logged 2 March 2025 and Closed 31 March 2025	N/A	N/ A
Assistant Director IT	Corporate Services	The Assistant Director: Information & Technology to facilitate the procurement of computer equipment	The procurement of laptops by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of	Report and Procurement Documents	1	1	1	1	1	Target achieved.3 Laptops were purchased.	N/A	N/A

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 2025			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		(laptops) by 30 June 2025		the ZF Mgcawu District Municipality									
Assistant Director IT	Corporate Service	The Assistant Director: Information & Technology to facilitate the acquisition of Microsoft Server licenses by 30 June 2025	To facilitate the acquisition of Microsoft Server licenses by 30 June 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and Procurement Documents	1	1	1	1	1	Target achieved - Microsoft licenses were acquired @ R 344 150.00	N/A	N/A

Summary of Results: Municipal Financial Viability and Management

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
	KPI Not Met	0% <= Actual/Target <= 74.999%	1	16.67
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
	KPI Met	Actual meets Target (Actual/Target = 100%)	5	83.33
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0	0
	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		**6**	**100**

4.4 KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 202			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Director	Planning and Development	The Director: Planning & Development to facilitate the purchase of office furniture by 30 June 2025	The Director: Planning & Development to facilitate the purchase of office furniture by 30 June 2025	(vii) To ensure efficient business operations and to fulfils the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and Procurement Documents	1	1	1	0	1	Target not achieved	No evidence received.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 202			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Assistant Director Town planning, Housing and DDM	Planning and Development	The Assistant Director Town Planning, Housing & DDM to convene a quarterly Joint Municipal Planning Tribunal	The Assistant Director Town Planning, Housing & DDM to convene a quarterly Joint Municipal Planning Tribunal	(ii) To assess and provide targeted support improving institutional capacity and service delivery capabilities of category B-municipalities	Minutes and Registers	3	4	4	4	4	Meeting held 19 September 2024, 12 December 2024, 19 March 2025, 23 April and 20 June 2025	N/A	N/A
Unit Manager-HRD & Training	Corporate Service	The unit manager HRD & training must ensure that 40 CPD hours for Internal Audit officials are completed by 30 June 2025	Internal Audit officials' training by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates	1	40 CPD Hours	40 CPD Hours	0	40 CPD Hours	Report submitted on CPD hours. Each Internal auditor has 60 CPD hours	Target not achieved - No supporting evidence received. Hours could not be verified.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 202			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Unit Manager- HRD & Training	Corporate Service	The unit manager HRD & training must ensure that 30 CPD hours for risk management officials are completed by 30 June 2025	Risk Management officials must comply with the required 30 CPD hours by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates	1	30 CPD Hours	30 CPD Hours	0	30 CPD Hours	Risk management achieved 44 and 110 CPD hours.	Target not achieved – Supporting evidence do not equal the amount of hours in the report.	Ensure a contingency plan is compiled to address the non-achievement of the KPI.
Unit Manager HRD and Training	Corporate Services	The unit manager HRD & training to ensure that financial interns are trained in financial management and MSCOA systems by 31 December 2024	Financial interns are trained in financial management and MSCOA systems by 31 December 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates	1	1	1	0	1	Target not achieved	MFMP Training attended, but no MSCOA training	To ensure that training needs Prioritized, and to put a contingency plan in place in order to reach targets
Unit Manager HRD and Training	Corporate Services	The unit manager HRD & training to ensure that BTO officials are trained in	HRD Assistant Manager to ensure that BTO officials are trained in	(vii) To ensure efficient business operations and	Report and attendance Registers/ Certificates/	1	1	1	0	1	Target not achieved	Documents of Registratio n	To ensure that training needs Prioritized, and to put a

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 202			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
		budgeting & reporting by 31 May 2025	budgeting & reporting by 31 May 2025	to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Letter of registration							submitted. Supporting documentation does not indicate training within 2024/2025 Financial Year	contingency plan in place in order to reach targets
Unit Manager HRD and Training	Corporate Services	The unit manager HRD & training to ensure that supply chain management training for SCM officials by 31 May 2025	The unit manager HRD & training to ensure that supply chain management training for SCM officials by 31 May 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates/ Invoices	1	1	1	0	1	Target not achieved	No evidence could be provided that training was obtained in the financial year. Training evidence submitted did not show financial year under review.	To ensure that training needs Prioritized, and to put a contingency plan in place in order to reach targets

Responsible Owner	Responsible Directorate	KPI Name	Description of Unit of Measurement	Strategic Objective	Source of Evidence	Prior Year Actual 2022/23	Original Annual Target 2023/24	Revised Annual Target	YTD Actual	Year to Date Values for Year ending June 202			
										Target	Actual	Reason for Variation/ Comment	Corrective Measures
Unit Manager HRD and Training	Corporate Services	The unit manager HRD & training to ensure that IT administrative mSCOA training is provided by 30 June 2025	The unit manager HRD & training to ensure that IT administrative mSCOA training is provided by 30 June 2025	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates	1	1	1	0	1	Target achieved Training on CCG systems	N/A	To ensure that training needs Prioritized, and to put a contingency plan in place in order to reach targets
Unit Manager HRD and Training	Corporate Services	The unit manager HRD & training to ensure that AFS Module & training is provided by 31 December 2024	The unit manager HRD & training to ensure that AFS Module & training is provided by 31 December 2024	(vii) To ensure efficient business operations and to fulfil the assurance statutory requirements of the ZF Mgcawu District Municipality	Report and attendance Registers/ Certificates	1	1	1	0	1	Target not achieved	No Evidence Received and therefor indicator is regarded as not achieved	To ensure that training needs Prioritized, and to put a contingency plan in place in order to reach targets

Summary of Results: Municipal Transformation and Institutional Development

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
	KPI Not Met	0% <= Actual/Target <= 74.999%	7	77.78
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
	KPI Met	Actual meets Target (Actual/Target = 100%)	2	22.22
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	0	0
	KPI Extremely Well Met	150.000% <= Actual/Target	0	0
	Total KPIs:		**9**	**100**

4.5 TOP LAYER OVERALL SUMMARY OF RESULTS

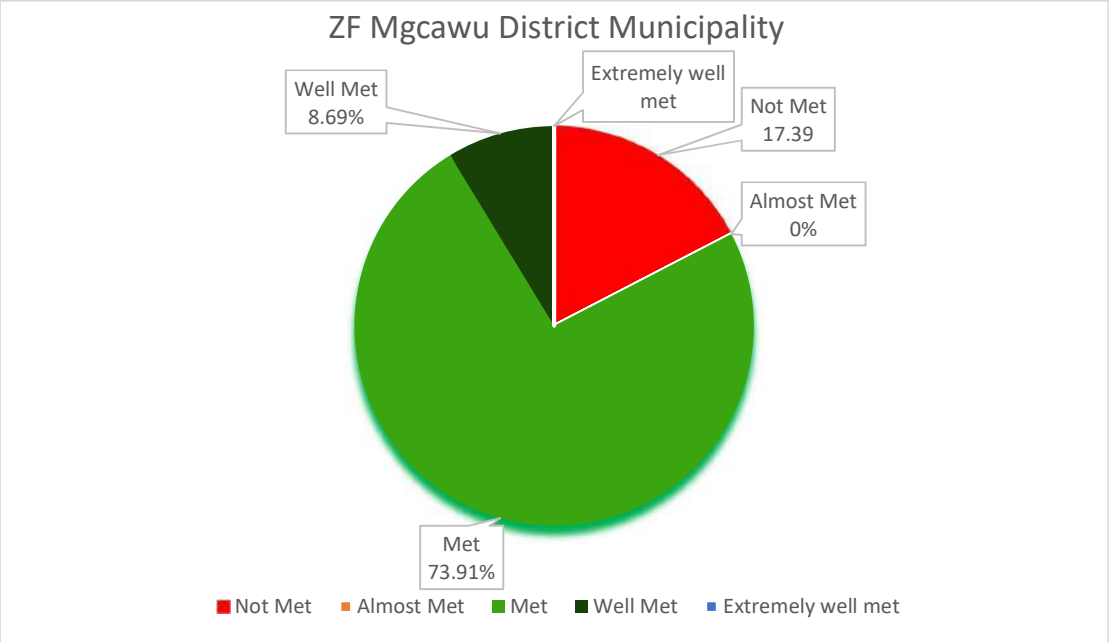
Overall Summary of Results

Colour	Coding	Key to the Colour Codes	No of KPIs/Projects	% in category
	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0
	KPI Not Met	0% <= Actual/Target <= 74.999%	15	31.25
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	0	0
	KPI Met	Actual meets Target (Actual/Target = 100%)	27	56.25
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	4	8.33
	KPI Extremely Well Met	150.000% <= Actual/Target	2	4.17
	Total KPIs:		48	100

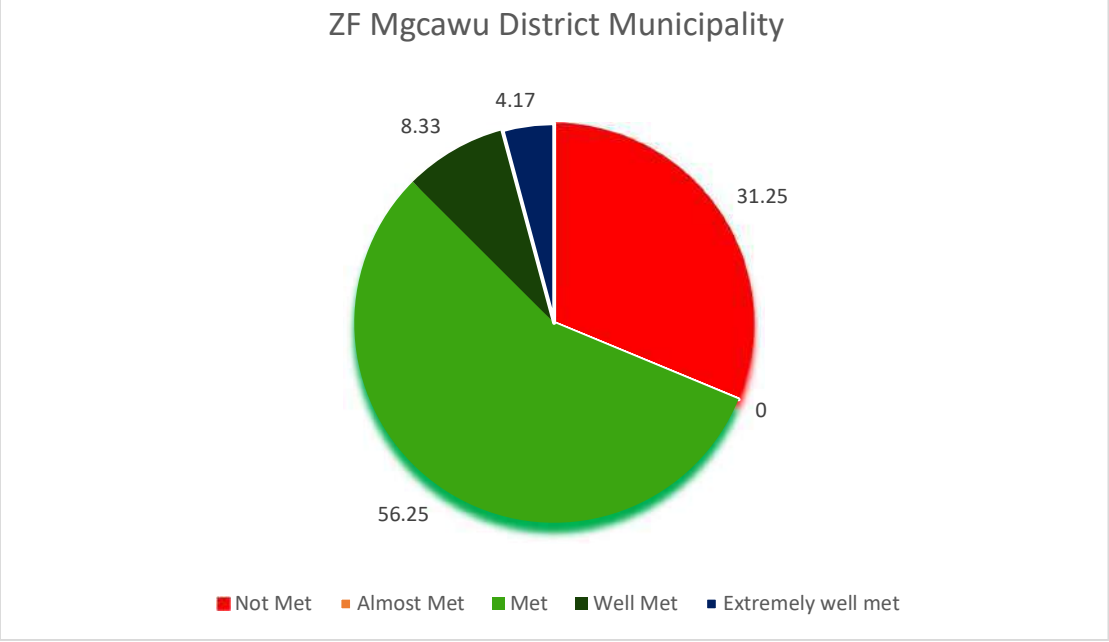
4.6 GRAPHIC COMPARISON 2023/24 AND 2024/25

	2023/24	2024/25
Target met	82.6%	68.75

Annual Performance 2023/24



Annual Performance 2024/25



5. PERFORMANCE OF NATIONAL KEY PERFORMANCE INDICATORS 2024/25

No.	INDICATOR	TARGET 2023/2024	ACHIEVE 2023/2024	TARGET 2024/2025	ACHIEVED 2024/2025	RATING	Reason for Variation - Positive or Negative	Remedial Action
	The percentage of households with access to basic level of:							
1.1	Water	N/A	N/A	The District Municipality does not provide Basic services, as all DMA areas have been transferred to Local Municipalities				
1.2	Sanitation	N/A	N/A					
1.3	Electricity	N/A	N/A					
1.4	Solid Waste Removal	N/A	N/A					
2	Percentage of households earning less than 2X old age Grant per month with imputed expenditure with access to all free basic services	N/A	N/A					
3	The percentage of a Municipality's capital budget spent on capital projects identified for a particular financial year in terms of the Municipality's IDP.	100%	100%	100%	61%			
4.	The number of jobs created through the Municipality's Local economic development initiatives including capital projects.	15.5 FTE's	17.58 FTE's	123 (19.45 FTE's)	146 (23 FTE's)			
	The number of people from employment equity target groups employed in the three highest levels of Management in compliance with a Municipality's approved employment equity plan.	1	1	1	1			
	The percentage of a Municipality's budget spent on implementing its workplace skills plan.	1%	1%	1%	1%			

No.	INDICATOR	TARGET 2023/2024	ACHIEVE 2023/2024	TARGET 2024/2025	ACHIEVED 2024/2025	RATING	Reason for Variation - Positive or Negative	Remedial Action
	Financial viability as expressed by ratios:							
	Cost coverage (Cash Available plus Investments) $A = \frac{B+C}{D}$ Where: A – represents cost coverage, B – represents all available cash at a particular time, and C - represents investments D - represents monthly fixed operating expenditure	0.26	0.32	1	0.02			

No.	INDICATOR	TARGET 2023/2024	ACHIEVE 2023/2024	TARGET 2024/2025	ACHIEVED 2024/2025	RATING	Reason for Variation - Positive or Negative	Remedial Action
	Debt coverage $A = \frac{B-C}{D}$ Where: A – represent Debt coverage, B – represents Total operating revenue received, and C - represents operating grants D – represents Debt service payments (i.e. interest + redemption) due within the financial year	1:1 .	15:1	The District Municipality does not provide Basic services, as all DMA areas have been transferred to Local Municipalities – Thus no Outstanding Service Debtors				
	Outstanding service debtors to revenue $A = \frac{B}{C}$ Where: A – outstanding service debtors to revenue B – total outstanding service debtors	N/A	0.26%	The District Municipality does not provide Basic services, as all DMA areas have been transferred to Local Municipalities – Thus no Outstanding Service Debtors				

No.	INDICATOR	TARGET 2023/2024	ACHIEVE 2023/2024	TARGET 2024/2025	ACHIEVED 2024/2025	RATING	Reason for Variation - Positive or Negative	Remedial Action
	C - annual revenue received for services							

6. PERFORMANCE OF SERVICE PROVIDERS DURING 2024/25

The table below contains all the service providers appointed to assist ZF Mgcawu District Municipality during the 2024/25 financial year:

Table 11: Evaluation of Service Provider Performance for the Financial year 2024/25

Dept	Project name	Name of Service provider	Source of funding	Contract Start date	Contract End date	Physical Progress to date - (*Narrative required on what work was done by service provider*)	Challenges with service provider performance and/or interventions	Assessment SCORE given to service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments (reason for assessment score provided)	R-value of contract awarded	Expenditure (Year to date)
								Qtr 1	Qtr2	Qtr3	Qtr4			
IT	General voice equipment (Telephone system)	ITEC	Equitable Share	01/09/2024	31/08/2027	Telephone System	None	5	5	5	4	No challenges	1 133 999.82	378 000.00
IT	Copiers & Maintenance	ITEC	Equitable Share	01/06/2022	31/05/2025	Copiers	None	5	5	5	5	No challenges	1 098 378.00	341 033.00
Planning & Development	IMPLEMENTATION AND MANAGEMENT OF THE RURAL ROADS	PHATSIMO MANAGEMENT	RRAMS	10/05/2023	09/04/2026	RURAL ROADS	None	4	4	4	4	No challenges	4 919 609.57	1 974 090.46
IT	REDSTORE CLOUD BACKUP SOLUTION	INQ DIGITAL	Equitable Share	01/01/25	31/12/2025	REDSTORE BACKUP SOLUTION	None	5	5	5	5	No challenges	79 350.00	79 350.00
ASSETS	INSURANCE	KUNENE MAKOPO	Equitable Share	01/03/2025	28/02/2026	INSURANCE	None	5	5	5	5	No challenges	683,628.68	683,628.68
N/A	SKILLS DEVELOPMENT PANEL	ALL SERVICE PROVIDERS WAS APPOINTED	N/A	19/01/2024		SKILLS DEVELOPMENT PANEL	None	N/A	N/A	N/A	N/A	No challenges	0.00	0.00

Table 11: Evaluation of Service Provider Performance for the Financial year 2024/25

Dept	Project name	Name of Service provider	Source of funding	Contract Start date	Contract End date	Physical Progress to date - (*Narrative required on what work was done by service provider*)	Challenges with service provider performance and/or interventions	Assessment SCORE given to service provider (Scale 1-5) 1 - Poor 2 - Fair 3 -Average 4 - Good 5 - Excellent				Assessment comments (reason for assessment score provided)	R-value of contract awarded	Expenditure (Year to date)
								Qtr 1	Qtr2	Qtr3	Qtr4			
PMS	PMS SYSTEM	CCG SYSTEMS (PTY) LTD	Equitable Share	01/01/2024	31/12/2026	PMS System	None	3	3	3	3	Challenges experience with service Provider.	1,859,916.47	378,785.97

7. CONDITIONAL GRANT ACTIVITIES FOR 2024/25

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance	Adjustment Variance	Reasons for deviations
Insufficient computer equipment	The Assistant Director: Information & Technology to ensure the acquisition of Fort iGATE Firewall 101F by 30 June 2025	***0***	***39,217***	***39,217***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan
Insufficient computer equipment	The Assistant Director: Information & Technology to ensure the acquisition of a new back up device by 30 June 2025	***0***	***72,130***	***72,130***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan
Insufficient computer equipment	The Assistant Director: Information & Technology to ensure the upgrade of financial systems modules by 30 June 2025	650,000	581,372	581,372	68,628	0	Alignment with IDP, SDBIP and Business Plan
Insufficient computer equipment	The Assistant Director: Information & Technology to ensure the acquisition of computer equipment (laptops) by 30 June 2025	***150,000***	***150,000***	***150,000***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan
Support IT infrastructure of the district municipality	The Assistant Director: Information & Technology to facilitate the acquisition of Microsoft Server licenses by 30 June 2025	***700,000***	***700,000***	***700,000***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan
IT administrative & MSCOA training	The unit manager HRD & training to ensure that IT administrative mSCOA training is provided by 30 June 2025	***35,000***	***35,000***	***35,000***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan

Project/ Initiative	Planned activities	Budget	Adjustment Budget	Actual Expenditure	Budget Variance	Adjustment Variance	Reasons for deviations
AFS Modules & Training	The unit manager HRD & training to ensure that AFS Module & training is provided by 31 December 2024	***40,000***	***40,000***	***40,000***	***0***	***0***	Alignment with IDP, SDBIP and Business Plan

8. PROGRESS WITH IMPLEMENTING RECOMMENDATIONS OF THE 2023/24 APR

To ensure that key performance areas are achieved by the District Municipality the following remedial actions were implemented.

Department	Key Performance Indicator	Corrective measure	Progress Made by 30 June	Comment
Planning & Development	The Assistant Director: Disaster Management to attend 4 provincial disaster management meetings by 30 June 2024	Ensure a contingency plan is compiled that will ensure the attendance of 4 meetings for the financial year. Ensure that the minutes and attendance registers for meetings attended is submitted as evidence.	Implemented	Minutes and attendance Registers available
Planning & Development	The Assistant Director: Disaster Management to conduct Quarterly Awareness campaign (School visitations -information sessions, pamphlets community and weather office information to prevent and mitigate disasters & fire services at all B-Municipalities and submit a report to the municipal manager.	Ensure that a contingency plan is compiled to address the challenges experience that prevent the unit from conducting awareness at the B-Municipalities.	Not implemented	Indicator was not achieved for this financial year, due to incorrect Reports. Awareness conducted at the B-municipalities could not be established.
Planning & Development	Director: Planning & Development to facilitate the monthly stipend of graduates by the service provide or the municipality	That a contingency plan be put in place to ensure indicators be achieved	Implemented	Proof of payments was submitted.
Planning & Development	Director: Planning & Development with the graduates must set up minimum of 20 stations in major towns or specifically for projects (identified by municipality) for traffic count assessment per annum and submit a report to the municipal Manager by the 30 June 2024	Ensure that the reports contain detail on the number of stations set up per municipality as well as the volume of traffic counted per station within the financial year.	Not implemented	For 2024/25 only 12 Stations were done, according to report received.
Planning & Development	The Assistant Director Environmental Health to ensure that all EHPs are trained as peace officers as required by the amended Health Professionals Act No. 56 of 1974 by 30 June 2024	Ensure that the Peace Officer training is provided and attended by all EHP's.	Not Implemented	No Evidence was received on this indicator and therefor is regarded as not implemented/ not achieved

9. SERVICE DELIVERY PRIORITIES OF THE DISTRICT

Section 83 & 84 of the Local Government: Municipal Structures Act, 117/98 – Functions and Powers of Municipalities

A District Municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by-

Building capacity of Local Municipalities in its area to perform their functions and exercise their powers where such capacity is lacking.

- The Vision of ZFM District Municipality is to provide quality support to deliver quality services.

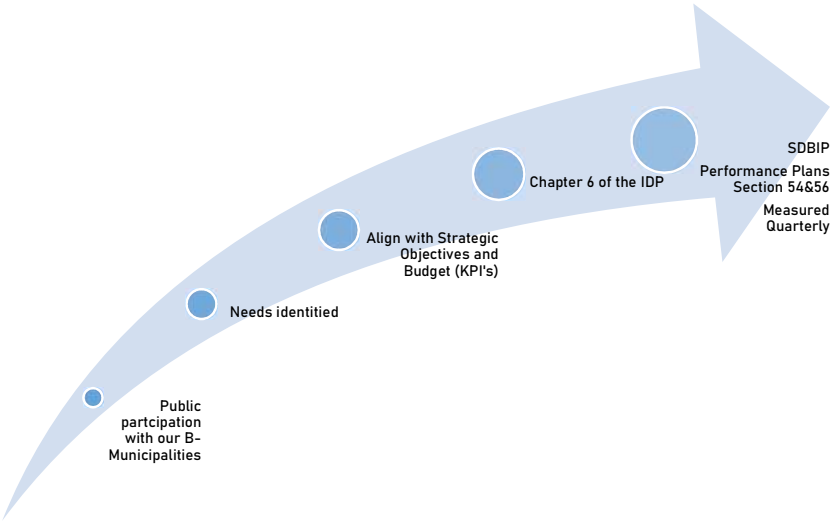
- The Mission of ZFM District Municipality is to be a centre of excellence in providing quality basic services through support to Local Municipalities.

The Values of the District Municipality are:

- Commitment to the development of people
- Integrity in the performance of our duty
- Respect for our natural resources
- Transparency in accounting for our actions
- Regularly consult with customers on the level and quality of services
- Ensure higher levels of courtesy and professionalism in the workplace
- Efficient spending and responsible utilization of municipal assets

During the Public Participation process at the Category B-Municipalities, support needs were identified, prioritised and aligned with the Strategic Objectives.

Please see diagram:



9.1 SUPPORT FOR THE FINANCIAL YEAR 2024/25

Support is categorised into Institutional Support and Mandatory Support. Institutional Support focuses on Departmental Support such as Internal Audit, Risk Management, IT, HRM, Registry and Filing, Performance Management and Financial Service support.

Mandatory and Institutional Support were rendered to the Category B-Municipalities. The following services were rendered under Mandatory Support:

1. Disaster Management
2. Environmental Health
3. Housing
4. Local Economic Development
5. Tourism
6. Spatial Planning and Land Use Management
7. Project Management
    a. EPWP
    b. RRAMS

The following services was rendered under Institutional Support:

1. Performance Management
2. Human Resource Management
3. Supply Chain Management
4. Finance, Reporting and Assets
5. Budget and Treasury
6. Council Administration
7. Labour Relations
8. Information Technology

10. RECOMMENDATIONS FOR IMPROVING INSTITUTIONAL PERFORMANCE

- The Municipality to consider adding KPI's that covers Project activities
- Performance Management Training for all Managers is recommended to capacitate them on applying SMART principles in the IDP.
- Establish a shared understanding of the institution's mission, vision, and objectives.
- Foster effective leadership that promotes a culture of excellence and accountability.
- Develop and implement a comprehensive strategic plan that aligns with the institution's goals.
- Establish relevant Key Performance Indicators (KPIs) to measure progress and identify areas for improvement.
- Encourage a culture of continuous learning, innovation, and improvement.
- Foster open communication, teamwork, and collaboration among stakeholders.
- Stay adaptable and responsive to changing environments and circumstances.
- Recognize and reward outstanding performance and achievements.

APPROVAL

ACTING MUNICIPAL MANAGERS QUALITY CERTIFICATE

I ANDRE PHETE Acting Municipal Manager of ZF Mgcawu District Municipality, hereby certify that the Annual Performance Report and supporting documentation have been prepared in accordance with the Municipal System Act 2000 and the Performance Regulations under the Act, and that the Performance Assessments have been done properly to ensure that is a true reflection of what has taken place with effect from 01 July 2024 to 30 June 2025 and is consistent with the Integrated Development Plan, Budget and SDBIP of the Municipality.

This Adjustments report has been submitted to the Executive Mayor on **27 August 2025** as required by the Municipal System Act, Section 46 and acknowledges receipt.

The Annual Performance Report has been submitted to the Auditor General on

30 August 2025

Print name ANDRE PHETE

Acting Municipal Manager of ZFM District Municipality

Signature .....

Date 29 | 08 | 25

ACKNOWLEDGEMENT OF RECEIPT

I MAUREEN BASSON The Executive Mayor of ZF Mgcawu District Municipality acknowledges the receipt of the Annual Performance Report 2024/2025

This report has been submitted to the Executive Mayor on 27 **August 2025** as required by the Municipal System Act, Section 46 and therefor acknowledges receipt.

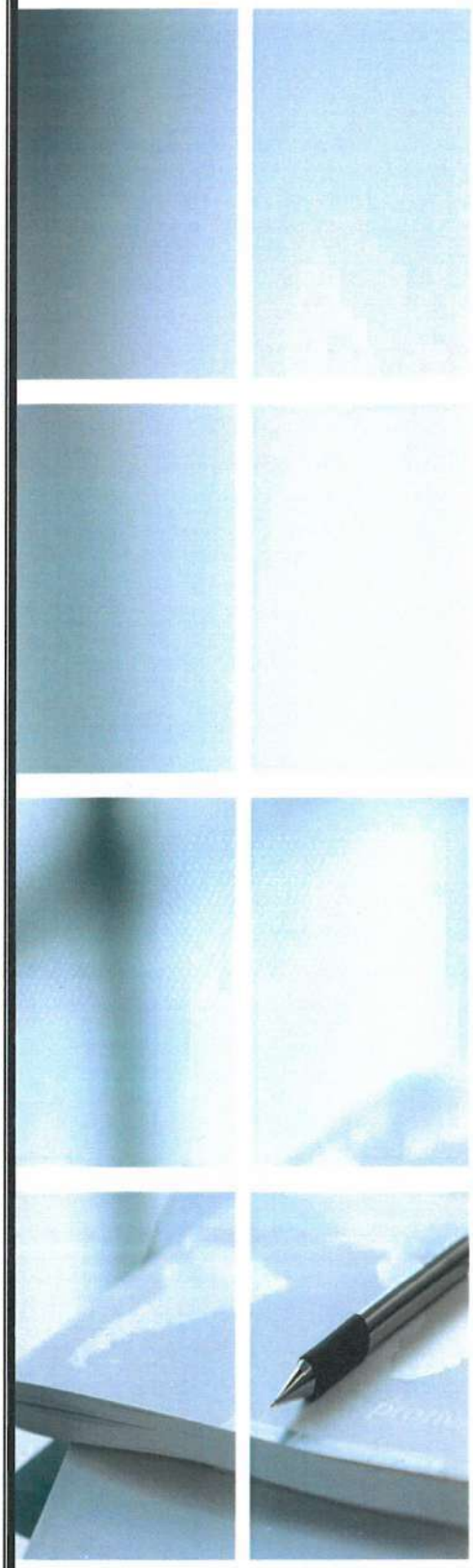
Print name MAUREEN BASSON

Executive Mayor of ZF Mgcawu District Municipality

Signature .....

Date 29 AUG 2025

ANNEXURE B
AUDIT COMMITTEE REPORT



Audit Committee Report

ZF Mgcawu
District Municipality
Distrik Munisipaliteit

Ons groei - We are growing

For the year ending

30 June 2025

Strengthening Corporate Governance and Improving Audit Outcomes

Audit and Performance Committee Report

Legislative requirements

The objective of this report is to present to Council the perspective of the Audit Committee (AC) on the execution of its oversight responsibilities, as prescribed by section 166 of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003, as amended), together with Circular 65 issued by the National Treasury, for the financial year ended 30 June 2023.

In terms of the MFMA, every municipality is required to establish an independent Audit Committee to provide advice and oversight to the Municipal Council, political office bearers, the Accounting Officer, and management. The AC's mandate includes matters relating to internal financial controls and internal audit, risk management, accounting policies, the adequacy, reliability, and accuracy of financial reporting and information, performance management, governance processes, compliance with the MFMA and the annual Division of Revenue Act (DoRA), as well as other applicable legislation. The AC also considers any additional matters referred to it by the municipality.

The AC functions under formally adopted Terms of Reference, which are reviewed annually and approved by Council. In fulfilling its responsibilities, the AC is pleased to submit this report on its activities and observations for the financial year ended 30 June 2025.

Audit committee's responsibility

The AC has duly fulfilled its obligations as delineated in section 166 of the Municipal Finance Management Act (MFMA), in conjunction with MFMA Circular 65, and hereby reports that it has operated in accordance with the audit committee charter as aligned with the internal audit charter.

Audit Committee members

The constituents of the AC are exclusively independent representatives of the District Municipality. The individuals serving on the committee have been duly appointed by the District Municipality. The AC is comprised of the members enumerated below. It

is mandated by the ratified terms of reference for the AC members to convene a minimum of four times annually.

Audit Committee Members				
	Mr. L.S. More Chairperson	Mr. W.A. Present Chairperson	Ms U. Thys Member	Mr K. Nkoe Member
No of Ordinary meetings attended	2	2	6	6
No of Special meetings attended	0	0	0	0

The AC members can assertively report that they have conducted meetings with the Municipal Manager in his capacity as the accounting Officer, the Senior Management of the District Municipality, the Internal Audit function, and the Auditor General of South Africa (AGSA), both collectively and individually, regarding issues pertinent to governance, internal control, performance information, financial information and risk management within the municipality throughout the reporting period.

Upon invitation, the Audit Committee also provided comprehensive reports to the Council addressing governance, internal control, risk management, performance, financial information, and other significant matters relevant to the municipality.

Internal audit function

In accordance with section 165 of the Municipal Finance Management Act (MFMA), the Accounting Officer is mandated to ensure that the municipality maintains effective and efficient systems of internal audit, operating under the governance and oversight of the Audit Committee (AC).

The District Municipality has established a fully functional Internal Audit Unit, headed by the Deputy Director Internal Audit who fulfils the role of Chief Audit Executive (CAE). The Internal Audit function reports functionally to the Audit Committee and administratively to the Accounting Officer, thereby ensuring both independence and accountability.

The Audit Committee (AC) approved the Internal Audit Plan for the 2024/2025 financial year to enable the provision of independent assurance to those charged with governance, including the AC itself. During the year under review, the Internal Audit function operated effectively and efficiently, successfully completing all audits as outlined in the approved annual audit plan.

Quarterly reports

The Audit Committee (AC) conducted quarterly reviews of performance information, financial reports, risk management reports, and other statutory submissions in accordance with its approved Terms of Reference. The Committee is satisfied with the overall quality, accuracy, and relevance of the quarterly reports prepared and submitted by municipal management. While minor matters were noted, these were not material and did not impact the integrity of the AC's oversight conclusions.

The Effectiveness of Internal Control

The Audit Committee commends the Internal Audit Unit for its high-quality work and timely communication throughout the financial year. The professionalism and standard of work delivered have provided the Committee with assurance and confidence in relying on Internal Audit's outputs. The consistent and effective contribution of Internal Audit has supported the municipality in sustaining a clean audit outcome for nine consecutive years.

Risk Management

In fulfilling its oversight role, the AC also monitored the effectiveness of organizational risk management. The District Municipality has appointed an independent Chairperson to lead the Risk Management Committee, thereby ensuring objectivity in addressing critical risks that may affect the achievement of strategic objectives. For purposes of combined assurance, the independent chairperson regularly reports to the

AC. The Committee is satisfied with the manner in which management has identified, monitored, and mitigated key risks during the year under review.

Evaluation of the annual financial statements and annual report

The AC performed a review of the Annual Financial Statements and the Annual Performance Report. Except for the matters raised by the Auditor-General and the Internal Audit Unit, the Committee is satisfied that these reports have been prepared in accordance with the Municipal Finance Management Act (MFMA) and the Generally Recognised Accounting Practice (GRAP) standards.

Auditor-General of South Africa

The AC notes the Auditor-General's conclusion on the Annual Financial Statements and confirms that it was actively engaged throughout the audit process. The Committee held discussions with the AGSA, monitored emerging issues, and ensured that no material matters remained unresolved. The Committee acknowledges the professionalism and cooperation of the AGSA during the audit process.



.....

Mr. A Present

AC Chairperson

VOLUME IIA
ANNUAL FINANCIAL STATEMENTS

ZF MGCAWU DISTRICT
Municipality



2024 / 2025

[These Annual Financial Statements have been audited]

ANNUAL FINANCIAL STATEMENTS
AS AT
30 JUNE 2025

ZF MGCAWU DISTRICT MUNICIPALITY

Annual Financial Statements as at 30 June 2025

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ABBREVIATIONS

ASB	Accounting Standards Board
B-BBEE	Broad-Based Black Economic Empowerment
CPMD	Continuous Professional Management Development
EPWP	Expanded Public Works Programme Integrated Grant
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
LGSETA	Local Government Services Sector Education & Training Authority
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
MSIG	Municipal System Improvement grant
PEMA	Post-Employment Medical Aid
PFMA	Public Finance Management Act
PMS	Performance Management System
PPE	Property, Plant, and Equipment
RRAMS	Rural Roads Asset Management Systems Grant
SALGA	South African Local Government Association
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDL	Skills Development Levy
ZFM	ZF Mgcawu District Municipality

GENERAL INFORMATION

LEGISLATIVE MANDATE

ZF Mgcawu District Municipality is established and operates in terms of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). These legislations set out the Municipality's powers, functions, governance structures, and financial management responsibilities.

EXECUTIVE MAYOR
M.C. BASSON

SPEAKER
W.R.S. PETERSON

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor:	M.C. BASSON
Councillors:	J. SILO
	A. MATSHIMO
	P.M. MGCERA
	A. JOHNSON

MEMBERS OF THE AUDIT COMMITTEE

Chairperson:	W.A. Present
Member:	U. Thys
Member:	K.A. Nkoe

GRADING OF THE LOCAL AUTHORITY
Grade 4

AUDITORS

External:	Auditor-General South Africa
Internal:	ZF Mgcawu District Municipality Internal Audit Unit

PRIMARY BANKER
ABSA

REGISTERED OFFICE
c/o Upington 26 Avenue & Dr Nelson Mandela Drive
Upington
8801

Private Bag X6039
Upington
8800

Telephone:	(054) 337 2800	E-Mail:	ssilwer@zfm-dm.gov.za
Fax:	(054) 337 2888	Website:	www.zfm-dm.co.za

ACTING MUNICIPAL MANAGER
MR. A. PHETE

CHIEF FINANCIAL OFFICER
MRS. E. ISAACS

GENERAL INFORMATION (continued)

REVIEW OF FINANCIAL STATEMENTS

The Annual Financial Statements were reviewed by the Audit Committee, Internal Audit Unit, MPAC, Provincial Treasury and Management before it was approved by the Acting Municipal Manager.

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 3 to 127, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the District Municipality.

These Annual Financial Statements will be presented to the Council for information on 29 August 2025.

MR. A. PHETE
ACTING MUNICIPAL MANAGER
29 August 2025

MEMBERS OF COUNCIL

NAME	POSITION	PARTY	PERIOD
M.C. Basson	Executive Mayor	ANC	Commencement: 23/06/2022
W.R.S. Peterson	Speaker	KSR	Commencement: 14/12/2021
A. Johnson	Mayoral Committee	ANC	Commencement: 28/01/2022
A. Matshimo	Mayoral Committee	ANC	Commencement: 28/01/2022
P.M. Mgcera	Mayoral Committee	ANC	Commencement: 28/01/2022
J. Silo	Mayoral Committee	ANC	Commencement: 28/01/2022
M.M. Louw	Chairperson of 79 Committee	ANC	Commencement: 28/02/2024
M. Willemse	Direct Elected Councillor	EFF	Commencement: 24/11/2023 Term ended: 09/06/2025
M.C. Motwalo	Direct Elected Councillor	EFF	Commencement: 27/06/2025
H. De Koker	Direct Elected Councillor	DA	Commencement: 09/11/2021 Term ended: 09/06/2025
R.V.D Kgatlane	Direct Elected Councillor	DA	Commencement: 10/06/2025
M.H.B. Van Zyl	Direct Elected Councillor	DA	Commencement: 09/11/2021
F.L. Witbooi	Direct Elected Councillor	DA	Commencement: 09/11/2021
E. Mompe	Direct Elected Councillor	HFTF	Commencement: 12/06/2024
F. Basson	Councillor	ANC	Commencement: 14/12/2021
P.J.George	Councillor	ANC	Commencement: 14/12/2021
K.G. Keorometswe	Councillor	ANC	Commencement: 14/12/2021
D.R. Pienaar	Councillor	ANC	Commencement: 14/12/2021
S. Abel	Councillor	ANC	Commencement: 28/01/2022
A.J.Ruiters	Councillor	DA	Commencement: 14/12/2021 Term ended: 05/02/2025
C.J. Boucher	Councillor	DA	Commencement: 06/02/2025
C.F.P. Bezuidenhoudt	Councillor	DA	Commencement: 14/12/2021
P.T. Van der Steen	Councillor	DA	Commencement: 14/12/2021 Term ended: 20/09/2024
R. Saal	Councillor	DA	Commencement: 02/10/2024
S. Sandlana	Councillor	DA	Commencement: 14/12/2021
J. Balies	Councillor	EFF	Commencement: 14/12/2021 Term ended: 11/12/2024
K.S Boer	Councillor	ANC	Commencement: 06/06/2025
A.C. Kotzee	Councillor	HFTF	Commencement: 14/12/2021

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution and according to the Government Gazette 51419 dated 21/10/2024. This read with the Remuneration of Public Officer Bearers Act, Circular 40/2012 dated 10/12/2012 of SALGA and the Minister of Provincial and Local Government's determination in accordance with this Act.

MR. A. PHETE
ACTING MUNICIPAL MANAGER
29 August 2025

FOREWORD

It is with a sense of responsibility and purpose that I present the Annual Financial Statements of the ZF Mgcawu District Municipality for the 2024/2025 financial year. These statements are not merely statutory obligations; they are a critical instrument that reflects the Municipality's commitment to sound financial management, transparency and accountability in the use of public resources.

At the core of good governance lies the principle of financial integrity and these statements serve as a mirror of how effectively and prudently we manage the resources entrusted to us by our communities. In a democratic dispensation such as ours, where municipalities must lead in service delivery, financial transparency is not optional; it is fundamental to building public trust and enabling responsive, ethical governance.

Our continued partnerships with local municipalities, government departments and key stakeholders have been pivotal in driving integrated development and promoting regional resilience. These relationships remain essential as we seek to align our strategic goals with national and provincial priorities in pursuit of sustainable development.

The Municipal Council, together with the Municipal Public Accounts Committee (MPAC), has played a vital role in ensuring that the administration remains transparent and accountable to the people of ZF Mgcawu. Their rigorous oversight, grounded in the values of integrity and stewardship, reinforces our collective duty to uphold the principles of good governance.

As we look ahead, the District Municipality remains committed to strengthening institutional capacity, enhancing financial sustainability and accelerating service delivery initiatives across all our local municipalities. Our focus will remain on promoting inclusive growth and ensuring that the developmental needs of our people remain at the centre of our planning and budgeting processes.

I extend my deep and sincere appreciation to all Councillors, the Mayoral Committee and the Municipal Public Accounts Committee for their consistent leadership, effective oversight and steadfast support throughout the year. I am equally grateful to the Management and Staff of the District Municipality for their unwavering commitment, professionalism and relentless dedication to improving the lives of our people.

I also want to thank the Audit Committee for their critical guidance and steadfast commitment to upholding the highest standards of financial governance.

Together, we remain united in our mission to serve the people of ZF Mgcawu with excellence, integrity and compassion.



CLLR. M.C. BASSON
EXECUTIVE MAYOR
29 August 2025

ZF MGCAWU DISTRICT MUNICIPALITY

Annual Financial Statements as at ended 30 June 2025

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of ZF Mgcawu District Municipality ending 30 June 2025.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2024/25 financial period is set out in Directive 5 issued by the ASB on 11 March 2009, as amended.

The Statement of Financial Position at 30 June 2025 indicates an increase in Non-Current Assets, a decrease in Current Assets, an increase in Non-Current Liabilities, as well as an increase in Current Liabilities.

The increase in Non-Current Assets is primarily as a result of the increase in the Non-current Investments and Intangible Assets. The decrease in Current Assets is primarily as a result of the decrease in Cash and Cash Equivalents and VAT Receivable.

The increase in Non-Current Liabilities is primarily as a result of the increase in Employee Benefit Liabilities and Long-term Liabilities. The increase in Current Liabilities is primarily as a result of the increase in Payables from Exchange Transactions.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

2. mSCOA IMPLEMENTATION PLAN

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

3. KEY FINANCIAL INDICATORS

The following indicators are the key indicators and is a comparison to prior year figures. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the District Municipality.

Financial Statement Ratios:

INDICATOR	2025 R	2024 R
Surplus / (Deficit) before Appropriations	(4 711 985)	(2 839 995)
Surplus / (Deficit) at the end of the Year	(23 718 756)	(19 006 771)
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	67.16%	65.92%
Remuneration of Councillors	5.73%	5.69%
Depreciation and Amortisation	1.39%	1.44%
Impairment Losses	0.69%	0.84%
Finance Costs	4.35%	4.17%
Contracted Services	6.44%	6.70%
Inventory Consumed	0.72%	0.54%
Transfers and Subsidies Paid	0.52%	0.52%
Operating Leases	0.00%	0.00%
Operational Costs	12.99%	14.11%
Loss on Disposal of Capital Assets	0.02%	0.06%

REPORT OF THE CHIEF FINANCIAL OFFICER

4. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E (1), E (2) and E (3).

5. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R1 556 815 (2023/24: R1 340 406). Full details of Assets are disclosed in Notes 7, 8, 51 and Appendix "B" to the Annual Financial Statements.

The capital expenditure of R1 556 815 was financed as follows:

DETAILS	Actual 2024/25 R	Actual 2023/24 R	Percentage Variance %	Budgeted 2024/25 R	Variance actual/ budgeted %
Finance Leases	827 313	-	100.00	1 401 239	(40.96)
Grants and Subsidies	116 404	377 368	(69.15)	500 000	(76.72)
Own Funds (Accumulated Surplus)	613 097	963 038	(36.34)	657 282	(6.72)
	1 556 815	1 340 406	16.15	2 558 521	(39.15)

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2025 %	2024 %
Finance Leases	53.14%	-
Grants and Subsidies	7.48%	28.15%
Own Funds (Accumulated Surplus)	39.38%	71.85%
	100.00%	100.00%

6. RECONCILIATION OF BUDGET TO ACTUAL

6.1 Operating Budget:

DETAILS	2025 R	2024 R
Variance per Category:		
Budgeted surplus before appropriations	689 234	657 000
Revenue variances	(5 760 004)	(3 507 371)
Expenditure variances:		
Employee Related Costs	108 292	98
Remuneration of Councillors	8 933	1 939
Depreciation and Amortisation	29 937	677
Impairment Losses	6 862	800
Finance Costs	1	85
Contracted Services	55 904	4 375
Inventory Consumed	120 514	372
Transfers and Subsidies Paid	802	187
Operational Costs	919	1 744
Loss on Disposal of Capital Assets	26 621	100
Actual surplus before appropriations	(4 711 985)	(2 839 995)

REPORT OF THE CHIEF FINANCIAL OFFICER

DETAILS	2025 R	2024 R
Variance per Service Segment:		
Budgeted surplus before appropriations	689 234	657 000
Executive and Council	(346 842)	(249 837)
Finance and Administration (incl Bad Debt)	(1 056 076)	541 636
Internal Audit	55 180	1 357
Public Safety	51 930	161
Health	423	26
Planning and Development	(389 906)	3 541
Other	2 609	189
Add: Gains and Losses	(3 718 536)	(3 794 068)
Actual surplus before appropriations	(4 711 985)	(2 839 995)

Details of the operating results per segmental classification of expenditure are included in Note 52, whilst operational results are included in Appendices E(1), E(2) and E(3).

6.2 Capital Budget:

DETAILS	Actual 2024/25 R	Actual 2023/24 R	Variance actuals R	Budgeted 2024/25 R	Variance actual/ budgeted R
Executive and Council	57 669	803 574	(745 906)	65 000	(7 331)
Finance and Administration	1 449 062	441 035	1 008 027	1 978 521	(529 459)
Health	18 478	8 999	9 479	20 000	(1 522)
Environmental Protection	-	86 798	(86 798)	-	-
Planning and Development	31 606	-	31 606	495 000	(463 394)
	1 556 815	1 340 406	216 409	2 558 521	(1 001 706)

Details of the results per segmental classification of capital expenditure are included in Note 51.

	2025 R	2024 R
7. ACCUMULATED SURPLUS		
The balance of the Accumulated Surplus as at 30 June 2025 amounted to R23 718 756 (30 June 2024: R19 006 771) and is made up as follows:		
Accumulated Surplus	(23 718 756)	(19 006 771)
	(23 718 756)	**(19 006 771)**

Refer to Note 16 and the Statement of Change in Net Assets for more detail.

		2025	2024
		R	R

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2025 was R355 060 (30 June 2024: R0) and is made up as follows:.

Finance Lease Liability		355 060	-
		355 060	**-**

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.
Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.
Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.
Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R827 313 as at 1 September 2024, ending 01 August 2027. The effective interest rate on Finance Leases is 12.5%.
Refer to Note 14 and Appendix "A" for more detail.

9. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R36 549 000 as at 30 June 2025 (30 June 2024: R33 732 000) and is made up as follows:

Post-retirement Health Care Benefits Liability	Note 15	27 613 000	25 684 000
Long Service Awards Liability	Note 15	8 936 000	8 048 000
		36 549 000	**33 732 000**

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the District Municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.
The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.
Refer to Note 15 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R12 055 540 as at 30 June 2025 (30 June 2024: R10 257 827) and is made up as follows:

Provisions	Note 11	3 407 493	3 422 070
Payables from Exchange Transactions	Note 12	8 375 782	6 555 700
Current Portion of Long-term Liabilities	Note 14	272 265	280 056
		12 055 540	**10 257 827**

Current Liabilities are those liabilities of the District Municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the District Municipality will not be able to meet its obligations.

Refer to Note 11, 12, 13, 14 for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R21 338 212 as at 30 June 2025 (30 June 2024: R21 377 191).

Refer to Note 7, 51 and Appendix B for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R292 495 as at 30 June 2025 (30 June 2024: R73 420).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the District Municipality in order to be able to fulfil its duties as far as service delivery is concerned.
Refer to Note 8 and Appendix "B" for more detail.

13. NON-CURRENT INVESTMENTS

The District Municipality held Investments to the value of R2 433 331 as at 30 June 2025 (30 June 2024: R1 719 010).

These investments are invested to improve the District Municipality's unfunded budget and going concern.

Refer to Note 9 for more detail.

		2025 R	2024 R
14. LONG-TERM RECEIVABLES			
Long-term Receivables of R50 481 at 30 June 2025 (30 June 2024: R56 124) is made up as follows:			
Finance Lease Receivable	Note 10	7 481	8 289
Staff Related Long Term Receivables	Note 10	53 474	61 018
CPMD Debtors		51 400	55 800
SCM Debtors		-	2 383
Payroll Debtors		2 074	2 835
		60 955	**69 306**
Less: Short-term portion included in Current Assets	Note 6	(10 474)	(13 183)
		50 481	**56 124**

The decrease in the amount for Long-term Receivables is due to recovering of outstanding debt during 2024/25 financial year.
Refer to Note 10 for more detail.

15. CURRENT ASSETS

Current Assets amounted R1 126 324 as at 30 June 2025 (30 June 2024: R1 757 310) and is made up as follows:

Receivables from Exchange Transactions	Note 2	136 015	189 833
Statutory Receivables from Exchange Transactions	Note 3	541 855	537 125
VAT Receivable	Note 4	271 208	565 341
Cash and Cash Equivalents	Note 5	166 772	451 829
Current Portion of Long-term Receivables	Note 6	10 474	13 183
		1 126 324	**1 757 310**

Refer to Note 2, 3, N/A, 4, 5 and 6 for more detail.

REPORT OF THE CHIEF FINANCIAL OFFICER

16. INTER-GOVERNMENTAL GRANTS

The District Municipality is dependent on financial aid from other government spheres to finance its service delivery programmes and developmental initiatives. Conditional operating grants are utilised to finance the provision of free basic services, while unconditional grants assist the Municipality in meeting its overall service delivery and operational commitments.
Refer to Notes 13 and 17, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 45.

18. GOING CONCERN ASSESSMENT

Refer to management's going concern assessment disclosed in Note 48.

19. EXPRESSION OF APPRECIATION

We extend our sincere gratitude to the Executive Mayor, the Mayoral Committee, Councillors, Internal Audit, the Acting Municipal Manager, Directors and all officials for their support throughout the financial year. A special appreciation is conveyed to the staff of the Finance Department, whose dedication and assistance made the preparation of these Annual Financial Statements possible.



MRS. E. ISAACS
CHIEF FINANCIAL OFFICER
29 August 2025

ZF MGCAWU DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
ASSETS			
Current Assets		**1 126 324**	**1 757 310**
Receivables from Exchange Transactions	**2**	136 015	189 833
Statutory Receivables from Exchange Transactions	**3**	541 855	537 125
VAT Receivable	**4**	271 208	565 341
Cash and Cash Equivalents	**5**	166 772	451 829
Current Portion of Long-term Receivables	**6**	10 474	13 183
Non-Current Assets		**24 114 520**	**23 225 745**
Property, Plant and Equipment	**7**	21 338 212	21 377 191
Intangible Assets	**8**	292 495	73 420
Non-current Investments	**9**	2 433 331	1 719 010
Long-term Receivables	**10**	50 481	56 124
Total Assets		**25 240 844**	**24 983 055**
LIABILITIES			
Current Liabilities		**12 055 540**	**10 257 827**
Provisions	**11**	3 407 493	3 422 070
Payables from Exchange Transactions	**12**	8 375 782	6 555 700
Current Portion of Long-term Liabilities	**14**	272 265	280 056
Non-Current Liabilities		**36 904 060**	**33 732 000**
Long-term Liabilities	**14**	355 060	-
Employee Benefit Liabilities	**15**	36 549 000	33 732 000
Total Liabilities		**48 959 600**	**43 989 827**
Total Assets and Liabilities		**(23 718 756)**	**(19 006 771)**
NET ASSETS		**(23 718 756)**	**(19 006 771)**
Accumulated Surplus / (Deficit)	**16**	(23 718 756)	(19 006 771)
Total Net Assets		**(23 718 756)**	**(19 006 771)**

ZF MGCAWU DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Transfers and Subsidies	**17**	89 749 204	88 401 654
Impairment Gains	**24**	-	200 532
Revenue from Exchange Transactions			
Rental from Fixed Assets	**18**	162 880	135 725
Finance Income	**19**	1 710 062	1 746 081
Operational Revenue	**20**	566 956	1 636 790
Total Revenue		**92 189 102**	**92 120 783**
EXPENDITURE			
Employee Related Costs	**21**	65 082 349	62 602 230
Remuneration of Councillors	**22**	5 548 998	5 401 337
Depreciation and Amortisation	**23**	1 350 419	1 367 110
Impairment Losses	**24**	664 968	795 298
Finance Costs	**25**	4 210 419	3 958 480
Contracted Services	**26**	6 242 697	6 366 498
Inventory Consumed	**27**	695 790	516 838
Transfers and Subsidies Paid	**28**	499 263	491 452
Operational Costs	**29**	12 585 600	13 402 134
Loss on Disposal of Capital Assets	**30**	20 584	59 400
Total Expenditure		**96 901 087**	**94 960 778**
SURPLUS / (DEFICIT) FOR THE YEAR		**(4 711 985)**	**(2 839 995)**

Refer to Budget Statement for explanation of budget variances (page 22 - 36)

ZF MGCAWU DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

Description	Share Premium	Total Reserves and Funds	Accumulated Surplus	Total Net Assets
	R	R	R	R
2024				
Balance at 30 June 2023	-	-	(16 462 865)	(16 462 865)
Correction of Error (Note 31)		-	296 088	296 088
Restated Balance at 30 June 2023	**-**	**-**	**(16 166 777)**	**(16 166 777)**
Published Surplus for the year			**(2 839 995)**	**(2 839 995)**
Surplus for the year (previously published)		-	(3 103 230)	(3 103 230)
Correction of Error (Note 31)	-	-	263 235	263 235
Restated Balance at 30 June 2024	**-**	**-**	**(19 006 771)**	**(19 006 771)**
2025				
Surplus / (Deficit) for the year		-	(4 711 985)	(4 711 985)
Balance at 30 June 2025	**-**	**-**	**(23 718 756)**	**(23 718 756)**

ZF MGCAWU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	Note	Actual 2025 R	Actual 2024 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers and Subsidies		89 749 204	88 401 654
Rental from Fixed Assets	**18**	162 880	135 725
Finance Income	**19**	1 710 062	1 746 081
Other Receipts		908 062	1 306 115
Payments			
Employee Related Costs		(66 906 493)	(64 040 995)
Remuneration of Councillors	**22**	(5 548 998)	(5 401 337)
Finance Costs Paid	**25**	(90 419)	(155 480)
Suppliers Paid		(5 118 405)	(7 189 398)
Other Payments		(13 238 440)	(13 750 113)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**33**	**1 627 452**	**1 052 253**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**7**	(399 841)	(1 287 176)
Purchase of Intangible Assets	**8**	(329 661)	(53 230)
Proceeds on Disposal of Property, Plant and Equipment		5 717	323 000
Decrease / (Increase) in Non-current Investments		(714 321)	(648 624)
Decrease / (Increase) in Long-term Receivables		5 642	7 809
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1 432 464)**	**(1 658 221)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(480 045)	(647 945)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(480 045)**	**(647 945)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(285 057)**	**(1 253 913)**
Cash and Cash Equivalents at Beginning of Period		451 829	1 705 742
Cash and Cash Equivalents at End of Period	**5**	166 772	451 829

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Inventories	-	3	3			-	3	-	-	(3)	0.00	0.00
Receivables from Exchange Transactions	471 800	68 488	540 288			-	540 288	136 015	-	(404 273)	25.17	28.83
Statutory Receivables from Exchange Transac	-	-	-			-	-	541 855	-	541 855	0.00	0.00
VAT Receivable	928 762	(518 442)	410 320			-	410 320	271 208	-	(139 112)	66.10	29.20
Cash and Cash Equivalents	3 362 332	945 160	4 307 492			-	4 307 492	166 772	-	(4 140 720)	3.87	4.96
Current Portion of Long-term Receivables	17 718	(2 135)	15 583			-	15 583	10 474	-	(5 109)	67.21	59.11
		-										
Non-Current Assets		-										
Property, Plant and Equipment	23 779 009	(1 539 425)	22 239 584			-	22 239 584	21 338 212	-	(901 372)	95.95	89.74
Intangible Assets	382 789	(72 905)	309 884			-	309 884	292 495	-	(17 389)	94.39	76.41
Non-current Investments	2 375 000	650 010	3 025 010			-	3 025 010	2 433 331	-	(591 679)	80.44	102.46
Long-term Receivables	49 000	32 524	81 524			-	81 524	50 481	-	(31 043)	61.92	103.02
Total Assets	31 366 410	(436 722)	30 929 688			-	30 929 688	25 240 844	-	(5 688 844)	81.61	80.47
Current Liabilities												
Provisions	15 256 990	(12 252 876)	3 004 114			-	3 004 114	3 407 493	-	403 379	113.43	22.33
Payables from Exchange Transactions	10 201 210	2 073 114	12 274 324			-	12 274 324	8 375 782	-	(3 898 542)	68.24	82.11
Current Portion of Long-term Liabilities	496 885	(887 939)	(391 054)			-	(391 054)	272 265	-	663 319	0.00	54.79
Non-Current Liabilities												
Long-term Liabilities	2 020 136	(691 247)	1 328 889			-	1 328 889	355 060	-	(973 829)	26.72	17.58
Employee Benefit Liabilities	16 495 000	17 016 606	33 511 606			-	33 511 606	36 549 000	-	3 037 394	109.06	221.58
Total Liabilities	44 470 221	5 257 658	49 727 879			-	49 727 879	48 959 600	-	(768 279)	98.46	110.10
Total Assets and Liabilities	**(13 103 811)**	**(5 694 380)**	**(18 798 191)**			**-**	**(18 798 191)**	**(23 718 756)**	**-**	**(4 920 565)**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(13 103 811)	(5 694 380)	(18 798 191)			-	(18 798 191)	(23 718 756)	-	(4 920 565)	0.00	0.00
Total Net Assets	**(13 103 811)**	**(5 694 380)**	**(18 798 191)**			**-**	**(18 798 191)**	**(23 718 756)**	**-**	**(4 920 565)**	**0.00**	**0.00**

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:
Incorrectly budgeted for Inventories.

Receivables from Exchange Transactions:
Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions.

Statutory Receivables Exchange Transactions
Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. Under budgeted for SARS Receivables.

VAT Receivable:
Over budgeted for VAT Receivables due to higher outstanding creditors at year-end.

Cash and Cash Equivalents:
The budget amount was over budgeted for.

Current Portion of Long-term Receivables:
Over budgeted to account for any new long-term debtors.

Non-current Investments:
Did not budget for the withdrawal of the initial investment.

Long-term Receivables:
Recovered more fund than anticipated for.

Provisions:
Did not budget for performance bonuses.

Payables from Exchange Transactions:
Over budgeted for Payables from Exchange Transactions as anticipated for at year-end.

Current Portion of Long-term Liabilities:
Did not budget according to the amortisation tables.

Long-term Liabilities:
Did not budget according to the amortisation tables.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	94 609 000	(2 867 403)	91 741 597			-	91 741 597	89 749 204	-	(1 992 393)	97.83	94.86
Impairment Gains	3 305 000	47 350	3 352 350			-	3 352 350	-	-	(3 352 350)	0.00	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 490	-	10 490			-	10 490	162 880	-	152 390	1 552.72	1 552.72
Finance Income	1 775 000	150 000	1 925 000			-	1 925 000	1 710 062	-	(214 938)	88.83	96.34
Operational Revenue	478 185	41 815	520 000			-	520 000	566 956	-	46 956	109.03	118.56
Gains on Disposal of Capital Assets	399 669	-	399 669			-	399 669	-	-	(399 669)	0.00	0.00
Total Revenue	100 577 344	(2 628 238)	97 949 106			-	97 949 106	92 189 102	-	(5 760 004)	94.12	91.66
Expenditure												
Employee Related Costs	66 377 201	(972 119)	65 405 082			(214 441)	65 190 641	65 082 349	-	(108 292)	99.83	98.05
Remuneration of Councillors	5 508 699	40 959	5 549 658			8 273	5 557 931	5 548 998	-	(8 933)	99.84	100.73
Depreciation and Amortisation	1 102 213	412 803	1 515 016			(134 660)	1 380 356	1 350 419	-	(29 937)	97.83	122.52
Impairment Losses	-	-	-			671 830	671 830	664 968	-	(6 862)	98.98	0.00
Finance Costs	4 337 319	40 999	4 378 318			(167 898)	4 210 420	4 210 419	-	(1)	100.00	97.07
Contracted Services	10 585 435	(3 314 661)	7 270 774			(972 173)	6 298 601	6 242 697	-	(55 904)	99.11	58.97
Inventory Consumed	547 297	438 388	985 685			(169 381)	816 304	695 790	-	(120 514)	85.24	127.13
Transfers and Subsidies Paid	377 030	(272 030)	105 000			395 065	500 065	499 263	-	(802)	99.84	132.42
Operational Costs	10 999 844	1 003 290	12 003 134			583 385	12 586 519	12 585 600	-	(919)	99.99	114.42
Loss on Disposal of Capital Assets	47 205	-	47 205			-	47 205	20 584	-	(26 621)	43.61	43.61
Total Expenditure	99 882 243	(2 622 371)	97 259 872			-	97 259 872	96 901 087	-	(358 785)	99.63	97.02
Surplus / (Deficit) for the Year	**695 101**	**(5 867)**	**689 234**			**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**-**	**-**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Impairment gains were included in the budget to ensure a funded position based on prior year trends, but these gains did not realised in the 2024/25 financial year.

Rental from Fixed Assets:

Budgeted figures were not updated with rentals received from the Municipality's assets.

Finance Income:

Invested funds for a shorter period than anticipated for.

Gains on Disposal of Capital Assets:

Auction of assets did not take place during 2024/25 financial year.

Inventory Consumed:

Underspending is mainly due to cost containment measures.

Loss on Disposal of Capital Assets:

Less assets were written off as anticipated.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	-	65 000	65 000			-	65 000	57 669	-	(7 331)	88.72	0.00
Finance and Administration	2 781 217	(802 696)	1 978 521			-	1 978 521	1 449 062	-	(529 459)	73.24	52.10
Health	-	-	-			20 000	20 000	18 478	-	(1 522)	92.39	0.00
Planning and Development	515 000	-	515 000			(20 000)	495 000	31 606	-	(463 394)	6.39	6.14
Corporate Services	-	-	-			-	-	-	-	-	0.00	0.00
Total Capital Expenditure	**3 296 217**	**(737 696)**	**2 558 521**			**-**	**2 558 521**	**1 556 815**	**-**	**(1 001 706)**	**60.85**	**47.23**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Executive and Council:
Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

Finance and Administration:
Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

Planning and Development:
Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2025

Description	Original Budget	Budget Adjustments	Adjustment Budget			Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R			R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	93 509 000	(3 067 403)	90 441 597			-	90 441 597	89 749 204		(692 393)	99.23	95.98
Rental from Fixed Assets	-	-	-			-	-	162 880		162 880	0.00	0.00
Finance Income	1 600 000	150 000	1 750 000			-	1 750 000	1 710 062		(39 938)	97.72	106.88
Other Receipts	3 232 269	(367 121)	2 865 148			-	2 865 148	908 062		(1 957 086)	31.69	28.09
Employee Related Costs	(91 295 136)	5 655 297	(85 639 839)			-	(85 639 839)	(66 906 493)		18 733 346	78.13	0.00
Remuneration of Councillors	-	-	-			-	-	(5 548 998)		(5 548 998)	0.00	0.00
Finance Costs	(250 905)	-	(250 905)			-	(250 905)	(90 419)		160 487	36.04	0.00
Suppliers Paid	-	-	-			-	-	(5 118 405)		(5 118 405)	0.00	0.00
Other Payments	(377 030)	272 030	(105 000)			-	(105 000)	(13 238 440)		(13 133 440)	12 608.04	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(3 490 650)	758 536	(2 732 114)			-	(2 732 114)	(399 841)		2 332 273	14.63	0.00
Purchase of Intangible Assets	-	-	-			-	-	(329 661)		(329 661)	0.00	0.00
Decrease / (Increase) in Non-current Investme	(675 000)	(631 000)	(1 306 000)			-	(1 306 000)	(714 321)		591 679	54.70	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-			-	-	5 642		5 642	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	(671 110)	(671 110)	(1 342 220)			-	(1 342 220)	(480 045)		862 175	0.00	0.00
Cash and Cash Equivalents at End of the Ye	**1 581 438**	**2 099 229**	**3 680 667**			**-**	**3 680 667**	**(285 057)**	**-**	**(3 965 724)**	**0.00**	**0.00**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Income:
Invested funds for a shorter period than anticipated for.

Other Receipts
Under budget for funds received from LGSETA.

Employee Related Costs
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:
Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:
NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Decrease / (Increase) in Non-current Investments:
Did not budget for the withdrawal of the initial investment.

Decrease / (Increase) in Long-term Receivables:
Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:
Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:
Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION												
Current Assets												
Receivables from Exchange Transactions	847 928	530 000	1 377 928	(1 103 337)	274 591	-	274 591	189 833	-	(84 758)	69.13	22.39
Statutory Receivables Exchange Transactions	-	(20 000)	(20 000)	20 000	-	-	-	537 125	-	537 125	0.00	0.00
VAT Receivable	1 155 373	(1 891 540)	(736 167)	755 222	19 055	-	19 055	565 341	-	546 286	2 966.89	48.93
Cash and Cash Equivalents	825 942	2 412 297	3 238 239	(1 446 454)	1 791 785	-	1 791 785	451 829	-	(1 339 956)	25.22	54.70
Current Portion of Long-term Receivables	17 718	-	17 718	(1 277)	16 441	-	16 441	13 183	-	(3 258)	80.18	74.40
Non-Current Assets												
Property, Plant and Equipment	24 427 886	(309 000)	24 118 886	(1 129 058)	22 989 828	-	22 989 828	21 377 191	-	(1 612 637)	92.99	87.51
Intangible Assets	112 354	-	112 354	48 589	160 943	-	160 943	73 420	-	(87 523)	45.62	65.35
Non-current Investments	1 012 047	220 000	1 232 047	1 338 339	2 570 386	-	2 570 386	1 719 010	-	(851 376)	66.88	169.85
Long-term Receivables	108 586	-	108 586	(14 653)	93 933	-	93 933	56 124	-	(37 810)	59.75	51.69
Total Assets	28 497 834	521 857	29 019 691	(1 102 729)	27 916 962	-	27 916 962	24 983 055	-	(2 933 907)	89.49	87.67
Current Liabilities												
Provisions	2 637 376	250 000	2 887 376	239 220	3 126 596	-	3 126 596	3 422 070	-	295 474	109.45	129.75
Payables from Exchange Transactions	12 656 820	(3 402 344)	9 254 476	1 181 471	10 435 947	-	10 435 947	6 555 700	-	(3 880 247)	62.82	51.80
Current Portion of Long-term Liabilities	496 885	-	496 885	(349 744)	147 141	-	147 141	280 056	-	132 915	190.33	56.36
Non-Current Liabilities												
Long-term Liabilities	803 350	-	803 350	7 290 074	8 093 424	-	8 093 424	-	-	(8 093 424)	0.00	0.00
Employee Benefit Liabilities	32 541 000	11 651	32 552 651	(10 731 651)	21 821 000	-	21 821 000	33 732 000	-	11 911 000	154.59	103.66
Total Liabilities	46 837 171	97 127	46 934 298	(3 310 190)	43 624 108	-	43 624 108	43 989 827	-	365 719	100.84	93.92
Total Assets and Liabilities	**(18 339 337)**	**424 730**	**(17 914 607)**	**2 207 461**	**(15 707 146)**	**-**	**(15 707 146)**	**(19 006 771)**	**-**	**(3 299 625)**	**0.00**	**0.00**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	(18 339 337)	424 730	(17 914 607)	2 207 461	(15 707 146)	-	(15 707 146)	(19 006 771)	-	(3 299 625)	0.00	0.00
Total Net Assets	**(18 339 337)**	**424 730**	**(17 914 607)**	**2 207 461**	**(15 707 146)**	**-**	**(15 707 146)**	**(19 006 771)**	**-**	**(3 299 625)**	**0.00**	**0.00**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Receivables from Exchange Transactions:
Did not budget for 'LGSETA debtor for funds not received by the Municipality before 20 June 2024.

Statutory Receivables Exchange Transactions
Statutory Receivables Exchange Transactions budget is included in Receivables from Exchange Transactions. The VAT Receivable budget amount anticipated was under budgeted for.

Receivables from Non-exchange Transactions:
Relates to UIF expenditure debtors and was not budgeted for.

VAT Receivable:
VAT Receivables budget is included in Receivables from Exchange Transactions.

Cash and Cash Equivalents:
The budget amount was over budgeted for.

Intangible Assets:
Did not take derecognition of Intangible Assets into account with the budgeted figure.

Non-current Investments:
Over budgeted for the Investments.

Long-term Receivables:
Recovered more fund than anticipated for.

Payables from Exchange Transactions:
The variance is due to improved cash flow during the financial year to settle outstanding creditors before year-end..

Current Portion of Long-term Liabilities:
Did not budget according to the amortisation tables.

Long-term Liabilities:
Did not budget according to the amortisation tables.

Employee Benefit Liabilities:
Under budgeted for Employee Benefit Liabilities due to PEMA actuarial losses recognised.

Accumulated Surplus / (Deficit):
Combination of reasons stated above

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE												
Revenue from Non-exchange Transactions												
Transfers and Subsidies	90 968 000	(600 000)	90 368 000	(866 346)	89 501 654	-	89 501 654	88 401 654	-	(1 100 000)	98.77	97.18
Impairment Gains	-	-	-	3 300 000	3 300 000	-	3 300 000	200 532	-	(3 099 468)	6.08	0.00
Revenue from Exchange Transactions												
Rental from Fixed Assets	10 000	-	10 000	(9 000)	1 000	-	1 000	135 725	-	134 725	13 572.52	1 357.25
Finance Income	950 000	-	950 000	850 000	1 800 000	-	1 800 000	1 746 081	-	(53 919)	97.00	183.80
Operational Revenue	815 000	(535 000)	280 000	50 000	330 000	-	330 000	1 636 790	-	1 306 790	496.00	200.83
Gains on Disposal of Capital Assets	381 000	300 000	681 000	-	681 000	14 500	695 500	-	-	(695 500)	0.00	0.00
Total Revenue	93 124 000	(835 000)	92 289 000	3 324 654	95 613 654	14 500	95 628 154	92 120 783	-	(3 507 371)	96.33	98.92
Expenditure												
Employee Related Costs	64 509 119	(1 088 489)	63 420 630	(1 600 462)	61 820 168	782 160	62 602 328	62 602 230	-	(98)	100.00	97.04
Remuneration of Councillors	5 304 870	-	5 304 870	(13 688)	5 291 182	112 094	5 403 276	5 401 337	-	(1 939)	99.96	101.82
Depreciation and Amortisation	577 240	-	577 240	602 174	1 179 414	188 373	1 367 787	1 367 110	-	(677)	99.95	236.84
Impairment Losses	20 000	-	20 000	-	20 000	776 098	796 098	795 298	-	(800)	99.90	3 976.49
Finance Costs	400 000	-	400 000	3 555 565	3 955 565	3 000	3 958 565	3 958 480	-	(85)	100.00	989.62
Contracted Services	6 137 000	900 627	7 037 627	1 310 734	8 348 361	(1 977 488)	6 370 873	6 366 498	-	(4 375)	99.93	103.74
Inventory Consumed	777 000	(20 100)	756 900	(238 825)	518 075	(865)	517 210	516 838	-	(372)	99.93	66.52
Transfers and Subsidies Paid	465 000	3 002	468 002	(7 702)	460 300	31 339	491 639	491 452	-	(187)	99.96	105.69
Operational Costs	11 636 760	1 221 355	12 858 115	460 474	13 318 589	85 289	13 403 878	13 402 134	-	(1 744)	99.99	115.17
Loss on Disposal of Capital Assets	45 000	-	45 000	-	45 000	14 500	59 500	59 400	-	(100)	99.83	132.00
Total Expenditure	89 871 989	1 016 395	90 888 384	4 068 270	94 956 654	14 500	94 971 154	94 960 778	-	(10 376)	99.99	105.66
Surplus / (Deficit) for the Year	**3 252 011**	**(1 851 395)**	**1 400 616**	**(743 616)**	**657 000**	**-**	**657 000**	**(2 839 995)**	**-**	**(3 496 995)**	**-**	**-**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Impairment Gains

Impairment gains were included in the budget to ensure a funded position based on prior year trends, but these gains did not realised in the 2023/24 financial year.

Rental from Fixed Assets:

Budgeted figures were not updated with the latest amortisation tables.

Operational Revenue:

Under budget for funds received from LGSETA.

Depreciation and Amortisation:

Depreciation and Amortisation decreased beyond budgetary expectations because of the correction of error on depreciation. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Loss on Disposal of Capital Assets:

Budgeted separately for gains and losses but the actual figures are combined. Income from auction was lower than expected.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION												
Executive and Council	-	-	-	-	-	803 574	803 574	803 574	-	-	100.00	0.00
Finance and Administration	2 040 000	(109 000)	1 931 000	52 231	1 983 231	(899 371)	1 083 860	441 035	-	(642 825)	40.69	21.62
Health	-	-	-	-	-	8 999	8 999	8 999	-	-	100.00	0.00
Planning and Development	700 000	-	700 000	(700 000)	-	86 798	86 798	86 798	-	-	100.00	12.40
Total Capital Expenditure	**2 740 000**	**(109 000)**	**2 631 000**	**(647 769)**	**1 983 231**	**0**	**1 983 231**	**1 340 406**	**-**	**(642 825)**	**67.59**	**48.92**

Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Finance and Administration:

Savings realised on capital items budgeted for and not procured. Budget rolled over to 2024/25 financial year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

30 June 2024

Description	Original Budget	Budget Adjustments	Adjustment Budget	Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Un-authorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW												
Cash Flows from/(used in) Operating Activities												
Transfers and Subsidies	88 068 000	1 700 000	89 768 000	(1 200 000)	88 568 000	-	88 568 000	88 401 654	-	(166 346)	99.81	100.38
Rental from Fixed Assets	-	-	-	-	-	-	-	135 725	-	135 725	0.00	0.00
Finance Costs	150 000	80 000	230 000	70 000	300 000	-	300 000	1 746 081	-	1 446 081	582.03	1 164.05
Other Receipts	175 000	1 944 566	2 119 566	1 704 967	3 824 533	-	3 824 533	1 306 115	-	(2 518 418)	34.15	746.35
Employee Related Costs	(86 956 964)	(557 219)	(87 514 183)	(1 423 290)	(88 937 473)	-	(88 937 473)	(64 040 995)	-	24 896 478	72.01	0.00
Remuneration of Councillors	-	-	-	-	-	-	-	(5 401 337)	-	(5 401 337)	0.00	0.00
Finance Costs Paid	(400 000)	-	(400 000)	400 000	-	-	-	(155 480)	-	(155 480)	0.00	0.00
Suppliers Paid	-	-	-	-	-	-	-	(7 189 398)	-	(7 189 398)	0.00	0.00
Other Payments	-	(465 000)	(465 000)	4 700	(460 300)	-	(460 300)	(13 750 113)	-	(13 289 813)	2 987.21	0.00
Cash Flows from/(used in) Investing Activities												
Purchase of Property, Plant and Equipment	(2 710 000)	83 450	(2 626 550)	345 834	(2 280 716)	-	(2 280 716)	(1 287 176)	-	993 540	56.44	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	-	(53 230)	-	(53 230)	0.00	0.00
Proceeds on Disposal of Property, Plant and E	-	-	-	-	-	-	-	323 000	-	323 000	0.00	0.00
Decrease / (Increase) in Non-current Investme	(500 000)	(220 000)	(720 000)	(780 000)	(1 500 000)	-	(1 500 000)	(648 624)	-	851 376	0.00	0.00
Decrease / (Increase) in Long-term Receivable	-	-	-	-	-	-	-	7 809	-	7 809	0.00	0.00
Cash Flows from/(used in) Financing Activities												
Repayment of Borrowings	-	-	-	(928 001)	(928 001)	-	(928 001)	(647 945)	-	280 056	69.82	0.00
Cash and Cash Equivalents at End of the Ye	**(2 173 964)**	**2 565 797**	**391 833**	**(1 805 790)**	**(1 413 957)**	**-**	**(1 413 957)**	**(1 253 913)**	**-**	**160 044**	**0.00**	**0.00**

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Rental from Fixed Assets:
Not budgeted separately for under cash flow statement, included under the Other Receipts.

Finance Income:
Invested funds for a longer period than anticipated for.

Other Receipts
Under budget for funds received from LGSETA.

Employee Related Costs
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Remuneration of Councillors
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Finance Cost
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Suppliers Paid
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Other Payments
A1 Schedules only made provision for one line item for Employee Related Cost and Suppliers, which include all other expenditure.

Purchase of Property, Plant and Equipment:
Did not budget for additions on the new mSCOA budget format and Incorrectly budgeted for the new finance lease liabilities under Contracted Services.

Purchase of Intangible Assets:
NT Budget Template not aligned to GRAP requirements - Purchase of Intangible Assets included in Purchase of Property, Plant and Equipment above.

Decrease / (Increase) in Non-current Investments:
Over budgeted for the Investments.

Decrease / (Increase) in Long-term Receivables:
Did not be budget for on the new mSCOA budget format.

Proceeds from Borrowings:
Did not budget for leases because it was included under Contracted Services.

Repayment of Borrowings:
Did not budget for leases because it was included under Contracted Services.

Cash and Cash Equivalents at End of the Year:
All above-mentioned items are reflecting in Cash and Cash Equivalents at End of the Year.

ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

RECONCILIATION OF BUDGET SURPLUS / (DEFICIT) WITH THE SURPLUS / (DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description			2024/25		2023/24
			R		R
Net Surplus / (Deficit) per the statement of financial performance			**(4 711 985)**		**(2 839 995)**
Revenue from Non-exchange Transactions					
Transfers and Subsidies			1 992 393		1 100 000
Impairment Gains			3 352 350		3 099 468
Revenue from Exchange Transactions					
Rental from Fixed Assets			(152 390)		(134 725)
Finance Income			214 938		53 919
Operational Revenue			(46 956)		(1 306 790)
Gains on Disposal of Capital Assets	-	-	399 669		695 500
Expenditure					
Employee Related Costs			(108 292)		(98)
Remuneration of Councillors			(8 933)		(1 939)
Depreciation and Amortisation			(29 937)		(677)
Impairment Losses			(6 862)		(800)
Finance Costs			(1)		(85)
Contracted Services			(55 904)		(4 375)
Inventory Consumed			(120 514)		(372)
Grants and Subsidies Paid			(802)		(187)
Operational Costs			(919)		(1 744)
Loss on Disposal of Capital Assets			(26 621)		(100)
Net surplus/deficit per approved budget			**689 234**		**657 000**

The following budgets were approved by Council during 2024/25 financial year:
- 28 February 2025: Annual Adjustment Budget

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE

30 June 2025

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	-	85 531 204	-	-	-	4 218 000	-	89 749 204
Impairment Gains		-						-
Revenue from Exchange Transactions								
Rental from Fixed Assets	-	162 880	-	-	-	-	-	162 880
Finance Income	-	1 710 062	-	-	-	-	-	1 710 062
Operational Revenue	-	566 956	-	-	-	-	-	566 956
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	**-**	**87 971 102**	**-**	**-**	**-**	**4 218 000**	**-**	**92 189 102**
EXPENDITURE								
Employee Related Costs	12 164 184	30 126 750	3 399 280	3 261 868	6 195 489	8 852 314	1 082 464	65 082 349
Remuneration of Councillors	5 548 998	-	-	-	-	-	-	5 548 998
Depreciation and Amortisation	-	1 350 419	-	-	-	-	-	1 350 419
Impairment Losses	-	664 968	-	-	-	-	-	664 968
Finance Costs	-	4 210 419	-	-	-	-	-	4 210 419
Contracted Services	218 812	3 180 516	216 408	-	-	2 626 960	-	6 242 697
Inventory Consumed	66 549	293 863	8 473	-	1 839	320 458	4 608	695 790
Transfers and Subsidies Paid	499 263	-	-	-	-	-	-	499 263
Operating Leases	-	-	-	-	-	-	-	-
Operational Costs	3 027 285	7 996 235	198 943	64 018	475 815	672 998	150 306	12 585 600
Loss on Disposal of Capital Assets	-	20 584	-	-	-	-	-	20 584
Total Expenditure	**21 525 091**	**47 843 753**	**3 823 105**	**3 325 886**	**6 673 144**	**12 472 730**	**1 237 377**	**96 901 087**
surplus / (deficit) for the Year	**(21 525 091)**	**40 127 349**	**(3 823 105)**	**(3 325 886)**	**(6 673 144)**	**(8 254 730)**	**(1 237 377)**	**(4 711 985)**

ZF MGCAWU DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)

30 June 2024

Description	Executive and Council	Finance and Administration	Internal Audit	Public Safety	Health	Planning and Development	Tourism	Total for District Municipality
	R	R	R	R	R	R	R	R
REVENUE								
Revenue from Non-exchange Transactions								
Transfers and Subsidies	250 000	83 323 654	-	-	-	4 328 000	500 000	88 401 654
Impairment Gains	-	200 532	-	-	-	-	-	200 532
Revenue from Exchange Transactions	-	-	-	-	-	-	-	
Rental from Fixed Assets	-	135 725	-	-	-	-	-	135 725
Finance Income	-	1 746 081	-	-	-	-	-	1 746 081
Operational Revenue	-	1 636 790	-	-	-	-	-	1 636 790
Gains on Disposal of Capital Assets	-	-	-	-	-	-	-	-
Total Revenue	**250 000**	**87 042 783**	**-**	**-**	**-**	**4 328 000**	**500 000**	**92 120 783**
EXPENDITURE								
Employee Related Costs	10 928 599	29 158 142	3 324 184	3 098 121	6 776 375	8 365 350	951 459	62 602 230
Remuneration of Councillors	5 401 337	-	-	-	-	-	-	5 401 337
Depreciation and Amortisation	-	1 367 110	-	-	-	-	-	1 367 110
Impairment Losses	-	795 298	-	-	-	-	-	795 298
Finance Costs	-	3 958 480	-	-	-	-	-	3 958 480
Contracted Services	320 302	2 210 832	249 467	6 500	-	3 279 397	300 000	6 366 498
Inventory Consumed	62 487	199 893	1 610	-	525	252 324	-	516 838
Transfers and Subsidies Paid	409 668	52 784	-	29 000	-	-	-	491 452
Operational Costs	2 492 779	9 095 615	310 087	91 986	429 274	742 344	240 050	13 402 134
Loss on Disposal of Capital Assets	-	59 400	-	-	-	-	-	59 400
Total Expenditure	**19 615 172**	**46 897 554**	**3 885 348**	**3 225 607**	**7 206 173**	**12 639 415**	**1 491 509**	**94 960 778**
surplus / (deficit) for the Year	**(19 365 172)**	**40 145 229**	**(3 885 348)**	**(3 225 607)**	**(7 206 173)**	**(8 311 415)**	**(991 509)**	**(2 839 995)**

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The District Municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the District Municipality's functional currency.

1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2024 and 30 June 2025 the District Municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

With the adoption of mSCOA the District Municipality reclassified certain balances in order to comply with the instruction notes issued. The result of the reclassification is set out below and in the relevant Notes to the Annual Financial Statements.

1.3 Critical Judgements, Estimations and Assumptions

In the application of the District Municipality's Accounting Policies, which are described below, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that Management have made in the process of applying the District Municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.3.1 Revenue Recognition

Accounting Policy 7.2 on Revenue from Exchange Transactions and Accounting Policy 7.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the Management of the District Municipality.

In making their judgement, the Management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue from Non-exchange Transactions). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the District Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the District Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.3.2 Impairment of Financial Assets

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the Management of the District Municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The Management of the District Municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:
  The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

1.3.3 Useful lives of Property, Plant and Equipment and Intangible Assets

As described in Accounting Policies 3.3, and 4.2, the District Municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on Management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy on Impairment of Assets, Accounting Policy on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the Management of the District Municipality. Significant estimates "&"and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, Management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by Management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 7 and 8 to the Annual Financial Statements, if applicable.

1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 9.2 , Employee Benefits – Post-employment Benefits, the District Municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the District Municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2021.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Basis* .

1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the District Municipality:

Standard	Description	Effective date	Planned Date for Application by Municipality
GRAP 1	Presentation of Financial Statements (Revised)	01/04/2023	30/06/2024

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the District Municipality.

2. ACCUMULATED SURPLUS

The accumulated surplus of the District Municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies.

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the District Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

3.2 Subsequent Measurement

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method* , to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years		Asset Class	Years
	Buildings			**Other**	
	Improvements	25 - 100		Bins and Containers	5
				Furniture and Fittings	5 - 10
	Community			Office Equipment	3 - 7
	Recreational Facilities	15 - 60		Other items of Plant and Equipment	2 - 5
	Security	5		Other Vehicles	5 - 10
				Specialised Plant and Equipment	10 - 15
				Specialist Vehicles	5 - 20
				Watercraft	15

3.4 Land

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

3.5 Incomplete Construction Work

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

3.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the District Municipality or, where shorter, the term of the relevant lease if there is no reasonable certainty that the District Municipality will obtain ownership by the end of the lease term.

3.7 Derecognition

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

4. INTANGIBLE ASSETS

4.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the District Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Repairs and Maintenance are expenses incurred through servicing computer equipment or repairing of existing intangible assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

4.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software Purchased	3 - 5

4.3 Derecognition

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

5. IMPAIRMENT OF ASSETS

The District Municipality classifies all assets held with the primary objective of generating a commercial return as Cash Generating Assets. All other assets are classified as Non-cash Generating Assets.

5.1 Impairment of Cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The District Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

5.2 Impairment of Non-cash Generating Assets

The District Municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The District Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

6. FINANCIAL INSTRUMENTS

The District Municipality has various types of Financial Instruments and these can be broadly categorised as Financial Assets, Financial Liabilities or Residual Interests in accordance with the substance of the contractual agreement.

Initial Recognition
Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The District Municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the District Municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair Value Methods and Assumptions
The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the Municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

6.1 Financial Assets – Classification

The District Municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

6.2 Financial Liabilities – Classification

The District Municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

Bank Overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

Financial Assets measured at Amortised Cost
Financial Assets at Amortised Cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis* .

Financial Assets measured at Fair Value
Financial Assets at Fair Value are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

6.3.2 Financial Liabilities:

Financial Liabilities measured at Fair Value
Financial Liabilities at Fair Value are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

Financial Liabilities held at Amortised Cost
Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method* . Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Bank Borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the *Accrual Basis* and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

6.4.1 Financial Assets at Amortised Cost

A provision for impairment of Accounts Receivables is established when there is objective evidence that the District Municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable for the following reasons:

- It is Management's judgement that the accounts are not "lost events" in terms of GRAP 104.58.
- State Departments and Entities have to pay their creditors within 30 days in terms of the PFMA.
- There is an urge from National Treasury that State Departments and Entities should start paying their outstanding debt.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

6.5 Derecognition of Financial Assets

The District Municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the District Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the District Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the District Municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the District Municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

6.6 Derecognition of Financial Liabilities

The District Municipality derecognises Financial Liabilities when, and only when, the District Municipality's obligations are discharged, cancelled or they expire.

The District Municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

7. REVENUE RECOGNITION

7.1 General

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the District Municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

7.2 Revenue from Exchange Transactions

7.2.1 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

7.2.2 Interest Earned

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in Surplus or Deficit:

- Interest earned on unutilised Conditional Grants is allocated directly to the Creditor: Unutilised Conditional Grants, if the grant conditions indicate that interest is payable to the funder.

7.2.3 Sale of Goods (including Houses)

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

(a) The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

7.3 Revenue from Non-exchange Transactions

7.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

7.3.2 Other Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of Property, Plant and Equipment, when such items of property, plant and equipment are available for use.

7.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the District Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the District Municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the District Municipality's interest, it is recognised as interest earned in Surplus or Deficit.

7.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual Unauthorised, Irregular, Fruitless and Wasteful Expenditure was incurred.

8. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the District Municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the Management of the District Municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

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

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

9. EMPLOYEE BENEFIT LIABILITIES

9.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.
The District Municipality recognises the expected cost of performance bonuses only when the District Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.
The entity recognise the expected cost of bonus payments (13th cheques) when the District Municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months. Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

9.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the annual basic salary of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting but cannot exceed 48 days.

9.1.2 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

9.1.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipalities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

9.2 Post-employment Benefits

The District Municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

9.2.1 Defined Contribution Plans

The District Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The District Municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

9.2.2 Defined Benefit Plans

Post-retirement Health Care Benefits
The District Municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the District Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the District Municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

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

Defined Benefit Pension Plans
The District Municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The District Municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

10. LEASES

10.1 The Municipality as Lessee

10.1.1 Operating Leases

The District Municipality recognises operating lease rentals as an expense in Surplus or Deficit on a Straight-line Basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any lease incentives are included as part of the net consideration agreed.

10.2 The Municipality as Lessor

Amounts due from lessees under Finance Leases or instalment sale agreements are recorded as receivables at the amount of the District Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the District Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

11. VALUE ADDED TAX

The District Municipality accounts for Value Added Tax on the Payments Basis in accordance with section15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

12. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

13. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

14. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

15. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

16. COMMITMENTS

Commitments are future expenditure to which the District Municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and operational commitments.

17. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other Managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

18. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

19. SEGMENT REPORTING

The mandate of the Municipality is to provide basic services to the community over which it governs. In order to properly execute its mandate and achieve its strategic goals, internal Management reporting is based on each service objective. The following components have been identified as individually significant segments for purposes of reporting in terms of GRAP 18 (Segment Reporting):

- *The segment for Executive and Council*
- *The segment for Finance and Administration*
- *The segment for Internal Audit*
- *The segment for Public Safety*
- *The segment for Health*
- *The segment for Planning and Development*
- *The segment for Tourism*

All other sources of income and expenditure is aggregated through means of the administrative function as these services are not significant to the other services of the Municipality as a whole.

The Municipality only operates in a single geographical location and accordingly does not report separately on each location within its jurisdiction.

No changes were made from prior periods measurement methods used to determine reported segment surplus or deficit.

The Segmental Reporting is disclosed in Note 47 to the Annual Financial Statements.

20. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the District Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

The approved budget covers the period from 1 July 2024 to 30 June 2025.

21. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by Management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy.

In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note N/A for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in Note 32 to the Annual Financial Statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the District Municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
Refer to Note 31 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

22. TREATMENT OF SUPPORT FUNDS RECEIVED

Funding received from Local Municipalities for support services are not recognised as revenue but are allocated to support accounts where the actual cost of support services (admin fees, shared service fee, travel costs and subsistence allowances) are deducted from. By using support accounts for each Local Municipality ZFM has more control over its support services and cannot overspend on support rendered.

23. STATUTORY RECEIVABLES

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

The municipality has the following Statutory Receivables from Exchange Transactions:
- VAT Receivable

23.1 Recognition and Initial Measurement

Statutory Receivables are recognised if the transaction is an exchange transaction per GRAP 9 or a non-exchange transaction per GRAP 23 or, if the transaction is not within the scope of GRAP 9 or GRAP 23, or another Standard of GRAP, and the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be reliablv measured.

The municipality recognises Statutory Receivables when they arise.

Statutory Receivables are initially measured at their transaction amount. The transaction amount would be the amount that is determined on initial measurement in accordance with the relevant Standard of GRAP.

The transaction amounts of the Statutory Receivables of the municipality are determined as follows:
- VAT is levied and recovered in terms of the stipulations contained in the Value-Added Tax Act, 1991 (Act No. 89 of 1991) at rates determined by the Department of Finance and published in the Government Gazette.

23.2 Subsequent Measurement

Statutory Receivables are measured after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- Interest or other charges that may have accrued on the receivable, where applicable;
- Impairment losses; and
- Amounts derecognised.

23.3 Impairment

Statutory Receivables are assessed for indicators of impairment at the end of each reporting period. Statutory Receivables are impaired where there is any indication of impairment of Statutory Receivables, such as the probability of insolvency or significant financial difficulties of the debtor.

In assessing whether Statutory Receivables are impaired, the municipality assesses whether there are any indications that individually significant receivables are impaired; and/or groups of similar, individually insignificant, receivables are impaired.

The municipality groups together and assesses collectively for impairment those receivables that exhibit similar characteristics which provide information about the possible collectability of the amounts owing to the municipality. The municipality uses the following groupings:

- VAT Receivable

If there is such evidence the carrying amount is reduced to the estimated future cash flows, an impairment loss is recognised, directly or indirectly, through the use of an allowance account, with the amount of the impairment loss being recognised in Surplus or Deficit.

The municipality applies a discount rate to its statutory receivables as follows for each category of receivable:
- VAT Receivable
- LG Seta Subsidies

23.4 Derecognition

The municipality derecognises Statutory Receivables only when the rights to the cash flows from the receivable expires or it transfers the Statutory Receivable and substantially all the risks and rewards of ownership of the receivable to another municipality, except when council approves the write-off of the receivable due to non-recoverability.

The municipality derecognises a receivable if the municipality, despite having retained some significant risks and rewards of ownership, transfers control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality recognises separately any rights and obligations created or retained in the transfer. The carrying amount of and statutory receivables transferred is allocated between the rights and obligations retained and those transferred on the basis of the relative fair values at the transfer date. The municipality assesses whether any newly created rights and obligations are within the scope of GRAP 104 or another Standards of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, is recognised in surplus or deficit in the period transferred.

1. GENERAL INFORMATION

ZF Mgcawu District Municipality (The District Municipality, formerly known as Siyanda District Municipality) is a local government institution in Upington, Northern Cape, and has 5 Local Municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2025. The principal activities of the District Municipality are disclosed in the Annual Report.

2. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2025			
Service Debtors:	136 015	-	136 015
Merchandising, Jobbing and Contracts	136 015	-	136 015
Total Receivables from Exchange Transactions	**136 015**	**-**	**136 015**

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2024			
Service Debtors:	189 833	-	189 833
Merchandising, Jobbing and Contracts	189 833	-	189 833
Total Receivables from Exchange Transactions	**189 833**	**-**	**189 833**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

The District Municipality did not pledge any of its Receivables as security for borrowing purposes.
The management of the District Municipality is of the opinion that the carrying value of Receivables approximate their fair values.
The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and Receivables as well as the current payment ratios of the District Municipality's Receivables.
VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.
No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

	2025 R	2024 R
2.1 Ageing of Receivables from Exchange Transactions		
Other Debtors: Ageing		
Current:		
0 - 30 days	95 437	2 825
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	40 578	187 008
Total	**136 015**	**189 833**

2.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2025				
Current:				
0 - 30 days	-	-	95 437	95 437
Past Due:				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	-	40 578	40 578
Sub-total	-	-	136 015	136 015
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**-**	**136 015**	**136 015**

	Continuous Medical Aid Members R	Local Municipalities R	Other R	Total R
As at 30 June 2024				
Current:				
0 - 30 days	-	-	2 825	2 825
Past Due:				
31 - 60 Days	-	-	-	-
61 - 90 Days	-	-	-	-
+ 90 Days	-	-	-	-
+ 120 Days	-	88 954	98 054	187 008
Sub-total	-	88 954	100 879	189 833
Less: Provision for Impairment	-	-	-	-
Total Trade Receivables by Customer Classification	**-**	**88 954**	**100 879**	**189 833**

	2025 R	2024 R
2.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
All Consumer Debtors	-	-
Impairment Losses recognised	-	-
All Consumer Debtors	-	-
Impairment Losses reversed	-	-
All Consumer Debtors	-	-
Balance at end of year	**-**	**-**

2.4 Ageing of impaired Receivables from Exchange Transactions

No impairment loss was recognised on 30 June 2025.

2.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

	2025 R	2024 R
3. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS		
SARS - PAYE, SDL and UIF	251 552	247 963
VAT Accruals Receivable / (Payable) - Accruals	290 303	289 162
Total Statutory Receivables / (Payables)	**541 855**	**537 125**
As at 30 June:		
Gross Balances	541 855	537 125
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
Total Statutory Receivables / (Payables)	**541 855**	**537 125**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has financial risk policies in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

VAT Receivable is not impaired nor is it discounted as the amount is expected to be receivable within 60 days.

3.1 Ageing of Statutory Receivables from Exchange Transactions - VAT

Current:		
0 - 30 days	290 303	289 162
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	251 552	247 963
Total	**541 855**	**537 125**

4. VAT RECEIVABLE		
VAT	**271 208**	**565 341**
As at 30 June:		
Gross Balances	271 208	565 341
Plus: Fines and Penalties	-	-
Less: Provision for Impairment	-	-
	271 208	**565 341**

VAT Receivable is the Net Receivable from all VAT Control Accounts and agree to the VAT201 Returns.

VAT is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The Municipality has strong controls in place to ensure that payments are affected before the due date.

The Municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the Municipality's financial liabilities.

The management of the Municipality is of the opinion that the carrying value of Receivables approximate their fair values.

	2025 R	2024 R
5. CASH AND CASH EQUIVALENTS		
Current Investments	7	6
Bank Accounts	165 838	451 554
Cash and Cash Equivalents	927	268
Total Bank, Cash and Cash Equivalents	**166 772**	**451 829**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Current Investments.

5.1 Current Investment Deposits

Call Deposits	7	6
Total Current Investment Deposits	**7**	**6**

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 3.5% to 7.9% per annum.

Deposits attributable to Deposit taking Institutions	7	6
KOF: ABSA Account 1045170264	7	6
Total Deposits attributable to Commitments of the District Municipality	**7**	**6**

ABSA Account 9358880080		
Cash book balance at beginning of year	6	54 770
Cash book balance at end of year	7	6
Bank statement balance at beginning of year	6	54 770
Bank statement balance at end of year	7	6

5.2 Bank Accounts

Cash in Bank	165 838	451 554
Total Bank Accounts	**165 838**	**451 554**

The District Municipality has the following bank accounts:

Primary Bank Account		
ABSA Bank Account 2240000035		
Cash book balance at beginning of year	451 554	1 650 965
Cash book balance at end of year	165 838	451 554
Bank statement balance at beginning of year	451 554	1 650 965
Bank statement balance at end of year	165 838	451 554

The District Municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

	2025 R	2024 R
5.3 Cash and Cash Equivalents		
Cash Floats and Advances	927	268
Total Cash on hand in Cash Floats, Advances and Equivalents	**927**	**268**
Petty Cash Bank Account		
ABSA Bank Account 9266723639		
Cash book balance at beginning of year	268	7
Cash book balance at end of year	927	268
Bank statement & Cash Float balance at beginning of year	261	7
Bank statement & Cash Float balance at end of year	927	261

The District Municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the District Municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the District Municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and financial institutions.

6. CURRENT PORTION OF LONG-TERM RECEIVABLES

Finance Lease Receivable	3 600	3 600
Staff Related Long Term Receivables	6 874	9 583
CPMD Debtors	4 800	4 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 400
Total Current Portion of Long-term Receivables	**10 474**	**13 183**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

7 PROPERTY, PLANT AND EQUIPMENT

30 June 2025

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2024	**17 976 000**	**369 961**	**18 345 961**	**745 493**	**726 250**	**324 767**	**1 234 720**	**21 377 191**
Cost	17 976 000	2 056 000	20 032 000	2 464 650	3 805 191	468 641	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 719 157)	(3 078 941)	(143 874)	(337 743)	(6 965 755)
Acquisitions	-	-	-	247 841	979 313	-	-	1 227 154
Cost	-	-	-	247 841	152 000	-	-	399 841
Leased	-	-	-	-	827 313	-	-	827 313
Depreciation:	-	(82 213)	(82 213)	(313 258)	(563 505)	(50 139)	(230 781)	(1 239 897)
Cost	-	(82 213)	(82 213)	(313 258)	(91 875)	(50 139)	(230 781)	(768 267)
Leased	-	-	-	-	(471 631)	-	-	(471 631)
Carrying value of Disposals:	-	-	-	(9 800)	(16 436)	-	-	(26 236)
- Cost	-	-	-	(120 876)	(1 795 980)	-	-	(1 916 856)
- Accumulated Depreciation	-	-	-	111 076	1 779 544	-	-	1 890 620
Carrying values at 30 June 2025	**17 976 000**	**287 747**	**18 263 747**	**670 276**	**1 125 622**	**274 628**	**1 003 939**	**21 338 212**
Cost	17 976 000	2 056 000	20 032 000	2 591 615	2 988 524	468 641	1 572 463	27 653 244
Accumulated Depreciation:	-	(1 768 253)	(1 768 253)	(1 921 339)	(1 862 903)	(194 013)	(568 525)	(6 315 032)

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2024

Reconciliation of Carrying Value

Description	Land	Other Assets: Buildings	Land and Buildings	Computer Equipment	Furniture and Office Equipment	Machinery and Equipment	Transport Assets	Total
	R	R	R	R				R
Carrying values at 01 July 2023	**17 976 000**	**452 174**	**18 428 174**	**690 233**	**251 296**	**1 072 225**	**1 160 314**	**21 602 242**
Cost	17 976 000	2 056 000	20 032 000	2 381 434	1 828 743	2 244 668	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 691 201)	(1 577 448)	(1 172 443)	(453 091)	(6 498 008)
Accumulated Depreciation - Correction of error:	-	-	-	31 495	2 585	102 434	26 114	162 628
Reallocation of Leased Assets:	-	-	-	-	834 068	(834 068)	-	-
Cost	-	-	-	-	1 740 889	(1 740 889)	-	-
Accumulated Depreciation:					(906 821)	906 821		
Adjusted Carrying values at 01 July 2023	**17 976 000**	**452 174**	**18 428 174**	**721 728**	**1 087 949**	**340 591**	**1 186 428**	**21 764 871**
Cost	17 976 000	2 056 000	20 032 000	2 381 434	3 569 632	503 779	1 613 405	28 100 250
Accumulated Depreciation:	-	(1 603 826)	(1 603 826)	(1 659 706)	(2 481 683)	(163 188)	(426 977)	(6 335 380)
Acquisitions	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Cost	-	-	-	273 425	296 988	44 212	672 550	1 287 176
Leased	-	-	-	-	-	-	-	-
Depreciation:	-	(82 214)	(82 214)	(232 244)	(651 828)	(51 703)	(288 348)	(1 306 336)
Cost	-	(82 214)	(82 214)	(232 244)	(71 511)	(51 703)	(288 348)	(726 019)
Leased	-	-	-	-	(580 317)	-	-	(580 317)
Carrying value of Disposals:	-	-	-	(17 417)	(6 859)	(8 332)	(335 910)	(368 519)
- Cost	-	-	-	(190 209)	(61 429)	(79 350)	(713 492)	(1 044 480)
- Accumulated Depreciation	-	-	-	172 792	54 570	71 018	377 582	675 961
Carrying values at 30 June 2024	**17 976 000**	**369 961**	**18 345 961**	**745 493**	**726 250**	**324 767**	**1 234 720**	**21 377 191**
Cost	17 976 000	2 056 000	20 032 000	2 464 650	3 805 191	468 641	1 572 463	28 342 946
Accumulated Depreciation:	-	(1 686 039)	(1 686 039)	(1 719 157)	(3 078 941)	(143 874)	(337 743)	(6 965 755)

Refer to Note 51, Appendix B and E (4) for more detail on Property, Plant and Equipment, including those in the course of construction.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

	2025 R	2024 R
7 PROPERTY, PLANT AND EQUIPMENT (Continued)		
7.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use		
At Carrying Amount:		
Computer Equipment	37 338	33 749
Furniture and Office Equipment	127 464	95 290
Machinery and Equipment	1 825	1 079
Gross Carrying Amount of PPE fully depreciated and still in use	**166 626**	**130 117**

7.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation

Refer to Note 30 for Property, Plant and Equipment that were retired from active use and held for disposal during the financial year.

7.3 Assets pledged as security

The District Municipality did not pledge any of its assets as security, except for Leased Assets.

7.4 Impairment of Property, Plant and Equipment

No Property, Plant and Equipment were impaired from active use during the financial year.

7.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

A change in the estimated useful life of various assets of the Municipality has resulted in the following decreases in depreciation for the mentioned departments for the financial year 2024/25:

Administration	(4 661)	(13 214)
Budget and treasury office	-	(2 033)
Council Administration	601	-
Council Services	(750)	(17 252)
Disaster Management	-	(2 033)
Engineering Services	(314)	(1 450)
Environmental Health	(323)	-
Expenditure Unit	(484)	(4 067)
Financial Services	(1 124)	(29 187)
Housing Accreditation	(104)	
Human Resources	-	(4 067)
Information Technology	(7 815)	(63 878)
Internal Audit	-	(11 110)
Municipal Manager	(1 664)	(6 100)
Supply Chain Management	(2 131)	(2 033)
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**(18 768)**	**(156 424)**

	2025 R	2024 R

7.6 Land and Buildings carried at Fair Value

The Municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

7.7 Repairs and Maintenance

Repairs and Maintenance expenditures of Property, Plant and Equipment are disclosed under Contracted Services, refer Note 26.

7.8 Compensation received for Losses

No compensation, included in Operating Surplus, was received from the Municipality's insurers for Property, Plant and Equipment lost during the year.

8 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	**292 495**	**73 420**

The movement in Intangible Assets is reconciled as follows:

30 June 2025	**Computer Software**	**Total**
Carrying values at 01 July 2024	**73 420**	**73 420**
Cost	714 699	714 699
Accumulated Amortisation	(641 279)	(641 279)
Acquisitions:	329 661	329 661
Purchased	329 661	329 661
Amortisation:	(110 522)	(110 522)
Purchased	(110 522)	(110 522)
Carrying value of Disposals:	(64)	(64)
- Cost	(33 371)	(33 371)
- Accumulated Amortisation	33 307	33 307
Carrying values at 30 June 2025	**292 495**	**292 495**
Cost	1 010 988	1 010 988
Accumulated Amortisation	(718 493)	(718 493)

30 June 2024	Computer Software	Total
Carrying values at 01 July 2023	**108 712**	**108 712**
Cost	703 077	703 077
Accumulated Amortisation	(594 365)	(594 365)
Accumulated Depreciation - Correction of error:	(13 868)	(13 868)
Adjusted Carrying values at 01 July 2023	**94 844**	**94 844**
Cost	703 077	703 077
Accumulated Amortisation	(608 233)	(608 233)
Acquisitions:	53 230	53 230
Purchased	53 230	53 230
Amortisation:	(60 773)	(60 773)
Purchased	(60 773)	(60 773)
Carrying value of Disposals:	**(13 881)**	**(13 881)**
- Cost	(41 609)	(41 609)
- Accumulated Depreciation	27 727	27 727
Carrying values at 30 June 2024	**73 420**	**73 420**
Cost	714 699	714 699
Accumulated Amortisation	(641 279)	(641 279)

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

The amortisation expense has been included in the line item 'Depreciation and Amortisation' in the Statement of Financial Performance (see Note 23).
All of the District Municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the District Municipality.
No restrictions apply to any of the Intangible Assets of the District Municipality.
Refer to Appendix "B" for more detail on Intangible Assets.

8.1 Significant Intangible Assets

The District Municipality's intangible assets only comprise of computer related software.

8.2 Intangible Assets with Indefinite Useful Lives

The District Municipality amortises all its Intangible Assets and none of such assets are regarded as having indefinite useful lives.
The useful lives of the Intangible Assets remain unchanged from the previous year.
Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the District Municipality at the reporting date.

8.4 Change in Estimate - Useful Life of Intangible Assets reviewed

The estimated useful lives of Intangible Assets were reviewed but no changes were made by the District Municipality

	2025 R	2024 R
9 NON-CURRENT INVESTMENTS		
Financial Instruments		
Fixed Deposits	2 433 331	1 719 010
Total Investments		
All Investments	2 433 331	1 719 010
Less: Short-term Portion transferred to Current Investments	-	-
Total Non-current Investments	**2 433 331**	**1 719 010**

The Fixed Deposit of R500 000 in 2021/22 financial year is an investment with a maturity period of 3 years (ending 17 March 2025) and earns interest of 8.22% per annum. Upon maturity, the investment, including accumulated interest, was re-invested on 01 April 2025 as a new fixed deposit of R623 525. This new investment has a maturity period of three years, ending on 31 March 2028 and earns interest of 9.27% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 10 November 2025) and earns interest of 9.94% per annum.

The Fixed Deposit of R250 000 in 2022/23 financial year is an investment with a maturity period of 3 years (ending 15 June 2026) and earns interest of 11.33% per annum.

The Fixed Deposit of R500 000 in 2023/24 financial year is an investment with a maturity period of 3 years (ending 13 July 2026) and earns interest of 8.00% per annum.

The Fixed Deposit of R2 433 331 (2024: R1 719 010) are invested to improve the District Municipality's unfunded budget and going concern position.

The Municipal Structures Act, Act 177 of 1998, requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

The management of the Municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the Municipality and financial institutions.

	2025 R	2024 R
10 LONG-TERM RECEIVABLES		
Gross Balances:		
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
CPMD Debtors	51 400	55 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 835
	60 955	**69 306**
Less: Provision for Impairment:		
Finance Lease Receivable	-	-
Staff Related Long Term Receivables	-	-
	-	**-**
Net Balances:		
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
CPMD Debtors	51 400	55 800
SCM Debtors	-	2 383
Payroll Debtors	2 074	2 835
Total Long Term Receivables	**60 955**	**69 306**

	2025 R	2024 R
Less: Current Portion transferred to Current Receivables:		
Finance Lease Receivable	(3 600)	(3 600)
Staff Related Long Term Receivables	(6 874)	(9 583)
CPMD Debtors	(4 800)	(4 800)
SCM Debtors	-	(2 383)
Payroll Debtors	(2 074)	(2 400)
	(10 474)	**(13 183)**
Non-Current Potion of Long Term Receivables		
Finance Lease Receivable	3 881	4 689
Staff Related Long Term Receivables	46 600	51 435
Non-Current Potion of Long Term Receivables	**50 481**	**56 124**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

FINANCE LEASE RECEIVABLES
Finance Lease Receivables relate to Housing Selling Scheme Loans:

Loans were granted to the tenants of low cost housing erected by the District Municipality with funds provided by the State, in order to enable them to purchase the houses they previously rented from the District Municipality. Loans are repaid over a period of twenty years and at an interest rate of 5% per annum.

STAFF RELATED LONG TERM RECEIVABLES
In terms of the MFMA no Study Cost Loans are granted anymore. The outstanding amount is in respect of:

i) CPMD Course Debtors
Two employees did not complete their CMPD course and Council will be reimbursed for all expenditures incurred. ZFM will recover the amount from employees over a 14 year period with no interest, ending 31 January 2036. ZFM is in the process to negotiate new terms.

ii) SCM Debtors
SCM officials accidentally paid a former employee and could not recover the money. ZFM will recover the amount from employees over a 3 year period with no interest, ending 31 March 2025.

iii) Payroll Debtors
A nightshift allowance was incorrectly paid out to an employee. ZFM will recover this amount from employees over a 26 month period with no interest, ending 25 September 2025.
ZFM entered into a data contract that resulted in charges exceeding the Mayor’s monthly subscription limit as prescribed by the Remuneration of Councillors framework. The excess amount will be recovered from the Mayor over a 36-month period, interest-free, with the final payment due by 31 May 2026.

The District Municipality does not hold deposits or any other security for its Long-term Receivables.
No Long-term Receivables have been pledged as security for the District Municipality's financial liabilities.
The fair value of Long-term Receivables was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties.

10.1 Leasing Arrangements

The District Municipality entered into finance Leasing Arrangements for the house selling scheme loans. All leases are denominated in Currency Units. The average term of Finance Leases entered into is twenty years.

10.2 Amounts receivable under Finance Leases

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025 R	2024 R	2025 R	2024 R
Within one year	3 600	3 600	3 600	3 600
In the second to fifth years, inclusive	4 316	5 225	4 316	5 225
Over five years	-	-	-	-
	7 916	8 825	7 916	8 825
Less: Unearned Finance Income	435	537	435	537
Present Value of Minimum Lease Payments Receivable	7 481	8 289	7 481	8 289
Provision for Uncollectable Lease Receivables	-	-	-	-
Total Finance Lease Receivables	**7 481**	**8 289**	**7 481**	**8 289**

	2025 R	2024 R
Included in the Annual Financial Statements as:		
Non-current Finance Lease Receivables	3 881	4 689
Current Finance Lease Receivables	3 600	3 600
Total Finance Lease Receivables	**7 481**	**8 289**

The interest rates inherent in the leases are fixed at the contract date of the entire lease term. The average effective interest rate contracted is approximately 5% (2024: 5%) per annum.

Management of the District Municipality is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Finance Lease Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratios of the District Municipality's debtors.

10.3 Ageing of Long-term Receivables

Current:		
0 - 30 days	-	-
Past Due:		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
+ 120 Days	60 955	69 306
Finance Lease Receivable	7 481	8 289
Staff Related Long Term Receivables	53 474	61 018
Total	**60 955**	**69 306**

As at 30 June Long-term Receivables of R60 955 (2024: R69 306) were past due of which R0 (2024: R0) were impaired. No terms for payment have been re-negotiated.

	2025 R	2024 R
10.4 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Impairment Losses recognised	-	-
Impairment Losses reversed	-	-
Amounts written off as uncollectable	-	-
Balance at end of year	**-**	**-**

In determining the recoverability of a Long-term Receivable, the District Municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The Provision for Impairment on Long-term Receivables exists predominantly due to the possibility that these debts will not be recovered. Long-term Receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment. However, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

11 PROVISIONS

Performance Bonus	521 493	675 070
Current Portion of Employee Benefit Liabilities (See Note 15):	2 886 000	2 747 000
Post-retirement Medical Aid Benefits Liability	1 874 000	1 896 000
Long-term Service Liability	1 012 000	851 000
Total Provisions	**3 407 493**	**3 422 070**

The movement in provisions is reconciled as follows:

Performance Bonus:

Opening Balance	675 070	531 597
Increases	358 348	689 893
Reductions	(511 925)	(546 419)
Balance at end of year	**521 493**	**675 070**

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Current Portion of Defined Benefit Liabilities:

	Medical Aid R	Long-term Service R
30 June 2025		
Opening Balance	1 896 000	851 000
Expenditure incurred	(1 835 821)	(1 048 323)
Contributions to provision	1 813 821	1 209 323
Balance at end of year	**1 874 000**	**1 012 000**
30 June 2024		
Opening Balance	1 649 000	941 000
Expenditure incurred	(1 664 298)	(815 468)
Contributions to provision	1 911 298	725 468
Balance at end of year	**1 896 000**	**851 000**

	2025 R	2024 R
12 PAYABLES FROM EXCHANGE TRANSACTIONS		
Annual Bonus	2 047 157	1 924 324
Leave Accrual	3 699 978	3 494 900
Other Payables: Salary Clearing and Control	429 337	293 700
Salary Control	313 990	151 423
Travel Control	##########	34 288
Medical Aid Control	115 252	107 989
Salary Related Payables	426 080	-
PAYE Deductions	89 609	-
Trade Creditors	1 773 230	842 777
Auditor-General of South Africa	699 988	-
Payables and Accruals	1 073 242	842 777
Total Payables	**8 375 782**	**6 555 700**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Annual Bonuses accrue to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

Staff Leave accrues to the staff of the District Municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The District Municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the District Municipality.

The management of the District Municipality is of the opinion that the carrying value of Creditors approximates their fair values.

13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
13.1 Conditional Grants from Government		
National Government	-	-
Provincial Government	-	-
Total Conditional Grants and Receipts	**-**	**-**

The Unspent Conditional Grants and Receipts are invested in a interest bearing account until utilised.

Refer to Note 17 for the reconciliation of Grants from Government Receipts. The District Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Refer to Appendix "F" for more detail on Conditional Grants.

14 LONG-TERM LIABILITIES		
Finance Lease Liability	355 060	-
Non-Current Portion of Long Term Liabilities	355 060	-
Plus: Current Portion transferred to Current Liabilities:-	272 265	280 056
Finance Lease Liability	272 265	280 056
Total Long-term Liabilities (Neither past due, nor impaired)	**627 324**	**280 056**

14.1 Finance Lease Liability

14.1.1 Summary of Arrangements

Finance Lease Liabilities relate to Copier Machines and Telephone System with lease terms of 3 years. Capitalised Lease Liabilities are secured over the items of copier machines leased.
Refer to Appendix "A" for more detail on Long-term Liabilities.

14.1.2 Obligations under Finance Leases:

The District Municipality as Lessee:

Finance Lease Liabilities relate to Copier Machines with a lease term of 3 years with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R950 000 as at 1 July 2021, ending 30 June 2024. The effective interest rate on Finance Leases is 73.1%.

Finance Lease Liabilities relate to Telephone System with a lease term of 3 years with a fair value of R827 313 as at 1 September 2024, ending 01 August 2027. The effective interest rate on Finance Leases is 12.5%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under the finance lease are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2025	**2024**	**2025**	**2024**
	R	**R**	**R**	**R**
Amounts payable under borrowings:				
Within one year	328 696	296 550	328 696	296 550
In the second to fifth years, inclusive	383 478	-	383 478	-
Over five years	-	-	-	-
	712 174	296 550	712 174	296 550
Less: Future Finance Obligations	84 849	16 494	84 849	16 494
Present Value of Minimum Lease Obligations	**627 324**	**280 056**	**627 324**	**280 056**
Less: Amounts due for settlement within 12 months (Current Portion)			(272 265)	(280 056)
Borrowings due for settlement after 12 months (Non-current Portion)			**355 060**	**-**

The District Municipality has finance lease agreements for the following significant classes of assets:
- Machinery and Equipment

	2025	**2024**
	R	**R**
Included in these classes are the following significant leases:		
(i) Copier Machines - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 660 000	660 000
- Accumulated Depreciation	R 660 000	458 333
- Net Carrying Amount	R 0	R 201 667
- Depreciation for the year	R 201 667	R 220 000
- Finance charge for the year	R11 939.43	R 40 788
- Average period outstanding	0 months	11 months
- Average effective interest rate	12.4%	12.4%
- Average monthly instalment	R 21 820	R 21 820
(ii) Telephone System - 2021/22 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 950 000	950 000
- Accumulated Depreciation	R 950 000	950 000
- Net Carrying Amount	R 0	R 0
- Depreciation for the year	R 0	R 316 667
- Finance charge for the year	R 0	R 96 716
- Average period outstanding	0 months	0 months
- Average effective interest rate	73.1%	73.1%
- Average monthly instalment	R 0	R 53 000

	2025 R	2024 R
(iii) Copier Machines - 2022/23 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 130 889	R 130 889
- Accumulated Depreciation	R 130 889	R 87 259
- Net Carrying Amount	R 0.00	R 43 630
- Depreciation for the year	R 43 630	R 47 596
- Finance charge for the year	R4 554.96	R 15 062
- Average period outstanding	0 months	11 months
- Average effective interest rate	20.6%	20.6%
- Average monthly instalment	R 5 139	R 5 139
(iv) Telephone System - 2024/25 contract		
- Instalments are payable monthly in advance		
- Cost Price	R 827 313	R 0
- Accumulated Depreciation	R 263 889	R 0
- Net Carrying Amount	R 563 424	R 0
- Depreciation for the year	R 263 889	R 0
- Finance charge for the year	R73 924.10	R 0
- Average period outstanding	26 months	0 months
- Average effective interest rate	12.5%	0.0%
- Average monthly instalment	R 27 391	R 0

15 EMPLOYEE BENEFIT LIABILITIES

Post-retirement Health Care Benefits Liability	29 487 000	27 580 000
Long Service Awards Liability	9 948 000	8 899 000
Total Employee Benefit Liabilities	39 435 000	36 479 000
Less: Current Portion of Employee Benefit Liabilities	(2 886 000)	(2 747 000)
Post-retirement Health Care Benefits Liability	(1 874 000)	(1 896 000)
Long Service Awards Liability	(1 012 000)	(851 000)
Non-current portion of Employee Benefit Liabilities	**36 549 000**	**33 732 000**

15.1 Post-retirement Health Care Benefits Liability

Opening balance	27 580 000	25 102 000
Interest cost	3 175 000	2 894 000
Current service cost	496 000	483 000
Actual employer benefit payments	(1 835 821)	(1 664 298)
Actuarial loss/ (gain) recognised in the year	71 821	765 298
Balance at end of Year	29 487 000	27 580 000
Transfer to Current Provisions	(1 874 000)	(1 896 000)
Total Post-retirement Health Care Benefits Liability	**27 613 000**	**25 684 000**

The District Municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the District Municipality. According to the rules of the Medical Aid Funds, with which the District Municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the District Municipality is liable for a certain portion of the medical aid membership fee. The District Municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	56	55
In-service Non-members (Employees)	39	42
Continuation Members (Retirees, widowers and orphans)	24	26
Total Members	**119**	**123**

	2025 R	2024 R
The liability in respect of past service has been estimated as follows:		
In-service Members	8 764 000	7 809 000
In-service Non-members	1 222 000	963 000
Continuation Members	19 501 000	18 808 000
Total Liability	**29 487 000**	**27 580 000**

The District Municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2025 is estimated to be R496 000, whereas the cost for the ensuing year is estimated to be R542 000 (30 June 2024: R483 000).

The Interest Cost for the year ending 30 June 2025 is estimated to be R3 175 000, whereas the cost for the ensuing year is estimated to be R3 109 000 (30 June 2024: R2 894 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	10.90%	11.91%
Health Care Cost Inflation Rate	6.70%	7.43%
Net Effective Discount Rate	3.90%	4.17%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening balance	27 580 000	25 102 000
Current service cost	496 000	483 000
Interest cost	3 175 000	2 894 000
Actual employer benefit payments	(1 835 821)	(1 664 298)
Actuarial loss/ (gain) recognised in the year	71 821	765 298
Total Recognised Benefit Liability	**29 487 000**	**27 580 000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	29 487 000	27 580 000
Fair value of plan assets	-	-
	29 487 000	27 580 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	29 487 000	27 580 000
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	**29 487 000**	**27 580 000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost & Past service cost	496 000	483 000
Senior Management	11 900	10 700
Municipal Staff	484 100	472 300
Interest cost	3 175 000	2 894 000
Senior Management	103 800	96 100
Municipal Staff	3 071 200	2 797 900
Employer Benefit Payments	(1 835 821)	(1 664 298)
Actuarial losses / (gains)	71 821	765 298
Senior Management	22 900	(42 400)
Municipal Staff	48 921	807 698
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**1 907 000**	**2 478 000**
Contribution to Actuarial losses / (gains):	**71 821**	**765 298**
Financial assumptions:	767 000	(329 000)
Experience:	-	
Subsidy increases higher / (lower) than assumed	677 000	350 000
Changes to membership profile different from assumed	(1 312 000)	729 000
Actual benefits vested, (lower) / greater than expected	(60 179)	15 298

The actuarial gain attributable to membership changes arises primarily because, on average, members bought down to cheaper medical aid options, and there were more exits than expected since the last valuation.

The history of fair values are as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	29 487 000	27 580 000	25 102 000	26 566 000	28 284 000
Deficit	**29 487 000**	**27 580 000**	**25 102 000**	**26 566 000**	**28 284 000**
Experienced adjustments on Plan Liabilities	(695 179)	1 094 298	(693 000)	(3 021 000)	65 000

	2025 R	2024 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	4 164 000	3 842 000
Effect on the defined benefit obligation	33 071 000	30 827 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	3 263 000	2 994 000
Effect on the defined benefit obligation	26 493 000	24 855 000

The District Municipality expects to make a contribution of R1 874 000 (2024: R1 896 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 39, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the District Municipality's other retirement funds that is Provincially and Nationally administered.

15.2 Long Service Awards Liability

Opening Balance	8 899 000	8 448 000
Payments Made	(1 048 323)	(815 468)
Actuarial losses / (gains)	588 323	(200 532)
Increases (Passage of Time/Discounted Rate)	945 000	909 000
Increases (Outflow of Economic Benefits)	564 000	558 000
Balance at end of Year	9 948 000	8 899 000
Transfer to Current Provisions	(1 012 000)	(851 000)
Total Long Service Awards Liability	**8 936 000**	**8 048 000**

The District Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, and every 1 year after 25 years of continuous service, to employees according to Collective Agreement Circular 1/2014 dated 27/10/2014 and the Council resolution in November 1996. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2025 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 95 (2024: 97) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2025 is estimated to be R564 000, whereas the cost for the ensuing year is estimated to be R588 000.

The Interest Cost for the year ending 30 June 2025 is estimated to be R945 000, whereas the cost for the ensuing year is estimated to be R915 000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.70%	11.13%
Net Effective Discount Rate	4.70%	4.57%
Long-term general earnings inflation rate	4.80%	6.28%
Assumed General Earnings Increase	5.01%	5.00%
Expected Retirement Age - Females	62	62
Expected Retirement Age - Males	62	62

	2025 R	2024 R
Movements in the present value of the Defined Benefit Obligation were as follows:		
Opening Balance	8 899 000	8 448 000
Payments Made	(1 048 323)	(815 468)
Actuarial losses / (gains)	588 323	(200 532)
Increases (Passage of Time/Discounted Rate)	945 000	909 000
Increases (Outflow of Economic Benefits)	564 000	558 000
Total Recognised Benefit Liability	**9 948 000**	**8 899 000**
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	9 948 000	8 899 000
	9 948 000	8 899 000
Present value of unfunded obligations	-	-
Unfunded Accrued Liability	9 948 000	8 899 000
Total Benefit Liability	**9 948 000**	**8 899 000**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	564 000	558 000
Senior Management	12 500	14 800
Municipal Staff	551 500	543 200
Interest cost	945 000	909 000
Senior Management	8 900	10 700
Municipal Staff	936 100	898 300
Payments Made	(1 048 323)	(815 468)
Senior Management	(91 916)	(109 626)
Municipal Staff	(956 407)	(705 842)
Actuarial losses / (gains)	588 323	(200 532)
Senior Management	89 916	57 326
Municipal Staff	498 407	(257 858)
Total Post-retirement Benefit included in Employee Related Costs (Note 21)	**1 049 000**	**451 000**
Contribution to Actuarial losses / (gains):	**588 323**	**(200 532)**
Financial assumptions:	(33 000)	(52 000)
Experience:		
Earnings increases higher/(lower) than assumed	166 000	(71 000)
Changes to employee profile different from assumed	258 000	48 000
Change in benefits valued for former Khara Hais employees (Note 1)	-	-
Actual benefits vesting, greater/(lower) than expected	197 323	(125 532)

The history of experienced adjustments is as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Present Value of Defined Benefit Obligation	9 948 000	8 899 000	8 448 000	7 809 000	7 450 000
Deficit	**9 948 000**	**8 899 000**	**8 448 000**	**7 809 000**	**7 450 000**
Experienced adjustments on Plan Liabilities	621 323	(148 532)	169 774	108 088	(65 254)

Above figures summarises the experience adjustments for the current period and the previous three periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

	2025 R	2024 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	1 619 000	1 580 000
Effect on the defined benefit obligation	10 587 000	9 499 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	1 409 000	1 366 000
Effect on the defined benefit obligation	9 364 000	8 352 000

The District Municipality expects to make a contribution of R1 012 000 (2024: R851 000) to the defined benefit plans during the next financial year.

	2025 R	2024 R
16 ACCUMULATED SURPLUS		
Accumulated Surplus / (Deficit) due to the results of Operations	(23 718 756)	(19 006 771)
Total Accumulated Surplus	**(23 718 756)**	**(19 006 771)**
Reconciliation of Accumulated Surplus:		
Opening Balance	(19 006 771)	(16 462 865)
Correction of Prior Period Error - Opening Balance	-	296 088
Published Surplus for the year	(4 711 985)	(2 839 995)
Surplus for the year (previously published)	-	(3 103 230)
Correction of Error (Note 31)	-	263 235
Total Accumulated Surplus	**(23 718 756)**	**(19 006 771)**
17 TRANSFERS AND SUBSIDIES RECEIVED		
Capital Grants and subsidies	-	-
Allocations Gazetted	-	-
Operational Grants and subsidies	89 749 204	88 401 654
Allocations Not Gazetted	1 065 204	1 683 654
Allocations Gazetted	88 684 000	86 718 000
Total Government Grants and Subsidies	**89 749 204**	**88 401 654**
17.1 Operational Grants		
National Revenue Fund:	**83 266 000**	**81 190 000**
Equitable Share Grant	83 266 000	81 190 000
National Governments:		
Allocations Gazetted:	**5 308 000**	**5 278 000**
Expanded Public Works Programme Integrated Grant	891 000	999 000
Local Government Financial Management Grant	1 200 000	1 200 000
Road Asset Management Systems Grant	3 217 000	3 079 000
Allocations Not Gazetted:	**1 065 204**	**933 654**
National Treasury Subsidy for External Audit Fees	1 065 204	933 654
Provincial Government:		
Allocations Gazetted:	**110 000**	**250 000**
Housing Grant	110 000	250 000
Allocations Not Gazetted:	**-**	**750 000**
HIV and AIDS Grant (Provincial Health Department)	-	250 000
Economic Growth Summits (Department of Finance, Economic Development and Tourism)	-	500 000
	89 749 204	**88 401 654**
17.2 Capital Grants and subsidies		
Provincial Government:		
Allocations Gazetted:	**-**	**-**
Other	-	-
Total Operational Grants Received	**89 749 204**	**88 401 654**

	2025 R	2024 R
17.3 Reconciliation per Grant Source		
17.3.1 National Governments: Financial Management Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	1 200 000
Conditions met - transferred to Revenue: Operating Expenses	(1 200 000)	(1 200 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The Grant is also used to promote and support reforms in financial management by building capacity in municipalities to implement the MFMA as part of strengthening financial and asset management in the District Municipality.

17.3.2 National Governments: Rural Road Asset Management Systems Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	3 217 000	3 079 000
Conditions not met: Operating Expenses (Withheld by National Treasury)	-	-
Conditions met - transferred to Revenue: Operating Expenses	(3 100 596)	(2 701 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

To assist rural district municipalities to set up Rural Road Asset Management Systems (RRAMS), and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa (RISFSA).

17.3.3 National Governments: EPWP Incentive Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	891 000	999 000
Conditions met - transferred to Revenue: Operating Expenses	(891 000)	(999 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

17.3.4 Provincial Government: Housing Accreditation DPLG National Grant		
Allocations Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	110 000	250 000
Conditions met - transferred to Revenue: Operating Expenses	(110 000)	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

The purpose of this grant is to build capacity in municipalities to deliver and subsidise the operational costs of administering human settlements programmes and to ensure effective management of human settlements programmes at the local government level, in line with the accreditation framework.

	2025 R	2024 R
17.3.5 Provincial Government: HIV/AIDS Grant (Provincial Health Department)		
Allocations Not Gazetted:		
Balance unspent at beginning of year	-	-
Current year receipts	-	250 000
Conditions met - transferred to Revenue: Operating Expenses	-	(250 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Conditions still to be met - transferred to Liabilities (see Note 13)	**-**	**-**

The purpose of this grant is to sustain and extend coverage of the ward-based door-to-door education programme with referrals to local services, to build communities and support and utilise local services appropriately, and to support ward structures to address HIV/AIDS in the local community.

17.3.6 Summary of Conditional Grants:

Balance unspent at beginning of year	-	-
Current year receipts	5 418 000	5 778 000
Conditions met - transferred to Revenue: Operating Expenses	(5 301 596)	(5 400 632)
Conditions met - transferred to Revenue: Capital Expenses	(116 404)	(377 368)
Conditions still to be met - transferred to Liabilities	**-**	**-**
Grants classified under Receivables from Non-exchange Transactions	-	-
Unspent Conditional Grants - Current Liabilities (see Note 13)	-	

18 RENTAL FROM FIXED ASSETS

Straight-lined Operating Lease Revenue		
Other Fixed Assets	162 880	135 725
Property Plant and Equipment	162 880	135 725
Ad-hoc Rental Income from Other Fixed Assets	-	-
Total Rental of Facilities and Equipment	**162 880**	**135 725**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Rental income generated is at market related premiums. All rental income recognised is therefore market related.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

19 FINANCE INCOME

External Investments:		
Bank Account	153 040	146 950
Call Accounts	1 351 308	1 450 034
Non-current Investments	205 321	148 624
	1 709 670	**1 745 608**
Outstanding Exchange Receivables:		
Long-term Debtors		
Housing & Housing Selling Schemes	393	473
	393	**473**
Total Exchange Interest Earned	**1 710 062**	**1 746 081**

	2025 R	2024 R
20 OPERATIONAL REVENUE		
LGSETA Skills Programmes and Learnerships	290 950	188 663
Commission	100 638	84 458
SARS PAYE	-	832 825
SARS VAT	-	281 199
Merchandising, Jobbing and Contracts	47 435	127 546
Skills Development Levy Refund	127 933	122 100
Total Operational Revenue	**566 956**	**1 636 790**

LGSETA Skills Programmes and Learnerships were received for Student Education Programmes which were fully spent during 2023/24 financial year.

SARS refund was disputed and resolved during 2023/24 financial year and the SARS payable was written off by SARS.

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

21 EMPLOYEE RELATED COSTS		
Salaries and Wages		
Basic	43 395 119	40 939 222
Senior Management	2 174 274	2 164 389
Municipal Staff	41 220 846	38 774 834
Bonuses	358 348	717 162
Senior Management - Performance Bonus	358 348	717 162
Shift Work Allowance	997 454	976 366
Municipal Staff	997 454	976 366
Allowances		
Acting and Post Related Allowances	451 251	728 653
Senior Management	204 411	218 384
Municipal Staff	246 840	510 268
Annual Bonus Allowance	3 592 411	3 553 975
Senior Management	114 192	257 096
Municipal Staff	3 478 219	3 296 879
Cellular and Telephone	455 550	447 619
Senior Management	107 500	90 000
Municipal Staff	348 050	357 619
Housing Benefits	256 929	256 383
Senior Management	-	-
Municipal Staff	256 929	256 383
Standby Allowance	10 200	10 200
Municipal Staff	10 200	10 200
Travel or Motor Vehicle	3 812 228	3 824 865
Senior Management	943 326	808 964
Municipal Staff	2 868 902	3 015 901
Uniform/Special/Protective Clothing	1 122	1 122
Municipal Staff	1 122	1 122
Social Contributions		
Bargaining Council	14 278	7 896
Senior Management	428	224
Municipal Staff	13 849	7 673
Medical	2 555 357	2 334 614
Senior Management	170 004	159 217
Municipal Staff	2 385 354	2 175 397
Pension	7 448 635	7 115 206
Senior Management	391 369	369 980
Municipal Staff	7 057 266	6 745 226
Unemployment Insurance	221 402	218 197
Senior Management	6 376	6 376
Municipal Staff	215 026	211 821
Total Employee Cost	**63 570 284**	**61 131 481**

	2025 R	2024 R
Post-retirement Benefit		
Current Service Cost	496 000	483 000
Senior Management	11 900	10 700
Municipal Staff	484 100	472 300
Leave Gratuity	452 064	429 749
Senior Management	136 397	101 402
Municipal Staff	315 667	328 347
Long Term Service Awards	564 000	558 000
Senior Management	12 500	14 800
Municipal Staff	551 500	543 200
Total Post-retirement Benefit	**1 512 064**	**1 470 749**
Total Employee Related Costs	**65 082 349**	**62 602 230**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

Annual Remuneration	-	-
Acting Allowance	153 559	98 874
Performance Bonus	164 204	169 997
Car, Cell phone and Housing Allowance	17 500	-
Total	**335 263**	**268 871**

The post was vacant for the period 01 August 2022 to 30 June 2024. Acting Allowances were paid for the period.

Remuneration of Director: Financial Services

Annual Remuneration	685 149	739 217
Annual Bonus	57 096	100 000
Performance Bonus	112 350	141 318
Car, Cell phone and Housing Allowance	229 771	157 229
Company Contributions to Medical and Pension Funds	181 485	177 395
Total	**1 265 851**	**1 315 159**

Remuneration of the Director: Corporate Services

Annual Remuneration	803 976	685 149
Acting Allowance	50 852	119 511
Annual Bonus	-	100 000
Performance Bonus	123 021	121 055
Car, Cell phone and Housing Allowance	564 142	533 660
Company Contributions to Medical and Pension Funds	208 044	183 411
Total	**1 750 035**	**1 742 786**

Remuneration of the Director: Planning & Development

Annual Remuneration	685 149	740 023
Annual Bonus	57 096	57 096
Performance Bonus	112 350	141 318
Car, Cell phone and Housing Allowance	239 412	208 075
Company Contributions to Medical and Pension Funds	171 844	168 392
Total	**1 265 851**	**1 314 903**

Summary of Remuneration of Section 57 Employees:

Annual Remuneration	2 174 274	2 164 389
Annual Bonus	114 192	257 096
Acting Allowance	204 411	218 384
Performance Bonus	511 925	573 689
Car, Cell phone and Housing Allowance	1 050 826	898 964
Company Contributions to Medical and Pension Funds	561 373	529 197
Total Remuneration of Section 57 Employees	**4 617 001**	**4 641 719**

	2025 R	2024 R
The following accrued leave liability was payable to key management personnel in terms of GRAP 25 as at 30 June:		
Staff Leave Benefits:-		
Municipal Manager	-	-
Director: Financial Services	49 331	46 590
Director: Planning & Development	41 109	19 184
Director: Corporate Services	45 958	35 628
Total	**136 397**	**101 402**

22 REMUNERATION OF COUNCILLORS

Executive Mayor	1 009 052	980 618
Speaker	491 719	479 655
Chief Whip	467 612	455 041
Executive Committee	2 715 276	2 646 430
Section 79 committee chairperson	409 809	428 561
Total for All Other Councillors	455 530	411 033
Total Councillors' Remuneration	**5 548 998**	**5 401 337**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

Remuneration of Councillors:

In-kind Benefits
The Councillors occupying the positions of Executive Mayor and Speaker serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the District Municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has used a Council owned vehicle for official duties.

Refer to Appendix G for more detail.

23 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	1 239 897	1 306 336
Amortisation: Intangible Assets	110 522	60 773
Total Depreciation and Amortisation	**1 350 419**	**1 367 110**
23.1 Depreciation: Property, Plant and Equipment		
Other Assets	82 213	82 214
Computer Equipment	313 258	232 244
Furniture and Office Equipment	563 505	651 828
Own	91 875	71 511
Leased	471 631	580 317
Machinery and Equipment	50 139	51 703
Transport Assets	230 781	288 348
	1 239 897	**1 306 336**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

24 IMPAIRMENT LOSSES / (GAINS)

Impairment (Gains) on Financial Assets	-	(200 532)
Impairment Losses on Financial Assets	664 968	795 298
Total Impairment Losses / (Gains)	**664 968**	**594 766**

	2025 R	2024 R
24.1 Impairment Losses on Financial Assets		
Impairment Losses / (Gains)	660 144	564 766
Post-retirement Benefit - Actuarial Gains	-	-
Post-retirement Benefit - Actuarial Losses	71 821	765 298
Long Term Service Awards - Actuarial Gains	-	(200 532)
Long Term Service Awards - Actuarial Losses	588 323	-
Reversal of Impairment Losses	-	-
Trade and Other Receivables from Exchange Transactions	-	-
Long Term Receivables	-	-
Impairment Losses Recognised (written off during the current year):	4 824	30 000
Trade and Other Receivables from Exchange Transactions	4 824	-
Long Term Receivables	-	30 000
	664 968	**594 766**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

25 FINANCE COSTS

Finance Leases	90 419	152 565
Overdue Accounts	-	2 915
Interest on Employee Benefit Liabilities	4 120 000	3 803 000
Post-retirement Health Care Benefits	3 175 000	2 894 000
Long Service Awards	945 000	909 000
Total Interest Expense	4 210 419	3 958 480
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Finance Cost	**4 210 419**	**3 958 480**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

26 CONTRACTED SERVICES

Included in Contracted Services are the following:

Business and Advisory	2 130 308	1 097 166
Catering Services	230 392	534 393
Cleaning Services	225 829	271 988
Employee Wellness	-	97 826
Graphic Designers	64 897	18 910
Infrastructure and Planning	1 752 600	2 369 577
Maintenance of Buildings and Facilities: Operational Buildings	1 113 387	1 123 771
Maintenance of Equipment	449 499	290 105
Furniture and Office Equipment	74 880	81 342
Transport Assets	374 619	208 763
Maintenance of Unspecified Assets: Intangible Assets	275 785	390 762
Plants, Flowers and Other Decorations	-	22 000
Stage and Sound Crew	-	150 000
	6 242 697	**6 366 498**

	2025 R	2024 R
27 INVENTORY CONSUMED		
Consumables	330 663	130 153
Materials and Supplies	365 128	386 685
	695 790	**516 838**
28 TRANSFERS AND SUBSIDIES PAID		
Operational Grants	499 263	491 452
Allocations In-kind	-	-
Monetary Allocations	499 263	491 452
Total Transfers and Subsidies Paid	**499 263**	**491 452**

28.1 Operational Grants

	Allocations In-kind		Monetary Allocations	
	2025	2024	2025	2024
Households	-	-	499 263	491 452
Total Operational Grants Paid	**-**	**-**	**499 263**	**491 452**

29 OPERATIONAL COSTS		
Included in Operational Costs are the following:		
Achievements and Awards	407 800	181 720
Advertising, Publicity and Marketing	133 970	92 084
External Audit Fees	2 195 628	2 330 191
Bank Charges, Facility and Card Fees	97 194	104 448
Bargaining Council	748 278	727 845
Bursaries (Employees)	-	244 265
Courier and Delivery Services	2 145	-
Communication	221 844	406 697
Entertainment	4 000	3 015
External Computer Service	1 334 145	1 716 505
Insurance Underwriting	373 559	775 906
Learnerships and Internships	-	234 315
Licences	4 866	8 717
Municipal Services	1 141 840	861 456
Registration Fees	61 924	39 714
Printing, Publications and Books	30 702	-
Professional Bodies, Membership and Subscription	55 582	74 464
Skills Development Fund Levy	660 742	622 999
Search Fees	2 800	-
Toll Gate Fees	-	63
Transport Provided as Part of Departmental Activities	-	241 050
Travel and Subsistence	4 027 552	3 485 329
Uniform and Protective Clothing	87 223	180 000
Vehicle Tracking	5 957	11 926
Wet Fuel	493 076	511 955
Workmen's Compensation Fund	336 472	336 472
Samples and Specimens	156 317	152 068
Fines and Penalties	1 984	10 202
Entrance Fees	-	48 730
Total Operational Costs	**12 585 600**	**13 402 134**

	2025 R	2024 R
29.1 Travel and Subsistence		
Accommodation & Daily Allowance	1 779 339	1 500 925
Accommodation	1 631 300	1 360 446
Daily Allowance	147 564	140 479
Transport without Operator	2 094 170	1 856 175
Transport with Operator	110 000	13 367
Domestic	**3 983 509**	**3 370 467**
Non-employees	**44 043**	**114 862**
Total of Travel and Subsistence	**4 027 552**	**3 485 329**

No other extra-ordinary expenses were incurred.

30 GAINS / (LOSSES) ON DISPOSAL OF CAPITAL ASSETS

Gains/(Losses) on disposal of Property, Plant and Equipment	-	-
Gains/(Losses) on write-offs of Property, Plant and Equipment	(20 520)	(45 519)
Gains/(Losses) on write-offs of Intangible Assets	(64)	(13 881)
Total Gains / (Losses) on Disposal of Capital Assets	**(20 584)**	**(59 400)**
Total Gains on Disposal of Capital Assets	**-**	**-**
Total Losses on Disposal of Capital Assets	**20 584**	**59 400**

Prior year amounts have been restated. Refer to Note 31 on 'Correction of Error' for details of the restatement.

31 CORRECTION OF ERROR

Corrections were made during the previous financial year. Details of the corrections are described below:

31.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus have been restated to correctly disclose the monies held by the District Municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

		Accumulated Surplus R
Balances published as at 30 June 2023		**(16 462 865)**
Correction of Error:		296 088
Correction of VAT Receivable	-	
Correction of Receivables from Exchange Transactions	(88 954)	
Correction of Statutory Receivables from Exchange Transactions	244 681	
Correction of Trade and Other Payable Exchange Transactions	(8 400)	
Correction of Property, Plant and Equipment	162 628	
Correction of Intangible Asssets	(13 868)	
Restated Balances as at 30 June 2023		**(16 166 777)**
Transactions incurred for the Year 2023/24		(3 103 230)
Correction of Error:-		263 235
Correction of Trade and other Receivables from Exchange Transactions	7 298	
Correction of Statutory Receivables from Exchange Transactions	3 282	
Correction of VAT Receivable	281 199	
Current Portion of Non-current Receivables	(2 400)	
Correction of Property, Plant and Equipment	16 904	
Correction of Intangible Asssets	131 450	
Non-current Receivables from Non-exchange Transactions	(25 400)	
Correction of Trade and Other Payable Exchange Transactions	(149 099)	
Restated Balances as at 30 June 2024		**(19 006 771)**

31.2 Reclassification of Revenue

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Transfers and Subsidies	88 401 654	-	88 401 654
Impairment Gains	200 532	-	200 532
Rental from Fixed Assets	9 780	125 945	135 725
Interest & Rent on Land	1 746 081	-	1 746 081
Operational Revenue	1 470 956	165 834	1 636 790
	91 829 004	**291 779**	**92 120 783**

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

Rental from Fixed Assets

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R125 945 and Operational Revenue was decreased by R125 945 on 30 June 2024.

Operational Revenue

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose all rentals under Rentals from Fixed Assets. Therefore Rentals from Fixed Assets were retrospectively increased by R125 945 and Operational Revenue was decreased by R125 945 on 30 June 2024.

31.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the District Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Employee Related Costs	62 595 030	7 200	62 602 230
Remuneration of Councillors	5 261 639	139 699	5 401 337
Depreciation and Amortisation	1 544 322	(177 212)	1 367 110
Impairment Losses	765 298	30 000	795 298
Finance Costs	3 958 480	-	3 958 480
Contracted Services	6 366 498	-	6 366 498
Inventory Consumed	516 838	-	516 838
Transfers and Subsidies Paid	491 452	-	491 452
Operational Costs	13 402 134	-	13 402 134
Loss on Disposal of PPE	30 543	28 858	59 400
	94 932 234	**28 544**	**94 960 778**

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

Employee Related Costs

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2023/24 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R7 200 and Employee Related Cost was increased by R7 200 on 30 June 2024.

Remuneration of Councillors

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2023/24 salary increases for Councillors, which were paid during the 2024/25 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R139 699 and Remuneration of Councillors were increased by R139 699 on 30 June 2024.

Depreciation and Amortisation

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that Leased Assets were incorrectly classified under Machinery and Equipment and were reclassified under Furniture and Office Equipment in the asset register. Therefore Depreciation on Furniture and Office Equipment was retrospectively increased by R580 317 and Depreciation on Machinery and Equipment was decreased by R580 317 on 30 June 2024.

Impairment Losses

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

31.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the Municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Current Assets			
Receivables from Exchange Transactions	271 488	(81 655)	189 833
Receivables from Non-exchange Transactions	-	-	-
Statutory Receivables from Exchange Transactions	7 963	529 162	537 125
VAT Receivable	565 341	-	565 341
Cash and Cash Equivalents	451 829	-	451 829
Current Portion of Long-term Receivables	15 583	(2 400)	13 183
Non-Current Assets			
Property, Plant and Equipment	21 083 113	294 078	21 377 191
Intangible Assets	70 383	3 037	73 420
Non-current Investments	1 719 010	-	1 719 010
Long-term Receivables	81 524	(25 400)	56 124

	Prior Year 2023/24 Audited	Correction of Error	Restated Amount 2023/24
Current Liabilities			
Provisions	3 422 070	-	3 422 070
Payables from Exchange Transactions	6 398 202	157 499	6 555 700
Unspent Conditional Grants and Receipts	-	-	-
Current Portion of Long-term Liabilities	280 056	-	280 056
Non-Current Liabilities			
Long-Term Liabilities	-	-	-
Retirement Benefit Liabilities	33 732 000	-	33 732 000
Net Assets			
Accumulated Surplus / (Deficit)	(19 566 095)	559 323	(19 006 771)
	-	-	-

Prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Receivables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality had incorrectly recognised a debtor related to third-party deductions for an employee who was seconded to a Local Municipality during the 2021/22 and 2022/23 financial years. Therefore Trade and other Receivables from Exchange Transactions were retrospectively decreased by R88 853 and Accumulated Surplus was increased by R88 853 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

Statutory Receivables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose the 2022/23 SARS recon assessments, which were finalised during the 2024/25 financial year, as at 30 June 2024. Therefore Statutory Receivables from Exchange Transactions were retrospectively increased by R244 681 and Accumulated Surplus were decreased by R244 681 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose an oustanding invoice and SARS funds receivable as Debtors on 30 June 2024. Therefore Trade and other Receivables from Exchange Transactions were retrospectively increased by R7 298, Statutory Receivables from Exchange Transactions were retrospectively increased by R284 481 and Operational Revenue was increased by R291 779 on 30 June 2024.

Current Portion of Non-current Receivables

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

Intangible Assets

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R162 628, Intangible Assets were retrospectively decreased by R13 868 and Accumulated Surplus was decreased by R148 761 on 30 June 2023.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

Property, Plant and Equipment

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R162 628, Intangible Assets were retrospectively decreased by R13 868 and Accumulated Surplus was decreased by R148 761 on 30 June 2023.

During the preparation of the 2024/25 Annual Financial Statements it was noted that Leased Assets were incorrectly classified under Machinery and Equipment and were reclassified under Furniture and Office Equipment in the asset register. Therefore Furniture and Office Equipment:Cost was retrospectively increased by R1 740 889, Furniture and Office Equipment: Accumulated Depreciation was increased by R906 821, Machinery and Equipment Cost were retrospectively decreased by R1 740 889 and Machinery and Equipment: Accumulated Depreciation was decreased by R906 821 under Property, Plant and Equipmnt on 30 June 2023.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that the asset register incorrectly calculated the depreciation on additions from 2021/22 financial year. Therefore Property, Plant and Equipment was retrospectively increased by R131 450, Intangible Assets were retrospectively increased by R16 904, Depreciation was retrospectively decreased by R169 980, Amortisation was retrospectively decreased by R7 232, Losses on Disposal of Property, Plant and Equipment were increased by R38 530 and Losses on Disposal of Intangible Assets were decreased by R9 672 on 30 June 2024.

Non-current Receivables from Non-exchange Transactions

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

Payables from Exchange Transactions

Opening Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2022/23 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R8 400 and Accumulated Surplus was increased by R8 400 on 30 June 2024.

Closing Balance adjustment

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality received the 2023/24 salary increases for Councillors, which were paid during the 2024/25 financial year. Therefore Payable from Exchange Transactions were retrospectively increased by R139 699 and Remuneration of Councillors were increased by R139 699 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality did not disclose officials' back-pay for cellphone allowances, relating to 2023/24 financial year, as Payables from Exchange Transactions on 30 June 2024. Therefore Trade and Other Payable Exchange Transactions were retrospectively increased by R7 200 and Employee Related Cost was increased by R7 200 on 30 June 2024.

During the preparation of the 2024/25 Annual Financial Statements it was noted that deductions were incorrectly made from the remuneration of an employee after passing the Municipal Finance Management Programme during July 2023 and the initial debtor amount was subsequently written off. Therefore Current Portion of Non-current Receivables was retrospectively decreased by R2 400, Non-current Receivables from Non-exchange Transactions were retrospectively decreased by R25 400, Impairment Losses was retrospectively increased by R30 000 and Trade and Other Payable Exchange Transactions was retrospectively increased by R2 200 on 30 June 2024.

	2025 R	2024 R
32 CHANGE IN ACCOUNTING ESTIMATES		
32.1 Depreciation Expenditure:		
The estimated useful lives and depreciation method were reviewed at 30 June 2025 and no changes were made for the 2024/25 financial year. Adjustments were made to the remaining useful lives and residual values in the current year and affected the amount of depreciation for the 2024/25 financial year. The adjustments are as follows:		
Increase / (Decrease) in Depreciation due to adjustments to Residual Values of PPE	(10 637)	-
Increase / (Decrease) in Depreciation due to adjustments to Useful Lives of PPE	(8 131)	(156 424)
Increase / (Decrease) in Depreciation of PPE	**(18 768)**	**(156 424)**
Depreciation as previously stated	1 369 187	1 523 534
Adjustment due to Change in Accounting Estimate	(18 768)	(156 424)
Depreciation as per Note 23	**1 350 419**	**1 367 110**

33 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	(4 711 985)	(2 839 995)
Adjustment for:		
Depreciation and Amortisation	1 350 419	1 367 110
Losses / (Gains) on Disposal of Property, Plant and Equipment	20 520	45 519
Losses / (Gains) on Disposal of Intangible Assets	64	13 881
Contribution to Post-retirement Employee Benefits Liabilities	3 742 821	4 142 298
Expenditure incurred from Post-retirement Employee Benefits Liabilities	(1 835 821)	(1 664 298)
Contribution to Long Service Awards Liability	2 097 323	1 266 468
Expenditure incurred from Long Service Awards Liability	(1 048 323)	(815 468)
Contribution to Provisions - Current: Performance Bonus	(511 925)	(546 419)
Expenditure incurred from Provisions - Current: Performance Bonus	358 348	689 893
Bad Debts Written-off: Long-term Receivables	-	30 000
Bad Debts Written-off: Receivables from Exchange Transactions	4 824	-
Operating surplus before working capital changes	**(533 735)**	**1 688 989**

	2025 R	2024 R
Decrease/(Increase) in Receivables from Exchange Transactions	48 994	(54 195)
Decrease/(Increase) in Statutory Receivables from Exchange Transactions	(4 730)	(288 839)
Decrease/(Increase) in Receivables from Non-exchange Transactions	-	126 207
Decrease/(Increase) in VAT Receivable	294 134	(117 106)
Decrease/(Increase) in Current Portion of Long-term Receivables	2 709	3 259
Increase/(Decrease) in Payables from Exchange Transactions	1 820 082	(306 062)
Increase/(Decrease) in Conditional Grants and Receipts	-	-
Cash generated by / (utilised in) Operations	**1 627 452**	**1 052 253**

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:		
Opening balance	-	-
Unauthorised Expenditure identified in current year	-	-
Approved by Council	-	-
Transfer to receivables for recovery (refer Note 2)	-	-
Unauthorised Expenditure awaiting authorisation	**-**	**-**

No Unauthorised Expenditures incurred for 2024/25 financial year.

No Unauthorised Expenditures incurred for 2023/24 financial year.

34.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:		
Opening balance	-	23 608
Fruitless and Wasteful Expenditure identified in current year	-	119 324
Expenditure investigated and approved by Council	-	(16 725)
To be recovered – Receivables from Non-Exchange Transactions (refer Note 4.)	-	(126 207)
To be recovered – Long-term Receivables (refer Note 10)	-	-
Recouped from Salaries Payable	-	-
Fruitless and Wasteful Expenditure awaiting condonement	**-**	**-**

No Fruitless and Wasteful Expenditure incurred for 2024/25 financial year.

Fruitless and Wasteful expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
A former Councillor was employed as a contract worker simultaneously by the ZF Mgcawu District Municipality as well as the Department of Agriculture.	Investigated & Recovered	106 207
SARS: PAYE, UIF & SDL Penalties & Interest on the late payment of 2023/24 SARS assessments.	Written off by Council in 2023/24	13 117
	Total:	**119 324**

Fruitless and Wasteful expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount
Compensation Commissioner: Penalties & Interest on the late payment of 2022/23 assessments.	Written off by Council in 2023/24	3 608
Debit order deducted from bank account without ZFM's approval. This was reported as fraud and the investigation by SAPS & ZFM is still in progress.	Investigated & Recovered	20 000
	Total:	**23 608**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:
No fruitless and wasteful expenditure was incurred by ZF Mgcawu District Municipality during the 2024/25 financial year. As a result, there are no amounts to be investigated, submitted to MPAC, or referred to Council for write-off or recovery.

	2025 R	2024 R
34.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	77 271	25 422
Irregular Expenditure identified in current year	202 540	176 145
Written off by Council	(38 336)	(124 296)
Irregular Expenditure awaiting condonement	**241 476**	**77 271**

Irregular Expenditure summary for 2024/25 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from 1 July 2024 to 6 November 2024 amounting to R38 336. - I De Waal: Irregular acting period as Municipal Manager from 1 February 2025 to 5 February 2025 amounting to R0.	Written off by Council in 2024/25	38 336
Council approved a performance bonus to Mr. A. Tieties for his role as Acting Municipal Manager during 2023/24 financial year. The Auditor-General found that his acting appointment (July 2023 to 30 June 2024) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	164 204
	Total:	**202 540**

Irregular Expenditure summary for 2023/24 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from 1 July 2023 to 30 June 2024.	Written off by Council in 2023/24	98 874
Council approved a performance bonus to Mr. A. Tieties for his role as Acting Municipal Manager during 2022/23 financial year. The Auditor-General found that his acting appointment (from November 2022 to January 2023 and June 2023) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	61 817
Council approved a performance bonus to Mr. D.J. van Zyl for his role as Acting Municipal Manager during 2022/23 financial year. The Auditor-General found that his acting appointment (May 2023) contravened section 56(1)(a)(ii) of the Municipal Systems Act as it exceeded the permitted period without MEC approval. In terms of section 32 of the Municipal Finance Management Act, 2003 (MFMA), read with section 125(2)(d)(i) of the MFMA, any expenditure arising from such an irregular acting appointment is classified as irregular expenditure.	Under Investigation	15 454
	Total:	**176 145**

Irregular Expenditure summary for 2022/23 financial year:

Incident	Disciplinary Steps / Criminal Proceedings	Amount (incl. VAT)
Managers directly accountable to the Municipal Manager exceeded the acting periods in terms of Section 56(1)(a)(ii) of Local Government: Municipal Systems Act. - AK Tieties: Irregular acting period as Municipal Manager from November 2022 to January 2023 and June 2023 (R16 292). - DJ van Zyl: Irregular acting period as Municipal Manager during May 2023 (R9 130).	Written of by Council in 2023/24	25 422
	Total:	**25 422**

Condonement of non-compliance of a regulation:
In terms of section 170 of the MFMA, only the National Treasury may condone non-compliance with a regulation issued in terms of the MFMA or a condition imposed by the Act itself. The Municipal Council therefore has no power in terms of the MFMA to condone any act of non-compliance in terms of the MFMA or any of its regulations.

Recoverability of expenditures:
All irregular expenditure written off during the 2024/25 financial year has been investigated by management and submitted to the Municipal Public Accounts Committee (MPAC) for consideration. Following MPAC's review, the expenditure was submitted to Council, which resolved in terms of section 32(2)(a)(ii) of the MFMA that the expenditure is irrecoverable and should be written off.

No councillor, official, or other person derived any personal benefit from the irregular expenditure. The write-off has been approved by Council and disclosed in these financial statements.
At the date of these financial statements, the recoverability of irregular expenditure relating to performance bonusses has not yet been investigated. All instances of irregular expenditure will be reviewed by management and subsequently submitted to the Municipal Public Accounts Committee (MPAC) for consideration. Following MPAC's review, the expenditure will be submitted to Council for resolution in terms of section 32 of the MFMA regarding condonement, recovery or write-off.

The Auditor-General will audit the irregular expenditure as part of the annual financial statements process. No determination has yet been made on whether the expenditure is recoverable, irrecoverable, or subject to write-off.

	2025 R	2024 R
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.1 Contributions to organised local government - SALGA (incl.VAT)		
Opening Balance	-	-
Council Subscriptions	740 028	715 140
Subscriptions Amount Paid - current year	(753 278)	(720 140)
Subscriptions Amount Paid - previous years	-	(7 705)
Council Members Assembly and Levies	13 250	12 705
Balance Unpaid (included in Payables from Exchange Transactions)	**-**	**-**
35.2 Audit Fees (incl. VAT)		
Opening Balance	-	-
Current year Audit Fee	2 524 973	2 679 720
Amount Paid by National Treasury	(1 224 985)	(1 073 702)
Amount Paid - current year	(600 000)	(1 606 018)
Amount Paid - previous years	-	-
Balance Unpaid (included in Payables from Exchange Transactions)	**699 988**	**-**

35.3 VAT
The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

35.4 PAYE, Skills Development Levy and UIF		
Opening Balance	-	905 472
Current year Payroll Deductions	12 687 980	11 581 020
Amount Paid - current year	(12 598 276)	(11 581 020)
Amount Paid - previous years	-	(905 472)
Balance Unpaid (included in Payables from Exchange Transactions)	**89 704**	**-**

	2025 R	2024 R
Balance Unpaid - Prior year	-	-
Balance Unpaid - June	89 704	-
Balance Unpaid (included in Payables from Exchange Transactions)	**89 704**	**-**

35.5 Pension and Medical Aid Deductions

Opening Balance	107 989	96 676
Current year Payroll Deductions and Council Contributions	15 913 289	14 860 811
Amount Paid - current year	(15 798 037)	(14 752 822)
Amount Paid - previous years	(107 989)	(96 676)
Balance Unpaid (included in Payables from Exchange Transactions)	**115 252**	**107 989**

The unpaid balance refer to June month's outstanding balance and is payable before 7 July 2025.

35.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

35.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

35.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the Council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Acting Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

Deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were submitted to Council quarterly, which condoned the various cases.

The following deviations from the tender stipulations in terms of the District Municipality's Supply Chain Management Policy were ratified by the Acting Municipal Manager and reported to Council:

Department	Successful Tenderer	Occasions	Reason	Amount
EXECUTIVE AND COUNCIL	Various	2	Single provider only	813 700
	Various	24	Impractical for procurement processes	119 900
26 Occasions during the year amounts to R933 600				
FINANCE AND ADMINISTRATION	Various	40	Single provider only	2 734 858
	Various	87	Impractical for procurement processes	155 571
	Various	2	Emergency	80 400
129 Occasions during the year amounts to R2 970 830				
			Total:	**3 904 430**

35.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

The Electricity and Water functions were transferred to the Local Municipalities. Thus no material Electricity and Water Losses occurred.

36 ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BALCK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

	2025 R	2024 R

37 COMMITMENTS FOR EXPENDITURE

37.1 Capital Commitments

The District Municipality had no capital commitments at year-end.

37.2 Operational Commitments

- Approved and Contracted for:-	**1 846 130**	**3 784 040**
General Voice Equipment	756 000	-
Copier Machine Rentals	-	341 033
PMS System	1 090 131	1 468 916
Rural Road Management - Phatsimo Management	-	1 974 090
- Approved but Not Yet Contracted for:-	**1 538 214**	**-**
Copier Machine Rentals	1 538 214	-
Total Operational Commitments	**3 384 344**	**3 784 040**
This expenditure will be financed from:		
Government Grants	-	1 974 090
Own Resources	3 384 344	1 809 949
	3 384 344	**3 784 040**

General Voice Equipment:

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 July 2021 to 30 June 2024. There are only annual escalations on the maintenance contract and the total tender value of R2 423 385 (incl. VAT) was awarded in April 2021.

The District Municipality has an agreement with ITEC to rent and maintain a telephone system from 1 September 2024 to 31 August 2027. There are only annual escalations on the maintenance contract and the total tender value of R1 134 000 (incl. VAT) was awarded in August 2024.

On 30 June 2025 the outstanding commitment to ITEC was R756 000 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Copier Machines:

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 June 2022 to 31 May 2025. There are only annual escalations on the maintenance contract and the total tender value of R1 098 378 (incl. VAT) was awarded in June 2022.

The District Municipality has a rental and maintenance agreement with ITEC for copier machines from 1 July 2025 to 30 June 2028. There are only annual escalations on the maintenance contract and the total tender value of R1 098 378 (incl. VAT) was awarded in June 2025.

On 30 June 2025 the outstanding commitment to ITEC was R1 538 214 (incl. VAT). ITEC was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

During the preparation of the 2024/25 Annual Financial Statements it was noted that ZF Mgcawu District Municipality incorrectly included an rental escalation in the Tender Register on 30 June 2024. Therefore, Commitments were retrospectively decreased by R63 430 and the Tender Value was retrospectively decreased by R94 828 on 30 June 2024.

PMS System:

The District Municipality has a rental and maintenance agreement with CCG Systems for a PMS System from 1 January 2024 to 31 December 2026. There are no annual escalations and the total tender value of R1 859 916 (incl. VAT) was awarded in January 2024.

On 30 June 2025 the outstanding commitment to CCG Systems was R1 090 131 (incl. VAT). CCG Systems was appointed through a tender process and was approved by Council. Council adhered to the requirements of sec 33 of the MFMA.

Outstanding Orders:

The District Municipality had no outstanding orders at year-end for services and goods not yet delivered. Therefore the District Muncipality had no commitments with suppliers to render services or goods after year-end.

		2025 R	2024 R
38 FINANCIAL INSTRUMENTS			
38.1 Classification			
FINANCIAL ASSETS:			
In accordance with GRAP 104.13 the Financial Assets of the District Municipality are classified as follows:			
Financial Assets	**Classification**		
Non-current Investments			
Fixed Deposits	Amortised cost	2 433 331	1 719 010
Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 881	4 689
Staff Related Long Term Receivables	Amortised cost	46 600	51 435
CPMD Debtors	Amortised cost	46 600	51 000
Payroll Debtors	Amortised cost	-	435
Receivables from Exchange Transactions			
Merchandising, Jobbing and Contracts	Amortised cost	136 015	189 833
Cash and Cash Equivalents			
Call Deposits	Amortised cost	7	6
Bank Balances	Amortised cost	165 838	451 554
Cash Floats and Advances	Fair value	927	268
Current Portion of Long-term Receivables			
Finance Lease Receivable	Amortised cost	3 600	3 600
Staff Related Long Term Receivables	Amortised cost	6 874	9 583
CPMD Debtors	Amortised cost	4 800	4 800
SCM Debtors	Amortised cost	-	2 383
Payroll Debtors	Amortised cost	2 074	2 400
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Non-current Investments	Fixed Deposits	2 433 331	1 719 010
Long-term Receivables	Finance Lease Receivable	3 881	4 689
Long-term Receivables	Staff Related Long Term Receivables	46 600	51 435
Receivables from Exchange Transactions	Property Rental Debtors	136 015	189 833
Current Portion of Long-term Receivables	Finance Lease Receivable	3 600	3 600
Current Portion of Long-term Receivables	Staff Related Long Term Receivables	6 874	9 583
Cash and Cash Equivalents	Call Deposits	7	6
Cash and Cash Equivalents	Bank Balances	165 838	451 554
		2 796 146	2 429 709
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	927	268
		927	268
Total Financial Assets		**2 797 073**	**2 429 978**

FINANCIAL LIABILITIES:
In accordance with GRAP 104.13 the Financial Liabilities of the District Municipality are classified as follows:

		2025 R	2024 R
Financial Liabilities	**Classification**		
Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	355 060	-
Payables from Exchange Transactions			
Other Payables: Salary Clearing and Control	Amortised cost	429 337	293 700
Salary Related Payables	Amortised cost	426 080	-
Trade Creditors	Amortised cost	1 773 230	842 777
Payables from Non-exchange Transactions			
Current Portion of Long-term Liabilities			
Finance Lease Liabilities	Amortised cost	272 265	280 056
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Finance Lease Liabilities	355 060	-
Payables from Exchange Transactions	Other Payables	429 337	293 700
Payables from Exchange Transactions	Salary Related Payables	426 080	-
Payables from Exchange Transactions	Trade Creditors	1 773 230	842 777
Current Portion of Long-term Liabilities	Finance Lease Liabilities	272 265	280 056
		3 255 971	1 416 533
Total Financial Liabilities		**3 255 971**	**1 416 533**

38.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash
The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments
The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables
Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables
The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the District Municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the District Municipality and other parties as well as the current payment ratio's of the District Municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the District Municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2025, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2025		30 June 2024	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Measured at Amortised Cost:	2 796 146	2 796 146	2 429 709	2 429 709
Fixed Deposits	2 433 331	2 433 331	1 719 010	1 719 010
Call Deposits	7	7	6	6
Bank Balances	165 838	165 838	451 554	451 554
Short-term Portion of Investments	-	-	-	-
Long-term Receivables	50 481	50 481	56 124	56 124
Trade Receivables from Exchange Transactions	136 015	136 015	189 833	189 833
Trade Receivables from Non-exchange Transactions	-	-	-	-
Current Portion of Long-term Receivables	10 474	10 474	13 183	13 183

	30 June 2025		30 June 2024	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
Measured at Fair Value	927	927	268	268
Cash and Cash Equivalents	927	927	268	268
Total Financial Assets	2 797 073	2 797 073	2 429 978	2 429 978
FINANCIAL LIABILITIES				
Measured at Amortised Cost:	3 255 971	3 255 971	1 416 533	1 416 533
Finance Lease Liabilities	355 060	355 060	-	-
Trade and Other Payables:				
- Payables from Exchange Transactions	2 628 647	2 628 647	1 136 477	1 136 477
- Current Portion of Long-term Liabilities	272 265	272 265	280 056	280 056
Total Financial Liabilities	3 255 971	3 255 971	1 416 533	1 416 533
Total Financial Instruments	(458 898)	(458 898)	1 013 445	1 013 445
Unrecognised Gain / (Loss)		-		-

No Financial Instruments of the District Municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2025

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	927	-	927
Total Financial Assets	-	927	-	927
Total Financial Instruments	-	927	-	927

30 June 2024

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Cash and Cash Equivalents	-	268	-	268
Total Financial Assets	-	268	-	268
Total Financial Instruments	-	268	-	268

38.3 Capital Risk Management

The District Municipality manages its capital to ensure that the District Municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The District Municipality's overall strategy remains unchanged from 2024.

The capital structure of the District Municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

Gearing Ratio

	2025 R	2024 R
The gearing ratio at the year-end was as follows:		
Debt	627 324	280 056
Cash and Cash Equivalents	(166 772)	(451 829)
Net Debt	460 552	(171 773)
Equity	(23 718 756)	(19 006 771)
Net debt to equity ratio	**-1.94%**	**0.90%**

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the District Municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

38.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the District Municipality's Risk Management Framework. The District Municipality's Risk Management policies are established to identify and analyse the risks faced by the District Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, Municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the District Municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The District Municipality does not enter into or trade financial instruments for speculative purposes.

Internal Audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the District Municipality's Audit & Performance Committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

38.5 Significant Risks

It is the policy of the District Municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the District Municipality is exposed on the reporting date.

The District Municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk
Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the District Municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk
Credit Risk is the risk of financial loss to the District Municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the District Municipality's receivables from customers and investment securities.

Liquidity Risk
Liquidity Risk is the risk that the District Municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The District Municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the District Municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 38.8 to the Annual Financial Statements.

38.6 Market Risk

The District Municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 38.7 below). No formal policy exists to hedge volatilities in the interest rate market.

38.6.1 Foreign Currency Risk Management

The District Municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

38.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 38.8 below:

38.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the District Municipality. The District Municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The District Municipality uses its own trading records to assess its major customers. The District Municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The District Municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses.
Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the District Municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.
Consumer Debtors were transferred to the Local Municipalities.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The District Municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The District Municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The District Municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The District Municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The District Municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2025 R	2024 R
Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the District Municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:		
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	2 433 331	1 719 010
Long-term Receivables	60 955	69 306
Receivables from Exchange Transactions	136 015	189 833
Bank, Cash and Cash Equivalents	166 772	451 829
Maximum Credit and Interest Risk Exposure	**2 797 073**	**2 429 978**

38 FINANCIAL INSTRUMENTS (Continued)

38.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the District Municipality's short, medium and long-term funding and liquidity management requirements. The District Municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67is a listing of additional undrawn facilities that the District Municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The District Municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the District Municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the District Municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		0%	8 375 782	8 375 782	-	-	-	-
- Payables from Exchange transactions	12	0%	8 375 782	8 375 782	-	-	-	-
Fixed Interest Rate Instruments		15%	627 324	135 102	137 163	301 120	53 940	-
- Long-term Liabilities	14	15%	627 324	135 102	137 163	301 120	53 940	-
			9 003 107	**8 510 884**	**137 163**	**301 120**	**53 940**	**-**
30 June 2024								
Non-interest Bearing		0%	6 555 700	6 555 700	-	-	-	-
- Payables from Exchange transactions	12	0%	6 555 700	6 555 700	-	-	-	-
Fixed Interest Rate Instruments		17%	280 056	149 816	130 240	-	-	-
- Long-term Liabilities	14	17%	280 056	149 816	130 240	-	-	-
			6 835 756	**6 705 516**	**130 240**	**-**	**-**	**-**

The following table details the District Municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the District Municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2025								
Non-interest Bearing		0%	196 970	141 252	5 237	10 474	40 007	-
- Long-term Receivables			60 955	5 237	5 237	10 474	40 007	-
- Trade Receivables from Exchange Transactions			136 015	136 015	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	165 845	165 845	-	-	-	-
- Call Deposits		9.0%	7	7	-	-	-	-
- Bank Account		2.5%	165 838	165 838	-	-	-	-
Fixed Interest Rate Instruments		**10.5%**	2 433 331	2 433 331	-	-	-	-
- Fixed Deposits		10.5%	2 433 331	2 433 331	-	-	-	-
			2 796 146	**2 740 428**	**5 237**	**10 474**	**40 007**	**-**
30 June 2024								
Non-interest Bearing		0%	259 139	196 424	6 591	13 183	42 941	-
- Long-term Receivables			69 306	6 591	6 591	13 183	42 941	-
- Trade Receivables from Exchange Transactions			189 833	189 833	-	-	-	-
- Trade Receivables from Non-exchange Transactions			-	-	-	-	-	-
Variable Interest Rate Instruments		**2.5%**	451 561	451 561	-	-	-	-
- Call Deposits		9.0%	6	6	-	-	-	-
- Bank Account		2.5%	451 554	451 554	-	-	-	-
Fixed Interest Rate Instruments		**10.2%**	1 719 010	1 719 010	-	-	-	-
- Fixed Deposits		10.2%	1 719 010	1 719 010	-	-	-	-
			2 429 709	**2 366 995**	**6 591**	**13 183**	**42 941**	**-**

38.9 Other Price Risks

The District Municipality is not exposed to equity price risks arising from equity investments as the District Municipality does not trade these investments.

39 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The District Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.
Employees belong to a variety of approved Pension and Provident Funds as described below.
These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the District Municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the District Municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 835 821 (2024: R1 664 298) represents contributions payable to these plans by the District Municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

LA Retirement Fund/Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation which is not the responsibility of the District Municipality. The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The statutory valuation performed as at 30 June 2023 revealed a funding level of 120.3% for the Pensioner Account and the Defined Contribution Section was 100% funded.

Consolidated Retirement Fund::

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

The Cape Retirement Fund operates as a defined contribution scheme. The last actuarial valuation performed for the year ended 30 June 2023 revealed that the fund has a funding level of 100,2% for the Preservation Pensions account, 120,1% for the Pension Account and the solvency reserve protects the Pension Account in the event of potential adverse experiences. The contribution rate paid by the members (9%) and Municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

The fund is in a sound financial condition at the valuation date.

Municipal Councillors Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2015.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assets of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short monatorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months;.

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to actuarial valuations at intervals not exceeding three years, which is not the responsibility of the Municipality. Each valuation report is forwarded to the Registrar in accordance with statutory requirements.

Members contribute at a rate of not less than 7,5% of salaries, as required by the Rules. Employers contribute at a total rate of not less than 18,0%. At the valuation date of 30 June 2023 the National Fund for Municipal Workers the Valuator stated that the fund's assets are exactly sufficient (100.0%) to meet members' liabilities and reserve account balances.

The fund is in the process of amending its rules to give the ability to self-insure all or part of the risk benefits, which is not inappropriate given the membership structure of the fund. Consideration must, however, be given to both the financial and operational implications for the Fund, it's administrator as well as the various participating employers.

The assets of the fund are sufficient to cover the members' liabilities and the fund is hence financially sound.

None of the above mentioned plans are State Plans.

40 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

40.1 Interest of Related Parties

Councillors and/or Management of the District Municipality have relationships with businesses as indicated below:

Name of Related Person	Designation	Description of Related Party Relationship
W.R Peterson	Speaker	Director at China South Africa Mining International Development
		Director at Exclusive Access Trading 519
		Director at Khoisan Heritage
		Director at Northern Cape Desert Dreams Corporation
		Director Stanrob Property Investment
		Member at Temla 107
		Director at Xiri holdings
		Director at Khoikhoi Biodiversity Investment Holdings
		Non-Executive Director at Eac1feeds1
S. Sandlana	Councillor	Director at K2020861781
		Director at UCEDO 4+1 Organization Primary Co-operative LTD
		Director at ZFM Meter district Taxi organization
R.B. Saal	Councillor	Director at SAJA Consulting and Construction
P.T. Van Der Steen	Councillor	Director at Loodgieter Van Der Steen
		Director at Northern Cape Development Forum
		Member at Van Der Steen Pomp en Pyp
		Member at Jesu Nkosi Monuments
A. Matshimo	Councillor	Member at Inyameko Trading 272
P. Mgcera	Councillor	Director at Phathilizwe Enterprise
E. Mompe	Councillor	Director at Nmompe Enterprise
		Director at Thixo Somandla
A. Kotzee	Councillor	Director at Tierberg Kahamel
H. De Koker	Councillor	Member at Tumelo Youth Farm
M. Louw	Councillor	Director at Mawele Konstruksie
A.J. Ruiters	Councillor	Director at Tsansabane Local Football association
K. Keorometswe	Councillor	Director at Enkelo Enterprise
		Director at Katlo Ya Lona Projects
		Director at Month Baskets General trading
D. Pienaar	Councillor	Director at Wonderers Youth Academy
		Director at De Hala enterprise

Name of Related Person	Designation	Description of Related Party Relationship
		Director at Denha Cash loans
		Director at DRP Property Investments
		Director at Futu Holdings
		Director at Futu Investments
		Director at Phutanang Recycling Primary Corporative Limited
		Director at Kgatelopele Business forum
		Director at Likade trading
		Co-Founder at Phutanang Recycling Primary Corporative Limited
		Director at Phatsimo 101
K.S. Boer	Councillor	Director at K F Sceffling Construction
J.C. Boucher	Councillor	Director at Triple eye Holdings
		Director at Tsantsi Unemployment and Business
A. Phete	Acting Municipal Manager	Director at Fountain of Life Ministries
		Member at Inyameko Trading 272
		Director at Keorapetsi Avenue
		Member at Take Shape Properties 210
G.B. Cloete	Middle Manager	Member at BC2S Construction Consulting and trading services
C.M. Mathe	Middle Manager	Director at O Mogolo Homes
		Director at Our Solid Foundation
		Director at O Mogolo Jehovah
M. Manyehe	Middle Manager	Director at Brownsugar Communications
J. Willemse	Middle Manager	Director at Brainwave Projects
E. Van Der Westhuizen	Middle Manager	Director at Second Home Hostel
J.A. Kitching	Middle Manager	Member ar Ablaze Trading 258
		Director at ANSEC 133
J. Linden	Middle Manager	Director at Hazfree Waste Management
M. Wolfe	Middle Manager	Director at GFTM Service and Advisory
		Director at Save a Child
G. Booysen	SCM Official	Member at GSNF Construction
L. De Klerk	Financial Intern	Director at SKYY Holdings
K. Kitching	Manager's Spouse	Director at ANSEC 133
J. Van Der Westhuizen	Manager's Spouse	Director at Second Home Hostel
E.E. Job	Manager's Spouse	Director at Zwanofe Contractors
M. Willemse	Manager's Spouse	Director at K2023735744
		Director at Ubuntu Business Investments
E. Job	Managers Spouse	Director at Zwanofe Contractors
B.L. Britz	Managers Spouse	Director at RV Gasp Primary Co-Operative limited
		Founding Member of RV Gasp Primary Co-operative limited
L.S. More (resigned)	Audit Committee	Trust Holder at Accredited Office
		Director at BBM Bestuurdienste
		Director at Becker and More Prokureurs
		Director at Cumacor 147
		Director at Gresse Motorgroep
		Director at Infinite Deals 120
		Director at Karibu Innovation
		Director at Marang Bophelo
K.A. Nkoe	Audit Committee	Director at Nkoe and Associates chartered certified accountants
W.A. Present	Audit Committee	Director at Andile Present Attorneys
		Director at Mihzania Investments
		Director at WAP Holdings
		Director at Ziyanda Visual Design Studio
U. Thys	Audit Committee	Director at Mpamot Africa
		Director at PDNA Da Vinci Academy
		Director at Superlane 140

The following Councillors and/or Management of the District Municipality was in businesses but resigned from the business:

Name of Related Person	Designation	Description of Related Party Relationship
D. Pienaar	Councillor	Director at Futu Renewal Energy park Director at JHD Enterprise Director at Kgosi Engineers Director at Vision Valley Technologies Director at Adonai Enterprize
R.B. Saal	Councillor	Member at Astradeals 104 Director at Kalahari Kuierfees Member at Jika Training Director at Lemoendraai Farmers Primary Co-Operative Limited Founding Member at Lemoendraai Farmers Primary Co-operative Limited
J.C. Boucher	Councillor	Director at Mavidobo Bouers
M.A. Willemse	Councillor	Director at K2023735744 Director at Ubuntu Business investments
P.J. George	Councillor	Director at Doods and George Trading Director at Philander and George Trading
J. Willemse	Middle Manager	Director at Black Sparrow Trading
K. Kitching	Managers Spouse	Director at Hemiprox
B.L. Britz	Managers Spouse	Director at Upington Security Watch
A. Van Zyl	Directors Spouse	Director at Ansec Director at Hemiprox Member at Strauss Van Zyl
L.S. More (resigned)	Audit Committee	Director at Flexcor Fifteen Director at Knonollek Construction Director at Moret Mining Northern Cape
U. Thys	Audit Committee	Member at Abotipho Investments Director at Aspen Hills home owners association Director at Merz and Mclellan Director at Mott Macdonald Contracting Director at Mott Macdonald development SA Director at Mott Macdonald Holdings Director at PDNA Director at PDNA Holdings Director at Phambili Merz

The following Councillors and/or Management of the District Municipality have no relationships with businesses:

Name of Related Person	Designation	Description of Related Party Relationship
M.C. Basson	Executive Mayor	No relationship with businesses
C.F.P. Bezuidenhout-Maasdorp	Councillor	No relationship with businesses
S. Abel	Councillor	No relationship with businesses
F.L. Witbooi	Councillor	No relationship with businesses
A. Johnson	Councillor	No relationship with businesses
J. Balies	Councillor	No relationship with businesses
F. Basson	Councillor	No relationship with businesses
M.H.B. Van Zyl	Councillor	No relationship with businesses
R. Kgatlane	Councillor	No relationship with businesses
J. Silo	Councillor	No relationship with businesses
A. Kotzee	Councillor	No relationship with businesses
I. De Waal	Direcor	No relationship with businesses
D.J. Van Zyl	Director	No relationship with businesses
E. Britz/Isaacs	Director	No relationship with businesses
A. Tieties	Middle Manager	No relationship with businesses
F.J. Strauss	Middle Manager	No relationship with businesses
H. Mchlauli	Middle Manager	No relationship with businesses
B. Van Kradenburg	Middle Manager	No relationship with businesses
A. Phete	Middle Manager	No relationship with businesses
R. Snyders	Middle Manager	No relationship with businesses

Name of Related Person	Designation	Description of Related Party Relationship
T. Galloway	Middle Manager	No relationship with businesses
B. Feris	Middle Manager	No relationship with businesses
B. Knouwds	Middle Manager	No relationship with businesses
J. Nengome	Middle Manager	No relationship with businesses
F. Rupping	Middle Manager	No relationship with businesses
J. Shorty	Middle Manager	No relationship with businesses
G. Present	Middle Manager	No relationship with businesses
T. Job/Coetzee	Middle Manager	No relationship with businesses
H. Theron	Middle Manager	No relationship with businesses
S. Berend	Middle Manager	No relationship with businesses
G. Kuun	Middle Manager	No relationship with businesses
T. Louw	Middle Manager	No relationship with businesses
S. Botha	Middle Manager	No relationship with businesses
C. Swarts	SCM Official	No relationship with businesses
D. Molise	Finance Learnership	No relationship with businesses
L.C.C. Drawer	Financial Intern	No relationship with businesses
N. Mchlauli	Managers Spouse	No relationship with businesses
M. Theron	Managers Spouse	No relationship with businesses
R. Galloway	Manager's Spouse	No relationship with businesses
J.M. Snyders	Manager's Spouse	No relationship with businesses
L.G. Cloete	Manager's Spouse	No relationship with businesses
J.P. Berend	Manager's Spouse	No relationship with businesses
B. Feris	Managers Spouse	No relationship with businesses
N.D. Isaacs	Manager's Spouse	No relationship with businesses
T. Linden	Manager's Spouse	No relationship with businesses
A.M. Shorty	Manager's Spouse	No relationship with businesses

40.2 Services rendered to Related Parties

During 2024/25, legal services relating to the Sky Metro Equipment (Pty) Ltd matter (Note 41.1) were procured from Becker, Bergh & More Attorneys, where former Audit Committee member Mr. L. More is employed. As the proceedings commenced after his resignation, no direct conflict exists, but the relationship is disclosed for transparency. Services amounted to R62 000. No payment was made in 2024/25; the amount was settled in Julv 2025.

40.3 Loans granted to Related Parties

In terms of the MFMA, the Municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by ZF Mgcawu District Municipality.

40.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, to the Annual Financial Statements.

40.5 Purchases from Related Parties

The District Municipality did not purchase goods from anyone during the year that can be considered as a related party.

40.6 Related Parties of Spouses

The District Municipality performed CIPC checks on spouses of senior- and middle managers during the year to identify related party transactions but none were identified..

41 CONTINGENT LIABILITIES

41.1 Court Proceedings:	**900 000**	**-**
(i) Sky Metro Equipment (Pty) Ltd: A claim has been lodged against the District Municipality, handled by Becker, Bergh & More Attorneys. The matter relates to the authority of the Bid Evaluation Committee and Bid Adjudication Committee in respect of their discussions and possible appeals regarding the awarding, alternatively declining, of tenders. This represents a possible obligation to the District Municipality.	900 000	-

42 CONTINGENT ASSETS

The District Municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

43 IN-KIND DONATIONS AND ASSISTANCE

The District Municipality did not receive any In-kind Donations and Assistance during the year under review.

44 PRIVATE PUBLIC PARTNERSHIPS

The District Municipality was not a party to any Private Public Partnerships during the year under review.

45 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2025.

46 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Prior Period Errors (Note 33).

47 SEGMENT REPORTING

For management purposes the District Municipality is broadly organised into business units based on the nature of operations and the services they provide. The Municipality has the following primary reportable segments:

- ***The segment for Executive and Council***
  This segment consists of services such as executive services and support services.

- ***The segment for Finance and Administration***
  This segment consists of all services for the financial management corporate and communication services of all the municipal services.

- ***The segment for Internal Audit***
  This segment consists of all services to provide assurance that internal controls in place are adequate to mitigate the risks, governance processes are effective and efficient, and organizational goals and objectives are met.

- ***The segment for Public Safety***
  This segment consists of all services for disaster management to effectively prepare for and responding to disasters.

- ***The segment for Health***
  This segment consists of all services for environmental health and safety regulations.

- ***The segment for Planning and Development***
  This segment consists of infrastructure services such as engineering services, SPLUM regulations and housing services.

- ***The segment for Tourism***
  This segment consists of services such as tourism services.

No individually material operating segments have been aggregated to form the above reportable operating segments. The Municipality does not monitor segments geographically.

Management does not monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, the Municipality's financing (including finance costs and finance income) and revenue from taxes are managed on a group basis and are not allocated to operating segments.

Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information.

The segmental information for Capital Assets of the Municipality is disclosed in Note 51.

48 GOING CONCERN ASSESSMENT

Management considered the following matters in assessing the going concern position of ZF Mgcawu District Municipality:

1. Budget Adoption
On 28 May 2025, Council adopted the 2025/26 to 2027/28 Annual Final Budget (MTREF), which funds the essential operations of the District Municipality to fulfill its statutory mandate. The MTREF remains unfunded for all three years, and the 2024/25 adjustment budget was tabled on 28 February 2025.
2. Independent Assessment
Provincial Treasury conducted an independent assessment of the 2025/26 draft budget, which confirmed negative cash-backing for 2025/26 and the two outer years.
3. Cash Management Processes
Bi-weekly cash management processes monitor all inflows and outflows against the cash flow forecast, complemented by regular reporting of actual cash positions, associated risks, and remedial actions.
4. Cost Containment and Budget Monitoring
Cost containment and budget monitoring policies, adopted by Council on 28 May 2025, measure operational and capital budget performance monthly. Cash flow challenges arise primarily from the timing of equitable share payments.
5. Grant Dependency and Financial Monitoring
The Municipality is largely grant-dependent and provides mandatory support to local municipalities. Key financial ratios (including liquidity, cost coverage, debtors' collection rates, and creditors' payment terms) are closely monitored, and corrective actions implemented.
6. External Funding Initiatives
Management has developed business plans and alternative funding strategies to augment revenue resources and address historical funding shortfalls.
7. Creditor Management
All outstanding creditors as at 30 June 2025 were included in the cash management report.
8. Budget Funding Implementation Plan
Council has adopted an implementation plan detailing how to transition from an unfunded budget to a fully funded budget. The Municipality is actively implementing the recommendations of this plan.
9. Strategic Oversight
Strategic oversight and guidance from the Executive Mayor support the Municipality's financial sustainability.

The District Municipality faces unfunded budgets, reliance on grants, and timing-related cash flow constraints. These risks are mitigated through strict cash management, cost containment policies, alternative funding initiatives, budget implementation plans, and ongoing monitoring of financial ratios.

Taking these factors into account, management has prepared the Annual Financial Statements on a going concern basis, supported by the measures outlined above. Based on current information, management has concluded that there is no material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern.

51 SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2025

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
	R	R	R	R	R	R	R	R	R	R	R
Executive and Council											
Council Administration	99 725	26 869	-	-	126 593	(75 774)	(12 986)	-	-	(88 759)	37 834
Council Services	1 489 314	6 800	-	(10 616)	1 485 498	(711 515)	(142 838)	-	9 555	(844 799)	640 699
Municipal Manager	344 619	24 000	-	(3 325)	365 294	(267 110)	(22 822)	-	2 957	(286 975)	78 319
Finance and Administration											
Administration	382 318	91 500	-	(7 435)	466 383	(178 833)	(59 470)	-	6 703	(231 600)	234 783
Asset Management Unit	39 583	-	-	(6 745)	32 838	(16 101)	(7 872)	-	6 206	(17 767)	15 071
Budget & Treasury Office	14 985	-	-	(4 997)	9 988	(11 591)	(1 054)	-	4 597	(8 048)	1 941
Expenditure Unit	19 479	27 717	-	-	47 196	(12 740)	(7 918)	-	-	(20 658)	26 538
Financial Services	788 924	-	-	(12 416)	776 508	(645 139)	(35 432)	-	11 235	(669 336)	107 172
Human Resources	158 317	-	-	(2 278)	156 040	(129 009)	(8 773)	-	2 095	(135 688)	20 352
Information Technology	3 957 309	1 287 956	-	(1 832 887)	3 412 378	(2 974 361)	(756 373)	-	1 817 083	(1 913 650)	1 498 728
Property Services	20 273 242	-	-	(22 306)	20 250 936	(1 902 549)	(83 520)	-	20 219	(1 965 850)	18 285 086
Risk Management	13 398	-	-	-	13 398	(8 226)	(3 494)	-	-	(11 720)	1 678
Supply Chain Management	8 952	41 889	-	-	50 841	(6 041)	(4 686)	-	-	(10 727)	40 114
Vehicles	-	-	-	-	-	-	-	-	-	0	0
Health											
Environmental Health	91 769	18 478	-	(4 042)	106 205	(62 381)	(19 182)	-	3 711	(77 851)	28 355
Planning and Development											
Communication & Liaison	46 452	-	-	-	46 452	(14 553)	(13 116)	-	-	(27 669)	18 783
Engineering Services	897 921	22 280	-	(23 178)	897 023	(241 798)	(142 212)	-	21 182	(362 828)	534 195
Housing Accreditation	54 819	9 326	-	(1 754)	62 391	(38 167)	(7 435)	-	1 614	(43 988)	18 403
LED	1 444	-	-	-	1 444	(1 299)	(0)	-	-	(1 299)	144
PIMMS	9 957	-	-	-	9 957	(9 075)	(83)	-	-	(9 157)	799
Performance Management	89 524	-	-	(13 978)	75 546	(69 412)	(10 004)	-	12 842	(66 575)	8 971
Technical Support Services	55 567	-	-	(4 000)	51 567	(50 244)	(1)	-	3 680	(46 565)	5 003
Internal Audit											
Internal Audit	156 219	-	-	-	156 219	(129 386)	(6 604)	-	-	(135 990)	20 229
Other											
Tourism	37 421	-	-	(270)	37 151	(33 703)	(1)	-	248	(33 455)	3 695
Public Safety											
Disaster Management	26 388	-	-	-	26 388	(18 026)	(4 545)	-	-	(22 571)	3 817
Total Asset Register	**29 057 645**	**1 556 815**	**-**	**(1 950 227)**	**28 664 233**	**(7 607 034)**	**(1 350 419)**	**-**	**1 923 927**	**(7 033 525)**	**21 630 707**

52 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

2024 Actual Income	2024 Budgeted Income	2024 Actual Expenditure	2024 Budgeted Expenditure	2024 Surplus/ (Deficit)	Description	2025 Actual Income	2025 Budgeted Income	2025 Actual Expenditure	2025 Budgeted Expenditure	2025 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
					Municipal Governance and Administration					
250 000	500 000	19 615 172	19 615 335	(19 365 172)	Executive and Council	-	500 000	21 525 091	21 678 249	(21 525 091)
86 842 251	86 304 654	46 042 855	46 046 895	40 799 395	Finance and Administration	87 971 102	89 089 087	47 158 201	47 220 110	40 812 901
-	-	3 885 348	3 886 705	(3 885 348)	Internal Audit	-	-	3 823 105	3 878 285	(3 823 105)
					Community and Public Safety					
-	-	3 225 607	3 225 768	(3 225 607)	Public Safety	-	-	3 325 886	3 377 816	(3 325 886)
-	-	7 206 173	7 206 199	(7 206 173)	**Health**	-	-	6 673 144	6 673 567	(6 673 144)
					Economic and Environmental Services					
4 328 000	4 328 000	12 639 415	12 642 956	(8 311 415)	Planning and Development	4 218 000	4 608 000	12 472 730	12 472 824	(8 254 730)
500 000	500 000	1 491 509	1 491 698	(991 509)	**Other**	-	-	1 237 377	1 239 986	(1 237 377)
91 920 251	**91 632 654**	**94 106 080**	**94 115 556**	**(2 185 829)**	Sub-Total	**92 189 102**	**94 197 087**	**96 215 535**	**96 540 837**	**(4 026 433)**
200 532	3 995 500	854 698	855 598	(654 166)	Gains and Losses	-	3 752 019	685 552	719 035	(685 552)
92 120 783	**95 628 154**	**94 960 778**	**94 971 154**	**(2 839 995)**	**Total**	**92 189 102**	**97 949 106**	**96 901 087**	**97 259 872**	**(4 711 985)**

APPENDIX A

ZF MGCAWU DISTRICT MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2024	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2025	Carrying Value of Property, Plant & Equip	Other Costs in accordance with MFMA
	R				R	R	R	R	R	R
CAPITAL LEASE LIABILITIES										
COPIERS - 2021/22	660 000	12.4%	-	01/05/2025	228 081	-	(228 081)	-	-	-
COPIERS - 2022/23	130 889	20.6%	-	01/05/2025	51 975	-	(51 975)	-	-	-
TELEHONE SYSTEM - 2024/25	827 313	12.5%	-	01/08/2027	-	827 313	(199 989)	627 324	563 424	-
Total Capital Lease Liabilities	**2 568 202**				**280 056**	**827 313**	**(480 045)**	**627 324**	**563 424**	**-**

Copier Machine Leases:

Finance Lease Liabilities relate to Copier Machines with a lease term of 36 months with a fair value of R660 000 as at 1 June 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 12.4%.

Finance Lease Liabilities relate to Copier Machines with a lease term of 33 months with a fair value of R130 889 as at 1 August 2022, ending 31 May 2025. The effective interest rate on Finance Leases is 20.6%.

Finance Lease Liabilities relate to Telephone System with a lease term of 36 months with a fair value of R827 313 as at 1 September 2024, ending 30 August 2027. The effective interest rate on Finance Leases is 12.5%.

The District Municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The District Municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The lease is classified as a finance lease due to the substance of the transaction; The lease term is for the major part of the economic life of the asset and at the inception of the lease the present value of the minimum lease payments exceeded the fair value of the leased assets.

APPENDIX B
ZF MGCAWU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2025

Description	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land:											
Land	17 976 000	-	-	-	17 976 000	-	-	-	-	-	17 976 000
Other Assets:											
Buildings	2 056 000	-	-	-	2 056 000	(1 686 039)	(82 213)	-	-	(1 768 253)	287 747
Land and Buildings	**20 032 000**	**-**	**-**	**-**	**20 032 000**	**(1 686 039)**	**(82 213)**	**-**	**-**	**(1 768 253)**	**18 263 747**
Computer Equipment											
Computer Hardware	2 464 650	247 841	-	(120 876)	2 591 615	(1 719 157)	(313 258)	-	111 076	(1 921 339)	670 276
Furniture and Office Equipment											
Cabinets And Cupboards	252 780	-	-	-	252 780	(227 441)	(32)	-	-	(227 473)	25 308
Chairs	315 129	-	-	(6 746)	308 383	(279 424)	(1 373)	-	6 071	(274 726)	33 657
Furniture	12 164	737	-	-	12 901	(10 949)	(50)	-	-	(10 999)	1 902
Office Machines & Other	249 028	9 500	-	(2 547)	255 981	(221 947)	(7 211)	-	2 344	(226 815)	29 166
Other Furniture	767 552	135 700	-	(40 268)	862 984	(433 056)	(81 011)	-	36 311	(477 757)	385 227
Printer, Fax, Copier	18 462	-	-	-	18 462	(14 878)	(1 710)	-	-	(16 588)	1 874
Tables And Desks	449 186	6 063	-	(5 530)	449 720	(404 108)	(486)	-	4 977	(399 617)	50 102
Machinery and Equipment											
Fire Fighting Equipment	1 200	-	-	-	1 200	(1 080)	-	-	-	(1 080)	120
Medical Equipment	6 300	-	-	-	6 300	(5 670)	-	-	-	(5 670)	630
Other Equipment	342 809	-	-	-	342 809	(42 111)	(43 786)	-	-	(85 897)	256 912
Radio Equipment	3 000	-	-	-	3 000	(2 700)	-	-	-	(2 700)	300
Security Equipment	115 332	-	-	-	115 332	(92 313)	(6 353)	-	-	(98 666)	16 666
Leased Assets	1 740 889	827 313	-	(1 740 889)	827 313	(1 487 138)	(471 631)	-	1 729 840	(228 928)	598 385
Transport Assets											
Motor Cars	1 572 463	-	-	-	1 572 463	(337 743)	(230 781)	-	-	(568 525)	1 003 939
	8 310 946	**1 227 154**	**-**	**(1 916 856)**	**7 621 244**	**(5 279 716)**	**(1 157 684)**	**-**	**1 890 620**	**(4 546 780)**	**3 074 465**
Total PPE	**28 342 946**	**1 227 154**	**-**	**(1 916 856)**	**27 653 244**	**(6 965 755)**	**(1 239 897)**	**-**	**1 890 620**	**(6 315 032)**	**21 338 212**
Intangible Assets											
Computer Software	714 699	329 661	-	(33 371)	1 010 988	(641 279)	(110 522)	-	33 307	(718 493)	292 495
Total Intangible Assets	**714 699**	**329 661**	**-**	**(33 371)**	**1 010 988**	**(641 279)**	**(110 522)**	**-**	**33 307**	**(718 493)**	**292 495**
Total Asset Register	**29 057 645**	**1 556 815**	**-**	**(1 950 227)**	**28 664 233**	**(7 607 034)**	**(1 350 419)**	**-**	**1 923 927**	**(7 033 525)**	**21 630 707**

APPENDIX E(1)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD											
Municipal Governance and Administration											
Executive and Council	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Finance and Administration	91 654 675	(2 565 588)	89 089 087	-	89 089 087	87 971 102		(1 117 985)	98.75	95.98	86 842 251
Community and Public Safety											
Public Safety	-	-	-	-	-	-		-	0.00	0.00	-
Economic and Environmental Services											
Planning and Development	4 718 000	(110 000)	4 608 000	-	4 608 000	4 218 000		(390 000)	91.54	89.40	4 328 000
Total Revenue - Standard	96 872 675	(2 675 588)	94 197 087	-	94 197 087	92 189 102	-	(2 007 985)	97.87	95.17	91 920 251
EXPENDITURE - STANDARD											
Municipal Governance and Administration											
Executive and Council	20 954 516	100 959	21 055 475	622 774	21 678 249	21 525 091	-	(153 158)	99.29	102.72	19 615 172
Finance and Administration	49 446 573	(1 535 993)	47 910 580	(18 640)	47 891 940	47 163 025	-	(728 915)	98.48	95.38	46 072 855
Internal Audit	3 956 965	(38 064)	3 918 901	(40 616)	3 878 285	3 823 105	-	(55 180)	98.58	96.62	3 885 348
Community and Public Safety											
Public Safety	3 609 133	(188 188)	3 420 945	(43 129)	3 377 816	3 325 886	-	(51 930)	98.46	92.15	3 225 607
Health	8 326 680	(1 081 613)	7 245 067	(571 500)	6 673 567	6 673 144	-	(423)	99.99	80.14	7 206 173
Economic and Environmental Services											
Planning and Development	12 384 730	67 597	12 452 327	20 497	12 472 824	12 472 730	-	(94)	100.00	100.71	12 639 415
Other	1 156 441	52 931	1 209 372	30 614	1 239 986	1 237 377	-	(2 609)	99.79	107.00	1 491 509
Total Expenditure - Standard	99 835 038	(2 622 371)	97 212 667	-	97 212 667	96 220 359	-	(992 308)	98.98	96.38	94 136 080
Gains and Losses	(3 657 464)	(47 350)	(3 704 814)	-	(3 704 814)	680 728	-	4 385 542	0.00	0.00	624 166
surplus / (deficit) for the year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**(1.11)**	**(1.21)**	**(2 839 995)**

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
REVENUE - STANDARD											
Executive & Council	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Council Services	500 000	-	500 000	-	500 000	-	-	(500 000)	0.00	0.00	250 000
Budget and treasury office	87 699 675	391 815	88 091 490	-	88 091 490	87 552 219	-	(539 271)	99.39	99.83	86 531 488
Budget & Treasury Office	84 746 000	-	84 746 000	-	84 746 000	84 686 060	-	(59 940)	99.93	99.93	63 476 228
Financial Services	2 953 675	391 815	3 345 490	-	3 345 490	2 866 160	-	(479 330)	85.67	97.04	23 055 260
Corporate services	3 955 000	(2 957 403)	997 597	-	997 597	418 883	-	(578 714)	41.99	10.59	310 762
Human Resources	3 955 000	(2 957 403)	997 597	-	997 597	418 883	-	(578 714)	41.99	10.59	310 762
Planning & Development	4 718 000	(110 000)	4 608 000	-	4 608 000	4 218 000	-	(390 000)	91.54	89.40	4 828 000
Engineering Services	4 468 000	30 000	4 498 000	-	4 498 000	4 108 000	-	(390 000)	91.33	91.94	4 078 000
Housing Accreditation	250 000	(140 000)	110 000	-	110 000	110 000	-	-	100.00	44.00	250 000
Total Revenue - Standard	96 872 675	(2 675 588)	94 197 087	-	94 197 087	92 189 102	-	(2 007 985)	97.87	95.17	91 920 251

APPENDIX E(2)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
EXPENDITURE - STANDARD											
Executive & Council	24 923 824	43 292	24 967 116	542 905	25 510 021	25 257 611	-	(252 410)	99.01	101.34	24 179 288
Council Services	10 006 434	486 048	10 492 482	356 735	10 849 217	10 710 596	-	(138 621)	98.72	107.04	9 683 410
Internal Audit	3 956 965	(38 064)	3 918 901	(40 616)	3 878 285	3 823 105	-	(55 180)	98.58	96.62	3 885 348
Municipal Manager	9 430 860	(411 728)	9 019 132	251 003	9 270 135	9 223 188	-	(46 947)	99.49	97.80	9 068 998
Risk Management	1 529 565	7 036	1 536 601	(24 217)	1 512 384	1 500 722	-	(11 662)	99.23	98.11	1 541 532
Budget and treasury office	21 077 504	332 798	21 410 302	622 519	22 032 821	21 524 006	-	(508 815)	97.69	102.12	21 540 322
Asset Management Unit	2 807 585	(826 969)	1 980 616	191 941	2 172 557	2 170 190	-	(2 367)	99.89	77.30	3 704 011
Budget & Treasury Office	1 515 633	(337 765)	1 177 868	(105 654)	1 072 214	1 072 208	-	(6)	100.00	70.74	1 569 264
Expenditure Unit	1 689 251	343 990	2 033 241	96 617	2 129 858	2 125 344	-	(4 514)	99.79	125.82	1 423 607
Financial Services	12 959 517	1 255 566	14 215 083	406 600	14 621 683	14 119 844	-	(501 839)	96.57	108.95	12 847 046
Supply Chain Management	2 105 518	(102 024)	2 003 494	33 015	2 036 509	2 036 420	-	(89)	100.00	96.72	1 996 395
Corporate services	24 919 765	(1 882 367)	23 037 398	(661 918)	22 375 480	22 207 575	-	(167 905)	99.25	89.12	21 440 659
Administration	6 298 314	142 838	6 441 152	(404 770)	6 036 382	6 035 441	-	(941)	99.98	95.83	6 077 265
Human Resources	8 789 238	(2 561 899)	6 227 339	(29 841)	6 197 498	6 179 514	-	(17 984)	99.71	70.31	6 041 539
Information Technology	4 815 832	379 547	5 195 379	(766 913)	4 428 466	4 355 697	-	(72 769)	98.36	90.45	4 434 291
Property Services	1 145 217	442 470	1 587 687	238 325	1 826 012	1 757 994	-	(68 018)	96.28	153.51	1 407 070
Security Services	3 871 164	(285 323)	3 585 841	301 281	3 887 122	3 878 928	-	(8 194)	99.79	100.20	3 480 495
Planning & Development	28 913 945	(1 116 094)	27 797 851	(503 506)	27 294 345	27 231 168	-	(63 177)	99.77	94.18	26 975 810
Communication & Liaison	1 919 739	6 540	1 926 279	12 476	1 938 755	1 930 722	-	(8 033)	99.59	100.57	1 550 342
Disaster Mangement	3 609 133	(188 188)	3 420 945	(43 129)	3 377 816	3 325 886	-	(51 930)	98.46	92.15	3 225 607
Engineering Services	8 074 488	130 803	8 205 291	72 715	8 278 006	8 276 073	-	(1 933)	99.98	102.50	8 569 785
Environmental Health	8 326 680	(1 081 613)	7 245 067	(571 500)	6 673 567	6 673 144	-	(423)	99.99	80.14	7 206 173
Housing Accreditation	3 030 923	(84 169)	2 946 754	(30 212)	2 916 542	2 916 420	-	(122)	100.00	96.22	2 827 657
Planning and Development	68 240	(200)	68 040	1 171 946	1 239 986	1 239 377	-	(609)	99.95	1 816.20	1 492 907
PIMMS	1 279 319	5 363	1 284 682	(6 406)	1 278 276	1 278 238	-	(38)	100.00	99.92	1 240 575
PMS	1 517 222	42 239	1 559 461	31 936	1 591 397	1 591 308	-	(89)	99.99	104.88	862 763
Tourism	1 088 201	53 131	1 141 332	(1 141 332)	-	-	-	-	0.00	0.00	-
Total Expenditure - Standard	99 835 038	(2 622 371)	97 212 667	-	97 212 667	96 220 359	-	(992 308)	98.98	96.38	94 136 080
Gains and Losses	(3 657 464)	(47 350)	(3 704 814)		(3 704 814)	680 728	-	4 385 542	0.00	0.00	624 166
surplus / (deficit) for the year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**(1.11)**	**(1.21)**	**(2 839 995)**

APPENDIX E (3)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25										2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R		R	R	R	R	R	R
Revenue from Non-exchange Transactions											
Transfers and Subsidies	94 609 000	(2 867 403)	91 741 597	-	91 741 597	89 749 204	-	(1 992 393)	97.83	94.86	88 401 654
Impairment Gains	3 305 000	47 350	3 352 350	-	3 352 350	-	-	(3 352 350)	-	-	200 532
Revenue from Exchange Transactions				-							
Sales of Goods and Rendering of Services	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	10 490	-	10 490	-	10 490	162 880	-	152 390	1 552.72	1 552.72	135 725
Finance Income	1 775 000	150 000	1 925 000	-	1 925 000	1 710 062	-	(214 938)	88.83	96.34	1 746 081
Operational Revenue	478 185	41 815	520 000	-	520 000	566 956	-	46 956	109.03	118.56	1 636 790
Gains on Disposal of Capital Assets	399 669	-	399 669	-	399 669	-	-	(399 669)	-	-	-
Total Revenue (excluding Capital Transfers &	100 577 344	(2 628 238)	97 949 106	-	97 949 106	92 189 102	-	(5 760 004)	94.12	91.66	92 120 783
EXPENDITURE											
Employee Related Costs	66 377 201	(972 119)	65 405 082	(214 441)	65 190 641	65 082 349	-	(108 292)	99.83	98.05	62 602 230
Remuneration of Councillors	5 508 699	40 959	5 549 658	8 273	5 557 931	5 548 998	-	(8 933)	99.84	100.73	5 401 337
Depreciation and Amortisation	1 102 213	412 803	1 515 016	(134 660)	1 380 356	1 350 419	-	(29 937)	97.83	122.52	1 367 110
Impairment Losses	-	-	-	671 830	671 830	664 968	-	(6 862)	98.98	-	795 298
Finance Costs	4 337 319	40 999	4 378 318	(167 898)	4 210 420	4 210 419	-	(1)	100.00	97.07	3 958 480
Contracted Services	10 585 435	(3 314 661)	7 270 774	(972 173)	6 298 601	6 242 697	-	(55 904)	99.11	58.97	6 366 498
Inventory Consumed	547 297	438 388	985 685	(169 381)	816 304	695 790	-	(120 514)	85.24	127.13	516 838
Transfers and Subsidies Paid	377 030	(272 030)	105 000	395 065	500 065	499 263	-	(802)	99.84	132.42	491 452
Operating Leases	-	-	-	-	-	-	-	-	-	-	-
Operational Costs	10 999 844	1 003 290	12 003 134	583 385	12 586 519	12 585 600	-	(919)	99.99	114.42	13 402 134
Loss on Disposal of Capital Assets	47 205	-	47 205	-	47 205	20 584	-	(26 621)	43.61	43.61	59 400
Total Expenditure	99 882 243	(2 622 371)	97 259 872	-	97 259 872	96 901 087	-	(358 785)	99.63	97.02	94 960 778
Surplus / (Deficit) for the Year	**695 101**	**(5 867)**	**689 234**	**-**	**689 234**	**(4 711 985)**	**-**	**(5 401 219)**	**-5.51**	**-5.36**	**(2 839 995)**

APPENDIX E(4)
ZF MGCAWU DISTRICT MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

Description	2024/25									2023/24
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
	R	R	R	R				R	R	R
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Transfers and Subsidies	93 509 000	(3 067 403)	90 441 597	-	90 441 597	89 749 204	(692 393)	99.23	95.98	88 401 654
Rental from Fixed Assets	-	-	-	-	-	162 880	162 880	0.00	0.00	135 725
External Interest and Dividends Received	1 600 000	150 000	1 750 000	-	1 750 000	1 710 062	(39 938)	97.72	106.88	1 746 081
Other Receipts	3 232 269	(367 121)	2 865 148	-	2 865 148	908 062	(1 957 086)	31.69	28.09	1 306 115
				-						
Payments				-						
Employee Related Costs	(91 295 136)	5 655 297	(85 639 839)	-	(85 639 839)	(66 906 493)	18 733 346	0.00	0.00	(64 040 995)
Remuneration of Councillors	-	-	-	-	-	(5 548 998)	(5 548 998)	0.00	0.00	(5 401 337)
External Interest and Dividends Paid	(250 905)	-	(250 905)	-	(250 905)	(90 419)	160 487	0.00	0.00	(155 480)
Suppliers Paid	-	-	-	-	-	(5 118 405)	(5 118 405)	0.00	0.00	(7 189 398)
Other Payments	(377 030)	272 030	(105 000)	-	(105 000)	(13 238 440)	(13 133 440)	0.00	0.00	(13 750 113)
NET CASH FROM / (USED) OPERATING ACTIVITIES	**6 418 198**	**2 642 803**	**9 061 001**	**-**	**9 061 001**	**1 627 452**	**(7 433 549)**	**0.00**	**0.00**	**1 052 253**
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchase of Property, Plant and Equipment	(3 490 650)	758 536	(2 732 114)	-	(2 732 114)	(399 841)	2 332 273	0.00	0.00	(1 287 176)
Purchase of Intangible Assets	-	-	-	-	-	(329 661)	(329 661)	0.00	0.00	(53 230)
Proceeds on Disposal of Property, Plant and Equipme	-	-	-	-	-	5 717	5 717	0.00	0.00	323 000
Decrease / (Increase) in Non-current Investments	(675 000)	(631 000)	(1 306 000)	-	(1 306 000)	(714 321)	591 679	0.00	0.00	(648 624)
Decrease / (Increase) in Long-term Receivables	-	-	-	-	-	5 642	5 642	0.00	0.00	7 809
NET CASH FROM / (USED) INVESTING ACTIVITIES	**(4 165 650)**	**127 536**	**(4 038 114)**	**-**	**(4 038 114)**	**(1 432 464)**	**2 605 650**	**0.00**	**0.00**	**(1 658 221)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Proceeds from Borrowings	-	-	-	-	-	-	-	0.00	0.00	-
Repayment of Borrowings	(671 110)	(671 110)	(1 342 220)	-	(1 342 220)	(480 045)	862 175	0.00	0.00	(647 945)
NET CASH FROM / (USED) FINANCING ACTIVITIES	**(671 110)**	**(671 110)**	**(1 342 220)**	**-**	**(1 342 220)**	**(480 045)**	**862 175**	**0.00**	**0.00**	**(647 945)**
NET INCREASE / (DECREASE) IN CASH HELD	**(1 581 438)**	**(2 099 229)**	**(3 680 667)**	**-**	**(3 680 667)**	**285 057**	**3 965 724**	**0.00**	**0.00**	**1 253 913**
Cash / Cash Equivalents at the Year begin:	1 605 894	(1 154 069)	451 825	-	451 825	451 829	4	100.00	28.14	1 705 742
Cash / Cash Equivalents at the Year end:	3 187 332	945 160	4 132 492	-	4 132 492	166 772	(3 965 720)	4.04	5.23	451 829

APPENDIX F
ZF MGCAWU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
		R	R	R	R	R	R	R	R	R	R	R	R			
Monetary Allocations:																
Financial Management Grant	National Treasury	1 200 000	-	-	-	281 591	225 254	(18 612)	711 767.15	-	-	-	-	N/A	Yes	N/A
Rural Roads Asset Manage Systems Grant	National Treasury	-	2 252 000	965 000	-	351 320	1 736 693	477 431	651 555.71	-	-	-	-	N/A	Yes	N/A
Housing Accreditation DPLG National	COGHSTA - Provincial	-	-	110 000	-	117 714	33 519	(11 458)	(29 775.01)	-	-	-	-	N/A	Yes	N/A
EPWP Incentive Grant	National Treasury	313 000	563 000	15 000	-	538 712	572 359	119 150	(339 220.80)	-	-	-	-	Reporting	Yes	N/A
In-kind Allocations:																
Aids Health	Department of Health Provincial	-	-	-	-					-	-	-	-	N/A	Yes	N/A
Total Grants and Subsidies Received		**1 513 000**	**2 815 000**	**1 090 000**	**-**	**1 289 337**	**2 567 824**	**566 511**	**994 327**	**-**	**-**	**-**	**-**			

(*) Did your District Municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	756 789	-	-	-	-	252 263	-	-	-	-	**1 009 052**
Speaker											
WRS PETERSON	368 789	-	-	-	-	122 930	-	-	-	-	**491 719**
Executive Committee											
A MATSHIMO	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
J SILO	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
PM MGCERA	316 645	-	-	-	-	105 548	45 419	-	-	-	**467 612**
MA WILLEMSE	217 743	-	-	-	-	72 081	42 677	-	-	-	**332 501**
H DE KOKER	225 530	-	-	-	-	75 177	42 677	-	-	-	**343 383**
RVD KGATLANE	13 969	-	-	-	-	4 656	2 742	-	-	-	**21 367**
FL WITBOOI	239 498	-	-	-	-	79 833	45 419	-	-	-	**364 750**
E MOMPE	231 196	-	-	-	-	76 685	45 419	-	-	-	**353 300**
MHB VAN ZYL	239 498	-	-	-	-	79 833	45 419	-	-	-	**364 750**
Councillors Section 79											
MM LOUW	307 357	-	-	-	-	102 452	-	-	-	-	**409 809**
Other Councillors											
A JOHNSON	103 239	-	-	-	-	34 413	-	-	-	-	**137 652**
KG KEOROMETSWE	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
AJ RUITERS	16 644	-	-	-	-	5 548	-	-	-	-	**22 191**
JM BOUCHER	9 449	-	-	-	-	3 150	-	-	-	-	**12 598**
DR PIENAAR	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
CFP MAASDORP/BEZUIDENHOUT	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
AC KOTZEE	26 092	-	-	-	-	8 697	-	-	-	-	**34 790**
J BALIES	13 006	-	-	-	-	4 335	-	-	-	-	**17 342**
KS BOER	1 547	-	-	-	-	516	-	-	-	-	**2 063**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors (Sitting)											
RBF SAAL	-	-	-	-	17 434	-	-	-	-	-	**17 434**
PT VAN DER STEEN	-	-	-	-	6 226	-	-	-	-	-	**6 226**
S SANDLANA	-	-	-	-	21 169	-	-	-	-	-	**21 169**
S ABEL	-	-	-	-	28 641	-	-	-	-	-	**28 641**
PJ GEORGE	-	-	-	-	24 905	-	-	-	-	-	**24 905**
F BASSON	-	-	-	-	26 150	-	-	-	-	-	**26 150**
Total for Councillors	**3 798 557**	**-**	**-**	**-**	**124 525**	**1 265 306**	**360 610**	**-**	**-**	**-**	**5 548 998**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2025

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
A. Tieties		-	-	164 204	-	-	-	-	-	38 336	**202 540**
I. De Waal										34 551	**34 551**
A. Phete	-	-	-	-	-	-	17 500	-	-	80 672	**98 172**
	-	-	-	164 204	-	-	17 500	-	-	153 559	**335 263**
Director: Financial Services											
E. Isaacs	685 149	-	57 095.76	112 350	-	199 771	30 000	-	181 485	-	**1 265 851**
Director: Planning & Development											
I.G.A De Waal	685 149	-	57 095.76	112 350	-	209 412	30 000	-	171 844	-	**1 265 851**
Director: Corporate Services											
D. Van Zyl	803 976	-	-	123 021	-	534 142	30 000	-	208 044	-	**1 699 183**
H. Mchlauli	-	-	-	-	-	-	-	-	-	50 852	**50 852**
	803 976	-	-	123 021	-	534 142	30 000	-	208 044	50 852	**1 750 035**
Total for Senior Managers	**2 174 274**	**-**	**114 192**	**511 925**	**-**	**943 326**	**107 500**	**-**	**561 373**	**204 411**	**4 617 001**
Total for Management	**5 972 831**	**-**	**114 192**	**511 925**	**124 525**	**2 208 632**	**468 110**	**-**	**561 373**	**204 411**	**10 165 999**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Executive Mayor											
MC BASSON	738 240	-	-	-	-	246 080	-	-	-	-	**984 320**
Speaker											
WRS PETERSON	356 965	-	-	-	-	118 988	-	-	-	-	**475 953**
Executive Committee											
A MATSHIMO	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
J SILO	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
PM MGCERA	308 881	-	-	-	-	102 960	43 200	-	-	-	**455 041**
MM LOUW	155 707	-	-	-	-	51 902	-	-	-	-	**207 609**
J ESAU	99 562	-	-	-	-	33 187	18 465	-	-	-	**151 213**
MA WILLEMSE	128 170	-	-	-	-	43 090	24 369	-	-	-	**195 629**
H DE KOKER	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
FL WITBOOI	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
PH MATTHYS	64 963	-	-	-	-	21 654	12 000	-	-	-	**98 618**
E MOMPE	12 506	-	-	-	-	4 269	2 400	-	-	-	**19 175**
MHB VAN ZYL	233 626	-	-	-	-	77 875	43 200	-	-	-	**354 701**
Councillors Section 79											
PH MATTHYS	199 825	-	-	-	-	66 608	28 800	-	-	-	**295 233**
MM LOUW	99 996	-	-	-	-	33 332	-	-	-	-	**133 328**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Other Councillors											
A JOHNSON	98 198	-	-	-	-	32 733	-	-	-	-	**130 931**
KG KEOROMETSWE	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
AJ RUITERS	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
DR PIENAAR	17 429	-	-	-	-	8 840	-	-	-	-	**26 269**
CFP MAASDORP/BEZUIDENHOUT	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
AC KOTZEE	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
J BALIES	22 943	-	-	-	-	7 648	-	-	-	-	**30 591**
Other Councillors (Sitting)											
DR PIENAAR	-	-	-	-	4 545	-	-	-	-	-	**4 545**
PT VAN DER STEEN	-	-	-	-	18 353	-	-	-	-	-	**18 353**
S SANDLANA	-	-	-	-	15 923	-	-	-	-	-	**15 923**
S ABEL	-	-	-	-	19 524	-	-	-	-	-	**19 524**
PJ GEORGE	-	-	-	-	18 396	-	-	-	-	-	**18 396**
F BASSON	-	-	-	-	24 136	-	-	-	-	-	**24 136**
Total for Councillors	**3 713 797**	**-**	**-**	**-**	**100 878**	**1 241 429**	**345 233**	**-**	**-**	**-**	**5 401 337**

APPENDIX G
ZF MGCAWU DISTRICT MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & MANAGEMENT

30 June 2024

Incumbent	Basic Salaries	Scarce Skills Allowance	Annual Bonuses	Performance Bonuses	Sitting Allowances	Travel Allowances	Cellphone Allowances	Housing Allowances	Company Contr. to Medical and Pension Funds	Acting Allowances	Total Remuneration
	R	R	R	R	R	R	R	R	R	R	R
Municipal Manager											
A. Tieties	-	-	-	108 180	-	-	-	-	-	98 874	**207 054**
D. Van Zyl	-	-	-	61 817	-	-	-	-	-	-	**61 817**
	-	-	-	169 997	-	-	-	-	-	98 874	**268 871**
Director: Financial Services											
E. Isaacs	739 217	-	100 000	141 318	-	127 229	30 000	-	177 395	-	**1 315 159**
Director: Planning & Development											
I.G.A De Waal	740 023	-	57 096	141 318	-	178 075	30 000	-	168 392	-	**1 314 903**
Director: Corporate Services											
D. Van Zyl	685 149	-	100 000	121 055	-	503 660	30 000	-	183 411	-	**1 623 275**
H. Mchlauli	-	-	-	-	-	-	-	-	-	119 511	**119 511**
	685 149	-	100 000	121 055	-	503 660	30 000	-	183 411	119 511	**1 742 786**
Total for Senior Managers	**2 164 389**	**-**	**257 096**	**573 689**	**-**	**808 964**	**90 000**	**-**	**529 197**	**218 384**	**4 641 719**
Total for Management	**5 878 186**	**-**	**257 096**	**573 689**	**100 878**	**2 050 393**	**435 233**	**-**	**529 197**	**218 384**	**10 043 056**

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
1.	**FINANCIAL POSITION**								
A.	**Asset Management / Utilisation**								
1.	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating Expenditure + Capital Expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	10% - 20%		1.58%	1.39%	*Refer to Page 2 of MFMA Circular No 71*	ZFM doesn't have any infrastructure assets and therefore capital expenditure is below 10%.
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
					Total Capital Expenditure	1 556 815	1 340 406		
2.	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment / (Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0.00%	0.00%	*Refer to Page 3 of MFMA Circular No 71*	No Impairment of PPE during the 2024/25 financial year.
					PPE, Investment Property & Intangible Impairment	-	-		
					PPE at Carrying Value	21 338 212	21 377 191		
					IP at Carrying Value	-	-		
					Intangible Assets at Carrying Value	292 495	73 420		
3.	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure / Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-year Reports	8%		5.22%	5.26%	*Refer to Page 4 of MFMA Circular No 71*	The majority of ZFM's PPE value is Land which has no maintenance on it.
					Total Repairs and Maintenance Expenditure	1 113 387	1 123 771		
					PPE at Carrying Value	21 338 212	21 377 191		
					Investment Property at Carrying Value	-	-		
B.	**Debtors Management**								
1.	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written-off) / Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports, IDP and AR	95%		85.60%	75.40%	*Refer to Page 5 of MFMA Circular No 71*	ZFM has recovered outstanding debt during 2024/25 financial year.
					Gross Debtors Closing Balance	136 015	189 833		
					Gross Debtors Opening Balance	189 833	224 591		
					Bad Debts Written-off	4 824	30 000		
					Billed Revenue	407 290	263 271		
2.	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off / Provision for Bad Debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		0.00%	0.00%	*Refer to Page 5 of MFMA Circular No 71*	No bad debts were identified and written off.
					Debtors Bad Debts Written-off	4 824	30 000		
					Debtors Current Bad Debt Provision	-	-		
3.	Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Actual Billed Revenue)) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 Days		122 Days	263 Days	*Refer to Page 6 of MFMA Circular No 71*	ZFM doesn't have any consumer debtors and steps have been taken to recover outstanding debtors.
					Gross Debtors	136 015	189 833		
					Bad Debts Provision	-	-		
					Billed Revenue	407 290	263 271		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

Ratio		Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
C.	**Liquidity Management**								
1.	Cash / Cost Coverage Ratio (Excluding Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short-term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-year Reports and AR	1 - 3 Months		0.0 Months	0.1 Months	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 48, Management's Going Concern Assessment for more detail.
					Cash and Cash Equivalents	166 772	451 829		
					Unspent Conditional Grants	-	-		
					Overdraft	-	-		
					Short-term Investments	-	-		
					Total Annual Operational Expenditure	95 530 084	92 738 970		
2.	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.09	0.17	*Refer to Page 7 of MFMA Circular No 71*	ZFM has historic Employment Benefit Liabilities which negatively affects ZFM's cash flow position. Refer to Note 48, Management's Going Concern Assessment for more detail.
					Current Assets	1 126 324	1 757 310		
					Current Liabilities	12 055 540	10 257 827		
C.	**Liability Management**								
1.	Capital Cost (Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-year Reports and AR	6% - 8%		4.84%	4.85%	*Refer to Page 8 of MFMA Circular No 71*	ZFM leased copier machines and a telephone system during the financial year. Interest on Employment Benefit Liabilities are also included.
					Interest Paid	4 210 419	3 958 480		
					Redemption	480 045	647 945		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
2.	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non-current Finance Lease Obligation + Short-term Borrowings + Long-term Borrowings) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		25.71%	7.53%	*Refer to Page 9 of MFMA Circular No 71*	New telephone system was leased in September 2024.
					Total Debt	627 324	280 056		
					Total Operating Revenue	92 189 102	92 120 783		
					Operational Conditional Grants	89 749 204	88 401 654		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
C.	**Sustainability**								
1.	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank Overdraft + Short-term Investment + Long-term Investment - Unspent Grants) / (Net Assets - Accumulated Surplus - Non-controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		10.96%	11.42%	*Refer to Page 9 of MFMA Circular No 71*	The level of Cash Backed of Reserves has regressed but will be addressed by Management's Going Concern Assessment, refer to Note 48.
					Cash and Cash Equivalents	166 772	451 829		
					Bank Overdraft	-	-		
					Short Term Investment	-	-		
					Long Term Investment	2 433 331	1 719 010		
					Unspent Grants	-	-		
					Net Assets	-	-		
					Share Premium	-	-		
					Share Capital	-	-		
					Revaluation Reserve	-	-		
					Fair Value Adjustment Reserve	-	-		
					Accumulated Surplus	(23 718 756)	(19 006 771)		
2.	**FINANCIAL PERFORMANCE**								
A.	**Efficiency**								
1.	Net Operating Surplus Margin	((Total Operating Revenue - Total Operating Expenditure) / Total Operating Revenue) x 100	Statement of Financial Performance, Budget, In-year Reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Assets	= or > 0%		-5.11%	-3.08%	*Refer to Page 10 of MFMA Circular No 71*	The Net Operating Surplus Margin is below 0% due to unrealised budgeted revenue for Actuarial Gains. EPWP, HIV/AIDS and LGSETA.
					Total Operating Revenue	92 189 102	92 120 783		
					Depreciation - Revalued Portion	-	-		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
B.	**Distribution Losses**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								
C.	**Revenue Management**								
	ZFM has transferred the distribution of water and electricity to Local Municipalities								

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
D.	**Expenditure Management**								
1.	Creditors Payment Period (Trade Creditors)	(Trade Creditors Outstanding / Credit Purchases (Operating and Capital)) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-year Reports and AR	30 Days		31 Days	14 Days	*Refer to Page 16 of MFMA Circular No 71*	The Creditors Payment Period has increased due to cash flow constrains during the 2024/25 financial year and creditors could not be paid before year-end. Refer to Note 17.
					Trade Creditors	1 773 230	842 777		
					Contracted Services	6 242 697	6 366 498		
					Inventory Consumed	695 790	516 838		
					Operational Costs	12 585 600	13 402 134		
					Transfers and Subsidies Paid	499 263	491 452		
					Operating Leases	-	-		
					Capital Credit Purchases	729 502	1 340 406		
2.	Irregular, Fruitless & Wasteful and Unauthorised Expenditure / Total Operating Expenditure	((Irregular, Fruitless & Wasteful and Unauthorised Expenditure) / Total Operating Expenditure) x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		0.18%	0.31%	*Refer to Page 16 of MFMA Circular No 71*	Refer to Note 34 for detailed explanations.
					Irregular, Fruitless & Wasteful and Unauthorised Expenditure	176 145	295 469		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
3.	Remuneration as % of Total Operating Expenditure	(Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	25% - 40%		72.89%	71.61%	*Refer to Page 17 of MFMA Circular No 71*	Total Remuneration expenditure has increassed due to salary increases. The high remuneration % will be addressed by Management's Going Concern Assessment. Refer to Note 48.
					Employee / Personnel Related Cost	65 082 349	62 602 230		
					Councillors Remuneration	5 548 998	5 401 337		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
4.	Contracted Services % of Total Operating Expenditure	(Contracted Services / Total Operating Expenditure) x 100	Statement of Financial Performance, Budget, IDP, In-year Reports and AR	2% - 5%		6.44%	6.70%	*Refer to Page 17 of MFMA Circular No 71*	Contracted services are affected by grant spending, refer to Note 26 for more detail.
					Contracted Services	6 242 697	6 366 498		
					Total Operating Expenditure	96 901 087	94 960 778		
					Taxation Expense	-	-		
E.	**Grant Dependency**								
1.	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) + Borrowings / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		92.52%	71.85%	*Refer to Page 18 of MFMA Circular No 71*	Capital Expenditures funded from Borrowings relates to Finance Lease Liabilities.
					Internally Generated Funds	613 097	963 038		
					Borrowings	827 313	-		
					Total Capital Expenditure	1 556 815	1 340 406		

APPENDIX H
ZF MGCAWU DISTRICT MUNICIPALITY
RATIO ANALYSIS SCHEDULE FOR THE YEAR ENDED 30 JUNE 2025

	Ratio	Formula	Data Source	Norm / Range	Input Description	Data Inputs and Results		Interpretation	Management Comments (#)
						2025 R	2024 R		
2.	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	(Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-year Reports and AR	None		39.38%	71.85%	*Refer to Page 18 of MFMA Circular No 71*	The majority of Capital Expenditures were funded from Finance Leases.
					Internally Generated Funds	613 097	963 038		
					Total Capital Expenditure	1 556 815	1 340 406		
3.	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	(Own Source Revenue (Total Revenue - Government Grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including Agency Services)) x 100	Statement Financial Performance, Budget, IDP, In-year Reports and AR	None		2.65%	4.04%	*Refer to Page 18 of MFMA Circular No 71*	ZFM has limited own sources of revenue as all the functions were transferred to Local Municipalities.
					Total Revenue	92 189 102	92 120 783		
					Government Grant and Subsidies	89 749 204	88 401 654		
					Public Contributions and Donations	-	-		
					Capital Grants	-	-		
3.	**BUDGET IMPLEMENTATION**								
A.	**Efficiency**								
1.	Capital Expenditure Budget Implementation Indicator	(Actual Capital Expenditure / Budgeted Capital Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, In-year Reports and AR	95% - 100%		60.85%	67.59%	*Refer to Page 19 of MFMA Circular No 71*	Savings realised on capital items budgeted for but not procured and lower net present value on Finance Leases.
					Actual Capital Expenditure	1 556 815	1 340 406		
					Budgeted Capital Expenditure	2 558 521	1 983 231		
2.	Operating Expenditure Budget Implementation Indicator	(Actual Operating Expenditure / Budgeted Operating Expenditure) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		99.63%	99.99%	*Refer to Page 20 of MFMA Circular No 71*	Spending was in line with budgeted figures.
					Actual Operating Expenditure	96 901 087	94 960 778		
					Budgeted Operating Expenditure	97 259 872	94 971 154		
3.	Operating Revenue Budget Implementation Indicator	(Actual Operating Revenue / Budgeted Operating Revenue) x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-year Reports and AR	95% - 100%		94.12%	96.33%	*Refer to Page 20 of MFMA Circular No 71*	ZFM budgeted for Actuarial Gains based on historical valuation reports but did not realised. Budgeted LGSETA, EPWP and HIV/AIDS revenue also did not realised during 2024/25 financial year.
					Actual Operating Revenue	92 189 102	92 120 783		
					Budgeted Operating Revenue	97 949 106	95 628 154		

Interpretation of Results:
The green colour indicates that the result is within the norm and is acceptable.
The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.

VOLUME IIB
AUDIT RECOVERY PLAN

Audit Recovery Plan

for

ZF Mgcawu District Municipality (ZFM)

Financial year 2025/26

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A OBJECTIVE

The Audit Recovery Plan ('ARP') has been compiled to address the deviations and challenges that exist in the implementation of the new GRAP accounting standards, measured against the best practices in accounting. This process includes the following outcomes:

- all 2024/25 audit findings to be corrected;
- deviations from GRAP that exist in the municipality;
- in-year accounting processes and reconciliations that needs to be corrected;
- action steps to be undertaken to address weaknesses found; and
- target dates and responsibilities for action steps to be performed.

The ARP includes action plans on how to address these deviations and challenges for the 2025/26 AFS.

The following reports, for the financial year ended 30 June 2025, were considered to compile the ARP:

- AGSA's Management Reports;
- AGSA's Final Audit Report;
- Final audited AFS.
- Audit Communications received from AGSA during the audit.

This implementation plan is therefore an outflow of the above reports, and its main purpose is to list the tasks that need to be undertaken to successfully comply during the year ended 30 June 2026 with GRAP as well as to address the deviations and challenges experienced in the past.

B GLOSSARY OF TERMS

AFS	Annual Financial statements
AGSA	Auditor-General South Africa
AO	Accounting Officer
AP	Accounting Procedure
AR	Asset Register
ARP	Audit Recovery Plan
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers
COID	Compensation for Occupational Injuries and Diseases
CR	Capitalisation Reserve
CRR	Capital Replacement Reserve
D&PCR	Donations and Public Contributions Reserve
DC	Ducharme Consulting (Pty) Ltd
FMBPR	Financial Management Best Practice Requirement
FCP	Financial Control Procedure
FSOP	Finance Standard Operating Procedure
FSOPM	Finance Standard Operating Procedures Manual
FSOP Type	Type of Finance Standard Operating Procedure
GAAP	Generally Accepted Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GGR	Government Grant Reserve
GL	General Ledger
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IP	Investment property
IPSAS	International Public Sector Accounting Standards
KMP	Key Management Personnel
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of accounts
NT	National Treasury
PFMA	Public Finance Management Act
PPE	Property, plant and equipment
PSR	Project Status Report
RR	Revaluation Reserve
SCM	Supply Chain Management
ZFM	ZF Mgcawu District Municipality
SIR	Self Insurance Reserve

OTHER REFERENCES

#	Number
2025/26	For the financial year ended on 30 June 2026

C CURRENT STATUS OF THE BACKLOGS IN THE ACCOUNTING CONTROL ENVIRONMENT

The audit communications, management reports, final audit report, and information systems report issued by the Auditor-General South Africa ('AGSA') for the 2024/25 financial year were used as the basis to prepare this report. The 2024/25 AFS was also used to identify items where procedures should be updated to account for it in terms of GRAP correctly.

A review of the audit report of AGSA to the Northern Cape Provincial Legislature and the Council of ZF Mgcawu District Municipality on the Annual Financial Statements of ZFM for the year ended 30 June 2025 revealed that AGSA **expressed an unqualified opinion with matters**.

Findings communicated by the AGSA to ZFM, was also raised in the Final Management report:

- COMAF 01 – Travel and Subsistence: Unverified Subsistence and Travel (S&T) Payments
- COMAF 02 – Motor vehicle allowance: Motor Vehicle Allowance Payments Not Aligned to Approved Policy
- COMAF 03 – Non-compliance identified in the Supply Chain Management
- COMAF 04 – HR Management: Acting Municipal Managers Performance agreement.
- COMAF 05 – Unauthorized expenditure recognized but not meeting the definition of unauthorized per the MFMA Act.
- COMAF 06 – Repeat finding: Irregular Expenditure: Non-Compliance- Acting Municipal Manager Position.
- COMAF 07 – Unfunded budget in contravention of S18 of the MFMA

The matters above need to be addressed during the 2025/26 financial year and will be discussed in detail in point 1 below (Report of the Auditor-General to the Northern Cape Provincial Legislature and Council of ZF Mgcawu District Municipality).

D AUDIT REPORT FOR THE 2024/25 FINANCIAL YEAR

The following is an extract from the Audit Report for the 2024/25 financial year:

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on ZF Mgcawu District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the ZF Mgcawu District 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 information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ZF Mgcawu District Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 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. I draw attention to the matter below. My opinion is not modified in respect of matter.

7. I draw attention to note 48 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 48, these events or conditions, along with the other matters as set forth in note 48, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Other matters

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

Unaudited disclosure notes

9. 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. Unaudited supplementary schedules

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the 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.

12. 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

13. 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.

14. 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 xx, forms part of our auditor's report.

Report on the annual performance report

15. 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.

16. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure 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.

- The assistant director Environmental health to ensure quarterly monitoring of water at all Category B-municipalities and responsible EHP to communicate results to the B municipalities.

- Assistant Director Town Planning, Housing & DDM to facilitate the conduct of an Annual National Housing Needs Register Roadshows for category B municipalities by 30 June 2025, except Dawid Kruiper Municipality.

- Assistant Director Town Planning, Housing & DDM to conduct one housing inspection per quarter for projects within the District Municipality.

- The Director: Planning & Development to ensure road visual assessment conditions data is captured by 30 June 2025.

17. 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.

18. 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 presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any overachievement of targets.

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

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

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Report on compliance with legislation

23. 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.

24. 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.

25. 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.

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

Expenditure management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R202 540 as disclosed in note 34.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of irregular expenditure was caused by payments, including performance bonuses, to managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.

Other information in the annual report

28. 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 development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements, and my reports on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

30. 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 development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. 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.

33. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

- Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.

Other reports

34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

35. An engagement was conducted by the Public Protector during the year under review on allegations of mismanagement of municipal funds at ZF Mgcawu District Municipality. The investigation covered the period up to September 2025 and is still in progress. A draft Rule 23(1) Notice was prepared on 30 September 2025 for submission to the municipality, and the report is expected to be finalized once additional information has been obtained.

Auditor-General

Kimberley
28 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

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- 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

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 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), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
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), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
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), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)

Legislation	Sections or regulations
MSA: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations: 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

E DETERMINING THE ACCOUNTING FRAMEWORK FOR ZFM

ZFM is classified as a Medium Capacity Municipality. In line with the MFMA implementation strategy, ZFM will have to prepare full GRAP AFS for 30 June 2026.

F STEPS REQUIRED TO IMPROVE FINANCIAL MANAGEMENT AT ZFM FOR THE YEAR ENDED 30 June 2026

This section of the report deals with the outcomes listed in Section 1 to 8 below.

Prepare an ARP towards full compliance of the GRAP Standards. This process includes the following outcomes:

- all 2024/25 audit findings to be corrected;
- deviations from GRAP that exist in the municipality;
- in-year accounting processes and reconciliations that needs to be corrected;
- action steps to be undertaken to address weaknesses found; and
- target dates and responsibilities for action steps to be performed.

Including action plans on how to address these deviations for the 2025/26 AFS.

The following is an outline of the steps that need to be taken to rectify the above-mentioned deviations/challenges, and to successfully implement financial control for the year ended 30 June 2026. At the end of each step the parties or individuals responsible for the execution of the step as well as target dates for the execution of the step, have been listed.

Audit Recovery Plan:

1.1 Audit Report issues

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
A) Material uncertainty relating to going concern I draw attention to note 48 to the financial statements, which indicates that the three-year Medium Term Revenue Expenditure Framework (MTREF) reflected that the budget was unfunded for 2024/25, 2025/26 and 2026/27. The outcome of the cash back assessment from Provincial Treasury was negative for 2024/25 as well as negative for the two outer years 2025/26 and 2026/27. Further the cash flow challenges are experienced, as cash flow projections are compiled for the payment sequence of the equitable share which is the largest portion of operational revenue source. As stated in note 48, these events or conditions, along with the other matters as set forth in note 48, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.	- Implement and monitor a Cash Flow Report on a monthly basis. - Obtain re-payment agreements with suppliers that have big invoice amounts to extend ZFM's cash flow commitments. - Senior Management must meet quarterly to source additional funding. - Monitor Unfunded Budget Plan - The municipality must budget appropriately, the budget must be tracked accordingly and in cases where the original budget does not materialise or seems impossible, this must be corrected through the adjustment budget as we have noted that the municipality increased the expected gains on the adjustment budget instead of adjusting closely to current circumstances.	Director: Finance	Monthly Ad-hoc Quarterly Quarterly Annually
B) Report on the annual performance report - I did not identify any material findings on the reported performance information for the selected indicators.	None	N/A	N/A

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
C) Report on compliance with legislation **Expenditure management** - Reasonable steps were not taken to prevent irregular expenditure amounting to R202 540 as disclosed in note 34.3 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of irregular expenditure was caused by payments, including performance bonuses, to managers directly accountable to the Municipal Manager exceeding the acting periods in terms of Section 56(1) (a) (ii) of Local Government: Municipal Systems Act.	It is recommended that that management and those charged with governance should ensure that processes to fill up vacancies are conducted on time avoid longer acting periods, otherwise the acting periods must be approved appropriately in accordance with the legislation.	Director: Corporate Services	30/09/2025
D) Other information in the annual report - I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.	Submit the draft annual report to the Auditor-General	Unit Manager: Communication & Customer Care	31/01/2026
E) Internal Control - The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report. o Management did not put adequate measures in place to ensure compliance with relevant legislation are sufficiently review.	Management will strengthen compliance reviews, enhance oversight, improve policies, provide training, and implement corrective actions to address internal control deficiencies.	All Directors	30/06/2026

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
F) Other reports - An engagement was conducted by the Public Protector during the year under review on allegations of mismanagement of municipal funds at ZF Mgcawu District Municipality. The investigation covered the period up to September 2025 and is still in progress. A draft Rule 23(1) Notice was prepared on 30 September 2025 for submission to the municipality, and the report is expected to be finalized once additional information has been obtained.	Formalise a central coordination process for the Public Protector investigation by designating a single accountable official to manage all engagements, submissions and correspondence, ensuring that all outstanding information is compiled and submitted within agreed timelines, maintaining a complete audit trail of all interactions, providing regular progress and risk updates to senior management and Council and preparing a draft management response and implementation plan in advance to enable swift corrective action once the final report is issued..	All Directors	30/06/2026

1.2 Information Systems Audit issues not affecting the Audit Report

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
None	None		

1.3 Management Report issues and Communications received during the Audit

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1. COMAF 1: Travel and Subsistence: Unverified Subsistence and Travel (S&T) Payments The audit team was unable to confirm whether the individuals receiving these S&T payments are employed by the municipality. During discussions, the client indicated that the individuals are paid by a third party. Despite this assertion, no formal documentation—such as contracts, service level agreements, or memorandum of understanding—was provided to substantiate the relationship between the	In line with the S&T policy, to prevent recurrence of similar issues, the municipality should: • Implement a formal vetting process for all S&T claims to ensure that only verified employees or contracted individuals are eligible for reimbursement.	Director: Financial Services	30/06/2026

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
municipality and the third party. Furthermore, there is no evidence confirming that the third party made any payments or that the municipality had a formal arrangement authorizing such payments on its behalf.	• Maintain a centralised register of all third-party service providers, including signed agreements and scope of work, to ensure transparency and accountability. • Require pre-approval and supporting documentation for all S&T claims, including: ○ Proof of employment or contractual relationship. ○ Approved travel requisitions. ○ Clear documentation of the purpose and outcome of the travel.		
2. COMAF 2: Motor vehicle allowance: Motor Vehicle Allowance Payments Not Aligned to Approved Policy The allowances currently paid appear to be legacy fixed amounts, carried forward from historical remuneration arrangements. These amounts were not determined in accordance with the municipality's approved motor scheme policy. No calculation sheet or documented basis could be provided to support the original determination of these amounts.	Management must implement and adhere to approved council policies. This can be achieved by making sure the information on the HR system is accurate according to the policy through system reviews and approvals.	Director: Financial Services	30/06/2026
3. COMAF 3: Non-compliance identified in the Supply Chain Management It was identified with the assistance of computer assisted audit techniques (CAATs) that the municipality made an award to suppliers that are in service of the state.	Upon receipt of this communication, management should start investigating a possible fraud due to false declaration. Management should put in place and implement controls that will help the municipality in identifying suppliers in service of state including performing the controls as indicated in the last column of the table above.	Director: Financial Services	30/06/2026

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
4. COMAF 5: Unauthorized expenditure recognized but not meeting the definition of unauthorized per the MFMA Act A) During the audit of unauthorised expenditure and discussions with management, we noted that the municipality disclosed R4,831,817 as unauthorised expenditure in the AFS, citing funding shortfalls due to unrealistic revenue assumptions and reduced grant allocations. However, through further analysis including the application of the definition of unauthorised expenditure above, we noted that the reasons and the nature of the scenarios disclosed as unauthorised, none of the elements of the definition were met. B) Furthermore, we noted that the above related to unfunded budget as per section 18 of the MFMA Act as it related to budgeted revenue that was either uncollectable or cut.	1. Management should re-assess the compliance with the definition of unauthorised expenditure and should do so with the help of a checklist where each part of the definition is checked against the incident. 2. For unfunded budget, please consider the applicability of non-compliance with section 18 which is not part of the unauthorised expenditure definition. Furthermore, the municipality should ensure that budgets are realistic and where needs arise those budgets must be adjusted appropriately.	Director: Financial Services	30/06/2026
5. COMAF 6: Repeat finding: Irregular Expenditure: Non-Compliance- Acting Municipal Manager Position. During the audit we identified the following regarding the vacant position of the MM: It came to our attention that the position of the MM has been vacant since for the year under review July 2024 till June 2025. The position was occupied on an acting level by Mr. A Tieties for extension period (1 July 2024 – 1 November 2024) which exceeds further 3 months that is allowed by the Act. Furthermore, the acting appointment of Mr A Tieties was rendered irregular in the prior year.	It is recommended that that management and those charged with governance should ensure that processes to fill up vacancies are conducted on time avoid longer acting periods, otherwise the acting periods must be approved appropriately in accordance with the legislation.	Director: Corporate Services	30/06/2026

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
6. COMAF 7: Unfunded budget in contravention of S18 of the MFMA During the 2024/25 audit it was noted that the municipality did not budget appropriately resulting in the municipality receiving a letter from National Treasury dated 31 March 2025 declaring their budget as unfunded. We further noted that the municipality budgeted for gains of R3 704 814 and actual experienced losses of R680 727,76 for gains and losses.	The municipality must budget appropriately, the budget must be tracked accordingly and in cases where the original budget does not materialise or seems impossible, this must be corrected through the adjustment budget as we have noted that the municipality increased the expected gains on the adjustment budget instead of adjusting closely to current circumstances.	Director: Financial Services	30/06/2026
7. COMAF 6 - ISS.7: Evergreen Contracs: Steiner Hygiene During the testing of Contract Management, it was noted that the entity has the Steiner Hygiene contract which does not have set limits (e.g. an expiry date / are open-ended / evergreen).	Management should regularly monitor contracts to ensure that appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective are maintained therefore avoiding having contracts which do not have set limits (e.g. an expiry date / are open-ended / evergreen).	Director: Financial Services	30/06/2026

1.4 How ZFM monitor the Audit Recovery Plan

All the findings above, and also the Maintenance Plan below, are included in a "Project Status Report" (refer to **Annexure A**). All findings and procedures are allocated to a responsible person and have different target dates. The responsible person keeps all his supporting evidence in an "Evidence File" which is presented to the AGSA as an Audit File before the commencement of the Audit.

This Project Status Report is monitored on a bi-weekly basis. The Unit Manager: AFS&Reporting updates the Project Status Report on a bi-weekly basis and emails the report to all employees to see their status. At year-end, the Unit Manager AFS&Reporting and Internal Audit Unit review all Evidence Files submitted by the employees.

Maintenance Plan

Refer to point 2 to 8 below for the maintenance plan regarding general accounting standards.

2. Accounting for transactions – General

2.1 Accounting Guidelines and Standards that are relevant to the municipality

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The municipality is classified as a medium capacity municipality and will therefore not be able to utilise exemptions anymore for the preparation of the 2025/26 GRAP AFS and **all** accounting standards will have to be implemented.	• The municipality should ensure that all of the accounting standards listed below is complied with, in all material respects, in the presentation and disclosure of the 2025/26 AFS. • Existing accounting policies need to be reviewed and adjusted in line with the requirements of the standards listed.	CFO CFO	30/06/2026 30/06/2026

OVERVIEW OF THE APPROVED GRAP STANDARDS

The following table lists the standards from the GRAP Reporting Framework as per **Directive 5** (effective for financial periods commencing on or after 1 April 2011). Full text of the standards is available on the ASB (www.asb.co.za) website. Summaries have been made for the most commonly used standards. The summaries below have been extracted from their websites.

Effective GRAP standards for the 2025/26 year:

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date

Reference	Topic
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

Directives issued and effective:

Reference	Topic
Directive 1	Deletion of Transitional Provisions in Standards of GRAP
Directive 2	Amended Transitional Provisions for Public Entities
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 4	Amended Transitional Provisions for Medium and Low Capacity Municipalities
Directive 5	GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Administered by SARS
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and Provincial Legislatures

Reference	Topic
Directive 9	The Application Of The Standards Of GRAP By Trading Entities
Directive 10	Application Of The Standards Of GRAP By Public Further Education And Training Colleges
Directive 11	Changes in Measurement Bases following Initial Adoption of Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Directive 13	Transitional Provisions for CET colleges
Directive 14	Application of Standards of GRAP by Public Entities

Interpretations of the standards of GRAP approved that the entities are required to apply (paragraph 10 of Directive 5):

Reference	Topic
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2	Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3	Determining Whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	Limit on a Defined Benefit Asset Min Fund Requirement and Interact
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue - Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets - Website Costs
IGRAP 17	SCA where Grantor Controls Significant Residual Interest
IGRAP 18	Recognition and Derecogntion of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue
IGRAP 21	The Effect of Past Decisions on Materiality

Approved guidelines of Standards of GRAP: those entities are required to apply (par 15 of Directive 5)

Reference	Topic
Guideline	Guideline on Accounting for Arrangements Undertaken i.t.o the National Housing Programme 2025
Guideline	Accounting for Landfill Sites 2025

Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that entities may consider in formulating an accounting policy (paragraph .30 of Directive 5), before applying the hierarchy in the Standards of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors:

Reference	Topic
GRAP 1	Presentation on Financial Statements
GRAP 103	Heritage Assets
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
Amendments	Improvements to Standards of GRAP

2.2 Preparing a GRAP-compliant Chart of Accounts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No deviations and challenges on the mSCOA were reported by AGSA in the Final Management Report and audit report for 2024/25. However, the following will **necessitate the review and update of the mSCOA** during the 2025/26 financial year: - The compilation of GRAP compliant AFS for the year ended 30 June 2026; - Current Accounting Standards are revised by National Treasury; - Further adjustments on the mSCOA will be necessary on an on-going basis.	• Continuously review and adjust the mSCOA for GRAP-compliancy and take the necessary accounting treatment of the standards set out in this report into account for implementation where necessary. • Implement an electronic AFS preparation tool that is linked to the new chart of accounts that would be implemented. • The accounting software needs to be updated in accordance with the disclosure requirements of GRAP financial statements according to the new mSCOA implementation legislation. • Update the description of the votes within the GL to reflect the nature of the account.	CFO	30/06/2026

2.3 GRAP 1 Presenting AFS in terms of GRAP

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
ZFM received an **unqualified audit opinion with matters.** Although the AFS is fairly presented in all material aspects, the action plan procedures listed below will need to be performed in order to maintain such a position.	• Management must address AGSA's audit finding of the prior year.	Deputy CFO	31/08/2026

2.4 GRAP 2 Preparation of the Cash Flow Statement

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The Cash Flow Statement has been prepared in accordance with GRAP 2 and no discrepancies have been noted by AGSA in the **audit report or communications.**	• Prepare the Cash Flow Statement as per GRAP 2 for the 2025/26 financial year.	CFO Deputy CFO	31/07/2026

GRAP 2: Cash Flow Statement
Objective: The cash flow statement identifies the sources of cash inflows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date. Information about the cash flows of an entity is useful in providing users of financial statements with information for both accountability and decision making purposes. Cash flow information allows users to ascertain how an entity raised the cash it required to fund its activities and the manner in which that cash was used. In making and evaluating decisions about the allocation of resources, such as the sustainability of the entity's activities, users require an understanding of the timing and certainty of cash flows. The objective of this Standard is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.
Components of cash and cash equivalents: The municipality presents a reconciliation between the opening and closing balance of cash and cash equivalents (as reflected in the Statement of Financial Position) in its Cash Flow Statement. This difference is referred to as a net increase/ (decrease) in cash and cash equivalents and is further explained or classified as cash flows from operating, investing and financing activities.

The opening and closing balances of the item cash and cash equivalents are disclosed as single line items on the cash flow Statement , but are possibly made up of a number of line items on the Statement of Financial Position including:

- Cash on hand
- Demand deposits
- Other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value

Bank borrowings (Long term loans) are generally considered to be financing activities. However, bank overdrafts that are repayable on demand may form an integral part of a municipality's cash management. In these circumstances, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.

The municipality discloses, as part of its accounting policy notes, the policy it adopts in determining the composition of the line item cash and cash equivalents.

The classification of cash flows into activities:

The cash flow statement should report cash flows during the period and distinguish clearly between:-

- operating activities;
- investing activities; and
- financing activities

A single transaction may include cash flows that are classified differently. For example, when the cash repayment of a loan includes both interest and capital, the interest element may be classified as an operating activity and the capital element may be classified as a financing activity.

Guidelines on accounting for cash flows from operating activities:

The cash flows from operating activities consist of cash inflows and cash outflows.

Operating cash inflows include:-

- Income from the provision of services on credit, such as the sale of electricity, even though the income may not be represented by cash receipts. This is recognised by effectively adjusting this income by the changes in debtors to determine the amount of cash that has been received from purchasers of these services for cash flow purposes;
- Direct cash receipts, for example licence receipts and fines and investment income;
- Cash contributions from the government in the form of grants and subsidies as well as cash contributions from the public;
- Cash receipts from royalties, fees, commissions and other revenue.

Operating cash outflows include:-

- Purchases of materials and services as well as labour costs such as salaries and wages. Although certain materials or services may have been purchased on credit, these expenses are considered to be cash outflows. The extent of supplier credit utilised is taken into account in determining the cash outflows from these activities by making an adjustment for changes in creditors;
- Cash payments to other entities to finance their operations (not including loans). An example is a grant made by a District municipality to a local municipality to enable it to purchase items of PPE;

- Cash receipts or payments in relation to litigation settlements.

In determining the cash flows from operating activities, all non-cash flow items need to be adjusted against the net surplus or deficit for the period (as per the bottom line in the Statement of financial performance) in order to determine the cash flows from operating activities. The reason for this is that there are many income and expenditure items included in the surplus or deficit for the period which are not represented by a corresponding cash inflow or outflow. The following are examples of these types of income and expenditure:

- Gain or loss on the sale of property, plant and equipment;
- Increase / decreases in the provision for bad debts;
- Depreciation;
- Amortisation;
- Increase / decrease in the provision for accrued staff leave pay;
- Unrealised foreign exchange gains or losses;
- Interest received and interest paid. Unlike depreciation which is added back because it is a non-cash flow item these items are deducted from and added back to the surplus for the year because they are part of cash from operations but need to be disclosed separately on the face of the cash flow statement because of their importance to the users of the financial statements.
- Changes in working capital, such as changes in inventories, debtors, conditional grants and receipts creditor, creditors.

Guidelines on accounting for cash flows from investing activities:

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to render services or generate future income and cash flows. Examples of cash flows arising from investing activities are:-

- Cash payments to acquire property, plant and equipment, intangibles and other long term assets. These payments include those relating to capitalised feasibility study costs and self-constructed property, plant and equipment;
- Cash receipts from the sale of property, plant and equipment, intangibles and other long term assets;
- Cash payments to acquire debt instruments of other municipalities or organisations and interests in joint ventures;
- Cash receipts from the sale of debt instruments of other municipalities or organisations and interests in joint ventures;
- Cash advances and loans made to other parties;
- Cash receipts from the repayment of advances and loans made to other parties.

Guidelines on accounting for cash flows from financing activities:

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the municipality. Examples of cash flows arising from financing activities are:-

- Cash proceeds from issuing loan stock, notes, bonds, mortgages and other short or long term borrowings;
- Cash repayments of amounts borrowed;
- Cash payments by a lessee for the reduction of the capital element of the outstanding liability relating to a finance lease.

Interest paid and **interest and dividends received** may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments.

The aggregate cash flows arising from **acquisitions and from disposals of subsidiaries or other local government body or services** should be presented separately and classified as investing activities.

A municipality should disclose, in aggregate, in respect of both acquisitions and disposals of subsidiaries or other local government body or services during the period, each of the following:-

- The total purchase or disposal consideration;
- The portion of the purchase or disposal consideration discharged by means of cash and cash equivalents;
- The amount of cash and cash equivalents in the subsidiary or local government body or service acquired or disposed of;
- The amount of the assets and liabilities, other than cash or cash equivalents in the subsidiary or local government body or service acquired or disposed of, summarised by each major category.

Non–cash transactions:
Investing and financing transactions that do not require the use of cash or cash equivalents should be excluded from a cash flow statement. Such transactions should be disclosed in the notes to the financial statements in a way that provides all the relevant information about these investing and financing activities.

Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of a municipality. The exclusion of non-cash transactions from the cash flow statement is consistent with the objective of a cash flow statement as these items do not involve cash flows in the current period. An example of a non-cash transaction is the acquisition of assets either by assuming directly related liabilities such as purchasing a property by incurring a mortgage to the seller, or by means of a finance lease.

2.5 GRAP 3 Accounting for Changes in Accounting Policies, Changes in Accounting Estimates and Errors

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were raised by the AGSA for the year ended 30 June 2025. Although the AFS is fairly presented in all material aspects, the action plan procedures listed here will need to be performed in order to maintain such a position.	**General actions** • Give consideration of the adjustment of comparative figures • Execute the procedures described below on GRAP 3. • Restate comparative figures as at 30 June 2025 as far as is practicable. - If any Changes in Accounting Policies, Changes in Accounting Estimates and Errors have been identified, ensure that the disclosure requirements of GRAP 3 are met. - Apply changes to accounting policies retrospectively. - Account retrospectively for errors identified relating to prior years.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	- Management should ensure that all corrections/ adjustment made to the financial are accompanied by the following: a) Journals showing accounts were the amount are being transferred to/from in the general ledger b) A note in the financial statement showing/stating the following: i. The nature of the prior period error ii. For each prior period presented, the amount of the correction for each financial statement line item affected iii. The amount of the correction at the beginning of the earliest prior period presented iv. If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. • Before financial statements are authorised for issue and submission for audit, the Audit committee, Municipal Manager and the CFO should review them for accuracy, completeness and validity.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors			
Objective: The objective of this Standard is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities.			
Exemptions granted in past: - Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – .31)	**Actions required:** • Ensure that the municipality **discloses**: • The title of the new Standard of Generally Recognised Accounting Practice; • The nature of the impending change or changes in accounting policy;	Deputy CFO	30/06/2026

	• The date by which application of the Standard of Generally Recognised Accounting Practice is required; • The date as at which it plans to apply the Standard of Generally Recognised Accounting Practice initially; and either: i. A discussion of the impact that initial application of the Standard is expected to have on the entity's financial statements; or ii. If that impact is not known or reasonably estimable, a statement to that effect Refer to the applicable accounting framework under 2.1 above.		

2.6 GRAP 14 Accounting for Events after the Reporting Date

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2025.	• Document and execute the procedures described below on GRAP 14.	Deputy CFO	31/07/2026 (or date AFS is authorised)
GRAP 14: Events after the Reporting Date			
Definition: Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and (b) Those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).			
Identifying Events after the Reporting Date: • **Adjusting Events** after the reporting period are those events that provide evidence of conditions that existed at the reporting date. A municipality should adjust the amounts recognised in its Annual Financial Statements to reflect adjusting events after the reporting period. • **Non-adjusting Events** after the reporting period are those that are indicative of conditions that	**Actions required:** • The CFO will issue a memo to Municipal Manager and all Section Heads requesting them to identify Events after the Reporting Period (adjusting and non-adjusting events) and to give the Finance Section sufficient information to make the necessary adjustments in the accounting records of the municipality.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026

arose after the reporting date. A municipality shall not adjust the amounts recognised in its Annual Financial Statements to reflect non-adjusting events after the reporting period, but may need to disclose these events in the Notes to the AFS depending on its materiality.	• The Corporate Services Manager will scrutinise minutes of management meetings and council meetings for items that might qualify as events after the reporting period. • The Corporate Services Manager will scrutinise daily newspapers from 1 July to 31 January (period after the reporting date) for articles that may involve the municipality. A list of these articles that might contain events after the reporting date will be compiled and the list as well as copies of the articles will be submitted to the CFO for evaluation. • The CFO will compile a list of all Insurance Claims submitted by the municipality to its Insurer between 1 July and 31 January (period after the reporting date). This could give an indication of assets that were stolen or damaged during the after reporting date period. • The CFO should compile a list of all payments made to claimant's i.r.o. claims lodged against the municipality. • The CFO should compile a list of all debtors that was liquidated/deceased estates during the after reporting date period, which should be considered for impairment/write-off. Furthermore files containing correspondence with debtors should be scrutinised to identify debtor records that need to be adjusted/impaired. • The Corporate Services Manager should list all material contracts that the municipality has entered into after 30 June and before 31 January. • The Corporate Services Manager should contact the municipality's legal council to identify and list all current, pending and outstanding legal cases. These cases could indicate to provisions that should be raised and contingent liabilities or contingent assets that should be disclosed.	Corporate Services Manager CFO Deputy CFO Unit Manager: AFS&Reporting Corporate Services Manager CFO	31/07/2026 31/07/2026 31/07/2026 31/07/2026

	• The CFO should compile a list of all assets/inventories sold in the after reporting date period. The proceeds of these sales/auctions could give an indication of assets that should be impaired (in cases where the proceeds are lower than the carrying value of the assets) or the sale could give confirmation that assets must be reclassified to Non-current Assets Held-for-Sale. • The CFO should list all performance bonuses or back dated increases that was paid in the period after the reporting date and that pertains to the previous financial year. These events would indicate that the accounting records and AFS of the municipality should be adjusted to include these expenses.	Deputy CFO Unit Manager: AFS&Reporting Corporate Services Manager	
Going concern - An entity shall prepare its AFS on the Going Concern basis	Management must determine whether the municipality is a Going Concern at reporting date: • Ensure that an assessment is made by management of the entity's ability to continue as a going concern. • Prepare financial statements on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. • When management are aware, in making their assessment, of material uncertainties related to events or conditions which may cast significant doubt upon the entity's ability to continue as a going concern, disclose those uncertainties. • When the financial statements are not prepared on a going concern basis, disclose that fact, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.	CFO Deputy CFO Management	31/07/2026

Differentiate between Significant Adjusting and Non-adjusting Events after the Reporting Date: The CFO should evaluate all information obtained from the procedures as documented above to identify all the Events after Reporting Date of the municipality.	**Actions required:** - From the list of Events after Reporting Date, distinguish between Adjusting and Non-adjusting Events. - For the Adjusting Events identified, make the necessary adjustments to the municipality's accounting records and Annual Financial Statements.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026
Disclosure Requirements: - The municipality shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. - **Note** the difference in the disclosure for conditions at reporting date and non-adjusting events after reporting date	**Actions required:** • The municipality shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. **Updating disclosure about conditions at the reporting date:** • The municipality needs to update the AFS if it receives information after the reporting date, but before the AFS is authorised for issue, about conditions that existed at the reporting date, it shall update disclosures that relate to these conditions, in the light of the new information. **Disclosure of non-adjusting events after the reporting date:** • The municipality shall disclose the following for each material category of non-adjusting event after the reporting date: – The nature of the event; and – An estimate of its financial effect or a statement that such an estimate cannot be made.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026

2.7 GRAP 24 Presentation of Budget Information in Financial Statements

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issue were raised by the AGSA for the year ended 30 June 2025. However, the action plan procedures should still be performed.	**General Actions** • After every amended budget, make sure that the budgeted figures are updated in SAMRAS. • Compare the actual and budgeted expenses (PER VOTE) for the year under review on a monthly basis; • Inspect if there was expenditure incurred for which no provision has been made in the approved budget. • If there were such expenses ensure that the following was adhered to:- • The expenditure should be authorised by the Mayor as unforeseen and unavoidable expenditure. • Ensure that such expenditure was reported by the Mayor to the municipal council at its next meeting and minute the council meeting • Inspect that such expenditure was appropriated in an adjustments budget passed within 60 days after the expenditure was incurred. The municipality must identify and quantify all its Budget Information according to the procedures described below on GRAP 24.	CFO Deputy CFO Unit Manager: BTO	30/06/2026
GRAP 24: Presentation of Budget Information in Financial Statements			
Application of Standard: • The implication of GRAP 24 is that approved budget information along with the financial information must be presented in the AFS (income and expense). • According to **GRAP 24.12** an entity must present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as	**Discussion on application:** • Budget Information must be included in the 2018Budget Statement of the AFS. • Ensure that the municipality's budgeted figures are presented by way of comparison to its actual figures in its financial statements.	CFO Deputy CFO Unit Manager: BTO	30/06/2026

additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. • In terms of **GRAP 24.19** the municipality must present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis. • **GRAP 24.27** stipulates that the municipality must present an explanation of whether changes between the approved and final budget are a consequence of reallocations within the budget, or of other factors: ➢ by way of note disclosure in the financial statements; or ➢ In a report issued before, at the same time as, or in conjunction with the financial statements, and shall include a cross reference to the report in the notes to the financial statements. • In terms of **GRAP 24.30** all comparisons of budget and actual amounts should be presented on a comparable basis to the budget. • **GRAP 24.38** requires the municipality to explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget. • **GRAP 24.42** requires the municipality to disclose in notes to the financial statements the period of the approved budget. • In terms of **GRAP 24.44,** the municipality must identify in notes to the financial statements the entities included in the approved budget.	• Ensure that the municipality's budgeted and actual figures are presented in a manner to ensure that it is comparable with each other. • Ensure that any changes between the approved and final budget are disclosed in a note to the financial statements or by means of a report issued in conjunction with, and referenced to the financial statements. • Ensure that the comparison of budget and actual amounts is presented on the same accounting basis, same classification basis and for the same entities and period as for the approved budget. • Explain the municipality's budgetary and classification basis adopted in its approved budget, as there may be differences between the municipality's accounting basis (cash, accrual or some modification thereof) used in preparation and presentation of its budget and the accounting basis used in the financial statements. • Ensure that the budgetary period is disclosed in the notes to the financial statements. • Ensure that all entities included in the municipality's budget are identified in a note to the financial statements.	CFO Deputy CFO Unit Manager: BTO	30/06/2026

2.8 GRAP 25 Accounting for Employee Benefits

Deviation from FMBPR	Proposed action plans to maintain FMBRP	Responsible Persons	Target Date
No issues regarding Employee Benefits were listed on AGSA's **audit report** for the year ended 30 June 2025.	• The municipality must identify and quantify all its Employee Benefits according to the procedures described below on GRAP 25.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
GRAP 25: Employee Benefits			
Explanation: When an employee has rendered service to the municipality, the municipality have to recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: – As a liability (accrued expense), after deducting any amount already paid (net effect usually null), when an employee has provided service in exchange for employee benefits to be paid in the future; and – As an expense, when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (for e.g. GRAP 12 Inventories or GRAP 17 PPE). Benefits regarding short-term compensated absences fall into two categories: – Accumulating absences – these are benefits, such as paid annual vacation, that accrue over an employee's period of service and can be potentially carried forward and used in future periods; and – Non-accumulating absences – these are benefits that an employee is entitled to, but are not materially capable of being carried forward to the	**Actions required:** • Determine and draw up a detailed list of all of the municipality's post-retirement benefit plans; • Ensure that the necessary actuarial valuations are requested for all of the above-mentioned identified plans to ensure that the relevant information is obtained to enable the municipality to account for the defined benefit plan (the actuaries will also have to confirm that these identified plans are indeed defined benefit plans). Request that the consultants tasked with preparing the actuarial reports provide the municipality with an indication of the journal entries and disclosure of these entries in the AFS for the financial year. • Determine if there are any multi-employer plans in existence (for e.g. Joint Municipal Pension Funds) within the municipality;	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

following period if they are unused during the period, e.g. paid sick leave. The cost of providing compensation for accumulating absences should be recognised as an expense as the employee provides services on which the entitlement to such benefits accrues. Where an employee has an unused entitlement at the end of the reporting period and the entity expects to provide the benefit, a liability should be created. The cost of providing compensation for non-accumulating absences should be expensed as the absences occur.			

2.9 GRAP 104 (IAS 39, IAS 32 and IFRS 7) Accounting for Financial Instruments

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Financial Instruments were listed on the **audit report** for the year ended 30 June 2025.	Refer to the individual sections referred to for the procedures to be performed.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
Recognition and Measurement			
Recognition : - Initially measuring financial assets and financial liabilities at fair value.	**Actions required:** We are of the opinion that the municipality is, through its normal activities, complying with the requirements of the initial measurement of GRAP 104. According to GRAP 104, the fair value of a financial instrument on initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). However, in cases that might be identified where initial recognition is not done correctly, the following actions would be required: - **Initial recognition:** GRAP 104 requires recognition of a financial asset or a financial liability when, and only when, the entity becomes a party to the	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	contractual provisions of the instrument, subject to the following provisions in respect of regular way purchases. – **Initial measurement:** Initially, financial assets and liabilities will be measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. GRAP 104 provides a hierarchy to be used in determining the fair value for a financial instrument which are the following: • Quoted market prices in an active market are the best evidence of fair value and will be used, where they exist, to measure the financial instrument. • If a market for a financial instrument is not active, an entity establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. • If there is no active market for an equity instrument and the range of reasonable fair values is significant and these estimates cannot be made reliably, then an entity must measure the equity instrument at cost less impairment. **Procedures:** • Identify all financial assets and financial liabilities that need to be recognised and measured initially at fair value. • Determine the appropriate discount rate, period, payments / receipts for each of the financial assets and liabilities above.		

	• Perform an exercise of discounting to present value the future payments / receipts as determined above. • Ensure that the financial assets and liabilities in first step are measured and recognised initially at its discounted values (being its fair value) as calculated above. • Ensure that the fair values initially measured for financial assets and liabilities include transaction costs (for assets and liabilities not measured at fair value through profit or loss). • Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard.		
Additional requirements: – Discounting of financial instruments.	**Actions required:** – Creditors could potentially be discounted: should the municipality decide to do this, use the post reporting date period to determine the timing of payments made of creditors that were outstanding at year-end (say end of July and middle of August payments). Once again, the materiality of the result should indicate if discounting should be accounted for.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
Additional requirements: • Impairment of financial assets in terms of GRAP 104.	**Actions required:** • Ensure that potential **impairment of long-term debtors** is also considered.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
Presentation of Financial Instruments – GRAP 104	**Actions required:** • Ensure that financial instruments of the municipality are classified as either financial liabilities or residual interest according to the substance of the contract, not its legal form. The municipality must make the decision at the time the instrument is initially recognised. The classification is not subsequently changed based on changed circumstances.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	• Identify all compound financial instruments, i.e. instruments that have both a liability and an equity component from the issuer's perspective. Ensure that the component parts are accounted for and presented separately according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. • Ensure that interest, dividends, gains, and losses relating to an instrument classified as a liability are reported in the statement of financial performance. • Ensure that the cost of the municipality's own equity instruments that it has reacquired ('treasury shares') is deducted from equity. • Ensure that a financial asset and a financial liability is offset and the net amount reported when, and only when, a municipality: ➢ Has a legally enforceable right to set off the amounts; and ➢ Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Ensure that costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity. Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard.		
Disclosure requirements:	• Ensure that the financial instruments are grouped into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. • Ensure that sufficient information is provided to permit reconciliation of the classes of financial	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	instruments to the line items presented in the Statement of Financial Position. • Disclose information that enables users of the financial statements to evaluate the significance of financial instruments to the entity's financial position and performance. • Ensure that disclosure is made with regard to the carrying amount for each of the following categories: *(a) Financial instruments at fair value, showing separately:* *(i) financial assets designated at fair value; and* *(ii) financial liabilities designated at fair value.* *(b) Financial instruments at amortised cost.* *(c) Financial instruments at cost.* • Ensure that the requirements of GRAP 104 are applied in accordance with the transitional provisions in the standard. Refer to 'Financial Instruments' under Other Additional Disclosure below		

2.10 Suspense Accounts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended 30 June 2025. Refer to proposed action for procedures that need to be performed on a monthly basis in order **to maintain** this position.	• The municipality must clear all Suspense Accounts that do not meet the definition of assets or liabilities and must ensure that all remaining Suspense Accounts are valid and supported by substantive documentation. • Ensure that suspense accounts in the GL are not used for the posting of bank reconciling items. • Ensure that items posted to a Suspense Account are cleared regularly (at least monthly). The clearing of these suspense accounts should be reviewed by a senior delegated official.	CFO Deputy CFO Unit Manager: AFS&Reporting	Monthly

	Suspense accounts can only be disclosed on the statement of financial position of a municipality if they meet the definition of an asset or liability.		

2.11 VAT

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended **30 June 2025**. The following VAT related findings were listed on AGSA's **communications** in the **past**. These should also be addressed to avoid future recurrence. - Additions recorded inclusive of VAT - Incorrect output VAT on disposals - Additions of Intangible Assets recorded inclusive of VAT	• It is understood that there was a difference between the VAT Claim and what was allowed by SARS. – The payments not allowed by SARS need to be analyzed and transferred back to expenditure. – The necessary Correction of Error needs to be done (refer to GRAP 3 above). • It is assumed that the invoices in question do not conform to the requirements of the VAT Act. – These invoices need to be scrutinized and the recoverability of the VAT amounts needs to be determined. – If the amounts are recoverable from the service providers in needs to be raised as debtors. – Any amount claimed from SARS as input VAT need to be corrected. – Non-recoverable amounts need to be raised as Wasteful Expenditure as per the AG. • Management must evaluate current situation and see that VAT returns are submitted in time. • Management must evaluate current situation and make sure the financial system treats VAT transactions correctly. • Management must see that the Input VAT on Petty Cash payments, subject to proper VAT	CFO Deputy CFO Unit Manager: BTO CFO Deputy CFO Unit Manager: BTO CFO Deputy CFO Unit Manager: BTO	Ongoing Ongoing Ongoing

	invoices, and the VAT on Bank Charges, be journalised to assure it be included in the amount claimed from SARS. – It will be advantageous if the Petty Cash Register includes VAT Invoice and amount details. – VAT on bank charges can be obtained from Bank Statements – Corrective journals and COR needs to be done for previous year amounts. • Management must evaluate current situation and see to it that the necessary corrective measures be taken. • Investigate the status of these accounts, and other accounts with credit balances, to determine action. • Implement section 28 of the VAT Act if necessary. • Management must make sure that the parameters on these revenue votes be corrected as to declare Output VAT when amounts are receipted to the vote. Correction of Errors needs to be done for previous year transactions. • If the amounts were claimed from SARS it needs to be reversed. • Management should try and recover these amounts from service providers. – If it is not possible to recover the amounts it will have to be included in fruitless expenditure. – If it is sure to be unrecoverable from anyone it should be taken to Council to be written off.		

2.12 IPSAS 20 Related Party Transactions

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were noted by AGSA on the audit report for the year ended **30 June 2025**. AGSA noted an **Emphasis of matter** issue on the **audit report** in the past: • Awards were made to suppliers who did not submit a declaration on their employment by the state or their relationship to a person employed by the state, as per the requirements of SCM Regulation 13(c).	• The municipality must identify and quantify all its Related Party Transactions according to the procedures described below on IPSAS 20. • Make sure that the issue disclosed in 2024/25 financial year will not be reflected in the 2025/26 financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026
IPSAS 20: Related Party Disclosures			
Definitions: **Related Party Transactions** are transfers of resources or obligations between related parties, regardless of whether or not a price is charged. The municipality should identify all transactions between the municipality and related parties for reporting of related party transactions. If transactions took place other than on a normal arm's length basis, it should be disclosed in the financial statements.			
Identifying Related Parties	**Actions required:** Identify all related parties to the municipality based on the indicators included in IPSAS 20.5 to .15, which includes the following control and related party transaction indicators: - The municipality has the ability to veto operating and capital budgets of the other entity. - The municipality has the ability to veto, overrule, or modify the board of directors or equivalent governing body decisions of the other entity. - The municipality has the ability to approve the hiring, reassignment and removal of key personnel of the other entity. - The mandate of the other entity is established and limited by legislation. - The municipality holds a "golden share" (or equivalent) in the other entity that confers rights to	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026

	govern the financial and operating policies of that entity. - The municipality holds direct or indirect title to the net assets of the other entity. - The municipality has a right to a significant level of the net assets of the other entity in the event of liquidation or in a distribution other than liquidation. - The municipality is able to direct the other entity to co-operate with it in achieving its objectives. - The municipality is exposed to the residual liabilities of the other entity. - Arrangements where one party expenses on behalf of another party (these costs may or may not be recovered). - Lease arrangements at more or less than market value or for no consideration. - Sales without substance (funds are transferred to an entity for goods or services that were never rendered / delivered). - Services or goods are purchased at nominal or no cost. Ensure that SAICA Circular 4/2005, *Guidance on the term State Controlled entities in the context of IAS 24 (i.e. also IPSAS 20) (Related Parties),* is applied when determining if another state entity is a related party to the municipality.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026
Identifying Related Parties: - The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise **significant influence** over the other party in making financial and operating decisions.	**Actions required:** - The municipality should obtain declaration of interest statements from its **councillors and senior management** on a regular basis. - Obtain all such declarations of interest statements made to the municipality by its councillors and establish if there are councillors that made declarations that could indicate relationships with third parties. - The Supply Chain Management Unit (SCMU) should conduct an investigation to identify and list all transactions that occurred during the financial year between the municipality and third parties that	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026

	have relationships with councillors (as per declarations obtained).		
Identifying Related Parties: - The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise **significant influence** over the other party in making financial and operating decisions.	**Actions required:** - The municipality should obtain declaration of interest statements from its **key management personnel** (Section 57 employees) (KMP) on a regular basis. - Obtain all such declarations of interest statements made to the municipality by its KMP and establish if there are KMP that made declarations that could indicate relationships with third parties. - The SCMU should conduct an investigation to identify and list all transactions that occurred during the financial year between the municipality and third parties that have relationships with KMP (as per declarations obtained).	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026
Identifying Related Parties: - The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise **significant influence** over the other party in making financial and operating decisions.	**Actions required:** - The SCMU should identify related parties through its normal tender procedures, before transactions between the municipality and the related party is approved. - The SCMU should identify and list all approved transactions between the municipality and related parties that occurred during the financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026
Identifying Related Parties: - The municipality must ensure that all related parties are identified. This will include parties that are able to control the other party or exercise **significant influence** over the other party in making financial and operating decisions.	**Actions required:** - The SCM should perform a search on the CIPRO database (Registrar of Companies) using the details of councillors and KMP to identify relationships of these officials with companies. Ensure that details obtained agree with declarations obtained from the officials and identify companies with which the municipality had dealings during the financial year. - The SCM should identify and list all approved transactions between the municipality and related parties (identified above) that occurred during the financial year.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026

Quantifying Related Party Transactions: - The municipality must quantify all related party transactions identified.	**Actions required:** - All related party transactions identified should be quantified and an investigation should be conducted to ensure that the transactions were made on terms equivalent to those that prevail in arm's length. If this is found not to be the case details must be included in the list compiled. - The Revenue Section should identify and quantify all consumer services rendered to councillors and KMP for inclusion in the disclosure notes to the Annual Financial Statements.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026
Disclosure Requirements: - The municipality must ensure that all disclosure requirements for related party transactions as listed in IPSAS 20 are met.	**Actions required:** - Ensure that disclosure is made of related party relationships between parents and subsidiaries even if there have not been any transactions between them. - The municipality shall disclose the nature of the related party relationship as well as information about transactions and outstanding balances necessary for an understanding of the potential of the relationship on the financial statements. At a minimum, disclosure shall include: – The amount of the transactions; – The amount of outstanding balances and:- (i) Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement (ii) Details of any guarantees given or received – Provisions for doubtful debts related to the amount of outstanding balances; – The expense recognised during the period in respect of bad or doubtful debts due from related parties. - Ensure disclosure of councillor / key management personnel compensation in total and for each of the following categories:	CFO Assistant Director: SCM, Payroll & Expenditure CFO	30/06/2026 30/06/2026

	– Short-term employee benefits (such as salaries, wages bonuses, and other a allowances); – Post-employment benefits (such as pensions and post-employment medical care); – Other long-term benefits (such as long service leave and long-term disability benefits) ; and – Termination benefits.	Assistant Director: SCM, Payroll & Expenditure	

2.13 GRAP Standards not applicable to ZFM

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
ZFM did not have any transactions in the past regarding the following GRAP Standards: • **GRAP 4** - The Effects of Changes in Foreign Exchange Rates • **GRAP 5** - Borrowing Costs • **GRAP 6** - Consolidated and Separate Financial Statements • **GRAP 7** - Investments in Associates • **GRAP 8** - Interests in Joint Ventures • **GRAP 10** - Financial Reporting in Hyperinflationary Economies • **GRAP 11** - Construction Contracts • **GRAP 101** – Agriculture • **GRAP 12** – Inventories • **GRAP 16** – Investment Properties	• If ZFM enter into any transactions regarding these GRAP Standards document and execute the procedures described in the GRAP Standards.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

3 Accounting for Assets

3.1 GRAP 17 Property, Plant and Equipment

Deviation from FMBPR	Proposed action plans to address compliance	Responsible Persons	Target Date
1.No PPE related findings were listed on the AGSA **audit report** for the year ended **30 June 2025.**	• Attend to the discrepancies identified by the AGSA: – Implement and document procedures to annually:- ▪ Verify the Assets of the municipality; ▪ Review Residual Values of Assets; ▪ Review Useful Lives of Assets; and ▪ Test Assets for Impairment. – Implement and document procedures to ensure monthly reconciliation of assets. – Implement and document procedures to ensure continuous verification of assets. – Implement and document procedures to ensure continuous posting of corrective transactions for assets. – Correct the errors retrospectively for the year 2024/25. – Obtain and maintain an audit file to support any deviations identified. – Document and report the results of the yearly asset count to council. – Prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information • In order to have a GRAP compliant AR, the following will have to be done: – Align the Asset Management Policy to GRAP standards. – Ensure that all critical fields in the AR are completed and that the information is valid. – The asset register should be updated monthly, senior officials to review the asset register on a monthly and quarterly basis – Perform a physical verification of Assets. – Calculate and ensure that residual values are taken into account.	CFO Unit Manager: AFS&Reporting	30/06/2026

	– Review the residual values and the remaining useful lives of Assets on an annual basis. – Test Assets for impairment and record impairment losses. – Review the Depreciation Method on classes of assets annually. – Management should perform reconciliations between general ledger, financial statements and the asset register on a monthly basis. (REFER to the detail discussions below for the requirements of a GRAP compliant asset register) • Document and execute the procedures described below on GRAP 17. • Affect the disclosures required by GRAP 17. • In general: – **transactions should be supported by supporting documentation,** reviewed and authorised by management, and – All relevant **documentation should be retained for audit purposes** and safeguarded as part of key internal control procedures. • Expedite the process of procuring and implementing an electronic Asset Register as it will become increasingly more difficult to calculate and record the results from required GRAP 17 procedures on Excel spreadsheets. • The municipality must review and implement a new Asset Management policy The *asset management policy* should include as a minimum the following aspects: – Objective of the asset management policy – Functional responsibilities of departments and individuals regarding PPE – GRAP accounting policies relating to PPE – Funding sources of items of PPE Administrative requirements – Legislative requirements	CFO Unit Manager: AFS&Reporting	30/06/2026

	– Maintenance policy – Insurance policy – Replacement policy Assets must be recorded in terms of the Asset Management Policy.		
GRAP 17: Property, Plant and Equipment			
Objective: The objective of this Standard is to prescribe the accounting treatment for property, plant and equipment so that the users of financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.			
Requirements for Asset Register: – Section 63 (2)(c) of the MFMA stipulates that the accounting officer must take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register as may be prescribed.	**The compilation of an Asset Register is a legislative requirement. Management should ensure that a GRAP compliant Asset Register should, as a minimum, contain the following:** • **Acquisition dates** of all items of property, plant and equipment. • **Clear descriptions** of individual items of property, plant and equipment. • **Expected useful lives** of individual item of PPE or **depreciation rates** determined in accordance with the principles set out in GRAP 17. • **Historical cost or fair value** of individual items of property, plant and equipment or the fair value of assets received as donations. • The **location** of the asset. • **Department or Service** that use or controls the item of PPE. • Identification reference, i.e. a **unique asset number** for physical verification and asset management purposes (bar code). • **Accumulated depreciation** attributable to individual items of PPE. • **Impairment losses** attributable to individual items of PPE. • **Carrying value** of the asset. • **Funding sources** of individual items of PPE.	CFO Unit Manager: AFS&Reporting	30/06/2026

	• Where land and buildings are revalued, the **revalued amount** attributable to individual items of land and buildings as well as the date and basis of such valuation. • **Residual** values. • Whether the asset is **pledged as security** for any external loan or other obligation. **To facilitate the preparation of GRAP compliant AFS, ensure that the AR is able to provide the following information on an annual basis:** • all acquisitions of property, plant and equipment, reflecting the following:- ➢ Transaction Date; ➢ Description; ➢ Amount; ➢ Supplier / Contractor; and ➢ Reference (invoice/contract/payment/order no). • A summary of all disposals or write-offs of PPE during the year, reflecting the following:- ➢ Transaction Date; ➢ Description; and ➢ Amount. The disposals or write-offs amount should include both cost and accumulated depreciation. • The aggregate depreciation expense for the year. • Initially estimated useful life and reassessed useful life of each asset at reporting date. • Residual values. • Any impairment losses incurred during the year. • The opening and closing balances of PPE at cost. • The opening and closing balances of accumulated depreciation. • Accumulated depreciation attributable to individual items of PPE. • Movements in the revalued portion of PPE. • Where land and buildings are revalued, the revalued amount attributable to individual items of land and buildings as well as the date and basis of such valuation. • Carrying value of the asset. • The location of the asset.	CFO Unit Manager: AFS&Reporting	31/07/2026

	• Identification reference, i.e. a unique asset number for physical verification and asset management purposes (bar code). • Whether the asset is pledged as security for any external loan or other obligation. In addition to classifications of assets into property, plant and equipment, there also needs to be further classifications in a public sector environment. The purpose of these classifications is to develop a benchmark accounting treatment to assist in the measurement of property, plant and equipment and to assist users to understand better the nature of the assets included as PPE, and thus the information referred to above should be presented annually by: • Class (and sub-classes if applicable) of PPE. This information will be used to prepare the notes to the AFS on PPE. • Funding source. This will enable the accounting entries relating to the EFF, CRR, Government Grant Reserve, Capitalisation Reserve as well as the Public Contributions and Donations Reserve to be easily prepared. • Department or function. This will enable management to report on the Segmental Analysis of property, plant and equipment.		
It is generally found that an asset register does not contain clear **descriptions** of individual items of assets.	A GRAP-compliant AR should contain clear **descriptions** of individual items of assets. **Vague asset descriptions** Municipalities may discover that descriptions of some individual items in the Asset Register are vague. The implication of these vague descriptions is that it will be difficult to categorise these items of property, plant and equipment and to determine appropriate depreciation rates that will have to be applied to such items. A detailed review of the asset register should be done and vague descriptions investigated. If further information is not available, then such items should be written off. Municipalities should maintain proper information on such write-offs, obtain Council approval and provide suitable evidence to the Auditor-General.	CFO Unit Manager: AFS&Reporting	30/06/2026

It is generally found that an asset register does not contain acquisition dates of individual items of assets.	A GRAP-compliant AR should contain **acquisition dates** of all items of assets. **Incomplete or missing acquisition dates** Acquisition dates are crucial to the calculation of the carrying values of property, plant and equipment at the date of implementing accounting standards. Acquisition dates are paramount to the calculation of accumulated depreciation to date. A number of options may be considered when the acquisition dates of some items of property, plant and equipment are not known: • Where acquisition dates are not known, a process to check old accounting records, such as internal advances registers, external loan registers and approved budgets, to ascertain whether such information is available, should be investigated. Whilst this option will provide accurate information to determine acquisition dates, it could take considerable time. There will also be a likely cost implication due to a lack of capacity. • A second option is to physically identify the items of property, plant and equipment in question and, based on visual evaluation, determine a likely acquisition date. This approach may be criticised from an audit perspective, will be time consuming and costly due to the need to in-source capacity. It may also be difficult to identify the specific item of property, plant and equipment to undertake a visual evaluation. The third option is to assume that the municipality has owned these assets for periods that are longer than their useful lives for depreciation purposes. This will certainly result in audit queries but will be easy to implement and will have no cost implications from a capacity perspective	CFO Unit Manager: AFS&Reporting	30/06/2026
It is generally found that an asset register does not contain The indication of funding sources of individual items of assets, or funding sources are incorrect.	To initially implement GRAP, loans redeemed and other capital receipts (LROCR) should be unbundled, and backlog depreciation should be calculated in order to compile a GRAP-compliant AR. (refer to section) The indication of funding sources of individual items of PPE in the AR would be useful for internal use by management.	CFO Unit Manager: AFS&Reporting	30/06/2026

	Incomplete financing sources Municipalities should record the financing sources of all property, plant and equipment to facilitate the implementation process. The reason is that Loans Redeemed and Other Capital Receipts must be unbundled on the date of implementation. Furthermore account balances such as internal loans must also be reversed. Municipalities that are unable to easily determine the original source of financing have a number of options to consider when dealing with the above-mentioned challenges: • Firstly, a process to check old accounting records to ascertain whether such information is available can be followed. Whilst this option will provide accurate information, it will take considerable time. There will also be a likely cost implication due to capacity constraints. It should be noted that information on external loans as well as government grant funded items of property, plant and equipment may be relatively easy to obtain in relation to other financing sources as these are typically project linked and in respect of government grants, the majority of transactions will have only occurred in recent years. • An alternative option is to allocate assets to the different financing sources that constitute Loans Redeemed and Other Capital Receipts by using the description of the asset to determine a likely financing source based on general practice in the past. For example, office furniture is likely to have been funded by Revenue Contributions whereas major infrastructure is likely to have been funded from External Loans. This approach may be criticised from an audit perspective, will be time consuming and may be costly due to the need to in-source capacity. Municipalities should select the option that is appropriate to their individual circumstances, cost effective and pragmatic.		
Physical verification	**Physical verification of assets** For reporting and audit purposes, an AR should reflect **all** PPE of the municipality; and the PPE reported should be assets that actually **exist** and are **controlled** by the municipality. 1) The AR should be the end result of the physical verification of assets. All assets listed in the AR should contain a clear	CFO Unit Manager: AFS&Reporting	30/06/2026

	cryptic description of the asset as well as a unique identifiable asset number. Bar coding could be used for all moveable assets and even buildings, while property (erf) numbers, for example, could be used for identification of land. 2) A certificate should be issued by the team involved in establishing the AR to the extent that all assets contained on the AR have been **physically verified** 3) Where counts are performed, a listing should be provided per room, and this should be signed by the person responsible for that specific room**.** 4) Together with the asset count, the Municipality should perform a condition assessment, which would indicate the need for impairment testing or the adjustment to the useful lives. (Refer procedures beneath The ideal is that a physical verification is performed **at year-end** (30 June). Alternatively a physical verification can be done earlier e.g. 31 March, with the movements in carrying value of PPE (such as additions, disposals and depreciation) between 31 March and 30 June being well documented.		
GRAP 17.74 requires municipalities to determine whether an item of property, plant and equipment is impaired.	The AR should reveal assets that have been or should be impaired as well as the related impairment expense and accumulated impairment.	CFO Unit Manager: AFS&Reporting	30/06/2026
For reporting and audit purposes, an AR should reflect **all** PPE of the municipality	Management to review the AR for completeness once the above steps have taken place.	CFO Unit Manager: AFS&Reporting	30/06/2026
In addition to classifications of assets into property, plant and equipment, there also needs to be further classifications in a public sector environment. The purpose of these classifications is to develop a benchmark accounting treatment to assist in the	In addition, the information referred to above should be presented annually by: • **Class (and sub-classes if applicable) of PPE**. This information will be used to prepare the notes to the AFS on PPE	CFO Unit Manager: AFS&Reporting	30/06/2026

measurement of property, plant and equipment and to assist users to understand better the nature of the assets included as PPE.	• **Funding source**. This will enable the accounting entries relating to the EFF, CRR, Government Grant Reserve, Capitalisation Reserve as well as the Public Contributions and Donations Reserve to be easily prepared. • **Department or function**. This will enable management to report on the Segmental Analysis of property, plant and equipment.		
Some assets are commonly described as "infrastructure assets". While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics: (a) They are part of a system or network, (b) They are specialised in nature and do not have alternative uses, (c) They are immovable, and They may be subject to constraints on disposal	• Ensure that all infrastructure assets are recorded and valued in the AR. Such assets must be separately identifiable (componentised) as they might have different life-expectancy periods and need to be depreciated over different periods. (For example, all roads should be specifically identified and listed in the AR). • A project plan should be prepared that includes a motivation on how to determine the GRAP compliant book values of infrastructure assets that have global amounts.	CFO Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	30/06/2026 30/06/2026
GRAP 17.40 states that the **fair value** of land and buildings is usually their market value, determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognised and relevant professional qualification.	• Ensure that all land and buildings owned by the municipality are reflected on the AR. Information from the Deeds Office should be obtained and compared to other available information to facilitate this process. • A project plan should be prepared that states that the municipality will reflect all **land and buildings never accounted for before** at fair value amounts (depending on the accounting policy) and how the fair values will be established. • The fair value of land and buildings identified for inclusion on the AR should be established and recorded on the AR. The fair value of land and buildings is *usually* their market value, determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognised and relevant professional qualification.	CFO Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	30/06/2026 30/06/2026

GRAP 17.60 states that the depreciable amount of an item of property, plant and equipment shall be allocated on a systematic basis over its useful life. The depreciation method used shall reflect the pattern in which the asset's economic benefits or service potential is consumed by the entity.	**Capitalisation thresholds** The implication of having a capitalisation threshold is that assets below the threshold are depreciated over one year regardless of the asset's useful life, a practice not in line with GRAP 17. Municipalities could either have an **internal policy** concerning a threshold (Option A), or depreciate all assets correctly according to depreciation periods per asset classification (Option B). **Option A -** If a municipality wishes to have an internal policy concerning a threshold for recognising capital assets they may do so. This should however not be included as part of the disclosed accounting policy in the annual financial statements because it is not in line with GRAP 17. The assets below the threshold should then be listed and carried forward from year to year. The external auditors will measure the cumulative figure against materiality on an annual basis. In other words, they will annually calculate the correct carrying value for these assets and if the omission thereof in the Statement of Financial Position is material, it would lead to a qualification. **Option B -** The correction of assets previously expensed over one year should be treated as a prior period error and corrected retrospectively, as GRAP 17 had previously been incorrectly applied.	CFO Unit Manager: AFS&Reporting	30/06/2026
Additional requirements: General requirements.	**Actions required:** • Ensure that residual values are considered for all classes of PPE where a history exists of such items of PPE being sold at the end of its useful lives at significant amounts (compared to the asset's original cost) (GRAP 17.61, .63 and .64). A typical example of such an item at the municipality would be vehicles. As a general rule, only consider items which usually are sold for more than 10% of its original cost. In the determination of a history of sales, consider at least one year's sales information/auctions. • Ensure that the municipality applies the **distinction criteria to distinguish between PPE, inventories, IP and non-current assets held for sale** (see discussion below)**.** • **The council's reports should be used to identify land that should be sold after 12 months from year-end.**	CFO Unit Manager: AFS&Reporting	30/06/2026

	Distinction criteria to distinguish between inventories, non-current assets held for sale, IP and PPE:- - if the municipality has a history of property development and sales (i.e. developing land with the intention to sell it in the future/ a separate department exists in the municipality that deals specifically with this function), such land that is expected to be sold within 12 months from year-end shall be classified as inventory (GRAP 12.23 and .56); - if the municipality does not have a history of property development and sales (i.e. developing land with the intention to sell it in the future), the intention with current developments should be evaluated – if it is clear that council is holding this land to be sold in the ordinary course of operations similar as the above-mentioned scenario of development and sale, and such land is expected to be sold within 12 months from year-end, it shall be classified as inventory (GRAP 12.23 and .56); - all other land, held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met **(if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end)**; - buildings and other movable and immovable assets will highly unlikely be held for sale in the ordinary course of operations (as the municipality does not trade in such assets generally) – such assets held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (**if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end)**. All remaining land and buildings which are not IP (as discussed in the section on IP above), shall be classified as PPE at year-end.		
Impairment:	Refer to GRAP 21 below	CFO Unit Manager: AFS&Reporting	30/06/2026

Additional requirements: – Assets are resources **controlled** by an entity as a result of past events and from which future economic benefits or service potential are expected to follow to the entity (GRAP 1.6)**.**	**Actions required:** • Ensure that assets that are constructed by the municipality on behalf of another entity, which will be transferred to such entity when construction is complete, are not capitalised in the records of the municipality at any stage (neither will it be WIP, nor will it be a finished constructed asset in the municipality's records); • Ensure that assets that are constructed on behalf of the municipality, by another entity, which will be transferred to the municipality when construction is complete, are capitalised in the records of the municipality at year-end (or at the date at which such assets or section of such assets are completed by the other entity). Such assets shall be recorded as WIP or finished constructed asset in the municipality's records. 1.1An example is roads that are being constructed by a contractor on behalf of the municipality. These WIP roads need to be derecognised in the contractor's records and need to be recognised in the municipality's records, retrospectively (the JOURNAL entry in the municipality's records is a debit to WIP (B/S) and a credit to Assets received from entity (economic development entity) (I/S).	CFO Unit Manager: AFS&Reporting	30/06/2026
Additional requirements: • General requirements.	**Actions required:** • Ensure that interim valuations performed on PPE (after initial valuation roll exercise) are accounted for in accordance with the subsequent measurement model (GRAP 17.38 - .52). Management to confirm whether such interim valuations should be accounted for retrospectively as a correction of prior period error/first time adoption of revaluation model for subsequent measurement **.** Ensure that any insurance costs which had erroneously been capitalised in the past to PPE is reversed retrospectively – this is a correction of a prior period error in terms of GRAP 3 (please note that this adjustment will have an influence on accumulated depreciation and the accumulated surplus retrospectively). • Ensure that residual values are considered for all classes of PPE where a history exists of such items of PPE being sold at the end of its useful lives at significant amounts	CFO Unit Manager: AFS&Reporting	30/06/2026

	(compared to the asset's original cost) (GRAP 17.61, .63 and .64). A typical example of such an item at the municipality would be vehicles. As a general rule, only consider items which usually are sold for more than 10% of its original cost. In the determination of a history of sales, consider at least one year's sales information/auctions. • Ensure that the municipality applies the **distinction criteria to distinguish between PPE, inventories, IP and non-current assets held for sale** (see discussion below)**.** • **The council's reports should be used to identify land that should be sold after 12 months from year-end.** **Distinction criteria to distinguish between inventories, non-current assets held for sale, IP and PPE:-** 1.2 if the municipality has a history of property development and sales (i.e. developing land with the intention to sell it in the future/ a separate department exists in the municipality that deals specifically with this function), such land that is expected to be sold within 12 months from year-end shall be classified as inventory (GRAP 12.23 and .56); 1.3 if the municipality does not have a history of property development and sales (i.e. developing land with the intention to sell it in the future), the intention with current developments should be evaluated – if it is clear that council is holding this land to be sold in the ordinary course of operations similar as the above-mentioned scenario of development and sale, and such land is expected to be sold within 12 months from year-end, it shall be classified as inventory (GRAP 12.23 and .56); 1.4 all other land, held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met **(if the requirements in GRAP 100 are not met, classify such assets as PPE at year-end)**; 1.5 buildings and other movable and immovable assets will highly unlikely be held for sale in the ordinary course of operations (as the municipality does not trade in such assets generally) – such assets held to be sold within 12 months from year-end, shall be classified as non-current assets held for sale provided that the requirements of GRAP 100.8 to .11 are met (**if the requirements in GRAP**	CFO Unit Manager: AFS&Reporting	30/06/2026

	100 are not met, classify such assets as PPE at year-end). 1.6 All remaining land and buildings which are not IP (as discussed in the section on IP above), shall be classified as PPE at year-end.		

3.2 GRAP 21 Impairment of Non-cash generating Assets AND GRAP 26 Impairment of Cash generating Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Inventories were listed on AGSA's **audit report or communications** for the year ended 30 June 2025.	• For Impairment of Cash and Non-cash generating assets the following must be done according to GRAP 21 and GRAP 26.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
GRAP 21 Impairment of Non-cash generating Assets			
Impairment of Non-cash generating assets	**Actions required:** In testing and accounting for **impairment of non-cash generating assets**, perform the following steps: • Ensure that the components of infrastructure assets are reviewed for potential impairment losses. • For all **material assets or classes of assets,** identify and make extracts from the Fixed Asset Register of the following assets: ➢ All Infrastructure assets, per component; ➢ All buildings (other than buildings included in infrastructure assets); ➢ All motor vehicles; ➢ All IT equipment (assets can be grouped in material classes, e.g. laptops, providing that they are of a similar nature, age and condition); and ➢ All movable assets under the control of the asset managers of the various departments/ sections (assets can be grouped in material	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	classes, e.g. tables and chairs, providing that they are of a similar nature, age and condition). • CFO to issue a memo (including a printout of the FAR per department/ section) annually to all department/ section heads to identify items of PPE that may have suffered impairment losses, requesting them to identify assets that: ➢ Are in a state of permanent damage at year-end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year-end); ➢ Are stolen at year-end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year-end (this can be facilitated by supplying departments / sections with a AR printout pertaining to major assets showing the remaining useful lives of assets - the department / section heads can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); and ➢ Have remained idle for a considerable period either prior to them being put into use at year-end or during their useful life. • The CFO shall evaluate the results obtained in the procedures above and determine if any impairment indicators exist. • If impairment indicators exist, as determined above, ensure that the recoverable service amount as per GRAP 21. 29 - .46 is determined for each asset / class of assets that are potentially impaired. If the asset's recoverable amount is less than the asset's carrying amount, impairment exists. The difference between the assets's carrying amount and its recoverable (service) amount is calculated and represents the impairment loss on assets.	CFO Deputy CFO Unit Manager: AFS&Reporting CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026 30/06/2026

	• Ensure that impairment losses are recognized and accounted for in accordance with GRAP 21.47 - .54. • Ensure that the disclosure requirements of GRAP 21 are adhered to at year-end. • Ensure that the requirements of GRAP 21 are applied prospectively in accordance with the transitional provisions found in GRAP 21.80.		

3.3 GRAP 102 Intangible Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.No issues regarding Intangible assets were listed on AGSA's **audit report** for the year ended **30 June 2025**. -	• Document and execute the procedures described below on GRAP 102. • Ensure that additions of intangible assets are captured excluding VAT on the capital votes	CFO Deputy CFO	30/06/2026 Ongoing
GRAP 102: Intangible Assets			
Objective: The objective of this Standard is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard of GRAP. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets.			
Exemptions granted in past: • The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed.	**Actions required:** • Ensure that all assets that meet the definition of an intangible asset and the recognition criteria for an asset are identified by scrutinising the AR and capital purchases file/vouchers. • Ensure that all intangible assets identified are measured initially at their cost price. • Ensure that the necessary procedures are put in place to ensure the proper accounting treatment of Intangible assets after initial recognition to deal with the accounting for subsequent expenditure, amortisation, review of useful lives of intangible assets, retirements and disposals of intangible assets and internally generated intangible assets.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	• Ensure that the following adjustments are made to the intangible assets currently reflected as PPE in the asset register: (a) If any intangible assets are currently classified as part of PPE, then the full application of GRAP 102 will lead to a reclassification of these items as intangible assets. This will result in a reduction in the carrying amount of PPE and an increase in intangible assets. (b) If intangible assets (computer software and website costs) have been incorrectly expensed in the past this can be regarded as a prior period error and will be corrected retrospectively by applying GRAP 3. If however intangible assets other than computer software and website costs have been expensed as per the exemption offered in GG 30013, they will now be recognised retrospectively in accordance with the requirements of GRAP 102, GRAP 3 and Directive 3.91 as a change in accounting policy. This will lead to a restatement (increase) of the opening balance of the Accumulated Surplus Account as well as an increase in the Asset Value on the Statement of Financial Position of the Municipality. Retrospective application of GRAP 102 to Intangible assets other than software and website costs will be treated as a change in accounting policy. **Discussion on application:** Examples of items which may meet the definition of an intangible asset in the municipal environment are: • A license fee for operating a tip site, where the fee grants to the municipality the right to operate the tip site for a period of longer than one year – the municipality does not pay for such a licence, nor is there an active market for such licences, thus the cost or fair value cannot be determined and the intangible asset cannot be recognised; and • Servitudes – the Department of housing and land should have a register of servitudes acquired and	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	granted. **Servitudes Granted:** source of other income. **Servitudes Acquired:** usually these servitudes are acquired at zero cost or, if it is registered, insignificant amounts are paid for such registration. There is no active market for servitudes, thus its fair value cannot be determined reliably. Servitudes will therefore not be recognised as intangible assets if they were acquired at zero cost. • Other licenses – any license (computer, vehicle) which is renewed annually will not be an IA, as IA cannot be current assets. Licences which render a benefit for longer than 12 months need to be considered as being potential IA.		

3.4 Debtors and Provision for Bad Debts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No findings for Debtors and Provisions for Bad Debts were listed on the AGSA **audit report** for the year ended 30 June 2025. The following were listed on the **communications** for **30 June 2011:** - Bad debts: Amounts not written off ➢ During the audit of bad debts it was noted that there are bad debts which are more than 90 days and not yet written off - Bad debts: No steps taken to recover debts ➢ During the audit of bad debts we noted that no necessary steps were taken to recover debts prior write-off - Receivables: No supporting document for the suspense amount	• Perform reconciliations between the Debtors listing and the trial balance, obtain supporting documentation for differences and file the working papers for audit purposes. • Develop a Policy for the Provision of Bad Debts. • Ensure that adequate provisions are raised against Debtors. • Debtors should be provided for on the merits of each receivable. • Prepare an ageing of trade and other receivables list on a monthly basis. • Reconcile the list to the general ledger on a monthly basis • The reconciliation must be reviewed by a delegated official on a monthly basis • Prepare a list of receivables to be written off. • Present the list of receivables to be written off to council for approval • Ensure that the amount written of agrees to the 'Receivables written off' in the general ledger	CFO Deputy CFO Unit Manager: BTO	Monthly

	• Ensure that the receivables ledger is updated with the accounts written off		
Financial Assets: • According to IAS 39.43, Financial Assets and Financial Liabilities are recognised initially at fair value). • IAS 39.46 states that after initial recognition, the following categories of financial assets are measured at amortised cost: ➢ Loans and Receivables, e.g. accounts receivable and loans; ➢ Held to Maturity Assets; and ➢ Investments in shares that do have a quoted market price in an active market. • All other financial assets are measured at fair value. Amortised cost is defined in IAS 39 as the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.	**Discounting of consumer and other debtors:** • If the municipality raises interest on outstanding consumer and other debtors' accounts on a time-proportionate basis, the balance of these debtors at year-end represents their net present value. Discounting of debtors is therefore not necessary. • **Consumer Debtors:** If no interest is raised on outstanding consumers debtors' accounts ensure that outstanding balances at year-end are discounted. Debtors should be divided into geographical areas and the discounting exercise should be done per geographical area. The average collection period should be calculated per geographical area and used to determine the net present value of outstanding debtors (per geographical area) at year-end. • **Other Debtors:** Discounting of these debtors is normally not performed due to the short term nature of these debtors resulting in an immaterial difference between the amount outstanding at year-end and their net present value.	CFO Deputy CFO Unit Manager: BTO	30/06/2026
Provision for Doubtful Debts: • IAS 39.64 states: "An entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant (see paragraph 59). If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and	**Provision for Doubtful Debts:** • Management should, when the evidence arises (normally at year-end); ensure that the impairment provision (Provision for Bad Debts) is made in accordance with IAS 39.64. Therefore management should assess the Provision for Bad Debts:- ➢ Separately for each individual debtor; or ➢ For groups of debtors with similar credit risks.	CFO Deputy CFO Unit Manager: BTO	30/06/2026

collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment."			

3.5 Bank Accounts and Cash

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No findings were reported by AGSA on Bank accounts and cash on the **audit report or any of the communications** for 30 June 2025: However the following **general problems** on bank account reconciliations can occur: - The bank reconciliations were not prepared on a monthly basis for all bank accounts. - Bank reconciliations for all active bank accounts were not reviewed and approved by an independent senior official. - It was noted that the municipality does not maintain a register for returned and outstanding cheques.	• ZFM must attend to the audit findings and make sure that the followings step are taken: (a) Document the processes and procedures to be followed in Bank and Cash Administration. (b) Prepare and file working papers for Bank and Cash transactions. (c) Perform monthly reconciliations on Bank and Cash and file the working papers for audit purposes. (d) Long standing reconciling items must be cleared from Bank Reconciliations. • Ensure the proper and correct disclosure of Bank, Cash and Cash Equivalents in the AFS. • Review the prior year matters that lead to a disclaimer of opinion, and restate comparatives with the correction of the error. • Perform a monthly reconciliation for each bank account between the following accounts: - Bank Control - general ledger account; and - Bank Statement received from banking institution. • Ensure that all differences and reconciling items are followed-up upon discovery thereof. • **Authorisation of the Bank Reconciliation by the CFO or delegated official:**	CFO Unit Manager: BTO CFO	30/06/2026 30/06/2026

	1) Ensure that the bank statement balance agree to the balance reflected on the bank statement at month end date. 2) Ensure that the cash book balance agree to the general ledger. 3) Test the mathematical accuracy of the bank reconciliation. 4) Test the reconciling items on the bank reconciliation as follows: - Trace outstanding cheques to subsequent bank statements; - Trace outstanding deposits to subsequent bank statements; - Ensure that other reconciling items agree to supporting documentation; and - Ensure that all stale outstanding cheques (older than 6 months) have been written back and re-issued as appropriate. • Inspect whether all bank accounts were accounted for by comparison with previous month's working papers and examining it for accounts omitted. • Inspect whether reconciling items are cleared on a timely basis. • Explain all reconciling items which have been outstanding for more than three months in a report to the council in terms of regulation 18435 (Government Gazette of 14 Nov 1997). • Investigate large or unusual items on the bank reconciliation. • Scrutinise the cash book for unusual transactions or entries and obtain explanations from officials. • In respect of a bank overdraft ensure that:- - It is authorised by council resolution; - The credit limit is specified in the resolution of the council; - The terms of the agreement, including the credit limit, are only changed by a resolution of the council; and	Unit Manager: BTO CFO Unit Manager: BTO	30/06/2026

	- Where the credit facility was approved by the council only for emergency use, the accounting officer notify the council in writing, as soon as is practicable, of the amount, duration and cost of any debt incurred in terms of such a credit facility, as well as the options available for repaying such debts. (Section 45 (3) of the MFMA.) • Initial the bank reconciliation as evidence of review thereof by a senior official. • Ensure compliance with all MFMA sections related to **bank accounts**, i.e. sections 7-12, 70, 85, 86 and section 125, including during preparation of the AFS disclosure notes.		

3.6 Investments

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues regarding Investments were listed on AGSA's **audit report or communications** for the year ended 30 June 2025. However, ensure that the proposed actions are applied. The municipality does not have any Investment in Associates and / or Interest in Joint Ventures.	• Ensure that a clear distinction is made if liquid investments are investments or Cash and cash equivalents. • Monthly reconciliations of the investments must be performed and reviewed. The reconciliations must be done between the following: - The investment confirmation from an external source (e.g. the bank); - The investment register; and - The general ledger. (Any differences must be followed up immediately and rectified) • Compile the AFS in line with the accounting policies. • Ensure that the requirements of the Investment Policy are met (e.g. not more than 40% of the total invested at one institution)	CFO Unit Manager: BTO	30/06/2026 Monthly

4 Accounting for Liabilities

4.1 GRAP 13 Leases

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported on leases by AGSA on the **audit report or communications** as at 30 June 2025. **However, ensure that all lease classifications are done accurately according to GRAP 13.**	• Implement this standard retrospectively • Document and execute the procedures described below on GRAP 13. • Affect the disclosures required by GRAP 13. • Update the asset policy for classification of leases	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
GRAP 13: Leases			
Objective: The objective of this Standard is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosures to apply in relation to finance and operating leases. **Definitions:** A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.			
Exemptions granted in past: • Recognising operating lease payments/receipts on a straight-line basis if the amounts are recognised on the basis of the cash flow in the lease agreement.	**Actions required:** • Ensure that operating leases that have fluctuating payment/receipt arrangements are identified. • Ensure that the average expenditure/revenue over the complete lease term for the above-mentioned lease contracts is determined. • Based on the above-mentioned average expenses /revenue, ensure that the amounts recognised for operating leases are the average (straight-lined) expenses/revenues and not the physical payments/ receipts. • If the actual payments/receipts in a year are more than the average payments/receipts, ensure that the difference will be shown as a debtor/creditor in the AFS for both the current and the prior year.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	• If the actual payments/receipts in a year are less than the average payments/receipts, ensure that the difference will be shown as a creditor/debtor in the AFS for both the current and the prior year. • Ensure that contingent rentals (such as those with escalation connected to CPIX) are not straight-lined. • Ensure that contingent rentals (such as those with escalation connected to CPIX) are not included in the projected future minimum operating lease expenses/ receipts in the note to the AFS. • Ensure that the disclosure requirements of GRAP 13 are adhered at year-end. • Review ASB comparison between IAS 17 and GRAP 13 and ensure that any differences are taken into account in the 2010 AFS. Some of the major differences are as follows: ➢ GRAP 13 includes a different set of definitions of technical terms to IAS 17. ➢ Certain terminology differences exist between IAS 17 and GRAP 13. ➢ GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction. ➢ Additional disclosure requirements are included in GRAP 13.46. • Ensure that the following requirements of ASB Directive 3.49 to .53 are adhered to: ➢ The requirements of GRAP 13 shall be applied retrospectively. ➢ Where items have not been recognised and/or measured as a result of transitional provisions under other GRAP Standards, the requirements of GRAP 13 would not apply to such items until the transitional provisions in those other GRAP Standards expire (i.e. in 2011 the requirements of GRAP 13 would apply to such items). ➢ While municipalities are not required to recognise finance lease assets / liabilities in their financial statements in relation to those items that have not been recognised in their	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	financial statements as a result of applying the transitional provisions in other GRAP Standards, municipalities are however required to apply the disclosure requirements of GRAP 13 insofar as the lease assets/ liabilities have been identified. **Discussion on application:** Differences between the actual payments/receipts and the average expense/revenue can occur in terms of leasing arrangements where: ▪ the lease payments/receipts are not spread equally over the lease term , ▪ the lessee is required to make payments prior to bringing the leased asset into use, ▪ the lease involves an initial term which is significantly less than the period over which benefit is to be derived from the leased asset and there is an option to renew the lease at lease payments which are either significantly less or more than the lease payments during the initial term, and renewal of the lease is reasonably assured.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
Additional requirements: • Whether a lease is a **finance lease** or an operating lease depends on the substance of the transaction rather than the form of the contract. Although the following are examples of situations which would normally lead to a lease being classified as a finance lease, a lease does not need to meet all these criteria in order to be classified as a finance lease: (a) the lease transfers ownership of the asset to the lessee by the end of the lease term; (b) the lease term is for the major part of the economic life of the asset even if title is not transferred; (c) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (GRAP 13.12 extracts).	**Actions required:** ▪ Ensure that all leasing arrangements meeting the definition of finance leases, are accounted for as finance leases (e.g. electronic equipment, vehicles and **cell phone contracts).** **Discussion on application:** Currently the AGSA views cell phone contracts for the majority of municipalities in SA to be finance leases. However, SAICA believes at this stage that such arrangements typically do not constitute finance leases.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

4.2 GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
The following issues were reported on Provisions, Contingent Liabilities and Contingent Assets by AGSA on the **audit report or communications** as at 30 June 2014. • Provision for Performance bonuses were incorrectly classified as contingent liabilities. This was correctly adjusted on the AFS. • ZFM' legal confirmation differed from the legal confirmation requested by the AGSA from the same attorneys.	• Document and execute the procedures described below on GRAP 19. • Affect the disclosures required by GRAP 19. • Provision for Performance bonuses were treated correctly in the signed 2024/25 AFS. Thus we will calculate the provision on 30 June 2026. • Discuss this issue with the attorneys and request them to inform ZFM when a legal case has changed after 30 June and 30 August.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets			
Objective: The objective of this Standard is to define provisions, contingent liabilities and contingent assets, identify the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The Standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing and amount. **Definitions:** A **Contingent Asset** is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A **Contingent Liability** is: (a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or (b) A present obligation that arises from past events but is not recognised because: (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or (ii) The amount of the obligation cannot be measured with sufficient reliability. A **Provision** is a liability of uncertain timing or amount.			
General actions:	**Actions required:** • Ensure that GRAP 19 is applied retrospectively in the financial statements. • Ensure that the disclosure requirements of GRAP 19 are adhered to at year-end.	CFO Deputy CFO	30/06/2026

	• The ASB Directive 4 states the following with regards to provisions, contingent liabilities and contingent assets that are acquired through a transfer of functions: ➢ The municipality need not comply with the measurement requirements of GRAP 19 for a period of three years from the date of the transfer of functions or from 1 July 2008, whichever date is later, subject to the bullet points below. It must however identify and correctly classify all provisions, contingent liabilities and contingent assets on a provisions, contingent liabilities and contingent assets listing during the above mentioned three years, subject to the bullet points below. ➢ If the initial accounting for provisions, contingent liabilities and contingent assets is incomplete by the end of 2009 or the end of the financial year in which the transfer occurs, whichever year end is later, provisional amounts shall be reported in the municipality's financial statements for those provisions, contingent liabilities and contingent assets for which the initial accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the above-mentioned recognised provisional amounts for new information about facts and circumstances pertaining to the above-mentioned provisional amounts that existed on the above-mentioned transfer date and, if the municipality had known about this information earlier, would have affected the measurement of the amounts recognised as of that transfer date. ➢ During the measurement period, the municipality shall also recognise additional provisions, contingent liabilities and contingent assets if new information is obtained about facts and circumstances that existed at the above-mentioned transfer date and, if the municipality had known about this information earlier, would have resulted in the recognition of those provisions, contingent liabilities and contingent assets as of that transfer date.	Unit Manager: AFS&Reporting CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	➢ The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed at the above-mentioned transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed three years from the above-mentioned transfer date or 1 July 2008, whichever date is later. ➢ Until such time as the above-mentioned measurement period expires and provisions, contingent liabilities and contingent assets are measured and recognised in accordance with GRAP 19, the municipality need not comply with GRAP 1 *Presentation of Financial Statements*, GRAP 4 *The effects of Changes in Foreign Exchange Transactions*, GRAP 13 *Leases*, GRAP 18 *Segment Reporting* & GRAP 100 *Non-current Assets Held for Sale & Discontinued Operations*. ➢ While entities are not required to recognise provisions (which form part of the cost of an asset) in their financial statements for those assets that have not been recognised in their financial statements as a result of applying the transitional provisions in other GRAP Standards, the municipality is required to apply the disclosure requirements about the provisions related to those assets in accordance with GRAP 19.		
CONTINGENT ASSETS AND CONTINGENT LIABILITIES			
Recognition: • Contingent liabilities / assets are **not recognised**.	**Actions required:** • Ensure that any items meeting the definition of a contingent liability / asset are **identified**. Such contingent liabilities / assets should be disclosed in accordance with GRAP 19, but should not be recognised. Examples may be unresolved court cases or litigation or arbitration.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

	• Draft a standard memo to the legal department as well as the HOD's during the first week in July requesting information from them on any potential liabilities / assets that the municipality may have. Examples are unresolved court cases or litigation or arbitration.		
Disclosure: • Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability / asset at the reporting date a brief description of the nature of the contingent liability /asset and, where practicable: (a) an estimate of its financial effect; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement.	**Actions required:** • Ensure that all contingent liabilities / assets are properly disclosed as per the disclosure requirements of GRAP 19. Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable: (a) an estimate of its financial effect (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement. **Discussion of application:** The following procedures could be performed by the CFO to ensure completeness of contingent liabilities / assets disclosed at year-end: ➢ Inspect correspondence files with clients of the municipality to identify any contingent liabilities / assets. ➢ Review confirmation letter requested and obtained from the municipality's legal council as to all current, pending and outstanding legal disputes and confirm by inspection that all necessary disclosures have been made. ➢ Review all legal correspondence between the municipality and its legal council and confirm that no contingent liabilities / assets have been omitted from being disclosed. ➢ Examine minutes of management meetings for evidence of discussion of possible contingent liabilities / assets and confirm that all necessary disclosures have been made. ➢ Inspect the terms and conditions of contracts	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	entered into by the municipality and third parties and confirm that adequate disclosures of contingent liabilities / assets have been made as necessary.		
PROVISIONS			
Recognition: • A Provision shall be recognised when: (a) The municipality has a present obligation (legal or constructive) as a result of a past event; (b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and (c) A reasonable reliable estimate can be made of the amount of the obligation.	**Actions required:** • A provision should only be recognised when a municipality has a present **legal** or **constructive** obligation to transfer economic benefits as a result of **past events** and a **reasonable estimate** of the obligation can be made. An obligation implies the existence of a third party to which the municipality is obligated. A **legal obligation** arises as a result of an external party having a legal right to enforce the municipality to pay or perform for example if the municipality is forced by legislation to clean certain waste sites then a legal obligation exists. A **constructive obligation** is one arising from the facts in a particular situation. This implies that although a municipality may have no legal obligation to perform it may have other sanctions that leave it with no realistic alternative but to incur certain expenses. **Examples** of constructive obligations include: ➢ a municipality that habitually makes grants-in-aid to deserving communities , but is under no legal obligation to do so, but could not change its policy without incurring unacceptable damage to its reputation, and ➢ A municipality that has identified contamination in certain land bordering its area of jurisdiction. The municipality may not be legally obliged to clean up the land, but because of its published policies or past actions, is obliged to do so. In order to recognise a provision, the obligation must result from a **past event**, for example a service must have been rendered by a third party in the past before	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

	a liability arises and a mere intention to render a service by a third party is not sufficient for the recognition of a provision. A provision should be recognised provided that a **reasonable estimate** of the obligation can be made. The provision should be the best estimate at the statement of financial position date of the expense required to settle the obligation. Where the effect of discounting is material, the amount of a provision should be the present value of the expenses required to be settled in the future. If the municipality is a party to an **onerous contract** (i.e. a contract entered into with another party under which the unavoidable costs of fulfilling the terms of the contract exceed any revenue expected to be received from the goods or services supplied or purchased directly or indirectly under the contract and where the municipality would have to compensate the other party if it did not fulfil the terms of the contract), there is a present obligation arising out of that contract and provision for it is required.		
• Provisions can be distinguished from other liabilities such as trade payables and accruals because there is **uncertainty about the timing or amount** of the future expenditure required in settlement. By contrast: (a) trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier; and (b) accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay). Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions.	• Identify all provisions that have to be raised by the municipality where the municipality has a **present legal or constructive obligation** to **transfer economic benefits** as a result of **past events** and a **reasonable estimate of the obligation** can be made. • Ensure that the municipality distinguish correctly between provisions, long-term liabilities, trade payables and accruals as described. • Measure and initially record all provisions identified in the first step above. • Ensure that provisions are classified into current and non-current liabilities. • Review provisions at each reporting date. The review should take into account all information available relating to the provision. Adjustments to provisions should be based on the current best estimates of management of the amount required to settle the obligation at reporting date.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing

Accruals are often reported as part of trade and other payables, whereas provisions are always reported separately as a separate line item on the Statement of Financial Position of the municipality.	Municipalities may revise their provisions during the year as well and should then comply with the disclosure requirements of GRAP 19.107. • Expenditure incurred subsequent to year end in relation to a provision that was raised at the previous year end, should be allocated against the provision. The expenditure must not be recorded as expenditure in the new financial year as expenditure was already provided for in the previous financial year. The provision can however only be used to offset expenditure for which it was originally recognised.		
Measurement: • The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision shall be the present value of the expenditure expected to be required to settle the obligation. These future cash outflows should be discounted by a discount rate (that should be an average cost of borrowing interest rate) which includes an inflation factor.	**Actions required:** • Measure and initially record all provisions identified as described above. The measurement of some of the more common provisions that need to be raised by municipalities is set out below: **Provision for the rehabilitation of tip sites:** The legal obligation for rehabilitating tip sites at year-end is restricted to the amount that needs be spent to rehabilitate the damage to land, that exists at Statement of financial position date. The extent of the damage to tip site land that will need to be rehabilitated , needs to be determined at year end and an accounting provision needs to be raised as a current liability at Statement of financial position date. **Provision for the clearing out of alien vegetation:** A calculation of the projected cost and timeframe to clear out all alien vegetation that exists at Statement of financial position date will have to be performed. The full amount of the expense discounted to present cost should be raised as a provision and reflected as a current liability at year end. If this will result in an accumulated deficit for the municipality the amount should be phased in.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

	Provision for grant-in-aid contributions: An estimate needs to be made at Statement of financial position date of the amount of the grant-in-aid contributions that are estimated to be paid out during the next financial year. This estimate needs to be raised as a provision and reflected as a current liability at year end. The amount can be determined from the operating budget for the next financial year which will already be finalised at Statement of financial position date. **Discussion of application:** The only potential provisions identified which management could be required to account for, is the provision for the **rehabilitation of tip sites** and the **removal of alien vegetation** (e.g. the removal of the Port Jackson trees). Providing for the removal of alien vegetation can be impracticable, due to the following reasons: ➢ The identification of alien vegetation is very difficult, as these plants grow between non-alien vegetation. ➢ The work to be performed in removing such alien vegetation will take a considerable amount of time, making the discounting of future service payments nearly impossible. ➢ It is difficult to determine at which stage of the alien vegetations' life cycle it is best to be removed – timing once again becomes an issue. ➢ The whole exercise of removing such plants is very costly.		

Classification: • A liability shall be classified as **current** when it satisfies any of the following criteria: (a) It is expected to be settled in the entity's normal operating cycle; (b) It is held primarily for the purpose of being traded; (c) It is due to be settled within twelve months after the reporting date, or (d) The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities shall be classified as **non-current**.	**Actions required:** • Provisions should be classified into current and non-current liabilities. All provisions that will have to be settled by the entity within twelve months of the reporting date should be disclosed as current liabilities and all other provisions should be disclosed as non-current liabilities.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing
Disclosure: • For each class of provision, a municipality should disclose: (a) the carrying amount at the beginning and end of the period; (b) additional provisions made in the period, including increases to existing provisions; (c) amounts used (i.e. incurred and charged against the provision) during the period; (d) unused amounts reversed during the period; and (e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate. Comparative information is not required. • A municipality should also disclose the following for each class of provision: (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits; (b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an enterprise should disclose the major	**Actions required:** • Affect the disclosures for each provision in the AFS as required.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

assumptions made concerning future events, and (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.			

4.3 Long-term Liabilities (Interest Bearing Borrowings)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA on the **audit report and communications** regarding Long-term Liabilities as at **30 June 2025**. AGSA reported the following finding on one of the **communications** for the year ended **30 June 2011**: - Long-term liabilities variance identified between the loan register, financial statements and DBSA confirmation	• Ensure that all Long-term liabilities identified are recorded and measured in accordance with IAS 39. • After initial recognition, measure all long-term liabilities at **amortised cost using the effective interest method**. *This amount should be confirmed with the financial institutions before disclosure in the AFS.* ***Amortised cost** is the amount at which the financial liability was measured at initial recognition minus principal repayments. This simply implies that capital repayments are offset against the liability and interest is expensed through the statement of financial performance.* • Compile a **long-term loan register** for all long term loans outstanding during the financial year. Any movements which occurred on these loans during the year should be recorded in this register. • The register must show the **Current portion** (capital repayments within 12 months after reporting date), as well as the **Non-current portion** at the reporting date. • Ensure that the following agrees on a monthly basis: - The long-term loan register; - The general ledger; and - The Trial Balance.	CFO Assistant Director: SCM, Payroll & Expenditure	30/06/2026

4.4 Retirement Benefit Liabilities

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA on the **audit report and communications** regarding Retirement Benefit Liabilities as at 30 June 2025.	• Identify measure and disclose the provision for the LSA (The services of a actuarial firm should be obtained to calculate provision, if the municipality do not have in-house expertise to perform this task – calculation should be done for liability as at 30 June 2026) • Identify measure and disclose the provision for the LSA if the municipality has a legal obligation.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026

4.5 Conditional Grants and Receipts

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
AGSA reported the following findings on the Conditional Grants on the **audit report** and **communications** as at 30 June 2018: - Unspent Conditional Grant amount differs from investment account. ➢ During the audit of unspent conditional grants it was noted that amount of unspent conditional grants under current liabilities is not cash backed .The amount per unspent conditional grant is R 6 228 402 and the investment accounts supporting the grants amount to R 2 572 650 which gave rise to the difference of R3 655 752 which may indicate that the funds meant for conditional grants were used to defray operational expenses			
Account for Conditional grants and receipts in terms of GRAP 9: • In terms of GRAP 9 government grants can be in the form of grants to acquire or construct fixed assets. Such grants are referred to as capital grants	• Ensure that conditional capital grants are accounted in accordance with the requirements of GRAP 9.	CFO Deputy CFO	30/06/2026

and are recognised as revenue in the statement of financial performance when:- ➢ it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; ➢ the amount of the revenue can be measured reliably; and ➢ To the extent that there has been compliance with any restrictions associated with the grant. • To the extent that the above three conditions are met, the full grant amount will be recognised immediately in the statement of financial performance.	• Monies received for conditional grants, which had not been utilised at year end in terms of the grant conditions, should be disclosed as current liabilities. • During the budget process the municipality must take note of the Division of Revenue Act (DORA) and any other possible Grants and reflect them in the three-year budget. • **Conditional Grants must be cash-backed.** • A register should be held of all grants and public contributions and donations received which should be classified as either operating or capital.	Unit Manager: BTO	Ongoing Ongoing
Additional requirements: • Ensure that all grants are properly disclosed as per the disclosure requirements.	**Disclosure:** The following should also be disclosed:- • The accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements; • The nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and • Notes in the AFS should give the following break-down of conditional grants and receipts:- ➢ Opening balance; ➢ Current year's receipts; ➢ Conditions met – transferred to revenue; ➢ Conditions still to be met – transferred to liabilities; ➢ Conditions met – balance due by government transferred to current assets; and ➢ Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. Section 123 (1) of the MFMA stipulates that the annual financial statements of a municipality must disclose information on: • any allocations received by the municipality from:-	CFO Deputy CFO Unit Manager: AFS&Reporting CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026 30/06/2026

	➢ an organ of state in the national or provincial sphere of government; or ➢ a municipal entity or another municipality; • the reason for any non-compliance with the conditions; and Whether funds destined for the municipality in terms of the annual DORA were delayed or withheld, and the reasons advanced to the municipality for such delay or withholding.		

4.6 Accounts Payable

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.No findings were listed on AGSA's audit report for the year ended **30 June 2025**.	– Attend to the discrepancies identified by the AGSA: (a) Document the processes and procedures to be followed in Creditors Administration. (b) Prepare and file working papers for Creditor transactions. (c) Perform monthly reconciliations on Creditors and file the working papers for audit purposes. (d) Long standing reconciling items must be followed up and cleared from Creditors Reconciliations. (e) The municipality must recognise and record all its unpaid liabilities at year-end. (f) Ensure that all creditors are paid within 30 days of date of invoice in terms of the MFMA. (g) Introduce a proper system of recording receipts and payments of unclaimed moneys and age analysis. • Transactions and journals should be supported by supporting documentation, reviewed and authorised by management. • All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures	CFO Assistant Director: SCM, Payroll & Expenditure CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing

Section 65(2)(e) of the MFMA states that the accounting officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement.	Ensure that all payments due to creditors are **settled within 30 days from receipt of an invoice** unless stated otherwise in a contract.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Section 37(1)(c) of the MFMA states that a Municipality must promptly meet all financial commitments towards other municipalities or national and provincial organs of state.	Ensure that if the municipality had financial commitments towards other municipalities or national organs of state, that such financial commitments had promptly been met.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Standard operating procedures should be performed to ensure proper controls exist over payables.	**1. Reconciling invoices to Monthly Statements:** At the end of the financial year a monthly statement from all suppliers will be delivered listing all invoices for the month for goods delivered or services rendered to the municipality. The **statements must then be reconciled with the invoices** paid through the accounting system for the last period. The detail of each invoice must be checked against the details of the statement: • Invoice number • Date • Name of supplier • Item, size, quantity, unit price and total price • Delivery date • Signature of receiver **2. Reconciling items must be identified and followed-up** with suppliers to ensure that all liabilities are raised in the financial records and to highlight incorrect invoices listed on supplier statements. **3. Identification of accruals** Accruals are the obligations, excluding trade payables, to pay for goods and services that have been received or supplied at reporting date to the municipality, have not been invoiced by 30 June and are paid subsequent to year end during the period 1 July to 31 August (date that the financials have to be submitted).	CFO Assistant Director: SCM, Payroll & Expenditure	Monthly

	▪ The Finance department will have **to identify all payments made subsequent to year-end** that relate to the current financial year. ▪ Details of these payments should be listed and an **accrual should be raised** on the statement of financial position of the municipality. Therefore expenses incurred subsequent of the financial year (new financial year) that relate to the current financial year will be recorded in the current financial year. **4. Listing of Trade and Other Payables** The municipality should **prepare a listing** of all Trade and Other payables as at year-end (together with copies of substantive documents such as invoices or goods received notes). The listing should provide sufficient details to identify the creditor, the relevant expense line item, the invoice number and the amount. *The **total of the listing** of Trade and Other payables should **agree** with the amounts provided for as Trade and Other Payables on the **statement of financial position** as at each year-end.* **5. Sub-ledger** It is very important that the **Creditors control account is balanced with the creditor's sub-ledger** on a monthly basis. Should there be accounting entries for the year ended 30 June 20xx, put through during the period 1 July 20xx to 31 August 20xx (Date of completion of the AFS) and the sub-ledger cannot be updated with those entries (because the sub-ledger has been closed-off on 30 June), ensure that the following procedures are performed: ▪ Ensure that a manual reconciliation of the creditor's sub-ledger to the general ledger is performed and that large or unusual reconciling items are investigated. ▪ Ensure that the reconciliation is reviewed by a senior official and initialled as evidence thereof. ▪ Ensure that supporting documentation exist for all reconciling items and that reconciling items are		

	followed-up and cleared on a timely basis after year-end. **6. Supplier statements** ▪ To ensure payments are authorized, monthly creditor's statements or invoices should be initialled by a senior official. ▪ Statements and invoices related to each recorded payment should be cancelled by a "paid" stamp or in some other appropriate manner to prevent duplicate payments. **7. Listing of Trade and Other Payables** ▪ Compare the current year listing to that of the prior year and obtain explanations from relevant officials for any changes to the key suppliers of the municipality to ensure that there are no unrecorded liabilities. ▪ Compare suppliers and invoices on the accruals list with suppliers and invoices on the creditors list to ensure that invoices are not duplicated on both lists. ▪ Ensure that the statement of financial performance amount reflects 12 entries / payments for each monthly repetitive expense items, for example: Telephone, Electricity and water, Receiver of Revenue, UIF, Security etc. **8. Master file changes** ▪ Adequate controls should exist to ensure that only valid changes are made to suppliers' banking details. ▪ Master file changes reports should be generated on a monthly basis, and reviewed by an independent senior official to ensure the validity and accuracy of changes made to banking details. These reports should be initialled as proof of review. ▪ Inspect that all master file changes are supported by substantiating documentation.		

	9. Cut-off ▪ For selected expenses from both prior to and subsequent to the period-end, perform cut-off testing: o Scrutinize supporting documentation relating to post-year-end and after-year-end payments, noting the dates of services rendered on these, and ensure that amounts have been accrued where necessary. ▪ Perform a search for payments made subsequent to the period under review, to creditors that should have been raised at year-end.		

5 Accounting for Revenue

5.1 GRAP 9 Accounting for Revenue from Exchange Transactions

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1) No findings were listed on AGSA's audit report for the year ended **30 June 2025**.	Although there are minimum revenue transaction at ZFM, please refer to the basic procedures described below: • In general: - transactions should be supported by supporting documentation, reviewed and authorised by management, and - All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. • Ensure that ZFM staff is aware of the requirements for recognition of financial statement elements, i.e. revenue. • Ensure the correct classification of revenue of the general ledger votes as these votes may be disclosed separately on the Statement of Financial Performance and/or on the notes to the financial statements.	Management Management Management	30/06/2026 30/06/2026 30/06/2026

	• Reconcile revenue on a weekly basis: documentation, GL and sub-ledger	Management	30/06/2026
However, there are still internal control deficiencies which need to be addressed by management.	• Management must address to the following: – Document the processes and procedures to be followed in Revenue Administration. – Prepare and file working papers for Revenue transactions. – Perform monthly reconciliations on Revenue Items and file the working papers for audit purposes. – System parameters and standard journals must be audited internally on a regular basis. – Ensure that billing is done on a monthly basis. • In general: - transactions should be supported by supporting documentation, reviewed and authorised by management, and - All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. • Ensure that ZFM staff is aware of the requirements for recognition of revenue in the AFS.	CFO Unit Manager: BTO	Monthly/ 30/06/2026
Following the above findings, standard operating procedures should be performed to ensure proper controls exist over revenue received.	**Control procedures should *inter alia* include:** • Directives that two delegated officials should open the post • That all payments received through the post be recorded in a remittance register and the register signed by the officials responsible for opening of the post • That the register as well as the payments be delivered to the cashiers and that the cashiers record all receipt numbers issued for these payments in the remittance registers and also sign the register as evidence of receipt of the monies • That the mail register be reviewed by an independent person and signed by that person as evidence of review process.	CFO Unit Manager: BTO	Ongoing
Disclosure of revenue:	• Disclose revenue from **exchange** and **non-exchange transactions** separately on the face of the Statement of Financial Performance	CFO	30/06/2026

	• Disclosure notes should support material line items under revenue	Unit Manager: BTO	
GRAP 9: Revenue from Exchange Transactions			
Objective: The primary issue in accounting for revenue is determining when to recognise revenue. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria. **Definitions:** Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. **Scope of GRAP 9:** Revenue arising from the following exchange transactions and events are recognised in terms of GRAP 9: (a) The rendering of services. (b) The sale of goods. (c) The use by others of entity assets yielding interest, royalties and dividends or similar distributions.			
Rendering of services: When the outcome of a transaction involving the **rendering of services** can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome can be measured reliably when all the following is satisfied (GRAP 9.20): a) The amount of revenue can be measured reliably b) Probable that the economic benefits or service potential associated with the transaction will flow to the entity c) Stage of completion of the transaction at the reporting date can be measured reliably d) Costs incurred for the transaction and the costs to complete the transaction can be measured reliably	• Ensure that revenue for the rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date, when the outcome of the transaction involving the rendering of services can be reliably estimated.	CFO Unit Manager: BTO	Ongoing

Sale of goods: Revenue from the sale of goods shall be recognised when all the following conditions according to GRAP 9.29 have been satisfied: a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods. b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. c) The amount of revenue can be measured reliably. d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality. e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.	• Ensure that revenue from the sale of goods is recognised when all the conditions have been satisfied	CFO Unit Manager: BTO	Ongoing
Interest, royalties and dividends or similar distributions: Revenue arising from **interest, royalties and dividends or similar distributions** shall be recognised when (GRAP 9.34): a) Probable that the economic benefits or service potential associated with the transaction will flow to the entity b) Amount of the revenue can be measured reliably	Ensure that revenue from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions are recognised when the criteria of probability and measurability is met.	CFO Unit Manager: BTO	Ongoing
Taxes: Revenue from taxes must be recorded when the taxable event occurs and the asset recognition criteria has been met.	Ensure that revenue from taxes is recorded according to the requirements of GRAP 23 or GAMAP 9 (which ZFM decides to use)	CFO Unit Manager: BTO	Ongoing
Debt forgiveness and assumption of liabilities: Revenue in respect of debt forgiveness should be recognised when:	• Ensure that revenue in respect of debt forgiveness is recognised when the former debt no longer meets the definition of a liability, or satisfies the	CFO	Ongoing

a) the former debt no longer meets the definition of a liability, or b) satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.	criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners. • Ensure that revenue arising from debt forgiveness is measured at the fair value of the debt forgiven. *This will normally be the carrying amount of the debt forgiven.*	Unit Manager: BTO	
Gifts and donations: Revenue from gifts and donations should be recognised when: a) it is probable that the future economic benefits or service potential will flow to the entity, and b) the fair value of the associated assets can be measured reliably. Revenue from goods in kind should be recognised when: a) the goods are received, or there is a binding arrangement to receive the goods (no conditions attached to goods); or b) conditions are satisfied (conditions attached to goods received).	• Ensure that revenue in respect of gifts and donations is recognised when it is probable that the future economic benefits or service potential will flow to the entity, and when the fair value of the associated assets can be measured reliably. • Ensure that revenue in respect of goods in-kind is recognised when the goods are received, or there is a binding arrangement to receive the goods (no conditions attached to goods); or when conditions are satisfied (conditions attached to goods received). • Ensure that revenue arising from gifts and donations as well as goods in-kind is measured at the fair value of the resources received or receivable.	CFO Unit Manager: BTO	Ongoing

6 Accounting for Expenditure

6.1 Accounting for Expenditure

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1. There were no findings by the AGSA	• Ensure that an audit file is compiled that supports the AFS and supporting schedule, to ensure that a similar finding is not raised during 2025/26 • Management should ensure that segregation of duties exits between the officials • An independent review of the financial statements should be performed prior to submission thereof to ensure e.g. that comparative figures agree to the	Unit Manager: AFS&Reporting CFO Unit Manager: AFS&Reporting	Ongoing Ongoing Ongoing

	audited figures of the prior year taking into account the adjustments as listed on the 'Prior year error note' • Documented processes and procedures on Unauthorised, Irregular and Fruitless and wasteful expenditure including: a. processes and procedures followed to ensure completeness/cut-off/accuracy/validity/classification and disclosure - processes and procedures followed to ensure detection and correction of errors - What the monitoring processes are, who is responsible for implementing them, when and how - processes followed to ensure that lists or summaries compiled are accurate and authorised - processes followed to ensure that procedures followed are properly documented and proper record is kept thereof Recommendations regarding the deviations from the **SCM regulations**: - Management should ensure that Supply Chain Management regulation 36 (i.e. payments supported by 3 quotations) is communicated to all relevant municipal staff Recommendations regarding the deviations from the **MFMA Act 53 of 2003**: - Original invoices should be followed up regularly and payments should only be made on receipt of original invoice; - The Subsidised vehicle owners transport fixed cost AA table tariffs should be updated timely;	Assistant Director: SCM, Payroll & Expenditure Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing

	- The General ledger allocations should be reviewed throughout the year on a regular basis to identify any misallocations to accounts • Attend to the Control deficiencies identified by the AGSA: (a) Document the processes and procedures to be followed in Expenditure Administration. (b) Draft and approve Policies controlling the various expenditure streams. (c) Develop and approve procedures/guidelines for the abovementioned Policies. (d) Transactions should be supported by supporting documentation, reviewed and authorised by management. (e) All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. (f) Implement procedures to curtail, identify, report and disclose Irregular, Unauthorised and Fruitless & Wasteful Expenditure. (g) Implement procedures to curtail, identify, report and disclose Deviations from SCM Procedures. (h) Use of a VAT control sheet including a list of the zero rated and exempt supplies	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing
Account for Expenditure: – Standard operating procedures should be performed to ensure correctness (validity, accuracy and completeness) of expenditure transactions and related balances in the GL.	**Actions required:** • Ensure that adequate internal control procedures are in place. • Ensure the validity of employees according to the Payroll system. • Ensure accuracy of the payroll system by inspecting the monthly reconciliation performed between the payroll system and the financial system. • Ensure that leave according to the payroll system reconciles to the manual approved leave forms. A monthly reconciliation between the payroll system and leave forms must be performed and reviewed	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing

	by the CFO. The reconciliations should be filed for audit purposes.		
Employee Related Cost: 1.) No issues were raised by AGSA **for the year ended 30 June 2025**	• We have included the communication issues for the past 3 years to make 100% sure that we detect these risks. • Implement and document procedures to address the control shortcomings pointed out by the AGSA. • ZFM should on a monthly basis deduct and pay over UIF in terms of the Unemployment Insurance Contributions Act for councillors of the municipality as the amounts paid to them fall within the ambit of the Unemployment Insurance Contributions Act. • Formal appointment letters must be given to all employees employed at the municipality. • Interviews must be conducted for all new appointments in the municipality. • Employees must be placed on the correct salary scale in connection of the responsibilities towards the municipality. • Vacant posts should be advertised. • ZFM's organogram must be updated on a monthly/quarterly basis to reflect the changes in staff compliment. • In general: - Supporting documentation should be available, updated, reviewed and authorised by management. This includes the following: • Performance contracts; • Leave forms; • Payments; • Medical certificates; • Attendance registers; and • Sick leave forms.	Unit Manager: HRM Assistant Director: PMS Unit Manager: HRM Assistant Director: SCM, Payroll & Expenditure	Ongoing

	- All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures. • Entries on the salaries and wages votes must be scrutinised on the general ledger to ensure that the entries reflect the nature of the accounts (e.g. no consultation fees, etc. Included in the salaries and wages votes); and • Perform a reconciliation of the IRP and salaries and wages votes.	Assistant Director: SCM, Payroll & Expenditure Assistant Director: SCM, Payroll & Expenditure	
Unauthorised Expenditure:	**Actions required:** • Compare the actual and budgeted expenses for the year under audit and inspect if there was expenditure incurred for which no provision was made in the approved budget, and adjusted for in the adjustments budget. • Ensure that the municipality identify unauthorised expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. • Unauthorised expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. • Ensure that unauthorised expenditure is recovered, if not authorised according to MFMA 32 (2). • Ensure that those expenses are disclosed as unauthorised expenses in the notes to the Financial Statements. • Ensure that the MFMA requirements are adhered to regarding disclosure of all unauthorised expenditure in the AFS. • The accounting officer should inform the mayor, the MEC for local Government in the province and the Auditor-General, in writing, of:- ➢ Any unauthorised expenditure incurred by the municipality;	CFO / Deputy CFO	Ongoing

	➢ Whether any person is responsible or under investigation for such unauthorised expenditure; and ➢ The steps that have been taken to recover or rectify such expenditure and to prevent the recurrence of such expenditure. (Section 32 (4)).		
Irregular Expenditure:	**Actions required:** • Ensure that the municipality identify irregular expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. • Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. • Ensure that irregular expenditure is recovered, if not authorised according to MFMA 32 (2). • Ensure that those expenses are disclosed as irregular expenses in the notes to the Financial Statements. • Ensure that the MFMA requirements are adhered to regarding disclosure of all irregular expenditure in the AFS.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing Ongoing
Fruitless and Wasteful Expenditure:	**Actions required:** • Ensure that the municipality identify fruitless and wasteful expenditure according to the definitions given by the MFMA and report such expenditure according to stipulations in the MFMA. • Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned it is treated as an asset until it is recovered or written off as irrecoverable. • Ensure that fruitless and wasteful expenditure is recovered, if not authorised according to MFMA 32 (2). • Ensure that those expenses are disclosed as fruitless and wasteful expenses in the notes to the Financial Statements.	CFO Assistant Director: SCM, Payroll & Expenditure	Ongoing Ongoing Ongoing Ongoing

	• Ensure that the MFMA requirements are adhered to regarding disclosure of all fruitless and wasteful expenditure in the AFS.		Ongoing

7. Accounting for Funds and Reserves

7.1 Accumulated Surplus

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
1.) No issues were raised by AGSA **for the year ended 30 June 2025**	• Transactions and journals should be supported by supporting documentation, reviewed and authorised by management. • All relevant documentation should be retained for audit purposes and safeguarded as part of key internal control procedures • Reconcile movement on the Accumulated Surplus for the 2024/25 and 2025/26 financial years. • Restate the 2024/25 comparative figures, where applicable where errors were found and ensure that it complies with the requirements of GRAP 3. • Make sure the roll-overs are done in SAMRAS for the previous years.	CFO Deputy CFO Unit Manager: AFS&Reporting	Ongoing 30/06/2026 30/06/2026 30/06/2026 30/06/2026

7.2 Internal Funds and Reserves in Accumulated Surplus

7.2.1 Government Grant Reserve and Donations and Public Contributions Reserve (GGR and D&PCR)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA reported on the audit report for 30 June 2025.	• This should be done with full implementation of GRAP 17. • The book value of Assets financed from Government Grants must be equal the balance on the GGR.	CFO CFO	Consider Consider

7.2.2 Housing Development Fund (HDF)

Deviation from FMBPR	Proposed action plans to address the deviation	Responsible Persons	Target Date
No issues were reported by AGSA reported on the audit report for 30 June 2025.	Consider	CFO	Consider
No issues were reported by AGSA reported on the audit report for 30 June 2025. A CR has not been established during the GRAP conversion.	• The book value of Assets financed from Internal Loans (Advances) must be equal to the balance on the CR. • No evidence exists of old internal loans.	CFO CFO	Consider Consider

8. Other Disclosure Items

Various other items have to be disclosed in the AFS for the year ended 30 June 2026. These disclosures are not normally easily obtained from the municipality's accounting system and will have to be compiled by ZFM from other sources. Some of these might have been addressed above, but are listed again for the sake of completeness.

The following additional disclosures have to be researched and the information compiled for the two financial years under review, 2025/26 being the current year and 2024/25 being the comparative year.

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
1) Defined Employee Benefits:	1) Obtain actuarial valuation as at 30 June 2026 for:- (a) Post-retirement Health Care Benefits (see 4.3 'Retirement Benefit Liabilities' above); and (b) Long-service Awards (see 4.1 'GRAP 19 Provisions, Contingent Liabilities and Contingent Assets' above) 2) Calculate contributions for Senior Managers for the two financial years. 3) Compile disclosure notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026 30/06/2026 30/06/2026

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
2) Leases: 1.1 Finance (payable and receivable) 1.2 Operating (payable and receivable)	Refer to 4.6 'GRAP 13 Leases' above 1) Obtain copies of lease agreements as at 30 June 2026 for:- (a) Leases payable by the municipality; and (b) Leases receivable by the municipality. 2) Compile the following worksheets: (a) Finance Lease Payables; (b) Finance Lease Receivables; (c) Operating Lease Payables; and (d) Operating Lease Receivables. 3) Calculate the effect of straight-lining and the future payables / receivables for the three financial years. 4) Compile draft notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	30/06/2026 30/06/2026 30/06/2026 31/07/2026
3) GRAP 3 Disclosures:	Refer to 2.5 GRAP 3 above 1) Identify the following discrepancies: (a) Errors in prior Years; (b) Changes in Accounting Policies; and (c) Changes in Accounting Estimates. 2) Extract all financial information for these discrepancies. 3) Compile draft notes as per specimen.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026 31/07/2026 31/07/2026
4) Irregular, Unauthorised and Fruitless and Wasteful Expenditure	Refer 1.1 and 6.1 'Accounting for Expenditure' above 1) List cases and calculate amounts for Unauthorised Expenditure and note the status thereof for the two financial years. 2) Compile draft notes as per specimen.	AO AO	31/07/2026 31/07/2026
5) Contributions to Organised Local Government:	1) Prepare reconciliations for various organisations, e.g. SALGA, for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
6) Audit Fees:	1) Prepare the reconciliation for audit fees paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026
7) PAYE and UIF:	1) Prepare the reconciliations for PAYE and UIF paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026
8) Pension and Medical Aid Deductions:	1) Prepare the reconciliations for pension and medical aid deductions paid for the two financial years. 2) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026
9) Councillors' arrear Consumer Accounts:	1) Prepare a list of councillors' consumer accounts in arrear as at 30 June for the two financial years. 2) Prepare a list of councillors' consumer accounts in arrear for more than 90 days at any stage during the year for the two financial years. 3) Compile disclosure notes	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026 31/07/2026
10) Disclosure of section 57 employees remuneration	1) Ensure that the sec 57 employees remuneration is disclosed in the notes of the AFS as per the requirements of sec 57 of the MFMA	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026
11) Non-compliance with chapter 11 of the MFMA:	1) List all cases where the municipality does not comply with the stipulations of the MFMA as at 30 June 2026. 2) Compile disclosure notes.	AO AO	31/07/2026 31/07/2026

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
12) Commitments for Expenditure:	1) Prepare the reconciliation for Capital Commitments (Approved and Contracted, Approved and not yet contracted) at 30 June for the two financial years. 2) Obtain information for Lease Commitments. 3) Obtain information for Other Commitments. 4) Compile disclosure notes.	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026 31/07/2026 31/07/2026
13) Financial Instruments:	1) Calculate Repricing Analysis. 2) Calculate Liquidity Risk tables. 3) Obtain information for 5 Highest Debtors. 4) Compile disclosure notes. 5) Classification (Financial Assets and Financial Liabilities) 6) Summary (Financial Assets and Financial Liabilities) 7) Fair value of Financial assets and Financial Liabilities 8) Assumptions in determining Fair value of Financial assets and Financial Liabilities 9) Risk management (Credit, Financial and Foreign) 10) Accounting policies (Credit, Liquidity and Market) 11) Interest rate risk management 12) Sensitivity 13) Pricing	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026
14) Risk Exposures:	1) List and calculate financial instruments liable to (a) Credit Risk and (b) Interest Risk as at 30 June for the two financial years. 2) Compile disclosure notes.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026 31/07/2026
15) Related Party Transactions:	1) Identify all Related Parties. 2) Identify Interest of the identified Related Parties. 3) Obtain information for services rendered to the parties. 4) Obtain information for purchases from the parties. 5) Compile disclosure notes.	CFO Assistant Director: SCM, Payroll & Expenditure	31/07/2026 31/07/2026 31/07/2026 31/07/2026 31/07/2026

Description of Disclosure Item	Proposed action plans to address the deviation	Responsible Persons	Target Date
16) Provisions, Contingent Liabilities and Contingent Assets	Refer to 4.1 GRAP 19 'Provisions, Contingent Liabilities and Contingent Assets' above 1) List all contingent liabilities as at 30 June 2026, briefly describing the case, the expected outcome and expected liability. 2) Compile disclosure notes.	CFO Deputy CFO Unit Manager: AFS&Reporting	31/07/2026 31/07/2026
17) In-kind Donations and Assistance:	1) List all in-kind donations and assistance received during 2025/26 by the municipality, briefly describing the case. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2026 31/07/2026
18) Private Public Partnerships:	1) List all private public partnerships entered into during 2025/26 by the municipality, briefly describing the agreement entered into and other prescribed information. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2026 31/07/2026
19) Events after the Reporting Date:	Refer to 2.6 GRAP 14 above 1) List all events after the reporting date that will influence the figures presented in the AFS. 2) Compile draft notes as per specimen.	CFO Deputy CFO	31/07/2026 31/07/2026

Annexure A – Monitoring Tool of Audit Recovery Plan

All the findings above, and also the Maintenance Plan below, are included in a “Project Status Report” (PSR) which is the monitoring tool of the Audit Recovery Plan. All findings and procedures are allocated to a responsible person and have different target dates. The responsible person keeps all his supporting evidence in an “Evidence File” which is presented to the AGSA as an Audit File before the commencement of the Audit.

This Project Status Report is monitored on a bi-weekly basis. The Unit Manager: AFS&Reporting updates the Project Status Report on a bi-weekly basis and emails the report to all employees to see their status. At year-end, the Unit Manager AFS and Internal Audit Unit review all Evidence Files submitted by the employees.

Refer to the next page for detail.

ZFM District Municipality - Audit Action Plan & Weekly Project Status Report for 2025/26 FY

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
1		**GL/ TB/ PRIOR YEAR ERRORS**						
2		**Prior year Closing balances** Ensure that the audited AFS agrees to the SCOA Register. - Submit the SCOA Register in pivot table format and ensure that it agrees with the Financial Position and Financial Performance of the audited AFS.	Finance	Albert	Once-off	01 Apr	Not Completed	Not Completed
3		**Current year Opening balances** Ensure that the audited AFS agrees to the SCOA Register's Opening Balances. - Submit the SCOA Register in pivot table format and ensure that the Opening Balances agrees with the Financial Position and Financial Performance of the audited AFS.	Finance	Albert	Bi-Annually	22 Jul	Not Completed	Not Completed
4		**Prior year errors** Compile a list of all correction of errors, including a summary of all correction of error journals. - Submit the summary of journals in AFS Tool format - Submit all signed journals with ALL supporting evidence - Submit the draft AFS Note	Finance	Albert	Year-end	15 Jul	Year-end	Year-end
5		**COMPLIANCE**						
6		**Unauthorised expenditures** Submit a quarterly report to the CFO, - Extract all ukeys from the SCOA Register which are overspent and indicate in a column if it will be resolved with a virement or journal.	Finance	Mavis	Quarterly	19 Jul	Not Completed	Not Completed
7		**Virements** Extract Virement report from Web and ensure that the virements are signed by the MM & CFO and approved by Council.	Finance	Mavis	Year-end	08 Jul	Year-end	Year-end
8		**Unauthorised, Fruitless & Wasteful and Irregular expenditures** **Compile** investigation reports for all Unauthorised, Fruitless & Wasteful and Irregular expenses.	Office of the Municipal Manager	Suzan	Quarterly	19 Jul	Not Completed	Not Completed
9		**Unauthorised, Fruitless & Wasteful and Irregular expenditures** **Submit** evidence that the investigation report was submitted to MEC COGHSTA, Auditor General, Provincial Treasury and Executive Mayor	Finance	Albert	Quarterly	19 Jul	Not Completed	Not Completed
10		Procurement and contract management Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA. [AFS] - Submit a list of all contracts which ended 30 June and a list of month-to-month contracts as at 30 June. - Submit reasons for the extension and month-to-month contracts. - Submit Council Agenda to proof that extensions were approved and reasons was recorded in the minutes.	Corporate Services	Kobus/Chriszelda	Once-off	01 Jul	Not Completed	Not Completed
11		**Oversight report**, containing comments on the annual report, was not adopted by council within two months from the date on which the annual report was tabled - Submit approved current FY Oversight Report with the Minutes of Council Meeting	Corporate Services	Martha	Once-off	01 Jul	Not Completed	Not Completed
12		**(PY) EX. 27: Key employees does not hold minimum competencies.** - Submit the Minimum Competency reporting template (Annexure C) submitted to National Treasury	Corporate Services	Henry	Bi-Annually	08 Jul	Not Completed	Not Completed
13		**(PY) EX. 27: Key employees does not hold minimum competencies.** - Submit evidence that all Unit Managers meet the Minimum Competency Regulations requirements.	Corporate Services	Henry	Once-off	18 Mar	Not Completed	Not Completed
14		**Contrary to section 116(2) of the MFMA, the performance of service providers was not monitored on a monthly basis.** - Submit monthly performance reports.	Finance	Chriszelda	Monthly	15 Jul	Not Completed	Not Completed
15		**HR Non-Compliance: Performance bonuses percentage used** - Synchronize the implementation of performance bonus in accordance with prescribed percentage for the relevant performance score percentage awarded. - Submit scorecards, minutes of performance committee etc. - Coordinate the Scoring to enable the Clean Audit status to fall within the correct % pay-out brackets	Corporate Services	Henry	Once-off	27 May	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
16		**(PY) Iss.15: Competitive bids – Irregular expenditure** - Ensure that Municipal SCM Regulations and SCM Policy are adhered to with the composition of SCM tender committees. - Provide list of members of the following committees: - Bid Adjudication Committee - Bid Evaluation Committee - Bid Specification Committee	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
17		**(PY) ComAF 3 – Internal Control Deficiency – Audit Committee composition** **Internal Control Deficiency – Audit Committee Composition (Iss.2)** - Submit proof that three audit committee members have been appointed as per the MFMA requirements (Appointment Letter and Council Resolution).	Office of the Municipal Manager	Gail	Bi-Annually	08 Jul	Not Completed	Not Completed
18		**PERFORMANCE INFORMATION**						
19		**LGSETA Skills Programmes and Learnerships:** Submit all income & expenditures for current FY	Corporate Services	Henry	Bi-Annually	29 Jul	Not Completed	Not Completed
20		Submit the scanned **signed Performance contracts** of Municipal Manager and Directors	Corporate Services	Henry	Once-off	29 Jul	Not Completed	Not Completed
21		(PY) Senior Management must review the current year's SDBIP to confirm SMART Principles.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Not Completed	Not Completed
22		**(PY) Senior Management must review** Annual Performance Report to confirm that prior year audit findings were resolved: - Misstatement of Measurability (EX. 6, 8, 14, 20 & 21) - No Technical indicator descriptions and SOPs (EX.9)	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
23		**(PY) AOPA: Usefulness of reported information to the APR** - Ensure that the presentation and disclosure of the performance planned targets and targets reported to the APR are consistent, comparable, clear and understandable.	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
24		**SUPPLY CHAIN MANAGEMENT**						
25		**Tender Register** Submit a Tender Register file with all payment documents for all the tenders.	Finance	Annzonia	Bi-Annually	22 Jul	Not Completed	Not Completed
26		**Goods Received Register** Submit a monthly Goods Received Register.	Finance	Chriszelda	Monthly	22 Jul	Not Completed	Not Completed
27		**(PY) Procurement: Deviation not disclosed in the Annual Financial Statements** - Agree the total of the deviations YTD on Excel with the hard copy quarterly reports submitted to Council.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
28		**(PY) Procurement – Reasons for a deviation not reasonable (Iss.20)** - Ensure that the SCM policy is adhered to at all times and only deviate on reasonable grounds. - Sent email to the D.CFO and CFO to confirm that the reasons on the quarterly deviation register (excel) is reasonable.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
29		**Vodacom & ABSA Fleet** Submit an email to the D.CFO to confirm the procurement process followed to prevent irregular expenditures.	Finance	Annzonia	Once-off	01 Apr	Not Completed	Not Completed
30		**NON-CURRENT LIABILITIES**						
31		**PEMA and LSA** - Submit valuation reports for PEMA and LSA as at 30 June	Finance	Albert	Year-end	15 Jul	Year-end	Year-end
32		**PEMA and LSA** - Verify PEMA valuation report information completed by CFO, which has to be provided to Actuarial Consultants. - Submit email sent to D.CFO to confirm verification.	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
33		**CURRENT LIABILITIES**						
34		**Provisions** Submit Senior Management Performance Bonus Provision Calculation	Finance	Albert	Year-end	01 Jul	Year-end	Year-end
35		**Leave Accrual** - Submit leave balances per employee in excel & PDF format, signed off by IA. - Ensure that Opening Leave Balances agree with prior year's audited leave balance.	Corporate Services	Teresa	Year-end	22 Jul	Year-end	Year-end
36		**Trade payables and Accruals** - Submit current FY Creditors Recon template - Submit the excel file with recons of all creditors - Extract Creditors Sub-ledger/Age Analysis at the end of each month to compare to Creditors Control UKEYS in the Main Ledger	Finance	Millicent	Monthly	15 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
37		**Trade payables and Accruals** - Obtain all outstanding invoices & statements from creditors and send it to SCM UM & AFS&Reporting UM.	Finance	Maureen	Monthly	15 Jul	Not Completed	Not Completed
38		**Monthly Creditor Reports** Submit a report to the CFO of all outstanding orders on Web and provide notes next to each order.	Finance	Chriszelda	Monthly	01 Jul	Not Completed	Not Completed
39		**Monthly Creditor Reports** Submit a report to the CFO of all outstanding payments on Web and provide notes next to each payment.	Finance	Millicent	Monthly	01 Jul	Not Completed	Not Completed
40		**Salary Control** Ensure that monthly Salary Control reconciliations are performed. - Submit monthly Salary Control reconciliations.	Finance	Nicodia	Monthly	08 Jul	Not Completed	Not Completed
41		**Unspent Conditional Grants and Receipts** Submit monthly Grant Register reconciliations for (1) Unspent Grants (2) Grant Income (3) Grant Expenditures.	Finance	Mavis	Monthly	01 Jul	Not Completed	Not Completed
42		**(PY) Operating Leases Liability/Ass** Send an email to the CFO to confirm that there are no contracts (exceeding one year) that include escalations. - Submit the calculation for the straight-lining of operating leases for these contracts.	Finance	Chriszelda	Quarterly	19 Jul	Not Completed	Not Completed
43		**Operating Leases Liability/Assets** Submit contract list with evaluation done to identify possible operating leases.	Finance	Chriszelda	Bi-Annually	15 Jul	Not Completed	Not Completed
44		**Finance Leases Liability - Printers / Telephone** Submit Calculations of Finance Lease Liabilities for printers.	Finance	Albert	Bi-Annually	15 Jul	Not Completed	Not Completed
45		**Annual Bonus Accrual** - Submit calculation of the annual bonus accrual as at 30 June	Finance	Nicodia	Year-end	08 Jul	Year-end	Year-end
46	**NON-CURRENT ASSETS**							
47		**(PY) Property, Plant and Equipment** Control Deficiency: Assets description on the floor does not correspond with the assets in the FAR. Ensure that the Asset register is consistent for all assets. For example: - Method of financing (Grants/EQS) - Locations - Title Deed Numbers - Descriptions - Barcodes - Room numbers Ensure that "Cost Centre" field are complete for all assets. Submit emails that were sent to IMQS to ensure consistency.	Finance	Marshall	Bi-Annually	29 Jul	Not Completed	Not Completed
48		**Property, Plant and Equipment** '- Review Residual Values of Assets: - Submit an email to the Deputy CFO to confirm that all movable assets have a residual value & Remaining Useful Lif (RUL). - Evaluate and adjust Residual Values & RUL (Especially Vehicles)	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
49		**PPE Verification** Verify the Assets of the municipality; Perform an 100% asset count in June	Finance	Esta	Year-end	01 Jul	Year-end	Year-end
50		**PPE Verification** Obtain a title deed on 30 June	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
51		**PPE Verification** - Submit quarterly Verification Recon between FAR and Scanning List. - Investigate the scanning dates on the scanning list which are outside the period under review..	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
52		**PPE Verification** '- Report the results of the yearly asset count to council. Submit Council Agenda.	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end
53		**PPE Count** Written invite AGSA to attend PPE count as at 30 June. If not, obtain written confirmation that will not attend.	Finance	Esta	Year-end	13 May	Year-end	Year-end
54		**Additions:** 'Submit Additions current FY recon	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
55		**Additions:** Submit Addition List YTD with all the supporting invoices.	Finance	Esta	Quarterly	19 Jul	Not Completed	Not Completed
56		**Disposals:** 'Submit Disposal/Write-off current FY recon	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
57		**Disposals:** 'Submit Broken/Stolen Items current FY recon	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
58		**Disposals:** Were disposals authorised? Submit Council Agenda with detailed write-off list.	Finance	Marshall	Year-end	12 Aug	Year-end	Year-end
59		**Depreciation:** 'Submit Depreciation current FY recon	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
60		**(PY) Depreciation: Understated depreciation line item as disclosed in the annual financial statements** - Submit an email to the Deputy CFO to confirm that all assets have a figure for depreciation except Land. - Submit the FAR (PPE & IA) and highlight the depreciation column to show that only land don't have depreciation on it. All the other assets must have a figure in the Depreciation column.	Finance	Marshall	Bi-Annually	08 Jul	Not Completed	Not Completed
61		**Completeness:** '- Submit an email to the Deputy CFO to confirm that Maintenance of Buildings and Vehicles (OPEX) did not include any capital assets.	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
62		**Insurance:** Submit evidence of an email sent to Insurance Company: - with current FAR to ensure that they include all assets on insurance policy (1 email per annum), and - as new assets are purchased (quarterly emails).	Finance	Esta	Quarterly	19 Jul	Not Completed	Not Completed
63		**FAR Opening Balances:** Submit FAR O/B vs. GL O/B current FY recon	Finance	Marshall	Once-off	31 Dec	Not Completed	Not Completed
64		**(PY) Title Deeds** - Submit email to attorneys with latest title deed search to get a progress report to transfer these properties to the Local Municipalities.	Corporate Services	Kobus	Bi-Annually	01 Jul	Not Completed	Not Completed
65		**Intangible Assets** **Impairment:** Go through Intangible Asset Register and determine if we still use all of the software/Intangible Assets and if the RUL's are still correct: - Submit email to confirm that IA are still in use and that the RUL's are correct.	Corporate Services	Hugo	Year-end	01 Jul	Year-end	Year-end
66		**Finance Lease Receivables** Submit Finance lease Receivable Recon - Update the amortisation tables with actual payments received and agree with GL	Finance	Cariza	Bi-Annually	01 Jul	Not Completed	Not Completed
67		**Long-Term Receivables** Submit Long-Term Receivables current FY Recon - Update the tables with actual payments received and agree with GL	Finance	Cariza	Quarterly	19 Jul	Not Completed	Not Completed
68		**CURRENT ASSETS**						
69		**VAT** '- Submit VAT Receivable recon - Submit the SARS form (balance as at 30 June) - Submit the SARS form (balance as at 28 Feb) - Submit ALL VAT201 forms	Finance	Millicent	Year-end	12 Aug	Year-end	Year-end
70		**Trade Receivables** - Submit Debtors Recon - Print the Debtor age-analysis on monthly basis and agree with GL. - Ensure that all debtors are loaded onto the Sub-ledger (including LT Debtors & Finance Lease Receivables) - Ensure that the 30-120+ days' total agree with outstanding balance	Finance	Cariza	Monthly	01 Jul	Not Completed	Not Completed
71		**Trade Receivables** **- Provision for Bad Debt** Calculate doubtful debt provision as at 30 June - Ensure that the provision amount agrees to the 120+ days' total	Finance	Cariza	Year-end	01 Jul	Year-end	Year-end
72		**All Debtors - Bad Debt** - Provide report to Senior Management to take a resolution on all debtors included under the Provision for Bad Debt. - Prepare Council Item to inform Council about the current FY Provision for doubtful debt and let Council take a resolution to follow legal steps or write-off.	Finance	Cariza	Bi-Annually	01 Jul	Not Completed	Not Completed
73		**Cash and Cash Equivalents** **Primary Bank account** - Submit Bank Recon - Obtain & Scan supporting documentation for all reconciling items.	Finance	Thabiseng	Monthly	08 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
74		**Cash and Cash Equivalents** **Primary Bank account** Ensure that expenditure reconciling items are cleared monthly. - At 31 December and 30 June there must be no expenditure reconciling items	Finance	Marshall	Monthly	08 Jul	Not Completed	Not Completed
75		**Cash and Cash Equivalents** **Petty Cash Bank account** - Submit Bank Recon - Obtain & Scan supporting documentation for all reconciling items.	Finance	Thabiseng	Monthly	08 Jul	Not Completed	Not Completed
76		**Bank Confirmation amounts not disclosed on AFS:** Submit bank confirmation letters or bank statements from ALL Banks that ZFM has used during the year to confirm the bank balance as at 30 June	Finance	Thabiseng	Year-end	08 Jul	Year-end	Year-end
77		**Cash and Cash Equivalents** **Petty Cash** - Perform cash count on 30 June	Finance	Chriszelda	Year-end	01 Jul	Year-end	Year-end
78		**Cash and Cash Equivalents** **Petty Cash** - Written invite to AGSA to attend cash count as at 30 June. If not, obtain written confirmation that will not attend.	Finance	Chriszelda	Year-end	13 May	Year-end	Year-end
79	**REVENUE**							
80		**Submit a EQS in AFS vs. DORA recon** Ensure that the municipality disclose any reasons for differences between the funds received and funds allocated in terms of the DORA. (Ensure that EQS, RRAMS, HOUSING & EPWP are correctly disclosed in Grant AFS UKEYs at year-end).	Finance	Mavis	Year-end	01 Jul	Year-end	Year-end
81		**Rental of Facilities and Equipment** Submit recon: - Agree Rental of Facilities in GL with contracts - Submit Rental Register	Finance	Cariza	Monthly	01 Jul	Not Completed	Not Completed
82		**Rental of Facilities and Equipment** Submit Working Paper (Rental Register): Determine whether it is Investment Property (IP only if it is market related)	Finance	Albert	Once-off	29 Jul	Not Completed	Not Completed
83		**Interest Earned - All Bank Accounts & Call deposits** Submit recon: Agree interest earned on GL with bank statements	Finance	Cariza	Quarterly	19 Jul	Not Completed	Not Completed
84	**EXPENDITURE**							
85		**Completeness of Creditors** Go through all the invoice received after 30 June and inspect the invoice for expenses that relate to goods and services delivered before 1 July. - Submit a list of all payments made after year-end - Submit results for each payment in list above (before OR after year-end)	Finance	Millicent	Year-end	22 Jul	Year-end	Year-end
86		**(PY) (ComAF 12) – Non-compliance – Payments not made within 30 days.** EX.29: Compliance: Payments not made within 30 days Submit an email to the CFO to confirm: - Go through all payments on Web and ensure that all invoices were paid within 30 days.	Finance	Millicent	Monthly	15 Jul	Not Completed	Not Completed
87		**Employee Related Costs** Reconcile sub-ledger (payroll) with salary UKEYs (TB). - Submit monthly lists of manual payroll payments made outside the Payroll System.	Finance	Nicodia	Monthly	01 Jul	Not Completed	Not Completed
88		**Appointments and terminations** - Submit listing all appointments and terminations during current FY. - Provide proof that the reconciliation has been provided to the Payroll Unit.	Corporate Services	Teresa	Quarterly	19 Jul	Not Completed	Not Completed
89		**Appointments and terminations** - Take the HRM list and confirm that no payments were made to employees outside their working period at ZFM.	Finance	Nicodia	Quarterly	19 Jul	Not Completed	Not Completed
90		**Appointments** Submit a proof of Criminal checks performed on the employees appointed during the year in the financial directorate and Sect 56/57	Corporate Services	Teresa	Quarterly	19 Jul	Not Completed	Not Completed
91		**Appointments** Submit a proof of verification of qualifications on employees appointed during the year.	Corporate Services	Teresa	Quarterly	19 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
92		**(PY) Fruitless and wasteful expenditure: Medical expenditure paid not within the terms of the specific legislation.** - Submit a printout of all compensation commissioner expenses for the current Financial year. - Submit evidence that all these expenses were submitted to the Compensation Commissioner.	Corporate Services	Teresa	Monthly	08 Jul	Not Completed	Not Completed
93		**(PY) 'Remuneration paid to Senior Management** '- Submit reconciliation between signed packages of senior management (MM, Directors, D.CFO) and GL.	Finance	Zelodia	Quarterly	19 Jul	Not Completed	Not Completed
94		Submit supporting documents for **performance bonuses** paid - scorecards, minutes of performance committee, etc.	Finance	Zelodia	Once-off	22 Apr	Not Completed	Not Completed
95		**Remuneration of Councillors** - (1) Compile Appendix G from UKEYS	Finance	Zelodia	Bi-Annually	01 Jul	Not Completed	Not Completed
96		Government Gazette for determination of **Councillor's remuneration.** - Submit calculations of Upper Limits pay-outs (back-pay)	Finance	Albert	Once-off	22 Apr	Not Completed	Not Completed
97		**Contracted services – Incorrect presentation and disclosure (Iss.11)** Submit the GL of contracted services to the D.CFO via email and indentify misallocations by taking the prior year GL into account.	Finance	Eloize	Quarterly	19 Jul	Not Completed	Not Completed
98		**SLA Register** Submit the SLA register and confirm the number of payments made in the GL agree to the SLA's.	Finance	Chriszelda	Quarterly	19 Jul	Not Completed	Not Completed
99		**(PY) Employment Related Cost** - Do the Salary Analytical Procedure of the Employment Related Cost AFS note.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
100		**(PY) Accuracy of Skills Development Levy** - Submit reconciliation between SDL calculated on SAMRAS system and EMP201 submitted and paid to SARS.	Finance	Zelodia	Monthly	08 Jul	Not Completed	Not Completed
101		**(PY) Iss.23 - Internal control - Travel and subsistence is approved after trip has taken place** - Provide evidence (email) that trip was pre-approved if payment is made after trip has taken place.	Finance	Millicent	Monthly	22 Jul	Not Completed	Not Completed
102		**(PY) Iss,5 - Expenditure - Interest incurred on audit fees not disclosed as finance cost.** Confirm that no finance costs were paid during the CY, then keep as Contingent Liability. Otherwise, disclose as F&W expenditure and Finance Cost.	Finance	Albert	Year-end	15 Jul	Year-end	Year-end
103		**(PY) Iss.12 - Incorrect classification of Subsistence and Travel cost to operational cost.** - Scrutinize the GL and ensure that all S&T costs are classified correctly.	Finance	Millicent	Quarterly	19 Jul	Not Completed	Not Completed
104	**Additional disclosures in terms of the MFMA**							
105		Submit list of **Audit Fees paid** during the year [MFMA 125 (1)(b)] - Show amount incl VAT and amount excl VAT	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
106		Submit Contributions paid to organised local government - **SALGA** - Show amount incl VAT and amount excl VAT	Finance	Marshall	Year-end	01 Jul	Year-end	Year-end
107		**(PY) SARS Payroll Documents** - (1) Submit SARS EMP201 form for the 12 months for PAYE, SDL and UIF [MFMA 125 (1)(b)] - (2) Submit PAYE, SDL and UIF reports for 12 months extracted from SAMRAS system - (3) Submit reconciliation showing (1) & (2) above agrees - (4) Extract reports from SAMRAS for all ED Codes from 1 July to 30 June per employee number	Finance	Zelodia	Year-end	01 Jul	Year-end	Year-end
108		Submit a list of **Pension and Medical Aid** Deductions paid over by Council [MFMA 125 (1)(b)] (Extract SAMRAS report PS-Q558)	Finance	Zelodia	Year-end	01 Jul	Year-end	Year-end
109		**Contingent liabilities** '- Submit a list of attorneys that were used during the year. Make use of the legal cost UKEYs. - Submit Legal Confirmations for all these attorneys.	Corporate Services	Kobus	Year-end	15 Jul	Year-end	Year-end
110		**Related Party Transactions** Identify & Disclose related party transactions Submit an email to the D.CFO to confirm: - Search on SAMRAS for all transactions with entities identified from the CIPRO check	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
111		**Related Party Transactions** Identify and disclose transactions between the municipality & family of key management personnel. - Submit forms: All directors and Middle Management must fill in a form confirming all their family members and whether there were transactions with them during the financial year. - Submit CIPC checks on spouses of senior and middle managers also! - Submit CIPC checks on senior, middle management, SCM officials, Audit Committee members and Council members.	Finance	Chriszelda	Year-end	01 Jul	Year-end	Year-end
112		**(PY) Unauthorised expenditure:** Comparative amount of Unauthorised expenditure incorrectly disclosed. - Ensure that the prior year unauthorised figure in Appendix D agree to unauthorised expenditure note.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
113		**(PY) Commitments – Understatement of commitments (Iss.22)** - Extract creditor payments history from WEB and agree to the Tender Register's Expenditure totals.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
114		**APPENDIXES**						
115		Submit Appendix B - PPE	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
116		Submit Appendix C - Segmental analysis of PPE	Finance	Marshall	Year-end	22 Jul	Year-end	Year-end
117		Submit Appendix F - Disclosure of Grants and subsidies	Finance	Mavis	Year-end	08 Jul	Year-end	Year-end
118		**Budget**						
119		**Prior year AFS Budget Statement vs. current draft Budget Statement:** - Submit the prior year Budget Statement in AFS and ensure that all differences above 10% were correctly budgeted for in the Amended Budget for current FY.	Finance	Mavis	Once-off	28 Jan	Not Completed	Not Completed
120		**Make sure the original budget (CY) agree with budget amounts on SAMRAS.** - Submit evidence for Fin. Position, Fin. Performance & Cash Flow	Finance	Mavis	Once-off	01 Jul	Not Completed	Not Completed
121		**General financial information**						
122		**Update Accounting Policies and ensure that it is in line with GRAP** - Identify new line items in Fin. Pos for the current year and ensure that they are included in the Accounting Policies.	Finance	Albert	Year-end	01 Jul	Year-end	Year-end
123		**EX. 16: No signature of the reviewer/approver to proof that they reviewed/approved the Journal** Submit an email to the Unit Manager: AFS to confirm: - That a check has been done that all Budget & Treasury Office journals has been reviewed and signed by reviewer/approver.	Finance	Mavis	Monthly	22 Jul	Not Completed	Not Completed
124		**EX. 16: No signature of the reviewer/approver to proof that they reviewed/approved the Journal** Submit an email to the Unit Manager: AFS to confirm: - That a check has been done that all AFS journals has been reviewed and signed by reviewer/approver.	Finance	Thabiseng	Monthly	22 Jul	Not Completed	Not Completed
125		**EX.30: Duplicate Journal numbers** - Ensure that a Journal register for Budget & Treasury Office is kept on hand providing list of sequential journal numbers and details.	Finance	Mavis	Monthly	01 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
126		**EX.30: Duplicate Journal numbers** - Ensure that a Journal register for Annual Financial Statements is kept on hand providing list of sequential journal numbers and details.	Finance	Thabiseng	Monthly	01 Jul	Not Completed	Not Completed
127		**PRIOR YEAR AUDIT FINDINGS**						
128		**(PY) ComAF 2 – Quarterly Performance Evaluations not performed.** Management should ensure that quarterly performance evaluations are performed for all employees. - Provide a system report on outstanding performance evaluations with reasons why personnel was not evaluated.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Not Completed	Not Completed
129		**(PY) ComAF 4 – Internal Control Deficiency – Impracticability or impossibility of not obtaining three (3) quotations not elaborated.** Management should provide further details why it was impracticable or impossible to obtain three (3) written price quotations from three (3) different suppliers, and these reasons must be approved by the chief financial officer, or an official designated by the chief financial officer in accordance with SCM Regulations Section 17 (c). - Provide a list of all price written quotations without three (3) quotations, and confirm to the Deputy CFO and Unit Manager AFS via email that the reasons provided for these quotations were captured in detailed.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
130		**(PY) ComAF 7 - Internal Control Deficiency: Procurement process not commenced on a timely basis** Management should ensure that they commence with the procurement process of appointing a new supplier or service provider at least 6 months prior to the end date of the contractual agreement. - Provide a list of contracts which expire during the quarter. List should contain: - Name of service provider - Date of commencement of contract - Date of expiration of contract - Date when contract should be renewed - Procurement process commencement date	Corporate Services	Kobus	Quarterly	19 Jul	Not Completed	Not Completed
131		**(PY) (ComAF 8) - Internal Control Deficiency: Approval of procurement made after invoice date** Management should ensure that all goods and/or services procured by the municipality is approved by the delegated official prior to the receiving of the goods and/or services. - Confirm via email to Deputy CFO that review was done on all payment documents, and that all payments procured was approved by delegated official prior to receiving the goods and/or service. (Goods received stamp date and invoice date should be after approval date)	Finance	Maureen	Monthly	22 Jul	Not Completed	Not Completed
132		**(PY) (ComAF 9) – AOPO: Overall presentation in the APR** Management should ensure that comparisons of targets achieved in the prior year are included for all targets reported on in the prior FY. Furthermore, management should make corrections to the heading in APR. - Provide report on quality review conducted, compiled by Senior Management and Internal Audit.	Office of the Municipal Manager	Beverley	Year-end	29 Jul	Year-end	Year-end
133		**(PY) (ComAF 10) - Fruitless and Wasteful Expenditure understated** Management should review the calculations prepared for fruitless and wasteful expenditure to ensure that the amount disclosed in the financial statements is accurate and complete. - Compare the SARS reconciliation (PAYE, UIF & SDL Statement and general ledger) with the F&W Expenditure disclosed in the AFS.	Finance	Albert	Quarterly	19 Jul	Not Completed	Not Completed
134		**(PY) (ComAF 11) - Presentation and disclosure of the annual financial statements not complete** - Provide an email to the CFO that the GRAP checklist was scrutinized and all prior year findings were corrected in the AFS..	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
135		**(PY) (ComAF 13) - Expenditure incorrectly recorded as VAT inclusive** Management should record expenditure at the VAT exclusive amount. Furthermore, management should review the invoices prior to processing the payments to ensure that the correct amounts are captured on the system. Management should evaluate the entire population of Operating Costs and Contracted services to evaluate the extent of the misstatement. - Submit an mSCO Register extract of all VAT applicable UKEYS with "N" VAT indicator. CFO must sign off to confirm that the indicators were changed on Classic.	Finance	Millicent	Quarterly	19 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
136		**(PY) (ComAF 14) - Overstatement of Travel and Subsistence** Management should ensure that prior to finalising a payment batch for archiving that a checklist is implemented whereby all the support attached to a batch are agreed to the checklist, this is ensure completeness and accurate support are attached. Management should revisit the entire population to evaluate the extent of the misstatement. - Submit an email to the Deputy CFO to confirm: - That all Subsistence & Travel Allowance payment documents was reviewed for the month and includes a valid trip authorisation/claim or invitation.	Finance	Maureen	Monthly	22 Jul	Not Completed	Not Completed
137		**NEW PROCEDURES PROPOSED:**						
138		**(PY) Medical Aid Reconciliation:** - Submit monthly reconciliation between creditor statements received from medical aid companies and the general ledger.	Finance	Zelodia	Monthly	15 Jul	Not Completed	Not Completed
139		**(PY) Compensation Commissioner:** - Submit proof that assessment has been done ito section 83(2) of the Compensation for Occupational Injuries and Diseases Act, 1993. (Assessment period is from 1 March - 28 February) - Submit proof of payment made to Compensation Commissioner. Payment must be made before 31st of March.	Finance	Marshall	Once-off	18 Mar	Not Completed	Not Completed
140		**PRIOR YEAR AUDIT FINDINGS**						
141		**(20/21) COMAF 1 - ISS.5: Leave Accrual: Insufficient controls implemented in the leave process** - Submit proof that leave is captured on the new Leave Module	Corporate Services	Teresa	Once-off	12 Aug	Not Completed	Not Completed
142		**(20/21) COMAF 1 - ISS.7: AoPO: Evidence submitted not valid** - Submit proof that the following KPI was removed: Report was submitted by the assistant director SPLUM to the Director Planning & Development	Office of the Municipal Manager	Beverley	Once-off	01 Apr	Not Completed	Not Completed
143		**(20/21) COMAF 2 - ISS.11: Internal control deficiency: SCM policy not aligned with updates to relevant legislation** - Submit proof that the SCM Policy was updated.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
144		**(20/21) COMAF 2 - ISS.15: Procurement and contract management: Evaluation and adjudication criteria applied not the same as those indicated in the original bid documents** - Submit an email to confirm that all bids were evaluated according to the evaluation criteria set out in the bid documents.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
145		**(20/21) COMAF 2 - ISS.9: Procurement and contract management: Points for BBBEE were not awarded correctly** - Submit an email to confirm that the correct allocations of points per the Preferential Procurement regulations are utilised and awarded to potential bidders, for all tenders.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
146		**(20/21) COMAF 2 - ISS.10: Procurement and contract management: Tender was not awarded to bidder with the highest points** - Submit proof that all tenders were awarded to the bidders with the highest points.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
147		**(20/21) COMAF 2: ISS.13: Procurement and contract management: Member of evaluation committee also part of adjudication committee** - Submit proof that all BAC minutes don't have a BEC member on it. - Submit proof that no BEC member signed the BAC attendance register.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
148		**(20/21) COMAF 3 - Prior year misstatement not resolved in current year (Iss. 14- COMAF 13 of the prior year)** - Submit an email to proof that all prior year communication of findings were adjusted in the AFS.	Finance	Albert	Once-off	29 Jul	Not Completed	Not Completed
149		**(20/21) COMAF 4 - -ISS.14: Employee benefits disclosure not reviewed** - Submit an email to proof that the Employee Benefits AFS Note was reviewed for a second time.	Finance	Marshall	Once-off	29 Jul	Not Completed	Not Completed
150		**(21/22) COMAF 1 - ISS. 01: Inconsistencies between SDBIP and APR** - Submit an email to Senior Management to confirm that the APR is reviewed so that it is consistent with the SDBIP.	Office of the Municipal Manager	Beverley	Year-end	22 Jul	Year-end	Year-end

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
151		**(21/22) COMAF 2 - ISS. 02: Casting difference in the comparative figures** - Submit an email to the CFO to confirm that the casting of notes are accurate and agree to the figures disclosed in the AFS.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
152		**(21/22) COMAF 3 - ISS. 09: Overstatement of Purchase of Property, Plant and Equipment** - Submit an email to the CFO to confirm that all leased assets are excluded from the Cash Flow Statement item: Purchase of PPE and IA.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
153		**(21/22) COMAF 4 - ISS.08 : Irregular Expenditure - Declaration of interest (MBD4) not submitted** - Submit an email to the CFO to confirm that all suppliers have submitted MBD4 forms. (double check Compufin)	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
154		**(21/22) COMAF 4 - ISS.03 : Irregular Expenditure- Non Adherence-Local Content** - Submit an email to the CFO to confirm that the invitation/Advertisement and the evaluation processes were assessed for Local Content, relating to goods[uniform] purchased and classified under the Designated sector .	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
155		**(21/22) COMAF 4 - ISS.03 : Supplier is non- compliant with Tax** - Submit an email to the CFO to confirm that the tax compliance status was checked before a payment was made.	Finance	Maureen	Monthly	22 Jul	Not Completed	Not Completed
156		**(21/22) COMAF 4 - ISS.04: Irregular Expenditure- No Register Published for the BID Requirement** - Submit evidence to the CFO to confirm that the Accounting Officer published the results of the BIDs on the website.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
157		**(21/22) COMAF 4 - ISS.04: Irregular Expenditure- No Register Published for the BID Requirement** - Submit a tender box register to the CFO to confirm that the winning and Losing Bidders of this BID submitted their bidding documents in time [before the closing date].	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
158		**(21/22) COMAF 4 - ISS.06 : Internal Control Deficiency: Incomplete Tender Register** - Submit a reconciliation to the D.CFO to confirm that the Tender Register agree with the BIDS/ Quotations published on the website.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
159		**(21/22) COMAF 5 - ISS. 13: Measures taken to improve performance are supported by corroborating evidence** - Submit an email to Senior Management to confirm that ALL not-fully-effective KPI's reasons/measures for improvement are sufficient. The reasons must be descriptive and detailed as to how the municipality will improve the reported performance.	Office of the Municipal Manager	Beverley	Quarterly	19 Jul	Not Completed	Not Completed
160		**(21/22) COMAF 5 - ISS. 11: Reported targets are not consistent with planned targets** - Submit an email to confirm that there is consistency between the target in the SDBIP and the APR.	Office of the Municipal Manager	Beverley	Year-end	22 Jul	Year-end	Year-end
161		**(21/22) COMAF 7 - Internal Control Deficiencies** - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Office of the Municipal Manager	De Waal	Quarterly	19 Jul	Not Completed	Not Completed
162		**(21/22) COMAF 7 - Internal Control Deficiencies** - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Corporate Services	Kobus	Quarterly	19 Jul	Not Completed	Not Completed
163		**(21/22) COMAF 7 - Internal Control Deficiencies** - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Finance	Eloize	Quarterly	19 Jul	Not Completed	Not Completed
164		**(21/22) COMAF 7 - Internal Control Deficiencies** - It is recommended that Senior Management; provide support to the IA Unit to ensure that reasonable steps are maintained effectively and efficiently to enhance management and internal control in the division. - Submit evidence that IA findings were attended to during the quarter..	Planning and Development	De Waal	Quarterly	19 Jul	Not Completed	Not Completed

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
165		**(22/23) COMAF 1 - Tender Expenditure incorrectly classified as Operational Costs** Tender Expenditure relates to the amount paid to a supplier for training and was incorrectly classified as Operational Costs. The supplier was awarded through SCM process (tender). - Scrutinize the GL and ensure that all tender related expenditures are classified under Contracted Services.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
166		(23/24) COMAF 1 - Property, plant and equipment: Depreciation incorrectly calculated - Submit an email to the Deputy CFO to confirm that the Remaining Useful Lifes (RUL) in IMQS for the prior year were correctly transferred to the current year..	Finance	Marshall	Year-end	28 Feb	Year-end	Year-end
167		(23/24) COMAF 2 - ISS.3: Expenditure: Limitation of Scope - Outstanding Information - Submit an email to the CFO to confirm that the WEB payment batches contain all the necessary documents to allow the auditor to conclude testing.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
168		(23/24) COMAF 3 - ISS.4 Limitation - The winning bidder's account for municipal rates and taxes and municipal service charges was not received - Submit an email to the CFO to confirm for all tenders were reviewed and that all service providers demonstrated that they are in stable financial position in order to undertake the project	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
169		(23/24) COMAF 4 - ISS.6: Expenditure : Journals - Limitation of Scope - Submit an email to the Deputy CFO to confirm that all journals have supporting documentation (an invoice or full payment batch) that shows how management identified the error and how it was corrected.	Finance	Eloize	Monthly	19 Jul	Not Completed	Not Completed
170		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (Date of Council Meeting in advertisement differs from actual Council meeting date) - Submit an email to the Director: Corporate Services to confirm that all Council meeting dates agreed to the date on the advertisement..	Corporate Services	Berney	Quarterly	19 Jul	Not Completed	Not Completed
171		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (The disposal was not appropriately approved as it was sold before it was approved by Council.) - Submit an email to the Deputy CFO to confirm that the Council approved all assets before they were sold.	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
172		(23/24) COMAF 5 - ISS.5: Disposal of capital assets (Based on Asset Management Policy it was noted that "It must be ensured that the request to Council for authorisation for alienation process be accompanied by an information statement approved by the Asset Management Committee) - Submit an email to the Deputy CFO to confirm that Council has considered the fair market value of the assets and the economic and community value to be received in exchange for the asset before the disposal of the asset.	Finance	Marshall	Quarterly	19 Jul	Not Completed	Not Completed
173		(23/24) COMAF 6 - ISS.7: Evergreen Contracs: 1. Steiner Hygiene - Submit Council Agenda to prove that month-to-month contracts were approved WITH end dates & detailed reasons.	Finance	Chriszelda	Quarterly	19 Jul	Not Completed	Not Completed
174		(23/24) COMAF 7 - 1. ISS.1: Overstatement of Deviation Register and Note 36.8 Deviation - Submit an email to confirm that all deviations in the files were accurately captured in the quarterly deviation register.	Finance	Annzonia	Quarterly	19 Jul	Not Completed	Not Completed
175		(23/24) COMAF 8 - ISS. 8: Inconsistencies identified in disclosure notes (Revenue from non- exchange transaction - Presentation and Disclosure) - Submit an email to the CFO to confirm that a review was performed on the Annual Financial Statements before it was submitted for audit.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end

#	a	Procedure	Department	ZFM Responsible Official	Measurement of Procedure	AFS Target Date	16 Jan 26	23 Jan 26
176		(23/24) COMAF 9 - ISS.9: Issues on Contract Management - Include a checklist column in the contract register to ensure that all contracts stipulate the terms and conditions of the contract which include 1) provisions for termination of the contract in the case of non- or underperformance 2) as well as a provision on dispute resolution mechanisms to settle disputes between the parties.	Finance	Chriszelda	Quarterly	19 Jul	Not Completed	Not Completed
177		(23/24) COMAF 9 - ISS.9: Issues on Contract Management - Include a checklist column in the contract register to ensure that all contracts were not extended for more than 15% of the original value of contract. If so,obtain a Council resolution with reasons for the proposed amendment.	Finance	Chriszelda	Quarterly	19 Jul	Not Completed	Not Completed
178		(23/24) COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability - Provide reasons for positions that were vacant for more than 6 months at year-end.	Corporate Services	Kobus	Quarterly	19 Jul	Not Completed	Not Completed
179		(23/24) COMAF 12 - ISS.11: MFMA Skills, Capacity and Capability - Provide evidence that the Municipality have a staff establishment approved by Council, after having taken inputs from MEC.	Corporate Services	Henry	Quarterly	19 Jul	Not Completed	Not Completed
180		(23/24) COMAF 12 - ISS.12: Unfunded budget - Ensure that the Municipality must budget appropriately such that it does not receive a letter from National Treasury indicating that its budget is unfunded..	Finance	Eloize	Quarterly	19 Jul	Not Completed	Not Completed
181		(24/25) COMAF 01 – **Travel & Subsistence** - Ensure that all Contract workers S&T claims include an employment contracts or third-party agreements.	Finance	Millicent	Quarterly	19 Jul	Not Completed	Not Completed
182		(24/25) COMAF 02 – **Motor Vehicle Allowance** - Recalculate motor vehicle allowances per approved policy before payroll run.	Finance	Zelodia	Monthly	19 Jul	Not Completed	Not Completed
183		(24/25) COMAF 03 – **SCM – State Employees** - Record both cases (false declaration on MBD4) on the fraud risk register as specific fraud risk events.	Finance	Chriszelda	Once-off	12 Aug	Not Completed	Not Completed
184		(24/25) COMAF 03 – **SCM – State Employees** - Update SCM standard operating procedures so that no award is made without a current CSD report on the supplier on file and a documented comparison of the CSD information to the MBD 4 declaration.	Finance	Chriszelda	Once-off	12 Aug	Not Completed	Not Completed
185		(24/25) COMAF 03 – **SCM – State Employees** - Review all awards made in the 2025/26 financial year where MBD 4 forms are on file to confirm that CSD information matches the declarations and to identify any similar cases for follow up action.	Finance	Chriszelda	Once-off	12 Aug	Not Completed	Not Completed
186		(24/25) COMAF 04 – **Acting MM Performance Agreement** - Cross reference all SM's performance agreements to appointment letters and Council resolutions to ensure a complete audit trail for bonus entitlements.	Corporate Services	Henry	Quarterly	19 Jul	Not Completed	Not Completed
187		(24/25) COMAF 05 – **Unauthorised Expenditure Definition** - Review unauthorised expenditure definition before AFS disclosure.	Finance	Albert	Year-end	29 Jul	Year-end	Year-end
188		(24/25) COMAF 06 – **Material Non-compliance: Acting not in compliance with the MSA requirements** - Submit a list of acting senior management with their acting periods. - Ensure that all acting periods longer than 3 months have an MEC approval letter.	Corporate Services	Kobus	Quarterly	19 Jul	Not Completed	Not Completed
189		(24/25) COMAF 07 – **Unfunded Budget – MFMA s18** - Implement unfunded budget plan monitoring.	Finance	Albert	Quarterly	19 Jul	Not Completed	Not Completed