

CHIEF ALBERT LUTHULI'S ANN 2019/2020

FINAL ANNUAL REPORT 2019/20



TABLE OF CONTENTS

CONTENTS

MAKE NOTES OR QUESTIONS AND REMARKS ON ANNUAL REPORT 2019/20	6
1. MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	7
COMPONENT A: MAYOR'S FOREWORD	7
COMPONENT B: EXECUTIVE SUMMARY	10
1.1. MUNICIPAL MANAGER'S OVERVIEW	10
MUNICIPAL FUNCTIONS.	17
1.2. POPULATION AND ENVIRONMENTAL OVERVIEW	17
1.3. SERVICE DELIVERY OVERVIEW	21
1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW	24
1.5. AUDITOR GENERAL REPORT	25
1.6. STATUTORY ANNUAL REPORT PROCESS	25
CHAPTER 2 – GOVERNANCE	27
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	27
2.1 POLITICAL GOVERNANCE	27
2.2 ADMINISTRATIVE GOVERNANCE	37
COMPONENT B: INTERGOVERNMENTAL RELATIONS	39
2.3 INTERGOVERNMENTAL RELATIONS	39
2.4 PUBLIC MEETINGS	40
2.5 IDP PARTICIPATION AND ALIGNMENT	42
COMPONENT D: CORPORATE GOVERNANCE	42
2.6 RISK MANAGEMENT	43
2.7 ANTI-CORRUPTION AND FRAUD AND RISK MANAGEMENT	44
2.8 SUPPLY CHAIN MANAGEMENT	46
2.10 WEBSITES	46
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES	47
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)	48
COMPONENT A: BASIC SERVICES	48
3.1. WATER PROVISION	49
3.2 WASTE WATER (SANITATION) PROVISION	54
	58

TABLE OF CONTENTS

3.5 HOUSING	64
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	64
COMPONENT B: ROAD TRANSPORT	66
3.7 ROADS.....	66
3.8 VEHICLE LICENSING & PUBLIC BUS OPERATION)	68
3.9 WASTE WATER (STORMWATER DRAINAGE)	69
3.10 LIBRARIES;	69
3.11. CEMETORIES AND CREMATORIALS	71
3.12. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES.....	73
COMPONENT E: ENVIRONMENTAL PROTECTION	73
3.13. POLLUTION CONTROL	74
3.14. BIO-DIVERSITY;	74
3.15. COMPONENT F: HEALTH.....	74
3.16. CLINICS	74
3.17. AMBULANCE SERVICES	75
3.18. HEALTH INSPECTION; FOOD	76
19. COMPONENT G: SECURITY AND SAFETY	76
3.20 TRAFFIC POLICE.....	76
3.21 FIRE AND RESCUE	78
3.22 DISASTER MANAGEMENT.....	79
3.22. COMPONENT H: SPORT AND RECREATION	80
2. 3.23.. PLANNING AND ECONOMIC DEVELOPMENT	82
3.24.1 LOCAL ECONOMIC DEVELOPMENT	83
3.25. EXECUTIVE AND COUNCIL	85
3.26. FINANCIAL SERVICES.....	86
3.27. HUMAN RESOURCE SERVICES	88
3.28. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	89
3.29. LEGAL;.....	90
3.30. COMPONENT ORGANISATIONAL PERFORMANCE SCORECARD	92
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD	92
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	120
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL	120

TABLE OF CONTENTS

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES	120
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	122
4.2 POLICIES	122
4.3 INJURIES, SICKNESS AND SUSPENSIONS.....	123
4.4 PERFORMANCE REWARDS	125
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	127
4.5 SKILLS DEVELOPMENT AND TRAINING	127
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	129
4.6 EMPLOYEE EXPENDITURE	129
CHAPTER 5 – FINANCIAL PERFORMANCE	131
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE	131
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	131
5.2 GRANTS.....	132
5.3 ASSET MANAGEMENT	133
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	135
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	139
5.5 CAPITAL EXPENDITURE	139
5.6 SOURCES OF FINANCE	139
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	140
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	141
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....	142
5.10 BORROWING AND INVESTMENTS	144
5.11 PUBLIC PRIVATE PARTNERSHIPS	144
COMPONENT D: OTHER FINANCIAL MATTERS.....	144
5.12 SUPPLY CHAIN MANAGEMENT	144
5.13 GRAP COMPLIANCE	145
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	146
GLOSSARY	163
APPENDICES	165
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.....	165
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	169
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE.....	170

TABLE OF CONTENTS

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	171
APPENDIX E – WARD REPORTING	172
APPENDIX F – WARD INFORMATION	173
RESOLUTION OF THE AUDIT COMMITTEE NOT RESOLVED IN 2019/20 YEAR.....	174
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019/20	174
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	197
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	199
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	199
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE.....	201
APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE	201
APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE	201
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	202
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	203
APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2019/20	204
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2019/20	205
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS	205
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED FROM ANOTHER SPHERE OF GOVERNMENT	206
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	207
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	207
VOLUME II: ANNUAL FINANCIAL STATEMENTS 2019/20	208

TABLE OF CONTENTS

MAKE NOTES OR QUESTIONS AND REMARKS ON ANNUAL REPORT 2019/20

FINAL ANNUAL REPORT-2019/20

Chapter 1

1. MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

Vision

Our vision statement indicates that we are striving to be a transparent, innovative and developmental municipality that improves the quality of life of its people. As we are continuing with the political term of the council, we are mindful of this vision statement of being open and transparent in discharging our duties, hence we are presenting the Annual Report to the masses of our people. It is not only compliance with legal statutory requirements, but also our moral high ground that we should account to our communities for our decisions and spending. This 2020/21 Annual Report of Chief Albert Luthuli Municipality, which reflects our service delivery and development achievements and challenges, is presented in recognition of our obligation to be an accountable and transparent organization. Such annual reporting is also required from South African municipalities in terms of various pieces of legislation, such as Section 46 of the Local Government: Municipal System Act No. 32 of 2000 and Section 121 and 127(2) of the Local Government: Municipal Finance Management Act No.56 of 2003..

Key Policy Developments

The National Development Plan remains our overarching plan, which informs our Integrated Development Plan and budget allocations. The National Development Plan seeks to institutionalize long-term planning and gives expression to the policy continuity characterizing the past, and informing the next 20 years. The Mpumalanga Vision 2030 provides a provincial expression of the key priorities, objectives and targets enumerated in the National Development Plan and expressed within the manifesto of the ruling party. As a municipality, it is incumbent upon the political and administrative leadership to provide what may be described as a vibrant local economy that is able to sustain financial independence and growth. By so doing it will be ensured that both local enterprises and community members are and remain empowered – creating a community of motivated and capable individuals who are able to contribute towards the growth and sustainability of the community and the environment. Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is developed initially as a five (5) year plan (aligned to the current term of office). This is revised and updated annually while taking current resources (detailing annual strategic objectives) into account. The strategic goals and priorities are cascaded into the strategic and operational plans of all directorates and related employee scorecards. By so doing, it is ensured that every effort at any point in time is constantly being made to achieve the required targets and desired outcomes. The day to day struggles of ageing and poor infrastructure and limited financial and human resources continues to place strain on the ability of Chief Albert Luthuli Municipality to provide and improve its service delivery. These challenges are clearly reflected within service delivery initiatives and every effort is being made to improve service delivery performance at every level.

Key Service Delivery Improvements

In the year under review, we have been able to complete our task as per the approved Service Delivery Budget Implementation Plan, which forms the basis of the performance contract that we entered into with administration. Although we had limited financial resources to accomplish all the expectations of our communities, we were able to make strides as follows:

- Improved access to electricity to communities that were previously deprived of the service;
- Improved access to waste management through regular refuse removal and health compliance inspections;
- Expanded in the provision of clean potable water to certain areas of the municipality and install water meters to control

Chapter 1

the usage of water.

- Provided an entrepreneurial development initiative through our infrastructure development and other ventures;
- Provided a platform for communities to engage the municipality through Izimbizo, notices, media statements, website, and general community meetings.
- Increased the social assistance net by registering communities as indigent for easy access to municipal services.
- We have a functional Local AIDS Council to mitigate and deal with the effects of HIV/AIDS and other opportunistic infections.
- We have a functional mining and local economic development forum to mitigate the effects on our society of the triple challenges, which are poverty, unemployment and equality.
- We also maintained an unqualified audit opinion with few matters in 2020
- Currently as a country, we are facing a new pandemic (COVID 19) we need to adhere to all regulations that are put in place by Government.

Public Participation

As municipality Provided a platform for communities to engage the municipality through Izimbizo, notices, media statements, website, and general community meetings.

Future Actions

Increased the social assistance net by registering our communities as indigent for easy access to municipal services. Provided skills development and experiential learning initiatives with the private sector and other agencies of government to the unemployed youth. Continue to provide quality Service Delivery to our communities.

Agreements / Partnerships

Collaborated with sector departments in creating jobs through the Extended Public Works Programme, Community Works Programme and Siyathuthuka. Provided skills development and experiential learning initiatives to the unemployed youth and women, with private sector and other agencies of government.

We are making progress in the area of revenue generation, though not at a satisfactory level and we need to have a comprehensive plan to decisively deal with the concomitant issues on revenue management. We are particularly pleased with the performance of our Project Management Unit in implementing the Municipal Infrastructure Grant. We are encouraged by the general performance of the municipality in various aspects as confirmed by the recent SERO report.

The Year ahead

This Annual Report serves as a record of and accounting mechanism to communities on the institution's achievements and challenges, as well as the mitigation and remedial measures implemented to address the latter. While it reflects that progress has been made in service delivery, there are undeniably challenges. To strengthen and streamline the institution and its operations to enable the institution to expand service delivery to the residents of Chief Albert Luthuli Municipality, inter alia the following interventions/actions will be prioritized in the year ahead:

- (a) Stabilizing the administration by filling key strategic vacancies.
- (b) Sourcing available national and international funding to augment key service delivery projects and replace aging and poor infrastructure.
- (c) Strengthen the Ward Committee System to enhance effective public participation.
- (d) Making the vision and mission of the municipality our motto to provide a strategic thrust for the Municipality's long term development planning.
- (e) Addressing irregular, fruitless and wasteful expenditure and improving the audit opinion raised by the Audit-General and introducing corrective measures towards obtaining a clean audit.

Chapter 1

- (f) Paying our service providers within 14 days.
- (g) Vigorously instilling a culture of performance within the institution.
- (h) Promoting financial discipline and management.
- (i) Lastly, we plead with our communities to be active citizens by participating in their development through statutory platforms that are ward committees, CDW's and so forth.
- (j) Minimization of water losses;
- (k) Roads maintenance and construction initiatives in order to minimize extensive challenges;
- (l) Sustainable roads development and maintenance;
- (m) Continue capacitation both staff, councilors and the communities;
- (n) Effective performance management and reporting;
- (o) Land availability, land tenure changes and allocation of sites;
- (p) Legitimizing the Landfill Sites;
- (q) Paving of sidewalks and roads in towns (EPWP initiatives);
- (r) The development of recreational facilities; and

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of our people. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our municipality.

Finally, I want to thank our political leadership and staff led by the Municipal Manager, Mr. MS Dlamini for ensuring political and administrative stability in our municipality. I thank them for everything they do to make our municipality work every day.

(Signed by : 
Executive Mayor

Councillor D.P. Nkosi

T 1.0.1

Chapter 1

1.1. MUNICIPAL MANAGER'S OVERVIEW

Chief Albert Luthuli Municipality derives its mandate and existence from the Constitution of the Republic of South Africa (1996). Section 152 stipulates the objects of local government, which is further elucidated by the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000), Chapter 3, section 11(3) adopting strategies and programs, including setting targets for delivery.

For the Municipality to fulfil its mandate in terms of the Constitution and other legislation, it becomes imperative that it adopts a principal strategic development framework for the 2019/20 financial year, which was done after the adoption of the Integrated Development Plan (IDP) as draft and before its final approval with the budget in May 2019 and submission to the MEC for Local Government. The IDP draws its mandate from the communities as represented by Ward Committees, as well as inputs received from other stakeholders identified in the IDP during the public participation program driven by the offices of the Speaker and the Executive Mayor.

In pursuance of these goals, the Municipality explores various means and strategies to meet its obligations to ensure that service delivery is rendered to its people. It then is important that the Municipality develops a service delivery and budget implementation plan (SDBIP). For that to be effective the process of contracting becomes important to ensure that service delivery is realised; this was done before the beginning of July 2019.

This overview seeks to give a layout of the types of services rendered in different Wards of the Municipality, diverse as they are, and with their unique challenges.

The first task at the beginning of the year is to ensure that the Budget and the IDP are properly aligned, followed by the development of the budget implementation plan, known as the Service Delivery and Budget Implementation Plan (SDBIP), which was approved by the Executive Mayor before the beginning of the new financial year.

That process led to the contracting period in terms of the Municipal Planning and Performance Regulations (2006), as amended. This seeks to realise Council priority development goals in line with its Integrated Development Plan (IDP) adopted by Council in May 2017. For this reporting year, Council prioritised the supply of water, which is made possible by entering into a service level agreement with different service providers, and the different municipal departments have to ensure that the agreed SDBIP targets or milestones are realised. The targets in the main focus on Basic Service Delivery, paying attention to the upgrading of water treatment plants and bulk infrastructure to ensure proper water supply. That then assists in ensuring that the Municipality performs services service delivery, which is done as follows:

1.1.1 CHALLENGES FACED DUE THE COVID 19 PANDEMIC

The Municipality hereby present the Annual Report of the 2019/20 in line with section 132(2) of the municipal finance management act after the completion of the municipal audit by AGSA which was concluded on 31 March 2021, the municipality maintained its unqualified audit opinion during the year under review. It must be noted that ordinarily the audit should have been finalized by the 30th November 2020 however due to the pandemic the submission of the annual financial statements was extended by AGSA to the 31 October 2020 and completion of the Audit the 21 March 2021. It is due to this that the municipality is submitting the annual report now in May.

Chapter 1

This Annual Report has been implemented under a time of extraordinary change and insecurity as occasioned by the COVID-19 pandemic. As is evident the world over, the ramifications of COVID-19 have been widespread and far-reaching. COVID-19 has been a great impediment in the growth and developmental ambitions of the municipality and to an extent, delivering on its mission - that of 'providing a transparent and accountable government by rendering affordable and sustainable services, encouraging economic and social development through community participation'. To deliver on its mandate, the municipality has had to reprioritize some of its capital projects and miscellaneous projects listed on the IDP. Case in point, the reprioritization of the 2019/20 of the Municipal Infrastructure Grant (MIG) for the purposes of dealing with water and sanitation issues to reciprocate the government's containment efforts in dealing with COVID-19. Also, this meant an unfortunate delay in the finalization and delivery of other IDP Projects/commitments in good time.

1.1.2 ACCESS TO WATER.

The Municipality supplies basic water to almost 95% of households (39,016 households within RDP standard) despite difficult conditions due to the majority of households being located in rural towns and villages. And many of which are surrounded by sparsely populated areas that are outside the bulk water infrastructure, and a different approach was taken by providing water to those areas through water tankers and boreholes.

The Lusushwane Regional Bulk Water Scheme project has started and should assist part of the areas currently supplied by boreholes and water tankers.

The challenge remains of the cost of water treatment operations; the ever increasing Eskom bills for the Water Treatment Plants at Carolina, Elukwatini and Empluluzi; and the raw water source at the Methula and Mooiplaas Water Scheme drying up in winter. Another challenge is the financing of the operation and maintenance of water infrastructure. The Municipality's inability to collect sufficient revenue and enforce the Credit Control Policy, particularly in the Eskom supply areas, results in financial constraints, which adversely affect its ability to adequately maintain the water infrastructure

following capital projects were funded by MIG/WSIG and RBIG have been approved for the 2019/20 financial year:

- Eerstehoek water treatment works phase 3
- Rehabilitation of Greater Lusushwana water scheme- Oomboom water reticulation
- Upgrading of Eerstehoek Bulk Water Supply Scheme phase 1
- Upgrading of Eerstehoek Bulk Water Supply Scheme phase 2.
- Upgrading of Carolina Water Treatment Works: Phase 4

1.1.3 ACHIEVEMENTS IN THE 2019/20 FINANCIAL YEAR:

- Provided at least 95% (39,016 households within minimum standard) households with basic water services within the RDP standard.
- Provided 7 loads/day by 7 water tankers to 8,690 households in deep rural areas (80 mega-litres).
- Provided 39 016 households with free basic water (including 289 registered indigent households).
- Collected and successfully analysed 520 water samples assisted by GSDM.

The following capital projects were funded by MIG/WSIG and RBIG have been approved for the 2019/20 financial year and we have successfully completed four projects as follows:

Chapter 1

- Eerstehoek water treatment works phase 3(Completed)
 - Rehabilitation of Greater Lusushwana water scheme- Oomboom water reticulation(Completed)
 - Construction of VIP Toilets 2012-2015 (Completed)
 - Installation of Highmasts and Streetlights(Completed)
- The following projects were at the construction and design phase respectively:
- Upgrading of Elukwatini WWTW IN Ward 13, 18 and Part of Ward 23(Construction phase)
 - Upgrading of Waste Water Treatment Works to 3ML/day in Empuluzi Ward 04,07&09 (Contract 1,2&5 (Construction phase)
 - Upgrading of Silobela Substation((Construction phase)
 - Construction of Nhlazatshe 4 Collector Access Road(Construction phase)
 - Construction of Nhlazatshe 2 Collector Access Road(Construction phase)
 - Upgrading of Eerstehoek Bulk Water Supply Scheme phase 1 (Construction phase)
 - Upgrading of Eerstehoek Bulk Water Supply Scheme phase 2. (Construction phase)
 - Upgrading of Carolina Water Treatment Works: Phase 4(Design phase)
 - Construction of Fernie A Collector Access Roads (Design phase)
 - Construction of Glenmore Collector Access Roads (Design phase)
 - Construction of Nhlazatshe Collector Access Road (Design phase)

1.1.4 ACCESS TO SANITATION

The proportion of households with access to basic sanitation is 91%, which is more than 43,000 households. However, approximately over 10 000 households (5%) are still below the minimum service level.

Province has directed that municipalities must explore alternative sanitation technology to the VIP System. The Municipality has piloted the installation of Smartsan toilets in 5 Wards as an alternative sanitation option. However, an amount estimated at R2,5 billion is required to roll out water-borne sanitation, especially in the rural and deep rural areas.

New access to sanitation was provided to 500 households across the municipality.

The following capital projects were funded by MIG/DWS were approved for the 2019/20 financial year:

- Construction of VIP Toilets 2012-2015
- Upgrading of Elukwatini WWTW IN Ward 13, 18 and Part of Ward 23
- Upgrading of Waste Water Treatment Works to 3ML/day in Empuluzi Ward 04,07&09 (Contract 1,2&5

1.1.5 ACCESS TO ELECTRICITY

The Municipality provides access to electricity to 98% households, and households without electricity are now less than 1,800 according to the SA Statistics 2016 community survey; however, the maintenance of that infrastructure is a challenge due to the high cost of Eskom electricity that municipalities currently struggle to keep up with. New access to electricity (eradication of backlogs) was provided to 140 households at Ext 4 and 30 at Carolina farms. A total of 5 high mast lights was installed and commissioned in Wards 05, 10,15,22 and 24. The upgrading of Silobela Substation and the additional of Shortfalls in several Wards is in progress; this is a 3-year project jointly funded by INEP/DOE/CALM.

- Upgrading of Silobela Substation

Chapter 1

- Installation of Highmasts and Streetlights

1.1.6 ACCESS TO WASTE COLLECTION

The number of households in the Municipality, both formal and informal, amounted to 47,705. The number of households that received waste collection services in the Municipality amounted to 12,853 (27%). The rate of 27% is due to the significant number of municipal households being in the rural areas. The Municipality has also achieved its targets on the six number of areas receiving refuse and also the five number of waste collection sites maintained. The Municipal targets were achieved in spite of limited resources. Special removal services are available for accommodation facilities and food outlets, and are utilised by some. The cleaning of streets in the CBDs of the majority of towns within the municipal area is done on a daily basis. The 5 municipal waste disposal sites have all been licenced. Illegal dumping in the Municipality is managed.

1.1.7 ACCESS TO FREE BASIC SERVICES

Free basic services are provided to qualifying indigent households. In the 2019/20 financial year an average of 90% of qualifying households received free basic water and sanitation services, 16% of qualifying households in the Municipality's supply area (Carolina and part of Emanzana) received free basic electricity, and less than 1% of qualifying households received the discounted refuse removal service.

1.1.8 ACCESS TO ROADS

The Municipality has a road network of approximately 649km, of which 81% are gravel roads, mostly located in the rural areas. A total of 528km of gravel roads were maintained, and an area of approximately 1055m² of tarred roads were repaired during the year under review.

Surface was resealed/patched with the assistance of the District Municipality and the Department of Public Works, Roads and Transport.

The total cost amounts to R800,000.

The following capital projects were funded by the MIG were approved for the 2019/20 financial year:

- Construction of Fernie A Collector Access Roads
- Construction of Glenmore Collector Access Roads
- Construction of Nhlazatshe Collector Access Road
- Construction of Nhlazatshe 4 Collector Access Road
- Construction of Nhlazatshe 2 Collector Access Road

And a total of 3 km unpaved road was constructed as part of addressing the backlog of poor road condition in various wards (01;04;15 and 19)

1.1.9 OPERATION AND MAINTENANCE

The Municipality attempts to maintain the entire water infrastructure for sustainable basic service delivery. Water pumps and motors are also maintained and repaired.

The electricity infrastructure is maintained in line with NERSA regulations and requirements. The Municipality procured a much needed cherry picker truck, which assists in the improvement of maintenance work.

The Municipality generally experiences a challenge of ageing infrastructure, particularly at the water schemes. Insufficient assessments were done to determine the cost of maintenance of the water schemes transferred to the Municipality by the

Chapter 1

Department of Water Affairs (DWA). There are a myriad of problems, which are epitomised by bursting asbestos pipes and the replacement thereof, of which at least 3500m was repaired and replaced.

The Municipality maintained more than 528km of gravel roads were maintained, and an area of approximately 1055m² of tarred roads were repaired during the year under review, with the assistance of Gert Sibande District Municipality and the Provincial Department of Public Works, Roads and Transport. However due to inadequate of yellow fleet it becomes more difficult to attend all damaged gravel roads especially on the deep rural area of the municipality.

1.1.10 PROJECT MANAGEMENT: COMMUNITY ASSETS

The following MIG-funded Community Assets are in progress and 14 & 15 Wards are/will be benefiting from the completion of Construction of Elukwatini Fire Station, Construction of Elukwatini Disaster Management Centre and Construction of Silobela Sport Field - Phase 2

The Project Management Unit of the Municipality has monitored 16 projects during the year under review despite Covid-19 challenges. These projects consisted of five water programs, three sanitation programs, two electrification programs, four roads programs and two public facility programs.

1.1.11 LOCAL ECONOMIC DEVELOPMENT

The LED Forum was launched in May 2017, and local economic sectors such as Mining, Cooperatives, SMMEs, Agriculture, Transport, Department for Small Business Development, and Tourism were engaged throughout the year. Several SMMEs and Co-operatives were appointed and supported during the year.

It should be noted that some of our LED Structures did not take place due to the pandemic, however the municipality is trying to resuscitate these forums through the virtual platforms.

1.1.12 NUMBER OF JOBS CREATED

The number of jobs created through infrastructure development totals 3515(3066 came from CWP Carolina, Tjakastad and Nhlazatshe) ; and through poverty alleviation projects totals 30.

1.1.13 SPATIAL DEVELOPMENT AND HOUSING

The Municipality is responsible only for the monitoring of the development of the Municipality's Spatial Development Framework and Land Use System, which is done by the Provincial Department of Co-operative Government and Traditional Affairs. The project is in the planning stages. The Municipality is also responsible for the monitoring of the housing-projects, which are funded by the Provincial Department of Human Settlement. Several housing projects comprising 246 housing units are monitored. A total number of 25 title deeds were handed over to beneficiaries.

1.1.16 CEMETERIES, LIBRARIES, SPORT FACILITIES

These services are offered, managed and maintained by the Municipality in almost all areas. The provision of graves in the Municipality is limited to the proclaimed towns being Carolina, Emanzana (Badplaas), Elukwatini and Mayflower, however, there Mayflower Cemetery has been established and its fully operational. All legal procedures in terms of environmental assessments were done, and the identified land was approved for cemetery use. Several cemeteries were provided with concrete palisade fencing, a MIG-funded project. It is envisaged to gradually provide all cemeteries with concrete palisade fences in the coming financial years in order to prevent vandals from interfering with graves. The Municipality attempts to promote a culture of reading in the community by campaigns at schools and elsewhere. Membership and book circulation at

Chapter 1

all libraries are satisfactory. Libraries are located in Carolina, Silobela (Zenzeleni), Elukwatini, Emanzana, Ekulindeni and Empuluzi (Khululwazi).

The Department of Culture, Sport and Recreation provided a new library at Glenmore (Ward 11 - one of the RDP priority wards)

The renovations were done at Silobela and Khululwazi) during the year under review

The objective of the Municipality is to promote sport, Arts, and culture development in the community.

Four sport events were coordinated or attended, and 2 sport clubs achieved trophies and medals at the CALM Sport Council Tournament. The Chief Albert Luthuli Sport Confederation was launched at Emanzana. And sport to programme targeting women was held in Ebuhleni.

The provision of sport facilities remains a challenge, mainly due to the fact that there are only a few sport grounds in the Municipality that were in a good condition.

1.1.17 COMMUNITY DEVELOPMENT AND TRANSVERSAL ISSUES

The Municipality is also responsible for community development and transversal issues. Support is given to several women, youth, people living with disabilities organisation, and the campaign against women and child abuse; religious groups such as pastors and traditional healers, who are key stakeholders in moral regeneration activities; HIV/AIDS program, and the Local AIDS Council (LAC), to which the Municipality is a key stakeholder; programs such as HCT, Zazi and Voluntary Medical Male Circumcision were core to the LAC's activities.

1.1.18 PUBLIC SAFETY (LAW ENFORCEMENT, SAFETY AND TRAFFIC MANAGEMENT)

The Municipality deals with traffic law enforcement and various patrol and court duties, collection of traffic fines, administering the execution of warrants and traffic summonses, and scholar patrols. Security guards are deployed at strategic municipal properties and are monitored. The Municipality has a Safety Plan in place and a functional Community Safety Forum. Challenges include the lack of a security officer, shortage of staff and no proper access control. Challenges include the Municipality having to bear challenges regarding provincial roads within the municipal area, whilst the roads belong to Province; limited resource to cover visibility in the entire municipality; sustainability of pedestrian movement, especially in Elukwatini areas; high demand for speed humps due to new road construction; amendments to traffic legislation from time to time creating budget increases. The Registration and Licensing of Vehicles function was taken over by Province. Achievements include the establishment of a satellite office in the Elukwatini area; the introduction of subsidy vehicles to increase visibility; a functional Local Transport Forum assists with transport challenges.

1.1.19 FIRE AND EMERGENCY SERVICES, DISASTER MANAGEMENT

The Municipality has a fully equipped fire station at Carolina, and a satellite fire station in Elukwatini. Several awareness campaigns are conducted. Challenges include a shortage of fire-fighting equipment resulting in late response to fire calls, and can handle only two incidents at a time; shortage of staff to work in shifts; lack of a proper call centre; shortage of funds to procure sufficient equipment; and the ownership of the disaster management function is shared with the district municipality. Achievements include the conclusion of an agreement with a neighbouring municipality to assist during serious fires; an approved Disaster Framework and a Disaster Plan are in place; a functional Advisory Forum; a functional Disaster Forum and completion of the fire station building at Elukwatini which is well furnished.

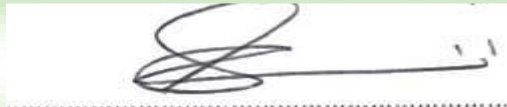
1.1.20 FINANCIAL VIABILITY AND SUSTAINABILITY

Chapter 1

The income and expenditure in the 2019/20 financial year has decreased from the previous financial year. This resulted in an operating surplus of R58 848 234 representing a decrease of R127 802 462 from 2018/19 financial year. Total revenue decreased by 5.9% from R766 242 959 in 2018/19 to R721 050 131 in 2019/20. The total expenditure increased by 14.3% from R579 592 263 in 2018/19 to R662 201 897 in 2019/20, as reflected in the Statement of Financial Performance in the Annual Financial Statements.

1.1.21 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

In pursuance of good and clean governance, all statutory reports in terms of the MSA (2000) Section 41 and 46, and the MFMA (2003) Section 52, 66, and 72, 121 and 129 are submitted to the relevant stakeholders as required. All unauthorised and irregular expenditure was disclosed and declared to Council, and was referred to the Municipal Public Account Committee (MPAC) to determine the steps to be taken in line with the MFMA (2003). Added to this a panel of investigators was appointed to assist MPAC with the investigations. A number of policies were reviewed. An IT Framework Policy for the improvement of the Municipality's IT Governance Framework is currently in place and its approved. Various Ward Committee meetings as well as Mayoral Imbizo, and two IDP Representative Forum meetings were held, which gave rise to the approved 2019/20 Integrated Development Plan (IDP). The Municipality takes steps to conserve power and water in its offices and other facilities; and citizens are requested to adopt this in their own housekeeping.



MR. M.S. DLAMINI
MUNICIPAL MANAGER

T 1.1.1

Chapter 1

MUNICIPALFUNCTIONS.

1.2. POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Municipality is named after the great leader of the people and the African National Congress movement, Chief Albert Luthuli. The Municipality is a Category B municipality situated within the Gert Sibande District Municipality, on the eastern escarpment of Mpumalanga, and shares its eastern border with the country of Swaziland, with its seat in Carolina. It consists of diversified communities that face various social, economic, environmental and governance challenges.

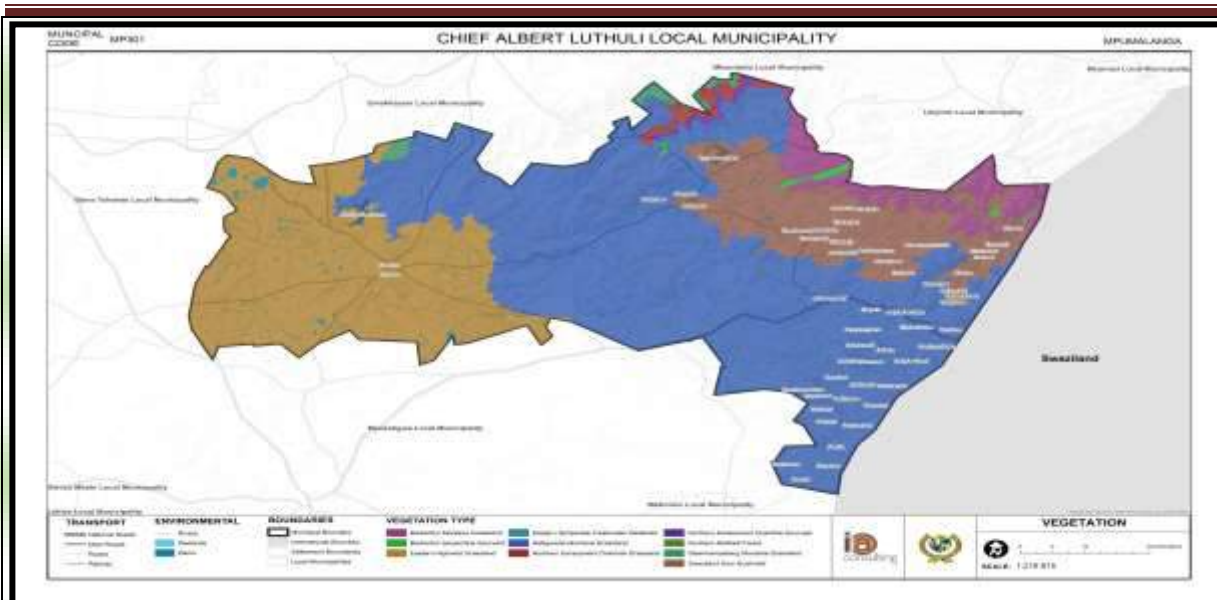
The N17 cuts through the south-eastern part of the area, as well as other regional mobility routes, namely the R36, R33 and R38. The majority of rural settlements are spread across the eastern part of the municipal area and access is provided by the R541, N17 and various secondary routes.

Other key features of the Municipality include forestry areas in the central and southern parts of the Municipality, the Nooitgedacht and Vygeboom Dams, a river system, as well as the edge of a greater wetland region. Economic activities that are dominant spatially in the Municipality include agriculture, forestry and mining. The economic Retail and Services activities are concentrated in Carolina and also in smaller centres such as Elukwatini and Emanzana.

Map 1 – Municipal district location



Chapter 1



DEMOGRAPHICS

Chief Albert Luthuli Municipality spans an area of 5,559km², with urban, tribal/traditional, and farm areas. The population density is 29 people per km². The population growth from 2011 is 0.9%, numbering 187,629 people with a projection of 192,000 people in 2030.

The majority of the population is from the African group (99.0%); followed by the White group (1.0%). The Indian/Asian group and the Coloured group are included in the African group. The functional age groups are made up by the working age group (15 to 64 years), 60,3%; the young group (0 to 14 years) 34.1%; and the elderly group (65+) 5.7%. Females represent 53.0% of the population and males 47.0%. Youth up to 34 years represent 41.4% of the population. The sex ratio for the population is 89 males per 100 females.

T 1.2.1

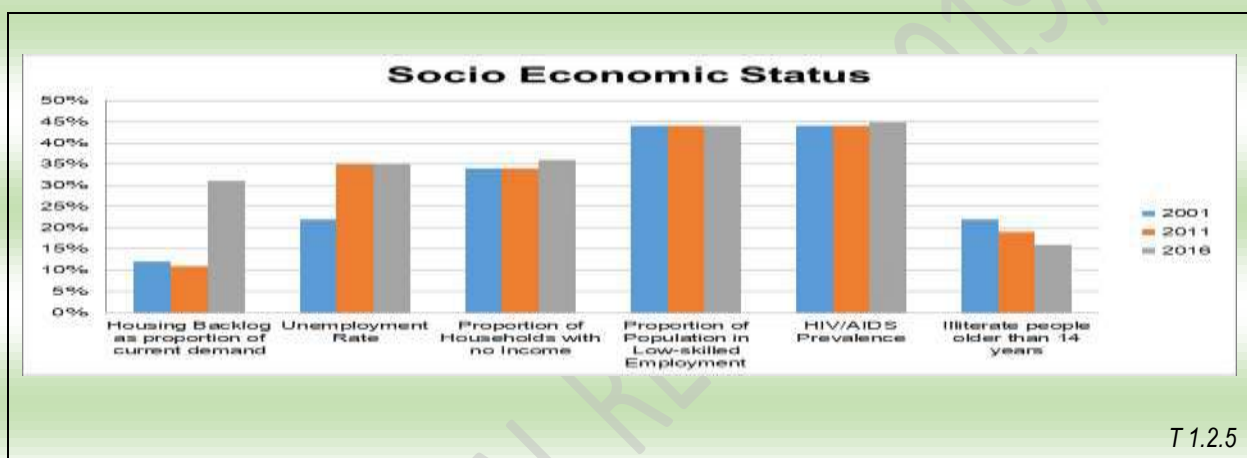


T1.2.3

Chapter 1

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2001	12%	22%	34%	44%	44%	22%
2011	11%	35%	34%	44%	44%	19%
2016	31%	35%	36%	44%	45%	16%

T 1.2.4



Overview of Neighbourhoods within Chief Albert Luthuli Municipality		
Settlement Type	Households	Population
Towns, Townships, Rural Settlements and Informal settlements		
Aarnhemburg	127	504
Albert Luthuli NU	3660	14267
Avontuur	157	781
Badplaas	163	582
Betty's Goed	342	1489
Caithness	24	136
Carolina	5059	16846
Davale	172	885
Dibaba	48	107
Diepdale	1598	6768
Dumbarton	60	281
Dundonald	1229	4764
Ekulindeni	1341	4521

Chapter 1

Overview of Neighbourhoods within Chief Albert Luthuli Municipality		
Settlement Type	Households	Population
eMbangweni	727	2879
Embhuleni	128	595
eMlondozi	0	0
eMphelandaba	143	532
Engonini	118	427
Enkhaba	123	525
Esgwili	538	2504
Etjelebube	507	2165
Fernie	3783	15693
Glenmore	1830	7180
Hereford	265	1400
Holeka	609	2520
Houtbos	283	1215
Izidonga	131	694
Kalwerskraal	19	91
Lukwatini	3921	13149
Mafumulo	240	1077
Malahleka	65	333
Manaar	222	965
Manzana	1970	6922
Maphundlwane	353	1318
Maryvale	49	112
Maxflower Gate	552	2401
Mayflower	3638	13547
Mbejeka	116	514
Modergat	44	241
Mooiplaas	987	4149
Ndonga	48	268
Nhlaba	204	779
Nhlazatje	6983	28224
Nooitgedachdam	32	50
Northdene	81	388
Phophonyane	80	444
Redhill	1180	4861
Robinsdale	243	1165

Chapter 1

Overview of Neighbourhoods within Chief Albert Luthuli Municipality		
Settlement Type	Households	Population
Theeboom	78	418
Tjakastad	3071	12711
Vlakplaas	149	598
Vygeboomdam	51	115
Waverley	164	910
Sub-Total	47 705	186 010
T 1.2.6		

Natural Resources	
Major Natural Resource	Relevance to Community
Mining	0.1% contribution to growth with labour intensity of 1.03
Forestry and Agriculture	0.5% contribution to growth with labour intensity of 1.61
Tourism	Tourism spent of 4.8% as percentage of GDP
T 1.2.7	

COMMENT ON BACKGROUND DATA:	
The Municipality has mining, forestry and agriculture and tourism as contributors to the local economy.	
T 1.2.8	

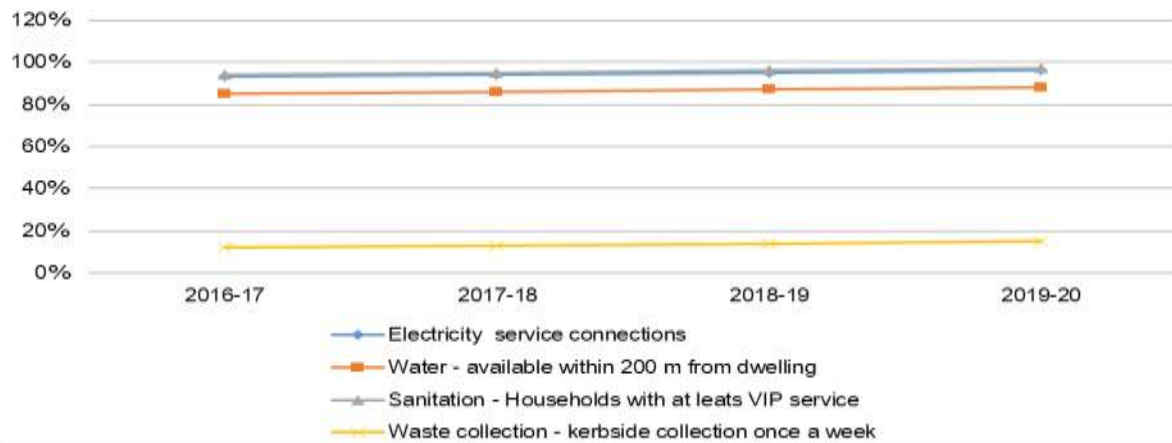
1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION
<p>The Municipality supplies free basic electricity services to 5485 registered indigent households. During the year under review, particularly this refers to electricity, for the other three services being, water, sanitation and refuse collection, the municipality has not yet managed to deal with the proper separation of the benefits of FBI. Nevertheless, efforts will need to be employed to improve on proper reporting and registering of FBI. A strategy would have to be devised in order to be able to properly track progress on all services that are rendered by the municipality across all programmes of the municipality.</p> <p>As the municipality moves forward with the implementation of different project-programme, to take in to cognisance the statistical information regarding reduction of back logs across all the programmes.</p>
T 1.3.1

--

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

The Municipality supplies basic water within the RDP standard to almost 88%(51 340) of 53 480 households under difficult conditions due to the majority of households being located in rural towns and villages, many of which are surrounded by sparsely populated areas that are outside the bulk water infrastructure, and a different approach was taken by providing water to those areas through contracted water tankers. 19 960 installation of water meters were completed during the year under review.

The Municipality provides access to electricity to 96% households, and households without electricity are now less than 2 140 according to the SA Statistics 2016 community survey; however, the maintenance of that infrastructure is a challenge due to the high cost of Eskom electricity that municipalities currently struggle to keep up with. 714 installation of electricity smart meters were completed during the year under review

The proportion of households with access to basic sanitation is 97%, which is more than 51 875 households. However, some 1 801 households (4%) does not have access to toilet facilities. 400 and 366 waterborne sanitations and smartsan toilets respectively, were installed during the year under review.

The Municipality has a road network of approximately 649km, of which 81% are gravel roads, mostly located in the rural areas. A total of 407km gravel roads was maintained, and an area of approximately 814m² road.

T 1.3.3

Chapter 1

FINANCIAL OVERVIEW

The income and expenditure in the 2019/2020 financial year has regressed from the previous financial year. This resulted in an operating surplus of R58 million representing an decrease of R128 million from 2018/2019 financial year. Total revenue decreased by 6% from R766 million in 2018/2019 to R721 million in 2019/2020. The total expenditure increased by 14% from R580 million in 2018/2019 to R662 million in 2019/2020, as reflected in the Statement of Financial Performance in the Annual Financial Statements.

T 4.1.1

Financial Overview: Year 2019/20

R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	654 422	598 097	519 097
Taxes, Levies and tariffs	195 076	303 521	124 328
Other	56 698	23 093	77 625
Sub Total	906 196	924 711	662 201
Less: Expenditure	459 078	788 733	455 458
Net Total*	447 118	135 978	58 848
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	30%
Repairs & Maintenance	3%
Finance Charges & Impairment	2%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Employee Cost:

Total employee costs is within the National Treasury prescribed norm of 25%-40%.

Repairs and Maintenance:

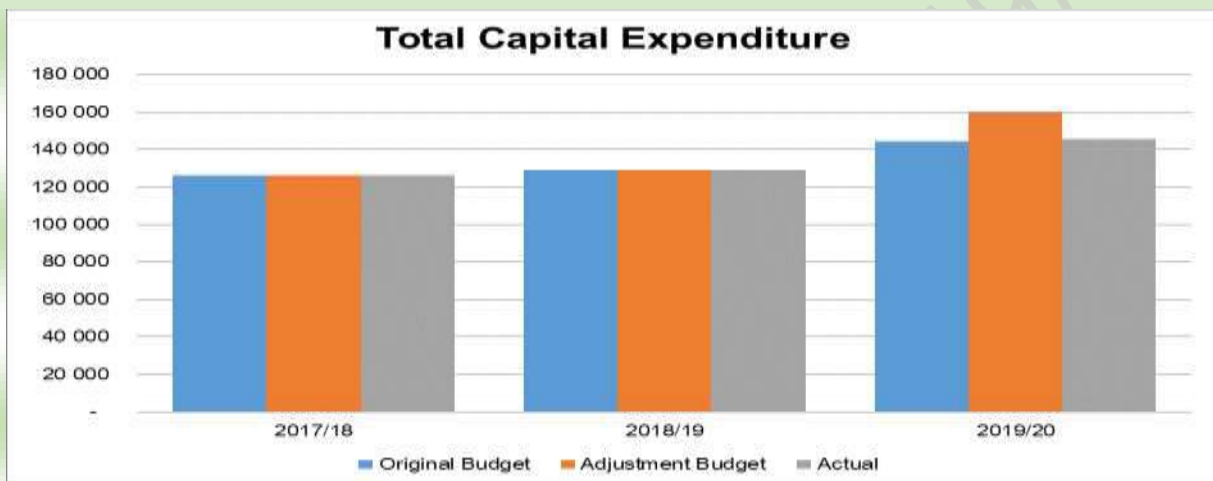
The municipality repairs and maintenance of 3% is well below expected norm of 8% due to the strict measures in place to keep this expenditure at minimal.

Finance Charges and Impairment

Finance charges and impairment ratio of 2% is within the expected norm of 10% due to the strict measures in place to keep this expenditure at minimal.

Chapter 1

Total Capital Expenditure: 2017/18 to 2019/20			
			R'000
Detail	2017/18	2018/19	2019/20
Original Budget	126 185	129 109	144 305
Adjustment Budget	126 185	129 109	159 439
Actual	126 185	129 109	145 439
			T 1.4.4



1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality has 481 approved and funded positions, of which 430 (89%) are filled leaving only 51 (11%) positions remaining vacant. The municipality has 25 developed and implemented policies in place to govern its operation through managing its workforce.

Those policies that were introduced some of them dealt with consequence management, even though they dealt financial misconduct, never the less it will assist in reducing issues of financial misconduct, though the municipality never experienced such conduct in the period under review. Amongst the other most important policies, is the policy of poor performance and incapacity, this creates an opportunity for improvement of performance by the work force

In chapter 4, a detail breakdown of all the policies that were introduced in the period under review are listed, including issues of training and development

We also include a slide on the payment of performance bonuses to deserving section 56 managers, though the PMS framework provides an opportunity for the assessment of all other staff members either than section 56, it must be reported in this section, that there were assessment of those permanent staff members assessment due to insufficient capacity within the PMS unit, to be able to subject all staff members to assessment, the accounting officer is trying to introduce a PMS system that will enable seamless application of assessment across all staff members

T 1.5.1

Chapter 1

1.5. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2019/20

Audit opinion:
Unqualified

Key steps taken to accomplish this important achievement:

Management developed and action plan to address all audit finding raised by the Auditor General during 2019/20 financial year.

Management assigned a dedicated resource to deal with portfolio of evidence for all planned and reported key performance indicators and targets.

On a weekly basis, top management meetings are held where all strategic decisions are made as part of implementation of the SDBIP. Action plan remains a standing item in these meeting. There is a room for improvement on the annual performance report based on the 2019/20 final outcome from the AGSA as shown in chapter 6 below. Management therefore endeavour to continue with this initiative to improve performance of the municipality.

T 1.6.1

1.6. STATUTORY ANNUAL REPORT PROCESS

o.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	

Chapter 1

11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		
COMMENT ON THE ANNUAL REPORT PROCESS:		
<p>In order to meet deadline for the submission of annual report, the statutory annual process started in July 2020 after the submission of quarter four report to council, which made it possible for the development of the Draft Annual Performance Report.</p> <p>The report served before audit committee before it was submitted to council at the end of August 2020. It was then submitted to the office of the Auditor General for auditing from which the outcome emanated. This process was officially started during October 2020, and ended in March 31,2021</p>		
T 1.7.1.1		

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Section 40 of the Constitution recognizes that government as national, provincial and local spheres of government that are distinct, interdependent and interrelated. All spheres of government must observe and adhere to the legislative principles and must conduct their activities within the parameters provided. The Constitution section 41 requires that all spheres of government and all organs of state must co-operate with one another.

The municipality was derived from the Constitution, Section 151 states that the objects of local government and municipality must strive, within its financial and administrative capacity to achieve these objects:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and to encourage the involvement of communities and community organisations in the matter of local government

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution (1996) states that the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community. Political governance is the process of decision-making to formulate policy, whereas administrative governance is the system of implementing policy.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Municipality adopted executive mayor and executive committee governance arrangements. The Municipality is comprised of a Mayoral Committee, and Section 79 and 80 Committees. The Mayoral Committee and Section 80 Committees deal with the executive part of administration, and the Section 79 Committees are responsible for oversight.

The Audit Committee provides opinions and recommendations on the overall control environment, financial processes and performance to Council, and also provides comments to the Municipal Public Accounts Committee (MPAC) on the Annual Report. The Municipality established a Municipal Public Accounts Committee (MPAC) as an oversight committee, comprising of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report. The Municipal Public Accounts Committee's (MPAC) report is published separately in accordance with MFMA (2003) guidance.

The Municipality established Ward Committees in its 25 Wards with the view to strengthen public participation and entrench democracy. The Ward Committees are fully functional and their role involves, amongst others, to be the ears and eyes of

Chapter 2

Council at grassroots level. Inputs from the Ward Committees are discussed in Council meetings so that it receives the necessary attention.

T 2.1.1

POLITICAL STRUCTURE

EXECUTIVE MAYOR

(Councillor D.P. Nkosi)

The Executive Mayor -

- provides general political guidance over the fiscal and financial affairs of the municipality;
- identifies, reviews and evaluates the needs of the municipality in order of priority;
- recommends to the municipal council strategies, programs and services to address priority needs;
- recommends or determines the best way to deliver those strategies, programs and services to the maximum benefit to the community;
- identifies and develops criteria in terms of which progress in the implementation of the strategies programs and services can be evaluated;
- evaluates progress;
- reviews the performance of the municipality in order to improve the economy, efficiency and effectiveness of the municipality, and the efficiency of credit control, and revenue and debt collection services;
- monitors the management of the municipality's administration;
- oversees the provision of services to communities in a sustainable manner;

SPEAKER

(Councillor M.W. Mngomezulu)

The Speaker of the Council -

- presides at meetings of the council;
- performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the MSA (2000);
- ensures that the council meets at least quarterly;
- maintains order during meetings;
- ensures compliance in the council and council committees with the Code of Conduct for Councillors;
- ensures that council meetings are conducted in accordance with the rules and orders of the council

CHIEF WHIP

(Councillor L.L. Sidu)

The Council Whip may -

- provide political management of council meetings and committee meetings;
- inform councillors of meetings called by the Speaker and the Executive Mayor and ensure that such meetings quorate;
- advise the Speaker and Executive Mayor on the council agenda;
- inform councillors on important matters on the relevant agenda;
- advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers addressing the council;

Chapter 2

- ensure that councillors' motions are prepared and timeously tabled in terms of the procedural rules of Council;
- assist the Speaker in the counting of votes;
- advise the Speaker and the Executive Mayor of urgent motions; advise the Speaker and Executive Mayor on how to deal with important items not disposed of at a council meeting

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Councillor S.Z. Nkosi

(Planning & Economic Development)

As a member of the Mayoral Committee -

- assists and advises the Executive Mayor;
- chairs designated departmental portfolio committee meetings;
- performs any Executive Mayor's powers delegated by the Executive Mayor oversees the following programmes:
- overall administration of the Planning and Economic Development Department;
- the overall strategic spatial planning of the Municipality;
- local economic development;
- integrated development planning;
- strategic planning and management;
- human settlement; and town planning

Councillor N.V. Makhubelo

(Public Safety & Community Services)

As a member of the Mayoral Committee -

- assists and advises the Executive Mayor;
- chairs designated departmental portfolio committee meetings;
- performs any Executive Mayor's powers delegated by the Executive Mayor and over sees the following programmes :
- the overall administration of the Community and Safety Services Department;
- management of waste removal;
- support to Youth/Women/People Living with Disability;
- provision of sport and recreational facilities;
- provision and management of -
- Libraries;
- Cemeteries;
- Parks and Gardens; and Environmental Health

Chapter 2

Councillor N. Mnisi

(Corporate Services & Administration)

As a member of the Mayoral Committee -

- assists and advises the Executive Mayor;
- chairs designated departmental portfolio committee meetings;
- performs any Executive Mayor's powers delegated by the Executive Mayor and oversees the following programs :
- ensures efficiency and functioning of the total administration of the municipality;
- overall administration of the Corporate Services Department;
- provides support at support council meetings;
- controls the activities of administration and records management,
- legal services;
- human capital , resources; employment equity and skills development;
- co-ordinates occupational health and safety;
- co-ordinates committees;

Councillor M.P. Magagula

(Infrastructure & Technical Services)

As a member of the Mayoral Committee -

- Assists And Advises The Executive Mayor;
- Chairs Designated Departmental Portfolio Committee Meetings;
- Performs Any Executive Mayor's Powers Delegated By The Executive Mayor and Oversees the following Programmes:
- Electricity Services;
- Water And Sanitation Services;
- Public Works (Roads And Storm Water);
- Operation And Maintenance (O&M);
- Co-ordinates municipal infrastructure;
- Municipal fleet.

T 2.1.1

COUNCILLORS

The Demarcation Board designated the Municipality as a municipality with 49 councilors of whom 25 are wards councilors.

The MEC for CoGTA, the Honourable Madala Masuku, designated full-time councilors, being the Executive Mayor, three Members of the Mayoral Committee, the Speaker of Council, and the Council Whip. However, a directive was given by CoGTA that once the municipality becomes financially viable then it can fill the fourth position which was the case.

The Municipality had been able to fill a fourth position on the Mayoral Committee; thus the Municipality now has four Members of the Mayoral Committee as listed in table T2.1.1 above.

The rest of the other councilors are shown up in the reference as shown below, where about forty-nine councilors are Refer to **Appendix A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings).

Also refer to **Appendix B** which sets out committees and committee purposes.

T 2.1.2

Chapter 2

POLITICAL DECISION-TAKING

Matters for decision-making are divided into two categories. Matters delegated to the Executive Mayor (Mayoral Committee) for finalisation and matters reserved for the Municipal Council for finalisation.

During 2019/20 financial reporting period, the council made 158 resolutions. The municipality has implemented 131 (83%) resolutions made, the implementation of 27 (17%) was still in progress at year end. Please refer to the table below regarding resolutions still in progress at year end:

Legends	Number	Description
	6	Not Completed/implemented
	22	In Progress
	128	Resolved
	2	

Chapter 2

Item Description	Resolution Number	Resolution taken /Action Plan	Responsible Person	Status on the implementation of the resolution	Resolved or not resolved / In progress
Resolutions from the council meeting held on 25 July 2019					
		2. Council mandates the Accounting Officer to conduct the municipality's own independent community satisfaction surveys that are aimed at proving the quality and level of services.		Upon sufficient funding/budget appropriation, the Accounting Officer will appoint an independent contractor to test the findings of Cogta.	In progress
		3. Building Plans should be submitted to the Municipality prior to construction.		Building plans not yet submitted	In progress
C019/07/19/R PED: TOWN PLANNING: LAND USE MANAGEMENT: PROCLAMATION OF FERNIE A		7.3. Major renovations are required for netball, tennis and volleyball courts and Mayflower stadium.		The scope of work compiled for PMU for possible funding on MIG 2020/21	In progress
Resolutions of 29 August 2019					
C09/08/19/R PED: TOWN PLANNING: LAND USE MANAGEMENT: KROMKRANS LAND CLAIM (15/1/1)		5. Msobo Coal undertaken the processes of installation of internal services at the cost of the mine.		services installed but not yet completed	In progress
		2. THAT Council mandates the Municipal Manager and Executive Mayor to inform the Minister, Premier and MEC about the matter and the land invasion that is taking place on the Kromkrans farm on a daily basis.		Minister, MEC and Premier to be informed	In progress
		3. The Corporate Services Directorate to advise accordingly on the implications of the Court Judgement in term of the supply of municipal services that have already been rolled out to the farm.	CFO	The Legal Services advised accordingly on the report to Council on the implications.	In progress
		2. Concurrence be sought from the MEC responsible for Cogta in the province.		An application was submitted to the MEC for Cogta on the 02 September 2019 and are awaiting feedback from the MEC.	In progress

Chapter 2

Item Description	Resolution Number	Resolution taken /Action Plan	Responsible Person	Status on implementation of the resolution	Resolved or not resolved / In progress
Resolutions from the council meeting held on 31 October 2019					
C02/10/19/D CORPORATE SERVICES: STATUS OF LEGAL CASES AND CONTIGENCY MATTERS	CL1 .128	<ol style="list-style-type: none"> 1. Council to note the report on pending litigations. 2. The Manager Legal Services to make significant inroads in terms of defending the matters and fastracking proceedings at the Court of Law for speedy resolutions. 	LEGAL MANAGER	1.The speedily resolution to any Court matter is entirely dependant on the court processes and procedures, the Legal Services will endeavor to fasttrack cases and settle those matters that can be settled.	in progress
C01/10/19/R CORPORATE SERVICES: IMPLICATION OF THE CONSTITUTIONAL COURT JUGDMENT DECLARING THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS AMENDMENT ACT, 2011 (ACT 07 OF 2011) INVALID (13/1)	CL1 .133	<ol style="list-style-type: none"> 1. Council to take note of the report on the implication of the Constitutional Court Judgment declaring the Local Government: Municipal System Amendment Act 7 of 2011 invalid. 2. Council to awaits further guidelines and directives from SALGA and COGTA on the implications of the constitutional judgment declaring the Municipal Systems Act of 2011 as amended invalid. 	CORPORATE SERVICES	1. The municipality is still waiting for further directive from advisory bodies lke SALGA and Cogta on the way forward with regards to this matter.	in progress
C02/10/19/R CORPORATE SERVICES: LITIGATION: KHUMALO MANTOMBI obo MINOR // CHIEF ALBERT LUTHULI LOCAL MUNICIPALITY	CL1 .134	<ol style="list-style-type: none"> 1. Council takes note of the report on the Civil Trial Case Management Directive/Order. 	LEGAL MANAGER	1. The Municipality held a consultation on this matter in January 2020 and further consultations are expected in March 2020. the trial is reserved for November 2020	in progress
C06/10/19/R CORPORATE SERVICES: GOVERNANCE: VOTING DISTRICT DELIMITATION EXERCISE – CONFIGURATION OF MUNICIPAL WARDS FOR THE	CL1 .138	<ol style="list-style-type: none"> 1. Council takes cognizance of the report on the Delimitation and Configuration of Non-Compliant Municipal Wards. 	CORPORATE	Makhosonke VD (Ward 13) boundary must be adjusted to cover Mahlabathini Section in	in progress

Chapter 2

Item Description	Resolution Number	Resolution taken /Action Plan	Responsible Person	Status on the implementation of the resolution	Resolved or not resolved / In progress
PURPOSE OF PUBLICATION (15/1/1		2. Council to make inputs based on the draft proposal by the Municipal Demarcation Board.	SERVICES	God help us Global Church VD.	
C09/10/19/R PED: TOWN PLANNING: LAND USE MANAGEMENT: APPOINTMENT OF SERVICE PROVIDER FOR TOWNSHIP ESTABLISHMENT ON PORTION 4, FARM GOEDEHOOP 45IT AND THE FINALISATION OF SILOBELA EXTENSION 4	CL1.141	<p>1. THAT Council take note of the appointment of Isibuko Development Planners (PTY) LTD for the township establishment project on Portion 4 Farm Goedeheop 45IT</p> <p>2. THAT Council take note of the appointment of Isibuko Development Planners (PTY) LTD for finalization of Silobela Extension 4 township</p> <p>3. THAT Council must prioritize and budget the installation of services once the township establishment process has been completed on Portion 4 of Farm Goedeheop 45 IT.</p>	PED	1. Isibuko Development Planners have commenced with the projects on portion 4 farm of Goedhoop and Silobela Extension 4. the prioritisation of the budget will only be applicable once the the approved Survey Diagram is available.	In progress
C010/10/19/R PED: TOWN PLANNING: LAND USE MANAGEMENT: DEVELOPMENT OF INFORMAL SETTLEMENT UPGRADING PLANS (3/1/2/2)	CL1.142	1. THAT Council take note the project for the development of informal settlement upgrading plans for Chief Albert Luthuli Municipality.	PED	1. the informal settlement upgrading plans are still on going in consultation with the human settlement department	In progress
C014/10/19/R : FINANCE FINANCIAL AFFAIRS OF CHIEF ALBERT LUTHULI MUNICIPALITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019	CL1.146	1. Council takes note of the financial affairs of Chief Albert Luthuli Municipality for the first quarter ended 30 September 2019.	FINANCE	Council noted the report on the financial affairs of Chief Albert Luthuli Municipality for the first quarter ended 30 September 2019.	Resolved
C015/10/19/R PED: HOUSING: REINSTATEMENT OF 87 HOUSING SUBSIDY UNITS FOR UMCEBO PROJECTS	CL1.147	<p>1. Council takes note of the letter received from the Department of Human Settlements regarding the reinstatement of 87 units to uMcebo Projects.</p> <p>2. The houses should be constructed in a single area to avoid delays</p>	PED	1. The project is being implemented in Ward 2 and Ward 3. The contractor has established sites to cast 15 slabs required for the construction of the 87 housing units.	in progress

Chapter 2

Item Description	Resolution Number	Resolution taken /Action Plan	Responsible Person	Status on the implementation of the resolution	Resolved or not resolved / In progress
C016/10/19/R PED: TOWN PLANNING: LAND USE MANAGEMENT: REQUEST FOR RELOCATION FROM ERF 934 SILOBELA EXTENSION 4.	CL1 .148	1. THAT Council approves that Ms Mabuza be reallocated a stand in the new township that will be established in Caropark Ext 2 or any available stand in ERF 500.	PED	1. The applicant has to be informed about the approval of by Council to relocate her. The relocation will only be final once the Caropark Extension 2 Township has been finalised	in progress
C017/10/19/R AUDIT COMMITTEE: AUDIT COMMITTEE REPORT COVERING FOURTH QUARTER 2018/19 ENGAGEMENTS	CL1 .149	1. Council notes the reports of Audit Committee covering the fourth quarter period ending 30 June 2019 and ensure implementation of recommendations.	INTERNAL AUDIT	Directorates are in the process of implementing the Audit Committee resolutions	In progress
C020/10/19/R GOOD GOVERNANCE: REPORT OF THE SECTION 79 OVERSIGHT COMMITTEE RESPONSIBLE FOR COMMUNITY AND PUBLIC SAFETY SERVICES	CL1 .152	<p>6.1. Council takes note of the oversight report on Community and Safety department.</p> <p>6.2. An evaluation or assessment of older vehicles (fleet) be conducted as a matter of urgency with a view to redeploying some of those vehicles to assist expand some of the services (e.g. refuse removal), not later than February 2020.</p> <p>6.3. The municipality must, through the relevant section, champion campaigns or advocacy programs designed to promote environmental protection. Some of the required funds should be sourced from the Municipal Infrastructure Grant (MIG).</p> <p>6.4. The municipality must, without delay, finalize any outstanding work regarding the two Landfill Sites (Carolina and Elukwatini) at our disposal. Finalisation of these facilities must ensure that</p>	TECHNICAL SERVICES & COMMUNITY SERVICES	Carolina Landfill site does meet the minimum required standards for operation of the landfill site. Assessment conducted at Elukwatini Landfill site indicates that, the municipality needs to attend to opening of the cells, operation of the waybridge and record keeping for waste disposed.	In progress

Chapter 2

Item Description	Resolution Number	Resolution taken /Action Plan	Responsible Person	Status on implementation of the resolution	Resolved or not resolved / In progress
		they meet the required environmental standards.			
Resolutions from the council meeting held on 23 January 2020					
C04/01/20/R: CORPORATE SERVICES: REVIEW AND AMENDMENT OF THE STANDING RULES AND ORDERS FOR THE MEETINGS OF COUNCIL AND ITS COMMITTEES (4/10/1)	CL1 . 010	1. The Standing Rules and Orders for Meetings of Council and Its Committees be referred to strategic planning session for inputs.	CORPORATE SERVICES	The Rules are awaiting for the CALM Strategic Planning Session.	In progress
C07/01/20/R: CORPORATE SERVICE: GOVERNANCE: SERVICE DELIVERY CHARTER FOR CHIEF ALBERT LUTHULI MUNICIPALITY (2/1/8)	CL1 . 013	The Service Delivery Charter be referred to strategic planning session for inputs	CORPORATE SERVICES	The Service Delivery Charter is awaiting for the CALM Strategic planning session.	In progress
C07 /01/20/D OFFICE OF THE SPEAKER: GOVERNANCE: REVIEW ON DEPLOYMENT OF PUBLIC REPRESENTATIVE (PR) COUNCILLORS AND OFFICIALS TO WARD COMMITTEES	CL1 . 020	1.Council takes note of the report and adopt the deployment as per the attached lists 2. The Office of the Speaker to forward dates of monthly Ward Committee meetings to the office of the Municipal Manager 3.3. The Municipal Manager, Directors and Managers to provide administrative, technical and legal support to all the 25 Wards as deployed	OFFICE OF THE SPEAKER	The list was developed and signed off.Due to COVID-19 and Lockdown restriction no meetings were held.	In progress

T 2.1.3

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of the MFMA (2003), Section 60(b), the municipal manager of a municipality is the accounting officer of the municipality for the purposes of the Act, and must provide guidance on compliance with the Act to political structures, political office bearers, and officials of the municipality, and any entity under the sole or shared control of the municipality.

The Municipality comprises five administrative departments, namely Corporate Services, Financial Services, Community and Safety Services, Technical Services (including Project Management), and Planning and Economic Development Services. All the Departments are working towards achieving the goals of the Municipality; hence their day-to-day activities are linked to the IDP.

The IDP on its own is a plan without money; it must be funded to be implemented. It is therefore linked to the Annual Budget in a plan that is called the Service Delivery and Budget Implementation Plan (SDBIP).

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

(Mr. M.S. Dlamini)

- exercises the functions and powers assigned to an accounting officer in terms of the MFMA (2003);
- provides guidance and advice on compliance with the MFMA (2003) to the Political Structures, Political office-Bearers and officials of the Municipality;
- ensures the implementation of the IDP;
- provides all administrative responsibilities;
- takes responsibility for all Human Resource matters; Financial Management; Asset Management and procurement.
-

DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT

(Mr. T.A. Lukhele)

- is responsible for the overall administration of the Planning and Economic Development Department;
- the overall strategic planning of the Municipality;
- local economic development;
- integrated development planning;
- strategic planning and management;
- human settlement; and town planning.
-

Chapter 2

DIRECTOR: THE CHIEF FINANCIAL OFFICER (CFO)

(Mr. M.GT Mnisi)

- is responsible for the overall administration of the Finance Department;
- provides Strategic leadership in the Finance Department;
- develops and continuously evaluates short and long-term strategic financial objectives;
- ensures that internal financial targets and budget were fully consistent with the municipality's IDP, SDBIP and relevant agreements with other sectors of government.

•

DIRECTOR: PUBLIC SAFETY & COMMUNITY SERVICES

(Mr. JW Shabangu)

- the overall administration of the Community and Safety Services Department;
- management of waste removal;
- support to Youth/Women/People Living with Disability;
- provision of sport and recreational facilities;
- provision and management of -
- Libraries;
- Cemeteries;
- Parks and Gardens; and Environmental Health

•

DIRECTOR: CORPORATE SERVICES

(Mr S.S Sibeko)

- ensures efficiency and functioning of the total administration of the municipality;
- is responsible for the overall administration of the Corporate Services Department;
- provides support at support council meetings;
- co-ordinates and controls the activities of administration and records management;
- co-ordinates legal services;
- co-ordinates human resources; employment equity and skills development;
- co-ordinates occupational health and safety;
- co-ordinates committees;

DIRECTOR: TECHNICAL SERVICES

(Mr. M.P Magubane)

- is responsible for the overall administration of the Technical Services Department;
- co-ordinates electricity services;
- co-ordinates water and sanitation services;
- co-ordinates public works (roads and storm water);
- co-ordinates operation and maintenance (O&M);
- co-ordinates municipal infrastructure;
- co-ordinates municipal fleet.

Chapter 2

Senior Manager Project Management unit

- **Mr.BC Mdutyulwa**
- is responsible for the overall administration of the Project Management Unit;
- implements, monitors and reports on MIG and other funded projects; and
- designs and implements all other projects.

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

In terms of the MSA (2000), Section 3, a municipality must exercise its executive and legislative authority within the constitutional system of co-operative governance envisaged in Section 41 of the Constitution (1996).

The Constitution (1996), Section 41, provides for co-operative governance in the three spheres of government. At National level is the Presidential Coordinating Forum and MinMec; at Provincial level is the Premier Co-coordinating Forum and the MunMec; and at District level are the Mayors Forum and Municipal Managers Forum.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

SALGA, that sits on the National Intergovernmental Structures on behalf of municipalities and engages in policy deliberations, or legislative amendments, proposed bills, or any other matters that concern the local sphere of governance.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Executive Mayor and Municipal Manager participate in the Premier Coordinating Forum and the MunMec structures.

T 2.3.2

Chapter 2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Chief Albert Luthuli Municipality does not have municipal entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Gert-Sibande District Municipality has intergovernmental structures such as the Gert-Sibande District Municipality Municipal Manager's Forum, and Executive Mayor Forum.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of the MSA (2000), Section 15(b), a municipality must establish and organise its administration to facilitate a culture of accountability amongst its staff; Section 16(i) requires that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance; and Section 18(i)(d) requires that a municipality must supply its community with information concerning municipal governance, management and development.

The Municipality submits quarterly reports and convenes bi-monthly Council meetings, which are attended by members of the community, Ward Committees as well as Community Development Workers from the 25 Wards of the Municipality; and mayoral izimbizo and IDP Forum meetings are attended by various stakeholders and communities.

Public participation in the Municipality is conducted in a structured manner. The directive from National government on the structuring of community participation is the ward committee system. Most liaison with communities is done through ward committee meetings.

Although ward committees provide for representation of communities on a geographical basis, there are also a number of sector interests not covered by ward committees that play a major role within the municipal area, such as education, business, manufacturing, and agriculture. Liaison with and involvement of such sector groups is therefore crucial in order to get a full picture of the current reality in the municipal area. Liaison with sector groups is done mainly through the IDP Representative Forum (IDPRF).

T 2.4.0

2.4 PUBLIC MEETINGS

	NUMBER OF MEETINGS HELD
2016/17	15
2017/18	09

Chapter 2

2018/19	11
2019/20	10

Public Meetings				
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Issue addressed (Yes/No)	Frequency of feedback given to community
Ward Committee Meetings	Monthly	24	Yes	Monthly
Mayoral Izimbizo	Monthly	2	Yes	Semi-annually
IDP representative forums	September October- December	2	Yes	Semi-annually
IDP Process plan participation meetings	July to August	25	Yes	Once a year

COMMUNICATION, PARTICIPATION AND FORUMS

In terms of the MSA (2000), Section 18(i)(d), a municipality must supply its community with information concerning municipal governance, management and development.

The Municipality invites the community to meetings and events by means of the printed media, or by posting notices on the Municipal Website, at shops and at public places. The Municipality also uses local radio broadcasts on Radio Ligwalagwala, Kwekwezi FM and Radio Alpha to invite people to meetings.

Otherwise, the most common method used is loud-hailing in areas where a meeting or a municipal related event is planned. The community is used to this method of communication.

Budget Consultative Meetings

At Budget Consultative Meetings, Ward Committees are tasked to conduct public meetings and submit reports to the office of the Speaker.

IDP Representative Forum (IDPRF) Meetings

IDP Representative Forum meetings are held at least quarterly, and are attended by sector departments who make presentations. The meetings are well attended by the community, and interaction between the community and the Municipality/sector departments is satisfactory.

T 2.4.1

WARD COMMITTEES

Chapter 2

Ward Committees report to the office of the Speaker. They are required to meet once a month and submit reports to the office of the Speaker, which escalates issues raised to the Municipal Manager in order to have the various departments attend to it.

T 2.4.2

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meetings are very effective and are attended by a number of stakeholders such as sector departments, members of the community, and Community Development Workers and Ward Committees from the 25 wards of the Municipality.

The Municipality provides transport for Councillors and Ward Committee members of the Municipality to attend public meetings.

At public meetings, members of the community have the opportunity to interact with their leaders, and their inputs are taken into cognisance when the IDP/Budget is being finalised.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

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

T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Chapter 2

Municipalities have a duty in terms of section 152(1)(a) of the Constitution (1996) to provide a democratic and accountable government for local communities. The hallmark of a democratic and accountable government is good governance characterised by political and administrative stability; functional governance and oversight committees; effective systems of internal control, such as internal audit committees, risk management and audit committees, IT governance, anti-corruption measures and functional Intergovernmental relations forums amongst others. This section provides a summary of the analysis of our municipalities in terms of good governance focusing on the characteristics of good governance outlined above.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk management is a key part of corporate governance, which is the way an organisation manages its business, determines strategy and objectives, and goes about achieving its objectives. Good risk management assists to identify and deal with key corporate risks facing the organisation in the pursuit of its goals, and is a key part of good management, not simply a compliance exercise.

Risk management is about improving the ability of the Municipality to deliver outcomes for the community by managing its threats, enhancing its opportunities, and creating an environment that adds value to ongoing activities.

Risk management is an important aspect of the day to day activities of the Municipality, which is exposed to risk both in terms of threats to the provision of services, and from the potential of lost opportunities. It is essential that the Municipality demonstrates to its citizens that it fully considers the implications of risk, as it delivers its business for the benefit of its residents.

The Risk Management Executive Report is prepared as a reflection of the work performed during the 2019/20 financial year ended 30 June 2020. Its purpose is mainly to provide information on the benefits and effectiveness of the risk management function. In addition, the Annual Report serves to inform stakeholders on the progress that the Risk Management Section has made in the achievement of its objectives.

In terms of the MFMA (2003), Section 62(i)(c), a municipality must have and maintain an effective, efficient and transparent system of risk management; and the municipal manager is responsible for managing the municipality's financial administration. For this purpose, the municipal manager must take all reasonable steps to ensure, amongst others, that the municipality has and maintains

In order to give effect to the above, the Municipal Manager established the Risk Management Committee in the Municipality. The Committee had 3 meetings in the 2019/20 financial year, the first and second quarter reports were considered in one meeting which was the first meeting. A schedule of Risk Management Committee meetings was developed to ensure that the Committee meets its obligations. The Risk Management Unit approved a Risk Management Policy, Strategy and Anti-Fraud and Corruption Policy. It also maintains a Strategic Risk Register, ICT Risk Register, Anti-Fraud and Corruption Risk Register, and Operational Risk Register.

Chapter 2

The risk management process is designed to support members and officials in ensuring that the Municipality is able to fully discharge its risk management responsibilities in a consistent manner. The Municipality has a Risk Management Strategy that outlines the objectives, benefits, and approach to the process to ensure that risks, both positive and negative, are successfully managed.

The Municipality conducts regular risk assessments and maintains a Risk Register. The following are the top 6 risk areas of the Municipality:

1. Unsustainable financial viability
2. Inadequate provision of basic services
3. Inadequate implementation of governance processes
4. Inadequate institutional transformation
5. Inadequate economic growth and job creation in order to attract credible investors
6. Inadequate land for developments

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD AND RISK MANAGEMENT

Risk management is a key part of corporate governance, which is the way an organisation manages its business, determines strategy and objectives, and goes about achieving its objectives. Good risk management assists to identify and deal with key corporate risks facing the organisation in the pursuit of its goals, and is a key part of good management, not simply a compliance exercise.

Risk management is about improving the ability of the Municipality to deliver outcomes for the community by managing its threats, enhancing its opportunities, and creating an environment that adds value to ongoing activities.

Risk management is an important aspect of the day to day activities of the Municipality, which is exposed to risk both in terms of threats to the provision of services, and from the potential of lost opportunities. It is essential that the Municipality demonstrates to its citizens that it fully considers the implications of risk, as it delivers its business for the benefit of its residents.

The Risk Management Executive Report is prepared as a reflection of the work performed during the 2019/20 financial year ended 30 June 2020. Its purpose is mainly to provide information on the benefits and effectiveness of the risk management function. In addition, the Annual Report serves to inform stakeholders on the progress that the Risk Management Section has made in the achievement of its objectives.

In terms of the MFMA (2003), Section 62(i)(c), a municipality must have and maintain an effective, efficient and transparent system of risk management; and the municipal manager is responsible for managing the municipality's financial administration. For this purpose, the municipal manager must take all reasonable steps to ensure, amongst others, that the municipality has and maintains

In order to give effect to the above, the Municipal Manager established the Risk Management Committee in the Municipality. The Committee had 4 meetings in the 2019/20 financial year. A schedule of Risk Management Committee meetings was developed to ensure that the Committee meets its obligations. The Risk Management Unit approved a Risk Management

Chapter 2

Policy, Strategy and Anti-Fraud and Corruption Policy. It also maintains a Strategic Risk Register, ICT Risk Register, Anti-Fraud and Corruption Risk Register, and Operational Risk Register.

The risk management process is designed to support members and officials in ensuring that the Municipality is able to fully discharge its risk management responsibilities in a consistent manner. The Municipality has a Risk Management Strategy that outlines the objectives, benefits, and approach to the process to ensure that risks, both positive and negative, are successfully managed.

The Municipality conducts regular risk assessments and maintains a Risk Register. The following are the top 6 risk areas of the Municipality:

1. Unsustainable financial viability and revenue collection
2. Inadequate provision of basic services
3. Inadequate implementation of governance processes
4. Inability to ensure efficient and effective ICT information
5. Inadequate institutional transformation
6. Inadequate economic growth
7. unavailability of land for development

T 2.6.1

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality is committed to develop and foster a climate within the Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft, and maladministration by application of the full spectrum of both pro-active and re-active measures at their disposal.

The Municipality has a Fraud Prevention Policy, which sets out the stance of the Municipality to fraud as well as enforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft, and maladministration where these dishonest acts subsist.

The Policy applies to all fraud, corruption, theft, maladministration or suspected irregularities of similar nature involving all employees of the municipality, Councillors, consultants, suppliers, contractors and other providers of goods or services to the Municipality and communities and other parties receiving benefits from the Municipality and employees of donors/clients/stakeholders.

The municipality is currently utilising the provincial hotline (0800 701 701) and presidential hotline (17737) for the reporting of all suspected fraud and corruption, the municipality is in process of establishing its own anti-fraud and corruption hotline.

The firm stance of the municipality is that:

- fraud and corruption will not be tolerated – zero tolerance will be enforced;
- all incidents will be investigated and followed up by the application of all remedies available within the full extent of the law;
- all incidents of fraud and corruption will be reported to the South African Police Service(SAPS) for criminal prosecution; and
- losses or damages suffered will be recovered from the responsible employee/councillor if he/she is liable according to the law

Chapter 2

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has a Supply Chain Management (SCM) policy in place. The SCM policy is developed in terms of Section 111 of the Municipal Finance Management Act, Act 56 of 2003 and section 217 of the Constitution of the Republic of South Africa. The principles of this policy is to give effect to a fair, equitable, transparent, competitive and cost-effective system for the procuring of goods and services, disposing of goods and selecting of contractors in the provision of municipal services. Furthermore, the municipality has developed and implemented a fraud prevention plan in order to enforce good governance and good conduct.

All contracts awarded during the current financial reporting period were reported quarterly to Council and published on the municipal website.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 2019/20

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Business By-Law	Yes	No	N/A	Yes	16 August 2019
Liquor Trading By-Law	Yes	No	N/A	Yes	16 August 2019
Prevention and Suppression of Nuisance By-Law	Yes	No	N/A	Yes	20 December 2019

*Note: See MSA section 13.

T 2.9.1

COMMENT ON BY-LAWS:

All by-laws implemented during the 2019-20 financial reporting period were approved by the municipal council as prescribed in terms of MSA 2000 s11 (3) (m).

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material

Chapter 2

Documents published on the Municipality's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report for 2018/19	Yes
The annual report 2019/20 published/to be published	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2019/20) and resulting scorecards	Yes
All service delivery agreements 2019/20	Yes
All long-term borrowing contracts 2019/20	Yes
All supply chain management contracts above a prescribed value R200 000 for 2019/20	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 2019/20	Yes
Contracts agreed in 2019/20 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	Yes
Public-private partnership agreements referred to in section 120 made in 2019/20	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during 2019/20	Yes
T 2.10.1	

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipality complied with the website requirements.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

There was no community survey conducted during the financial year.

T 2.11.1

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

In terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) (the MSA), a municipality must prepare for each financial year an annual performance report reflecting the performance of the municipality and of each external service provider during that year, and in terms of section 127 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) (the MFMA).

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

This report is compiled in terms of the legislative requirements of Chapter 6 of the said MSA and Chapter 12 for the said MFMA. The MSA prescribes the role of each sphere of government in the municipal performance reporting.

Section 46 of the MSA states that:

a municipality must prepare for each financial year a performance report reflecting, the performance of the municipality and of each external Service provider during that financial year; also a comparison of the performances referred to paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance.

An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the MFMA.

Section 121(1) of the MFMA requires that - Every municipality and every entity must for each financial year prepare an annual report. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The main purpose of this report is to account to Council, the MEC for Local Government, Provincial Legislature, the Minister of Cooperative Governance and Traditional Affairs, National Treasury, the Auditor-General and ultimately to all the citizens of South Africa on progress being made by the Municipality towards achieving the overall goal of "a better life for all". Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, MSA and the MFMA.

According to the provisions of the MSA a municipality must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, in terms of Chapter 6 of the MSA, on performance management systems as well the MFMA Section 127.

These quarterly reports in terms of Section 54 of the MFMA and Section 72 mid-year reports make up the Municipal annual performance reports (Section 46 report), which is submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council, it must then be submitted to the MEC for Local Government.

This report presents an analysis and comparison of past and current progress on performance which has been conducted. It has been formed by all the quarterly reports and indicated above, they were consolidated into this report termed the Annual

Chapter 3

Performance Report (APR). The report is structured in terms of the Key Performance Areas (KPA) and grouped in program according to each KPA.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Legislative Requirements

The Municipality is a Water Service Authority. The Water and Sanitation section was mandated to provide water services as per the WSA (1997). The section was further responsible for the operation, maintenance and upgrading of water and sanitation infrastructure; and also for issues related to water quality monitoring.

The Municipality had five conventional water treatment works and four water treatment package plants. The operation and maintenance of the infrastructure was done internally by the Technical Services team, while other major repair and maintenance services were delegated to contracted service providers. The existing infrastructure did not meet the demand of the current population, which led to limited supply to other areas, particularly in Eerstehoek and Empuluzi where water supply was rationed. Reliable, uninterrupted and constant water supply was further affected by power supply outages and breakdowns of equipment caused by ageing of infrastructure.

The Municipality provided water services to deep rural communities by means of water tankers, and electrified rudimentary boreholes connected to raised tanks, and hand pumps.

The Water and Sanitation section, like other sections in the Technical Services Department, was faced with the challenge of ageing infrastructure, resulting in high water losses, and disruptions of water supply.

Mandates

Provision of basic water and sanitation services through supply of clean drinking water to all settlements including deep rural areas; collection and treatment of wastewater to encourage cleaner environment; maintaining water and sewer network; and cleaning reservoirs.

Responsibilities

Notwithstanding the United Nations declaration on universal access to water and sanitation, the South African Constitution and supporting legislation, such as the Water Services Act, placed the responsibility on Water Service Authorities to ensure that communities had access to adequate and safe water and dignified sanitation. The Municipality also had a responsibility to eliminate water wastage, and to account for each drop of water throughout the value chain, which was from abstraction to distribution.

Achievements

Collected and successfully analysed at least 480 water samples.

At least new households were connected on the water grid.

Provision of basic water within the RDP standard to almost 95% of households (39,016 households) despite difficult conditions due to the majority of households being located in rural towns and villages.

Attend leakages as and when identified

Procurement of new water trucks to assist with water supply on deep rural areas of the municipality.

Challenges

The main challenge remained is the provision of water in deep rural areas and areas outside the bulk water infrastructure. The Municipality continued to supply water to these settlements through rudimentary boreholes and water tankers.

Chapter 3

Another challenge the Municipality faced, was that of financing the operation and maintenance of water services infrastructure. The Municipality's inability to collect revenue and enforce the credit control policy, particularly in tribal lands and predominantly supplied electricity by Eskom is supplying electricity, resulted in financial constraints for the Municipality. The Municipality was thus unable to carry out adequate maintenance on the water infrastructure.

Backlog

- To extend the bulk line to all settlements of the municipality.
- Replacement of aged infrastructure.
- Metering of all water usage

Water Backlogs

Intervention

The Municipality commends the wonderful job done by project management team comprised of Chief Albert Luthuli's, Gert Sibande District Municipality and the department of water and sanitation for the successful implementation of the first regional bulk infrastructure project (Lusushwane Regional Bulk Water Scheme project) which had three phases and was delivered completed on time and on budget.

Moreover, two refurbishment projects were undertaken at Methula and Mpuluzi water schemes during the financial year under review.

Recommendations

GSDM, CALLM and Department of Water and Sanitation need to expedite the implementation of the RBIG projects (Eerstehoek and Mpuluzi-Methula schemes); and the Municipality needs to scale up the collection of additional revenue to ensure sustainable operations, maintenance, refurbish and replace aged infrastructure.

Conclusion

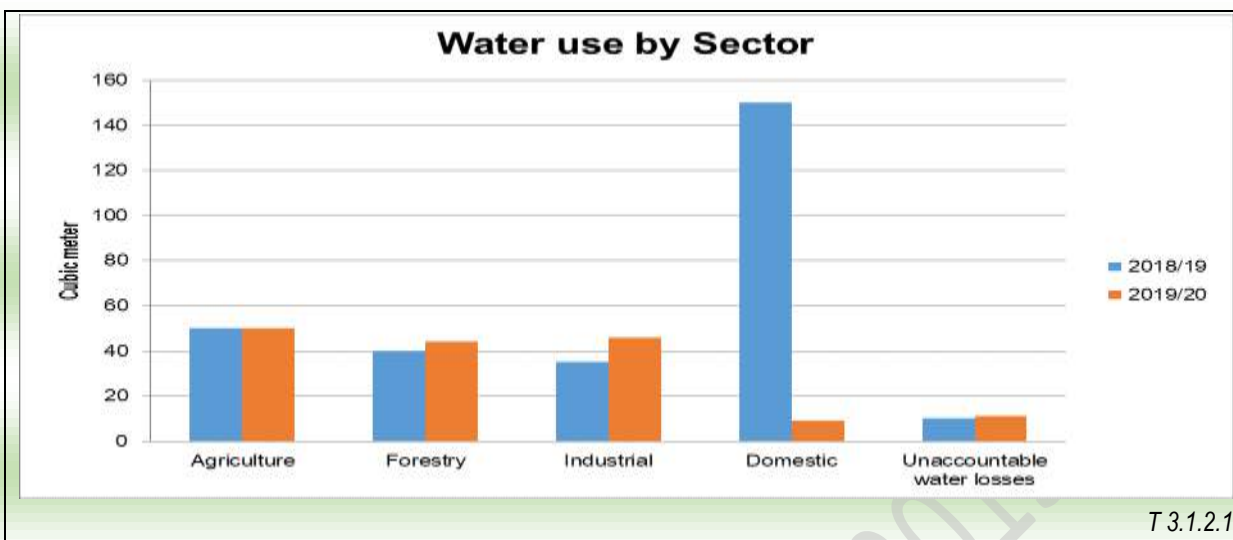
The Municipality was looking at regional bulk water schemes to increase access to piped water to areas currently not supplied through the distribution network. Applications had been submitted to RBIG and were approved. The completion of Lusushwane Regional Bulk Water Scheme project will assist part of the areas currently supplied by boreholes and water tankers.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2018/19	0	0	0	44 124	0
2019/20	0	0	0	44 124	0

T 3.1.2

Chapter 3



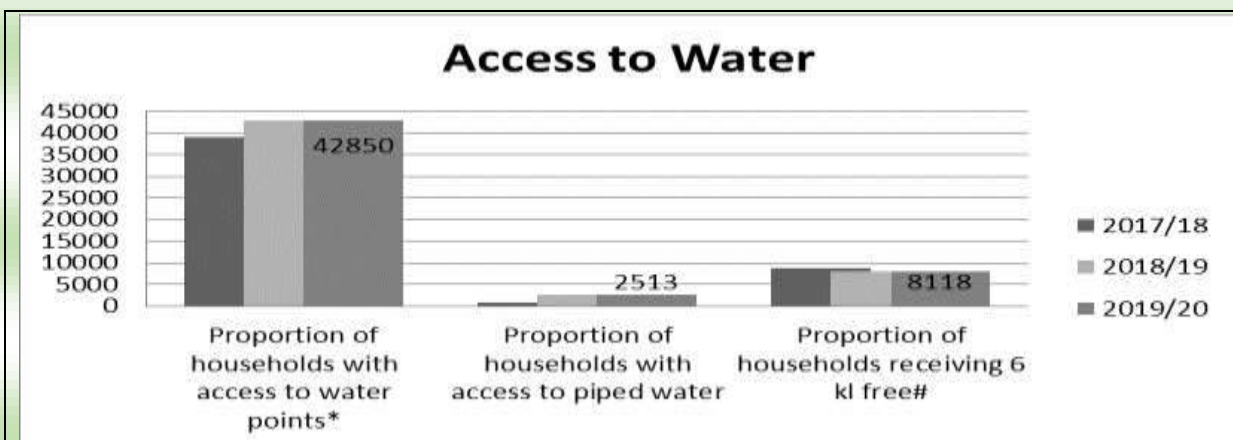
COMMENT ON WATER USE BY SECTOR:

The last common enemy of water resources are alien plants and wattle, which consumed a sizeable volume of water. These threat together with that of water pollution (acid mine drainage, agriculture, oil spillages, and sewage spillages are going to render natural water resources not fit for human consumption. Lastly, the prevailing drought condition has not spared the Municipality. Our major rivers continue to drop at alarming rates and boreholes are drying up, conservative use of water and reduction of water losses cannot be over-emphasised

T 3.1.2.2

Water Service Delivery Levels				
Description	Households			
	2016/17	2017/18	2018/19	2019/20
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	10,306	12 429	12 429	20 240
Piped water inside yard (but not in dwelling)	23,469	28 303	28 303	22 644
Using public tap (within 200m from dwelling)	5,248	6 330	6 330	4 821
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	39,023	47 062	47 062	47 705
<i>Minimum Service Level and Above Percentage</i>	82%	88%	88%	89%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	8 682	6 418	6 418	5 775
No water supply				
<i>Below Minimum Service Level sub-total</i>	8,682	6,418	6 418	5 775
<i>Below Minimum Service Level Percentage</i>	18%	12%	12%	11%
Total number of households*	47 705	53 480	53 480	53 480
* - To include informal settlements				T 3.1.3

Chapter 3



* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute

6,000 litres of potable water supplied per formal connection per month

T 3.1.5

Employees: Water Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	158	146	135	11	8%

T3.1.7

Financial Performance 2019-20: Water Services					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	20 979	43 475	43 475	43 475	0%
Total Operational Expenditure	53 468	105 142	105 142	105 142	0%
Net Operational Expenditure	32 489	61 667	61 667	61 667	0%

T 3.1.8

Chapter 3

Capital Expenditure 2019-20: Water Services					
Capital Projects	R' 000				
	2019-20				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	243 130	75 571	61 571	-295%	
Eerstehoek water treatment works phase 3	31 000	31 000	31 000	0%	31 000
Rehabilitation of Greater Lusushwana water scheme-Oomboom water reticulation	4 647	4 647	4 647	0%	4 647
ALMT18/2017 WSIG 19/20 Rayron boreholes	6 697	6 697	6 697	0%	6 697
ALMT18/2017 WSIG 19/20 Magnavolt boreholes	7 655	7 655	7 655	0%	7 655
Eerstehoek Bulk Water Supply	25 000	25 000	11 000	-127%	11 000
Replacement of AC pipelines with HDPE pipes Ekulindeni Water Scheme	571	571	571	0%	571
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.1.9
Capital Expenditure 2019-20: Sanitation Services					
Capital Projects	R' 000				
	2019-20				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	32 238	32 238	32 238	0%	
Construction of VIP Toilets 2012-2015	5 435	5 435	5 435	0%	5 435
Upgrading of Elukwatini WWTW IN Ward 13, 18 and Part of Ward 23	2 677	2 677	2 677	0%	2 677
Upgrading of Waste Water Treatment Works to 3ML/day in Empuluzi Ward 04,07&09 (Contract 1,2&5)	7 162	7 162	7 162	0%	7 162
					T 3.2.9

Chapter 3

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

Technical service department budgeted for R243m on water capital projects and adjusted to R75m during adjustment period. The total budget was spent was 61m during the year under review due to re-prioritisation of funds

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The proportion of households with access to basic sanitation is 91%, which is more than 43,000 households. However, approximately over 10 000 households (5%) are still below the minimum service level.

Province has directed that municipalities must explore alternative sanitation technology to the VIP System. The Municipality has piloted the installation of Smartsan toilets in 5 Wards as an alternative sanitation option. However, an amount estimated at R2,5 billion is required to roll out water-borne sanitation, especially in the rural and deep rural areas.

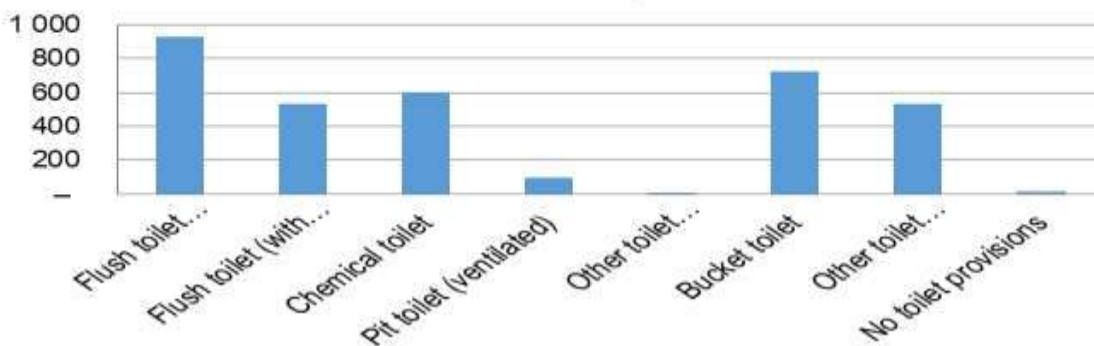
New access to sanitation was provided to 500 households across the municipality.

The following capital projects were funded by MIG/DWS were approved for the 2019/20 financial year:

- Construction of VIP Toilets 2012-2015
- Upgrading of Elukwatini WWTW IN Ward 13, 18 and Part of Ward 23
- Upgrading of Waste Water Treatment Works to 3ML/day in Empuluzi Ward 04,07&09 (Contract 1,2&5).

T 3.2.1

Sanitation/Sewerage (above minimum level): 2019/20



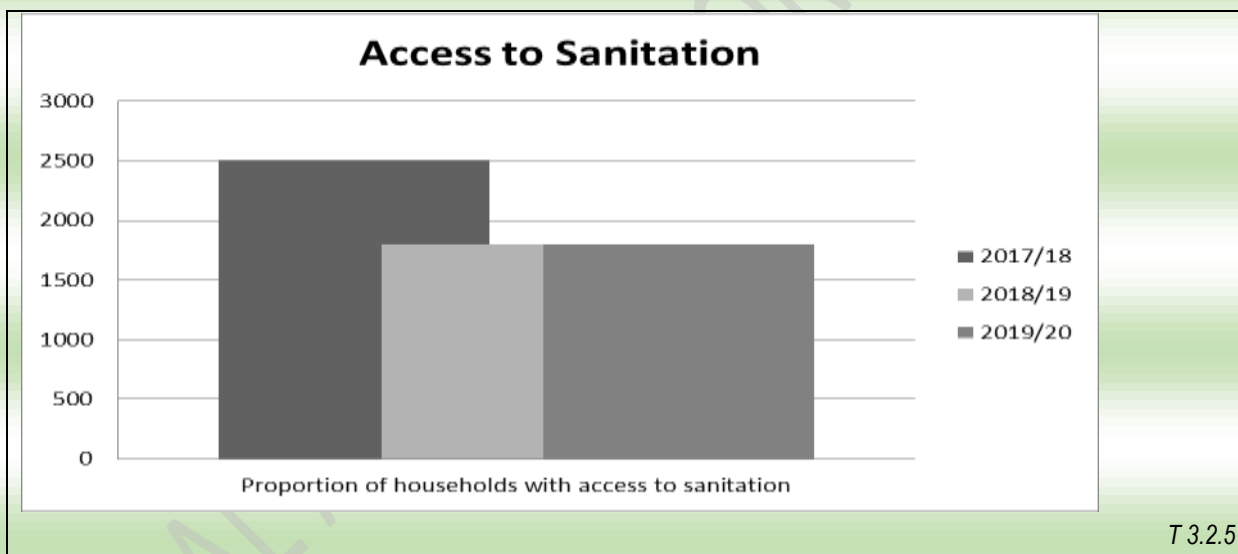
T 3.2.2

Chapter 3

Sanitation Service Delivery Levels		
*Households		
Description	2018/19	2019/20
	Outcome	Actual
	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>		
Flush toilet (connected to sewerage)	10 245	10 744
Flush toilet (with septic tank)	813	2032
Chemical toilet	1 500	2000
Pit toilet (ventilated)	26 519	20062
Other toilet provisions (above min.service level)	12 572	17100
<i>Minimum Service Level and Above sub-total</i>	51 649	51 938
<i>Minimum Service Level and Above Percentage</i>	96,6%	97.1%
<u>Sanitation/sewerage: (below minimum level)</u>		
Bucket toilet	0	0
Other toilet provisions (below min.service level)	30	
No toilet provisions	1 801	1542
<i>Below Minimum Service Level sub-total</i>	1 831	1542
<i>Below Minimum Service Level Percentage</i>	3,4%	3.3%
Total households	53 480	53 480
*Total number of households including informal settlements		T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum				
Description	2018/19	2019/20		
	Actual	Households	Households	Households
	No.	No.	No.	No.
Formal Settlements				
Total households	53 480	53 480	53 480	53 480
Households below minimum service level	1 831	1542	1542	1542
Proportion of households below minimum service level	3%	3%	3%	3%
Informal Settlements			53 480	53 480
Total households	53 480	53 480	53 480	53 480
Households ts below minimum service level	5 206	5 206	5 206	5 206
Proportion of households ts below minimum service level	10%	10%	10%	10%
				T 3.2.4



Chapter 3

Employees: Sanitation Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	26	26	22	4	15%
T 3.2.7					
Financial Performance 2019/20: Sanitation Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 446	5 599	5 599	5 599	0%
Expenditure	1 875	2 405	2 405	2 405	0%
Total Operational Expenditure	1 875	2 405	2 405	2 405	0%
Net Operational Expenditure	-3 571	-3 194	-3 194	-3 194	0%
T 3.2.8					

Capital Expenditure 2019/20: Sanitation Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15 000	16 746	16 746	10%	
Upgrading of Empuluzi Waste Water Treatment Works	10 000	2 778	2 778	-72	2 778
Installation of Smartsan or Environsan Toilets	7 000	9 274	9 274	32	9 274
Upgrading of Elukwatini Waste Water Treatment Works	10 000	2 773	2 773	-72	2 773
T 3.2.9					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Technical service department budgeted R27m and adjusted to R14, 825m as per the adjusted budget on sanitation capital projects. This was due to the design concepts as our plants are old ponds with no as built drawings. The total capital expenditure budget was spent for the year under review.

T 3.2.10

Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Background

Legislation include the Electricity Amendment Acts (1989); (1994); (1995); the Electricity Regulation Act (2006); Municipal Electricity License and NERSA regulations. The Municipality was licensed to distribute electricity in Carolina, Silobela and part of Emanzana (Badplaas). Other areas within the jurisdiction of the Municipality were licensed to Eskom. The provision of Electricity services to the licensed areas is the responsibility of the Technical Services Department Services. The department ensures the provision of electricity to consumers in terms of the Municipal Electricity License and various NERSA regulations. The department also ensures the expansion and maintenance of the electricity distribution network so as to maintain firm and regulated quality of supply through the network. Furthermore, the department maintained streetlights and high mast lights.

Responsibilities

To supply electricity to households and businesses and maintain electricity infrastructure in order to ensure uninterrupted continuous supply at all times.

Achievements

- Public lights were attended
- Transformers were inspected and maintained
- Network was attended as and when there is breakdown experienced
- Panels repaired and maintenance
- New households were connected on the grid

Challenges

- Theft and vandalism of electricity infrastructure.
- Exceeding of Notified Maximum Demand
- Shortage of own plant machinery (crane truck)
- Unavailability of Master Plan and Operation & Maintenance Plans and
- Ageing of infrastructure.

Backlog

- Increase Notified Maximum Demand (NMD) of Carolina and Manzana Substation.
- Protect and safe guide the infrastructure.
- Attend the aged infrastructure

Proposed Solutions

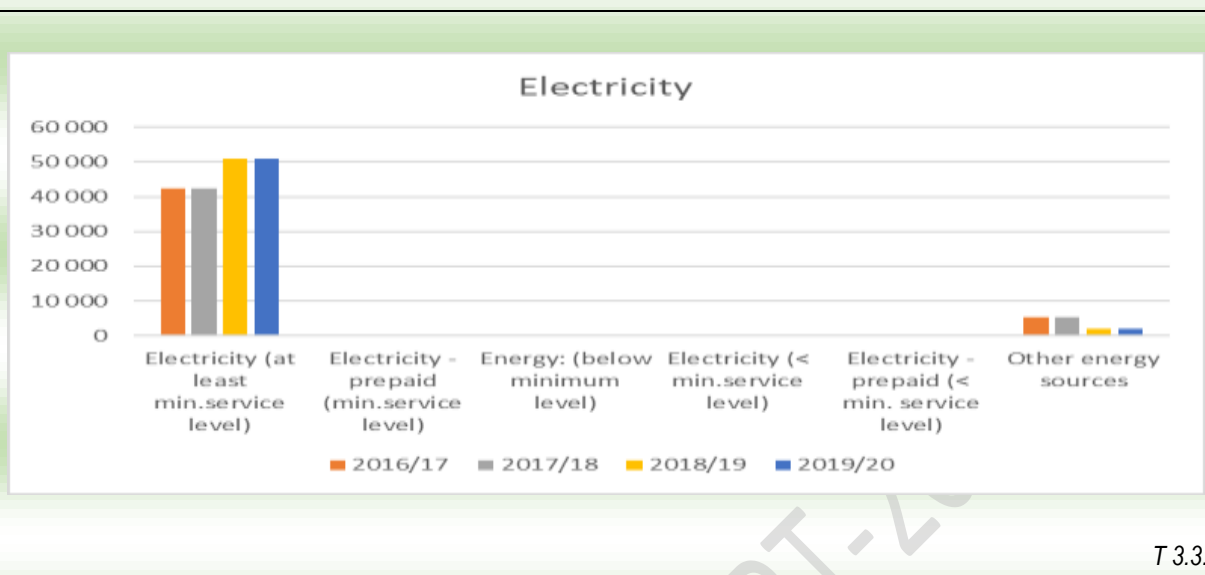
- Approve the draft Develop an Electricity Master Plan and Operation & Maintenance Plan;
- Full implementation of smart meter technology;
- Procure own crane truck; and
- Adding of staff

Future Outlook

- Ring fence the Electricity section;
- Extend the Municipality's license to the other areas within the Municipality which are currently supplied by Eskom; and
- To add sub Section to other unit offices

T 3.3.1

Chapter 3



Electricity Service Delivery Levels		Households	
Description	2018/19	2019/20	
	Actual No.	Actual No.	
<u>Energy: (above minimum level)</u>			
Electricity (at least min.service level)	50 998	50 998	
Electricity - prepaid (min.service level)	309	339	
Minimum Service Level and Above sub-total	51 307	51 337	
Minimum Service Level and Above Percentage	95,9%	96%	
<u>Energy: (below minimum level)</u>			
Electricity (< min.service level)	271	271	
Electricity - prepaid (< min. service level)	0	0	
Other energy sources	1 902	1 872	
Below Minimum Service Level sub-total	2 173	2 143	
Below Minimum Service Level Percentage	4,1%	4,0%	
Total number of households	53 480	53 480	
		T 3.3.3	

Chapter 3

Households - Electricity Service Delivery Levels below the minimum		Households		
Description	2018/19	2019/20		
	Actual	Household	Households	Household
	No.	No.	No.	No.
Formal Settlements				
Total households	53 480	53 480	53 480	53 480
Households below minimum service level	2 173	2 173	2 173	2 173
Proportion of households below minimum service level	4%	4%	4%	4%
Informal Settlements				
Total households	53 480	53 480	53 480	53 480
Households ts below minimum service level	1 902	1 902	1 902	1 902
Proportion of households ts below minimum service level	4%	4%	4%	4%
T 3.3.4				

Employees: Electricity Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	9	11	9	2	18%
T 3.3.6					

Financial Performance 2019-20: Electricity Services					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 123	32 998	32 998	32 998	0%
Expenditure:	91 719	141 293	141 293	141 293	0%
Total Operational Expenditure	91 719	141 293	141 293	141 293	0%
Net Operational Expenditure	55 596	108 295	108 295	108 295	0%
T 3.3.7					

Chapter 3

Capital Expenditure 2019-20 Electricity Services R' 000					
Capital Projects	2019-20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	17 550	17 720	17 720	1%	
Upgrading of Silobela Substation	15 000	15 000	15 000	0%	15 000
Installation of Highmasts and Streetlights	2 721	2 721	2 721	0%	2 721
					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

There were two capital projects planned for the year for electricity with a total budget of R17.5m and adjusted to R17.72m. the adjusted budget was fully spent during the year under review.

T 3.3.9

3.4 WASTE MANAGEMENT

THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

This Section includes refuse collection, waste disposal, street cleaning, and illegal dumping control. Environmental and Waste Management are constitutional obligations in terms of section 24 of the National Environmental Management Act (2000), and oblige a municipality to provide and manage their waste disposal according to certain standards.

Waste services is a structure that deals with refuse removal, street cleaning, waste disposal sites, clearing of the illegal dumps and maintenance of disposal sites.

The municipality is presently collecting refuse to 13611 households out of 53 480 dwellers including the formal and informal in the following areas: eManzana, Carolina, Elukwatini, Ekulindeni and Empuluzi.

The municipality has a relatively high unemployment rate. This will have an effect on waste generation as well as waste disposal as a service delivery. A higher unemployment rate relates to less rates and taxes received by the municipality therefore the municipality will have less resources available for an effective waste collection service It often increases the amount of informal recyclers at the Waste disposal site.

Chapter 3

The Municipality has a few waste management vehicles but is in a severe shortage of equipment for both collection and Waste disposal operation. There is no equipment for the operation of any of the Waste disposal sites hence the municipality has outsource Carolina Landfill site operation and maintenance.

Major achievements include:

- Provision of the kerb-side waste removal to 13 611 households weekly
- The operation and maintenance of Carolina landfill site
- Installation of 'No Dumping' signs
- Provision of additional skip bins
- Proper maintenance of equipment's and tools
- Distribution of 202 household bins
- Control of illegal dumps
- Procurement of Compactor Truck and Street Sweeper machine

Major challenges include:

- Lack of household refuse bins at informal settlements
- Rehabilitated dongas that lead to dumping spots
- Breakdown of Waste Equipment
- Construction of Transfer station

Progress made with waste disposal, street cleaning, and recycling:

- Street Cleaning: 4.2km streets and main roads are swept daily.
- Recycling: currently no recycling process, only monitoring of informal recyclers

Top 3 Service Delivery Priorities and the impact on them during the year:

- Waste Management
- Ensured that refuse removal and street cleaning services are properly operated and managed
- Minimised illegal dumping and littering
- Ensured that the refuse removal service in peri-urban and rural areas was rendered

Measures taken to improve performance and the major efficiencies achieved during the year:

- The finalisation of the reviewed IWMP
- Erected "No Dumping" signs
- Carolina Landfill Site
- Environmental Awareness Campaigns
- Identification and response to communities living in poverty and are deficient in this basic service
- Skip bins were placed at strategic places for communal use in areas like informal settlements

T 3.4.1

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	Households	Households		
	2017/18	2018/19		2019/20
	Actual No.	Actual No.	Actual No.	
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week		8 041	12909	13611
<i>Minimum Service Level and Above sub-total</i>		8 041	12909	13611
<i>Minimum Service Level and Above percentage</i>		15,0%	27	27
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week		516	516	1314
Using communal refuse dump		3 522	3 522	3 522
Using own refuse dump		33 922	33 922	33 922
Other rubbish disposal		119	119	119
No rubbish disposal		7 360	7 360	
<i>Below Minimum Service Level sub-total</i>		45 439	45 439	45439
<i>Below Minimum Service Level percentage</i>		85,0%	73	73
Total number of households		53 480	53480	53480
				T 3.4.2
Households - Solid Waste Service Delivery Levels below the minimum			Households	
Description	2018/19	2019/20		
	Actual hh No.	hh No.	hh No.	hh No.
Formal Settlements				
Total households		53 480	10787	10787 8504
Households below minimum service level		38 079	38495	38495 47705
Proportion of households below minimum service level		71%		
Informal Settlements				
Total households		53 480	53 480	53 480 53 480
Households ts below minimum service level		7 361		
Proportion of households ts below minimum service level		71 %		
T 3.4.3				

Chapter 3

Employees: Solid Waste Management Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	37	48	34	14	29%
T3.4.5					
Financial Performance 2019-20: Solid Waste Management Services					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 787	8 204	8 204	8 204	0%
Expenditure	7 675	10 849	10 849	10 849	0%
Total Operational Expenditure	7 675	10 849	10 849	10 849	0%
Net Operational Expenditure	-3 112	2 645	2 645	2 645	0%
T 3.4.8					

3.5 HOUSING

INTRODUCTION TO HOUSING

Chief Albert Luthuli Municipality did not build any houses during the year under review as this is the responsibility of the Department of Human Settlement.

T 3.5.1

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality supplies free basic electricity services to 5485 registered indigent households. , though generally the other services particularly water about 90% of households are getting the water for free, the challenge is the actually quantifying those, and where are they residing ,going forward that can assist, maybe the challenge is compounded the fact that community are unable to come forward and register for free basic services practically water.

What needs to be worked out the strategy to deal with the community regarding the attitude people have regarding registering for free basics support

T 3.6.1

Chapter 3

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
			Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2018/19	53 480	53 480	40 591	75%	40 591	76%	1 759	1%	536	1%
2019/20	53 480	53 480	40 591	75%	40 591	76%	5485	10 %	536	1%

Financial Performance 2019/20: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2018/19	2019/20			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	49 126	48 691	55 750	53 468	9%
Waste Water (Sanitation)	2 143	5 553	5 296	1 875	-196%
Electricity	56 393	81 480	84 828	37 255	-119%
Waste Management (Solid Waste)	3 997	9 857	9 268	4 703	-110%
Total	111 659	145 581	155 142	97 301	-50%
T 3.6.4					

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Free basic services are provided to qualifying indigent households. In the 2019/20 financial year an average of 90% of qualifying households received free basic water and sanitation services, 16% of qualifying households in the Municipality's supply area (Carolina and part of Emanzana) received free basic electricity, and less than 1% of qualifying households received the discounted refuse removal service. Due to the rural nature of the municipal area, it is not possible to provide the refuse removal service to all households.

T 3.6.6

Chapter 3

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS

The Public Works section is mainly responsible for maintenance and upgrading of existing roads infrastructure (gravel and surfaced), bridges, and storm water drainage system in the entire Municipality. The maintenance involves activities such as blading, patching of potholes, construction of concrete water channels, laying of kerbs, and re-gravelling in trying to elongate the life-span of the road infrastructure and also create conducive and safely infrastructure for users. Currently the Municipality has a total road network of about 649km of which 81% are considered as gravel roads, and most of the gravel roads are at the worsen situation and located on the rural areas of the municipality as some are bladed to pipeline and eroded due to heavy rainfall.

Mandate and Responsibility

To ensure the entire road network of council is on the acceptable standard to all road users.

Achievements

The Section succeeded on the following areas:

- Created at least 120 job opportunities through the EPWP.
- Spent 100% of the EPWP grant.
- Repaired an area of 1055m² surfaces including re-surfacing of Carolina Town roads.
- Attend at least 528km of gravel roads through blading

Challenges

The ageing of infrastructure and unavailability of crucial construction vehicles, such as graders and TLBs persist to be the main challenges the section is experiencing as it becomes very difficult to attend all planned maintenance programs and responds to special request from the community.

Furthermore the immensely demand of construction of pedestrian bridges on deep rural areas municipality also remains a challenge for the municipality and the Section experienced abnormal heavy traffic on municipal owned roads, which shortens the lifespan of infrastructure and development of many potholes, especially in Carolina.

Backlog

Considering the developed roads and storm water master plan of the municipality it has been identified that there is enormous backlog on roads upgrades/construction (gravel to paved roads) especially on the road network that lead to public amenities and connect villages , similarly to the demand on construction of pedestrian bridges are also considered as backlog that need to be attended urgently.

Recommendations

To have all the required machinery plant for effective maintenance of road infrastructure; well capacitated teams who would be able to maintain paved and unpaved roads in an acceptable custom, and also be able to design and construct minor projects that are not prioritised as capital projects on the IDP.

T 3.7.1

Chapter 3

Gravel Road Infrastructure					Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained	
2018/19	526	0	0		235
2019/20	528	0	0		528
					T 3.7.2

Tarred Road Infrastructure						Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained	
2018/19	125	0	0	0		0.648kms
2019/20	128	0	0	0		1.2kms
						T 3.7.3

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2017/18	0	0	800	35 000	0	469
2018/19	0	0	469	30 000	0	1 117
2019/20	0	0	1117	9 367	0	1 117
						T 3.7.4

Employees: Road Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	28	29	26	3	10%
					T3.7.7

Financial Performance 2019-20: Road Services						R'000
Details	2018-19	2019-20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	1 943	0	0	0	0%	
Expenditure	12 351	12 073	12 073	12 073	0%	
Total Operational Expenditure	12 351	12 073	12 073	12 073	0%	

Chapter 3

Net Operational Expenditure	10 408	12 073	12 073	12 073	0%
T 3.7.8					

Capital Expenditure 2019-20: Road Services					
R' 000					
Capital Projects	2019-20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	30 100	40 686	40 686	26%	
Construction of Fernie A Collector Access Roads	2 011	2 011	2 011	0%	2 011
Construction of Glenmore Collector Access Roads	2 098	2 098	2 098	0%	2 098
Construction of Emanzana Collector Access Road	9 368	9 368	9 368	0%	9 368
Construction of Nhlazatshe Collector Access Road	3 167	3 167	3 167	0%	3 167
Construction of Nhlazatshe 4 Collector Access Road	4 365	4 365	4 365	0%	4 365
Construction of Nhlazatshe 2 Collector Access Road	5 189	5 189	5 189	0%	5 189
T 3.7.9					

3.8 VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT
The municipality does not have rapid transport system due to its size and geographical location. However, a taxi rank was constructed and completed during the year under review.
T 3.8.1

Employees: Transport Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	5	6	4	2	33%
T3.8.4					

COMMENT ON THE PERFORMANCE ON TRANSPORT OVERALL:

Chapter 3

The municipality did not complete the second taxi rank it planned to construct due to budget constraints, however the first rank in Carolina was completed during the year under review.

T 3.8.4

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The municipality did not construct any storm water systems during the year under review.

T 3.9.1

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

The municipality did not complete any storm water during the year under review due to budget constraints.

T 3.9.6

3.10 LIBRARIES;

INTRODUCTION TO LIBRARIES; ARCHIEVES; SERVICE STATISTICS FOR LIBRARIES;

The Department was responsible for the provision of library services to the community.

This service was achieved through 7 operational libraries stationed at EManzana (Badplaas), Carolina, Ekulindeni, Elukwatini, Empuluzi, Z M Mkhwanazi and Silobela. Those libraries were open from Monday to Friday from 08:00 to 16:00, and had books for most tastes and ages. The libraries were all connected to the internet.

Whilst the majority of schools were rural, the Department was also responsible for the promotion of the few libraries that were available near those schools. The section had to promote a culture of reading around those communities where libraries were situated, so that there was a good use of the few existing libraries. A number of campaigns were therefore conducted.

The Municipality was fortunate this financial year that Khululwazi(Empuluzi) and Silobela (Carolina) libraries were revamp and renovated as their state by the Department of Culture, Sports and Recreation.

The Municipality hoped that the Department of Sports, Arts and Culture would also assist with the support of staffing that Library, and also the extension of the working hours during particularly weekends, so that those who could not access the Library during working hours might be able to do so during weekends.

T3.12.1

Employees: Local Economic Development Services

Chapter 3

Job Level	2918/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	3	4	4	0	0%
T 3.11.8					

Financial Performance 2019-20: Local Economic Development Services					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	85 559	183	183	183	0%
Expenditure	18 039	19 024	19 024	19 024	0%
Total Operational Expenditure	18 039	19 024	19 024	19 024	0%
Net Operational Expenditure	-67 520	18 841	18 841	18 841	0%
T 3.11.9					

Capital Expenditure 2018-19: Economic Development Services					
R' 000					
Capital Projects	2019-20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	12 180	12 180	12 180	0%	
Construction of Elukwatini Fire Station	10 333	10 333	10 333	0%	10 333
Construction of Elukwatini Disaster Management Centre	12 041	12 041	12 041	0%	12 041
Construction of Silobela Sport Field - Phase 2	2 210	2 210	2 210	0%	2 210
T 3.11.10					

Chapter 3

3.11. CEMETORIES AND CREMATORIALS

INTRODUCTION TO CEMETORIES & CREMATORIALS

Background

The Department was responsible for the provision of graves for burials to the communities in 6 municipal cemeteries. The Department also did maintenance of these cemeteries.

Fencing, toilets, and availability of water were some of the challenges that were faced in relation to cemeteries. Where those had been installed, it was vandalised and stolen in no time. There was also a challenge with the maintenance of the cemeteries in tribal authorities.

However, graves were available in all Municipal cemeteries to needy community members to bury their loved ones.

Challenges

The Municipality had more than 21 settlements, but it could provide graves to only the above-mentioned; the other big settlements in all the 25 Wards of the Municipality were not catered for, and that would have serious consequences in the future in terms of environmental impact.

The following conditions were stipulated by the regulations and may not be followed in the more 80% of those areas that were within the jurisdiction of the Municipality, which may pose a challenge in the future.

Burial sites and burials

(1) No land or site shall be identified and used for the purpose of a burial site, unless environmental authorisation has been granted in terms of the National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA), and Environmental Impact Assessment Regulations, R.543 of 18 June 2010, as amended (EIA Regulations). In the case of private burial sites, a local government has conducted a land survey and necessary approval granted, such approval must be in writing and should contain such conditions for use as the availability of waste management and ablution facilities, which shall include access to potable water, and sanitation facilities.

(2) All burial sites must comply with the following environmental requirements-

- (a) be located outside the 100 year floodplain;
- (b) be located at least 350m from ground water sources used for drinking purposes and at least 500m from the nearest habitable building;
- (c) for a preferred burial site with a soil of sand-clay mix of low porosity and a small and fine-grain texture, the water table should be at least 2.5m deep in order to allow for traditional grave depth of six feet (1.8m);
- (d) for areas with higher water tables, the local government may determine a reasonable depth with additional walling recommendations to protect underground water; and
- (e) the covering soil shall not be less than 1m, should two bodies be buried in the same grave, 300mm of soil shall be maintained between the coffins.

T 3.11..1

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	2017-18	2018-19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	6	7	6	1	14%
T 3.11..4					

Financial Performance 2019/20: Cemeteries and Crematoriums					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	96	98	98	149	34%
Expenditure:	1 829	2 970	1 800	1 848	-61%
Total Operational Expenditure	1 829	2 970	1 800	1 848	-61%
Net Operational Expenditure	1 733	2 872	1 702	1 699	-69%
T 3.11..5					

Capital Expenditure 2019/20: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
T 3.11..6					

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIALS OVERALL:	
There were no cemeteries established during the year under review due to budget constraints. All 6 cemeteries were maintained throughout the year only extension of Ekulindeni Cemetery	
T 3.11.7	

Employees: Cemeteries and Crematoriums					
Job Level	2017-18	2018-19			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%

Chapter 3

Total	6	6	6	0	0%
T 3.11.4					
Financial Performance 2019/20: Cemeteries and Crematoriums					
					R'000
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	96	98	98	149	34%
Expenditure:	1 829	2 970	1 800	1 848	-61%
Total Operational Expenditure	1 829	2 970	1 800	1 848	-61%
Net Operational Expenditure	1 733	2 872	1 702	1 699	-69%
T 3.13.5					
Capital Expenditure 2019/20: Cemeteries and Crematoriums					
COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIALS OVERALL:					
There were no new cemeteries established during the year under review due to budget constraints. All 6 cemeteries were maintained throughout the year with extension of Ekulindeni Cemetery					
T 3.11.7					

3.12. CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES
The municipality did not have child care or aged care programmed during the year under review.
T 3.12.1

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:
The construction and maintenance of stadiums did not take place due to budgetary constraints.
T 3.12.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION
The municipality does not have programmes relating to pollution control, biodiversity and landscape and costal protection due to its size and geographical location. However the municipality did have a programme relating to testing of water quality in order to comply with relevant laws and regulations.
T 3.12

Chapter 3

3.13. POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The municipality does not have programmes relating to pollution control due to its size and geographical location. However the municipality did have a programme relating to testing of water quality in order to comply with relevant laws and regulations.

T 3.13..1

3.14. BIO-DIVERSITY;

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

The municipality does not have bio-diversity, landscape and other costal protections due to its size and geographical location.

T 3.14.1

3.15. COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH

The municipality does not provide clinics and ambulance services as these services are provided by the Department of Health. However, the municipality did provide for the health services discussed below.

T 3.17

3.16. CLINICS

INTRODUCTION TO CLINICS

The municipality conducted HIV and AIDS campaigns as well as Occupational Health and Safety forums during the year under review, and the issue of Corvid necessitated a new approach at work safety and health, whereby a number of programmes and strategies needed to be employed to deal with the pandemic, the municipality experience one fatality in the year under review, a number of employees were tested and sanitised from time to time.

The cohort of employees that were sixty and those with comorbidities were asked to work from home, since about 76% of work time was spent under lockdown level 3, until somewhere in July 2020

T 3.16.1

Employees: Clinics		
Job Level	2018/19	2019/20

Chapter 3

	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
	No.	No.	No.	No.	
Total	34	41	34	5	12%
T 3.16..4					

Financial Performance 2019/20: Clinics					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%
T 3.16..5					

Capital Expenditure 2019/20: Clinics					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
T 3.16..6					

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

The municipality highly exceeded in its initiative to distribute male condoms to the community in an attempt to fight against HIV and AIDS. HIV and AIDS awareness campaigns were also held in order to educate people about HIV and AIDS pandemic.

T 3.16..7

3.17. AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

Ambulance services were provided by the department of health.

3.17.

Chapter 3

3.18. HEALTH INSPECTION; FOOD

AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

The municipality did not have Health Inspection, Food and Abattoir Licencing services due to its size and geographic location. That function had been moved to the district, particularly during the start of the Covid19, there was a great deal of assessment of foot outlets particularly grocery shop and spaza-shops across the municipality, that period revealed a need for the municipality to find a better way to control these sprawling spaza shops, that are operating within the Municipal area.

T 3.18..1

19. COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The municipality have community and safety as well as environmental protection departments all residing under Community Services cluster. The municipality had deployed private security company to render security services to the properties of the municipality, all over the unit of the municipality, however this service provides to be very expensive, however all the strategic assets of the municipality are provided with a security of some sorts around the municipality.

The security services also assisted a great deal during covid 19, thereby, by controlling access to the municipality's facilities around the municipality's area of jurisdiction

T 3.20

3.20 TRAFFIC POLICE

INTRODUCTION TO POLICE

The main function of this Section was to ensure safety for all road users through traffic control; and dealt with various patrol-and court duties, and traffic law enforcement. The Traffic Law Administration Sub-Section rendered administrative support to traffic control by collecting traffic fines, and administering the execution of warrants and traffic summonses.

T 3.20.1

Chapter 3

Traffic Data					
	Details	2017/18	2018/19		2019/20
		Actual No.	Estimate No.	Actual No.	Estimate No.
1.	Number of road traffic accidents during the year	190	-	227	-
2.	Number of by-law infringements attended	0	0	0	10
3.	Number of police officers in the field on an average day	12	12	12	12
4.	Number of traffic officers on duty on an average day	6	6	6	6
					T 3.20.2

Employees: Police Officers					
Job Level	2018/19	2019/20			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Total	12	12	11	3	13%
					T 3.20.4

Capital Expenditure 2019/20: Police					
					R' 000
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
					T 3.20.6

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:	
There were no capital project budgeted for traffic services during the year under review.	
T 3.20.7	

Chapter 3

3.21 FIRE AND RESCUE

INTRODUCTION TO FIRE SERVICES

The Municipality has one fully-fledged fire station in Carolina, and a satellite fire station in Elukwatini; as well as an operational fire engine and three rescue vehicles. This shortage of fire-fighting equipment creates the challenge of late response to fire calls, and in the current situation the section can only handle two incidents at a time due to insufficient equipment. The municipality has since entered into agreement with a neighbouring municipality to assist during serious fires.

The main function of this section includes, but is not limited to:

Attending to emergency calls

Extinguishing fires

Extricating trapped victims from vehicles

Rendering rescue operations

Conducting fire prevention inspections, risk assessment, and building plan assessment

Cleaning spillages at accidents scene

Stabilising incident scenes

T 3.21.1

Municipal Fire Service Data

	Details	2017-18	2018-19		2019-20
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	340	-	367	-
2	Total of other incidents attended in the year	-	-	-	-
3	Average turnout time - urban areas	15 minutes	15 minutes	15 minutes	15 minutes
4	Average turnout time - rural areas	45 minutes	45 minutes	45 minutes	45 minutes
5	Fire fighters in post at year end	11	12	12	12
6	Total fire appliances at year end	5	5	5	8
7	Average number of appliance off the road during the year	8	8	8	10

T 3.21.2

Financial Performance 2019-20: Police

Details	R'000				
	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 418	22	22	2 280	99%
Expenditure:					
Other employees	7 514	-	-	-	0%

Chapter 3

Total Operational Expenditure	7 514	-	-	-	0%
Net Operational Expenditure	1 096	-22	-22	-2 280	99%
T 3.20.5					

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Fire services completed one capital project relating to the construction of fire station during the year under review.

T 3.21.7

3.22 DISASTER MANAGEMENT

ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

In terms of the Disaster Act, 2000 (Act No 52 of 2000), the disaster function is aimed to save lives and educate the community in terms of risks and hazards. The function is still divided between the district municipality and local municipality. The district municipality built a new disaster centre, however, the ownership is still with the district municipality, which makes access by the Municipality difficult. The efficient function of the centre is also at hold because it sits between the two location areas.

The main function of this section is to assist in terms of:

Disaster planning

Risk assessment

Awareness programs

Consultation with stakeholders

Application of the Disaster Framework

Mitigation Process

Disaster Management is aimed at effective and economical utilisation of all material and personnel for the greatest benefit and protection of citizens and their property during major incidents. Currently the municipality finances the mitigation process from its own budget, however, District and Province also assist when there is a need. The municipality is using the Short Message System (SMS) as early warning system, but this creates challenges.

Mitigation Process

Disaster Management is aimed at effective and economical utilisation of all material and personnel for the greatest benefit and protection of citizens and their property during major incidents. Currently the municipality finances the mitigation process from its own budget, however, District and Province also assist when there is a need. The municipality is using the Short Message System (SMS) as early warning system, but this creates challenges.

The advent of the pandemic COVID19 in South Africa after regulations for the state of disaster were gazetted, the municipality coordinated stakeholders for enforcement and compliance with the regulations and COVID19 health protocols.

Chapter 3

The Municipal Command Council was established chaired by the Executive Mayor. The Municipal Command Council sits on every week to consider reports on the measures taken by various stakeholders in dealing with matters of COVID19. The programmes undertaken included the fumigations, inspections and distributions of social relief projects.

T 3.22.1

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	2018/19	2019/20			
	Employee s	Posts	Employee s	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	36	36	33	3	8%
T 3.22.4					

Financial Performance 2019-20: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	55	55	55	55	0%
Total Operational Expenditure	55	55	55	55	0%
Net Operational Expenditure	55	55	55	55	0%
T 3.21.5					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

There were no capital projects planned for disaster management during the year under review.

T 3.22.7

3.22. COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The Department was also responsible for sport, recreation, art, and culture in the Municipality.

Chapter 3

The strategic objectives included the promotion of sport and culture development in communities, coordination of sport and cultural events, mobilisation of and canvassing support for sport and culture from the private sector, and the provision and maintenance of sport facilities.

Various sport activities were coordinated by the Municipality. Those included Art and Culture Festivals, a regional boxing tournament, Workers' Day and Youth Day Games. Local sport development structures were coordinated and supported.

The provision of sport facilities remained a challenge, mainly due to the fact that there were few sport grounds in the Municipality that were in a good condition.

T 3.23

Employees: Sport and Recreation					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	1	2	1	1	50%
T 3.23.3					

Financial Performance 2019/20: Sport and Recreation					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	5151	5115	5312	5341	4%
Total Operational Expenditure	5151	5115	5312	5341	4%
Net Operational Expenditure	5151	5115	5312	5341	4%
T 3.23.4					

Capital Expenditure 2019/20: Sport and Recreation					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
T 3.23.5					

Chapter 3

2. 3.23.. PLANNING AND ECONOMIC DEVELOPMENT

INTRODUCTION TO PLANNING

The Municipality is responsible for the planning of municipal infrastructure and for utilising capital allocations to deliver the infrastructure. The PMU will ensure that the planning of the infrastructure is done efficiently and effectively and that the capital funds are utilised to build the necessary internal capacity in Project Management as well as to deliver infrastructure.

The overall roles and responsibilities of the Unit may be detailed as follows:

Infrastructure development planning, Project identification, Financial planning and management of capital funds, Project feasibility studies, Project planning, Project implementation, including community participation and awareness, construction, capacity building and mentoring support, Project management, Building of capacity in the Unit, Monitoring and evaluation of the capital programme and projects and Compilation and submission of reports in the formats prescribed for the capital programme.

T 3.23..1

Applications for Land Use Development						
Detail	Category 1 Land Use Application Formalisation of Townships & Establishment of Township		Category 2 Land Use Application(Rezoning, Consolidation; subdivision; Special Consent)		Built Environment- Building Plans	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Planning application received	3	2	6	28	53	15
Determination made in year of receipt	All still in progress	All still in progress	6	23	53	15
Determination made in following year	All still in progress	All still in progress	6	5	None	None
Applications withdrawn	None	None	None	None	None	None
Applications outstanding at year end	3	2	2	3	0	0
T 3.23...2						

Employees: Planning Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	3	5	4	1	20%

Chapter 3

T 3.23..4

Financial Performance 2019-20: Planning Services					
R'000					
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	85 559	183	183	183	0%
Expenditure	18 039	19 024	19 024	19 024	0%
Total Operational Expenditure	18 039	19 024	19 024	19 024	0%
Net Operational Expenditure	-67520	18841	18841	18841	0%
T 3.23...5					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The municipality did not get any township established during the year under review due to time delay in the rezoning process. However, two areas were formalised during the year under review.

T 3.10.7

3.24.1 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT JOB OPPORTUNITIES ACHIEVEMENTS 2019/20 FINANCIAL YEAR

- Jobs created through EPWP 270
- CWP 2956
- Tourism Fast Food 28
- New Venture Creation 30
- Hospitality and Accommodation 25
- Siyathuthuka participants 30
- Siyathuthuka Enterprise Development 15

Total: 3354 created through various programmes and projects

2. Achievements 2019/2020

- Five year LED Strategy was approved and adopted by Council on the 25 July 2019
- Declaration of Makhonjwa Mountains World Heritage Site (Attached report Makhonjwa Mountain)
- Heritage and world Rangers day was contacted at Songimvelo Game Reserve in 2019
- Zimbabwe Benchmarking Exercise in Tourism held at Indalo Hotel 2019

Business Permits issued during COVID – 19 During Level 4 and Level 3: Formal Business (Tuck – shops) and informal Business Street Traders (Hawkers) for all Units in CALM

Chapter 3

- Carolina
 - Formal Business - 63
 - Informal - 09
- Emanzana
 - Formal Business - 14
 - Informal - 10
- Empuluzi
 - Formal Business - 70
 - Informal Business - 56
- Ekulindeni
 - Formal - 07
 - Informal - 25
- Elukwatini
 - Formal - 67
 - Informal - 355

Total Number of 221 Formal Business permits issued.
Total Number of 455 informal Business Permits issued.

T 3.11.1

Economic Activity by Sector			R '000
Sector	2011	2016	
Agric, forestry and fishing	1,5	104	
Mining and quarrying	2	64	
Manufacturing	63	106	
Wholesale and retail trade	52	254	
Finance, property, etc.	52	132	
Govt, community and social services	25	264	
Infrastructure services	41	107	
Total	236,5	1031	

T 3.11.2

Financial Performance 2019-20: Local Economic Development Services						R'000
Details	2018-19	2019-20				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	85 559	183	183	183	0%	
Expenditure	18 039	19 024	19024	19 024	0%	
Total Operational Expenditure	18 039	19 024	19 024	19 024	0%	
Net Operational Expenditure	-67 520	18 841	18 841	18 841	0%	

T 3.24..9

Chapter 3

Capital Expenditure 2018-19: Economic Development Services					
R' 000					
Capital Projects	2019-20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	12 180	12 180	12 180	0%	
Construction of Elukwatini Fire Station	10 333	10 333	10 333	0%	10 333
Construction of Elukwatini Disaster Management Centre	12 041	12 041	12 041	0%	12 041
Construction of Silobela Sport Field - Phase 2	2 210	2 210	2 210	0%	2 210
T 3.24..10					

3.25. EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL	
<p>There were no project undertaken for the council during the year. The council had originally planned for the design and construction and completion of council chamber during 2019/20 financial year. However, the project did not material due financial constraints. The same ambition was carried forward to 2019/20 financial I year and the Council made significant progress negotiating for the sourcing of funds.</p>	
T 3.24.1	

Employees: The Executive and Council					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	73	91	73	18	20%
T 3.24.4					

Financial Performance 2019/20: The Executive and Council					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget

Chapter 3

Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Expenditure:	12 217	0	9 762	9 762	100%
Total Operational Expenditure	12 217	0	9 762	9 762	100%
Net Operational Expenditure	12 217	0	9 762	9 762	100%
<i>T 3.24.5</i>					

Capital Expenditure 2019/20: The Executive and Council					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
<i>T 3.24.6</i>					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

The only capital project for Council during the year under review was that of construction of council chamber which was not executed due to financial constraint. The Council intends to carry on with the same ambition in the next financial year until the project is fully accomplished.

T 3.24.7

3.26. FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The Municipality strove to stabilise its finances. The Municipality recorded significant progress towards the goal of financial sustainability by its ability to generate a healthy net surplus, improve cash and cash equivalents as well as its responsiveness to demand for service delivery. The Municipality was committed to sound financial management practices.

The year under review was challenging in terms of revenue collection due to accruals from the previous financial year. The Municipality as at 30 June 2020 had unspent conditional grant that was not cash backed - the amount for the application for rollover that was not cash backed was not approved by National Treasury.

Our customers continued to face economic pressure and as a result, collection levels for consumer debts are still depressed. The Municipality was only able to enforce the Debt Collection and Credit Control Policy in Carolina, Silobela, and Emanzana (Badplaas) Town where all the services were provided. Eskom was engaged to assist the Municipality to enforce the Credit Control and Debt Collection Policy in Empuluzi, Ekulindeni, and Elukwatini. Electricity to all mines around Carolina was supplied by Eskom. Government and businesses were the focus area in terms of payment for municipal services. The average collection rate as at 30 June 2020 was at 65%. Strategies were implemented that targeted businesses within the jurisdiction of The Municipality. A Revenue Indaba was held in May 2019, which came with clear programs in terms of enhancing municipal revenue.

Chapter 3

Irregular expenditure was reported promptly to Council, and also referred to the Municipal Public Accounts Committee (MPAC) for further investigation and ultimately to National Treasury.

Structure of the Department

Core Functions

Accounting, Budgeting, Revenue Collection and Debt Management, Financial Management, Treasury
Supply Chain Management

T 3.25.1

Employees: Financial Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	50	54	51	3	6%
					T 3.25.4

Financial Performance 2019-20: Financial Services					
					R'000
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	355 060	810 504	810 504	201 953	-301%
Expenditure:	414 164	148 682	148 682	483 706	69%
Total Operational Expenditure	414 164	148 682	148 682	483 706	69%
Net Operational Expenditure	59 104	-661 822	-661 822	281 753	335%
					T 3.25.5

Chapter 3

3.27.HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

This section dealt with the general administration of all human resource issues and matters, including administration of human resource, leave management and the transaction of all the labour related legislation, policies and By-laws. It also oversaw the implementation of all the basic conditions of employment and the monitoring of compliance thereof.

This section was also charged with the responsibility of ensuring employee wellness as well as the implementation of employee discipline. Corrective steps were instituted against unacceptable behaviour; and various disciplinary procedures were instituted against a few of the employees who were delinquent.

The number of people from the employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan. The three highest positions were 100% occupied by the previously disadvantaged group. The total number of employees was 430, and 323 posts were occupied by people over the 35 years of age, whilst 107 posts were occupied by people below the age of 35 years.

Skills Development

This focus area is in response to one of the prescribed key performance indicators in terms of the Municipal Performance Management Regulations of 2001. All municipality are obliged to report on progress in building skills capacity to deliver according to the developmental mandate.

The Municipality had sent officials and councillors to training, 28 learner ships were offered for the Department Technical Services: Water and Sanitation section; and 20 bursaries were awarded during the year; 10 Senior Managers had completed the MFMP and had received the final results; 11 Finance staff members were enrolled with a view to attain the MFMP Training in progress. 40 Councillors were trained for computer literacy and 10 executive leaderships. Five officials were trained for national Certificate Library and Information Services

NQF Level 5

A number of municipal staff received training during the year under review as compared to 2018/19 and budget was spent in implementing the Municipality's Skills Development Plan.

T 3.26.1

Chapter 3

Employees: Human Resource Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	74	82	73	9	11%
					T 3.26.4

Financial Performance 2019-20: Human Resource Services					
					R'000
Details	2018-19	2019-20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Employees	165 428	163 765	165 760	178 495	8%
Total Operational Expenditure	165 428	163 765	165 760	178 495	8%
Net Operational Expenditure	165 428	163 765	165 760	178 495	8%
					T 3.26.5

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The department did not have capital projects during the year under review.

T 3.26.7

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The department did not have capital projects during the year under review.

T 3.26.7

3.28. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This Section is responsible for the Information and Communication Technology as well as for IT Governance of the Municipality in order to ensure that the IT wellbeing of the Municipality is secured, and that the integrity of the information was also protected. It ensures effective communication within the organisation and between the organisation and other stakeholders.

Chapter 3

T 3.27.1

Employees: ICT Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	8	11	8	3	27%
T3.27.4					

Financial Performance 2019/20: ICT Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:	6 315	4 056	5 006	3 648	-11%
Total Operational Expenditure	6 315	4 056	5 006	3 648	-11%
Net Operational Expenditure	6 315	4 056	5 006	3 648	-11%
T 3.27.5					

Capital Expenditure 2019/20: ICT Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
T 3.27.6					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

ICT did not have capital project during the year under review.

T3.27.7

3.29. LEGAL;

RISK MANAGEMENT AND PROCUREMENT SERVICES

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

Chapter 3

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

In terms of section 62(ii)(c) of the MFMA (2003), a municipality must have and maintain an effective, efficient and transparent system of risk management; and the municipal manager is responsible for managing the municipality's financial administration. For this purpose, the municipal manager must take all responsible steps to ensure, amongst others, that the municipality has and maintains effective, efficient, and transparent systems of financial and risk management, and control of internal audit operating in accordance with any prescribed norms and standards.

In order to give effect to the above, the Municipal Manager had established the Risk Management Committee of the Municipality.

Risk management was an important aspect of all our lives. We were exposed to risk both in terms of threats to service provision and from the potential of lost opportunities. It was essential that we could demonstrate to our citizens that we were fully considering the implications of risk, as we delivered our business for the benefit of the residents of our community.

The risk management process is designed to support members and officials in ensuring that the Municipality was able to fully discharge its risk management responsibilities in a consistent manner. The Municipality had a Risk Management Strategy that outlined the objectives, benefits and approach to the process to ensure that risks, both positive and negative, were successfully managed.

Risk management in The Municipality was about improving our ability to deliver outcomes for the community by managing our threats, enhancing our opportunities, and creating an environment that added value to ongoing activities.

Risk management was a key part of corporate governance. Corporate governance was the way an organisation managed its business, determined strategy, and objectives, and went about achieving those objectives. Good risk management would help identify and deal with key corporate risks facing the organisation in the pursuit of its goals and was a key part of good management, not simply a compliance exercise.

T3.28.1

Employees: Legal and Risk Management Services					
Job Level	2018/19	2019/20			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Total	51	15	12	3	20%
T 3.28.4					

Financial Performance 2019/20: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2018/19	2019/20			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget

Chapter 3

Total Operational Revenue	316 243	359 384	378 411	499 658	28%
Expenditure:	16 331	98 898	124 814	45 495	-117%
Total Operational Expenditure	16 331	98 898	124 814	45 495	-117%
Net Operational Expenditure	-299 912	-260 486	-253 597	-454 163	43%
T 3.28.5					

Capital Expenditure 2019/20: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2019/20				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
T 3.28.6					

3.30. COMPONENT ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS
The municipality does not have airports, abattoirs and municipal entities.
T 3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

INTRODUCTION

ANNUAL PERFORMANCE REPORT OF CHIEF ALBERT LUTHULI MUNICIPALITY FOR THE FINANCIAL REPORTING PERIOD ENDED 30 JUNE 2020

BACKGROUND

Section 46 of the Municipal Systems Act, stipulates that the municipality must prepare for each financial year, a performance report, reflecting the performance of the municipality during that financial year and a comparison of performance against the targets set as well as measures taken to improve performance. The annual performance report reflects the overall performance for 2019-2020 financial year. The performance is based on the revised approved Intergrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for the year under review.

OVERVIEW OF SERVICE DELIVERY ACHIEVEMENTS

The Municipality supplies basic water within the RDP standard to almost 95% of households (39,016 households) despite difficult conditions due to the majority of households being located in rural towns and villages.

The Municipality provides access to electricity to 98% households, and households without electricity are now less than 1,800 according to the SA Statistics 2016 community survey; however, the maintenance of that infrastructure is a challenge due to the high cost of Eskom electricity that municipalities currently struggle to keep up with.

Chapter 3

The proportion of households with access to basic sanitation is 91%, which is more than 43,000 households. However, approximately over 10 000 households (5%) are still below the minimum service level.

The Municipality has a road network of approximately 649km, of which 81% are gravel roads, mostly located in the rural areas. A total of 528km of gravel roads were maintained, and an area of approximately 1055m² of tarred roads were repaired during the year under review.

The number of households in the Municipality, both formal and informal, amounted to 47,705. The number of households that received waste collection services in the Municipality amounted to 12,853 (27%). The rate of 27% is due to the significant number of municipal households being in the rural areas. The Municipality has also achieved its targets on the six number of areas receiving refuse and also the five number of waste collection sites maintained. The Municipal targets were achieved in spite of limited resources

Chapter 3

The Project Management Unit of the Municipality has monitored 16 projects during the year under review despite Covid-19 challenges. These projects consisted of five water programs, three sanitation programs, two electrification programs, four roads programs and two public facility programs.

SUMMARY OF PERFORMANCE TARGETS ACHIEVED PER STRATEGIC OBJECTIVE							
		2018-2019			2019-2020		
No	Strategic Objective	Number of indicators Planned	Number of Indicators Achieved	% of indicators Achieved	Number of indicators Planned	Number of Indicators Achieved	% of indicators Achieved
1.	To ensure good leadership and governance	30	25	83%	34	23	68%
2.	To ensure efficient and effective Information Communication Technology (ICT)	3	3	100%	4	4	100%
3.	To ensure transformed institution with competent and capable human capital	12	6	50%	10	6	60%
4.	To ensure financial healthier and sustainable environment	25	20	80%	23	18	78%
5.	To ensure provision of basic services	20	14	70%	24	16	67%
6.	To ensure sustainable Local Economic Development	19	16	84%	23	10	43%
Overall Performance		109	82	76%	118	77	65%

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
STRATEGIC OBJECTIVE 1: TO ENSURE GOOD LEADERSHIP AND GOVERNANCE									
KPA: POLICIES AND PROCEDURES									
1.	Number of developed and reviewed policies	5	38	5	39	Achieved	Not applicable	Council Resolution	Not applicable
2.	Number of departmental service charters	Not applicable	Not applicable	1	1	Achieved	Not applicable	Council Resolution	Not applicable
PA: GOVERNANCE STRUCTURES									
3.	Number of departmental strategies and department plans approved	2	9	1	0	Not Achieved	Target was not achieved due to plans sent back to the strategic sessions	Council Resolution	All plans will be tabled at the strategic session before going to the Council for approval
KPA: GOOD GOVERNANCE AND LEADERSHIP									
4.	Number of management reports submitted to relevant governance structures	60	96	60	197	Achieved	Not applicable	Minutes of meetings	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
5.	Number of meetings attended	389	417	443	375	Not Achieved	Some meetings were called off due to the National Lockdown	Minutes of meetings	Meetings will be convened virtually as per the Council Approval
6.	% of forum meetings attended as per invitation	100%	100%	100%	100%	Achieved	Not applicable	Attendance registers and proof of invitations	Not applicable
7.	% of internal audit findings resolved within 90 days after internal audit report has been issued.	100%	40%	100%	68%	Not Achieved	Limited Resources	Audit action plan	Internal Audit Action Plan
8.	% of external audit findings resolved within legislated 60 days (31 January)	100%	70%	100%	96%	Not Achieved	Limited Resources	Audit action plan	Internal Audit Action Plan
9.	Number of annual report approved within legislated timeframe.	1	1	1	1	Achieved	Not applicable	Council resolutions	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
10.	Number of unqualified audit opinion received	1	1	1	1	Achieved	Not applicable	2018-2019 Audit report	Not applicable
KPA: LEGAL AND COMPLIANCE									
11.	Percentage of Service Level Agreements (SLAs) finalised within 30 days of awarding the contract	100%	100%	100%	100%	Achieved	Not applicable	Register of SLA and copies of SLAs	Not applicable
12.	Number of by-laws reviewed and drafted	Not applicable	Not applicable	4	4	Achieved	Not applicable	Copy of policies reviewed and drafted.	Not applicable
KPA: PUBLIC PARTICIPATION									
13.	Number of IDP, Budget, process plan and framework plan approved on 31 August 2019	Not applicable	Not applicable	1	1	Achieved	Not applicable	Council Resolution, Minutes	Not applicable
14.	Number of IDP process plan and consultations conducted	Not applicable	Not applicable	25	25	Achieved	Not applicable	Attendance Registers, Minutes	Not applicable
15.	Number of next year's IDP first	1	1	1	1	Achieved	Not applicable	Council Resolution	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	draft approved by 31 March								
16.	Number of first draft IDP consultations conducted by 30 April	Not applicable	Not applicable	1	1	Achieved	Not applicable	Registers, Minutes	Not applicable
17.	Number of next year's IDP final draft approved by 31 May	1	1	1	1	Achieved	Not applicable	Council resolution	Not applicable
18.	Number of Final IDP consultations conducted by 30 June	Not applicable	Not applicable	1	1	Achieved	Not applicable	Invitation to comment	Not applicable
KPA: MARKETING AND COMMUNICATION									
19.	Number of internal monthly newsletters produced	Not applicable	Not applicable	12	3	Not Achieved	The target could not be achieved due to insufficient budget	Copies of Newsletters on Facebook Page	The department will request for more fund in the next financial year to address the non-achievement

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
20.	Number of external quarterly newsletters produced	Not applicable	Not applicable	4	1	Not Achieved	The target could not be achieved due to insufficient budget	Copy of Newsletter	The department will request for more fund in the next financial year to address the non-achievement
21.	Number of satisfaction surveys is being done.	Not applicable	Not applicable	4	0	Not Achieved	The target could not be achieved due to community reluctant in making comments in writing as they prefer to make face to face complains	Copies of the Completed forms	More awareness will be conducted to the community to emphasis the importance of such survey initiatives
22.	Number of display of national symbols in all buildings.	Not applicable	Not applicable	4	5	Achieved	Not applicable	Pictures of symbols displayed	Not applicable
23.	Number of awareness programmes conducted on municipal services	Not applicable	Not applicable	4	0	Not Achieved	Indicator was not achieved due to insufficient budget	Register of programmes	Budget will be prioritised for this initiative in the next financial year
KPA: PERFORMANCE REPORTING									
24.	Number of next year's SDBIP approved before	1	1	1	1	Achieved	Not applicable	Council resolution	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	30 June								
25.	Number of PMS Frameworks approved by 30 September.	1	1	1	1	Achieved	Not applicable	Council Resolution	Not applicable
26.	% of senior management's performance agreements approved by 31 July	100%	100%	100%	100%	Achieved	Not applicable	Performance agreements	Not applicable
27.	% of senior management's performance agreements submitted to relevant stakeholders by 14 August	100%	0%	100%	0%	Not Achieved	Annual performance agreements were submitted late	Proof of submission	Annual performance agreements will be submitted on time in the next financial year
28.	% of annual performance assessments of senior management by 30 July.	100%	0	100%	0%	Not Achieved	Assessments could not be conducted before 30 July as the annual performance report was still being finalised	Signed performance assessment	The timeline for the assessment will be rescheduled to take place once the audit of annual performance report has been finalised going forward

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
29.	Number of mid-year institutional performance evaluations conducted by 25 Jan	1	1	1	1	Achieved	Not applicable	Council Resolution	Not applicable
30.	% of middle management employees with signed performance plans	100%	80%	100%	100%	Achieved	Not applicable	Signed performance plans	Not applicable
KPA: RISK MANAGEMENT									
31.	Number of risk assessment workshops conducted.	2	2	2	2	Achieved	Not applicable	Attendance registers	Not applicable
32.	Number of quarterly risk registers approved.	4	4	4	4	Achieved	Not applicable	Committee resolution/ minutes of meetings	Not applicable
KPA: INTERNAL AUDIT									
33.	Number of Internal Audit plans approved before reporting period	1	1	1	1	Achieved	Not applicable	Committee resolution. Minutes of meetings	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
34.	% of implemented IA plan.	80%	80%	80%	80%	Achieved	Not applicable	Internal audit progress reports	Not applicable
STRATEGIC OBJECTIVE 2: TO ENSURE EFFICIENT AND EFFECTIVE INFORMATION COMMUNICATION TECHNOLOGY (ICT)									
KPA: DATA INTEGRITY AND SECURITY									
	Number of Firewall and anti-virus installations completed.	1	1	1	1	Achieved	Not applicable	Monthly report from the service provider	Not applicable
36.	Number of monthly offsite backup storage conducted.	12	12	12	12	Achieved	Not applicable	Monthly activity report	Not applicable
37.	Number of compliance to Section 75 (MFMA) requirements in terms of the Website updating monthly	Not applicable	Not applicable	12	12	Achieved	Not applicable	Screenshots of uploaded documents	Not applicable
38.	Percentage of ICT related devices maintained	Not applicable	Not applicable	100%	100%	Achieved	Not applicable	Monthly reports	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
STRATEGIC OBJECTIVE 3: TO ENSURE TRANSFORMED INSTITUTION WITH COMPETENT AND CAPABLE HUMAN CAPITAL									
KPA: LEARNING AND DEVELOPMENT									
39.	Number of Workplace Skills Plan (WSP) and Annual Training Plan (ATP) to LG SETA before 30 April 2020	1	1	1	1	Achieved	Not applicable	Proof of submission	Not applicable
40.	Number of employees trained as per the WSP.	25	72	20	79	Achieved	Not applicable	WSP report and list of employees trained	Not applicable
41.	Number of councillors trained as per the WSP	41	10	10	49	Achieved	Not applicable	WSP report and list of councillors trained	Not applicable
KPA: MANAGEMENT OF VACANCIES									
42.	Number of critical, vacant and funded positions filled	Not applicable	Not applicable	30	16	Not Achieved	Recruitment processes are on halt due to the COVID-19	Offer letters	The recruitment will commence after the duration of the Lockdown
43.	Number of women, youth, racial groups and people with disability appointed	Not applicable	Not applicable	1	7	Achieved	Not applicable	Offer letters	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
44.	Number of female appointments in Senior Management positions.	1	0	1	0	Not Achieved	The target was not achieved due to no applications received from female appointments in senior positions	Offer letters	Head hunting system will be implemented in order to address the skills challenge gap regarding female appointments in Senior Management positions
45.	Number of female appointments in Middle Management positions	1	1	1	0	Not Achieved	Recruitment processes are underway, candidates who successfully passed the interviews are to be appointed.	Offer letters	Acceleration plans to be implemented after the lockdowns
46.	% of staff turnover rate	4.5%	2.1%	5%	0,21%	Achieved	Not applicable	Calculation schedule	Not applicable
47	Number of intern positions filled.	5	4	5	0	Not Achieved	All vacant interns positions were filled in the last financial year	Appointment letters/ Adverts	Budget provision will be made available in the next financial year for ICT Interns.
KPA: LEAVE MANAGEMENT									

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
48	Number of monthly leave registers approved	12	12	12	13	Achieved	Not applicable	Departmental leave books	Not applicable
STRATEGIC OBJECTIVE 4: TO ENSURE FINANCIAL HEALTHIER AND SUSTAINABLE ENVIRONMENT									
KPA: SUPPLY CHAIN MANAGEMENT (SCM)									
49.	Number of procurement plans approved by 30 May	1	1	1	1	Achieved	Not applicable	Council Resolution	Not applicable
50.	Number of quarterly contract registers submitted to MMs office	4	4	4	4	Achieved	Not applicable	Contract registers	Not applicable
	% of bids awarded within 90 days reported to Council	85%	100%	85%	100%	Achieved	Not applicable	Contract register	Not applicable
KPA: REVENUE MANAGEMENT									
52.	Number of additional grants sourced	2	0	2	0	Not Achieved	Drafting of technical reports	Register of grants sourced	Assist Technical Services to finalise
53.	Number of supplementary	1	1	1	1	Achieved	Not applicable	Council resolution	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	valuation rolls approved.								
54.	% reduction in billing accuracy complains.	80%	35%	80%	80%	Achieved	Not applicable	Complains register	Not applicable
	% own revenue collected	60%	56.2%	65%	65%	Achieved	Not applicable	Revenue report	Not applicable
56.	Revenue collected from investment properties	55 568	1 296 695	55 568	13 892	Not Achieved	The target could not be achieved to Covid-19 restrictions	Billing reports	Awareness campaigns will be conducted to encourage the community to pay and Also Covid 19 restrictions have been lifted the revenue collection from investment properties will increase.
57.	Revenue collected through issued traffic infringements summons	Not applicable	Not applicable	51 000	142 850	Achieved	Not applicable	Revenue report	Not applicable
KPA: EXPENDITURE MANAGEMENT									
58.	Percentage of	90%	100%	90%	90%	Achieved	Not applicable	Expenditure	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	operational expenditure spent							report	
59.	Percentage of capital expenditure spent	90%	100%	90%	90.13%	Achieved	Not applicable	Expenditure report	Not applicable
60.	Maintenance of employee costs percentage over revenue	40%	22.30%	40%	27%	Achieved	Not applicable	Annual financial statements	Not applicable
61.	Number of final operating & capital expenditure budget approved before 31 May	1	1	1	1	Achieved	Not applicable	Council resolution	Not applicable
62.	Percentage of budget spent on training	100%	100%	100%	97%	Not Achieved	The target couldn't be achieved due to Covid-19 restrictions	Expenditure report	Backlog of trainings will be addressed once Covid-19 restrictions have been lifted in the next financial year
KPA: FINANCIAL MANAGEMENT									
63.	Number of reconciliations prepared	96	96	96	96	Achieved	Not applicable	Reconciliation files	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
64.	Improved current ratio to be within accepted industry norm.	1:01	0.85:1	1:01	1.06:1	Achieved	Not applicable	Ratio computation schedule	Not applicable
KPA: UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (UIF)									
65.	Percentage reduction of unauthorised expenditure	5%	100%	5%	100%	Achieved	Not applicable	Annual Financial Statements	Not applicable
66.	Percentage reduction of irregular expenditure incurred during the financial year	5%	100%	5%	62.5%	Achieved	Not applicable	Annual Financial Statements	Not applicable
67.	Percentage reduction of fruitless and wasteful expenditure	5%	46%	5%	5.67%	Achieved	Not applicable	Annual Financial Statements	Not applicable
KPA: ASSET MANAGEMENT									
68	Number of quarterly physical asset verification conducted of	4	4	4	4	Achieved	Not applicable	Asset Management Report	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	movable assets								
69	Number of re-assessment of useful lives, residual values and impairment test conducted	1	1	1	1	Achieved	Not applicable	Asset register	Not applicable
KPA: DEBT MANAGEMENT									
70	Reduction in average debtors collection period	30 days	435 days	90 days	980 days	Not Achieved	Poor revenue collection	Debtors age analysis	Revenue Enhancement report
KPA: CREDITORS MANAGEMENT									
71	Reduction in average creditors payment period	30 days	100 days	30 days	457 days	Not Achieved	Poor revenue collection	Creditors age analysis	Revenue Enhancement report
STRATEGIC OBJECTIVE 5: TO ENSURE PROVISION OF BASIC SERVICES:									
KPA: ACCESS TO ELECTRICITY									
72.	Number of transformers maintained	44	89	106	72	Not Achieved	Target not achieved due to insufficient capacity	Inspection sheets	Conduct a comprehensive assessment on the status of infrastructure
73.	Number of public lights maintained	Not applicable	Not applicable	490	376	Not Achieved	Target not achieved due to insufficient	Inspection forms signed by	Conduct a comprehensive

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
							material	councillors or Unit Managers	assessment on the status of infrastructure
74.	NUMBER OF KMS OF ELECTRICAL NETWORK MAINTAINED	25	89.93	30	55.8	Achieved	Not applicable	Inspections sheets	Not applicable
75.	Number of panels and substations maintained	1	1	13	12	Not Achieved Achieved	Reactive Maintenance Not applicable	Daily work forms or reports Daily work forms	Job cards and reports Not applicable
76.	Number of Ring Main Units (RMU) maintained	Not applicable	Not applicable	24	30	Achieved	Not applicable	Daily work forms	Not applicable
77.	Number of smart meters installed	Not applicable	Not applicable	150	0	Not Achieved	Delayed by Lead time from Manufacture	Register of smart meters	The target be deferred to 20/21 Financial Year
KPA: ACCESS TO WATER AND SANITATION									
78.	Number of boreholes repaired	10	42	42	45	Achieved	Not applicable	Job cards	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
79.	Number of pumps & Motors maintained	Not applicable	Not applicable	87	29	Not Achieved	Indicator not achieved due to the reactive work nature of maintenance conducted. Covid-19 restrictions also contributed to the non-achievement	Job cards, Inspection sheets and pictures	Develop maintenance plans for pumps and motors
80.	Number of meters of water network maintained	Not applicable	Not applicable	12 000	0	Not Achieved	Indicator not achieved due to the reactive work nature of maintenance conducted. Covid-19 restrictions also contributed to the non-achievement	Job Cards	Target will be revised in the next financial year and more maintained work will be done once Covid-19 restrictions have been lifted
81.	Percentage of new households water connection received and	Not applicable	Not applicable	100%	100%	Achieved	Not applicable	Applications register and Copies of application	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	responded to								
KPA: ACCESS TO ROADS AND TRANSPORTATION SYSTEM									
82.	Number of KMs of gravel roads maintained	300	235,3	400	528.2	Achieved	Not applicable	Signed job cards	Not applicable
83.	Number of square meters of road repaired	800	684	500	1 055	Achieved	Not applicable	Signed Job cards	Not applicable
84.	Number of foot bridges constructed	5	2	2	0	Not Achieved	National Lockdown regulations	Signed progress reports	Target be deferred to 2020/21 Financial Year
85.	Number of vehicles bridges maintained	Not applicable	Not applicable	1	0	Not Achieved	National Lockdown regulations	Job cards	Target be deferred to 2020/21 Financial Year
86.	Number of speed humps constructed.	2	16	10	0	Not Achieved	National Lockdown regulations	Signed progress report	Target be deferred to 2020/21 Financial Year
KPA: WASTE MANAGEMENT									
87.	Number of areas receiving refuse removal services	6	6	6	6	Achieved	Not applicable	Trip Authorities and Weekly program	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
88.	Number of refuse bins supplied to billable households.	500	501	500	213	Not Achieved	COVID 19 Lockdown Regulations	List of beneficiaries	More bins will be distributed in the next financial year once Covid-19 restrictions have been lifted.
89.	Number of disposal sites maintained	5	5	5	5	Achieved	Not applicable	Weekly plans and trip authorities	Not applicable
90.	Number of cemeteries maintained	6	6	6	6	Achieved	Not applicable	Trip Authority, Weekly program and Notice of internment	Not applicable
KPA: PROJECT MANAGEMENT									
91.	Number of water programs monitored	Not applicable	Not applicable	4	5	Achieved	Not applicable	Site visit & monthly reports	Not applicable
92.	Number of sanitation programs monitored	Not applicable	Not applicable	3	3	Achieved	Not applicable	Site visit & monthly reports	Not applicable
93.	Number of electrification programs monitored	Not applicable	Not applicable	2	2	Achieved	Not applicable	Site visit & monthly reports	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
94.	Number of roads programs monitored	Not applicable	Not applicable	4	5	Achieved	Not applicable	Site visit & monthly reports	Not applicable
95.	Number of public facilities programs monitored	Not applicable	Not applicable	1	2	Achieved	Not applicable	Site visit & monthly reports	Not applicable
STRATEGIC OBJECTIVE 6: TO ENSURE SUSTAINABLE LOCAL ECONOMIC DEVELOPMENT									
KPA: SOCIAL DEVELOPMENT									
96	Number of employee wellness programmes conducted.	4	4	12	3	Not Achieved	Target was not achieved Due to Covid-19 lockdown restrictions	Attendance register	Target will be revised in the next financial year
97.	Number of personnel/ Skills development	Not applicable	Not applicable	9	4	Not Achieved	Target was not achieved Due to Covid-19 lockdown restrictions	Proof of attendance	Target will be revised in the next financial year
98.	Number of sports and cultural events organised for the community	Not applicable	Not applicable	4	1	Not Achieved	Coronavirus Lockdown Regulations	Register of sports and cultural events	More sports and cultural events will be organised in the next financial year once the Covid-19 restrictions are lifted

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
99.	Number of Moral Regeneration Movement structures supported	Not applicable	Not applicable	8	7	Not Achieved	Target was not achieved due to Covid-19 restrictions	Register of programs conducted	Target will be
KPA: ECONOMIC DEVELOPMENT									
100.	Number of LED strategy projects implemented	Not applicable	Not applicable	1	0	Not Achieved	Not applicable		Not applicable
101.	Number of Co-ops offered support	4	38	24	2	Not Achieved	Target could not be achieved due to Covid-19 lockdown restrictions	Register of Co-ops and SMMEs offered support	More Co-ops will be assisted once Covid-19 lockdown restrictions have been lifted.
102.	Number of tourism awareness campaigns conducted	Not applicable	Not applicable	12	3	Not Achieved	Due to the lockdown, a number of Tourism activities were prohibited	Attendance registers, Reports.	The department has revised its targets for the new financial year.
KPA: LAND USE MANAGEMENT									
103.	Number of township established	1	0	1	0	Not Achieved	The target was not achieved to the delays from the service provider	Proclamation	More follow up will be conducted in the next financial year

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
104.	Number of areas Formalised	Not applicable	Not applicable	2	2	Achieved	Not applicable	Proclamation	Not applicable
105.	Number of Land-audit conducted and finalised	Not applicable	Not applicable	1	0	Not Achieved	Target could not be achieved due Covid-19 lockdown restrictions	Attendance registers, Reports.	The process to secure the service provider will be fast tracked in the next financial year
106.	Percentage of RDP houses Monitored	Not applicable	Not applicable	100%	100%	Achieved	Not applicable	Attendance Registers	Not applicable
KPA: JOB OPPORTUNITIES									
107.	Number of programmes implemented for job opportunities	Not applicable	Not applicable	4	4	Achieved	Not applicable	Attendance registers, Reports	Not applicable
108	Number of employment Equity Report (EER) submitted before 15 January	1	1	1	1	Achieved	Not applicable	Proof of submission	Not applicable
KPA: DISASTER MANAGEMENT									
109.	% of disaster incidents attended	82%	82%	100%	100%	Achieved	Not applicable	Callout notices	Not applicable
110.	Number of disaster	4	4	4	4	Achieved	Not applicable	Attendance registers	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved/ Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	awareness programme conducted								
KPA: HEALTHY AND SAFER ENVIRONMENT									
111.	Number of library awareness programme implemented	Not applicable	Not applicable	30	8	Not Achieved	Coronavirus Lockdown Regulations	Register of programmes implemented	More awareness will be held in the next financial year once the Covid-19 restrictions have been lifted
112.	Number of monthly Occupational Health and Safety (OHS) reports submitted to the Office of the Municipal Manager	12	6	12	5	Not Achieved		Signed OHS reports	
113.	Number of health and safety inspections and awareness's conducted	Not applicable	Not applicable	31	9	Not Achieved		Copy of the reports and registers to serve as POE	
114.	Number of HIV and AIDS campaigns	4	4	4	4	Achieved	Not applicable	Attendance registers	Not applicable

Chapter 3

No	Key Performance Indicator	2018-2019		2019-2020		Target Achieved/ Not Achieved Not applicable	Reason for deviation	Portfolio of Evidence	Measures Taken to Improve Performance
		Target	Actual performance	Target	Actual performance				
	conducted								
115.	Percentage of findings as per the directives responded to	Not applicable	Not applicable	100%	0%	Not Achieved			
116.	Number of environmental campaigns conducted	Not applicable	Not applicable	4	6	Achieved	Not applicable	Attendance registers	Not applicable
KPA: TRAFFIC MANAGEMENT									
117.	Number of traffic law enforcement programmes implemented	5	6	4	8	Achieved	Not applicable	Register of programmes	Not applicable
118.	% increase in traffic fines issued	5%	23.6%	20%	34.6%	Achieved	Not applicable	Register of fines issued	Not applicable

Chapter 3

2019/2020 FINANCIAL YEAR			
NUMBER OF HOUSEHOLDS BENEFITTING FROM ACCESS TO WATER			
WARD	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED	EXPENDITURE
1,2,5,6, 78,9,12, 16,19,2 1,23,24 &25	Installation of 19 Boreholes in various Wards	954th	R 5 500 000.00
NUMBER OF HOUSEHOLDS BENEFITTING FROM ACCESS TO COMMUNITY ASSETS			
WARD	NAME OF THE PROJECT	NUMBER OF HOUSEHOLDS BENEFITTED	EXPENDITURE
15&22	Construction of Siobela stadium phase 2	6618	R 2 000 000.00
5,10,15, 22&24	Construction of High masts lights	5	R 2 500 000.00



co-operative governance
& traditional affairs
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA





MPUMALANGA
THE PLACE OF THE RISING SUN

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

In terms of section 67 of the Local Government: Municipal Systems Act (2000) (Act No 32 of 2000) a municipality must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act, 1998.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2018/19	2019/20			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water and Waste Water (Sanitation)	158	146	135	11	8%
Electricity	9	11	9	2	18%
Waste Management	37	48	34	14	29%
Project Management	7	8	6	2	25%
Housing	2	3	3	0	0%
Waste Water and Roads (Stormwater Drainage)	28	29	26	3	10%
Finance	50	54	51	3	6%
Fleet and Transport Management	5	6	5	1	17%
Planning	3	5	4	1	20%
Local Economic Development	3	4	4	0	0%
Planning (Strategic & Regulatory)	7	7	5	2	29%
Community & Social Services	6	6	6	0	0%
Environmental Protection	36	36	33	3	8%
Security and Safety	41	34	34	0	0%
Sport and Recreation	1	2	2	0	0%
Corporate Policy Offices and Other	74	82	73	9	11%
Totals	467	481	430	51	11%

Chapter 4

Vacancy Rate: 2019/20			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	1	25%
Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	0	0%
Fire fighters	12	0	0%
Senior management: Levels 13-15 (excluding Finance Posts)	0	0	0%
Senior management: Levels 13-15 (Finance posts)	0	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	2	2	0%
Highly skilled supervision: levels 9-12 (Finance posts)	2	2	0%
Total	22	05	23%

T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2017/18	42	12	29%
2018/19	11	19	173%
2019/20	12	22	183%

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Total vacancy rate as at 30 June 2020 was 11 %. Turnover rate for the year under review was 15%. This represents 30% decrease when compared to the previous year.

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

In terms of section 67 of the Local Government: Municipal Systems Act (2000) (Act No 32 of 2000) a municipality must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective, and transparent personnel administration in accordance with the Employment Equity Act, 1998.

T 4.2.0

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Attraction and Retention	100%	100%	2019
2	Bereavement Policy	100%	100%	2019
3	Code of Conduct for employees	100%	100%	2019
4	Delegations, Authorisation and Responsibility	100%	100%	2019
5	Disciplinary Code and Procedures	100%	100%	SALGBC
6	Essential Services	100%	100%	LLF
7	Employee Assistance / Wellness	100%	100%	2019
8	Employment Equity Plan	100%	100%	2019
9	Exit Management	100%	100%	2011
10	Grievance Procedures	100%	100%	SALGBC
11	HIV/AIDS	100%	100%	2019
12	Human Resource and Development	100%	100%	2019
13	Information Technology	100%	100%	2019
14	Leave	100%	100%	2019
15	Occupational Health and Safety	100%	100%	2019
16	Official Working Hours and Overtime	100%	100%	BCEA
17	Organisational Rights	100%	100%	SALGBC
18	Payroll Deductions	100%	100%	BCEA
19	Performance Management System	100%	100%	2019
20	Recruitment, Selection and Appointments	100%	100%	2019
21	Relocation	100%	100%	2019
22	Sexual Harassment	100%	100%	2019
23	Skills Development	100%	100%	2019
24	Smoking	100%	100%	2019
25	Subsistence and Travelling	100%	100%	2019
				T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Chapter 4

The municipality have 25 developed and implemented policies in place to govern its operation through managing its workforce.

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

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	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	2	2	100%	3	9
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	2	2	100%	0	9

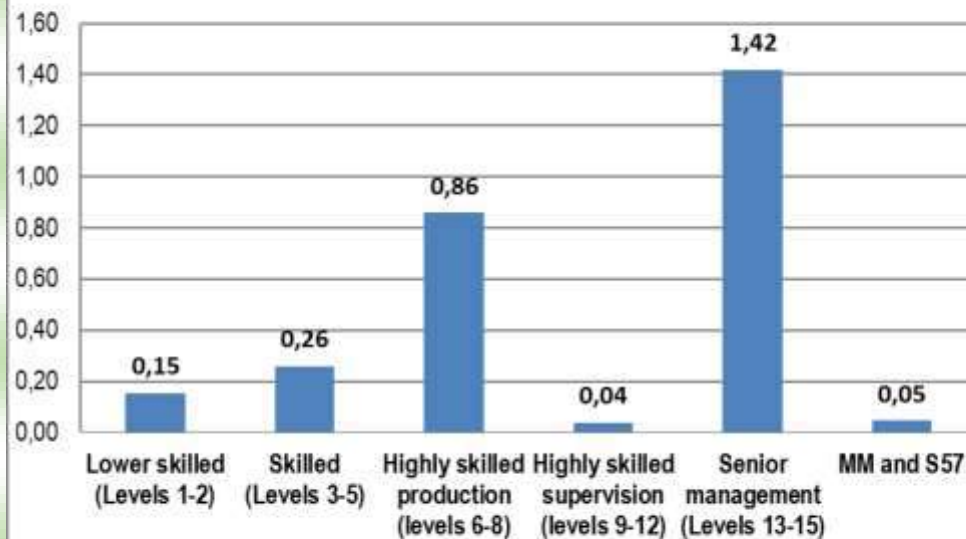
T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	10%	10	30	0,15	30
Skilled (Levels 3-5)	40			22	0,26	
Highly skilled production (levels 6-8)	133			58	0,86	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0,04	31
Senior management (Levels 13-15)	220			11	1,42	
MM and S57	7			8	0,05	
Total	430	53%	12	155	2,77	61

T4.3.2

Chapter 4

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

There were only 2 injuries on duty reported during the current under review requiring basic medical attention. There were not fatal incidents, permanent or temporary disablements. Sick leave remained under control and it is managed manually by line managers at departmental level.

T 4.3.4

Number and Period of Suspensions

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
town planner	corruption and fraud	1-Jun-19	disciplinary hearing	in progress
housing co-ordinator	corruption and fraud	1-Jun-19	disciplinary hearing	in progress
labour electrical	Absenteeism	Not suspended	Six months final written warning	20-Oct-20
credit control clerk	abscondment	Not suspended	resigned	1-Jul-19
building inspector	fraud	Not suspended	Finalised. Employee's 10% diduction from his salry. He then lodged an appeal with SALGBC	1-Jan-20

Chapter 4

labourer	Absenteeism	Not suspended	finalised. Employee was dismissed	1-Nov-20
tire fitter	misuse and damage of municipal vehicle	Not suspended	Finalised. The employee was ordered to pay back the amount for the lost computer box	1-Oct-20
driver	damage of municipal vehicle	Not suspended	Finalised. The employee was sanctioned to pay back the damages	1-Oct-20
senior clerk fleet	insubordination	Not suspended	Finalised. The employee was sanctioned to a 10 day leave without pay	1-Oct-20
				T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
N/A	No disciplinary processes were instituted against Section 56 Managers during this year. All other human resource and development matters, including details on the payment of any performance bonuses, are dealt with in Chapter 4	N/A	N/A
			T 4.3.6

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

There was one suspension of more than 4 months during the year under review. The employee was suspended for a period of 12 months.

T 4.3.7

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

The senior managers were assessed accordingly by the accounting officer and the Executive Mayor assessed the Accounting Officer in line with the Performance Regulations of 2006, the results are to be presented to the Audit Committee for rectifications before they are sent to council for confirmation and decision once they are confirmed by council they will be made public on the final report that will be sent to Legislature and the MEC for Local Government Honourable MEC Hon. Busi Shiba.

T 4.4.1.1

Chapter 4

Name	Designation	2019/20	
		Total Score (%)	Performance Bonus (%)
Mr TA Lukhele	PED	Withheld	Withheld
Mr BC Mdutyulwa	PMU	Withheld	Withheld
Mr MGT Mnisi	CFO	Withheld	Withheld
Vacant	CORPS	Withheld	Withheld
Mr JW Shabangu	COMMS	Withheld	Withheld
Vacant	TECH	Withheld	Withheld
Mr MS Dlamini	MM	Withheld	Withheld
			T.4.4.1

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	None	None	None	0%
	Male	None	None	None	0%
Skilled (Levels 3-5)	Female	None	None	None	0%
	Male	None	None	None	0%
Highly skilled production (levels 6-8)	Female	None	None	None	0%
	Male	None	None	None	0%
Highly skilled supervision (levels 9-12)	Female	None	None	None	0%
	Male	None	None	None	0%
Senior management (Levels 13-15)	Female	None	None	None	0%
	Male	None	None	None	0%
MM and S57	Female	None	None	None	0%
	Male	None	None	None	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					N/A
T 4.4.1					

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

In terms of section 68(1) of the MSA (2000), a municipality must develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2017	Number of skilled employees required and actual as at 30 June 2017											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2015-16	Actual: End of 2016-17	2016-17 Target	Actual: End of 2015-16	Actual: End of 2016-17	2016-17 Target	Actual: End of 2015-16	Actual: End of 2016-17	2016-17 Target	Actual: End of 2015-16	Actual: End of 2016-17	2016-17 Target
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	7	0	0	0	2	3	2	0	0	0	2	3	2
Councillors, senior officials and managers	Female	28	3	8	3	2	2	1	7	7	7	12	17	11
	Male	43	1	12	1	3	3	1	4	4	4	7	19	6
Technicians and associate professionals*	Female	30	6	8	5	0	0	0	0	0	0	6	8	5
	Male	64	15	15	7	0	0	0	0	0	0	15	15	7
Professionals	Female	10	1	1	1	0	0	0	1	1	1	2	2	2
	Male	24	1	1	1	0	0	0	4	0	4	5	2	2
Sub total	Female	68	10	17	9	2	2	1	8	8	8	20	27	18
	Male	138	17	28	9	5	6	3	8	4	8	29	39	17
Total		412	54	90	36	14	16	8	32	24	32	98	132	70

Chapter 4

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	1
Chief financial officer	1	0	1	1	0	1
Senior managers	6	0	6	6	6	6
Any other financial officials	20	0	20	6	0	6
Supply Chain Management Officials						
Heads of supply chain management units	0	0	0	0	0	0
Supply chain management senior managers	1	0	1	0	0	0
TOTAL	29	0	29	13	7	14

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2

Skills Development Expenditure									
R'000									
Management level	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
		Learnerships		Skills programmes & other short courses		Other forms of training		Total	
	No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
All levels	467	0	0	0	0	2 176	2 176	2 176	2 176
Sub total	467	0	0	0	0	2 176	2 176	2 176	2 176
Total	467	0	0	0	0	2 176	2 176	2 176	2 176

Chapter 4

*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.

%*

*R

T4.5.3

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The municipality spent 109% of the budgeted training costs during the year under review. This was due to more training costs than anticipated.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

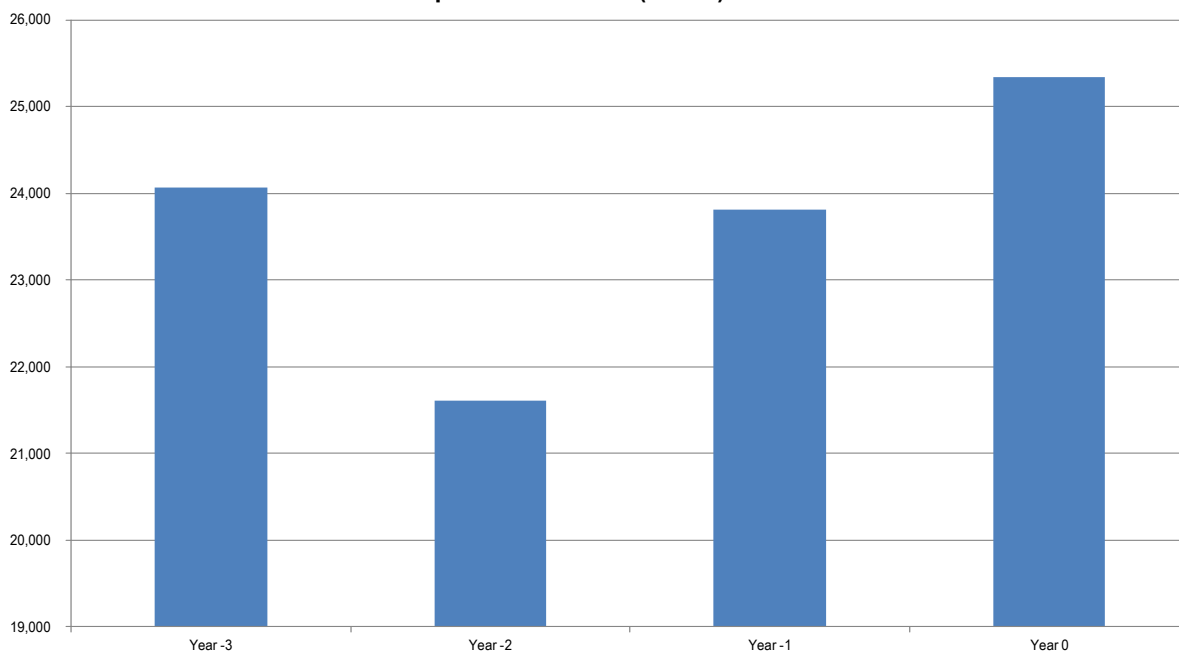
INTRODUCTION TO WORKFORCE EXPENDITURE

The Municipal workforce expenditure was well managed by management as intended and it is within control.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Workforce Expenditure Trends (R' 000)



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Chapter 4

The municipality is currently 83% capacitated in terms of human capital. Vacancies remain the main challenge within the municipality due to lack of requisite skills within the municipal demarcation.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	0
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were no employees whose salary levels were exceeded as a result of job evaluation. There were also no employees appointed outside of the approved structure during the year under review.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Appendix J. Make other comments as appropriate. Please see the appendix J

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The statement of financial performance for 2019/20 financial year is presented below.

*Note. Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2020	2019 Restated
Revenue			
Revenue from exchange transactions			
Service charges	19	56 421 126	51 758 478
Rental Income	20	1 944 058	1 296 695
Interest received - consumers	21	60 723 646	53 072 151
Licences and permits	23	155 118	31 438
Other Income	24	1 963 477	2 069 987
Interest received - investment	25	5 668 210	3 476 722
Gain on disposal of assets and liabilities	26	224 711	-
Fair value adjustments	40	1 460 424	-
Total revenue from exchange transactions		128 560 770	111 705 471
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	67 907 426	102 113 531
Transfer revenue			
Government grants & subsidies	28	519 097 257	411 182 203
Donations	29	3 358 860	134 854 750
Fines	22	2 125 818	6 387 004
Total revenue from non-exchange transactions		592 489 361	654 537 488
Total revenue	18	721 050 131	766 242 959
Expenditure			
Employee related costs	30	-178 495 170	-165 428 065
Remuneration of councillors	31	-19 945 299	-18 504 603
Depreciation and amortisation	32	-45 528 120	-48 476 425

Chapter 5

Figures in Rand	Note(s)	2020	2019 Restated
Revenue			
Impairment loss	33	-11 196 476	-
Finance costs	34	-3 347 404	-13 226 441
Debt Impairment	36	-166 870 737	-102 220 049
Bulk purchases	37	-84 876 557	-72 187 221
Contracted services	38	-97 091 123	-46 555 802
Fair value adjustments	40	-	-17 667 840
General Expenses	39	-54 851 011	-95 325 817
Total expenditure		-662 201 897	-579 592 263
Surplus for the year		58 848 234	186 650 696

5.1.2. ON FINANCIAL PERFORMANCE:

The income and expenditure in the 2019/20 financial year has regressed from the previous financial year. The operating surplus for the year was R58 million as compared to R186 million from prior year. This represent a decline of R128 million from 2018/19 financial year. Total revenue decreased by 6% from R766 million in 2018/19 to R721 million in 2019/20. The total expenditure increased by 14% from R579 million in 2018/19 to R662 million in 2019/20, as reflected in the Statement of Financial Performance in the Annual Financial Statements

T5.1.3

5.2 GRANTS

Grant Performance		
	R' 000	
Description	2018/19	2019/20
	Actual	Actual
<u>Operating Transfers and Grants</u>		
Total Operating Transfers and Grants	282 893	316 025
Gov grants & subsidies: unconditional	278 934	311 205
Gov grants & subsidies: conditional	3 959	4 820
Total Operating Transfers and Grants	82 893	316 025

Chapter 5

COMMENT ON OPERATING TRANSFERS AND GRANTS

The municipality spent 100% of the grants received during the year under review.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)

Details of Donor	Actual Grant 2018/19	Actual Grant 2019/20	2018/19 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
National Government						
Department of Co-operative Government and Traditional Affairs	34 674	50 000	0	30-Jun-20	30-Jun-20	Water Services Infrastructure Grant (WSIG)
Department of Arts and Culture	-	341	0	30-Jun-20	30-Jun-20	Disaster Relief Grant

T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality did not receive any other grants other than specified above.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The Asset Management Section consists of the Accountant: Assets and Clerks: Assets, and forms part of the Supply Chain Management Unit within the Finance Department. The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality. The Municipality's assets are valued in accordance with standards of the Generally Recognized Accounting Practice (GRAP). The Municipality has and maintains a system of internal control of assets, including an asset register.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2019/20

Asset 1				
Name	Bulk Infrastructure Grant (BIG)			
Description	Installation of Highmasts and Streetlights.			
Asset Type	Infrastructure			
Key Staff Involved	Mr Mdutshulwa			
Staff Responsibilities	Project Manager			
	2016/17	2017/18	2018/19	2019/20
Asset Value	0	0	23 700 000	51 000 000
Capital Implications	Grant used			
Future Purpose of Asset	Distribution of water			
Describe Key Issues	Infrastructure			

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2019/20				
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Municipal Infrastructure Grant (MIG)			
Description	Social Economic Situations			
Asset Type	Infrastructure			
Key Staff Involved	Mr Mdutshulwa			
Staff Responsibilities	Project Manager			
Asset Value	2016/17	2017/18	2018/19	2019/20
	0	0	11 300 000	87 072 000
Capital Implications	Grant used			
Future Purpose of Asset	Distribution of water			
Describe Key Issues	Infrastructure			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Silobela Ring Road			
Description	Construction of Silobela Ring Road			
Asset Type	Infrastructure			
Key Staff Involved	Mr Mdutshulwa			
Staff Responsibilities	Project Manager			
Asset Value	2016/17	2017/18	2018/19	2019/20
	0	0	7 000 000	50 000 000
Capital Implications	Grant used			
Future Purpose of Asset	Transportation system			
Describe Key Issues	Infrastructure			
Policies in Place to Manage Asset	Asset Management Policy			
T 5.3.2				

COMMENT ON ASSET MANAGEMENT:
All major assets acquired related to capital expenditure infrastructure assets.
T 5.3.3

Repair and Maintenance Expenditure: 2019/20				
	R' 000			
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	21 180	21 180	21 180	0%
T 5.3.4				

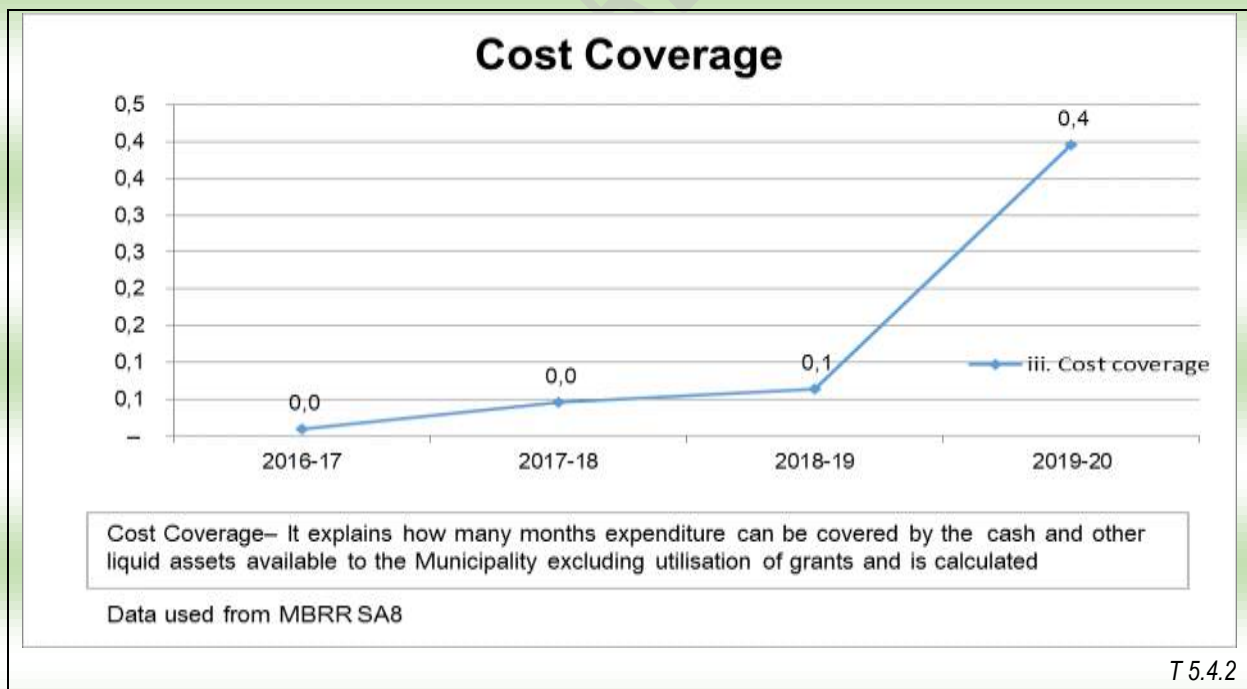
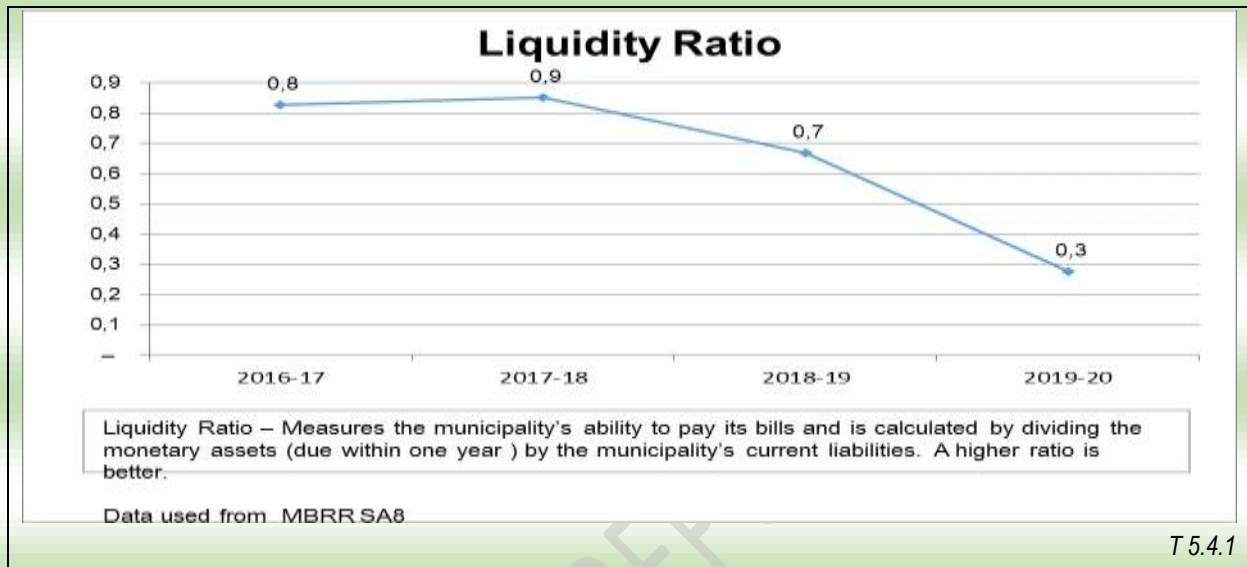
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Chapter 5

Repairs and Maintenance is budgeted under contracted services due to MSCOA reclassifications.

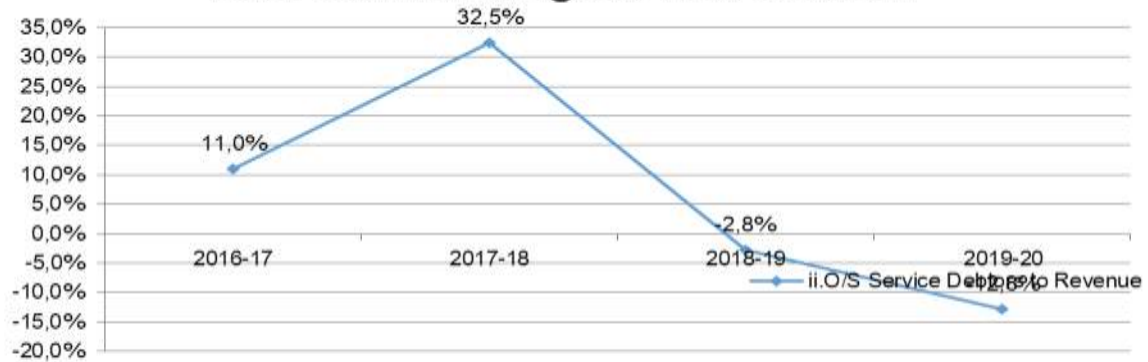
T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



Chapter 5

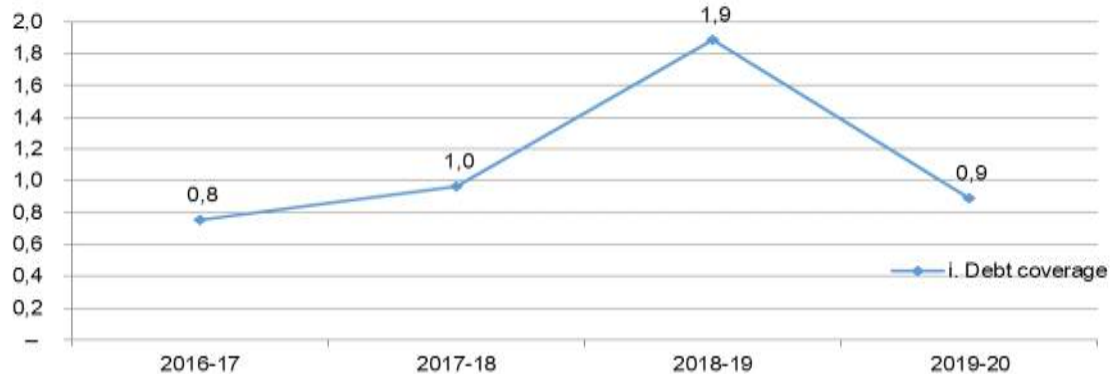
Total Outstanding Service Debtors



Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

T 5.4.3

Debt Coverage



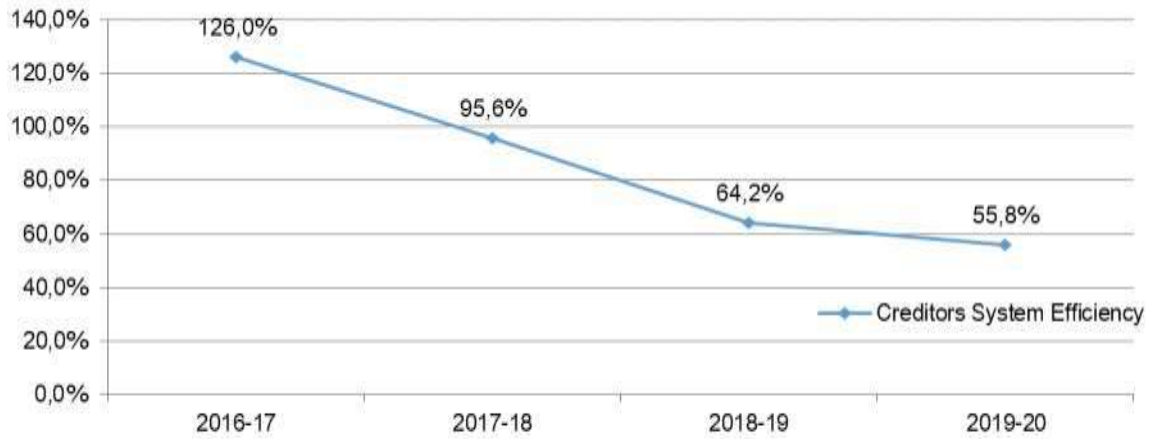
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency

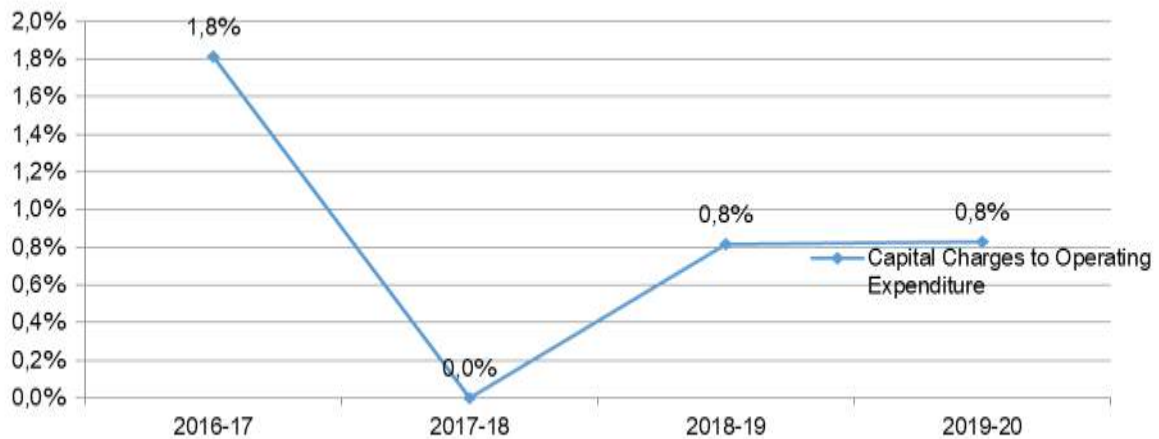


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Capital Charges to Operating Expenditure



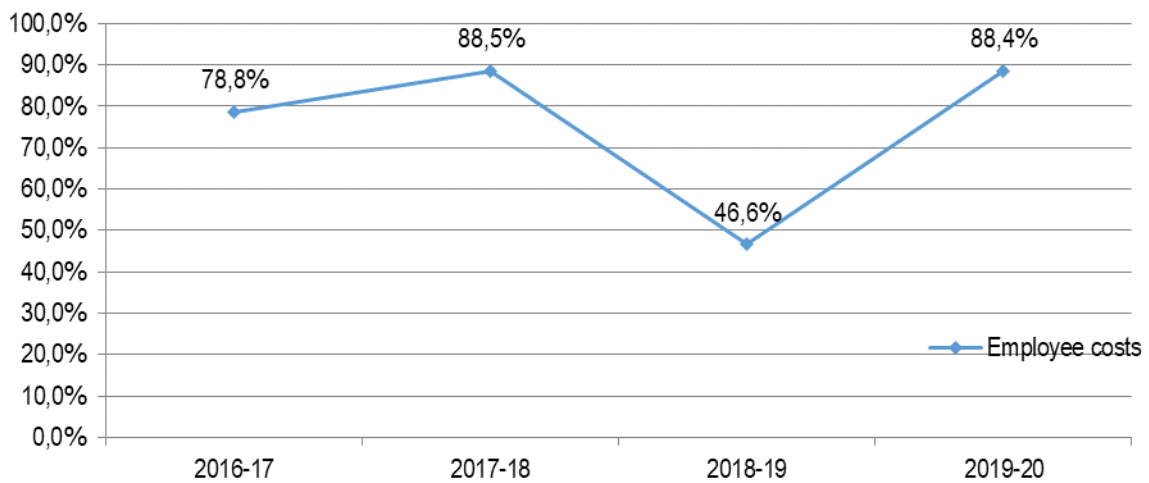
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs

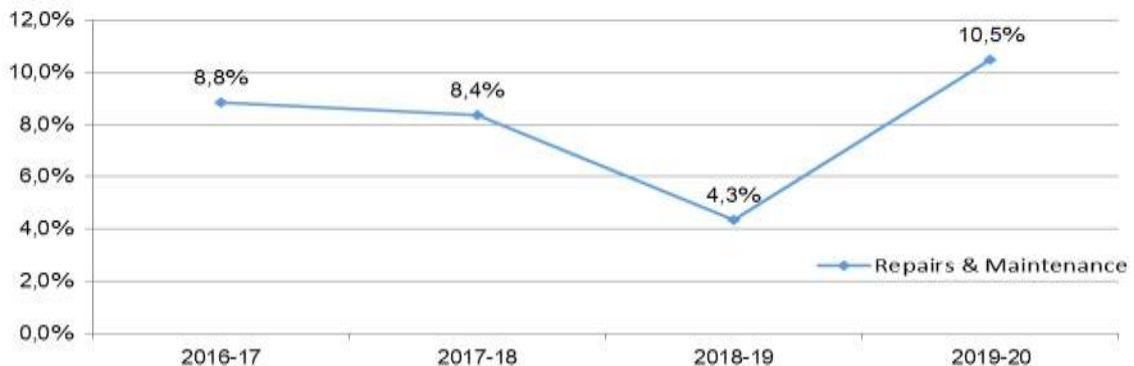


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

Chapter 5

COMMENT ON FINANCIAL RATIOS:

he financial ratios were below industry expected norm due to financial difficulty the municipality finds itself under. Management endeavor to manage limited funds available with caution in an attempt to improve the difficult financial of the municipality thereby improving its health status.

T 5.4.9

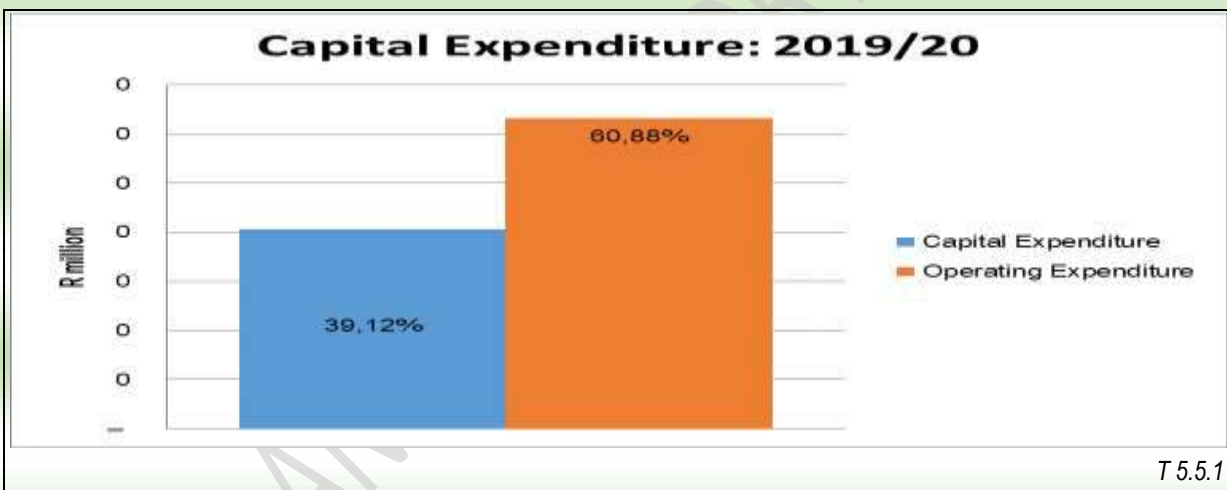
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure was funded through grants. The Municipality received various grants from different sources to fund capital expenditure during the year under review.

T 5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2018/19 to 2019/20			
		R' 000	
Details		2018/19	2019/20
		Actual	Actual
Source of finance			
	Grants and subsidies	128 289	203 072
	Other	3 359	134 855
Total		131 648	337 927
Percentage of finance			
	External loans	0,00%	0,00%

Chapter 5

Capital Expenditure - Funding Sources: 2018/19 to 2019/20			
	Public contributions and donations	0,00%	0,00%
	Grants and subsidies	97,45%	60,09%
	Other	2,55%	39,91%
Capital expenditure			
	WSIG	50 000	34 674
	RBIG	51 000	0
	INEP	15 000	8 334
	MIG	87 072	85 821
	Other	3 359	134 854
Total		206 431	263 683
<i>Percentage of expenditure</i>			
	WSIG	24,22%	13,15%
	RBIG	24,71%	0,00%
	INEP	7,27%	3,16%
	MIG	42,18%	32,55%
	Other	1,63%	51,14%

COMMENT ON SOURCES OF FUNDING:

The municipality budgeted R135m in capital projects and spent 100% of the capital budget during the year under review.

T 5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	2019/20			Variance: 2019/20	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - TURNKEY WATER PROJ-MK DUBE;	35 000	35 647	35 647	72%	100%
B - ELUKW FIRE STATION & DISASTE	10 000	13 809	13 809	86%	100%
C – UPGRADE OF SILOBELA SUBSTATION: PHASE 3	15 000	15 000	15 000	57%	100%
D - FMG 2014/15 EXPENDITURE	700	0	301	57%	100%

Chapter 5

(This program is under our Finance Department)

T 5.7.1

COMMENT ON CAPITAL PROJECTS:

The Municipality budgeted R282m on the top 4 capital projects. All projects were closely monitored and were on track at year end. There were no major challenges noted that could significantly affect progress.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure, and extending infrastructure to eradicate the backlog in service delivery. CoGTA must ensure that municipalities in the Province are fully functional to enable the delivery of infrastructure and municipal services. This Chapter attempts to give an indication of the performance of the Municipality during the municipal financial year ended 30 June 2020.

Electricity

The backlog is mostly in the Eskom supply area. Connection costs remained high in the deep rural areas due to sparsely populated rural settlements; in some instances, Eskom delayed the energisation of connected households. Old and under-maintained infrastructure in municipal areas of supply remained a challenge. Recurring power outages during high demand season, especially in Silobela remained a challenge.

Water

The main challenge for remained the provision of water in deep rural areas and areas outside the bulk water infrastructure. The Municipality continued to supply water to these settlements through boreholes and water tankers.

Sanitation

The Municipality had been providing VIP toilets to eradicate sanitation backlog. However, Province had since directed the Municipality to cease the sanitation technology especially in rural areas where there was no infrastructure. The Municipality has piloted Smartsan toilets as an alternative to VIP toilets.

T 5.8.1

Service Backlogs as at 30 June 2020				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	51649	97%	1831	3%
Sanitation	47062	88%	6418	12%
Electricity	51307	88%	2173	4%
Waste management	8041	15%	45439	85%

Chapter 5

Housing	48132	90%	5348	10%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T 5.8.2				

Municipal Infrastructure Grant (MIG)* Expenditure 2019/20 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
WSIG	50 000	50 000	50 000			Conditional grant
RBIG	51 000	51 000	51 000	0%	0%	Conditional grant
INEP	15 000	15 000	15 000			Conditional grant
MIG	87 072	87 072	87 072	0%	0%	Conditional grant
Total	203 072	203 072	203 072	0%	0%	Conditional grant
T 5.8.3						

COMMENT ON BACKLOGS:
There were no backlog on the MIG grant during 2019/20 financial year.
T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS
<p>In terms of the MFMA (2003), a municipality must establish an appropriate and effective cash management and investment policy. Within this policy, a municipality must:</p> <ul style="list-style-type: none"> Conduct its cash management and investments; and Invest money not immediately required. <p>Surplus cash refers to money that is not immediately required for expenditure; that surplus could include income from rates and services, rents, fines, grants, subsidies, levies, and interest earned on investments. The Finance Department reported quarterly to the Executive Mayor and the Finance Portfolio Committee in terms of MFMA (2003) S11, in order to assess the performance of the investment portfolio, and to ensure that the investments complied with policy objectives, guidelines, applicable laws, and regulations.</p> <p>Cash flow management is critical to the sustainability of the Municipality as it enables the Municipality to assess whether sufficient cash is available to meet short-term and long-term obligations. Cash flow is managed and monitored on a daily and monthly basis.</p>
T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes		
		R'000
Description	2018/19 Audited Outcome	2019/20 Actual
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Service charges	48 430	79 020
Government - Capital and operating	411 182	598 097
Interest	3 362	5 617
Other receipts	9 785	5 762
Payments		
Employee costs	(181 693)	-196 057
Suppliers	(194 239)	-206 123
Finance charges	(1 266)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	95 559	95 559
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Purchases of PPE	(87 756)	-199 685
Proceeds on disposal of PPE	-	1 304
Movement in operating lease	(62 165)	(347 321)
Movement in investments	-	51 574
Payments		
Capital assets	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	87 819	-198 676
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Movement in provision	-	-
Finance lease payments	-3 468	-5 505
Payments		
Repayment of borrowing	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 468)	-5 505
NET INCREASE/ (DECREASE) IN CASH HELD	4 271	81 862
Cash/cash equivalents at the year begin:	11 641	15 912
Cash/cash equivalents at the year end:	15 912	97 774
Source: MBRR A7		T 5.9.1

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

The municipal cash flow position has improved from R15m to R98m. This represents an improvement of R83m (553%).

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

In terms of the MFMA (2003), a municipality may only borrow funds for the purpose of acquiring assets, or improving facilities or infrastructure to provide basic service delivery.

The Municipality did not make any borrowings in the 2019/20 financial year. However, the municipality had investments to the following unit trusts during the year under review: Investec, RMB Momentum, Corronation Strategic Income Fund, Stanlib and Sanlam Unit trust.

T 5.10.1

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

A public-private partnership (PPP) is a contract between a government institution and a private party, where the private party performed an institutional function and/or used state property in terms of output specifications. Substantial project risk (financial, technical, and operational) is transferred to the private party, and the private party benefits through unitary payments from government budgets and/or user fees.

The Municipality did not have public-private partnerships during the year under review.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Municipality's Supply Chain Management is fair, equitable, transparent, competitive and cost-effective as required by the Constitution (1996), S217. There is a Supply Chain Management policy in place. All awards were reported quarterly to Council and published on the municipal website. There were no Supply Chain official that have reached the prescribed levels required for their positions as set out in the MFMA Competency Regulation Guidelines.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

The Municipality's Annual Financial Statements for the 2019/20 financial year was compiled in terms of the General Recognised Accounting Practice (GRAP).

In terms of MFMA (2003) section 83(1), the accounting officer, senior managers, chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the MFMA (2003).

The Municipality has signed a Memorandum of Understanding with Sebata Municipal Solutions for the implementation of MSCOA. A Steering Committee was appointed by the Accounting officer. The MSCOA was effective from the 1 July 2017.

T 5.13.

Chapter 6

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

The Municipality did not receive any other grants other than specified above.

T 5.2.4

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 AUDITOR GENERAL REPORTS Year 2018/19

Auditor-General Report on Financial Performance 2018/19*

Status of audit report:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Annual financial statements and annual reports The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.	The Municipality developed an action plan that is updated on a monthly basis and get reviewed by the Internal Audit function.
Expenditure management Effective steps were not taken to prevent irregular expenditure amounting to R83 820 814 as disclosed in note 49 to the annual financial statements, as required by section 62(1) (d) of the MFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by MFMA procurement process not followed, Local Content and Production not implemented and Bid Adjudication committee not complying with regulation 29(2). Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R18 118 784, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by interest and penalties paid.	The process to update the current Supply Chain Management policy is underway and it is planned during the budget process in the 3rd quarter. Irregular, unauthorised, fruitless & wasteful expenditures if identified are disclosed and reported as such to MPAC for proper and thorough investigation and any recommendations by MPAC are implemented.
Asset management An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	The Municipality had developed a Project Charter for the preparation of the Asset Register has been finalised. Ensure Asset Register is ready by the 31 July 2018. The review will be done by 30 June 2018
Budgets Effective steps were not taken to prevent unauthorised expenditure amounting to R57 478 201, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA and treasury regulation 9.1.1. The majority of the unauthorised expenditure was caused by overspending of the total amount appropriated in the municipality's approved budget, overspending of the total amount appropriated for a vote in the approved budget and expenditure from a vote unrelated to the department or functional area covered by the vote expenditure.	The process to update the current Supply Chain Management policy is underway and it is planned during the budget process in the 3rd quarter. Irregular, unauthorized, fruitless & wasteful expenditures if identified are disclosed and reported as such to MPAC for proper and thorough investigation and any recommendations by MPAC are implemented.

*Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse).*

T
6.2.2

Chapter 6

T 6.2.1

Auditor-General Report on Service Delivery Performance: 2018/19

Status of audit report:	Disclaimer of opinion
Non-Compliance Issues	Remedial Action Taken
Various indicators I was unable to obtain sufficient appropriate evidence for 15 of the 18 indicators relating to this programme. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternatives means. I was unable to determine whether any adjustments were required to the reported achievements of the following indicators.	The Municipality revised IDP and SDBIP and incorporated a performance management system. These documents were duly approved by council as part of mid-year budget adjustment.
Strategic planning and performance management A performance management system was not [established or adopted] as required by section 38(a) of the MSA and municipal planning and performance management regulation 8. The performance management system and related controls were not in place as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).	The Municipality revised IDP and SDBIP and incorporated a performance management system. These documents were duly approved by council as part of mid-year budget adjustment.

T 6.2.2

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2019/20

6.2 AUDITOR GENERAL REPORT 2019/20

Auditor-General Report on Financial Performance: 2019/20

Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
Annual financial statements and annual reports The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	The Municipality developed an action plan that is updated on a monthly basis and get reviewed by the Internal Audit function.

Chapter 6

<p>Expenditure management</p> <p>Money owed by the municipality was not always paid within 30 days, as required by section 65(2) of the MFMA.</p> <p>Reasonable steps were not taken to prevent irregular expenditure amounting to R20 542 755, as disclosed in note 50 to the financial statements, as required by section 62(1)(d) of the MFMA.</p> <p>Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 194 943, as disclosed in note 49 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payment of creditors.</p> <p>Reasonable steps were not taken to prevent unauthorised expenditure amounting to R124 148 071, as disclosed in note 48 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the adjustment budget.</p>	<p>The process to update the current Supply Chain Management policy is underway and it is planned during the budget process in the 3rd quarter.</p> <p>Irregular, unauthorized, fruitless & wasteful expenditures if identified are disclosed and reported as such to MPAC for proper and thorough investigation and any recommendations by MPAC are implemented.</p>
<p>Consequence management</p> <p>Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA</p> <p>Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p> <p>Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p>	<p>Investigation is being carried to ensure compliance with MFMA.</p>
<p>Procurement and contract management</p> <p>Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management (SCM) regulation 13(c). Similar non-compliance was also reported in the prior year.</p> <p>Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year.</p> <p>Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).</p> <p>The performance of contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.</p>	<p>Management will update bid documents going forward to ensure that it is in compliance with procurement regulation.</p>
<p><i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i></p>	

T 6.1.1

Chapter 6

Auditor-General Report on Service Delivery Performance: 2019/20																	
Status of audit report**:		Qualified															
Non-Compliance Issues		Remedial Action Taken															
Number of meters of water network maintained The reported achievement was zero against a target of 12 000 meters in the annual performance report. However, the supporting evidence provided did not agree with the reported achievement and materially differed from the reported achievement.																	
Various indicators The measures taken to improve performance against targets detailed below were not reported in the annual performance report.																	
<table> <tr> <th>Planned indicators</th><th>Planned targets</th><th>Reported actual achievement</th></tr> <tr> <td>Number of meters of water network maintained</td><td>12 000</td><td>0</td></tr> <tr> <td>Number of panels and substations maintained</td><td>12</td><td>12</td></tr> <tr> <td>Number of smart meters installed</td><td>150</td><td>0</td></tr> </table>	Planned indicators	Planned targets	Reported actual achievement	Number of meters of water network maintained	12 000	0	Number of panels and substations maintained	12	12	Number of smart meters installed	150	0					
Planned indicators	Planned targets	Reported actual achievement															
Number of meters of water network maintained	12 000	0															
Number of panels and substations maintained	12	12															
Number of smart meters installed	150	0															
Various indicators I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the targets as reported in the annual performance report for the indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to reported measures taken to improve performance.																	
<table> <tr> <th>Planned indicators</th><th>Planned targets</th><th>Reported actual achievement</th></tr> <tr> <td>Number of boreholes repaired</td><td>42</td><td>39</td></tr> <tr> <td>Number of pumps & motors maintained</td><td>87</td><td>29</td></tr> <tr> <td>Number of transformers maintained</td><td>106</td><td>72</td></tr> <tr> <td>Number of public lights maintained</td><td>490</td><td>376</td></tr> </table>	Planned indicators	Planned targets	Reported actual achievement	Number of boreholes repaired	42	39	Number of pumps & motors maintained	87	29	Number of transformers maintained	106	72	Number of public lights maintained	490	376		
Planned indicators	Planned targets	Reported actual achievement															
Number of boreholes repaired	42	39															
Number of pumps & motors maintained	87	29															
Number of transformers maintained	106	72															
Number of public lights maintained	490	376															
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 2018-2019 ** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.																	

T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS:019/20

Chapter 6



AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Chief Albert Luthuli Local Municipality
PO Box 24
Carolina
1185

31 March 2021

Reference: 02144REG19/20

Dear Sir

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Chief Albert Luthuli Local Municipality for the year ended 30 June 2020

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa [section 121(3) of the Municipal Finance Management Act 56 of 2003 (MFMA)/ section 40(2).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our audit report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA, you are required to include the audit report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in

Auditing to build public confidence

Auditor-General of South Africa
www.agsa.co.za

Chapter 6

the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the Public Audit Act (PAA) and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.
7. Until the steps described in par. 2 and par. 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

Vusi Gcaba

.....

Senior Manager: Mpumalanga

Enquiries: Hlulani Nkwinika
Telephone: (013) 756 0800
Fax: (013) 756 0879

Chapter 6

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Chief Albert Luthuli Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Chief Albert Luthuli Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2020, 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 the 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 Chief Albert Luthuli Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora).

Basis for opinion

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

Emphasis of matters

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

Subsequent events

7. I draw attention to note 56 to the financial statements, which deals with subsequent events and, specifically, the possible financial effects of the floods on the municipality's future cash flows. My opinion is not modified in respect of this matter.

Chapter 6

8. I draw attention to note 56 to the financial statements, which deals with subsequent events and, specifically, the possible effects of the future implications of Covid-19 on the municipality's future prospects, performance and cash flows. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

9. As disclosed in note 55 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Material impairments – debtors

10. As disclosed in note 3 to the financial statements, material impairment of receivables from exchange transactions of R140 946 942 (2018-19: R98 009 862), was incurred as a result of an impairment provision for doubtful debts.
11. As disclosed in note 4 to the financial statements, material impairment of receivables from non-exchange transactions of R510 818 145 (2018-19: R386 887 400), was incurred as a result of an impairment provision for doubtful debts.

Material losses – water

12. As disclosed in note 37 to the financial statements, material water losses of 3 799 876 kl (2018-19: 4 237 285 kl) was incurred, which represents 47,5% (2018-19: 51%) of total water distributed.

Material losses – electricity

13. As disclosed in note 37 to the financial statements, material electricity losses of R16 571 745 (2018-19: R4 601 070) was incurred, which represents 19,85% (2018-19: 6,2%) of total electricity purchased.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

Chapter 6

MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-general's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

20. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
22. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the municipality's annual performance report for the year ended 30 June 2020:

Chapter 6

Objective	Pages in the annual performance report
Strategic objective 5 – to ensure provision of basic services	x – x

23. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
24. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

Strategic objective 5 – to ensure provision of basic services

Number of meters of water network maintained

25. The reported achievement was zero against a target of 12 000 meters in the annual performance report. However, the supporting evidence provided did not agree with the reported achievement and materially differed from the reported achievement

Various indicators

26. The measures taken to improve performance against targets detailed below were not reported in the annual performance report.

Planned indicators	Planned targets	Reported actual achievement
Number of meters of water network maintained	12 000	0
Number of panels and substations maintained	13	12
Number of smart meters installed	150	0

Various indicators

27. I was unable to obtain sufficient appropriate audit evidence to support the measures taken to improve performance against the targets as reported in the annual performance report for the indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported measures taken to improve performance.

Chapter 6

Planned indicators	Planned targets	Reported actual achievement
Number of boreholes repaired	42	39
Number of pumps & motors maintained	87	29
Number of transformers maintained	106	72
Number of public lights maintained	490	376

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 – 25 of this report.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of strategic objective 5 – to ensure provision of basic services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

32. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were

Chapter 6

Planned indicators	Planned targets	Reported actual achievement
Number of boreholes repaired	42	39
Number of pumps & motors maintained	87	29
Number of transformers maintained	106	72
Number of public lights maintained	490	376

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 – 25 of this report.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of strategic objective 5 – to ensure provision of basic services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

32. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were

Chapter 6

Planned indicators	Planned targets	Reported actual achievement
Number of boreholes repaired	42	39
Number of pumps & motors maintained	87	29
Number of transformers maintained	106	72
Number of public lights maintained	490	376

Other matters

28. I draw attention to the matters below.

Achievement of planned targets

29. Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 23 – 25 of this report.

Adjustment of material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of strategic objective 5 – to ensure provision of basic services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

31. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

32. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were

Chapter 6

subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

34. The performance management system and related controls were inadequate as it did not describe how the performance planning, monitoring, measurement, review, reporting and improvement processes should be managed, as required by municipal planning and performance management regulation 7(1).

Expenditure management

35. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
36. Reasonable steps were not taken to prevent irregular expenditure of R20 542 755 disclosed in note 50 to the financial statements, as required by section 62(1)(d) of the MFMA.
37. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R1 194 943, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on late payment of creditors.
38. Reasonable steps were not taken to prevent unauthorised expenditure of R124 148 071, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on the adjustment budget.

Procurement and contract management

39. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by supply chain management (SCM) regulation 13(c). Similar non-compliance was also reported in the prior year.
40. Commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year.
41. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5).
42. The performance of contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Chapter 6

Consequence management

43. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
44. Irregular expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
45. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

46. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
47. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
48. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
49. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
50. I have nothing to report in this regard.

Internal control deficiencies

51. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
52. There was insufficient oversight and monitoring of the implementation of internal controls, which resulted in material misstatements of the financial statements and annual performance report, as well as non-compliance with applicable laws and regulations.

Chapter 6

53. Management did not implement adequate internal control mechanisms to prevent non-compliance with laws and regulations.
54. There was insufficient monitoring and oversight of the implementation of the audit action plan.

Auditor – General

Mbombela

31 March 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 6

T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION 2018-19:

The Municipality received an unqualified audit opinion for the 2019/20 financial year

The Audit Strategy and the Engagement Letter were discussed with Management. The Municipality received the Audit Report on 30 March 2021, few non-compliance matters that did not affect the audit opinion ranging from revenue management, expenditure management, procurement and contract management as well as consequence management.

The reason why the report was issued at that time instead of the normal time, is due to the period of auditing having started later than normal as a results of covit19

6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

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

GLOSSARY

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

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage for non-attendance
	FT/PT			%	%
Nkosi D P	FT	Mayoral Committee & Finance S80	PR	100%	0%
Mngomezulu M W	FT	S79 Policies and By-Laws Committee & Speaker	PR	100%	0%
Masuku-Sidu L L	FT	S79 Policies and By-Laws Committee & Whip	PR	90%	10%
Magagula M P	FT	Mayoral Committee and Technical & PMU S 80	PR	90%	10%
Makhubelo N V	FT	Mayoral Committee and Community Safety Services S80	PR	90%	10%
Mnisi-Nkosi N	FT	Mayoral Committee & Corporate Services S80	PR	100%	0%
Nkosi S Z	FT	Mayoral Committee & Planning and Economic Development S80	PR	100%	0%
Gininda S V	FT	s79 MPAC	PR	100%	0%
Nkosi J T	PT	S80 Technical Services and PMU	Ward 1	70%	30%
Jele J J	PT	S80 Finance	Ward 2	90%	10%
Ngwenya R D	PT	S79 Planning and Economic Development	Ward 3	90%	10%
Khumalo M J	PT	S80 Planning and Economic Development	Ward 4	60%	40%
Ngubeni A	PT	S80 Corporate Services	Ward 5	70%	30%
Dube SN	PT	S79 Community and Safety Services	Ward 6	90%	10%
Mnisi S T	PT	S80 Corporate Services	Ward 7	100%	0%
Mkhwanazi H L Z	PT	S79 Finance and Administration	Ward 8	90%	10%
Mthembu M S	PT	s79 MPAC	Ward 9	100%	0%
Nhlabatsi N C	PT	S79 Community and Safety Services	Ward 10	90%	10%
Nkosi T S	PT	S79 Infrastructure	Ward 11	100%	0%

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage for non-attendance
	FT/PT			%	%
Nkosi A D	PT	S80 Community and Safety Services	Ward 12	80%	20%
Ntjana M L	PT	S80 Planning and Economic Development	Ward 13	90%	10%
Ngoma Z S	PT	s79 MPAC	Ward 14	100%	0%
Shabangu L D	PT	S79 Community and Safety Services	Ward 15	90%	10%
Nkosi J S	PT	S79 LGNC	Ward 16	100%	0%
Motaung R M	PT	S79 LED	Ward 17	100%	0%
Nkosi G J	PT	S80 Community and Safety Services	Ward 18	100%	0%
Zulu G G	PT	S80 Finance	Ward 19	100%	0%
Mbhele J S	PT	S79 LGNC	Ward 20	60%	40%
Nkosi V L	PT	S79 Finance and Administration	Ward 21	70%	30%
Mthombeni F S	PT	S79 Infrastructure	Ward 22	90%	10%
Lubede E J	PT	S79 LED	Ward 23	100%	0%
Nkosi T B	PT	S80 Corporate Services	Ward 24	90%	10%
Cindi N R	PT	S80 Planning and Economic Development	Ward 25	100%	0%
Dludlu Z M	PT	S80 Technical Services and PMU	PR	80%	20%
Hlabatsi P Z	PT	S80 Technical Services and PMU	PR	100%	0%
Matshaba K A	PT	S80 Finance	PR	100%	0%
Nkosi S P	PT	S80 Technical Services and PMU	PR	90%	10%
Shongwe J D	PT	S80 Community and Safety Services	PR	90%	10%
Thomo N G	PT	S79 Finance and Administration	PR	100%	0%
Sikhakhane N B	PT	S79 Infrastructure	PR	100%	0%
Zulu W	PT	S79 Community and Safety Services	PR	70%	30%
Nkosi B G	PT	S79 LGNC	PR	80%	20%
Ndebele J C H	PT	S79 Infrastructure	PR	80%	20%
Van der Walt L	PT	S79 LGNC	PR	90%	10%
Malaza M A	PT	S79 Finance and Administration	PR	90%	10%
Zwane F C	PT	s79 MPAC	PR	80%	20%
Nkosi D S	PT	s79 MPAC	PR	60%	40%

APPENDICES

Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage for non-attendance
	FT/PT			%	%
Mbuli T G	PT	S79 Community and Safety Services	PR	100%	0%
Kgwedi T H	PT	S79 LED	PR	70%	30%

*Note: * Councillors appointed on a proportional basis do not have wards allocated to them* T A

SURNAME AND INITIALS		DESIGNATION	2016/17	2017/18	2018/19	2019/20
1.	NKOSI, DP	Executive Mayor	15	09	11	10
2.	MNGOMEZULU, MW	Speaker of Council	15	09	11	10
3.	SIDU, LL	Chief Whip of Council	14	08	11	09
4.	MAGAGULA, MP	MMC: Technical Services and PMU	15	09	11	09
5.	MNISI-NKOSI, N	MMC: Corporate Services	15	09	11	10
6.	MAKHUBELO, NV	MMC: Community Safety Services	15	07	09	09
7.	GININDA, SV	Councillor	13	09	09	10
8.	NKOSI, SZ	MMC: PED	14	09	11	10
9.	NKOSI, TJ	Councillor	15	09	07	07
10.	JELE, JJ	Councillor	15	08	11	09
11.	NGWENYA, RD	Councillor	15	09	09	09
12.	KHUMALO, MJ	Councillor	12	08	08	06
13.	NGUBENI, A	Councillor	12	07	07	07
14.	DUBE, SN (2019 May)	Councilor	-	-	-	09
15.	MNISI ST	Councilor	15	09	10	10
16.	MKHWANAZI, HLZ	Councillor	15	09	10	09
17.	MTHEMBU, MS	Councillor	14	09	10	10
18.	NHLABATSI, NC	Councillor	15	07	10	09
19.	NKOSI, TS	Councillor	15	09	10	10
20.	NKOSI, AD	Councillor	14	08	09	08
21.	NTJANA, ML	Councillor	15	09	11	09

APPENDICES

SURNAME AND INITIALS		DESIGNATION	2016/17	2017/18	2018/19	2019/20
22.	NGOMA, ZS	Councillor	13	09	11	10
23.	SHABANGU, LD	Councillor	15	07	10	09
24.	NKOSI, JS	Councillor	15	07	11	10
25.	MOTAUNG, RM	Councillor	15	09	11	10
26.	NKOSI, GJ	Councillor	15	09	10	10
27.	ZULU, GG	Councillor	15	09	10	10
28.	MBHELE, JS	Councillor	13	08	08	06
29.	NKOSI, VL	Councillor	13	08	07	07
30.	MTHOMBENI, FS	Councillor	14	09	10	09
31.	LUBEDE, EJ	Councillor	13	07	09	10
32.	NKOSI, TB	Councillor	15	07	11	09
33.	CINDI, NR	Councillor	15	08	10	10
34.	DLUDLU, ZM	Councillor	15	09	11	08
35.	HLABATHI, PZ	Councillor	15	08	11	10
36.	MATSHABA, KA	Councillor	15	09	10	10
37.	NKOSI, SP	Councillor	14	09	11	09
38.	SHONGWE, JD	Councillor	15	08	11	09
39.	THOMO, NG	Councillor	15	08	11	10
40.	SIKHAKHANE, NB	Councillor	15	09	11	10
41.	MBULU, TG	Councillor	15	09	11	10
42.	ZULU, W	Councillor	14	04	03	07
43.	NKOSI, BG	Councillor	14	03	06	08
44.	NDEBELE, JCH	Councillor	14	05	07	08
45.	VAN DER WALT, L.	Councillor	14	07	11	09
46.	MALAZA, MA	Councillor	15	07	08	09
47.	ZWANE, FC	Councillor	14	07	07	08
48.	KWEDI TH (2018 August)	Councilor	-	-	04	07
49.	NKOSI DS (2018 Oct)	Councilor	-	-	08	06
Majority of the councillors were able attend all meetings as per the council schedule.						
T A.1						

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
<p>S79 Committees [Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)]</p> <ul style="list-style-type: none"> • Finance and Administration Committee • Infrastructure Committee • Community and Safety Services Committee • Geographic Naming, Rules, Ethics and Petitions Committee • Municipal Public Accounts Committee (MPAC) • Economic Development Committee • Policies and By-Laws Committee • Local Labour Forum (LLF) 	To perform oversight over municipal departmental activities and performance
<p>S79 Municipal Public Accounts Committee (MPAC) [Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)]</p>	<p>i) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;</p> <p>ii) In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the annual report must also be reviewed; this relates to current in-year reports, including the quarterly, mid-year and annual reports;</p> <p>iii) To examine the financial statements and audit reports of the Municipality, and in doing so, the Committee must consider improvements from previous statements and reports and must evaluate the extent to which the recommendations of the Audit Committee and Auditor-General have been implemented;</p> <p>iv) To promote good governance, transparency and accountability on the use of municipal resources;</p> <p>v) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the Municipality of the Audit Committee; and</p> <p>vi) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.</p>
<p>S79 Policies and By-Laws Committee [Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)]</p>	To consider all Council policies and by-laws, and make inputs and recommendations to Council

APPENDICES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees

S79 Audit Committee [S166 Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)]	<p>i) To advise the Municipal Council, political office-bearers, accounting officer and management staff on matters relating to internal financial control and internal audit; risk management, accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; compliance with the Act, the annual Division of Revenue Act (DoRA) and any other applicable legislation; performance evaluation; and other issues referred to it by the Municipality;</p> <p>ii) To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness, and its overall level of compliance with the Act, the DoRA, and other applicable legislation;</p> <p>iii) To respond to council on any issues raised by the Auditor-General in the audit report;</p> <p>iv) To carry out such investigations into the financial affairs of the municipality as the council may request; and</p> <p>v) To perform such other functions as may be prescribed.</p>
<p>S80 Committees [(Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)]</p> <ul style="list-style-type: none"> • Technical Services and PMU Committee • Community and Safety Services Committee • Corporate Services Committee • Finance Committee • Planning and Economic Development Committee 	To assist the Executive Mayor in performing her oversight duties over administration on a day-to-day basis
Ward Committees	To link the community with council and council with the community
TB	

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Manager
Office of the Executive Mayor	Manager: Office of the Executive Mayor (Mr Elias Thomo)
Office of the Municipal Manager	Manager Executive Support:: Mrs B.Muntero
	Manager: Internal Audit Unit (Ms S Mahlangu)
	Manager: Risk Management Unit (Ms S K Mavimbela)
	Manager: Performance Management Unit (Mr P A Nkosi)
Corporate Services	Manager: Project Management Unit (Mr B C Mduyulwa)
	Manager: Legal Services (Mr C.F .Dlamini)
	Manager: Human Resources (Mr M S Nkosi)
	Manager: Records and Administration (Mr T M Nhlapo)
	Unit Manager: Mpuluzi. Mr DS Sibiya
	Unit Manager: Elukwatini Mr. V S Shabangu
	Unit Manager:: Ekulindeni Mr. L. Thwala
	Unit Manager: eManzana Mrs. A. Chirwa
Financial Services (Budget and Treasury)	Manager: Budget and Treasury Office (Ms W N Reaname)
	Manager: Revenue (Mr D M Gininda)

APPENDICES

	Manager: Expenditure (Mr O G Hlophe)
	Manager: Supply Chain Management Unit (Mr J.A. Nkosi)
	Manager: Asset Management Unit (Ms C N Madinane)
Public Safety	Chief Licensing Officer (Ms R S Nkosi)
Community Services	Manager: Environmental Health and Waste Management Unit (Ms N P Thabethe)
Technical Services	Manager: Water and Sanitation Services (Mr M E Gumede)
	Manager: Electricity Service (Ms M A Vilakazi)
	Manager: Roads and Storm water Services (Mr A.Maqolo)
Planning and Economic Development	Manager: Local Economic Development (Ms W M Mkhwanazi)
	Manager: Human Settlement (Mr J A Mndawe)
T C	

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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	No
Building regulations	Yes	No
Child care facilities	No	No
Electricity and gas reticulation	Yes	No
Firefighting services	Yes	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	No	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	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)*
Constitution Schedule 4, Part B functions:		
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	Yes	No
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	No	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* The municipality does not have a municipal entity		T D

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	T J Nkosi	Yes	11	11	1
2	J J Jele	Yes	12	12	1
3	R D Ngwenya	Yes	08	08	1
4	M J Khumalo	Yes	06	06	0
5	A Ngubeni	Yes	11	11	2
6	S N Dube	Yes	1	1	1
7	S T Mnisi	Yes	10	10	1
8	H L Z Mkhwanazi	Yes	14	14	4
9	M S Mthembu	Yes	13	13	4
10	N C Nhlabatsi	Yes	12	12	3
11	T S Nkosi	Yes	12	12	3
12	A D Nkosi	Yes	07	07	2
13	M L Ntjana	Yes	11	11	4
14	Z S Ngoma	Yes	12	12	4

APPENDICES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
15	L D Shabangu	Yes	12	12	3
16	J S Nkosi	Yes	12	12	3
17	R M Motaung	Yes	11	11	3
18	G J Nkosi	Yes	12	12	3
19	G G Zulu	Yes	12	12	4
20	J S Mbhele	Yes	09	09	1
21	V L Nkosi	Yes	09	09	1
22	F S Mthombeni	Yes	12	12	1
23	E J Lubede J	Yes	11	11	1
24	T B Nkosi	Yes	12	12	2
25	N R Cindi	Yes	12	12	2
					TE

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2019/20 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1.	Upgrading of Eerstehoek Water Scheme.	1 July 2019	30 June 2020	23 700
2.	Refurbishment of Lusushwane Water Scheme	1 July 2019	30 June 2020	11 300
3.	Installation of Smartsan or Environsan Toilets	1 July 2019	30 June 2020	8 000
4.	Construction of Paving Road - Tjakastad	1 July 2019	30 June 2020	7 980
5.	Construction of Mahoxo Ring Road	1 July 2019	30 June 2020	7 530
6.	Construction of Diepdale Ring Road	1 July 2019	30 June 2020	7 000
7.	Construction of Paving Road in Carolina Town	1 July 2019	30 June 2020	6 679
				TF.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	47 062	51 649	51 307	8 041	
Households without minimum service delivery	6 418	1 801	1 902	45 439	
Total Households*	53 480	53 480	53 480	53 480	
Houses completed in year					
Shortfall in Housing units					

APPENDICES

*Including informal settlements

T F.2

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During 2019/20
1.	Water - Upgrading pumping capacity and retrofitting of Carolina Water Scheme	Completed
2.	Sanitation - Upgrading of Elukwatini WWTW	Completed
3.	Construction of Paving Road - Tjakastad	Completed
4.	Upgrading of Eerstehoek Water Scheme.	90% complete

T F.3

RESOLUTION OF THE AUDIT COMMITTEE NOT RESOLVED IN 2019/20 YEAR

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)

T F.3

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2019/20

Legends

Resolved	In Progress	Not yet Commenced	Not Resolved	Progress not stated
----------	-------------	-------------------	--------------	---------------------

Agenda No.	Item Description / Heading	Resolution / Required Management Activity	Responsible Person	Due Date / Target Date	Status (Resolved / In Progress / Not Resolved)	Comments	Revised date
	IA Reports	AC Recommended that management comments should have consequences management.	All	31 January 2019	Not resolved	The internal unit received the consequence register, however no consequence management have been implemented in relations to all IA findings raised or any other case.	31 March 2019
5.2 PMU	Project implementation Report	Audit committee recommended that project reports should include beneficiary analysis, projects	PMU Manager	28 February 2019	Resolved	The revised the SDBIP and we monitoring the number of basic service categories per projects.	30 th September 2019

APPENDICES

		vs. population within CALM.					
		Audit committee recommended that project reports should have an analysis of internal and external factors that may affect the implementation of the projects.	PMU Manager	28 February 2019	Resolved	The health and safety files are compiled and monitored by the department of labour, from 1 st on May 2020 the department has added covid19 construction regulations.	30 th September 2019
		Audit committee recommended that project reports should have summary of performance for all projects indicating areas of achievement and non-achievements	PMU Manager	28 February 2019	Resolved	The template for all the service providers have been developed and circulated to all departments, the services providers are evaluated on quarterly basis and reports submitted council	30 th September 2019
		Audit committee recommended that project reports that are submitted to council should have summary of contents.	PMU Manager	28 February 2019	Resolved	The Template will be approved accordingly	30 th September 2019
5.3	Project Management	Audit Committee indicated that management should prepare a report stating the reasons why project(s) are not moving for the submission to the	Project Management Unit Manager		Resolved	The PMS reports has column for reasons for deviations	

APPENDICES

		Auditor General					
Resolution of the meeting held on 27 August 2019							
1.	Draft Annual Financial statements	Audit committee recommended that the management should ensure that the Accounting Policies for Provision are line with GRAP	Chief Financial Officer	30 August 2019	Resolved		
2.		Audit committee recommended that the management should Finalise note 14- Provision difference R 437 840.	Chief Financial Officer	30 August 2019	Resolved		
3.		Management should review page six of the AFS.	Chief Financial Officer	30 August 2019	Resolved		
4.		Audit committee recommended that the management should Change IMFO to CIGFARO, Add Financial Management Grant	Chief Financial Officer	30 August 2019	Resolved		
5.		Audit committee recommended	Chief	30 August	Resolved		

APPENDICES

		that the management should review the Accounting Officers Forward report	Financial Officer	2019		
6.		Audit committee recommended that the management should finalise Impairments note	Chief Financial Officer	30 August 2019	Resolved	
7.		Audit committee recommended that the management should finalise the note for investment property	Chief Financial Officer	30 August 2019	Resolved	
8.		Audit committee recommended that the management should finalise the Cash Flow Statement	Chief Financial Officer	30 August 2019	Resolved	
9.		Audit committee recommended that the management should revise the accounting policies for inventories by stating the method used to account inventory	Chief Financial Officer	30 August 2019	Resolved	
10.		Audit committee recommended that Management	Chief Financial	30 August 2019	Resolved	

APPENDICES

		should reduce the unallocated deposit with an amount of R 4 644 883 under Payables from exchange transactions note (11).	Officer			
11.		Audit committee recommended that Management should investigate the other with the amount of R 1 463 716 on Employee related costs note	Chief Financial Officer	30 August 2019	Resolved	
12.		Audit committee recommended that Management should align the budget note to the budget statements	Chief Financial Officer	30 August 2019	Resolved	
13.		Audit committee recommended that Management should investigate an amount of (R 3 776 998) For Accrued Expenses under Payables from exchange transactions note (11).	Chief Financial Officer	30 August 2019	Resolved	
14.		Audit committee recommended that management should investigate	Chief Financial Officer	30 August 2019	Resolved	

APPENDICES

		the Undefined Difference R (10 402 000) on the Unspent conditional grants and receipts(13)				
15.		Audit committee recommended that management investigate note for General expenses for (Consumables) (R 219 764) and Hostel charges R (1 298 850) for 2018.	Chief Financial Officer	30 August 2019	Resolved	
16.		Audit committee recommended that management should ensure that correct disclosure is made for contingents liabilities	Chief Financial Officer	30 August 2019	Resolved	
17.		Audit committee recommended that management should resolve all Internal Audit Findings raised on AFS before submission.	Chief Financial Officer	30 August 2019	Resolved	
18.		Audit committee recommended that Completed AFS be submitted to all members by 29 August 2019	Chief Financial Officer	30 August 2019	Resolved	

APPENDICES

19.	Draft Annual performance report	Audit committee recommended that management should include service provider evaluation of performance on annual report	PMS Manager	30 August 2019	Resolved		
20.		Audit committee recommended that management should state reasons for deviation for both under and over performance	30 August 2019	30 August 2019	Resolved		
21.		Audit committee recommended that management should have comparative information for 2017/18 and 2018/19	30 August 2019	30 August 2019	Resolved		
22.		Audit committee recommended that The annual report should have budget information	30 August 2019	30 August 2019	Resolved		
23.		Audit committee recommended that Correct report be submitted by all members by 29 August 2019	30 August 2019	30 August 2019	Resolved		
Resolution of the meeting held on 30							

APPENDICES

September 2019							
5.1	Audit Action Plan	The Audit Committee requested the Manager Internal Audit to circulate the documents that was discussed in the meeting during the Engagement meeting with AG	Manager Internal Audit	4 October 2019	Resolved		
5.2	Fourth Quarter Status Report	Audit Committee recommended that management should prepare Interim Financial Statements for 2019/20	Chief Financial Officer	31 March 2020	In Progress	Opening Balances have been rolled forward and loaded into the 2019/20 FY. Assessment of Current Year six- month transactions are underway.	30 April 2020
		Audit Committee recommended that management should compile a report that states the impact of the steps taken to improve revenue collection	Chief Financial Officer	31 March 2020	In Progress	Management will ensure the implementation of the Revenue MFIP Support Plan as a mechanism to improve revenue collection	31 March 2020
5.3	Internal Audit Reports	Audit committee recommended that Management should develop a close-up report that will have the overall assessment which concludes on all the internal audit			Resolved	The reports is being prepared it will submitted on the next audit committee	Resolved

APPENDICES

		reports for the year					
		Audit Committee recommended that both the Internal Audit and Risk Management should have a client satisfactory survey in order for the clients to give their input			Resolved	The survey has been sent to management.	Resolved
5.4	Risk Management	Audit Committee recommended that the Risk Management Committee report should also be tabled to the Mayoral Committee	Chief Risk Officer	30 April 2020	resolved		n/a
		Audit Committee recommended that Management develop a close-up report that has the mitigating action that were implemented between the financial performance and the non-financial performance	Chief Risk Officer	30 April 2020	Resolved		n/a
5.5	IT Governance Committee report	The Audit committee recommended that a report on ICT governance for 1st quarter should be submitted to the	Director Corporate services	30 March 2020	Resolved		

APPENDICES

		Audit Committee before it been presented at the Mayoral Committee					
Resolution of the meeting held on 17 October 2019							
5.1	Engagement letter	The Audit committee recommended that the Engagement letter should be discussed before the commencement of the audit so that the Audit Committee can make necessary inputs and changes where required.	Accounting Officer	30 September 2020	Not yet commenced		30 September 2020
5.2	Audit Strategy	The audit committee recommended that management should ensure submission of information within two working days	Chief Financial Officer	30 November 2019	Resolved		
		The audit committee recommended that AGSA should advise the municipality on what to do, for them to test applications control on ICT.	Accounting Officer	30 June 2020	Not yet commenced		30 September 2020
		The Audit committee	AGSA	30 May	Not yet		30

APPENDICES

		recommended that AGSA should indicate on their report the risks that they have identified that were also identified by Internal Audit and Risk Management		2020	commenced		September 2020
Resolution of the meeting held on 10 February 2020							
5.2.1	Audit Report 2018/19	The Audit committee recommended that Management should ensure alignment between the Internal audit Reports and the AG report in order to identify issues that were raised by internal audit which Management did not implement	Chief Financial Officer	31 March 2020	Resolved		
5.2.2	Audit Action Plan	The Audit Committee recommended that management should identify root causes for each audit finding raised by AGSA and review each action plan to be taken by management.	Chief Financial Officer/All directorate	31 March 2020	Resolved	Audit Action Plan has been amended to ensure the inclusion of internal institutional root causes of all issues raised.	N/A
		The audit committee	Chief Risk	30 April	Resolved		

APPENDICES

		recommended that risk registers should be aligned to the audit action plan.	Officer	2020			
		The audit committee recommended that the Audit action plan should be align to the management report and audit report.	Chief Financial Officer	30 March 2020	Resolved	The Audit Action Plan has been aligned to the Management Letter. PT have assessed and are pleased that all findings have been included within the Audit Action Plan. PT also advised for the inclusion of internal root causes	N/A
		The audit committee recommended that management should set target to reduce audit finding raised for 2019/20	Chief Financial Officer	30 March 2020	Resolved	Management aim to reduce audit findings by 15%-20% for 2019/20	N/A
5.3.1	SCM Report	The audit committee noted the report.	Chief Financial Officer		Resolved		
5.3.2	Fruitless and Wasteful Expenditure	The audit committee noted the report	Chief Financial Officer		Resolved		
5.3.3	Revenue Collection	The audit committee noted the report	Chief Financial Officer		Resolved		
5.3.4	Progress on implementation of mSCOA	The audit committee noted the report	Chief Financial Officer		Resolved		
5.3.5	Top 20 creditors	The audit committee noted the report	Chief Financial Officer		Resolved		

APPENDICES

5.4.1	Internal Audit Report	The Audit Committee recommended that internal audit should review of the 2018/19 Operational Audit Plan to ensure that the planned Audit projects are aiming to assist the Municipality with achieving its objectives.	Manager internal Audit		resolved	The unit is currently revising the internal audit plan to align its risk identified by AGSA	
5.5.1	Mid-year Performance Report 2019/20	The Audit Committee recommended that Management should ensure that the Mid-year Performance report and the revised SDBIP should be in line with the Original SDBIP	Manager PMS	30 March 2020	Resolved		
		The audit committee recommended that management should review the amounts disclosed on the Mid-term Performance reports	Chief Financial Officer	30 March 2020	Resolved	Management have corrected matters of concern	N/A
		The audit committee recommended that the source: Authors own should be mentioned on all	Chief Financial Officer	30 March 2020	Resolved	Management have corrected matters of concern	N/A

APPENDICES

		the tables.					
		The audit committee recommended that management should include the date of receipt for the RBIG allocation.	Chief Financial Officer	30 March 2020	Resolved	Management have corrected matters of concern	N/A
		The audit committee recommended that the key performance indicators for all compliance should be a date not a number	Manager PMS	30 March 2020	Resolved		
		The audit committee recommended that all key performance indicator must be by a specific date not the actual date	Manager PMS	30 March 2020	Resolved		
		The audit committee recommended that managements should have a budget column and expenditure to date for each KPI	Manager PMS	30 March 2020	Resolved		
		The audit committee recommended that management	Manager PMS	30 March 2020	Resolved		

APPENDICES

		should ensure that corrective measures to improve the underperformance are measurable with clear deadlines					
		The audit committee recommended that the corrective measures should be inline with reasons for not achieving.	Manager PMS	30 March 2020	Resolved		
		The audit committee recommended that management should ensure that the budget adjustment is conducted thoroughly and it is not treated as a new budget.	Chief Financial Officer	28 February 2020	Resolved	Adjustment budget has been completed. PT analysis have deemed the Adjustment Budget Funded through realistically anticipated revenue streams and Credible enough to ensure financial sustainability for the remaining 6 months.	N/A
5.5.2	Draft annual report 2018/19	The audit committee recommended that management should ensure that actual audited performance is reported on the Annual Report	Manager PMS	30 March 2020	resolved		
		The audit committee recommended that management should review the report for	Manager PMS	30 March 2020	resolved		

APPENDICES

		duplications.					
		The audit committee recommended that the mayor's report and MM's report are reworked.	Manager PMS	30 March 2020	resolved		
		The audit committee recommended that the households report should be reworked to be specific on number household receiving water and Electricity	Manager PMS	30 March 2020	Resolved		
5.6.1	Risk Management Committee Report	The Audit Committee recommended that the fraud risk register should have an impact assessment	Chief Risk Officers	30 April 2020	in progress	the fraud risk register is in progress	30 April 2020
		The audit committee recommended that Audit General (SA) should be invited to make presentation on Public Audit Act Amended	Manager Internal Audit	30 April 2020	In progress	Due to the lockdown this could not arranged	30 September 2020
		The audit committee recommended that management should ensure	Accounting Officer	Ongoing	In progress		

APPENDICES

		consequence management through enforcement of policies					
5.6.2	Risk management report	The audit committee noted the report	Chief Risk Officer		Resolved		
5.7.1	ICT Governance committee report	The audit committee deferred the report to next meeting, and the proper governance report should be submitted	Director Corporate Services		Resolved	The correct report was submitted in the next meeting	
5.7.2	Litigation Report	The audit committee recommended that management should provide feedback with engagement on Department of human settlement on the Grand Valley Case	Director Corporate Services	30 March 2020	In progress	The municipality has written a correspondence to the Department requesting the department to purchase the land on behalf of the municipality in order for the municipality to do a township establishment. No feedback has been forthcoming from the department	December 2020
		The audit committee recommended that management should disclose the correct total amount of contingent liability whether it is R 66 851 235.63 or R	Director Corporate Services	30 March 2020	Resolved	The matter is resolved as stated on the latest report on litigations and claims	N/A

APPENDICES

		47 065 389.04.43					
5.7.3		The audit committee recommended that management should submit the HR on the next meeting	Director Corporate Services	30 March 2020	Resolved		
5.8.1	Technical services report	The audit committee recommended that management should inform council that The budget was funded and no letter was received from treasury in relation to unfunded budgets	Chief Financial Officer	30 March 2020	In Progress	Information will be relayed through the approval of the 2020-2023 MTREF	N/A
Resolution of the Audit Committee 11 June 2020							
5.2.1	Municipal operational structure	The audit committee noted the report			resolved		
5.2.2	Audit management letter and audit report	The audit recommended that management should resolve all findings raised by Auditor General			resolved		
5.2.3	Audit Committee's Charter, Internal Audit Charter and Annual Report	The Audit Committee noted and recommended the Audit Committee's Charter for council approval and			resolved		

APPENDICES

		Approved the Internal Audit Charter and methodology for 2020/21 financial year					
5.2.4	Risk Register and Risk Management plans	The audit committee noted the report			resolved		
5.2.5	Council Resolutions	The audit committee noted the report			resolved		
5.2.6	Annual Report, AFS, IDP, Budget, service delivery and Budget implementation plans, performance agreements	The audit committee noted the report			resolved		
5.2.7	Role of the Provincial Treasury	The audit committee noted the report			resolved		
Resolution of the Audit Committee 29 June 2020							
5.1	Audit Action Plan	The Audit committee recommended that management should fast-track the implementation of the AG action plan.	Chief Financial Officer	30 June 2020	In progress	Resolved: 96% In progress: 4% NYC: 0%	30 June 2020
		The Audit committee	Manager	31 July	In progress	We currently	30

APPENDICES

		recommended that there should be a special meeting between Auditor general, Audit committee, Accounting Officer, Chief Financial Officer and Manager Internal Audit.	Internal Audit	2020		coordinating the meeting with Auditor General (SA)	September 2020
		The Audit committee recommended that all issues raised by AG should be addressed before submission of the AFS on the 31 August 2020.	Chief Financial Officer	30 June 2020	In progress	Resolved: 96% In progress: 4% NYC: 0%	30 June 2020
5.2.1	SCM Report	The audit committee noted the report	Chief Financial Officer		resolved		
5.2.2	Unauthorised, Irregular, Fruitless and wasteful Expenditure	Audit committee recommended that there should be a meeting with MPAC with regard to irregular expenditure for 3rd quarter and fruitless and wasteful expenditure	Accounting Officer	30 September 2020	In progress	Currently appointed forensic investigating to assist with UIFW	30 September 2020
5.2.3	Year-end Procedures 2019/20 & Annual Financial statements	Audit Committee Recommended that management should ensure that the Annual Financial Statements are	Chief Financial Officer	30 September 2020	In progress	Completed: 54.7% In progress: 45.3% NYC: 0%	30 September 2020

APPENDICES

	Process Plan	submitted to the Audit Committee on time for review					
5.3	Internal Audit Reports	The audit committee noted the report			Resolved		
5.3.1	Three Year and Annual Operational Internal Audit Plan	The audit committee approved the internal audit plan for 2020/21 and three year rolling plan as presented by internal audit.			Resolved		
		The Audit Committee recommended that the Internal Audit Operational Plan should be discussed with the Auditor General	Manager Internal Audit	30 September 2020	In progress	This will be discussed during the special meeting	30 September 2020
		The Audit Committee recommended that there The Internal Audit Manager should on a quarterly basis update on the matter of the Audit system	Manager Internal audit	30 September 2020	In progress	We are currently sourcing the quotation for the system	30 September 2020
5.3.2	Reviewed Internal Audit Charter 2020/21 & Reviewed Audit	The audit committee approved the internal audit charter and recommended the Audit Committee			Resolved	The AC was submitted to Council and approved	

APPENDICES

	committee charter 2020/21	Charter					
5.4	Draft SDBIP 2020/21	The audit committee noted the report			Resolved		
5.4.1	Third Quarterly Performance Report	The audit committee recommended that management should find other reasons for deviations for third quarter because COVID 19 is not reason, it's only applicable to the fourth quarter.	Manager PMS	30 August 2020	Resolved	Management have corrected matters of concern	
		The audit committee recommended that management should keep all Portfolio of Evidence.	Manager PMS	30 August 2020	In progress	Management is working on the POE FINALISATION	30 September 2020
		The audit committee recommended that management should be signed in line with the treasury regulations	Manager PMS	31 July 2020	Resolved	Management have corrected matters of concern	
5.5	Risk Management Committee report	The audit committee noted the risk management reports.			Resolved		
5.6.1	IT Governance Committee	The audit committee	Director Corporate	31 July 2020	In progress	<ul style="list-style-type: none"> ICT manager position still 	30 September

APPENDICES

	Report	recommended that the Director should provide a detailed report on how the ICT challenges were addressed as highlighted on the report	services			<p>outstanding – strategic planning could not sit due COVID-19</p> <ul style="list-style-type: none"> ▪ Leave on line still outstanding due t Covid 19 ▪ Furniture for call center have been procure ▪ Wrote a letter to the service provider expressing our dissatisfaction with their service on network and had a visual meeting on the 8th of July 2020 	2020
5.6.2	Litigation report	The audit committee noted the report	Director Corporate services		Resolved		
5.6.3	HR Report	The audit committee recommended that management should finalise the appointment of the Policy researcher to assist MPAC	Director Corporate services	30 September 2020	In progress	The following processes have been concluded (advert, longlist, shortlisting, vetting and interviews), to finalise appointment	30 September 2020

APPENDICES

5.6.4		The audit committee recommended that management should submit progress report on all recruitment process	Director Corporate services	31 July 2020	Resolved	Recruitment processes have been finalized (Advert, long list, shortlisting, Vetting and interviews and offer letter) on the following positions and the successful candidate have resumed duties on the 3rd of August 2020. (Chief Town planner x1, Water Quality Technicianx1, Senior Committee clerkx1, Manager Public Worksx1, Labourers x 36, Assistant procurement x2, Assent Clerkx1, Process controllers x2). To finalize appointments for Billing clerk x1, call centre operatorsx4, Researcherx1 and Caretaker x1	31 August 2020
-------	--	----------------------------------------------------------------------------------------------------------	-----------------------------	--------------	----------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2018-19)					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Contract Value	
Nkhensokuhle (PTY) LTD	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	520	
Mamba MP Trading and Logistics	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	520	
Khaneno Trading and Projects	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	520	
Mahhelane Cleaning Services and Projects	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	520	
Morounekem Trading and Projects	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	520	
GPTN Trading	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	1 041	

APPENDICES

Jacques Gininda Construction	Construction of Conventional Toilets	02 Jul 19	30 Jun 2020	1 561
MK Dube Consulting	Supply, Delivery, Installation and Maintenance of Pumps and Motors	02 Jul 19	30 Jun 2020	498
Rayron Automation	Supply, Delivery, Installation and Maintenance of Pumps and Motors	02 Jul 19	30 Jun 2020	498
Magnavolt Trading 819 Cc	Supply, Delivery, Installation and Maintenance of Pumps and Motors	02 Jul 19	30 Jun 2020	498
BBS Pumps & Valves	Supply, Delivery, Installation and Maintenance of Pumps and Motors	02 Jul 19	30 Jun 2020	498
Jacques Gininda Construction	Supply and Delivery of Water Material	02 Jul 19	30 Jun 2020	215
Asend' Amahlungwane Security Services	Supply and Delivery of Water Material	02 Jul 19	30 Jun 2020	215
Makherenthla Trading	Supply and Delivery of Water Material	02 Jul 19	30 Jun 2020	215
				<i>TH.1</i>

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose (i)	(a) Service Indicators	2017-18		2018-19		2019-20	2020-2021		
	(b) Service Targets	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Chief Albert Luthuli does not have municipal entities	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
									T /

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2019 to 30 June 2020		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Clr D P Nkosi	Nil
Member of MayCo / Exco	Clr M P Magagula	Nil
	Clr N Mnisi-Nkosi	Nil
	Clr N V Makhubela	Nil
	Clr S Z Nkosi	Nil
Speaker of Council	Clr W M Mngomezulu	Nil
Chief Whip of Council	Clr L L Masuku-Sidu	Nil
Ward Councillors	Clr N R Cindi	Nil
	Clr J J Jele	Nil
	Clr M J Khumalo	Nil
	Clr E J Lubede	Nil
	Clr J S Mbhele	Nil
	Clr H L Z Mkhwanazi	Shares in SAB Dinaledi Senzele
	Clr S T Mnisi	Nil
	Clr R M Motaung	Nil
	Clr M S Mthembu	Nil
	Clr F S Mthombeni	Nil
	Clr N C Nhlabatsi	Shares at Sasol Khanyisa Owner of Blue moon tarven

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2019 to 30 June 2020		
Position	Name	Description of Financial interests* (Nil / Or details)
	Clr Z S Ngoma	Nil
	Clr A Ngubeni	Nil
	Clr R D Ngwenya	Nil
	Clr A D Nkosi	Nil
	Clr G J Nkosi	Nil
	Clr J S Nkosi	Nil
	Clr T B Nkosi	Nil
	Clr T J Nkosi	Nil
	Clr T S Nkosi	Nil
	Clr V L Nkosi	Nil
	Clr M L Ntjana	Nil
	Clr L D Shabangu	Nil
	Clr J D Simelane	Nil
	Clr G G Zulu	Nil
Proportional Representative Councillors	Clr Z M Dlodlu	Nil
	Clr P Z Hlabatsi	Nil
	Clr D P Khoza	Nil
	Clr M A Malaza	Nil
	Clr K A Matshaba	Shares in Guma Guest house and services
	Clr T G Mbuli	Nil
	Clr J C H Ndebele	Nil
	Clr B G Nkosi	Nil
	Clr S P Nkosi	Nil
	Clr J D Shongwe	Nil
	Clr N B Sikhakhane	Nil
	Clr M J Thabede	Nil
	Clr N G Thomo	Nil
	Clr L van der Walt	Nil
	Clr W Zulu	Nil
	Clr F C Zwane	Nil
Municipal Manager	Mr M S Dlamini	<ul style="list-style-type: none"> - Director for Drive well motor spares CC - Have shares in African Bank & Vodacom - Director for Drive well motors & machinery - Member of the Bright future Dlamini Family Trust
Chief Financial Officer	Mr. MGT Mnisi	Nil
Other S57 Officials	Mr S F Mndebele	Siyakha ukukhanya
	Mr J W Shabangu	Nil
	Mr T A Lukhele	Inkululeko Ye sive

APPENDICES

Disclosures of Financial Interests		
Period 1 July 2019 to 30 June 2020		
Position	Name	Description of Financial interests* (Nil / Or details)
	Mr B C Mdutyulwa	Nil
T J		

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Source						
R '000						
Description	2018-19	2019-20			2018-19 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	102 114	95 372	170 014	67 907	-40%	-150%
Service charges	51 758	99 705	133 508	56 421	-77%	-137%
Rental of facilities and equipment	1 297	530	–	1 944	73%	100%
Interest earned - external investments	3 479	2 920	2 920	5 668	48%	48%
Fines, penalties and forfeits	6 387	22	22	2 126	99%	99%
Licences and permits	31	–	–	155	100%	100%
Transfers and subsidies	411 182	654 422	598 097	519 097	-26%	-15%
Other revenue	144 802	53 226	21 248	112 698	53%	81%
Gains on disposal of PPE	–	–	(1 098)	226	100%	586%
Total Revenue (excluding capital transfers and contributions)	721 050	906 197	924 711	766 243	- 8,26%	-20,68%
T K.2						

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Energy: Integrated National Electrification Programme						
<i>Electricity</i>	7 000	5 000	5 000	-40%	0%	Electrical infrastructure
FMG: National Treasury						
<i>Financial management</i>	1 700	1 700	1 700	0%	0%	Finance interns and mSCOA
WSIG: Department of Water and Sanitation						
Water	47 000	45 000	45 000	-4%	0%	Water infrastructure
Total	55 700	51 700	51 700	-8%	0%	
						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

The Municipality received R52m grants during 2019/20 other than MIG.

TL.1

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*							
R '000							
Description	2018/19	2019/20			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2020/21	2021/22	2022/23
Capital expenditure by Asset Class							
Infrastructure - Total	–	134 986	134 986	134 986	113 109	140 000	–
Infrastructure: Road transport - Total	0	28 059	28 059	28 059	30 000	15 000	–
Roads, Pavements & Bridges		28 059	28 059	28 059	30 000	15 000	0
Infrastructure: Electricity - Total	–	9 650	9 650	9 650	10 000	25 000	–
Generation	0	9 650	9 650	9 650	10 000	25 000	0
Infrastructure: Water - Total	–	39 684	39 674	39 674	50 000	55 000	–
Water purification	0	39 674	39 674	39 674	50 000	55 000	0
Infrastructure: Sanitation - Total	–	29 264	29 264	29 264	12 109	25 000	–
Reticulation	0	29 264	29 264	29 264	12 109	25 000	0
Infrastructure: Other - Total	–	0	0	0	11 000	20 000	–
Waste Management	0				5 000	15 000	
Other	0	0	0	0	6 000	5 000	0
Community - Total	–	9 185	12 252	12 252	16 000	9 306	–
Parks & gardens	0	21 142	21 142	21 142	0	0	0
Community halls	0	–	0	0	10 000	9 306	0
Fire, safety & emergency	0	0	0	0	6 000	–	0
Other	0	7 197	7 197	7 197	0	0	0

Table continued next page

T M.1

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2019/20

Capital Programme by Project: 2019/20					
Capital Project	Original Budget	Adjusted Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Replacement of AC Pipelines on the Eerstehoek Water Scheme	5 000	4 000	4 000	0%	-25%
Replacement of AC Pipes at Ekulindeni Water Scheme	7 000	6 000	6 000	0%	-17%
Refurbishment of Lusushwane Water Scheme	11 300	11 300	11 300	0%	0%
Upgrading of Eerstehoek Water Scheme.	23 700	23 700	23 700	0%	0%
Sanitation/Sewerage					
Upgrading of Empuluzi Waste Water Treatment Works (WWTW)	0	2 121	2 121	0%	100%
Upgrading of Carolina Waste Water Treatment Works (WWTW)	0	1 315	1 315	0%	100%
Upgrading of Elukwatini Waste Water Treatment Works (WWTW)	5 000	5 309	5 309	0%	6%
Installation of Smartsan or Environsan Toilets	10 000	8 000	8 000	0%	-25%
Electricity				0%	0%
Upgrading of Silobela Substation	7 000	7 000	7 000	0%	0%
Construction of Piet Debruin Park: Switching Station	4 185	4 185	4 185	0%	0%
Economic development					
Construction of Elukwatini Management Centre	5 000	4 000	4 000	0%	-25%
Construction of Carolina Taxi rank	0	500	500	0%	100%
Community Services					
Construction of Steynsdorp Community Hall	938	938	938	0%	0%
Construction of Fernie Community Hall	0	1 248	1 248	0%	100%
Construction of Tjakastad Community Hall	0	1 045	1 045	0%	100%
Construction of Silobela Community Hall	0	836	836	0%	100%
Roads and Stormwater					
Construction of Diepdale Ring Road	8 000	7 000	7 000	0%	-14%
Construction of Ekulindeni Ring Road	0	1 997	1 997	0%	100%
Construction of Mayflower Ring Road	8 000	6 000	6 000	0%	-33%
Construction of Mahoxo Ring Road	10 000	7 530	7 530	0%	-33%
Construction of Paving Road - Tjakastad	7 000	7 980	7 980	0%	12%
Construction of Paving Road in Carolina Town	5 000	6 679	836	-699%	-498%
Construction of Paving Road in Carolina Town	5 000	3500	836	-319%	-498%
T N					

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2019/20

Capital Programme by Project by Ward: 2018/19, not much in 2019/20, due to covid 19 impact		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
Replacement of AC Pipelines on the Eerstehoek Water Scheme	Ward 10, 16, 20, 24 & 25	Yes
Replacement of AC Pipes at Ekulindeni Water Scheme	Ward 12	Yes
Refurbishment of Lusushwane Water Scheme	Ward 8	Yes
Upgrading of Eerstehoek Water Scheme.	Ward 10, 16, 20, 24 & 25	Yes
Sanitation/Sewerage		
Upgrading of Empuluzi Waste Water Treatment Works (WWTW)	Ward 4, 5, 7 & 9	Yes
Upgrading of Carolina Waste Water Treatment Works (WWTW)	Ward 15,21 & 22	Yes
Upgrading of Elukwatini Waste Water Treatment Works (WWTW)	Ward 14	Yes
Installation of Smartsan or Environsan Toilets	Ward 3, 5, 8, 11 & 12	Yes
Electricity		
Upgrading of Silobela Substation	Ward 15,21 & 22	Yes
Construction of Piet Debruin Park: Switching Station	Ward 15	Yes
Economic development		
Construction of Elukwatini Management Centre	Ward 14	Yes
Construction of Carolina Taxi rank	Ward 15	Yes
Community Services		
Construction of Steynsdorp Community Hall	Ward 19	Yes
Construction of Fernie Community Hall	Ward 2 & 3	Yes
Construction of Tjakastad Community Hall	Ward 13 & 18	Yes
Construction of Silobela Community Hall	Ward 15,21 & 22	Yes
Roads and Stormwater		
Construction of Diepdale Ring Road	Ward 1	Yes
Construction of Ekulindeni Ring Road	Ward 12	Yes
Construction of Mayflower Ring Road	Ward 4 & 7	Yes
Construction of Mahoxo Ring Road	Ward 2 & 3	Yes
Construction of Paving Road - Tjakastad	Ward 13 & 18	Yes
Construction of Paving Road in Carolina Town	Ward 15	Yes
Construction of Paving Road in Carolina Town	Ward 15	Yes
T O		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

APPENDICES

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Information not available at the municipality as the services at schools and clinics are offered by the department of Education and Health				
Clinics (NAMES, LOCATIONS)				
Information not available at the municipality as the services at schools and clinics are offered by the department of Education and Health				
<i>The Municipality does not offer basic services to schools and clinics as these services are provided by the Department of Basic Education and Department of Health respectively.</i>				

T P

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED FROM ANOTHER SPHERE OF GOVERNMENT

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	Service is officered by the Department of Health	Information not available at the municipality
Housing:	Service is officered by the Department of Human Settlement	12 246 (Community Survey 2016)
Licencing and Testing Centre:	None	None
Resevior	None	None
Schools (Primary and High):	None	None
Sports Fields:	None	None

T Q

APPENDICES

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: 2019/20				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2019/20 R' 000	Total Amount committed over previous and future years
Municipality did not make loans or grants during the year under review.				
* Loans/Grants - whether in cash or in kind				T R

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services:		
Water	The Municipality supplies basic water within the RDP standard to almost 95% of households (39,016 households)	88%
Sanitation	The proportion of households with access to basic sanitation is 91%, which is more than 43,000 households	97%
Electricity	The Municipality provides access to electricity to 98% households, and households without electricity are now less than 1,800 according to the SA Statistics 2016 community survey	96%
Refuse	The municipality is unable to service majority of the areas within the municipal demarcation due to capacity constraints coupled with the fact that most of these areas are rural	27%
Output: Deepen democracy through a refined Ward Committee model	The municipality has had over 300 community engagement throughout all its 25 wards via monthly ward committee meetings handled by Municipal Councillors.	300
		T S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS 2019/20



FINAL ANNUAL REPORT-2019/20