



# JOE GQABI DISTRICT MUNICIPALITY

## Draft Consolidated Annual Report

2021/22 Financial Year

Volume I

January 2023

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## CHAPTER 1: MAYOR'S FOREWARD & EXECUTIVE SUMMARY

### 1.1 Mayor's Foreword



The performances reported in this Consolidated Annual Report are strategically aligned with the mandate of Local Government and relevant legislation, Provincial Growth and Development Strategy, Provincial Development Plan, the National Development Plan and sustainable development goals. The Integrated Development Plan (IDP) of the District was subject to a full assessment by COGTA and other national and provincial departments. The JGDM IDP attained high level rating, which has always happened over the past number of years. The IDP strategic performance objectives are perfectly aligned with plans of national and provincial government such as National Development Plan, Provincial Development Plan, Provincial Growth and Development Strategy, including the Sustainable development goals. The DDM process will further enhance government alignment and coherence in planning, budgeting, reporting and monitoring.

The District continued with greater performance with regard to meeting community aspirations with regard access to basic services. One of the key challenges that the JGDM is ceased with is to ensure availability of consistent and reliable potable water. The national water quality target for a blue drop certification requires that potable water supplied to communities must meet the nationally prescribed standard of 97% compliance level. In comparative assessment, the JGDM is a top performer in this regard with a minor variance towards meeting the prescribed standard as reflected in the performance report for the 2021/22 financial year. The experienced minor variance is a result of old and aged infrastructure (water treatment works and pipelines). To deal with this challenge the JGDM is implementing continuous upgrade of WTWs as well as continuous training of Process Controllers, Supervisors and Manager.

Access to basic water and sanitation service is one of the critical service delivery priorities from our municipality. Significant progress of 98.5% has been attained in the 2021/22 financial year with regard to the sanitation service. The main challenge relates to access to water services which remains at 74.1%. The planned target for the year under was not attained. The ORIO project did not reach construction stage as expected due to delays at the design stage. The intervention being implemented to address this challenge is to expedite designs so that the tender & construction stage can commence in the 2022/23 FY.

In the front of financial management and viability, the District intends to attain a cost coverage ratio of 2.02 in the short to medium term albeit the attainment stood at 1.31 during the year under review. The cash at year end was sufficient to cover for 1.31 month which is an improvement from the previous restated 0.47. As a corrective action, reserves will be built over the next three years to ensure sufficient cash to cover at least 2 months operational cost.

Outstanding service debtors to revenue ratio was planned to be 1.8 and the attainment at the end of the 2021/22 financial year was 6.42. This represented an underachievement due to the collection rate on current year billing which remains the same as the prior year and this is resulting in the arrears growing. The variance is as result of reduced billing, partially due to the water restrictions which were implemented during the periods of drought within the district as well as the collection rate being lower than estimated. Moreover, the collection remained lower than anticipated due to consumers not willing to pay for services. The District will in the new financial year continue with implementing a process and measures to prevent the arrear debt from growing. The Political leadership is implementing attractive proposals to the community to motivate them to pay. Activate engagements through Council with communities on the importance of paying for services.

With regard to methods used and implemented to improve public participation and accountability, a number of initiatives were implemented during the year under review. Mayoral outreach programmes where held in each of the local municipalities as planned. IDP and budget representative forum meeting also worked effectively as a stakeholder and intergovernmental discussion mechanism. At a lower level, a number of issue based community participation initiatives such as, *inter alia*, awareness or information campaigns, local economic development, traditional leaders' forum, initiation forum as well as infrastructure development stakeholders and farmers were held as planned in the second and third layer service delivery and budget implementation plan.

Through the various oversight mechanisms such as Council committees, Municipal Public Accounts Committee (MPAC), Audit Committee and Council will ensure that corrective actions that seek to improve service delivery can be improved will be strictly monitored and evaluated. MPAC has begun to implement a robust programme of proactive project visits to ensure what is reported is collaborated by activities on the ground.

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**Cllr NP Mposelwa**  
**Executive Mayor**  
Joe Gqabi District Municipality

Date: \_\_\_\_\_

## 1.2 Municipal Managers Foreword



This draft Consolidated Annual Report for JGDM for the 2021/22 financial year has been prepared in compliance with the provisions of the Local Government Municipal Finance Management Act of 2003 and applicable Regulations.

The JGDM is Category C municipality, which means it is a District municipality. It is made up by four local municipalities: viz; Elundini, Senqu and Walter Sisulu local municipalities. Matters listed in the Constitution, read together with Chapter three of the Municipal Systems Act of 2000 (Act no. 56 of 2003) on municipal functions and powers as areas of District versus local municipality competence are clearly spelt out in which matters of service delivery with regard to electricity, housing, storm water management, libraries, museums and galleries, community halls, cemeteries and crematorium, Child Care; Aged care; Social Programme, theatres, clinics, ambulance services, police, licencing and control of animals, Community Parks, Sports Field, Sport Halls, Sport Halls, stadiums, swimming pools and camp sites belong to the scope of local municipalities. As a result performance on these functions is not included in this annual report. The functions of the District functions are water and sanitation services, disaster management, local economic development, tourism and fire fighting services (shared between the District and local municipalities, respectively).

Joe Gqabi Economic Development Agency (JoGEDA) is 100% owned by the Joe Gqabi District Municipality and as a municipal entity, it is also required to comply with the basic requirements of the Local Government Municipal Systems Act 32 of 2000 read together with the provision of the Local Government Municipal Finance Management Act of 2000. JoGEDA serves as an economic development vehicle as well as an implementing agent for water and sanitation projects of the District. Current arrangement between the District and JoGEDA does not cover local municipalities and sector departments. In the near future the agency is looking at expanding the implementing agent function to include all government agencies and Departments within the JGDM space.

Out of four municipalities that received a clean audit in the 2020/21 financial year in the Eastern Cape Province, three are in the District. The JGDM, Senqu and Elundini local municipalities received clean audit opinions from the AG. Efforts are underway to support the Walter Sisulu local municipality to improve its audit results. It is my great pleasure to highlight in this report that the Joe Gqabi District municipality has once again received a CONSECUTIVE CLEAN audit outcomes for the 2021/22 financial year.

Management has reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and is satisfied that the Municipality can continue in operational existence for the foreseeable future. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

In comparison of actual figures to final budget, the JGDM realized total revenue of R 764 560 482 during the year under review compared to R 783 420 658 received during prior year. With regard to revenue by source, a variance of R 62 953 456 was observed between final budgeted amount of R 648 092 426 and realized actual amount of R 585 138 970. At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue.

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied. Variance is as result of the loan advancements received during the year not occurring according to planned projections. Borrowings include Building and front-loading loans incurred with the DBSA. The closing balance as at the end of June 2022 stood at R 62 052 803. This is contrasted to the opening balance amount of R 2 726 122 at the beginning of July 2021 of which an amount of R 60 000 000 was received during the year.

Management comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation. No internal management changes in relation to Section 56/57 managers occurred during the year under review.

To ensure adherence to Council accepted risk tolerance, the municipality reviews its strategic risk through annual risk assessment, including the development and implementation of measures to mitigate the identified risks. A functional risk management committee operated and remains in place and all risks are further evaluated quarterly by the Audit Committee in managing the top 5 risks.

Credit risk, currency risk, interest rate risk, liquidity risk and market risk. Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed. Amounts are receivable from national and provincial government and there are no expectation of counter party will default. Management did not experience significant interest rate movements during the year under review and for the next 12 months. The liquidity risk is further managed and guided by the Liquidity Policy. There were no changes to the exposure to liquidity risk and how the risk is managed during the period under. The municipality is not exposed to any other price risk.

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MP Nonjola  
Acting Municipal Manager  
Joe Gqabi District Municipality

Date: \_\_\_\_\_

### 1.3 Joe Gqabi District Municipal Overview

#### 1.3.1 Demographics and population

The Joe Gqabi District municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province in the Republic of South Africa. The District is made up by three local municipalities which are Elundini, Walter Sisulu and Senqu. Towns that form the District are Aliwal North, Barkly East, Burgersdorp, James Calata, Lady Grey, Nqanqarhu, Tlokweg, Oviston, Rhodes, Rossouw, Sterkspruit, Steynsburg, Ugie and Venterstad. A map of the District is depicted in figure 1 below:

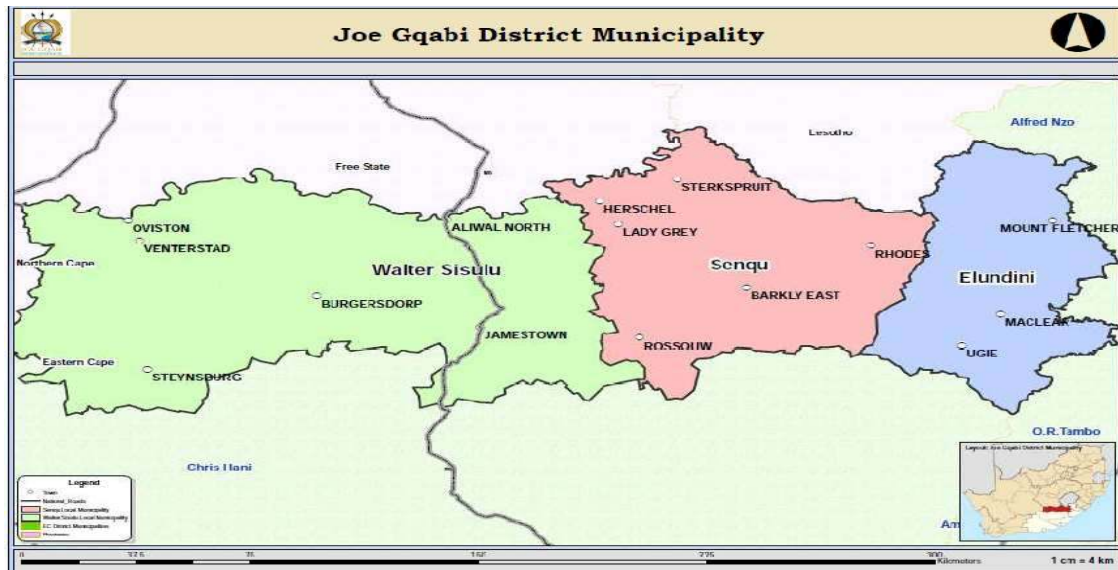


Figure 1: JGDM map

The population of the District slightly increased from 341 750 in 2001 to 372 192 in 2016 representing a 9% growth. Statistics South has shown that in 2020 the population of the District stood at 344 967 representing an annual decline of 0.3%. This is an area of concern to the District if the number of population remains one of the key determining factors for grant allocation in the face of critical service delivery challenges and financial constraints that confront the District.

In 2016, there was a significantly larger share of young working age people between 20 and 34 (28.0%), compared to what is estimated in 2021 (26.1%). This age category of young working age population will decrease over time. The fertility rate in 2021 is estimated to be slightly higher compared to that experienced in 2016. The share of children between the ages of 0 to 14 years is projected to be significant smaller (31.3%) in 2021 when compared to 2016 (32.6%).

In 2016, the female population for the 20 to 34 years age group amounts to 13.8% of the total female population while the male population group for the same age amounts to 14.2% of the total male population. In 2021, the male working age population at 13.4% still exceeds that of the female population working age population at 12.7%, although both are at a lower level compared to 2016.

In 2020, the Joe Gqabi District Municipality comprised of 110 000 households. This equates to an average annual growth rate of 1.11% in the number of households from 2010 to 2020.



Percentage of people living in poverty in the district has not changed significantly and shows a marginal increase from 72.73% in 2010 to 73.06% in 2020.

### 1.3.2 Economic growth

As with the rest of the world and the country, the economy of the JGDM has been severely affected by the covid19 pandemic. The unemployment rate has increased drastically to about 45% for the youth. The District Development model promotes creation of all of government action towards repositioning the District Space economies. The economic development programme that is driven by the District entity JoGEDA is seen as a potential game changer for the District. Successful implementation of the envisaged development trajectory will largely depend on creation of functional partnerships between government, business and civil society. Economic repositioning agenda must seek to alleviate the issues stated below.

With a GDP of R 10.4 billion in 2016 (up from R 3.87 billion in 2006), the Joe Gqabi District Municipality contributed 3.09% to the Eastern Cape Province GDP of R 338 billion in 2016 increasing in the share of the Eastern Cape from 2.72% in 2006. The Joe Gqabi District Municipality contributes 0.24% to the GDP of South Africa which had a total GDP of R 4.34 trillion in 2016 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2006 when it contributed 0.21% to South Africa. In terms of total contribution towards Eastern Cape Province, the Joe Gqabi District Municipality ranked lowest relative to all the regional economies to total Eastern Cape Province GDP. This ranking in terms of size compared to other regions of Joe Gqabi remained the same since 2006. In terms of its share, it was in 2016 (3.1%) slightly larger compared to what it was in 2006 (2.7%). The annual total personal income is the sum of the total personal income for all households in a specific region.. The average income in Joe Gqabi District in 2018 was approximately R15 000 per annum, meaning most of the population lives in poverty. Annual income distribution in the District is shown in figure 2 below.

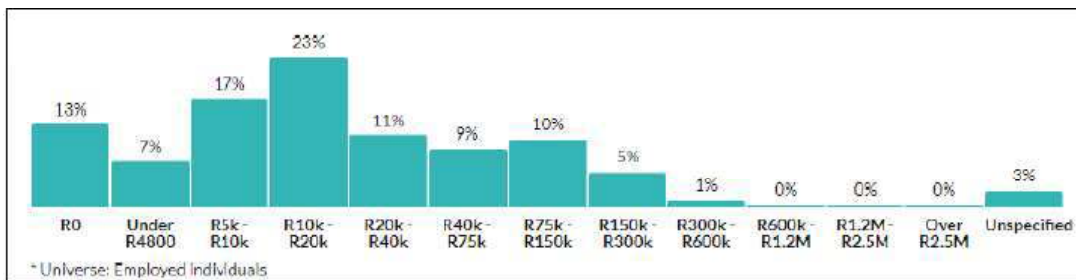


Figure 2: JGDM Annual Income Distribution

Source: ECSSEC, 2018

In 2016, the community services sector is the largest within Joe Gqabi District Municipality accounting for R 3.6 billion or 38.4% of the total GVA in the district municipality's economy. The sector that contributes the second most to the GVA of the Joe Gqabi District Municipality is the trade sector at 20.8%, followed by the finance sector with 13.1%. The sector that contributes the least to the economy of Joe Gqabi District Municipality is the mining sector with a contribution of R 15.3 million or 0.16% of the total GVA

To enhance the growth and development structure of the municipality, Council initiated an organogram redesign process which later culminated to the development and approval of the organogram by October 2021. This exercise seeks to streamline and bring about service delivery efficiencies within the institution, with a specific focus on service delivery departments. The process will continue towards finalization going into the new financial year.

Per Council approved Service Delivery and Budget Implementation Plan (SDBIP), a number of initiatives embarked were embarked upon during the year under review. Most of them led to positive outcomes and others were not successful due a variety of issues that are well explained in the Annual Performance Report which is forming part of this Consolidated Annual Report.

# CHAPTER 2: GOVERNANCE

## 2.1 Component A: Governance Structures

### 2.1.1 Political Governance Structure

The District is a category C municipality with a Mayoral executive system. The Executive Mayor of the District municipality was the late Alderman ZI Dumzela up to 08 November 2021 and replaced by Cllr NP Mposelwa from 09 November 2021 to date. The Council appointed five Standing Committees to assist the Executive Mayor for effective and efficient performance of any of the Executive Functions. As at June 2022, the Strategic and Governance Standing Committee was led by Cllr S Mei. The Finance Standing Committee was led by Cllr NU Hlathuka. Technical Standing Committee was led by Cllr SE Ntsoelinyane. Community Services Standing Committee was led by Cllr A Skoti. Corporate Services Standing Committee was led by N Mabunu. Cllr M Bomela served as the Speaker of Council.

### 2.1.2 Administrative Governance Structure

The Municipal Manager and his team of seven senior managers lead the institution. All the senior management posts were filled during the year under review with signed performance agreements.

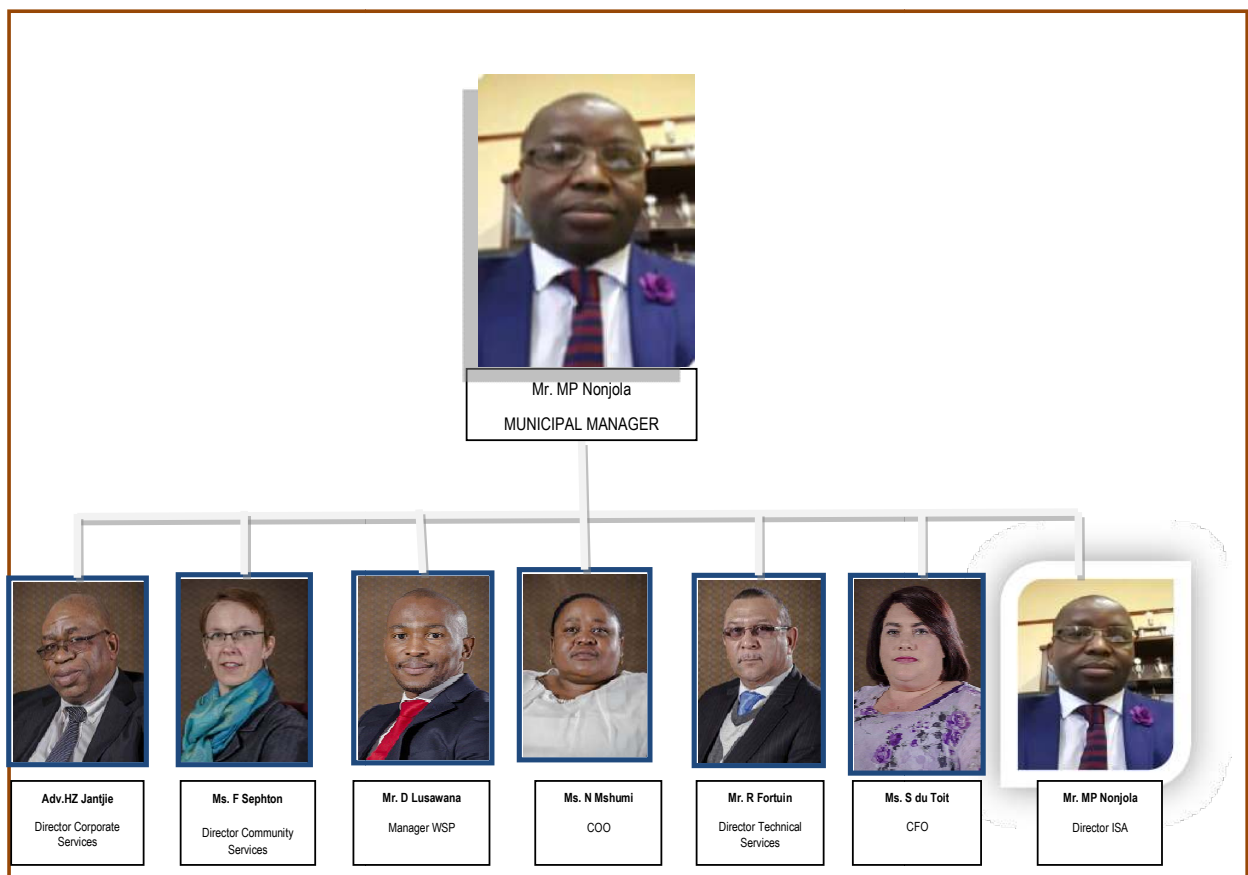


Figure 3: Administration

## **2.2 Component B: Intergovernmental Relations**

### **2.2.1 Intergovernmental Relations**

Under the District Development Model (DDM) all three spheres of government coordinate and integrate development plans and budgets and mobilise the capacity and resources of government and civil society, including business, labour and community, in pursuit of inclusive growth and job creation. The District Development Model aims to improve the coherence and impact of government service delivery with focus on 44 Districts and 8 Metros around the country as development spaces that can be used as centers of service delivery and economic development, including job creation. The JGDM DDM one plan was developed and adopted by Council by August 2021. A review process, which seeks to integrate greater stakeholder and community participation, is underway.

The District is committed to support and facilitate in intergovernmental cooperation initiatives. The District Mayors Forum (DIMAFO) managed to hold all two planned meetings during the year under review. With regard to IDP and Budget representative forum, which is a recognized IGR structure, managed to have all four planned meetings which are attended by regional sector department Directors, local municipalities and stakeholders.

## **2.3 Component C: Public Accountability and Participation**

### **2.3.1 Public Meetings**

The Executive Mayor working in partnership with the Speaker, and the office of the Municipal Manager conducted successful public participation sessions in all three local municipalities during the year under review. This represented an improvement from the Covid19 era in which it was difficult to convene public due to issues of poor network and connectivity through the District. Local radio stations were utilized to increase the reach of public participation programme and initiatives. The unavailability of a radio station in Elundini local municipality continues to create a challenge for enhanced community engagement through this platform.

### **2.3.2 IDP Participation and Alignment**

The Integrated Development Plan (IDP) of the District was subject to a full assessment by COGTA and other national and provincial departments. The JGDM IDP attained high level rating, which has always happened over the past number of years. The IDP strategic performance objectives are perfectly aligned with plans of national and provincial government such as National Development Plan, Provincial Development Plan, Provincial Growth and Development Strategy, including the Sustainable development goals. The DDM process will further enhance government alignment and coherence in planning, budgeting, reporting and monitoring.

## **2.4 Component D: Corporate Governance**

### **2.4.1 Risk Management**

The effective institutional risk management approach of the District has resulted in positive service delivery and audit Outcomes. The planned annual risk assessment that sought to interrogate towards establishing coherence with institutional risk tolerance at strategic level

was held. A risk register which is monitored closely by the Risk Management Committee, Audit Committee and Management is in place.

#### 2.4.2 Anti-corruption and fraud

During the year under review the District approved a view of the anti-fraud and anti-corruption policy which emphasise the zero tolerance stance of the JGDM towards fraud and corruption. No incidents of fraud and corruption arose in the year under review.

#### 2.4.3 Supply Chain Management

The Supply Chain Management (SCM) function of the District municipality has seen progressive capacity building of the year under review as manifested by a reduction in variances that relate to SCM challenges. A Contracts Manager, which is critical position for effective monitoring and enforcement of contracts, was filled. All bid committees meet as and when required at a scheduled weekly interval. Covid19 pandemic, legal challenges by unsuccessful bidders and poor performance by some contractors are some of the challenges experienced which affected projects implementation.

#### 2.4.4 By-laws

Bylaws that are currently in place and have been recently gazetted include fire services, Municipal Health, transport bylaws. What remains is the requirement to progressively improve on the implementation and enforcement capacity of the District. Such capacity building will be implemented in the context of the mandate of the District towards support to local municipalities.

#### 2.4.5 Websites

The JGDM has an updated website which has been enhanced and improved. The intention is to ensure convenience in how information is categorized and displayed in a more aesthetical and accessible manner. Prescribed documents for publication are uploaded onto the website. Annual reports, council meeting adverts, strategic planning documents, bylaws and policies, procurement information, etc are some of the documents that are published on the website.

#### 2.4.6 Public Satisfaction on Municipal Services

Public satisfaction surveys are critical element of public participation and a mechanism of constant feedback between communities and government. The Covid19 situation affected the implementation of planned public satisfaction survey. The Office of the Speaker conducted an intensive environmental scanning exercise in October 2022 as an intervention mechanism to close the gap.

#### 2.4.7 All municipal oversight committees

The MPAC, Audit committee, Standing Committees, Audit Committee, Mayoral Committee and Council are the primary accountability committees. MPAC planned to hold four meetings during the year under review and all meetings were held. Standing committees do sit monthly and wherever there are rescheduling issues meeting are held. The Mayoral Committee and Council also function affectively. For Council nineteen out of planned eleven

meetings were held. Overall, the clean audit received in the prior year is testament to the effectiveness of the JGDM oversight and accountability structures.

# CHAPTER 3: SERVICE DELIVERY PERFORMANCE

## 3.1 Component A: Housing Basic Service

### 3.1.1 Water

The area of water and sanitation provisioning relates to a core mandate and priority of governments across the world, and South Africa as a country in particular. The commitment of the water and sanitation service is manifest by the current process of organizational design that the institution is undergoing. The aim of the project is to provide a strategic focus especially in the water and sanitation function. The attainment of the set targets for the year under review have been affected by the ORIO project did not reach construction stage as expected due to delays at the design stage. One of the strategic challenges affecting development of human settlements is availability of bulk services. A forum has been established to improve current stagnated and forward planning interventions to align planning of the water services authority and the national and provincial Department of Human Settlements.

### 3.1.2 Sanitation

Significant progress has been achieved in the front of sanitation services provisioning. The District is currently standing at 98.5% level of access. The target for the year was overachieved due to good performance by the contractors appointed by JoGEDA. Also, it is suspected that the backlogs stated in community survey of 2016 were underestimated and therefore the number of households served is 101%. The current census is expected to address this matter.

### 3.1.3 Waste Management ]

The District implements waste management function through a regulatory role. The function is in the competence of local municipalities. The District monitors performance of local municipalities through various inspections that were conducted during the year under review. When illegal dumping sites are identified, municipalities are informed and issued with compliance directives. The performance of this function traversed to implementing monitoring and other enforcement measures towards compliance of waste sites throughout the District.

### 3.1.4 Free Basic Services (Including Indigent Support)

The JGDM provides free basis services (FBS)with regard to water and sanitation services. This target relates to ensuring that communities who fall within the indigent policy provision in terms of household earnings that are equal or below two times old pension grant in terms of the national government determination. All households that qualify for FBS and registered do receive their services. The JGDM relies on indigent registers of local municipalities. A challenge that confronts the local municipalities relate to credibility and frequency of updating the registers and verification of applicants' details.

## **3.2 Component B: Basic Service**

### **3.2.1 Roads**

The JGDM serves as an implementing agent for road maintenance relating to proclaimed provincial roads in the Walter Sisulu local municipality part of the District. The function is carried out through grant funding. At times special projects are also allocated to the Municipality by the Department of Roads and Public Works in other parts of the district. During the year under review, a target for grading of 2000km of roads was set. The target was exceeded by 803km due to sufficient rain which resulted in more roads surfaces being conducive for grading. The more the roads are graded results in better road conditions for communities, and the excess km's graded are covered by the budget in the SLA with DOT, which is based on cost reimbursement. The District has initiated a process of instant engagements to lobby the Provincial government to extend the contract to cover all three local municipalities within the District focusing on all 'DR' roads. The JGDM roads section has adequate capacity to implement the function should it be awarded by the Department through availing the required fusing.

In addition, the JGDM received an amount of R 2 233 000 under the Rural Roads Asset Management System grant in the 2021/22 financial year in contrast to the R 2 203 000 received in the 2020/21 financial year. The purpose of the grant is to assist rural district municipalities to set up rural road asset management systems (RRAMS), collect roads data, traffic data and road classification in line with the Road Infrastructure Strategic Framework South African (RISFSA).

### **3.2.2 Transport**

The JGDM area of competence with regard to transport is the regulatory aspect. An integrated Transport Plan was adopted in 2005 and the plan needs to be reviewed. Funding remains a stumbling block for the achievement of this objective.

## **3.3 Component C: Planning & Development**

### **3.3.1 Planning**

The District is progressively building its capacity on the field of planning and land development. With respect to the implementation of SPLUMA, local municipalities within the District resolved to have a one District-wide Municipal Planning Tribunal. The tribunal is one of the most effective in the Province. Per standing protocol, once a land use or land development application has been received it is tabled before the planning tribunal within a period of twenty-one days. This efficiency illuminates the importance the District and its local municipalities place on creating an enabling environment for economic development and growth through efficient and swift process for planning decision making. Other details pertaining the planning systems readiness throughout the District is highlighted in table below.



Table 1: SPLUMA implementation progress

Tribunal establishment	Council Approval of Tribunal	Tribunal type	Functionality	By-law preparation	By-law adoption by Council	Qualified town planner	Impediments
JGDM	Yes	District	Fully functional	N/A	N/A	Yes	<ul style="list-style-type: none"> <li>▪ Clarity on role of traditional leaders</li> <li>▪ Provision of training to MPT and Appeal Authority (AO) members after election of new Council</li> </ul>
Walter Sisulu	Yes	District	N/A	Yes	Yes	Yes	
Senqu	Yes	District	N/A	Yes	Yes	Yes	
Elundini	Yes	District	N/A	Yes	Yes	Yes	

### 3.3.2 Local Economic Development

The Council of Joe Gqabi District Municipality took a resolution that JoGEDA be the economic development special purpose vehicle to drive identification and implementation of catalytic projects within the District. The agency was also appointed by the Council as an implementing agent for the District Municipality in the implementation of identified the water and sanitation projects.. In contrast to the grant amount of R7 500 000 paid in the prior year, an amount of R5 000 000 was paid to JoGEDA. The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA.

The District and the entity experienced interpretation challenges during the last audit process pertaining the functionality issue. JoGEDA as an economic development agency used the locality of Joe Gqabi District Municipality as a functionality criterion in its procurement processes until December 2019. This has raised an irregularity in all the procurement undertaken by JoGEDA until December 2019 as procurement was seen as a key driver of local economic development and being able to prefer local suppliers was a stated intention of the agency. The finding has been that locality of Joe Gqabi District Municipality cannot be used as a functionality criterion as the policy refers to South African being the local area and this may be seen as unfair to all bidders. Due to this finding, JGDM has reviewed all tenders awarded prior to the ruling on the matter of locality and included those in irregular expenditure.

Multiyear contracts were awarded on the 2018/19 and 2019/20 financial years for the construction of Ventilated Improved Pit (VIP) Latrines and Senqu rural water projects to various companies employed by the JGDM development agency and were deemed as irregular appointments as they were limited to contractors residing in the Joe Gqabi District Municipal area. Subsequently the Council of JGDM investigated the finding and on 20 October 2020 it approved the write off of expenditure on contracts appointed in this regard. The contracts were not suspended and therefore an additional amount of R53 067 316 was incurred in the year under review.

The EPWP grant is a conditional grant to incentivize municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines. The JGDM received an amount of R1 559 00 which was fully spent, In the front of implementation and expansion of EPWP and other job creation initiatives, the District targeted to implement six hundred and fifty albeit as at the end of June 2022 868 job opportunities had been created. Additional new employment opportunities were created through new projects implemented in the FY.

The RAFI is a commercial initiative formed to enhance cooperative enterprises in the Eastern Cape in an attempt to assist agricultural cooperatives through development of industries in rural towns and far flung areas of the Province.

In the District the programme is piloted in Elundini local municipality. The pilot started in 2019/20 financial in Lower Tsitsana (88ha) and Hlankomo (113 ha). The Hlankomo site covered an area of 113 hectares with white maize and the Lower Tsitsana site covered an area of 88 hectares of soybeans. The plan is to extend the programme to cover about 30 000 hectares over a period of time.

The District facilitated and actively participated in youth, women and people with disability development programmes. Three trainings and capacity building workshops SMMEs and Coops (youth, women and people with disabilities) that were planned were successfully held. This intervention is linked to the strategic objective of facilitating and supporting local economic development initiatives under which twenty three SMMEs were trained. The training of SMMEs is a programme that is implemented by the District agency, JoGEDA, through a partnership with the University of Stellenbosch. SMMEs are trained and at the end of the programme certificates were issued and graduations held. Today more than one hundred SMMEs have benefitted under this initiative.

### **3.4 Component D: Community & Social Services**

#### **3.4.1 Archives**

The District Council support services archives is responsible for records management and all archives in the institution. All documents are handled in line with applicable archives management legislation.

#### **3.4.2 Cemeteries and crematoria**

The disposal of the dead is a function that is performed under the Municipal Health Services section of the municipality. Activities that were carried out during the year under review include inspections of funeral parlours, monitoring of burial processes for compliance with Covid19 disaster regulations, processing of applications received pertaining pauper burials as well as processing and monitoring of applications received for reburials and exhumations.

### **3.5 Component E: Environmental Protection**

#### **3.5.1 Pollution Control**

The District function of pollution control is an area of work that is performed by the Department of Economic Development and Environmental Affairs on behalf of the District municipality. As such, no activity was performed by the District during the year under review.

#### **3.5.2 Biodiversity and Landscape**

South African National Parks (SANParks), in partnership with WWF-SA and a range of government and non-government partners, is undertaking the establishment of a new national park in the Grassland Biome, in the Eastern Cape Province, focusing in the Elundini local

municipality through its declaration in terms of the National Environmental Management: Protected Areas Act, No. 57 of 2003 (NEMPAA). The project area includes areas that have valuable biodiversity and other ecological footprint. The implemented of the project, which is still underway as it is a multi-year intervention, was intended to address a wide array of issues that are important to landowners, communal land rights holders and other stakeholders in the landscape including:

- The biodiversity, ecological and ecosystem service attributes of the region.
- The beauty and aesthetic appeal of the landscape and their relation to its sense of place.
- The activities and land uses that underpin the economy of the region, which will continue to be undertaken in the landscape in ways that are compatible with biodiversity conservation.
- The social, cultural and historical attributes of the region that must be protected and enhanced through the establishment of the national park.

### **3.6 Component F: Health**

#### **3.6.1 Health inspections**

In addition to matters listed above with respect to the disposal of the dead, the District has a legal duty to render effective municipal health services. The area of inspections on health establishment premises was prioritized during the year under review due to the ravaging impact of the Covid19 pandemic and the sensitivity of this particular area of work focusing on hospitals and clinics. The targeted number of conducting two inspections of each of the sixty health establishment premises was over-achieved as at the end of June 2022 two inspections of twenty seven health premises was achieved. Additional inspections were informed by the outcomes of oversight visit during the year which outlined a challenging state of affairs on health premises.

### **3.7 Component G: Safety & Security**

#### **3.7.1 Fire and Disaster**

The District operates a Fire Services and Disaster management services function. During the year under review,

### **3.8 Component H: Sport & Recreation**

Community Parks, Sports Field, Sport Halls, Stadiums, Swimming Pools and camping sites ate an area of competence for local municipalities. Thus, information relating to these functions will be contained in the annual reports of local municipalities.

### **3.9 Component I: Corporate Policy Offices and Other Services**

#### **3.9.1 Corporate policy offices**

Continuously develop and strategically utilise information technology, legal services and other internal services to provide more efficient government. The institution set targets that include identification and implementation of new municipal legislation updates and reports were submitted to the Rules and Ethics Committee, Standing committee, Mayoral committee as well as Council.

Pursuant to compliance enforcement targets set for the year, quarterly legislation compliance tools were developed and compliance monitored. Institutional policies annual review and Rules and Ethics committee engagements were successfully held as planned.

### 3.9.2 Human Resource Services

The Council is committed to maintaining conducive working conditions for staff to ensure productivity as maintained at its optimum efficiency. Towards this end two meetings of the Local Labour Forum (LLF) were held against a set target of four. Planned meetings did not sit due to lack of a quorum. The municipality is continuously striving to convene LLF Meetings where such could not be convened due to the unavailability of parties. The LLF agreed that a subsequent meeting be arranged within seven days of an unsuccessful meeting which is currently being implemented.

### 3.9.3 ICT Services

The JGDM Information Technology function renders ICT support in terms of hardware, software and pertinent governance policies in the area of IT, Data files and critical system were successfully backed up to the Disaster Management server as per Disaster recovery plan. Other activities that were successfully implemented as planned included ICT self assessment report, review of the ICT Strategy as well as ensuring compliance with King 4 ICT governance matrix.

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### 3.10 COMPONENT J (i): ORGANISATIONAL PERFORMANCE SCORECARD

#### KPA 1 Service Delivery and Infrastructure provision

STRATEGIC OBJECTIVE	PROGRAMME / STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
Provide access to basic services	SD01: Develop and maintain water and sanitation infrastructure	SD01-01	% compliance with SANS241 for drinking water quality	95%	94%	95%	93.14%	👍	This is a result of old and aged infrastructure (water treatment works and pipelines).	1. Continuous upgrade of WTWs, 2. Continuous training of Process Controllers, Supervisors and Manager	IRIS report	WSP
		SD02-01	Ratio of fire incidents timely responded to as a proportion of entries in the Occurrence Book.	01:01	01:01	01:01	01:01	👍	None	Report of fire incidents responded to	Technical Services	
	SD03: Expand and fast-track provision of universal access to basic services	SD03-01	% of households earning less than R1100 (national indigent declaration) per month with access to free basic services (water and sanitation)	100% of registered households (indigents)	100% of registered households (indigents)	100% of registered households (indigents)	100% of registered households (indigents)	👍	None	1. Billing report	Finance	
		SD03-02	% of households with access to basic level of water	74.6%	74.1%	74.6%	74.1%	👍	The ORIO project did not reach construction stage as expected due to delays at the design stage	Expedite designs so that the tender & construction stage can commence in the 2022/23 FY.	Technical Services	

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STRATEGIC OBJECTIVE	PROGRAMME / STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
		SD03-03	% of households with access to a basic level of sanitation	96.3%	96.0%	97.8%	98.5%	👍	Target was exceeded due to good performance by the contractors appointed by JoGEDA.	None	Calculation Report	Technical Services
	SD04: Render effective municipal health services	SD04-01	Number of inspections on health establishment premises	2 of 95 health establishment premises inspected	1 inspection of 33 health establishment premises inspected	2 inspections of 60 health establishment premises	2 inspection of 87 health establishment premises inspected	👍	Additional inspections were informed by the outcomes of oversight visit during the year	None	Inspection reports	Community Services
	SD05: Support maintenance of road networks in the District	SD05-01	Number of kilometers of gravel roads graded	2000km	1931km	2000km	2803km	👍	Target exceeded by 803km due to sufficient rain which resulted in more roads surfaces being conducive for grading.	None	1. Report to Standing Committee 2. DPW MIS Report	Technical Services

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### KPA 2 Local Economic Development

STRATEGIC OBJECTIVE	PROGRAMME / STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21 FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	Corrective Action	EVIDENCE	DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
Facilitate and implement job creation and poverty alleviation initiatives	LED01: Implement and expand implementation of EPWP and other job creation initiatives	LED01-01	Number of jobs created through local economic development initiatives including capital projects.	650	365	650	868	👍	Additional new employment opportunities were created through new projects implemented in the FY.	None. The more jobs created through new projects the better for the communities.	1. List of participants 2. MIS Report from DPW 3. Report to MayCo	Technical Services & WSP
	LED2: Support and facilitate rural development and poverty alleviation programmes	LED02-01	Number of hectares cultivated on the RAFI programme	50	72	60	60	👍	None	None	1. Implementation Plan 2. Report to MayCo	OMM
	LED3: Facilitate and actively participate in youth, women and people with disability development programmes	LED03-01	Number of Trainings and capacity building workshops SMMEs and Coops ( youth, women and people with disabilities)	3	3	3	3	👍	None	None	1. Attendance Registers 2. Training programme 3. Training Report 4. Report to MayCo	OMM
Facilitate and support regional economic development initiatives	LED04: Facilitate and support local economic development initiatives	LED04-01	Number of SMMEs trained	23	23	20	20	👍	None	None	1. Attendance Registers 2. Training programme 3. Training Report 4. Report to MayCo	JoGEDA

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### KPA 3 Financial Viability and Management

STRATEGIC OBJECTIVE	PROGRAMME / STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
Ensure sound and effective financial management and reporting	FM01: Comply with the statutory financial management and reporting requirement	FM01-01	% of capital budget actually spent on capital projects identified in the IDP	100%	81%	100%	100%	👍	None	None	Income and expenditure report	Technical Services
		FM01-02	Improvement in financial viability ratios	Coverage ratio: 2.02	Coverage ratio: 0.06	Cost coverage ratio: 2.02	Cost coverage ratio: 1.31	👍	The cash at year end were sufficient to cover for 1.3 month which is an improvement from the previous restated 0.47	Reserves will be build over the next three years to ensure sufficient cash to cover at least 2 months operational cost	S71 Report	Finance
		FM01-03	% of budget actually spent on implementing workplace skills plan	100%	100%	100%	97%	👍	The funds were almost depleted and not enough to implement any new or further project. The portion left were due to savings	Implement measures to prevent the arrear debt from growing	S71 Report	Finance
		FM01-04	% of operational budget allocated for repairs and maintenance	8%	8%	8%	8%	👍	None	None	1. Approved budgeted allocation	Income and Expenditure report



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STRATEGIC OBJECTIVE	PROGRAMME / STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
	F02: Implement revenue collection and enhancement strategy initiatives	FM02-01	% of billed revenue collected	30%	15%	30%	15%	👍	The Variance is due to the collection being lower than anticipated due to consumers not willing to pay for services	Taking attractive proposals to the community to motivate them to pay. Have active engagements through council with communities on the importance of paying for services	1. Billing report 2. Report to MayCo	Finance
	F03: Implement anti-fraud and anti-corruption measures	FM03-01	Ratio of identified cases of fraud and corruption acted on	01:01	01:01	01:01	00:00	👍	None	None	1. Case number 2. Report to MayCo	Corporate Services

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### KPA 4: Institutional Development and Transformation

STRATEGIC OBJECTIVE	PROGRAMME STRATEGY	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21 FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	RESPONSIBLE DIRECTORATE
				PLANNED TARGET	AUDITED ACTUAL	PLANNED TARGET	UNAUDITED ACTUAL					
Improve human resource capacity and potential	ID01: Effectively empower and develop skills base within the District	ID01-01	Number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP	11	6	11	5	👍	The institution had only 6 available and funded positions within the 3 highest levels of management	The target will be revised in the 2022/23 financial year	Report to Mayco	Corporate Services
		ID01-02	Number of internships & learnership opportunities created	48	62	48	48	👍	None	None	1. Report to Mayco	Corporate Services
		ID01-03	Fill all budgeted and funded vacant posts	All vacant budgeted posts filled	Not achieved (74% was filled)	All vacant budgeted posts filled	Not achieved (75% filled)	👎	303 positions were not filled due to the outstanding finalization of OD project	All vacant and funded positions on the current Organogram are however currently and on an ongoing basis being filled. Council resolved on 30 June 2022 that no positions be filled on the re-engineered Organogram and that such must await the finalization of the OD Project which is October 2023.	1. Report to management	Corporate Services
	ID02-01	Number of LLF meetings held	4	0	4	2	👎	Meeting did not sit due to lack of quorum	The municipality is continuously striving to convene LLF Meetings where such could not be convened due to the unavailability of parties. The LLF agreed that a subsequent meeting be arranged within 7 days of an unsuccessful meeting which is currently being implemented.	1. Minutes 2. Attendance Registers	Corporate Services	

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### KPA 5 Good Governance and Public Participation

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21 FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	ACTUAL AUDITED	PLANNED TARGET	UNAUDITED ACTUAL					
Facilitate intergovernmental cooperation and coordination	GG01: Support and facilitate in intergovernmental cooperation initiatives	GG01-01	Number of DIMAFO meetings held	4	1	2	2	👍	None	None	1. Minutes 2. Attendance Registers	Institutional Support & Advancement
				11	11	11	19	👍	Extra meetings held were required by the institution because of the number of meetings that were not foreseen at the time of approval of the schedule of meetings.	None. Meetings to sit per approved calendar of meetings schedule.	1. Minutes 2. Attendance Register	Corporate Services
				1 Mayoral outreach held in each Local Municipality	1 Mayoral outreach held in Elurndini Local Municipality	1 Mayoral outreach held in each Local Municipality	1 Mayoral outreach held in each Local Municipality	👍	None	None	1. Attendance Registers 2. Outreach report	Institutional Support & Advancement
Establish and support municipal oversight systems, mechanisms and processes	GG03: Ensure and Governance	GG03-01	Compile 2020/21 FY annual report	2019/20 FY Annual Report approved by Council	2019/20 FY Annual Report was not tabled timeously before Council	2020/21 Final Annual Report approved by Council	2020/21 Final Annual Report approved by Council	👍	None	None	1. Approved Annual Report. 2. Council Resolution	OMM
				2021/22 FY MTEF Budget approved by Council	2021/22 MTEF Budget approved by Council	2022/23 FY MTEF Budget approved by Council	2022/23 FY MTEF Budget approved by Council	👍	None	None	1. Approved Budget 2. Council Resolution adopting the budget	Finance

= Target achieved and or exceeded (≥100%), 
 = Target not achieved (≥75%), 
 = information not yet available, 
 = significant progress has been achieved (75 - 99%)

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	PAST PERFORMANCE (2020/21 FY)		CURRENT PERIOD (2021/22 FY)		SNAPSHOT	VARIANCE	CORRECTIVE ACTION	EVIDENCE	DIRECTORATE
				PLANNED TARGET	ACTUAL AUDITED	PLANNED TARGET	UNAUDITED ACTUAL					
		GG03-03	Comply 2022/23 FY IDP	2021/22 FY IDP compiled and approved by Council	2021/22 FY IDP was approved by Council	2022/23 FY IDP compiled and approved by Council	2022/23 FY IDP compiled and approved by Council		None	None	1. approved IDP 2. Council resolution	OMM
		GG03-04	Number of signed performance agreements for Directors & Managers directly reporting to the Municipal Manager including the Municipal Manager	8	8	8	8		None	None	8 signed performance agreements	OMM
		GG03-05	Clean audit outcomes achieved	Clean audit outcomes achieved	Clean audit outcomes achieved	Clean audit outcomes achieved	Clean audit outcomes achieved (2020/21 FY)		None	None	Audit report	All Directors
		GG03-06	Number of MPAC meetings held	4	4	4	4		None	None	1. Minutes 2. Attendance Register	OMM
		GG03-07	Number of Audit and Performance Committee meetings held	5	5	5	5		None	None	1. Minutes 2. Attendance Register	OMM

### 3.11 COMPONENT J (I): PERFORMANCE ON PROJECTS

KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
% of construction progress completed on Refurbishment of Steynsburg and Lady Grey WWTWs and associated infrastructure by June 2022	New Indicator	99% of construction progress completed on refurbishment of Steynsburg and Lady Grey WWTWs and associated infrastructure by June 2021.	99% progress achieved as per the approved works programme and certified by the PSP's progress report	👍	None	None	WSP Manager
% of Construction Progress completed for the construction of clear water storages at Alwal North and Maclear by June 2022	New Indicator	99% progress achieved as per the approved works programme and certified by the PSP the progress report	99% progress achieved as per the approved works programme and certified by the PSP the progress report	👍	None	None	WSP Manager
% of Progress for the implementation of 202122 WCDM BP by June 2022	New Indicator	60% of Construction Progress Completed by June 2022	60% progress achieved as per the approved Business Plan and certified by the PSP the progress report	👍	None	None	WSP Manager
% of Construction Progress completed for the Refurbishment of Ugie and Rhodes WWTWs by June 2022	New Indicator	90% of Construction Progress completed for refurbishment Rhodes and Ugie WTW by June 2022	90% of Construction Progress completed by June 2022	👍	None	None	WSP Manager
% of Construction Progress completed for the Rudimentary water supply schemes as per the BP by June 2022	New Indicator	90% of Construction Progress completed for the Rudimentary water supply schemes as per the BP by June 2022	90% of Construction Progress completed for the Rudimentary water supply schemes as per the BP by June 2022	👍	None	None	WSP Manager

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KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
% of Progress for Upgrading of Sterkspruit WTW and Bulk Supply Lines	50% of Water Supply Infrastructure Completed for Herschel Pipeline by June 2021	100% of Water Supply Infrastructure Completed for Herschel Pipeline by June 2022	83% progress achieved	👍	Under achieved by 17% this is due to poor performance by the contractor, who experienced number of stoppages on the project	Established frequent monitoring sessions to try to see to it that the contractor meets commitments made. The contractor is on penalties due to poor performance.	Technical Services Director
Initiate procurement process for PSP and construction services	New Indicator	Procurement Process for PSP and construction services initiated by June 2022	Bid Specification report submitted to the BSC	👍	N/A	N/A	Technical Services Director
Approval of Final Project Design and initiate procurement of construction services (Elundini Rural Water Programme (ORIO))	Sub-consultants for Survey Services, ISD services, Geo-hydrological Services, Geotechnical Services, OHS services appointed by June 2021	Final Project Design approved and Procurement of Construction Services process initiated by June 2022	Not Achieved	👍	Final Design not yet concluded. Designs not yet completed. The establishment of raw water sources by Geo-hydrological service provider proved to take longer than planned.	Fast Track the completion of Geo-hydrological services	Technical Services Director
% of Construction Progress completed for Water Supply in Joe Gqabi Township to prevent the spread of COVID-19 by June 2022	Designs completed.	100% of Construction Progress completed for Water Supply in Joe Gqabi Township to prevent the spread of COVID-19 by June 2022	100% of Construction Progress achieved for Water Supply in Joe Gqabi Township to prevent the spread of COVID-19	👍	None	None	Technical Services Director

KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
% of Construction Progress completed for the Development of Burgersdorp Water Treatment Works (WTW) by June 2022	50% of Construction Progress completed for the Development of Burgersdorp Water Treatment Works (WTW) by June 2021	100% of Construction Progress completed for the Development of Burgersdorp Water Treatment Works (WTW) by June 2021	100% of Construction Progress completed for the Development of Burgersdorp Water Treatment Works (WTW) by December 2021	👍	None	None	Technical Services Director
% of Construction Progress completed for the Maclear Water Treatment and Distribution Upgrade (AC Pipe Replacement) by June 2022	30% of Construction Progress completed for the Maclear Water Treatment and Distribution Upgrade (AC Pipe Replacement) in June 2021	100% of Construction Progress completed for the Maclear Water Treatment and Distribution Upgrade (AC Pipe Replacement)	Not Achieved - 80% of Construction completed	📉	Under achieved by 20%. Three factors that led to under achieving the planned target are: 1. Delays due to Emergency work at Uitsig and Church Street: The contractor could not commence with their planned work on this section due to roads construction work on these two streets. 2. Delays due to Rain: Rain causes delays to the progress of the Contractor and it is recorded. 3. Delays due to existing services: The laying of pipes in Thompson Street was delayed for almost 2 months due to the number of existing services crossing the pipe	None. Delays were unforeseen and the contractor has indicated that it will submit claims for extension of time due to delays encountered	Technical Services Director

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KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
					route.		
Appoint Professional Service Provider by June 2022 (Alwal North WTW Holding Dams)	Professional Service Provider Appointed by June 2021	Appoint Service Provider by June 2022	Achieved	👍	None	None	Technical Services Director
Appoint service provider for Construction services by June 2022 (Maclear Water Treatment & Distribution Upgrade)	Service Provider for Construction Services appointed by June 2021	Appoint service provider for Construction services by June 2022	Not Achieved	📄	Service Provider for Construction Services NOT appointed. This is due to the fact that the project is still in Court. Judgement was handed down on the 5th of April 2022, however the applicant submitted an appeal which was subsequently granted. The application for leave to appeal the judgement was heard on the 30th of May 2022	Wait for Court processes to conclude	Technical Services Director



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KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
Number of new households provided with sanitation service (Senqu rural sanitation Phase 6)	2000 new households provided with sanitation service (toilets)	1500	1258	📄	Variance is target not achieved by 242 units due to project put on hold because of the uncertainty of the DORA S17 outcome. NT stated that JoGEDA expenditure will not be recognized. But this was later resolved and the project could continue.	Proceed with the implementation using JoGEDA as Implementing Agent.	Technical Services Director
Number of new households provided with sanitation service (Elundini rural sanitation Phase 6)	2000 new households provided with sanitation service (toilets)	1200	998	📄	Variance is target not achieved by 202 units due to project put on hold because of the uncertainty of the DORA S17 outcome. NT stated that JoGEDA expenditure will not be recognized. But this was later resolved and the project could continue.	Proceed with the implementation using JoGEDA as Implementing Agent.	Technical Services Director
% of construction progress completed on development of Jamestown Sanitation Infrastructure	20% of Construction Progress Completed on development of Jamestown Sanitation Infrastructure by June 2021	80% of Progress Completed on development of Jamestown Sanitation Infrastructure	79% progress Achieved	📄	Variance is 1% which is negligible	None	Technical Services Director
% of construction progress completed on development of Maclear	100% of construction progress	70% of progress completed on development of Maclear	55% progress achieved	📄	This is due to the following: 1. Delay caused by	Extension time was granted and	Technical Services Director

= Target achieved and or exceeded (≥100%). 
 = Target not achieved (≥75%). 
 = information not yet available. 
 = significant progress has been achieved (75 - 99%)

KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
Bulk Sanitation Infrastructure.	completed on development of Maclear Bulk Sanitation Infrastructure by June 2021	Bulk Sanitation Infrastructure by June 2022			Significant amount of hard rock encountered: Hard rock was under estimated 2. Delay caused by Tension Crack on SANRAL Road: Along excavation for rising main there was a crack on SARAL road 3. COVID - 19 lockdown and COVID OHD Compliance 4. Delays caused by high water table on the Pump Station 5. Delays caused by heavy rains between January 2022 and May 2022 in Maclear	completion was approved to be December 2022	
Appoint Professional Service Provider by June 2021 (Provision of Sanitation Infrastructure for Ugie Phase 1)	New Indicator	Professional Service Provider Appointed by June 2021	Not Achieved		Professional Service Provider NOT Appointed - Delays caused the suspension of PPPFA regulation which delayed the appointment of Service Provider for Bid Evaluation	The AO later approved that Bid Evaluation should be done in-house. The process of evaluation has now started.	Technical Services Director

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KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Variance	Corrective Action	Responsible Person
		Plan	Actual			
% of Construction Progress completed for the Development of Burgersdorp Wastewater Treatment Works (WWTW)	80% of Construction Progress completed for the Development of Burgersdorp Wastewater Treatment Works (WWTW) by June 2021	100% of Construction Progress completed for the Development of Burgersdorp Wastewater Treatment Works (WWTW) by June 2022	100% of Construction Progress completed for the Development of Burgersdorp Wastewater Treatment Works (WWTW)	None	None	Technical Services Director
Number of water tanks supplied and installed	procurement process for supply and installation of water tanks initiated by June 2021	75 water tanks supplied and installed	75 water tanks supplied and installed	None	None	Technical Services Director
Number of water tanks connected to sustainable water network	New Indicator	75 Tanks Connected to sustainable water network by June 2022	Not achieved	None. Project cancelled due to non-availability of funds.	None	Technical Services Director
Initiate the procurement process for Water Carting Service	Procurement process for Water Carting Services initiated by June 2021	Procurement process for Water Carting Services initiated by June 2022	Not achieved	None. Project cancelled due to non-availability of funds.	None	Technical Services Director
% of construction progress completed on Senqu Rural Water Supply: Work Package 1	Senqu Rural Water Network Extension: Quick Wins	10% of construction progress completed on Senqu Rural Water Supply: Work Package 1 by June 2022	Not Achieved	Project is delayed by the EIA approval processes and could not start on time	Complete EIA approval in order for construction to start	Technical Services Director

👍 = Target achieved and or exceeded (≥100), 🤖 = target not achieved (≥75), 📄 = information not yet available, 📈 = significant progress has been achieved (75 - 99%)

KEY PERFORMANCE INDICATOR	BASELINE (JUNE 2021)	ANNUAL TARGETS and ACTUALS 2021/22 FY		Snapshot	Variance	Corrective Action	Responsible Person
		Plan	Actual				
Approved Design Report for Senqu Rural Work Package 2	Senqu Rural Water Network Extension: Quick Wins	Design Report for Senqu Rural Work Package 2 approved by June 2022	Achieved	👍	N/A	N/A	Technical Services Director
% of construction progress completed on Senqu Rural Water Supply: Work Package 3	Senqu Rural Water Network Extension: Quick Wins	10% of construction progress completed on Senqu Rural Water Supply: Work Package 3 by June 2022	39%	👍	Variance is due to good performance by the contractor.	None. The faster water is provided to the communities the better.	Technical Services Director
Approved Design Report for Senqu Rural Work Package 5	Senqu Rural Water Network Extension: Quick Wins	Design Report for Senqu Rural Work Package 5 approved by June 2022	Achieved	👍	N/A	N/A	Technical Services Director
% of construction progress completed on Senqu Rural Water Supply: Work Package 6	Senqu Rural Water Network Extension: Quick Wins	10% of construction progress completed on Senqu Rural Water Supply: Work Package 6 by June 2022	12%	👍	Variance is due to good performance by the contractor.	None. The faster water is provided to the communities the better.	Technical Services Director
Approved Design Report for Senqu Rural Work Package 7	Senqu Rural Water Network Extension: Quick Wins	Design Report for Senqu Rural Work Package 7 approved by June 2022	Achieved	👍	N/A	N/A	Technical Services Director

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

## 4.1 Component A: Introduction to the Municipal Personnel

### 4.1.1 Total Employment

The District employed a total number of one thousand two hundred and six staff complement, which includes all categories of employees. This is contrast to the figure of one thousand two hundred and eighteen staff complement in the prior year. Current demographic of Joe District Municipality as follows:

*Table 2: Current demographics*

GENDER & RACE	AM	CM	IM	WM	AF	CF	IF	WF
TOTAL	516	37	1	14	259	9	-	5

In terms occupational levels and the gender profile as at the end of June 2022, tables below depicts the status.

*Table 3: demographic in terms of occupational levels*

Occupational Levels	Total
Top management	8
Senior management	20
Professionals	76
Skilled	107
Semi-skilled	199
Unskilled	213

*Table 4: Gender Profile*

Position Types	Male	Female	Total
Fill Positions	416	207	623
Temporal Positions	152	66	218
Total	568	273	841
Vacant Positions			

### 4.1.2 Turnover and Vacancies

Emanating from prior years, one of the critical challenges that faced the JGDM was a very high level of staff turnover with special focus on the second layer of management. To manage this and reduce its impact on the performance of the institution and sustainability, Council approved a staff retention policy focusing on broad management level. This intervention proved to be highly successful in retaining the affected staff members.

#### 4.1.3 Vacancy rate

Filling of all vacant and budgeted position is a priority of the institution. As a consequence seventy five percent of all position in the approved organogram were approved. This means that out of one thousand two hundred and six funded and budgeted positions, three hundred and three positions remained not filled. All vacant and funded positions on the current

#### 4.1.4 Comment on the overall vacancies and turnover

Organogram are however currently and on an ongoing basis being filled. Council resolved on 30 June 2022 that no positions be filled on the re-engineered Organogram and that such must await the finalization of the Organisational Development (OD) Project which is October 2023.

### **4.2 Component B: Managing the Municipal Workforce**

#### 4.2.1 Policies

The Institution developed and implemented 34 human resource policies. The applicable policies are listed below:

- No 1 Joe Gqabi District Municipality Leave Policy
- No 2 Policy On Medical Aid Contributions For In-Service Employees And Pensioners
- No 3 Overtime And Shift Work Policy
- No 4 S & T Policy
- No 5 NFMW Policy
- No 6 Policy On The Payment Of A 13th Cheque To Temporary Employees Interns And Students
- No 7 Recruitment Selection And Appointment Policy
- No 8 Acting And Enhanced Responsibility Allowance Policy
- No 9 Termination Of Employment Policy
- No 10 JGDM Relocation Policy
- No 11 Cellphone Policy
- No 12 Rental And Housing Subsidy Policy
- No 13 Working Hours Policy
- No 14 JGDM Smoking Policy
- No 15 Banking And Deductions Policy
- No 16 Policy On The Use Of Municipal Facilities By Trade Unions
- No 17 Policy On The Appointment Of An Acting Municipal Manager Or Section 56 Manager
- No 18 Employee Assistance (EAP) Policy
- No 19 Essential User Scheme Policy
- No 20 Attendance Register Policy
- No 21 Policy On Incapacity Due To Ill Health Or Injury
- No 22 Occupational Health And Safety Policy
- No 23 Bad Weather Inaccessibility Policy
- No 24 Bereavement Policy

- No 25 Policy On Gifts Gratia And Long Service Awards
- No 26 JGDM Harassment Policy
- No 27 JGDM Standby Duty And Allowance Policy
- No 28 Alcohol And Drug Abuse Policy
- No 29 JGDM Gratuity Policy
- No 30 Policy On The Termination Of Employee Records From The Payroll System
- No 31 Recruitment Of EPWP Employees
- No 32 JGDM PPE Policy
- No 33 - JGDM Task Job Evaluation Policy
- No 34 Recruitment Of Short Term Fixed Term Contract Employees

#### 4.2.2 Injuries, sickness and suspensions

No injuries and suspensions occurred during the year.

#### 4.2.3 Performance Rewards

No performance rewards have been paid for the year under review as these will be considered subsequent to the approval of the Consolidated Annual Report. However, for prior years' performance bonuses for all categories of employees that are included in the current cascading system were paid and pertinent details are disclosed in the Annual Financial Statements.

### **4.3 Component C: Capacitating the Municipal Workforce**

#### 4.3.1 Skills Development & Training

The District set a strategic objective to effectively empower and develop skills base within the District. Within this function compliance with Employment Equity Plan (EEP) was achieved despite a target of five was realized against a set target of eleven. The number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP is already above the threshold.

Pertaining implementation of internships and learnership all forty eight opportunities were created as planned. The objective in this area is to ensure that there is a continuous skills development that is implemented.

### **4.4 Component D: Managing the workforce Expenditure**

#### 4.4.1 Employee Expenditure

The Council incurred employee related costs to the tune of R 259 446 693 in contrast to R 252 267 667 incurred in prior year out of total expenditure of R 597 290 499 and R 613 011 428, respectively. This represents a staff expenditure of 43% for the year under review and 41% in prior year representing an increase of 2%.

#### 4.4.2 Disclosure of Financial Interest

All staff and councilors registered all their declaration of interests with Legal Services during the year under review.



# CHAPTER 5: FINANCIAL PERFORMANCE

## 5.1 Component A: Statement of Financial Performance

### 5.1.1 Statement of Financial Performance

The value of total community wealth is recorded in the AFS as R 2 203 957 763 for the current year and R 2 036 687 779 for the prior year. Total expenditure in the year of reporting is reflected as R 597 290 499 and 613 011 428 for the prior year. Debt coverage Ratio was set at 2.03 and as at end of June 2022 the institution recorded an achievement of 33.52. This is an over achievement here due to the municipality not having major long term debts. With regard to outstanding service debtors to revenue ratio, the target was set to be 1.8 and the achievement was 6.42. A number of measures to improve performance in this regard include the following:

- Reserves will be build over the next three years to ensure sufficient cash to cover at least 2 months operational cost
- Implement measures to prevent the arrear debt from growing

### 5.1.2 Grants

Details of government grants and subsidies is contained under note 18 of the AFS. The municipality received the following grants during the year under review:

- Equitable Share
- LG Seta
- Finance Management Grant (FMG)
- Municipal Infrastructure Grant (MIG)
- Expanded Public Works Program (EPWP)
- Water Services Infrastructure Grant (WSIG)
- Regional Bulk Infrastructure Grant
- Rural Road Asset Management Systems Grant (RAMS)
- Public Works - Special Programme
- Drought Relief (COGTA)

For the year under review, the total figure of grant received stood at R568 888 887 against R579 475 023 realised in the prior year. The capital share stood at R163 022 437 against the operating share of R405 866 450. The allocation of grants per vote in terms of Section 123 (c) of the MFMA is as follows:

2022	2021
R	R

Equitable share	302 992 000	327 882 000
Financial Services	1 500 000	1 499 132
Corporate Services	442 064	365 056
Technical Services	190 954 822	179 728 835
Community Services	-	-
Water Services Provision	73 000 000	70 000 000
<b>Total</b>	<b>568 888 887</b>	<b>579 475 023</b>

### 5.1.3 Asset Management

With regard to capital assets, variance is as of delays in capital expenditure due. One of the delays were as result of the loan advancements received during the year. The municipality recognised the following financial instruments:

	2022	2021
	R	R
<u>Financial Assets</u>		
Fixed Deposits (Zero coupon)	2 053 454	1 959 454
Joe Gqabi Economic Development Agency (Soc) Ltd	1 894 055	1 894 055
Receivables from Exchange Transactions	467 359 749	368 457 065
Cash and Cash Equivalents	24 931 312	5 242 699
Unpaid Conditional Government Grants and Receipts	13 627 491	13 209 768
<b>Total</b>	<b>509 866 061</b>	<b>390 763 042</b>

The following financial assets are exposed to credit risk:

	2022	2021
	R	R
Receivables from Exchange Transactions	467 359 749	368 457 065
Cash and Cash Equivalents	24 859 712	5 171 099
Non-current Investments	3 947 510	3 853 509
Unpaid Conditional Grants and Subsidies	13 627 491	13 209 768
<b>Total</b>	<b>509 794 461</b>	<b>390 691 442</b>

Refer to note 6 for more detail with regards to these assets and any impairment charges raised against the non-current investments to reduce the carrying value of the investment in line with its recoverable amount.

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilized by management to assess key financial indicators for the municipality as a whole.

### 5.1.4 Financial Ratios

With regard to improvement in financial viability ratios, Cost coverage ratio was set at 2.02 and 1.31 was achieved. The cash at year end were sufficient to cover for 1.3 month which is an improvement from the previous restated 0.47.

## 5.2 Component B: Spending against Capital Budget

### 5.2.1 Capital Expenditure

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment. Capital expenditure and fund sources is disclosed below.

	ORIGINAL BUDGET 2022 R	BUDGET ADJUSTMENTS 2022 R	FINAL BUDGET 2022 R	ACTUAL OUTCOME 2022 R	BUDGET VARIANCE 2022 R	RESTATED OUTCOME 2021 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	<b>304 237 553</b>	<b>(39 795 450)</b>	<b>264 442 103</b>	<b>182 825 729</b>	<b>(81 616 374)</b>	<b>150 057 534</b>
Transfers recognised - capital	175 150 250	11 500 651	186 650 901	163 022 437	(23 628 464)	138 097 910
Borrowing	72 501 202	-	72 501 202	(35 986 527)	(108 487 729)	11 463 199
Internally generated funds	5 150 000	140 000	5 290 000	55 789 819	50 499 819	496 426
<b>Total sources of capital funds</b>	<b>252 801 452</b>	<b>11 640 651</b>	<b>264 442 103</b>	<b>182 825 729</b>	<b>(81 616 374)</b>	<b>150 057 534</b>

### 5.2.2 Sources of Finance

Sources of finance are outlined below:

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
<b>REVENUE BY SOURCE</b>			
Service Charges - Water Revenue	126 120 055	150 361 776	(24 241 721)
Service Charges - Sanitation Revenue	22 896 514	33 596 955	(10 700 441)
Interest Earned - External Investments	2 055 681	7 693 556	(5 637 875)
Interest Earned - Outstanding Debtors	50 221 151	47 889 826	2 331 325
Licences and Permits	-	80 000	(80 000)
Agency Services	463 164	540 000	(76 836)
Transfers Recognised - Operational	405 866 450	393 226 386	12 640 064
Other Revenue	2 282 466	8 361 240	(6 078 774)
Gains	2 530 190	6 342 687	(3 812 497)
<b>TOTAL OPERATING REVENUE</b>	<b>612 435 672</b>	<b>648 092 426</b>	<b>(35 656 754)</b>

### 5.2.3 Capital spending

Details of capital spending with regard to all capital project budgeted under the year of review are contained under appendix N.

### 5.2.4 Basic service and infrastructure backlogs

## **5.3 Component C: Cash Flow Management & Investments**

### 5.3.1 Cash Flow

The review of the Municipality's cash flow forecast for the year to 30 June 2023 indicates that the Municipality can continue in operational existence for the foreseeable future. Per note 42 in the audited AFS, the Municipality realised net cash from operating acting activities of R141 881 670 during the year under review, which is higher than the R134 277 343 realised per the restated figures of the prior year. Net increase in cash held of R19 688 612 was realised against –R16 281 235 realised in the prior year. In comparing actual figures to final budget, for total assets an amount of R2 446 104 841 was budget and the actual total assets of R2 449 597 508 was realized with a variance of R3 492 667. Total liabilities final budget amount of R283 743 372 was recorded compared to R302 161 650 actual budget. The actual total community wealth/equity of R2 147 435 858 was realized. Refer to note 44.2 for further details relating to material variances.

### 5.3.2 Borrowing & Investments

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied. Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment. There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. The impairment charge relates to two properties where the condition of the improvements deteriorated to such an extent that there are no future economic benefits associated with these assets. No revenue derived from the rental of investment property. No operating expenditure was incurred on investment property during the 2020/2021 and 2021/2022 financial years on investment properties. There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

For the year under review, the District municipality realized investment revenue of R2 055 681 with a variance of R5 637 875 from the budgeted amount of R 7 693 556. Budgeted borrowings with respect to capital expenditure of R72 501 202 and the actual outcome was R35 968 527.

### 5.3.3 Public Private Partnership (PPP)

No Public Private Partnerships were entered into in the year under review.

## **5.4 Component D: Other Financial Matters**

### 5.4.1 Supply Chain Management

The Supply Chain Management (SCM) function of the District municipality has seen progressive capacity building of the year under review as manifested by a reduction in

variances that relate to SCM challenges. A Contracts Manager, which is critical position for effective monitoring and enforcement of contracts, was filled. All bid committees meet as and when required at a scheduled weekly interval. Covid19 pandemic, legal challenges by unsuccessful bidders and poor performance by some contractors are some of the challenges experienced which affected projects implementation.

#### 5.4.2 GRAP Compliance

Per AG's Audit opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Joe Gqabi District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

# CHAPTER 6: AUDITOR - GENERAL AUDIT FINDINGS

## 6.1 Component A: Auditor-General Opinion of Financial Statements (Previous Year)

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Auditor-General Report on Financial Performance: 2020/21 FY	
<b>Audit Report Status*:</b>	<b>CLEAN</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Payables from exchange transactions - Senqu Account is understated.	Reconciliation of differences between the loan records per the municipality to that per Senqu Local Municipality
Accounting for Principles and Agents	Matters were resolved in the audit. Action will be taken in order to ensure that the records per the Municipality and Agency agrees
Exception identified on the movable asset register	Matters were resolved in the audit, however duplicate numbers still remained a finding. Action will be taken in line with the matter above
Combined Assurance Plan: Internal Control Deficiency	Management to ensure that the combined assurance plan is developed and presented to the Audit committee for review and approval.
Planning: Internal audit unit is not adequately resourced	Appointment of Internal Audit Manager
Planning: Internal audit did not advise the accounting officer and report to the audit committee on implementation of the plans	The internal audit unit to assess and report on the municipality's compliance with relevant laws and regulations as well as conduct supply chain management reviews
Inadequate IT Governance controls	A review of the IT strategic plan to include the planned timelines for starting and completing IT projects/initiatives to be undertaken A review of the IT risks to be undertaken A review of the procedures of how IT risks are tracked and monitored to be undertaken A formal project plan development of projects to be undertaken
Inadequate IT Security Management Controls	A review of the Information Security Policy and/or supporting procedures to include requirements for sanitation of media prior to disposal or re-allocation to be undertaken
<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>	
T 6.1.1	

Auditor-General Report on Service Delivery Performance: 2020/21 FY	
<b>Audit Report Status:</b>	<b>CLEAN</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
None	None
T 6.1.2	

## 6.2 Component B: Auditor-General Opinion of Financial Statements (Current Year)

<b>Auditor-General Report on Financial Performance: 2021/22 FY</b>	
<b>Audit Report Status*:</b>	<b>CLEAN</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
Infrastructure assets register is not complete	Matters were resolved during the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Infrastructure assets not barcoded and do not have an unique identify	Matters were resolved in the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Assets with no barcodes or unique asset number in the Fixed Asset Register	Matters were resolved in the audit, however based on the project plan the bar-codes will be removed and GIS co-ordinates will be used to track and manage the assets.
Inadequate IT Governance control	A review of the IT strategic plan to include the planned timelines for starting and completing IT projects/initiatives to be undertaken A review of the IT risks to be undertaken A review of the procedures of how IT risks are tracked and monitored to be undertaken A formal project plan development of projects to be undertaken
Inadequate IT Security Management Controls	A review of the Information Security Policy and/or supporting procedures to include requirements for sanitation of media prior to disposal or re-allocation to be undertaken
<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>	
T 6.1.1	

<b>Auditor-General Report on Service Delivery Performance: 2021/22 FY</b>	
<b>Audit Report Status:</b>	<b>CLEAN</b>
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
None	None
T 6.1.2	

## **6.2 Component B: Auditor-General Opinion of Financial Statements (Current Year)**

### 6.2.1 Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Joe Gqabi District Municipality

<a href="#">Report on the audit of the consolidated and separate financial statements</a>
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#### **Opinion**

1. I have audited the consolidated and separate financial statements of the Joe Gqabi District Municipality set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2022, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Joe Gqabi District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (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 consolidated and separate financial statements section of this report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**



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

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

7. As disclosed in note 44 to the consolidated and separate financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2022.

#### **Impairments — receivables from exchange transactions**

8. As disclosed in note 4 to the consolidated and separate financial statements, the municipality made an allowance for impairment of R92,8 million (2020-21: R93,2 million) as a result of irredeemable debtors.

#### **Material losses**

9. As disclosed in note 49 to the consolidated and separate financial statements, the municipality incurred material water distribution losses of R48,4 million (2020-2021: R49,9 million), which represents 22,4% (2020-21: 20,0%) of treated versus billed water. These losses were as a result of two flood disasters as well as pipe bursts due to ageing infrastructure.

#### **Other matter**

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

#### **Unaudited disclosure notes**

11. 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 consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

#### **Responsibilities of the accounting officer for the consolidated and separate financial statements**

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of

consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the consolidated and separate 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 consolidated and separate financial statements**

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

[Report on the audit of the annual performance report](#)

### **Introduction and scope**

16. 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 key performance areas (KPA's) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery.

My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. 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 KPAs presented in the municipality’s annual performance report for the year ended 30 June 2022:

Key performance area (KPA)	Pages in the annual performance report
KPA 1 — service delivery and infrastructure provision	x — x

19. I performed procedures to determine whether the reported performance information 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.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this KPA:

- KPA 1 — service delivery and infrastructure provision.

**Other matter**

21. I draw attention to the matter below.

**Achievement of planned targets**

22. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management’s explanations provided for the under-lover-achievement of targets.

[Report on the audit of compliance with legislation](#)

**Introduction and scope**

23. 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. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### Other information

24. 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 consolidated and separate financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the consolidated and separate 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.
26. 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 consolidated and separate financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work I performed, I conclude there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

#### Internal control deficiencies

28. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

#### Other reports

29. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

30. The municipality identified possible fraud wherein the medical aid was paying a portion of membership contributions made by the municipality to the employees. This has been reported to the South African Police Service for investigation and the matter was in progress at the time of concluding the audit.

31. There is also an investigation in the municipal entity on a matter that arose in the previous years on allegations of irregularities and abuse of supply chain management system. This investigation is still in progress.

*Auditor-General*

East London

13 December 2022



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected KPAs and on the municipality's compliance with respect to the selected subject matters.

### Consolidated and Separate Financial statements

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

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable actions taken to eliminate threats or safeguards applied.

**Appendix A: Councillors; Committee Allocation and Council Attendance**

**Indication:**

- P - Present
- A - Absent
- ✓ - Approved leave of absence

**Council Meetings**

Names & Surname	2021					2022									
	25-11-2021 (Inauguration)	14-12-2021	21-12-2021	28-12-2021	19-01-2022	25-01-2022	28-01-2022	09-02-2022	24-02-2022	31-03-2022 1 <sup>st</sup> OCM	28-04-2022	26-05-2022	30-05-2022	09-06-2022	30-06-2022 2 <sup>nd</sup> OCM
	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM	SCM
Clr NP Mposelwa	P	P	P	P	P	P	P	P	P	P	P	P	✓	P	P
Clr M Bomela	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Clr SE Ntsoelinyane	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Clr NU Hlathuka	P	P	A	P	P	P	P	P	P	P	P	P	P	✓	P
Clr S Mei	P	P	P	P	P	P	P	P	P	P	P	P	✓	P	✓
Clr A Skoti	P	P	P	✓	P	P	P	P	P	✓	P	P	✓	P	P
Clr NR Lengs	P	P	A	A	P	P	P	P	P	✓	P	P	P	P	P
Clr N Mabunu	P	P	A	P	P	P	P	P	P	P	P	P	P	P	A
Clr AM van Zyl	P	P	✓	✓	P	P	P	P	P	P	P	P	P	P	P
Clr SG Moroohahe	P	P	A	P	P	A	P	P	P	P	P	P	P	P	P
Clr FM Sonti- Maqanda	P	P	A	P	P	P	A	P	P	P	P	✓	P	P	P
Clr M Telile	P	P	✓	P	P	P	P	P	P	P	P	P	P	P	P
Clr M Siphamia	P	P	A	A	P	✓	P	P	P	P	✓	P	✓	P	✓
Clr Z Mampinisha	P	P	A	A	P	P	P	P	P	P	P	P	P	P	P
Clr S Mdoda	P	P	A	A	P	A	P	P	P	P	A	P	A	P	A
Clr LC Pili	P	P	P	P	P	✓	P	P	P	P	P	P	P	P	P
Clr N Ngendane	P	P	A	P	P	P	P	P	P	P	A	P	P	P	P
Clr S Mfisa	P	P	A	P	P	P	A	P	P	P	P	✓	P	P	P
Clr N Nyongwana	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Clr L Ngakisa	P	P	✓	P	P	P	P	P	P	✓	P	P	P	P	P
Clr NM Phama	P	P	✓	P	P	P	P	P	P	P	P	P	P	P	P
Clr M Mcaholi	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Clr VD Davids	P	A	A	P	P	A	P	P	A	P	A	P	A	P	A
Aid NS Matthea	P	P	P	A	P	✓	P	P	✓	P	✓	P	P	P	A
Clr E Theron	P	P	P	P	P	P	P	P	P	P	P	P	P	✓	P



## Appendix B: Committee and Committee Purpose

Municipal Committees	Purpose of Committee
Audit Committee	To provide independent, objective assurance and consulting services designed to add value and improve the District Municipality's operations. It helps the District Municipality accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the effectiveness of risk management, governance and control processes.
MPAC	To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report in the annual report. To perform any other functions assigned to it through a resolution of Council within its area of responsibility, excluding policy formulation or prioritization matters.
Corporate Services Standing Committee	To advise the Mayoral Committee on matters related to Corporate Services
Community Services Standing Committee	To advise the Mayoral Committee on matters related to Community Services
Technical Services Standing Committee	To advise the Mayoral Committee on matters related to Technical Services
Financial Services Standing Committee	To advise the Mayoral Committee on matters related to Financial Services
Strategic & Governance Committee	To advise Council on matters related to Strategic and Governance
Rules & Ethics	To advise Council on matters related to Rules and Ethics
Remuneration Committee	To advise Council on matters related to Remuneration
Disciplinary Board	This is a committee established in terms of Regulation 4 of the MFMA Regulations on financial misconduct. It deals with cases of financial misconduct. It investigates cases and reports to Council

**Appendix C: Third Tier Administrative structure**

Third Tier Structure	
Directorate	Manager
Office Of The Municipal Manager	Manager Socio Economic Development: Vacant
	Manager Mainstreaming: Mr MP Dyantyi
	Manager Strategy Compliance Governance & Internal Audit: Mr L Galada
	Manager: IDP Monitoring Evaluation & Compliance: Mr T Phintshane
Institutional Support And Development	Manager Communications Marketing, Media & Public Relations: Mr G Gceya
	Manager IT/ Infrastructure Support: Mr. L Gush
	International & Inter-Governmental Relations Coordinator: Vacant
Community Services	Manager Municipal Health Services: Ms N Memela
	Manager Water Services Authority: Mr S Pongoma
	Acting Manager: Disaster Risk Management, Fire And Rescue Services: Ms T Mokhantso
	Manager Natural Resource Management (Agency Function): Rob Scholtz
Water Services Provision	Manager WSP: Mr D Lusawana
Technical Services	Manager: Roads & Transport Engineering: Mr L Labuschagnie
	PMU: Manager: Mr L Wana
Corporate Services	Manager Auxiliary Services & Council Support: M L Matyesini
	Manager Human Resources & Labour Relations: Mr S Botha
	Manager Skills /Equity / Training & Career Development: Ms N Nelani
	Manager Legal Services: Ms N Libazi
Finance	Manager Budget & Compliance: Mr C Samuels
	Manager Expenditure: Ms T Nqongqwana
	Manager Supply Chain Management: Ms M Mlotywa
	Technical Expert: Vacant
	Manager: Revenue: Vacant

## Appendix D: Functions of Municipality/Entity

The Joe Gqabi Economic Development Agency (JoGEDA) has a mandate to deliver on the economic outcomes envisioned in the District's GDS Summit Agreements, and the mandate is further aligned to the IDP's of all the municipalities within the Joe Gqabi District. JoGEDA primary purpose for its establishment emanates from the region's local and the district municipalities unanimous agreement that a most strategic and robust economic growth would be driven by the special purpose vehicle.

The economic growth methodology to be adopted would be investment promotion in key priority areas that would stimulate trade and industry whilst providing opportunities for job creation within the district. The combined efforts of assessing through feasibility studies, packaging through investment promotion and facilitation of economic development through the various catalytic projects will enable the region to meet its growth targets.

Major strategic development priorities of JoGEDA's economic development efforts, investment projects portfolio and resource allocation are based on the following four major strategic development priorities:

- Securing project funding and partnerships to leverage technical skills necessary to support projects throughout their life cycle;
- Regeneration and rejuvenation of decaying and/or marginalised areas;
- Promotion and facilitation of effective and healthy business linkages and enterprise development throughout Joe Gqabi District;
- Enhance land value maximisation through residential and commercial property development

## Appendix G: Recommendations of the Municipal Audit Committee

### JGDM AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2022

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of the Council. It is further subject to the recommendations of the King Report on Corporate Governance

As allowed by section 166(6) (b) of the MFMA, a single Audit Committee has been established to service both the parent municipality and the Development Agency as an entity of the Municipality. The Committee presents its report for the financial year ended 30 June 2022.

#### AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The requirements in respect of membership of the Committee and the frequency of meetings is contained in the Committee's terms of reference. During the financial year under review, the membership, qualifications, and attendance details appear in the table below:

Name	Qualifications	Number of meetings attended
Mr C. Sparg – Chairperson	CA(SA)	5
Mr A. Jordan	B. Com, B. Tech, MBA	5
MsL. Smith	CA(SA), RA	5

The Committee welcomes the appointment of a further Audit Committee member, Mr Bongani Mbewu, with effect from 01/07/22. Mr Mbewu has extensive experience and expertise, particularly in respect of internal audit, risk management and compliance.

#### AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is governed by its Charter and by a combination of the MFMA and King IV Report on Corporate Governance, with the MFMA being the overriding legislation.

The overall responsibility of the Audit Committee is to perform an oversight and advisory function on the effectiveness or otherwise of good corporate governance at the institution. The MFMA goes further and details specific responsibilities that the Audit Committee must fulfil. This report therefore is fulfilling the responsibility of this Committee in accounting to the Council on its legislated mandate. The adopted formal terms of reference of the committee are reviewed annually and the Committee reports that it has regulated its affairs in compliance with these terms of reference and has discharged its responsibilities as contained therein. In the execution of its duties during the 2021/22 financial year, the activities of the Committee have included the matters listed below:

## **EFFECTIVENESS OF INTERNAL CONTROL**

In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations there from. Accordingly, we can report that the system of internal control was partially effective for the year under review. The Accounting Officer and the Management team are commended for their efforts to mitigate risks in this regard and are congratulated on achieving a "clean" audit opinion for the second year in succession.

## **ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT**

The activities of the Audit Committee included the following:

- Reviewed and discussed the unaudited and audited annual financial statements.
- Obtained explanations for significant variances compared to the budget and / or previous financial year.
- Reviewed the accounting policies.
- Reviewed and discussed the unaudited and audited information on pre-determined objectives.

Based on the Audit Committee's review of the unaudited annual financial statements and performance report, the Committee resolved that they be recommended for submission to the Auditor General South Africa for auditing.

The Audited financial statements and performance information were reviewed by the Audit Committee and the Committee commends management for producing documents that were free of material misstatements and accepts the Auditor General's opinion in respect of the documents.

## **INTERNAL AUDIT**

The Internal Audit Activity (IAA) faced certain capacity challenges during the year under review. These challenges included the fact that the Chief Audit Executive (CAE) post was vacant for part of the 2021/22 financial year. The Committee is pleased to report that this post was filled during the current financial year and the CAE started work at the Municipality during November 2021. In respect of the IAA, the activities of the Committee included the following:

- Reviewed the effectiveness and adequacy of the IAA and adequacy of its annual work plan.
- Considered whether the independence, objectives, organisation, staffing plans, financial budget, audit plans and standing of the IAA provide adequate support to enable the committee to meet its objectives.
- Reviewed the results of the work performed by the IAA and management response.
- Reviewed the coordination between the IAA and the external auditors.

- Monitored the implementation of actions to deal with control weaknesses identified in Internal Audit reports.

As regards the implementation of actions to deal with control weaknesses, there is room for improvement in the rate of implementing these findings. The Committee is committed to support / assist the municipality in this area.

### **RISK MANAGEMENT AND OTHER MATTERS**

Though there are certain areas that require improvement and further growth in maturity, the Municipality has made reasonable progress in the area of risk management, compliance and ICT Governance. In these areas, the activities of the Committee have included the following:

- Review of the procedures for identifying business risks and managing their impact on the agency including the risk management functions.
- Reviewed the adequacy and effectiveness of risk management.
- Reviewed the agency's policies and procedures for detecting and preventing fraud.
- Reviewed the agency's compliance with significant regulatory provisions.
- Reviewed such significant transactions as the committee deemed appropriate.
- Reviewed the controls over significant financial and operational risks.
- Reviewed the adequacy, reliability and accuracy of financial and performance information provided by management and other users of such information.

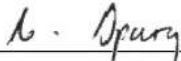
The Committee is pleased to report that an independent Chairperson of the Risk Management Committee has been appointed early in the 2022/23 financial year.

### **EXTERNAL AUDIT**

The Audit Committee met with the Auditor-General of South Africa (AGSA) in order to discuss the Audit Strategy at the commencement of the audit and have further met with the AGSA during the completion phase of the audit process, to ensure that all matters relating to the audit were resolved. We concur with and accept the opinion of the AGSA on the financial statements of the Municipality for the year ended 30 June 2022.

### **APPRECIATION**

Sincere appreciation is expressed to Council, Members of the Audit Committee, the Municipal Manager, Management and Internal Audit for the support and good work done which contributed to the Municipality receiving a "clean" audit opinion for the second consecutive year. Thanks also to AGSA for the work done and their support during the year under review, and throughout the audit process.



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**Mr C. Sparg CA(SA)**

**Audit Committee Chairperson**

**January 2023**

**Appendix H: Long term Contracts and Public Private Partnership**

<b>Long Term Contracts (20 Largest Contracts Entered into during 2021/22 FY)</b>					
<b>R' 000</b>					
<b>Name of Service Provider (Entity or Municipal Department)</b>	<b>Description of Services Rendered by the Service Provider</b>	<b>Start Date of Contract</b>	<b>Expiry date of Contract</b>	<b>Project manager</b>	<b>Contract Value</b>
Snowvalley Communications CC	Supply, Delivery, Installation, Configuration and Support of a Wireless Connectivity Solution	06/04/2021	05/04/2024	Mr L Gush	Rates Based
SMS ICT CHOICE (PTY) LTD	Supply and Delivery of Computers and Other IT Equipment.	06/04/2021	05/04/2024	Mr L. Gush	Rates Based
Zutari (PTY) Ltd	Infrastructure Asset Management Support	01/07/2021	30/06/2024	Mr R Fortuin	Rates Based
Clark Laing Incorporate	Provision of Legal Services	01/03/2022	28/02/2025	Ms N Libanzi	Rates Based
HeedSA (Pty) Ltd	Supply, Delivery of Pure Breed Commercial Rams for a period of three (3) years	01/10/2021	30/09/2024	Mr A Keka	Rates Based
Charmaine van Schalkwyk Consulting	Professional Expert Support and Capacity Building Services on Performance Management System (PMS)	01/11/2021	30/11/2024	Mr T Phintshane	Rates Based
<b>Public Private Partnerships Entered into during 2021/22 FY</b>					
Snowvalley Communications CC	Supply, Delivery, Installation, Configuration and Support of a Wireless Connectivity Solution	06/04/2021	05/04/2024	Mr L Gush	Rates based.
Zutari (PTY) Ltd	Infrastructure Asset Management Support	01/07/2021	30/06/2024	Mr R Fortuin	Rates based.
BAV Consulting	Geohydrologist Services of Elundini Rural Water Programme (Zone 2 & 3)	13/04/2021	12/04/2024	Mr L Wana	Rates based.
Sikhokhele Business Consulting	Institutional Social Development Services of Elundini Rural Water Programme (Zone 1 to 3)	01/01/2022	31/12/2025	Mr L Wana	Rates based.
Sikunye Consulting Engineers	Professional Services for the Development of the Aliwal North Water Treatment Works	01/02/2022	31/01/2025	Mr L Wana	R2 971 417.87

## Appendix I: Disclosure of Financial Interests

Disclosures of Financial Interests		
Period ending 30 June 2022		
Position	Name	Description of Financial interests* (Nil / Or details)
Speaker	Cllr Bomela M	Nil
Executive Mayor	Cllr Mposelwa NP	Nil
Members of MayCo	Cllr Mabunu N	Nil
	Cllr Ntsoelinyana S	Labour consultations
	Cllr Hlathuka N	Nil
	Cllr Skoti A	Barkly East Trading Enterprise and Ambassador Youth Development
Councillors	Mathetha NS	Amawa wesizwe
	Nyongwana N	Nil
	Moahloli MJ	Nil
	Mdoda S	Nil
	Davids V	Nil
	Ndakisa L	Jonkisa waste solutions
	Moroahae S	Dinokeng retail and wholesale
	Mfisa S	Nil
	TelileM	Nil
	Pili L	Nil
	Van Zyl AM	Nil
	Phama N	Nil
	Mampintsha Z	Nil
	Theron E	Nil
	Ngendane NM	Nil
	Siphamla M	Nil
	Lengs NR	Nil
	Sonti-Maqanda FM	Nil
Mei S	Nil	
Municipal Manager	ZA Williams	Amaqadi Trust, Zanempilo Nutrition Farms, The morning Sun Ranch, Shares with MTN, Sponsorship slumber jacket
Chief Financial Officer	Du Toit S	Nil
Director Technical	Fortuin RJ	Nil
Director Corporate Services	Jantjie HZ	Nil
Director Community Services	Sephton S	Shares with STX 40, ASHT 40 and ASHCEQ
COO	Mshumi N	Shares with MTN and Vodacom
WSP Manager	Lusawana D	Immanuel Burial Society
Director ISA	Nonjola M	Nil



## Appendix K: Revenue Collection Performance

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	2020/21 FY	Current: 2021/22 FY			2021/22 FY Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Services	332 103 889	315 797 792	315 797 797	307 044 996	-3%	-3%
Human Resource Services	1 036 519	6 635 677	6 576 980	2 972 254	-55%	-55%
Health Inspection and Etc	78 668	360 000	360 001	93 433	-74%	-74%
Property; Legal; Risk Management and Procurement Services	0	1 000 000	1 000 000	-1 167	-100%	-100%
The Executive and Council	0	1 000 000	1 000 001	0	-100%	-100%
Planning Services	159 977 095	174 287 000	174 287 000	169 622 183	-3%	-3%
Road Services	23 224 820	22 633 000	29 773 000	23 621 379	4%	-21%
Water Services	221 206 310	180 857 562	180 952 562	225 565 008	25%	25%
Sanitation Services	43 631 808	123 895 988	123 895 992	47 599 852	-62%	-62%
<b>Total Revenue by Vote</b>	<b>781 259</b>	<b>826 467</b>	<b>833 643</b>	<b>776 518</b>	<b>(0)</b>	<b>(0)</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
						T K.1

## Appendix K (i): Revenue Collection Performance by Vote

Revenue Collection Performance by Source							R '000
Description	2020/21 FY	2021/22 FY			2021/22 FY Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Service Charges - water revenue	136 756	150 267	150 362	126 120	-19%	-19%	
Service Charges - sanitation revenue	25 567	33 597	33 597	22 897	-47%	-47%	
Interest earned - external investments	1 935	7 694	7 694	2 056	-274%	-274%	
Interest earned - outstanding debtors	32 522	47 890	47 890	50 221	5%	5%	
Agency services	729	400	540	463	14%	-17%	
Transfers recognised - operational	441 377	397 578	393 226	405 866	2%	3%	
Other revenue	3 603	8 361	8 361	2 282	-266%	-266%	
Gains on disposal of PPE	671	6 450	6 343	2 530	-155%	-151%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>643 161</b>	<b>652 317</b>	<b>648 092</b>	<b>612 436</b>	<b>-6,51%</b>	<b>-5,82%</b>	

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.*

T K.2

## Appendix K (ii): Revenue Collection Performance by Source

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	2020/21 FY	Current: 2021/22 FY			2021/22 FY Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Services	332 103 889	315 797 792	315 797 797	307 044 996	-3%	-3%
Human Resource Services	1 036 519	6 635 677	6 576 980	2 972 254	-55%	-55%
Health Inspection and Etc	78 668	360 000	360 001	93 433	-74%	-74%
Property; Legal; Risk Management and Procurement Services	0	1 000 000	1 000 000	-1 167	-100%	-100%
The Executive and Council	0	1 000 000	1 000 001	0	-100%	-100%
Planning Services	159 977 095	174 287 000	174 287 000	169 622 183	-3%	-3%
Road Services	23 224 820	22 633 000	29 773 000	23 621 379	4%	-21%
Water Services	221 206 310	180 857 562	180 952 562	225 565 008	25%	25%
Sanitation Services	43 631 808	123 895 988	123 895 992	47 599 852	-62%	-62%
<b>Total Revenue by Vote</b>	<b>781 259</b>	<b>826 467</b>	<b>833 643</b>	<b>776 518</b>	<b>(0)</b>	<b>(0)</b>
<i>Variations are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
						T K.1

**Appendix L: Conditional Grants Received: Excluding MIG**

<b>Conditional Grants: excluding MIG</b>			
			R' 000
Details	Budget	Adjustments Budget	Actual
<b>National Government</b>			
<i>Local Government Finance Management Grant</i>	1500	1500	1500
<i>Water Services Infrastructure Grant</i>	73000	73000	73000
<b>Rural Roads Asset Management Grant</b>			
<i>Expanded Public Works Programme Grant</i>	2233	2233	2233
	1599	1599	1599
<b>Provincial Government</b>			
Department of Roads and Transport	27000	27000	22031
<b>Total</b>			

Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Capital Expenditure - Upgrade/Renewal Programme*							
Description	2020/21 FY	2021/22 FY			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
R '000							
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>101 012</b>	<b>193 551</b>	<b>194 213</b>	<b>127 398</b>	<b>157 234</b>	<b>143 002</b>	<b>204 110</b>
Infrastructure: Road transport -Total	-	-	-	-	-	-	-
Roads, Pavements & Bridges							
Storm water							
<b>Infrastructure: Electricity - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Infrastructure: Water - Total</b>	<b>62 173</b>	<b>138 498</b>	<b>134 131</b>	<b>65 740</b>	<b>49 500</b>	<b>101 000</b>	<b>121 110</b>
Dams & Reservoirs	18 576 531	27 500 000	28 100 000	26 603 757	7 500 000	20 000 000	17 500 000
Water purification	15 682 369	23 000 000	8 032 731	6 452 955	7 000 000	23 000 000	18 000 000
Reticulation	27 914 210	87 997 817	97 997 817	32 682 889	35 000 000	58 000 000	85 610 000
<b>Infrastructure: Sanitation - Total</b>	<b>38 839</b>	<b>55 054</b>	<b>60 083</b>	<b>61 658</b>	<b>107 734</b>	<b>42 002</b>	<b>83 000</b>
Reticulation	24 925 032	49 053 635	58 953 635	60 713 944	92 733 650	22 002 404	43 000 000
Sewerage purification	13 913 734	6 000 000	1 129 214	944 453	15 000 000	20 000 000	40 000 000
<b>Infrastructure: Other - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Community</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangibles</b>	<b>-</b>	<b>150</b>	<b>190</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>
Computers - software & programming		150 000	190 000		100 000		
Other (list sub-class)							
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>101 012</b>	<b>193 701</b>	<b>194 403</b>	<b>127 398</b>	<b>157 334</b>	<b>143 002</b>	<b>204 110</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

## Appendix M (i): Capital Expenditure - New Assets Programme

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2020/21 FY	2021/22 FY			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>48 549</b>	<b>54 000</b>	<b>65 539</b>	<b>54 051</b>	<b>77 000</b>	<b>94 204</b>	<b>84 187</b>
Infrastructure: Road transport - Total	-	-	-	-	-	-	-
Infrastructure: Electricity - Total	-	-	-	-	-	-	-
Infrastructure: Water - Total	48 549	54 000	65 539	54 051	77 000	94 204	84 187
Dams & Reservoirs	4 378 998	15 000 000	15 000 000	12 757 593	15 000 000	0	0
Water purification	23 001 203	25 000 000	19 000 000	15 390 523	15 000 000	0	0
Reticulation	21 169 031	14 000 000	31 538 706	25 903 082	47 000 000	94 203 696	84 186 750
Infrastructure: Sanitation - Total	-	-	-	-	-	-	-
<b>Community - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure by Asset Class</b>							
<b>Heritage assets - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investment properties - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>	<b>629</b>	<b>5 100</b>	<b>4 500</b>	<b>1 377</b>	<b>34 850</b>	<b>-</b>	<b>-</b>
General vehicles		2 200 000	2 200 000	493 529	30 000 000	0	0
Specialised vehicles							
Plant & equipment					1 750 000	0	0
Computers - hardware/equipment	628 800	2 000 000	2 000 000	883 004	2 500 000	0	0
Furniture and other office equipment		900 000	300 000		600 000	0	0
<b>Agricultural assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangibles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computers - software & programming							
Other (list sub-class)							
<b>Total Capital Expenditure on new assets</b>	<b>49 178</b>	<b>59 100</b>	<b>70 039</b>	<b>55 428</b>	<b>111 850</b>	<b>94 204</b>	<b>84 187</b>
<b>Specialised vehicles</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

**Appendix N: Capital Programme by Project current year**

Capital Programme by Project: 2021/22 FY					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>					
Sterkspruit: Upgrading of WTW and Bulk Lines	10000	4500	4468	-1%	-124%
Bulk Water Infrastructure for the Town of Ugie	10000	0	0	0%	0%
Elundini Rural Water Programme (ORIO)	17500	28100	26603	-6%	34%
Aliwal North Water Treatment Works Holding D	10000	700	0	0%	0%
Maclear Water Treatment & Distribution Upgrad	20000	24300	21172	-15%	6%
Refurbishment of Burgersdorp Water Treatment	3000	2511	1747	-44%	-72%
Water Supply For Joe Gqabi Township to preve	1000	1387	1097	-26%	9%
Senqu Rural Water Supply: Work Package 1	0	1012	866	-17%	100%
Senqu Rural Water Supply: Work Package 2	0	3308	2738	-21%	100%
Senqu Rural Water Supply: Work Package 3:	0	4408	4675	6%	100%
Senqu Rural Water Supply: Work Package 5:	0	3008	2639	-14%	100%
Senqu Rural Water Supply: Work Package 6	0	4208	3683	-14%	100%
Senqu Rural Water Supply: Work Package 7	0	1208	1045	-16%	100%
Refurbishment of Oviston Water Treatment Wo	0	322	238	-35%	100%
Eastern Cape Provincial Treasury	0	700	608	-15%	100%
Maclear Upgrading of Bulk Water Services	47998	47998	0	0	0
Refurbishment of WTW	15000	14000	13869	-1%	-8%
Rural Rudimentary Water Supply (Mt Fletcher, I	10000	5000	1521	-229%	-557%
Electro-mechanical Asset Replacement			1060	100%	100%
Augmentation of Clear Water Storage	15000	15000	12758	-18%	-18%
District Wide WCDM	20000	25000	10903	-129%	-83%
<b>Sanitation/Sewerage</b>	0	0	0		
Jamestown Bucket Eradication and Sanitation F	24550	34450	29229	-18%	16%
Rehabilitation of Burgersdorp Waste Water Trea	5000	129	119	-9%	-4102%
Sterkspruit Regional Waste Water Treatment W	1000	1000	825	-21%	-21%
Maclear Upgrading of Bulk Sanitation	24503	24503	31485	22%	22%
District Wide Refurbishment of WWTW	13000	13000	8101	-60%	-60%
<b>ICT and Other</b>					
IT Equipment	2000	2100	883	-138%	-127%
Furniture and Office Equipment	100	100			
Intangible Assets	150	190			
Furniture and Office Equipment	800	100			
Transport Assets	2200	2200	494	-345%	-345%
					TN

## Appendix O: COGTA INDICATORS

### Organisational Transformation and Institutional Development

#### Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	1022	828	78.8%	EEP plan sets to achieve the target over a period of five years due to budget implications.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	8	8	100%	None.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	8	8	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	3	3	100%	None
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	3	3	100%	None
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	None
9	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	47%	Other Councillors benefited in the previous financial year
10	Percentage of staff complement with disability	889	5	0.56%	Recruitment process encourages people with disabilities to



					apply
11	Percentage of female employees	889	310	35%	Employment Equity Plan is being implemented.
12	Percentage of employees that are aged 35 or younger	889	142	16%	None

### Basic Service delivery performance highlights

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlog s (actual numbers )	Target set for the FY under review (actual numbers )	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	500		0	0	There were no new connections . The target could not be met due to procurement processes for sub-consultants starting late
2	Percentage of indigent households with access to free basic potable water	9881	0	9881	9881	100% (of registered indigents)
4	Percentage of clinics with access to potable water	N/A	N/A	N/A	N/A	N/A
5	Percentage of schools with access to potable	N/A	N/A	N/A	N/A	N/A

	water					
6	Percentage of households using buckets	590	0	590	590	100%

Annual performance as per key performance indicators in Electricity services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlog (actual numbers)</b>	<b>Target set for the f. year under review (actual numbers)</b>	<b>Number of HH/customer reached during the FY</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households with access to electricity services	N/A	N/A	N/A	N/A	N/A
2	Percentage of indigent households with access to basic electricity services	N/A	N/A	N/A	N/A	N/A
4	Percentage of indigent households with access to free alternative energy sources	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in sanitation services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlog (actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage	1675		1675	1413	87.5%

	Percentage of households with access to sanitation services					
2	Percentage of indigent households with access to free basic sanitation services	9881	0	9881	9881	100% (of registered indigents)
4	Percentage of clinics with access to sanitation services	0	0	0	0	There no new connections
5	Percentage of schools with access to sanitation services	0	0	0	0	There no new connections

Annual performance as per key performance indicators in road maintenance services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlog s (actual numbers )</b>	<b>Target set for the f. year under review (Actual numbers)</b>	<b>Number of HH/customer reached during the FY</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households without access to gravel or graded roads	N/A	N/A	N/A	N/A	N/A
2	Percentage of road infrastructure requiring upgrade	N/A	N/A	N/A	N/A	N/A
4	Percentage of planned	N/A	N/A	N/A	N/A	N/A

	new road infrastructure actually constructed					
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in waste management services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlogs (actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households with access to refuse removal services	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in housing and town planning services

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlogs (Actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households living in informal settlements	N/A	N/A	N/A	N/A	N/A
2	Percentage	N/A	N/A	N/A	N/A	N/A

	e of informal settlements that have been provided with basic services					
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	N/A	N/A	N/A	N/A	N/A

#### **MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK**

##### **Annual performance as per key performance indicators in LED**

	<b>Indicator name</b>	<b>Target set for the year</b>	<b>Achievement level during the year (absolute figure)</b>	<b>Achievement percentage during the year</b>
1	Percentage of LED Budget spent on LED related activities.	R2 787 702	R2 179704.06	78%
2	Number of LED stakeholder forum held	8	6	75%
3	Percentage of SMME that have benefited from a SMME support program	40	36	90%
4	Number of job opportunities created through EPWP	650	365	56%
5	Number of job opportunities created through PPP	N/A	N/A	N/A

#### **MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

##### **Annual performance as per key performance indicators in financial viability**

	<b>Indicator name</b>	<b>Target set for the year R(000)</b>	<b>Achievement level during the year R(000)</b>	<b>Achievement percentage during the year</b>
1	Percentage expenditure of capital budget	R262355287	R262355287	100%
2	Salary budget as a percentage of the total operational budget	R258355210	130591882	91%

3	Trade creditors as a percentage of total actual revenue	95868428	200909172	48%
4	Total municipal own revenue as a percentage of the total actual Revenue	R239927106	R55385851	23%
5	Rate of municipal consumer debt reduction	R608543588	R798385300	-31%
6	Percentage of MIG budget appropriately spent	R166 188 000	R831 33114.49	61%
7	Percentage of MSIG budget appropriately spent	R0	R0	There were no allocation in the year under review
8	Functionality of the Audit Committee	5	5	100%
9	Submission of AFS after the of financial year	31 August 2021	31 August 2021	100%

#### **GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)**

No	Indicator name		
1	% of ward committees established	N/A	N/A
2	% of ward committees that are functional	N/A	N/A
3	Existence of an effective system to monitor CDWs	N/A	N/A
4	Existence of an IGR strategy	Adopted	Yes
5	Effective of IGR structural meetings	Yes	Yes
6	Existence of an effective communication strategy	Adopted	Yes
7	Number of mayoral imbizos conducted	1	Physical Mayoral outreaches were not held in Senqu Local Municipality and Walter Sisulu Local Municipality due to Covid19 health and safety precautions
8	Existence of a fraud prevention mechanism	Adopted	Yes

## Appendix Q: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision

The following are socio-economic issues and challenges within the district with regard to services in the responsibility of other spheres of government planning and provision have been identified:

- ◆ The poor quality of rural link roads in our municipalities (Sterkspruit, Maclear and Mt Fletcher, and including all villages)
- ◆ Potholes on tarred roads which have been created by the recent heavy rains
- ◆ High levels of unemployment in our area due limited economic activity and Covid19
- ◆ Inability to address sewer and water challenges, especially in Elundini municipality due to limited MIG allocation
- ◆ Remaining low cost housing backlogs (RDP)
- ◆ Remaining electrification backlogs
- ◆ Inadequate support to emerging farmers and subsistence farmers (livestock improvement, land, etc)
- ◆ Severe impact of covid19 in all aspects of life
- ◆ Limited economic development and activity in the district area;
- ◆ Failure to improve the current state of infrastructure possesses a serious threat to the local economy development initiatives of both public and private institutions;
- ◆ Levels of service backlogs are a moving target as a result of growing settlements and towns;
- ◆ Illegal connections to upgrade household's levels in an unstructured and often damaging manner is rife;
- ◆ Existence of informal settlements in Barkly East and Sterkspruit and the related possible public and environmental health impacts;
- ◆ Land invasion;
- ◆ High levels of unemployment and poverty
- ◆ No community radio station in the Elundini local municipality
- ◆ Network and connectivity challenges across the District

## Appendix R: Declaration of Loans and Grants Made by the Municipality

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2022

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2021 R	RECEIVED DURING YEAR R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2022 R
<b>ANNUITY LOANS</b>							
DBSA - Building - c/o Graham and Cole street, Barkly East	3044713107	11.50%	2024/12/31	2 726 122	-	(673 319)	2 052 803
DBSA - Front Loading	61007760	5.75%	2023/03/31	-	20 000 000	-	20 000 000
DBSA - Front Loading	61007529	6.52%	2023/03/31	-	40 000 000	-	40 000 000
<b>Total Annuity Loans</b>				<b>2 726 122</b>	<b>60 000 000</b>	<b>(673 319)</b>	<b>62 052 803</b>
<b>Total Long-Term Liabilities</b>				<b>2 726 122</b>	<b>60 000 000</b>	<b>(673 319)</b>	<b>62 052 803</b>

### DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

	OPENING BALANCE R	GRANTS RECEIVED R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO/ (FROM) RECEIVABLES R	FUNDS RETURNED TO NT R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>							
Equitable Share	-	302 992 000	(302 992 000)	-	-	-	-
Financial Management Grant (FMG)	-	1 500 000	(1 500 000)	-	-	-	-
Municipal Infrastructure Grant (MIG)	-	166 188 000	(50 317 203)	(115 870 797)	-	-	-
Water Services Infrastructure Grant (WSIG)	-	73 000 000	(25 848 360)	(47 151 640)	-	-	-
Expanded Public Works Program (EPWP)	-	1 559 000	(1 559 000)	-	-	-	-
Rural Roads Asset Management Grant	2 201 964	2 233 000	-	-	-	(2 200 000)	2 234 964
Disaster Relief (COVID 19)	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	2 791 134	-	-	-	-	(2 791 134)	-
Rural Households Infrastructure Grant	4 000	-	-	-	-	-	4 000
<b>Total</b>	<b>4 997 099</b>	<b>547 472 000</b>	<b>(382 216 563)</b>	<b>(163 022 437)</b>	<b>-</b>	<b>(4 991 134)</b>	<b>2 238 964</b>
<b>PROVINCIAL GOVERNMENT</b>							
Drought Relief (COGTA)	49 608	-	(49 608)	-	-	-	-
Public Works - Special Programme	-	22 031 181	(23 158 214)	-	1 127 033	-	-
<b>Total</b>	<b>49 608</b>	<b>22 031 181</b>	<b>(23 207 822)</b>	<b>-</b>	<b>1 127 033</b>	<b>-</b>	<b>-</b>
<b>OTHER GRANT PROVIDERS</b>							
LG Seta	-	442 064	(442 064)	-	-	-	-
<b>Total</b>	<b>-</b>	<b>442 064</b>	<b>(442 064)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>5 046 707</b>	<b>569 945 246</b>	<b>(405 866 450)</b>	<b>(163 022 437)</b>	<b>1 127 033</b>	<b>(4 991 134)</b>	<b>2 238 964</b>



**Appendix S: Declaration of Returns not Made in due Time under MFMA s71**

**47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**47.1 Salga Contributions [MFMA 125 (1)(b)]**

Council subscriptions	2 504 612	2 249 580
Payments	(2 504 612)	(2 249 580)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>
	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>

**47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

**47.2 Audit Fees [MFMA 125 (1)(c)]**

Opening balance	63 710	-
Current year audit fee	4 545 319	4 902 201
Amount paid	(4 568 788)	(4 838 491)
<b>Advance Payment</b>	<b>40 241</b>	<b>63 710</b>

**47.3 VAT [MFMA 125 (1)(c)]**

Opening balance	9 193 210	7 152 779
Amounts received during the year	(38 274 463)	(33 267 393)
Amounts paid during the year	40 414 714	35 307 825
<b>Outstanding Balance</b>	<b>11 333 461</b>	<b>9 193 210</b>

VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.

**47.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]**

Current year payroll deductions and Council Contributions	43 880 550	40 827 255
Amount paid - current year	(43 880 550)	(40 827 255)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

**47.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]**

Current year payroll deductions and Council Contributions	49 227 966	47 476 288
Amount paid - current year	(49 227 966)	(47 476 288)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

**Appendix T: National and Provincial Outcome for local government**

Outcome/ Output	Progress to date	Number or Percentage Achieved
Improving access to basic services	The District is responsible for provision of water and sanitation services	<ul style="list-style-type: none"> <li>▪ Access to basic level of sanitation services - 98.5%</li> <li>▪ Access to basic level of potable water - 74,1%</li> </ul>
Implementation of the Community Work Programme	The District is implementing various EPWP initiatives which include the implementation of projects, Working for Water and Working for Wetlands programme, Internships, Roads maintenance programme, etc	<p>Under the creation of job opportunities performance standard the District set a target of 650 and achieved 868.</p> <p>A target of 48 internships &amp; learnership opportunities was set and created.</p> <p>Target exceeded by 803km due to sufficient rain which resulted in more roads surfaces being conducive for grading.</p>
Deepen democracy through a refined Ward Committee model	The District continues to support local municipalities pertaining to the functionality and effectiveness of public participation at the local level.	The District in partnership with its local municipalities established a District Public Participation Forum which has a primary role of ensuring functionality of ward committees and harmonization of local public participation structures and mechanism through CDWs, Ward Committees, Village representatives, etc.
Administrative and financial capability	<p>With increasing resolve of the District to provide universal access to basic services and ensuring a better life for all residents the organogram has been growing steadily.</p> <p>With the introduction of MSCOA, the District is implementing a SEBATA financial system which is MSCOA compliant. The system is constantly being implemented in a progressive approach</p>	<p>The institution managed to fill all critical posts and vacancy level institutionally stood at 21% of all approved and budgeted posts.</p> <p>The District has been found to be largely substantively compliant with the MSCOA framework. Much progress has been seen during the year under review.</p>

# **CONSOLIDATED FINANCIAL STATEMENTS**

## **VOLUME II**

**2021/22 FINANCIAL YEAR**